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SEVENTY-THIRD CONGRESS, SECOND SESSION

SENATE

WEDNESDAY, APRIL 18, 1934

(Legislative day of Tuesday, Apr. 17, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of April 17 was dispensed with, and the Journal was approved.

EAST BAY MUNICIPAL UTILITY DISTRICT, CALIFORNIA

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2084) granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes, which were to strike out all of section 2; on page 4, line 20, to strike out "3" and insert "2"; and on page 4, line 24, to strike out "4" and insert "3."

Mr. JOHNSON. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

FEES IN NATURALIZATION PROCEEDINGS—REENROLLMENT OF BILL

The VICE PRESIDENT laid before the Senate a concurrent resolution from the House of Representatives (H.Con. Res. 36), which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That the action of the Vice President and of the Speaker of the House of Representatives in signing the enrolled bill (H.R. 3521) entitled "An act to reduce certain fees in naturalization proceedings, and for other purposes", be rescinded, and that in the reenrollment of such bill section 2 be stricken out and the clerk shall insert in lieu thereof the following:

"SEC. 2. Subdivisions (b) and (c) of section 32 of the act of June 29, 1906, and subdivision (a) of section 33 of the act of June 29, 1906, which were added thereto by section 9 of the act of March 2, 1929 (45 Stat. 1512) and by section 4 of the act of May 25, 1932 (47 Stat. 165), as amended (U.S.C., supp. VII, title 8, sec. 399 b (b) and (c), and sec. 399 c (a)), are amended as follows: Wherever in said subdivisions the words 'a fee of $10' occur that shall be amended to read 'a fee of $5.'"

Mr. COOLIDGE. I ask unanimous consent for the immediate consideration of the resolution and move its adoption.

The VICE PRESIDENT. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES

Mr. HARRISON. I ask unanimous consent that the pending bill be temporarily laid aside, and that the so-called "sugar bill" be taken up for consideration.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to the consideration of the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, which had been reported from the Committee on Finance with amendments.

The Chief Clerk proceeded to state the first amendment reported by the committee.

Mr. VANDENBERG. Mr. President, before the Senate proceeds to consider the amendments to the bill, I am wondering if the Senator from Colorado [Mr. COSTIGAN] or the Senator from Mississippi [Mr. HARRISON] intends to make a general statement respecting the measure.

Mr. HARRISON. I think the Senator from Colorado intends to make a general statement, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Pope
Ashurst	Costigan	Johnson	Reed
Austin	Couzens	Kean	Reynolds
Bachman	Cutting	Keyes	Robinson, Ind.
Bailey	Dickinson	King	Russell
Bankhead	Dieterich	Lewis	Schall
Barbour	Dill	Logan	Sheppard
Barkley	Duffy	Lonergan	Shipstead
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Vandenberg
Byrnes	Goldsborough	Neely	Van Nuys
Capper	Gore	Norris	Wagner
Caraway	Hale	Nye	Walcott
Carey	Harrison	O'Mahoney	Walsh
Clark	Hastings	Overton	White
Connally	Hatch	Patterson	
Coolidge	Hayden	Pittman	

Mr. LEWIS. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] is detained from the Senate by reason of a death in his family.

I desire further to announce that the Senator from Montana [Mr. WHEELER] is absent on account of illness, and that the Senator from Maryland [Mr. TYDINGS], the Senator from South Carolina [Mr. SMITH], the Senator from California [Mr. MCADOO], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

Mr. HEBERT. I announce the necessary absence of the Senator from Pennsylvania [Mr. DAVIS] and the Senator from West Virginia [Mr. HATFIELD].

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

Mr. COSTIGAN gained the floor.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from New York?

Mr. COSTIGAN. I yield to the Senator from New York.

Mr. COPELAND. Mr. President, I am astonished to find that before the roll was called and before the presence of a quorum was established, the so-called "sugar bill" was taken up and made the order for today. I intimated yesterday in what I stated that there were certain amendments I wished to prepare for presentation to the Senate. I will be ready, so far as I am concerned, to go on with this bill tomorrow, but I am not ready today. I do not think it was fair, Mr. President, that the measure was made the order for today, in the absence of the establishment of the presence of a quorum this morning.

Mr. MCNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Oregon?

Mr. COSTIGAN. I yield.

Mr. MCNARY. Yesterday I opposed the consideration and discussion of the bill because it collided with the rule requir-

ing that a bill shall lie over for 1 day after having been reported. However, at that time I specifically stated I would have no objection to its consideration today. I do not know whether the Senator from New York was on the floor or not at that time.

I will add further, if I may, that the substitution of the so-called "sugar bill" for the pending unfinished business was made before I reached the Chamber this morning, and it was done before the roll was called; but, anyway, so far as I am concerned, I think those on this side are willing to proceed today in view of the statement made yesterday by me on the floor.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Idaho?

Mr. COSTIGAN. I yield.

Mr. BORAH. There is going to be considerable general discussion of the bill before we take up amendments. Could not that discussion proceed today?

Mr. COPELAND. Mr. President——

Mr. COSTIGAN. I yield to the Senator from New York.

Mr. COPELAND. I cannot do other than yield to what has happened, but I am frank to say I think it was utterly unfair to present the matter in this way. I do not know how many Senators were on the floor; I suppose not more than half a dozen. A quorum had not yet been called. It was not a fair procedure at all. The bill ought to go over until tomorrow out of courtesy to those of us who have been working practically all night trying to perfect amendments which we desire to present to the bill.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Mississippi?

Mr. COSTIGAN. I yield.

Mr. HARRISON. If there is any blame to be attached for bringing the measure before the Senate the first thing this morning, I will assume the blame. The bill has been on the program of business for some time. When the Senator from Arkansas [Mr. ROBINSON] left the city he understood the bill was to be brought before the Senate as soon as it was reported from the committee.

I have no interest in the world in the sugar bill. My State is not particularly interested in it. I have given some 2 or 3 months of very strenuous effort to adjusting differences with reference to the matter, and the result was not accomplished without some difficulty. We finally got together on a bill which, in my opinion, is an excellent measure. It has been known that the bill was to come before the Senate at the earliest possible moment. Yesterday there was an effort made to obtain unanimous consent to have it considered. The reasons advanced were that contracts are now being made in the sugar-beet region with the sugar planters and others interested, and unless the bill shall be passed and those contracts made at a very early date, the growers will lose whatever benefits might accrue to them by virtue of the enactment of the legislation. I thought everyone interested understood that we were going to take up the bill and have it considered today.

No one wants to do the Senator from New York any injustice. There is nothing unfair in what we are trying to do with reference to sugar legislation. If some reason is advanced for delay and it is agreeable to the Senate to postpone consideration of the measure until tomorrow, with the idea of then passing it, that would be perfectly agreeable to me; but it does seem to me that a bill of this importance ought to be considered by the Senate and disposed of in view of the circumstances. That is the reason for bringing up the matter this morning. I thought everyone had notice yesterday that the bill would be brought up this morning for consideration.

Mr. VANDENBERG. Mr. President, will the Senator from Colorado yield?

Mr. COSTIGAN. I yield.

Mr. VANDENBERG. I do not want the Senator from Mississippi to rest under any charge of bad faith in connection with the matter. If there were any bad faith involved—and certainly there was none—it would be just as much my fault as his; but I cannot concede that any such thing exists. When the Vice President called the Senate to order this morning, the Senator from Mississippi and I discussed the sugar-bill status. In view of the announcement made last night just before adjournment, when the Senator from Mississippi directly stated to the Senator from Ohio [Mr. FESS] that it was his purpose to ask for this substitution the first thing this morning, it seemed to me the Senator from Mississippi was entirely within his rights and entirely within the notice that had been given the Senate to ask the substitution which he did in the order of business. So far as I am concerned, representing, perhaps, as hostile a feeling respecting the bill as there is in the Senate, I was very glad to agree. I think I owe that statement in fairness to the Senator from Mississippi. He has been so continuously fair to all of us throughout these long and perplexed considerations of the sugar problem that he deserves this testimony.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Tennessee?

Mr. COSTIGAN. I yield.

Mr. McKELLAR. I wish to say that while I was not here when the agreement was made temporarily to lay aside the unfinished business this morning, still it was understood yesterday afternoon between the Senator from Mississippi and myself that that was to be done. I felt that I should say this much to the Senate. The Senator from Mississippi has not been guilty of any bad faith, in my judgment.

Mr. FESS. Mr. President, will the Senator from Colorado yield?

Mr. COSTIGAN. I yield to the Senator from Ohio.

Mr. FESS. I want to say to my friend the Senator from New York [Mr. COPELAND] that last evening I had the floor intending to enter into a discussion of the air mail bill, when the Senator from Mississippi spoke to me about the plan that had been suggested. I stated at the time that I was somewhat embarrassed in that Senators with whom I usually consult were not at the moment present, but I was informed at once that the matter had been discussed with them, so it was understood that the sugar bill would be taken up this morning and, although I had the floor and intended to continue with the discussion of the air-mail measure today, I gave way with that understanding.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from New York?

Mr. COSTIGAN. I yield.

Mr. COPELAND. There used to be in the Senate what we call "senatorial courtesy." I trust that state of mind still occupies the hearts and brains of Senators. I invite attention to the RECORD. Yesterday when the matter was brought up I interposed an objection and said:

> Mr. COPELAND. Mr. President, my reason for interposing at all was because of my desire to have the measure go over for a day, at least, until material which has been sent to me shall have arrived. I think perhaps there is considerable interest in the bill in my State.
>
> Mr. COSTIGAN. Will 24 hours suffice?
>
> Mr. COPELAND. I cannot answer at the moment. I want first to see what the material is.

That is the RECORD. Now, I contend, Mr. President, that it is utterly unfair, in the presence of 8 or 10 or possibly a dozen Members of the Senate, contrary to the usual practice of the Senate and before the roll has been called to bring in a quorum, that the sugar bill should be made the order of the day in the absence of the establishment of a quorum. The Senate may do as it pleases, but I contend that it is unfair.

I offered no objection to the early consideration of the bill. I made clear why I wished the delay, in order that certain material might be had. It came to me. I have been working on it for hours. I am almost ready to present my amendments, but I come here today and find that in the absence of what I thought was an understanding yester-

day, the bill has been made the order of business for the day. I repeat, Mr. President, that I do not think it is in accord with the courtesy which is usually extended to Senators and which has been the rule of courtesy in this body from time without end.

Mr. McKELLAR. Mr. President, will the Senator from Colorado yield further to me?

Mr. COSTIGAN. I yield.

Mr. McKELLAR. I merely wish to call attention to what occurred on the floor of the Senate yesterday afternoon, as follows:

Mr. HARRISON. I do not want to interfere with the Senator's speech.

He was speaking of the Senator from Ohio [Mr. FESS].

I merely wish to state that it is desired, when we conclude our session this afternoon, to recess until 12 o'clock tomorrow, and at that time to have the pending bill temporarily laid aside and the sugar bill brought before the Senate. It is hoped that we can get through with the sugar bill very speedily. In view of that fact I thought, perhaps, the Senator might not want to have his speech interrupted by beginning this afternoon and then delaying its completion until we pass the sugar bill and get back to the air mail bill. Would the Senator prefer to wait until we dispose of the sugar bill or to proceed this afternoon?

Mr. FESS. It is understood that we are to recess quite early and to meet tomorrow at 12 o'clock. The Senator knows how anxious a Senator, who plans to speak, is to follow an argument that has just been made; but if it is understood that the sugar bill will be taken up tomorrow, I shall be very glad to accommodate the Senator and to defer my address until the Senate shall resume the consideration of the air mail bill.

Mr. HARRISON. I should not make even the suggestion to the Senator if it were not for the fact that Senators who represent sugar-beet regions are very anxious to secure action on this proposed legislation so that the farmers may make their contract with reference to this year's yield.

Those are the facts that came out on the floor of the Senate yesterday afternoon, and I feel that they ought to be recited here this morning.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. COSTIGAN. I yield.

Mr. NORRIS. As one of the Senators particularly interested in the sugar bill and as one who understood yesterday, even at the time we were voting to displace the unfinished business, that if the air mail bill were taken up it would be laid aside today and the sugar bill taken up, I want to say that I supposed that understanding was universal and that everyone in the Senate understood it. I assumed that the Senator from Mississippi believed that to be the fact when he submitted his request this morning.

I was present when he submitted his request to lay aside temporarily the unfinished business and take up the sugar bill, and I assumed that the Senator from Mississippi was acting in good faith. I have no doubt that he was. With the understanding which I believe prevailed among Senators, I think he was justified in making the request. I realize, however, that probably the Senator from New York did not hear it. I realize, too, that when the Senator from Mississippi made the request he made it before a point of no quorum was made and before the roll was called, and undoubtedly at a time when there was not a quorum of the Senate present.

It seemed to me the step was a proper one for the Senator from Mississippi to take under all the circumstances and in view of the understanding, but we ought not to have a misunderstanding on the subject. I can see how the Senator from New York may not have been present when the various discussions took place, and even though I am particularly anxious that the bill be taken up and disposed of as soon as possible I do not want to do it with any cloud of misunderstanding or discourtesy existing.

While I think the Senator from Mississippi was justified in the position he took, I believe, as one who desires to see the bill acted on, that we will get action quicker if we concede that the Senator from New York had a different understanding from the other Senators, and that the Senator from Mississippi should make his request now. If it should not be agreed to, I believe he would be justified in making a motion to take up the bill.

Mr. HARRISON. Mr. President, if the Senator will yield, I was about to make a statement, in view of what the Senator from New York has just stated.

Mr. McNARY. Mr. President, will the Senator from Colorado yield for just a moment?

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Oregon?

Mr. COSTIGAN. I do.

Mr. McNARY. I do not feel any responsibility in this situation, because of the statement I made yesterday; but let me remind the Senator from New York that he is not without a remedy. If he should ask for the regular order the unfinished business, which is the air mail bill, would come back before the Senate. If the Senator desires to exercise that right, it is fully within his power to do so.

Mr. COPELAND. Mr. President, will the Senator from Colorado yield to me?

Mr. HARRISON. I should like to make a statement.

Mr. COSTIGAN. I yield first to the Senator from Mississippi. I will yield later to the Senator from New York.

Mr. HARRISON. There is no reason for anyone to think there is any misunderstanding about this matter. I think Senators generally agree, in view of what has happened upon the floor today, that everyone thought the sugar bill was coming up this morning.

I would not do the Senator from New York an injustice for anything in the world, and I would not be discourteous to him. In view of the fact that we did ask unanimous consent to take up the bill this morning, and it is here before us, if the Senator from New York thinks some injustice has been done to him and he would prefer to have the bill laid over for a while, I shall be very glad to ask unanimous consent to undo what we have done, and to take up the measure later. I do not want to proceed with the Senator thinking that any sharp practice has been indulged in in this connection, for the fact is that we were proceeding in a very orderly way this morning, in view of what happened yesterday.

So if the Senator from New York has not yet had an opportunity to prepare his amendments, and prefers to have us wait for a few hours before taking up the bill, we can do so. If he would rather have us take it up in the morning, I shall try to get unanimous consent to have that done. I cannot do any more than that.

Mr. BORAH. Mr. President——

Mr. COSTIGAN. I yield to the Senator from Idaho.

Mr. BORAH. Would not the Senator from New York be able to protect his situation entirely if we should go ahead with the general discussion of the bill which is inevitably going to take place?

The Senator from New York understands that the situation in the West is such that a delay of 1 or 2 days may mean a vast amount of injury to those people. I should like to see some changes in this bill; but I recognize that some bill on the subject must be passed, if we are going to pass it at all; at once, if it is to have any beneficial effect whatever on the interests of the growers. Several speeches are to be made before we take up amendments. Would it not be possible to proceed in that way rather than to lay the bill aside for a day?

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from New York?

Mr. COSTIGAN. Before I yield to the Senator from New York, in view of the possibility that this discussion may suddenly terminate, I desire to say that the record before us is so clear, and the reputation, services, and attitude of the distinguished Senator from Mississippi [Mr. HARRISON] throughout the difficult days of discussion of this measure have been such that I have been intending to preface any remarks I might make today with a tribute to the exceptional ability, disinterestedness, and integrity shown by the Senator from Mississippi.

Of course, I join other Senators in every disposition to show proper courtesy, at this time or on any other occasion, to the Senator from New York and every other Member of this body.

I now yield to the Senator from New York.

Mr. COPELAND. Mr. President, I have been in the Senate a long while, and on many occasions have been interfered with because I tried to be polite. Many times aggressive Senators have taken the floor from more modest ones, regardless of recognition from the Chair. I have always tried to conform to the rules. I have tried to observe the old-time courtesy of the Senate.

Mr. President, I was not in the Senate Chamber yesterday afternoon, but I was not at a ball game or engaged in some sort of personal activity. I was in my office in a conference over the War Department bill with officials of the Department. I was not here when the later conversation took place in the Senate. When I said in the afternoon that I was not yet ready to go forward, I had a right to think that that intimation would be sufficient.

The Senate may do as it please in this respect. I am not going to make any further suggestion or make any request. The Senator from Mississippi knows whether or not I have had a square deal in the matter. It is for him to decide whether or not he shall ask for unanimous consent. It is not for me to request it. The Senator from Mississippi must do as his sense of propriety dictates, now and always.

Mr. HARRISON. Mr. President, will the Senator from Colorado yield?

Mr. COSTIGAN. Certainly.

Mr. HARRISON. I desire to say to the Senator from New York that I do not know anything else I can do. I have told the Senator from New York that if it would meet his convenience I would ask for unanimous consent to lay the bill aside for 2 or 3 hours and take it up later, or I would ask to have it taken up tomorrow morning if that would meet with the approval of the Senate. I am just waiting for a suggestion. Otherwise, of course, we should have to proceed with the consideration of the bill.

I desire to show every courtesy to the Senator. I want him to have an opportunity to offer his amendments and let the Senate vote on them. I do not know anything more that I can do.

Mr. NORRIS. Mr. President——

Mr. COSTIGAN. I yield to the Senator from Nebraska.

Mr. NORRIS. I should like to submit a proposal for the consideration of the Senator from New York.

First, as has already been stated by the Senator from Idaho [Mr. BORAH], in this particular case time is the essence of the whole matter. Sugar beets are being planted right now. Many of them have been planted. Contracts have not been entered into. Thousands of people are dependent upon the action of Congress on this legislation; and unless Congress acts at once they are liable to have their entire year's efforts come to naught.

I desire to ask the Senator from New York whether it would not be satisfactory to him if we should go on with the debate, and let those who have speeches to make—and there are quite a number of them, I understand, on both sides of the subject—make their speeches, and get that much nearer to the goal, with the understanding that we shall not take up amendments until tomorrow, if the Senator wants to go that far, and that we shall not vote on the passage of the bill until tomorrow, and thus expedite the matter.

These speeches will have to be made anyway. They are going to take considerable time. I am not one among the Senators who are going to make speeches. I am not pleading for myself, but I am pleading that the consideration of the measure be hastened, and that if we finish with the speeches today and are ready to take up the bill for amendment we lay it aside until tomorrow, in order that the Senator from New York may have ample time to devote the day to the preparation of his amendments if he so desires.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. COSTIGAN. I yield to the Senator from Louisiana.

Mr. LONG. I have previously sent to the desk a resolution, which I ask to have read at this time, if there be no objection. It covers only a couple of pages. It is lying on the desk, in my handwriting.

Mr. BORAH. Mr. President, let us dispose of this matter.

Mr. LONG. I thought perhaps a little levity might help us get together on it.

Mr. BORAH. There may be levity in the Chamber, but there is not levity out in the beet fields.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from New York?

Mr. COSTIGAN. I yield to the Senator.

Mr. COPELAND. I never have interfered with a Senator making a speech. If there are Senators here who are bubbling over with enthusiasm and desire to orate, I hope they will do it today.

I have no objection to the speeches. Indeed, I could do some work in committee while they are being made; but I do not want this bill read for amendment until I shall have had an opportunity to perfect the amendments which I wish to offer. I made that clear yesterday. I repeat it today.

Mr. President, far be it from me to interrupt the eloquence and the flow of oratory which may break forth when this bill becomes established as the order of the day; but I still contend that I have been the victim for years of continued efforts to be polite and to be courteous to my fellows. From this time on, however, I desire to say to my friend from Mississippi I am going to be just as mean as anybody. So far as the speeches are concerned, let them go on, and God bless the orators. [Laughter.]

Mr. HARRISON. Mr. President I ask unanimous consent that we proceed with the discussion of this bill or any other matter that may come before the Senate today, and that tomorrow we take up the bill for amendment.

The VICE PRESIDENT. Is there objection?

Mr. FESS. Mr. President, if the Senator from New York really would like to discontinue the discussion of the sugar bill until tomorrow I can relieve him, if I can secure the floor as soon as the Senator from Colorado yields it, because I will take the floor and occupy the remainder of the day on the subject of air mail.

The VICE PRESIDENT. Let the Chair state to the Senator from Ohio that a Senator on the Republican side, the junior Senator from Michigan [Mr. VANDENBERG], has requested that he be recognized at the conclusion of the remarks of the Senator from Colorado, and the Chair understands the Senator from Michigan is very much interested in the bill under consideration.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Oregon?

Mr. COSTIGAN. I yield.

Mr. McNARY. The request made by the Senator from Mississippi is that the Senate proceed with the discussion of the bill and that we wait until tomorrow to vote on the bill or any amendments proposed. Has that request been acted on?

The VICE PRESIDENT. It has not been acted on. Is there objection to the request of the Senator from Mississippi? The Chair hears none, and it is so ordered.

Mr. COSTIGAN. Mr. President, before the bill now before the Senate is given detailed consideration perhaps I should make a moderately short general statement about it.

No measure introduced at this session of Congress, when called up for consideration, has been so well understood as the present bill, alike with respect to its program, its objectives, and its specific provisions. Unfortunately prefaced and dramatized at hearings before the House Agricultural Committee by testimony which conveyed a wholly false impression of its scope and purposes, the bill for some weeks has been subjected to close scrutiny and, except for customary and natural differences of opinion on some of its details, has emerged with general and strong support and with a widespread demand for the promptest possible enactment into law. The urgency of the situation mentioned by the Senator from Nebraska [Mr. NORRIS] must again be

stressed at the outset of this discussion, and it is only reasonable to ask that whatever action the Senate is to adopt be taken without delay. The planting season in the West is immediately at hand, and contracts between growers and processors are at this moment awaiting final action by Congress. The offices of Senators and Representatives from the various sugar-growing States are at this hour flooded with telegrams directing attention to the importance of instant and favorable action. A few of many of these messages were yesterday placed in the RECORD by me. One also was incorporated by the junior Senator from Idaho [Mr. POPE].

It therefore is gratifying to realize that the bill, which passed the House of Representatives a few days ago, at last has apparently received, after extended discussion and debate, the approval of continental beet and cane growers. From the beginning I have had no doubt and have frequently stated that if the suggested legislation were understood, the administration's program would certainly receive general approval. It is not strange that the wisest of those who came to scoff have remained to praise.

Criticized by representatives of various special interests when first proposed as injurious to the sugar industry, the measure we are discussing is now recognized as that industry's immediate and surest safeguard. It presents for a long disorganized industry the most carefully considered and balanced example of sensible national planning to bring production and consumption within hailing distance of each other so far evolved, which the administration has attempted to apply to any basic agricultural commodity. Although the measure deals with nonsurplus domestic production, everyone familiar with the industry realizes that the problems under which the domestic sugar industry is laboring are those imposed by world surplus conditions which have so effectively operated under our single-track policy of relatively high and ever higher tariffs, that it at last has become necessary to raise statutory barriers of quota limitations against competitive forces which have been slowly strangling our continental-sugar development and the welfare of our beet and cane growers.

Fundamentally the measure before us is extremely simple. Its most essential provision will be found in its opening section, which adds sugar beets and sugarcane to basic agricultural commodities, thus preparing the way to the measure's first objective—the payment of benefits to sugar farmers out of processing taxes, so that they may secure living prices for their beets and cane. A second objective of the measure is the stabilization of markets and prices by quota limitations on production and imports, which, although differing in amounts allocated, does not depart in principle and merely modifies the stabilization and quota arrangement earnestly advocated last fall by all branches of the domestic sugar industry, including representatives of beet and cane growers.

The third and most unusual feature of the bill is to be found in the fact that it is so timed that it can take effect in conjunction with an expected reduction in the tariff, recommended under existing law by the United States Tariff Commission. As a consequence, and by the application of a processing tax identical in amount with the reduction of the tariff, it becomes possible to raise the required money for meeting benefit payments without adding to the burden of consumers, as has been done in the cases of processing taxes on other basic commodities. In other words, there should be no increase in the price of sugar to the public in this country as a result of the collection of funds out of which to make benefit payments for the extension of much-needed relief to beet and cane farmers. This does not mean, it should be clearly stated, that the price of sugar will not hereafter be different or increase under changed market and competitive conditions of supply and demand after this bill becomes law. It merely means that the approval of this bill and the imposition of processing taxes for which it provides, in view of the lowering of the tariff on sugar in exactly the same amount as the processing tax, which is to be added, should not increase the price to be paid by the sugar-consuming public.

Doubtless it is proper to preface the discussion of this bill with one further statement: A year ago the Senate did, and the Agriculture Department did not, favor, as provided in the pending bill, the inclusion of sugar beets and cane among basic agricultural commodities. Many of the Members of the Senate are to be congratulated today on their foresight in undertaking to do 12 months ago what the Department of Agriculture now recommends.

In January of this year the Secretary of Agriculture made the following statement on this subject:

> When the Agricultural Adjustment Act was enacted farm prices of sugar beets and sugar cane were very close to their fair exchange value, and, as a consequence, sugar was not included as a basic agricultural commodity under the act. Anticipating market pressure as a result of the large prospective crop of 1933–34, however, the Agricultural Adjustment Administration negotiated with representatives of the industry to the end that a marketing agreement in the interest of cane- and beet-sugar producers might be consummated.
>
> The draft of a marketing agreement which was finally presented for the approval of the Agricultural Adjustment Administration was, however, unsatisfactory, because it emphasized the interests of processors rather than the income of producers; because it did not provide for effective production control; and because the protection of consumers' interests was virtually confined to the Secretary's power to terminate the agreement.

The Secretary added:

> After the disapproval of the marketing agreement, the administration explored various alternative procedures. Our ultimate conclusion was that, irrespective of action which might subsequently be taken with respect to market quotas, or the regulation of competition, we should be in a position to make supplementary payments to producers of beets and cane, and to limit acreage sown to these crops if and to the extent that such action appeared necessary for the effectuation for the purposes of the act.
>
> Direct negotiations with producers will require that sugarcane and sugar beets be made basic agricultural commodities.

In connection with this statement of the Secretary of Agriculture it would appear desirable to include in these remarks, and have incorporated in the RECORD, one or two tables.

Mr. President, I first tender for the RECORD a table showing prices paid to sugar-beet farmers, contrasted in parallel columns with the fair-exchange value, of sugar beets. From this tabulation it appears that the growers of sugar beets in the United States between the years 1915 and 1924, both inclusive, received in only 4 years—1918, 1919, 1920, and 1923—the fair-exchange value or pre-war parity contemplated by the Agricultural Adjustment Act, and that during the years from 1925 to 1933, inclusive, in no year did sugar-beet farmers receive pre-war parity for their products.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Without objection, it is so ordered.

The table referred to is as follows:

Table showing prices paid to farmers and fair exchange value

Year	Price per ton paid to farmer	Index of farm purchasing power	Pre-war parity (fair exchange value)	Did farmer get parity?
1915	$5.67	105	$5.8485	Almost.
1916	6.12	124	6.9098	Almost.
1917	7.39	149	8.2993	No.
1918	10.00	175	9.7475	Yes (Government price fixing).
1919	11.74	200	11.1400	Yes.
1920	11.63	194	10.8058	Yes.
1921	6.35	150	8.3550	No.
1922	7.91	146	8.1322	Almost.
1923	8.99	149	8.2993	Yes.
1924	7.99	150	8.3550	Almost.
1925	6.39	154	8.5778	No.
1926	7.61	153	8.5221	No.
1927	7.67	151	8.4107	No.
1928	7.11	153	8.5221	No.
1929	7.08	152	8.4664	No.
1930	7.14	144	8.0208	No.
1931	5.94	124	6.9058	No.
1932	5.26	107	5.9599	No.
1933	5.32	109	6.0713	No.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. COSTIGAN. I am glad to yield to the Senator from Nebraska.

Mr. NORRIS. If the statement just made by the Senator is correct, it is apparent that the Secretary of Agriculture

was in error in his statement when he said 1 year ago there was comparatively nothing wrong with the price.

Mr. COSTIGAN. The statement of the Secretary of Agriculture was that farm prices of sugar beets and sugarcane were very close to their fair exchange value. The table which has been prepared in the Department of Agriculture indicates that the average price paid to the farmer on the 1933 sugar-beet crop—that is, the 1932 crop, which was marketed in 1933—amounted to $5.32 per ton, and pre-war parity at the time for sugar-beet growers would have been $6.0713 per ton. Of course, at the time when the Secretary of Agriculture was considering this problem beet farmers had not finally been paid, so that in part the Secretary of Agriculture necessarily based his statement on estimates of amounts the companies would be required under their contracts to pay beet growers.

As most Members of the Senate are doubtless aware, trans-Mississippi farmers generally receive in payment for beets 50 percent of the net returns from beet sugar after deduction has been made by the sugar companies of expenses, including taxes, connected with the purchase of the beets and the manufacture and sale of the sugar.

As a matter of fact, predictions of the Secretary of Agriculture a year ago, as suggested by the able Senator from Nebraska, were not fulfilled; and without doubt that development contributed, with others, to the later recommendation by the Secretary of Agriculture that sugar beets and sugarcane be made basic agricultural commodities.

Mr. President, the United States Tariff Commission has recently made an examination of the cost of producing sugar beets in the various States of this country. I think, in connection with what has been said, that a table received from that Commission under date March 13, 1934, should also be incorporated in the RECORD.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield?

Mr. VANDENBERG. May I ask the Senator if that report of the Tariff Commission is publicly available as yet?

Mr. COSTIGAN. It is my understanding that it has not been printed, but that it will be made available to the Senator from Michigan if he desires to see it.

For the information of the Senate, at this moment, perhaps, I should say that the costs of production shown in the table which I am offering for the RECORD run from a low figure of $4.69 in the State of Nebraska for the year 1931—a simple average being given—to a high figure of $7.34 in the State of Utah.

For the year 1930 the low figure apparently is $4.78 for the State of Kansas, and the high figure, $7.51, in the State of Michigan.

I ask that this table from the United States Tariff Commission be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

Sugar beets, cost per ton, by States

	Simple average[1]	
	1930	1931
Nonirrigated:		
Michigan	$7.51	$5.31
Wisconsin	7.35	5.37
Iowa	5.50	5.05
Minnesota	6.35	5.38
Average	6.39	5.40
Irrigated:		
Colorado	5.08	5.52
Nebraska	4.93	4.69
Wyoming	5.08	5.23
Utah	5.72	7.34
Idaho	5.90	6.32
Montana	5.38	5.03
Kansas	4.78	5.92
South Dakota	5.60	6.41
California	6.02	6.14
Average	5.27	5.67
All States	5.40	5.65

[1] Simple average of costs in representative areas.

U.S. Tariff Commission, Washington, D.C., Mar. 13, 1934.

Mr. COSTIGAN. Perhaps this table should be accompanied by a further table from the Tariff Commission of the same date showing the costs of production f.o.b. factory in irrigated areas and in nonirrigated areas, arranged by States, and weighted by individual factory production. I ask that the table be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

Beet sugar: Cost of production f.o.b. factory, in irrigated areas and in nonirrigated areas, arranged by States and weighted by individual factory production, 1929–30

[Cents per pound of sugar]

	Cost of sugar beets[1]	Conversion cost[2]	Total cost f.o.b. factory	Bags of sugar produced	Tons of beets consumed	Pounds of sugar per ton of beets used	Number of factories used in each State
Irrigated area:							
Colorado	2.011	1.821	3.832	6,685,794	2,636,201	254	16
Nebraska	1.937	1.883	3.820	2,793,901	1,097,334	255	7
Kansas	1.980	3.904	5.884	121,118	50,163	241	1
Wyoming	1.773	2.080	3.853	1,318,808	461,180	286	4
Utah	2.033	2.427	4.460	1,539,446	544,973	282	10
Idaho	1.987	2.279	4.266	1,572,817	508,031	310	8
Montana	1.850	2.175	4.025	1,078,674	370,636	291	4
California	1.766	2.486	4.252	1,766,308	513,234	344	5
Weighted average cost, all irrigated areas	1.944	2.056	4.000	16,876,866	6,181,752	273	55
Nonirrigated areas:							
Michigan	2.524	2.799	5.323	516,819	173,362	298	5
Iowa	2.190	2.711	4.901	540,650	215,243	251	2
Minnesota	2.636	2.786	5.422	496,269	204,020	243	2
South Dakota	2.188	2.051	4.239	312,220	121,972	256	1
Wisconsin	2.592	4.287	6.879	42,764	15,083	284	1
Weighted average cost, all nonirrigated areas	2.405	2.682	5.087	1,908,722	729,680	262	11
Weighted average cost, all areas combined	1.991	2.121	4.112	18,785,588	6,911,432	272	66

[1] Based on 1930 farm cost of production.

[2] Includes freight and receiving expense on beets, manufacturing costs, administrative expense, imputed interest, and credit for by-products and collateral operations, but does not include loading and reconditioning cost nor storage at distributing points.

U. S. Tariff Commission, Mar. 13, 1934.

Mr. NORRIS. Mr. President, before the Senator leaves the last table, which like the other table has not yet been seen by the Senators—at least, I have not had access to it—I should like the Senator, in addition to having it printed in the RECORD, to give us now a short synopsis of what is shown by the table.

Mr. COSTIGAN. Mr. President, the table I have offered deals with costs of production in the years 1929–30. It

shows lowest cost factory production in cents per pound for sugar in the States of Colorado and Nebraska; Colorado's cost, as estimated by the Tariff Commission, being 3.832 cents per pound; Nebraska's cost being 3.820 cents per pound.

The highest cost of sugar production for that year appears to have been in the State of Wisconsin, 6.879 cents per pound.

In the order of increasing costs between low and high we find: South Dakota, 4.239 cents per pound; Iowa, 4.901 cents per pound; Michigan, 5.323 cents per pound; Minnesota, 5.422 cents per pound; and Kansas, 5.884 cents per pound.

Mr. NORRIS. Mr. President, will the Senator further yield?

Mr. COSTIGAN. I yield.

Mr. NORRIS. I understood from what the Senator said when he offered the table that it would show the relative costs between irrigated and nonirrigated tracts of land.

Mr. COSTIGAN. That is true. The irrigated areas mentioned are in Colorado, Nebraska, Kansas, Wyoming, Utah, Idaho, Montana, and California.

The weighted average cost of sugar for all these States was 4 cents per pound. The nonirrigated areas are listed as Michigan, Iowa, Minnesota, South Dakota, and Wisconsin, with a weighted average factory cost of sugar for the nonirrigated States of 5.087 cents per pound. This table also gives the number of factories operated in each State and the pounds of sugar per ton of beets shown in the calculation of the United States Tariff Commission.

Mr. President, having pressed for the inclusion of sugar beets and sugar cane as basic commodities in April 1932 and again at the opening of the present session, no one here, I assume, has a more definite record than I have of legislative efforts to try to combine the principle of unrestricted production with bounty or benefit payments. It is fair to point out that the original proposal, which was limited to declaring sugar beets and cane basic commodities under the Agricultural Adjustment Act, had and still has the merit of putting no restrictions on domestic production and of leaving to the voluntary action of individual farmers the question whether they prefer to grow beets without reference to prices received for them or to reduce production in consideration of receiving bounty payments, assuring them the fair exchange or pre-war parity value of their beets.

Such a measure, although extremely simple in form, would have been helpful to the sugar farmers and to the business communities adjacent to their farms and homes during the past year. However, insistence on quota restrictions last fall by all branches of the sugar industry, including farmers, in a stabilization agreement had such evident merits, or, at least, possibilities, from the viewpoint of stabilizing production, and thereby prices, that it is only natural that this bill should include trial of the quota experiment, the merits of which can be tested during the coming months and can be further dealt with, if need arises, at a subsequent session of the Congress.

Mr. President, before proceeding, perhaps it is proper to ask an opportunity to place in the RECORD, following the tables which have been submitted, a statement prepared in the Department of Agriculture showing the basis on which the pre-war parity of sugar beets has been calculated by the Department.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

The statement referred to is as follows:

It is estimated that the average price paid for beets for the 1933 crop will be approximately $1.37 per ton below the fair exchange value as of December 20, 1933, the latest date for which farmers' cost-index numbers have been calculated.

The reasoning upon which this figure is based is outlined below:

The average price paid to farmers for sugar beets during the pre-war period August 1909–14 was $5.57 per ton. The index number of the cost of commodities farmers buy, issued December 20, 1933, was 1.18. The fair exchange value for beets as of that date, therefore, becomes $5.57 by 1.18, or $6.57.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Minnesota?

Mr. COSTIGAN. I yield.

Mr. SHIPSTEAD. Does the statement presented by the Senator refer to the same relative parity as that mentioned by him a short time ago?

Mr. COSTIGAN. It does. It gives the formula under which the Department of Agriculture from time to time, under the terms of the Agricultural Adjustment Act, works out its calculation of the purchasing power of the farmer's product in terms of articles the farmer buys.

Mr. SHIPSTEAD. May I impose upon the Senator's time for a moment to ask him what the figures were that he gave a short time ago to show how far the producer of sugar beets was from receiving parity upon his last year's crop?

Mr. COSTIGAN. The Senator realizes that the beet-sugar crop of 1933 is still being sold, so that we have not the final returns to beet farmers for the 1933–34 crop. We have the figures, however, for the 1932 crop of beets, the completion of the sale of sugar from which occurred in 1933.

Mr. SHIPSTEAD. Was that the crop to which the Senator's figures a short time ago referred, which showed that the farmer lacked about a dollar from receiving parity?

Mr. COSTIGAN. It was. The price received was $5.32 per ton of beets, and pre-war parity would have been $6.0713 per ton.

Mr. SHIPSTEAD. That parity is figured on the formula furnished by the Agricultural Adjustment Act, and is based entirely upon the fair price level of what the farmers purchase.

Mr. COSTIGAN. Precisely.

Mr. SHIPSTEAD. If the Senator will permit me, I should like to call something else to his attention. This winter when the Secretary of Agriculture was before the Agricultural Committee he admitted that that was an unfair formula; that there was a serious error in the Agricultural Adjustment Act, in that to give to the farmer parity on the basis of the commodities which he had to buy was not sufficient to afford him actual parity. It was admitted that in addition to that formula there should be added his increased payments of interest since the pre-war period, because he does not buy interest but pays interest; also his increased taxes should be figured, and his increased cost of labor.

Mr. COSTIGAN. In other words, if I understand the able Senator from Minnesota, the farmer's lot is worse than is disclosed by the figures I have cited.

Mr. SHIPSTEAD. It is very much worse. The Department of Agriculture has since conducted a survey to find out how much farm prices would have to be raised in addition to that allowed by the present formula in order to give the farmer actual parity. Figuring in the other items that ought to be included in his cost of production, such as increased payment of interest on his increased indebtedness, his increase in taxes, and his increased labor cost, the Department has found that the farmer's parity price would be raised 13 percent over that allowed under the Agricultural Adjustment Act. So, on the basis of the figures the Senator has already given, the spread or lack of parity for sugar beets should be increased by about 98 cents; in other words, the farmer is lacking 98 cents more of being on a parity than according to the figures calculated under the formula of the Agricultural Adjustment Act.

Mr. COSTIGAN. The valuable contribution of the Senator from Minnesota will doubtless in part help further to explain to farmers of the beet and cane regions of this country the plight in which they have found themselves during recent years.

Mr. SHIPSTEAD. I wanted to call the Senator's attention to the fact that the figures based on the Agricultural Adjustment Act handicap the farmer, even though he should get parity figured under this formula, which he still does not get.

Mr. COSTIGAN. I thank the Senator for his helpful statement.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to his colleague?

Mr. COSTIGAN. I yield with pleasure to my colleague.

Mr. ADAMS. It occurs to me that there is another element in the computation of the parity which also works unfavorably and unjustly to the sugar-beet price. Parity, as I understand, under the formula which was applied, is based upon the years from 1909 to 1914. Those were years of very intense competition in the sugar business. The tariff at that time as against our chief competitor, which was Cuba, was practically only 1 cent a pound, or a very trifling fraction above that. It was half of what the present tariff is. So we are having a comparison of present-day prices under a 2-cent tariff with a price then under a 1-cent tariff and the intense competitive condition when Cuba was producing very largely.

Mr. COSTIGAN. What my able colleague, the junior Senator from Colorado, has said is, of course, informative. It may be added that the tariff of about 1 cent a pound to which the Senator refers was the lowest in half a century.

Mr. President, perhaps an anticipatory word should be devoted to certain objections urged at different times against the proposed legislation. The freedom of farmers to continue to produce farm products at a loss is not the most fortunate liberty. Freedom to starve is not valuable. The claim that continental sugar producers should be permitted to produce all sugar consumed in the United States has a familiar and even instinctive appeal, and conceivably the day will arrive in a changed world when farmers in this country will provide such self-sufficiency. However, it should be noted that generations of favorable sugar tariffs have fallen far short of achieving such results. Under the complex competitive forces affecting sugar, with increasing visible supplies of sugar in the world, the price of sugar has been driven toward unprecedentedly low levels.

For example, in 1922–23 the average price per pound c. and f., New York, was 4.674 cents, with 3,025,000 short tons of visible supply. In subsequent years as visible supplies continued to rise prices continued to fall. In 1932–33 the average price per pound c. and f., New York, had dropped to 1.119 cents, with 7,800,000 short tons, according to a preliminary estimate, as the visible supply.

Mr. President, I now offer a table to be found at page 267 of World Trade Barriers in Relation to Agriculture, Senate Document No. 70, of the Seventy-third Congress, first session, which specifies visible supplies of world sugar stocks and prices in parallel columns.

The PRESIDING OFFICER. Without objection, the table will be printed in the RECORD.

The table is as follows:

World sugar stocks and prices

[1,000 short tons]

Year	Visible supply, Sept. 1 [1]	Average price c. and f. New York [2]
		Cents per pound
1922–23	3,025	4.674
1923–24	2,870	4.677
1924–25	2,705	3.128
1925–26	3,990	2.350
1926–27	4,450	2.959
1927–28	4,539	2.691
1928–29	5,191	2.011
1929–30	5,842	1.744
1930–31	6,972	1.317
1931–32	8,369	1.024
1932–33	[3] 7,800	1.119

[1] World Trade Barriers in Relation to Agriculture, p. 267 (S.Doc. No. 70, 73d Cong., 1st sess.).
[2] Lamborn & Co.'s Annual Chart.
[3] Preliminary.

Mr. COSTIGAN. Mr. President, under bounties, low tariffs, and relatively high tariffs, the increase in domestic production of beet sugar has only slowly advanced during the last half century, and the production of cane sugar is considerably less than its former highest level. Leaving out our insular possessions and other sources of supply, after half a century of free and unlimited opportunity to produce, the continental United States now produces from one fourth to one third of the continental consumption.

In other words, considering production and prices together, the right to unlimited production has brought not prosperity, but the reverse, not higher but lower returns to sugar farmers in the United States.

One of the noteworthy features of the pending bill is found in its new approach to the solution of many and multiplying difficulties of the domestic sugar industry. It has been hoped that clearer foresight than that so far legislatively displayed will be applied to this involved subject. All who believe in human values and sensible national planning ought to welcome such an effort as is embodied in the pending measure. Too many cooks have been interfering with the broth to make it a perfect legislative product, but Congress will do well if in its constructive efforts it can claim an advance over the past. So much may confidently be asserted on behalf of the present measure. Fortunately, it is acceptable in its present form to the most representative growers of the industry, who are at this time petitioning Members of the Senate promptly to enact it. The legislation promises to afford a common meeting ground for the adjustment of major production and marketing problems. Self-destroying methods have too long invited misfortune to the domestic industry until growers, East and West, find themselves in a sorry plight indeed.

No clearer statement of the importance of the legislation has been voiced than that issued by the Secretary of Agriculture on March 16 of this year. Secretary Wallace stated, in substance, that one of the chief objectives of the administration's sugar plan is to stabilize the sugar industry and to prevent a threatened collapse of prices, which would bring distress to some 80,000 farmers engaged in domestic-sugar production; and he might have added many other thousands of human beings affected by its prosperity or adversity. He said further that a disastrous price decline faces the industry unless definite restrictions of shipments can halt the effects of insular production on the American market; that unless this legislation is enacted, administration estimates point to a price for sugar beets as low as $4 per ton for this year's crop as against a basic assured return of about $6.50 per ton.

This means, according to Secretary Wallace, a return to beet growers under the law of about $63,000,000, as against a return to the producers of $34,000,000, or less, if the measure does not become law. The Secretary further suggested that through the combination of benefit payments and a reduced tariff these substantially improved conditions can be put into effect in this industry by the Department of Agriculture without adding, by reason of the program, to the burdens of consumers. In addition, improved sugar prices throughout the world, beneficial to all the regions supplying the continental American market, should result from the legislation.

Mr. President, for general information, and particularly in view of the likelihood that the present discussion will continue tomorrow, I ask to have incorporated in the RECORD, following my remarks, two tables, the first showing sources of sugar consumed in the United States during the years 1924 to 1933, both inclusive; the second giving the figures with respect to beet-sugar production, by States, harvested acreage in 1933, and short tons, raw value, produced in the 3 last crop years.

The PRESIDING OFFICER. Without objection, the request of the Senator from Colorado is granted.

(The tables submitted by Mr. COSTIGAN and ordered to be printed in the RECORD are as follows:)

Quantity of raw cane sugar (or its equivalent) from each crop source used in supplying domestic consumption in the United States during years 1921 to 1933, inclusive

[In short tons—raw basis]

Period	Total, all crop sources	Grown in continental United States		Grown in United States insular areas				Grown in foreign countries	
		Beet	Cane	Puerto Rico	Hawaii	Philippine Islands	Virgin Islands	Cuba	All other foreign countries
Calendar years:									
1933	6,316,000	1,366,000	315,000	791,000	989,500	1,241,000	4,500	1,601,000	8,005
1932	6,248,500	1,318,500	100,000	910,500	1,024,000	1,042,000	4,500	1,762,500	26,500
1931	6,561,500	1,343,000	206,000	748,500	967,000	815,000	2,000	2,440,000	40,000
1930	6,710,500	1,140,500	197,500	780,000	896,000	804,500	6,000	2,945,500	30,500
1929	6,964,000	1,026,500	189,000	460,000	928,500	724,500	4,000	3,613,000	17,500
1928	6,642,500	1,243,000	138,500	698,500	819,000	570,500	11,000	3,125,000	35,000
1927	6,348,000	935,000	46,500	578,000	762,000	521,000	6,500	3,491,000	6,500
1926	6,796,500	1,045,000	84,000	551,000	740,500	375,000	6,000	3,944,500	47,500
1925	6,603,000	1,063,500	149,500	603,500	763,000	485,000	10,000	3,486,000	40,500
1924	5,817,500	892,500	98,000	409,500	608,500	318,000	2,500	3,384,500	104,000

Total beet-sugar production, by States, of all United States beet-sugar companies for the 1933–34 campaign and comparison with previous years

State	Harvested acres, 1933	Short tons, raw value		
		1933–34	1932–33	1931–32
Colorado	212,000	426,184	295,629	395,420
California	108,000	289,902	227,856	178,004
Michigan	161,000	182,135	182,919	86,118
Utah	76,000	153,068	136,935	82,657
Idaho	72,000	139,895	116,092	49,240
Nebraska	87,000	138,605	120,764	134,822
Montana	66,000	132,218	115,370	98,673
Wyoming	60,000	111,493	90,575	90,925
Ohio	36,000	41,000	40,346	11,046
Minnesota		50,457	44,899	40,637
Iowa		26,852	25,469	24,559
Wisconsin		17,826	16,763	12,331
Kansas		14,886	11,892	8,762
South Dakota		14,553	13,571	11,220
Indiana		10,668		
Washington		6,417	6,773	3,898
Seven States [1]	108,000			
Total	986,000	1,756,229	1,445,853	1,228,312

[1] Minnesota, Iowa, Wisconsin, Kansas, South Dakota, Indiana, Washington.

Mr. KING. Mr. President, will the Senator from Colorado yield?

Mr. COSTIGAN. Certainly.

Mr. KING. Whether it is germane to the observations of the able Senator I am not sure, but may I ask a question? If we were not threatened with the execution of a recommendation made by the Tariff Commission of a reduction in the tariff, does the Senator think there would be any justification for the legislation?

Mr. COSTIGAN. Mr. President, the question of the able Senator from Utah is difficult to answer concisely. The need for a new method of dealing with the sugar problem must be obvious to any one who has carefully studied its history. In my judgment force is added to the appeal for the prompt enactment of the legislation by the circumstance that the Tariff Commission, for the second time in approximately 10 years, has recommended a reduction in the tariff on sugar on the basis of a cost-of-production rate-changing formula established for the Tariff Commission by a Republican Congress acting in conjunction with a Republican President.

Nevertheless it has long been my personal judgment that if the people of the United States desire as heretofore to continue to pay for the maintenance of a sugar industry in this country, a far more economical method is through the combination of a lower tariff than that which the country has been sanctioning, with the addition of bounty payments direct to beet and cane growers.

Mr. President, before I conclude, may I ask to have added to the other tables at the conclusion of my remarks one further tabulation. It shows the course of sugar beets harvested in the United States since the beginning of the period of substantial sugar-beet cultivation in this country and concluding with the year 1933, and on the margin discloses the tariff rates or bounty provisions, as the case may be, applicable to the sugar industry during those years. It further shows the sugar produced in long tons during those years and the number of factories in operation in the continental United States.

The PRESIDING OFFICER. Without objection, the request of the Senator from Colorado is granted.

Acres of sugar beets harvested in the United States since the beginning of beet-sugar cultivation in the United States [1]

	Year	Acreage harvested	Sugar produced, refined (long tons)	Number of factories
Bounty of 2 cents on 90° sugar	1891	7,155	5,356	6
	1892	13,128	12,018	6
	1893	19,645	19,550	6
	1894	19,538	20,992	5
	1895	22,948	29,220	6
40 percent ad valorem	1896	57,239	37,536	7
	1897	41,272	40,399	9
	1898	37,400	32,471	15
	1899	135,305	72,944	31
1.685 on 96° sugar	1900	132,000	76,859	34
	1901	175,063	163,126	39
	1902	216,400	195,463	44
	1903	242,576	208,135	53
	1904	197,784	209,722	51
	1905	367,364	283,717	53
	1906	376,074	433,010	63
	1907	370,984	440,200	63
1.348 on Cuba, 1.685 on others	1908	364,913	384,010	63
	1909	420,262	450,595	65
	1910	398,029	455,220	63
	1911	473,877	541,101	67
	1912	555,300	624,064	73
	1913	580,006	655,298	71
	1914	483,400	646,257	60
	1915	611,301	779,756	67
	1916	665,308	734,577	74
1.0048 on Cuba, 1.256 on others	1917	665,000	682,867	91
	1918	594,000	674,892	89
	1919	692,000	652,957	90
	1920	872,000	969,419	97
1.60 on Cuba, 2 on others	1921	815,000	911,190	92
	1922	530,000	615,936	81
	1923	657,000	787,217	89
	1924	815,000	974,185	91
	1925	647,000	804,439	88
1.7648 on Cuba, 2.206 on others	1926	677,000	801,246	79
	1927	721,000	965,241	82
	1928	644,000	938,640	83
	1929	688,000	901,713	79
	1930	775,000	1,075,688	78
2.00 on Cuba, 2.50 on others	1931	713,000	1,025,217	66
	1932	768,000	1,206,656	75
	1933 [2]	984,000	1,450,000	85

[1] Willett & Gray's Weekly Statistical Trade Journal. [2] Preliminary figures.

Mr. OVERTON. Mr. President, will the Senator from Colorado yield?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Louisiana?

Mr. COSTIGAN. I yield.

Mr. OVERTON. The bill provides that in the case of sugar beets and sugar cane the calendar year shall be the marketing year. It is my information that since the beginning of this calendar year a great deal of sugar has been brought into continental United States from the Philippines and possibly from some other sources of production. I have been informed that as much as 800,000 tons has been brought into the United States from the Philippine Islands.

What I wish to know is whether or not the Senator from Colorado interprets the provisions of his bill to mean that the quotas shall go into effect as of January 1, 1934?

Mr. COSTIGAN. It is my understanding that the quotas will be effective as of January 1, 1934. The Senator from Louisiana should give careful consideration to the language of the bill and, if in any doubt, should discuss it with representatives of the Department of Agriculture. Those representatives, however, have assured me, and I believe that the measure, if now adopted, will fix the quotas as of January 1, 1934.

Mr. OVERTON. Therefore, whatever sugar has been imported from those outside sources would be charged up against the different areas?

Mr. COSTIGAN. If brought in since January 1, 1934, it would be, I assume, included in the respective quotas for this year.

Mr. VANDENBERG obtained the floor.

Mr. McNARY. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Oregon.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GIBSON in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Pope
Ashurst	Costigan	Johnson	Reed
Austin	Couzens	Kean	Reynolds
Bachman	Cutting	Keyes	Robinson, Ind.
Bailey	Dickinson	King	Russell
Bankhead	Dieterich	Lewis	Schall
Barbour	Dill	Logan	Sheppard
Barkley	Duffy	Lonergan	Shipstead
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Vandenberg
Byrnes	Goldsborough	Neely	Van Nuys
Capper	Gore	Norris	Wagner
Caraway	Hale	Nye	Walcott
Carey	Harrison	O'Mahoney	Walsh
Clark	Hastings	Overton	White
Connally	Hatch	Patterson	
Coolidge	Hayden	Pittman	

The PRESIDING OFFICER. Eighty-six Senators have answered to the roll call. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the House to the following bills of the Senate:

S. 828. An act to authorize boxing in the District of Columbia, and for other purposes; and

S. 2999. An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes;

H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes; and

S.J.Res. 70. Joint resolution to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution.

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES

The Senate resumed the consideration of the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

Mr. VANDENBERG. Mr. President, as a basis for my observations and analysis in respect to this critically important piece of proposed legislation, I desire to lay down first the presumed purposes to which the measure is addressed and the official statement of the ambitious pretensions that are made in its behalf.

I assume that the fairest way to submit these affirmative credentials on behalf of the proposed legislation is to read a paragraph or two from the favorable report of the Senate Finance Committee.

The committee report says:

> This bill has as its primary object the stabilization of the sugar industry to prevent a threatened collapse of prices which would bring distress to some 80,000 farmers engaged in sugar production in continental United States. Unless corrective measures are adopted, as proposed in this bill, the returns to beet and cane growers will probably continue to be insufficient to furnish them an adequate return for their efforts.
>
> This bill follows substantially the President's message of February 8, 1934.

I interrupt the reading at that point to dissent cordially from that statement in the committee's report. If this proposed legislation still responded to the literal spirit of the President's message of February 8, 1934, or if it continued to reflect the original purposes disclosed by the Department of Agriculture, I doubt whether a majority of this or the other body of Congress would remotely subscribe to it, as it evidently intends to do.

I continue reading, however:

> The program contained therein—

Referring to the President's message—

> recognizes a duty to stabilize the price and production of sugar for the benefit of the continental producers and the industry of the insular possessions and at the same time to maintain a fair price for sugar to the consumer.
>
> The benefits to be derived from this bill are not limited to a small group. If enacted into law, it will indeed contribute to the general welfare of the United States as a whole. The increased purchasing power which this bill will bring to domestic producers of sugar cane and sugar beets, the returns to whom will probably amount to some $80,000,000 as against possible returns of $50,000,000, in the absence of legislation, will enable these producers to purchase manufactured goods and thus help keep our factories running and our factory labor employed.

Then dropping down in the report, I desire to read just two additional paragraphs in the summary of the principal objectives which are stated by the committee to be addressed by the pending legislation:

> The program for sugar as proposed in this bill has the following four principal objectives:
>
> (1) To insure stability to the domestic producers of sugar beets and sugar cane by giving them a virtual guarantee of fair exchange or parity returns on a level of production representing more continental sugar than has ever been successfully sold in a single year.
>
> (2) To assure greater stability to the sugar industry through the provision of adequate quotas for the territories, the insular possessions, and other sugar-producing areas, but preventing the impact of overproduction from so depressing the market as to decrease returns to domestic producers.

Mr. President, I agree that this is a thoroughly happy prospectus if warranted in any reliable degree. I know that the distinguished senior Senator from Colorado [Mr. COSTIGAN], the author of the bill, thoroughly agrees with that prospectus and believes in it. The Senator from Colorado is an earnest, honest man, and every claim he has submitted upon the floor on behalf of this proposed legislation has behind it the complete integrity of his purpose. I desire to make this statement without equivocation before I proceed to indicate that from my viewpoint he may be leaning on a broken reed. I regret to say that I cannot disassociate my attitude in respect to this measure from some of the initial experiences which we had in respect to its consideration.

I sincerely hope and pray that the able Senator from Colorado is wholly correct in the prophecies which he has uttered this morning, and in the prospectus from which I have read to the Senate.

If he is correct, it can be a benediction upon the industry. If he is not correct, the pending legislation will be an utter

curse upon the industry. The answer, as I shall presently demonstrate, lies entirely within the control of the President and the Secretary of Agriculture and their associated commissars in the Agricultural Adjustment Administration. We are proposing for the time being, as I shall presently indicate, to give them the benefit of the doubt.

I want to proceed now to discuss the bill, as I believe in complete candor, and as I believe with complete justification.

Mr. President, this sugar-control bill in its original form, and in the plainly expressed purpose of its original sponsors in the Departments of Agriculture and of State, was intended primarily to save Cuba at the expense of American farmers and American industrialists. Furthermore, the experts in the Department of Agriculture were particularly hospitable to this alien ideal because they frankly admitted that in their Olympian judgments there is small place for domestic beet and cane sugar in their feudal programs for the regimentation of the American farm and the American fireside.

These inimical purposes were frankly reflected in the original bill and in the President's sugar message of February 8. It is my belief that the stage was arranged for the progressive demise of the domestic-sugar industry. The funeral hour was set; and the Department of Agriculture's bureaucracy was efficiently prepared to serve as mortician. But the corpse unexpectedly and most inconsiderately came to life. It declined to be embalmed without a struggle—and it has been struggling with some degree of success ever since. As a result, the sugar-control bill in its final pending and much-amended form is decidedly less deadly than was the original certificate of interment. Indeed, domestic sugar may discover that it has escaped the intended sepulcher. For this we are duly thankful. Yet the whole scheme continues to be haunted with the ghosts of intended slaughter. Its lethal atmosphere continues to violate the life-giving promises of the new deal—as I shall presently undertake to demonstrate.

I fervently hope and pray that the compensatory benefits which the able and always conscientious Senator from Colorado [Mr. COSTIGAN], the author of the bill, proclaims will truly bring a net advantage to this great industry. If a net advantage arrives, however, it will be largely due to the protective amendments which we have forced into the legislation and to a somewhat chastened attitude on the part of the Agricultural Department's "sugar commissars", who surely have discovered during the last 8 weeks of argument and negotiation that sugar beets and sugar cane in continental United States are not the dead commodities which were so contemptuously dismissed to relative disintegration in the first instance.

REAL HOPE—ADMINISTRATORS CAN SAVE ALL

Mr. President, those who have a right to speak for domestic sugar farmers and processors in this emergency reluctantly announce that they have no choice except to ask for the passage of the bill—indeed, any bill—because of the impending purpose of the President to reduce the sugar tariff. Against the latter hazard, their only relative hope is the substitution of quota protection.

In such circumstances, any quotas, however hostile, are better than none at all. They must take what they can get. But let this be plain, namely, that they are not free agents when they make their choice. It has been said that they choose with a gun at their head. That is the truth. It is a double-barreled gun. One barrel is loaded with impending sugar-tariff reductions, menacingly promised by the President; the other barrel is loaded with unrestricted Philippine imports until such time as the new and inadequate Philippine bill becomes effective. Parenthetically, I may say that was one of the reasons why I voted against the Philippine bill, which was enacted, and under which we are now operating. Since these hazards appear unavoidable, domestic sugar is driven not only to accept but actually to seek the offsets provided in the pending measure. They are offsets by the explicit terms of the bill itself, because the processing taxes are tied to the tariff reduction, and the former cannot exceed the latter. But let it stand utterly clear that they are embraced as offsets only. They would never be embraced if domestic sugar were a free agent to choose its own destiny and write its own ticket.

Cotton farmers asked for the cotton bill, with its limitations and its regimentation and its strait-jackets, because they expect, rightly or wrongly, a net advantage for themselves. Beet farmers ask for this sugar bill not in the expectation of a net advantage but to partially hold their own against these other unavoidable dangers which this administration flings at their heads. This is my language—not theirs. They are prepared to cooperate in faith, however timid, that they will get fair play. But this has been a plain and truthful statement of their status. This bill, in my view, is not their emancipation. It is simply their reprieve from something needlessly worse.

Mr. President, the chief beet-producing State in the eastern area is the Commonwealth of Michigan, which I have the honor to represent in part. Sugar beets are one of our few remaining dependable cash crops. Sugar processing is a major industrial activity in several of our finest communities. We have not been able to contemplate this problem with the abstract detachment of a theorist in his experimental laboratory or a crystal gazer in his trance. We are at grips with the grim realities. We have been and still will be fighting for our lives.

These Michigan beet farmers have been represented in Washington during the last 8 momentous weeks by their chosen and authentic representatives, not as lobbyists but as ambassadors pleading with their overlords for their rights. These Michigan processors, just recovering from the bludgeonings of the depression, have been similarly represented by spokesmen with authority to speak for their industry.

I digress long enough to pay my compliments to these men and to the patience and the earnestness and the vigor with which they have sought to defend their position and salvage their chance to survive. They have done all that anyone could do. We have been in almost constant conference. The greatest thing which they have gained, I dare to hope, is a favorable contact with those administrative authorities which will still have much tell-tale power under the terms of this bill. In behalf of these authorities I must add, in fairness, that there has been every willingness to listen and to learn. I must add also that, much as I disagree with Mr. Secretary Wallace, I have the greatest respect for his candor and his inherent integrity of purpose and his intention to be fair.

But this is the point. These Michigan authorities, accredited to speak for sugar farm and sugar factory, have set down their conclusions in a letter addressed to me, which I send to the desk and ask to have read by the clerk:

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will read.

The legislative clerk read as follows:

FARMERS & MANUFACTURERS BEET SUGAR ASSOCIATION,
Washington, D.C., April 6, 1934.

Senator ARTHUR H. VANDENBERG,
Senate Office Building, Washington, D.C.

DEAR SENATOR VANDENBERG: There are attached hereto several amendments to S. 3212 which we would appreciate having you present to the Committee on Finance for consideration in connection with H.R. 8861, which passed the House of Representatives on April 4, 1934, and which has also been referred to the Committee on Finance.

We have been reluctant to support these bills including, as they do, a restriction on continental production. It has seemed to us, as applied to sugar of which there has at no time been an exportable surplus—continental production being less than one third of domestic-consumption requirements—that any such policy does violence to the principle of preserving the American market for our own people.

However, since the President of the United States in a message to Congress dated February 8 suggested that "we ought first to try a system of quotas" before the President would "recommend placing sugar on the free list", we have decided that it is better to have a bill which does apply a system of quotas to all insular areas furnishing sugar to the United States, rather than to face drastic reductions in the duty and an increase in the existing preferential on Cuban sugar, to which the President declared "favorable consideration will be given", all of which without a system of quotas would mean disaster to the continental industry.

We do not consider that all the regulations and penal provisions of the bills are necessary or appropriate to a sugar-control program.

The attached amendments make the bills less objectionable. We urge their adoption.

Accordingly, from the standpoint of expediency, and particularly in view of the assurances given by the Secretary of Agriculture of the benefits to result to our farmers under the contemplated plan, it is our desire that you give your support to an early passage of the bill in the least possible objectional form. But, in any event, we reluctantly assert our need for a bill under existing circumstances.

Very truly yours,

SHERWIN A. HILL,
A. W. BEEBE,
F. L. CRAWFORD,
Legislative Committee.
C. R. OVIATT,
Growers' Representative.

Mr. VANDENBERG. Mr. President, the cultivation and manufacture of sugar are highly technical operations. A decision reflecting marketing influences and production influences involves highly trained judgment. I would not consider that I am entitled to place my own judgments ahead of those of the gentlemen who have signed this communication, who are officially accredited to speak in Washington upon behalf of this great industry and this great agricultural commodity back home in Michigan. Therefore I am reluctantly consenting to the viewpoint which is submitted in the letter, but I am not doing it, Mr. President, until I have squarely laid before the Senate and the Congress and the country the full implications that are involved in this program, so that there may be no mistake tomorrow respecting the warning that is sounded and the responsibility for which we shall hold the Department of Agriculture to account.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield to the Senator from Illinois.

Mr. LEWIS. I recall to the Senator that he made an observation in which he said: "This bill is here in behalf of and supported by", as I understood it, "the beet-sugar interests, but while they do not regard it as sufficient they do regard it as a reprieve"?

Mr. VANDENBERG. That is correct.

Mr. LEWIS. Therefore, I ask the able Senator, is this bill presented by the beet-sugar interests, and is it presented by the beet-sugar interests as being a beet-sugar bill?

Mr. VANDENBERG. It was not presented by them. It is accepted by them under protest, and I will make it plain before I have concluded why their protest is justified and why they have no alternative but to accept the bill.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. COSTIGAN. Mr. President, the statement that the bill is being accepted under protest comes as a surprise so far as I am concerned. It may be, of course, that certain beet-sugar interests in Michigan are protesting. There were formerly protests from various sugar-beet-growing interests, but, unless I am misinformed, the sugar-beet growers of the United States—at least the great majority of them—are now cordially desirous of having the proposed legislation enacted.

Mr. VANDENBERG. Mr. President, I am not sure that there is very much difference between the Senator and myself. I think the beet-sugar farmers of the country do most prayerfully ask for this legislation at the moment, but my proposition is that they are driven into that attitude, not as a free-will attitude but by the sheer necessity of escape from other hazards to which I have adverted and which threaten them. Insofar as I am speaking about sugar interests which accept this bill under protest, I would not presume to speak for others than the farmers in the eastern area, from whom I have presented an official communication stating that they accept the bill reluctantly. "Reluctantly" is their word.

Mr. COSTIGAN. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. COSTIGAN. One of the strongest communications endorsing the proposed legislation has been received by me from a leading beet grower who resides at Mount Clemens, in the State of the Senator from Michigan. Later, as an expression of the attitude of some growers in that region, I shall take occasion to quote for the RECORD from the letter to which I refer.

Mr. VANDENBERG. I shall be glad to have the Senator offer the letter. There seems to be no question about the official spokesmanship of those who are in Washington with the authenticated commission to speak for the beet farmers of Michigan. If there are, here and there, beet farmers who disagree with the policy to which in unison they have subscribed their reluctant faith, I should not be at all surprised.

Furthermore, if any of my farm friends have listened to the senior Senator from Colorado, I should not be at all surprised if they were filled with a glowing enthusiasm in behalf of this formula.

As I said in the beginning, I have the utmost respect for the integrity of the opinion which the Senator from Colorado submits. I hope with all my heart he is right and that my fears are wrong. But if he and his school of thought have presented their blandishments to any of my constituents, without rebuttal, I would not be at all surprised if the Senator had a response which is entirely enthusiastic. I repeat that I hope the Senator is right. I repeat that we have now amended this bill so that it has considerable insurance against disadvantage. I repeat that the Secretary of Agriculture can, if he will, administer it to our distinct advantage. I am pleading that these favorable trends be given fullest possible play.

Mr. COSTIGAN. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. COSTIGAN. The able Senator from Michigan is invariably courteous and instructive. I merely desire to add to what I stated a moment ago that it is in no sense true that the support which is coming to this measure from the great majority of representative leaders of the sugar-beet growers of the region I have the honor, in part, to represent is compulsory. As a matter of fact, the measure which is now pending before us has been subjected to the closest and most careful scrutiny and analysis. In the beginning it met extensive opposition in our intermountain region. That opposition has turned to affirmative and warm support. In confirmation of what I say I venture to ask the attention of the Senator from Michigan to the few out of many telegrams from that region which were placed by me in the CONGRESSIONAL RECORD yesterday afternoon.

Mr. VANDENBERG. Yes, Mr. President; I heard the telegrams read upon yesterday, and with great respect for the Senator's interpretation of those telegrams, the interpretation I put upon those telegrams is that since the planting season presses the farmers in the West, and since some decision of some sort must be made, yes or no, in respect to this legislation before any progress whatsoever can be made in respect to the crop planting, they telegraphed the Senator, and he presented the messages to the Senate asking for a decision, and I think the chief urgency in the messages was less for this particular measure than for a decision in respect to the pending question. In other words, the whole industry is deadlocked in an impasse—at the very moment when the seed must go into the ground—until Congress settles the sugar-control question.

Mr. President, regardless of what the Senator's farm friends think, and what my farm friends think, I know what I think, and I continue to submit my views to the Senate.

The letter which was read from Michigan spokesmen requested the addition of certain life-saving amendments to the bill. I am very happy to say that I presented those amendments to the Senate Committee on Finance; that I was given a most courteous and sympathetic hearing; and all the amendments, with one exception, have been adopted and are in the committee report of the bill. Therefore the measure appears to merit the "reluctant"—that is not my word—that is quoted from the letter—merits the reluctant consent which has been indicated.

The original proposition, however, in its original form, Mr. President, was utterly impossible. It seems to me that

it still is bad in many of its implications and its latitudes. Nevertheless, with a tariff reduction imminent—and that sword of Damocles hangs squarely over the head of the domestic-sugar industry this afternoon—with a tariff reduction imminent—the sugar industry must be sheltered some other way if it is to survive.

The only recourse under such circumstances, the only possible thing that they could do by way of self-defense, is to seek shelter under the Agricultural Adjustment Act through some such formula as in the pending bill. But as the letter states, "We consent to the whole proposition with the utmost reluctance, and we do it chiefly with a feeling"—as I have previously said, and as so eloquently argued by Congressman WOODRUFF, of Michigan, in the lower House—"we do it in the sense that there is a gun at our heads as we proceed."

The record must show that we are reluctant; the record must show the nature and implication of the whole transaction in justice to this tremendously important farm and industrial commodity in the life and livelihood of the United States.

Furthermore, Mr. President, there is another reason why this discussion may well go on; and it is a thoroughly pertinent and tangible reason. The truth of the matter is that as this bill is drawn, and as it now impends in the Senate, it provides certain minimum quotas but it does not confine the Secretary of Agriculture to those minimums. As this bill is drawn today, there is entire latitude within the discretion of the Secretary of Agriculture to make his subsequent quotas on a basis which will not close a single sugar mill in the United States and which will not strip a single beet farmer's sugar crop by a single pound. It will be entirely within the power, authority, and discretion of the Secretary of Agriculture, after this proposed legislation shall be passed, still to fix these quotas on a basis which will leave American agriculture with a 100-percent opportunity to produce sugar beets and will still leave beet-sugar processors with a 100-percent opportunity to operate the factories that are waiting for a chance to thrive. There is nothing that compels the President to reduce the sugar tariff. There is nothing that compels the allocation of a short quota. These administrations can still save the whole situation if they please.

We have simply put a bottom limit in the bill so that the Secretary of Agriculture cannot undermine us and gut us from below. The opportunity exists, I repeat, for him to decide whether or not this literal minimum shall become, in fact, the maximum and shall thus close some of our sugar factories, and thus put some of our sugar farmers out of beet production. The decision is for the Secretary to make. He can keep the factories running if he wants so to do. If they shall close it will be the result of his decision; it will not be the result automatically of this proposed legislation. If farmers shall be driven out of beet production it will not be automatically the result of the pending legislation; it will be the result primarily of the decisions made by the Secretary of Agriculture and his associates in the triple A, because that is where the edict will be written which spells life or death for a great factor in this great agricultural and industrial commodity.

Mr. President, of course, it is well known that I am a loyal partisan of the sugar-beet industry; that statement scarcely needs to be made. I believe in the sugar-beet industry. Sugar beets constitute one of the finest and most profitable of farm crops and the basis for one of the most useful of our processing industries. The maintenance of a domestic industry is absolutely vital to the consumer himself in order that he may be protected in his ultimate competitive retail price. I have fought upon the floor of the Senate for the sugar-beet farmers; I always shall. We shall still have them to protect even after the enactment of this proposed legislation partially transfers their fate and destiny to the hands of the administrators of the triple A; but the pending theory of sugar control violates the consistency of the existing situation in the United States upon a number of different accounts. It is at war with the recovery program, which is being prosecuted so courageously in many other directions.

I suppose it is a waste of time to discuss inconsistencies in a period like this. We are entirely surrounded by inconsistencies. This bill is riddled with inconsistencies. For example, in passing, speaking of inconsistencies in our agricultural program in general, at the present time we are spending several hundred million dollars to curtail a corn surplus, and we are embarked upon some very dubious adventures in an effort to reduce this corn surplus which is supposed to be destroying the welfare of the corn farmer in the United States; and yet, at the same time, the Department of Agriculture up until November 1933 was still circulating Bulletin No. 414, which has for its purpose, in the language of its own subheading, the teaching of the American farmer "the possibility of doubling the present yields in corn." The Department took that particular bulletin out of circulation in November 1933, but here are more bulletins that are still circulating—I got them today. Have they stopped telling the American farmer how to increase his corn crop? Oh, no. Here is Bulletin No. 1714. I read from the second page just a sentence to indicate what is going on:

> These practices—
>
> Referring to the advice that has been given—
>
> These practices, with the supplemental use of commercial fertilizers to supply special needs, can be relied upon to increase acre yield.

This is a good, substantial bulletin which we are now paying our money to have published and circulated in order to teach the farmer how to increase corn acre yield at the very moment when we are appropriating hundreds of millions of dollars to correct the situation as a result of the acre yield already existing.

I do not desire to enlarge upon this particular phase of the discussion, but here is another bulletin—no. 773—from which I read:

> By reducing the waste of moisture and heat corn yields can be doubled.

Still showing the farmers how to double their corn yields. Here is Bulletin No. 1175, from page 3 of which I quote the following:

> Improving the quality of seed corn is one of the surest ways of increasing the yield.

I repeat, Mr. President, that that is just an indication of the inconsistencies with which we are confronted in respect to the hasty development of this experimental agricultural program.

But let me bring this contemplation of inconsistencies much closer to the immediate pending problem. On February 27, 1934, the Department of the Interior issued a press release, from which I read the following first sentence:

> A new step forward in sugar-beet production may be taken as the result of experiments being conducted by the Reclamation Service of the Department of the Interior.

This is no ancient history; this was 60 days ago. The public is notified that the Reclamation Service of the Department of the Interior is at work upon experiments to increase sugar-beet production and particularly in respect to reclamation projects. A new step forward is being taken, we are told, in sugar-beet production.

But what does Mr. Secretary Wallace say simultaneously upon precisely that same subject? On February 23, which was the same week, Mr. Wallace stated in his testimony before the Senate committee—I have it in my hand—discussing the question of reclamation development in behalf of projects which depend upon sugar beets. Reading from the testimony:

> Senator VANDENBERG. Is there a large new reclamation project or irrigation project coming in, in Wyoming, under the President's order, in respect to the P.W.A., which is contemplated as a beet-producing area, some 66,000 acres?
>
> Secretary WALLACE. I do not know of any area that is contemplated as a beet-producing area. I suppose you are referring to the Casper-Alcova project.

I might digress to say that under the expectations of the Reclamation Service the Casper-Alcova project is solely de-

pendent upon sugar beets and alfalfa. There is absolutely no justification in proceeding with that project except that there can be sugar beets and alfalfa grown upon it.

Now let us see what the Secretary has to say as to whether or not there can be sugar beets grown upon it, in the light of this new sugar-control policy.

Mr. VANDENBERG. If we are going into sharp restrictions we certainly ought to restrict these irrigation and reclamation projects which contemplate increased production.

Secretary WALLACE. I agree with you completely, unless there is also a corresponding reduction in submarginal lands.

Then I read him the bulletin from the Reclamation Service, and I said to him:

That just seems to be a step directly opposite from the direction in which you are going.

Secretary WALLACE. I think so, too.

Mr. President, here is another inconsistency. The able Secretary of Agriculture frequently says to us that after we shall have made a great contribution to Cuban welfare and economy through the reduction of the Cuban preferential duty upon sugar, we in turn may hope to get a reflected dividend from that Cuban advantage through the sale of corn and hogs down yonder in the Pearl of the Antilles.

Here is a telegram, dated March 15, from Reginald Dykers, vice president of the American Sugar Cane League, in which he says:

Would consider it most unfortunate if rights and welfare of domestic-sugar industry were sacrificed through a faulty premise. Secretary Wallace bases his position on the theory that Cuba should be allowed to ship her sugar here so she can get the money to buy our corn and pork. Local corn dealer makes statement he would be importing corn from Cuba now if it were not for the 25-cent per bushel tariff. United States Department of Commerce states that Cuba produces exportable surplus of corn and is raising all her requirements in pork.

So, Mr. President, there is another of the incidental inconsistencies which we confront in connection with this agricultural program in general and with the sugar program in particular; but these are all incidentals.

Let me come down to the fundamental challenges which are involved, because they are indeed fundamental challenges.

Mr. President, first, the proposal which now pends before the Senate attacks a profitable cash farm crop at the very moment when we are presumably dedicating ourselves to an enlargement of farm revenue. It attacks a crop which is not upon a surplus basis. It is a crop which contributes only one fourth of the consumption in the United States. By no stretch of the imagination can it ever become a surplus crop, even though it were given intelligent governmental encouragement. But, in spite of the fact that it is not a surplus crop, in spite of the fact that it is far removed from any possibility of ever becoming a surplus crop, we find it used by the Department of Agriculture and by the Presidential program for that type of treatment which heretofore has been reserved exclusively for commodities which are on a surplus basis. I submit there is no consistency in applying the A.A.A. theory of surplus reduction and control to a commodity which has no surplus and which is not even remotely threatened with a surplus. We need control. But we do not need and we resent reduction.

Furthermore, I insist that at a time when the farmer is struggling for cash crops on every hand it is utterly inconsistent deliberately to cut him off from a portion of one of the best cash crops he has in large areas of the United States. This is not just a Michigan problem. It is a major problem in 16 States: California, Utah, Idaho, Washington, Colorado, Wyoming, Montana, Nebraska, Kansas, South Dakota, Minnesota, Iowa, Ohio, Wisconsin, and Indiana, as well as Michigan.

Mr. President, in my own State of Michigan sugar during the last year represented $14,534,000, and that is a lot of money in a farm commodity in a time of farm depression such as we are now suffering. It involves the livelihood of 21,502 farmers. It involves the welfare of 21,762 beet workers. This is just in one State—the State of Michigan. It involves 5,466 factory workers, as well as others of incidental and collateral activity in connection with the process. Why should the Government by mandate undertake to curtail these activities at the very moment when it is straining every effort to increase our employment and our farm prosperity? Farm prosperity, I may say in passing, is at the base of our entire regime and hope of stabilized recovery.

My first complaint, then, against the fundamental philosophy of the bill in respect of the inconsistencies which I have been discussing is that it is utterly without rational philosophy to attack one of the few cash crops in the United States which are not on a surplus basis for the purpose of forcing it into retrenchment at a time when, on the contrary, under the whole theory of agricultural encouragement which we are pursuing in other directions, we ought to be seeking to see how we can expand the crop instead of how we can reduce it.

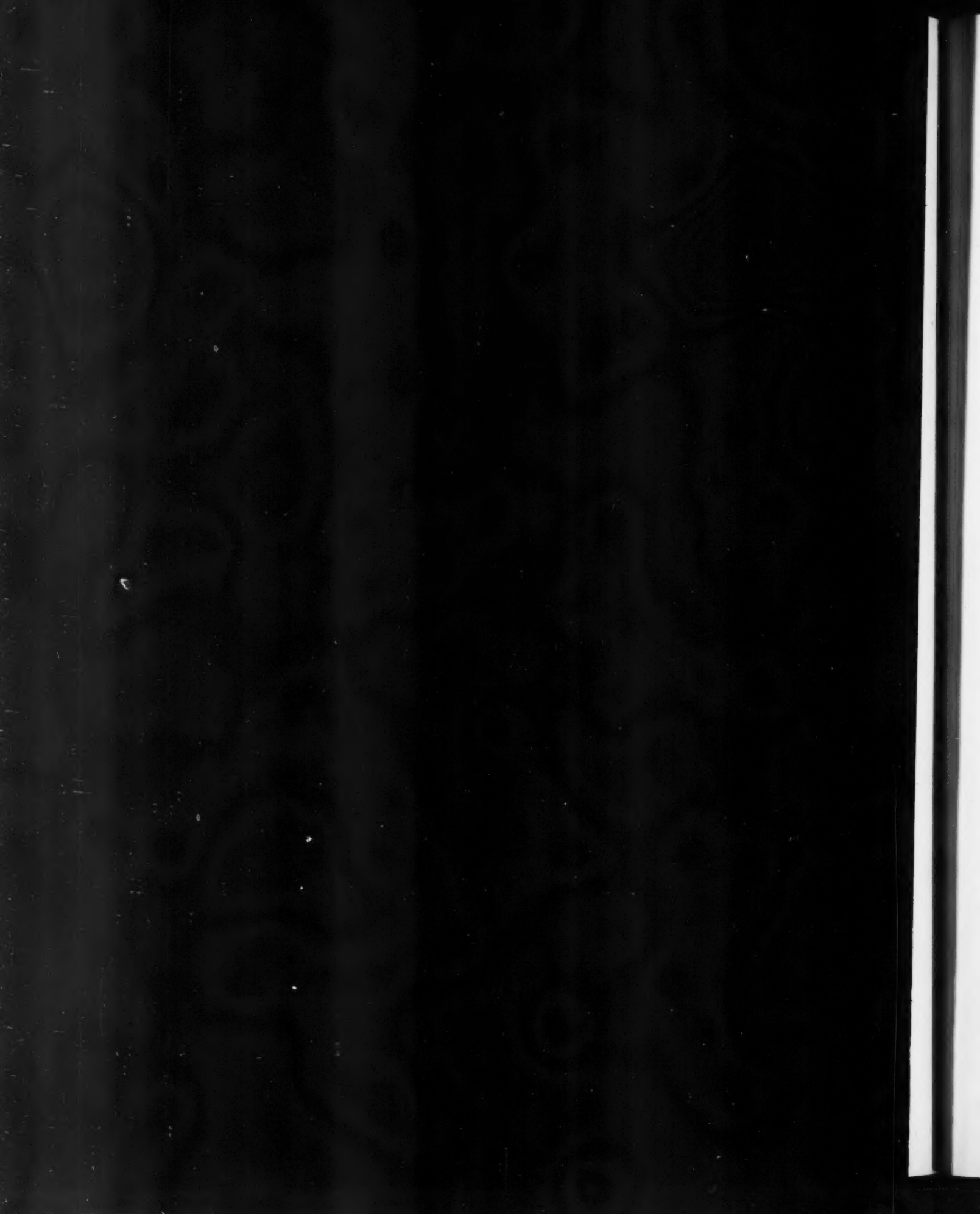
Let us see as to the second fundamental objection. I insist that it is wholly inconsistent even with the ideas and purposes of the authors of the triple A processing tax program. The processing tax was supposed to apply solely for the purpose of discouraging surpluses and providing benefit payments in lieu of contributions to the reduction of surpluses. There can be no logical application in the present situation, as I have already indicated, because there is no surplus. I want to be understood in this connection as not objecting in any degree to a fair trial of the abstract theory of the processing tax. The processing tax is a rather poor paraphrase of the original equalization fee which was brought to the floor of the Senate time and time again in years past by the able senior Senator from Oregon [Mr. MCNARY] in the form of the McNary-Haugen bill. It was the first major legislation for which I voted when I came to the Senate in 1928. I shall always have the conviction that if this legislation could have been enacted 6 years ago, and the equalization fee put into effect, we would have avoided many of the agricultural difficulties which have pursued us in the interim.

The processing tax is something of a paraphrase—rather a poor analogy, nevertheless it is reminiscent of it—of the equalization fee. I am happy to see it reasonably tried in respect to surplus commodities. I should like to see it tried, for example, in respect to beans in Michigan this afternoon. But there is no rime or reason in applying it to a crop which is on a nonsurplus basis, and in no degree does it fit into the theory of the legislation itself under which the Agricultural Adjustment Act was originally developed. Furthermore, no processing tax has ever heretofore been proposed as an offset to a tariff reduction. Here and here alone do we find processing taxes and tariff duties tied together. They hurt us with tariff reduction; then they compensate us with benefits out of processing taxes. Our hope is that we come out at least even on the deal. But we must take the deal, whether we like it or not, or perish.

Mr. President, my third objection, and a very serious one, to the philosophy behind the existing legislation is the fact that it is born in the theory, apparently, that sooner or later the domestic sugar industry should die. It is not put so baldly, but there it baldly stands. There have been many belated attempts to salve our feelings and assuage our fears in respect of this contemplation of the matter. But I cannot forget, Mr. President, that in the Executive message of February 8, 1934, the President, in referring to the domestic-sugar industry, said it was necessary "to provide against expansion of this necessarily expensive industry."

The phrase drafted by the President of the United States himself originally to describe this industry which is to be put under the control of this legislation—the phrase which he used was that it is "a necessarily expensive industry." So much for his sounding of the reveille against this industry.

What next? I cannot forget that Secretary Wallace has described it as "an inefficient industry", nor can I overlook the fact that it seems to be implied in the pending tariff programs of the administration that so-called "inefficient industries" must be retired after they are thus malignantly identified by our high Federal planners.



So here we have "a necessarily expensive industry", as it is defined by the President of the United States, "an inefficient industry", as described by the Secretary of Agriculture, and we were put upon direct notice in the initial consideration of the bill that those adjectives were not applied without some ominous portent, because we were given to understand by direct testimony that the initial purpose, until it had been curbed, was progressively to put this commodity and this industry into serial disintegration. That is no stretch of the imagination.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Colorado?

Mr. VANDENBERG. I yield.

Mr. ADAMS. Is it not a fact that the bill is out of harmony with that clause of the President's message in that it provides that the domestic sugar industry shall be permitted to expand somewhat in larger proportion to the actual increase in domestic consumption of sugar?

Mr. VANDENBERG. The Senator is discussing the bill as it now pends in the Senate after it has been amended?

Mr. ADAMS. Yes.

Mr. VANDENBERG. I entirely agree with him, and I refer him to the fact that I said at the outset that the bill now pending represents a degree of solace which presents us with a totally different contemplation than the bill as it was originally drawn and as it originally impended. As it was originally drawn it was aimed squarely at the so-called "inefficient" and "expensive" sugar-beet industry.

What is the best test of the efficiency or inefficiency of an industry? It strikes me that the best test is the retail price the consumer has to pay for the commodity over a period of years. That is about the best test of expensiveness or efficiency that I know of in measuring or testing any commodity. I assert that in the average of the years sugar retails in the United States much cheaper than in any other country on the globe with but few exceptions. Is that an expensive sort of net result? Is that an inefficient net result?

I call attention to the fact, dealing with specific figures——

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I yield to the Senator.

Mr. OVERTON. Is it not a fact that sugar retails in the United States at about one half the price for which it retails in European countries?

Mr. VANDENBERG. That is precisely what I am coming to. The Senator is entirely correct.

Here is a given day around the world, and these figures show the retail price of sugar converted into terms of American currency:

It is 11.79 cents in Germany.
It is 11.95 cents in Czechoslovakia.
It is 9.31 cents in Austria.
It is 14.28 cents in Hungary.
It is 10.09 cents in France.
It is 11.17 cents in Holland.
It is 10.24 cents in Poland.
It is 21.88 cents in Italy.
It is 403.63 cents in Russia.
It is 7.59 cents in the Argentine.
It is 6.35 cents just across the line in Canada.

In the United States, on the day these figures were compiled, the price of sugar was 4.34 cents; and that figure is bettered in consumer-price advantage only in Denmark, England, Java, and Japan. With those exceptions—and those exceptions are only by a small margin—sugar sells cheaper in America than in any other spot around all this globe. Is that inefficiency? Is that an expensive industry? By what token shall this industry, which is capable of bringing this consumer boon to the United States, be put under a sentence of death in any degree in the face of such a record? I submit that the President and his Secretary of Agriculture should recant their views and recall their imprecations.

Furthermore, Mr. President, mark this fact: The only time when the retail consumer in the United States has had to pay a highly tilted price for sugar was in 1920–21, when the beet crop had been withdrawn early in the season as a result of a world shortage and the diversion of the domestic supply elsewhere. That year, when we were totally at the mercy of the world price, without the intervening protection of an adequate existing domestic supply of sugar—that year, and that year alone, the price of sugar rose upon the store shelves of the United States to 25 and 30 cents a pound.

Where is your inefficient industry, Mr. President, by any right of such definition, when it can demonstrate by its own credentials that it is responsible for keeping the retail price of sugar in the United States within a minimum reach of the ultimate consumer? Yet we were told in an Executive message that the domestic sugar industry is an unnecessarily expensive industry, and we were told by the Secretary of Agriculture that it was inefficient!

I should like to know where there is an industry in this whole land that can prove any greater efficiency or any more right to be absolved from the charge that it is an excessively expensive operation.

Furthermore, Mr. President, those hostile phrases were not the only things that put us on warning, and which resulted in the successful battle which has been made to bring this bill into at least some reasonable degree of palatable form.

The sugar expert in the Department of Agriculture under the A.A.A. is an excellent gentleman by the name of Weaver, who, I understand, chiefly is familiar with the sugar industry because up to 90 days ago he was exclusively confined to the rice industry in his activities. [Laughter.] Mr. Weaver appeared before a House committee. Mr. Weaver was asked some rather embarrassing, or let us say, rather some pointed questions respecting the attitude of his Department, and the threat that is implicit in the inimical phrases I have quoted to you; and one Member of the other House said to Mr. Weaver in a burst of candor:

> Now, is it not a fact that your purpose is to give the sugar industry a shot in the arm and then slide it out of business before it wakes up?

Mr. Weaver said "yes."

Mr. President, of course that caused consternation on all sides among the ranks of the advocates of this legislation; and there was a hasty pilgrimage down Pennsylvania Avenue. There was a little conference down at the White House. There was a somewhat reassuring announcement that what Mr. Weaver said did not represent the objectives and purposes of the administration or the A.A.A. A few days later the whole subject was under survey in our own Senate Finance Committee. I wanted to be fair about this anaesthetic that was planned for the sugar industry. I wanted to be fair to Mr. Weaver; so I asked Secretary Wallace what he thought about the frank admission that had been made by his sugar expert. He said:

> Well, I will tell you, Senator. The trouble was that Mr. Weaver had taken an airplane ride the night before, and his ears were still ringing with the hum of the plane, and he did not hear very well.

[Laughter.]

Mr. President, that is probably a good excuse. I will forgive him for having been up in the air; but he must not complain if we find ourselves up in the air also in the face of such utterly hostile exhibits. [Laughter.]

I want to be fair to the Department. I think they have learned a good deal about the sugar business in the past few weeks. I think they have been perfectly amazed to find that it has had such inherent powers of resistance to the dictatorship that was charted for it; but I think they have been sympathetic in listening to our problems. I give them full credit for that; and I do not believe their attitude today is the same as it was 8 weeks ago, when this original plan was undertaken. Nevertheless, we cannot erase from the record the fact that this proposed legislation was born in the belief that the domestic sugar industry is inefficient, unnecessarily

expensive, and ought to be marked for serial distintegration over a period of years.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Ohio?

Mr. VANDENBERG. I yield to the Senator.

Mr. FESS. I think nobody can question the fact that a major item in the present program is the increase of our foreign trade. That seems to be major in the minds of those who are looking for a larger recovery. How can there be an increase in our foreign trade by a change of tariffs unless we sacrifice some American industry that has a tariff on its product?

Mr. VANDENBERG. The Senator's question answers itself; and I agree with the answer that the question brings to itself.

Mr. FESS. And is it not obvious that some industry that might be claimed to be inefficient and expensive would be at least one that would be seized upon to be sacrificed if we are to carry out this policy?

Mr. VANDENBERG. Precisely.

Mr. FESS. I do not think any sort of explanation of why this or that statement was made lessens at all the force of the Senator's argument.

Mr. VANDENBERG. I am happy to have the Senator's testimony. Let me divert just for a moment to prolong a comment upon that phase of the subject.

I have spoken about inconsistencies in the pending legislation. The Senator reminds me of the pending tariff-bargaining prospectus. We have before us a program in respect to an agricultural crop, a program based upon the specific threat that the tariff is to be reduced in respect to it; and yet, Mr. President, inherent in the N.R.A.—and I refer now to the act of Congress which created it—and inherent in the A.A.A.—and again I refer to the act of Congress which created it—is the contemplation that production costs are to be increased in the United States as a result of these acts, and that it may become necessary to protect those production costs with increased tariffs, even to the extent of embargoes, because inherent in both those laws are sections which specifically delegate a power to the President to create even an actual embargo in some instances for the purpose of protecting these increased production costs as a result of the N.R.A. and the A.A.A. Yet here we confront the first of the tariff bills—because that is what this bill is, even though it wears a different name. This is a bill to reduce the tariff on sugar. It is to be followed by a bill which will permit the President of the United States, in his own uncounseled wisdom, without any hearing permitted to anybody, without any appeal to anybody, to decide for himself what in his judgment are the inefficient and unnecessarily expensive industries of the United States, and, overnight, to pass a death sentence upon them.

Mr. HEBERT and Mr. COSTIGAN addressed the Chair.

Mr. VANDENBERG. I yield first to the Senator from Rhode Island. Then I will yield to the Senator from Colorado.

Mr. HEBERT. Mr. President, I wish I could have the assurance of the Senator from Michigan in regard to industries in my State which have been referred to in the discussion by the Secretary of Agriculture as it was related in the proceedings before the Ways and Means Committee to which I alluded some days ago. The Senator from Michigan feels that he has some assurance that consideration will be given to the sugar industry.

Mr. VANDENBERG. Well, pretty thin; pretty thin. [Laughter.]

Mr. HEBERT. However thin it may be, I venture to say that it is thicker than that which I am led to believe we shall have in relation to the lace industry in my State, which, incidentally, has capital invested something like 100 percent greater than that of the beet-sugar industry.

Yet it was the only industry to which the Secretary of Agriculture referred in his testimony before the Ways and Means Committee as destined to pass out of existence in this country.

Mr. VANDENBERG. Mr. President, I will respond to the Senator from Rhode Island, and then I will yield to the Senator from Colorado.

I do not want to detour into a general tariff discussion. Nevertheless, I think I owe it to the RECORD to state very frankly that the United States Tariff Commission appears to have made a recommendation in favor of a reduction of the tariff on sugar under the flexible provisions of the existing law, and based on the assumption, at least, that the costs of production at home and abroad warrant this reduction. I have never been able to get a copy of that opinion of the Tariff Commission. The Senator from Colorado [Mr. COSTIGAN] assured me this morning that for the first time it is available. I shall be very happy to read it.

Mr. COSTIGAN. Mr. President, will the Senator yield again?

Mr. VANDENBERG. I yield.

Mr. COSTIGAN. The assurance which I attempted to give the Senator from Michigan did not relate to the report of the Tariff Commission in its investigation of sugar. I incorporated in the RECORD a table prepared recently by the Tariff Commission. It was sent to me on request, and I have no doubt is also available for the Senator from Michigan.

Mr. VANDENBERG. I thank the Senator. I want to call attention to this indisputable fact, and it is an all-controlling fact, insofar as any present recommendation of the Tariff Commission in regard to sugar-production costs is concerned.

The study referred to was made in pre-code days, speaking in terms of the N.R.A. That study was made in respect to costs of production prior to the existence of the N.R.A. I am advised that the N.R.A. has increased the processing costs in the production of sugar in one way and another by an average of 40 percent. Therefore, in the face of that fact, I shall have to submit and emphasize that any Tariff Commission report presuming or pretending to measure the difference in costs of production at home and abroad which was made prior to the N.R.A. is as ancient and irrelevant and incompetent in respect to the consideration of the difference in costs of production at home and abroad as if it had been made a century ago.

Does the Senator from Colorado desire to interrupt me further?

Mr. COSTIGAN. Mr. President, the eloquent Senator from Michigan has already indicated the qualification of his original statement about the President's new tariff policy which I rose to suggest, namely, that the reduction in the tariff on sugar will come in response to a recommendation already made by the United States Tariff Commission following a legally required investigation and public hearing. May I add that the Presidential action, if taken, will be under a law adopted by a Republican Congress and signed by President Hoover, and will be in accordance with rate-changing standards for tariff adjustments provided in the so-called "flexible" provisions of the law. It will, indeed, be taken in response to the recommendations of a commission, a majority of the members of which, I believe, are affiliated with the same political party to which the Senator from Michigan gives such effective allegiance.

Mr. VANDENBERG. I thank the Senator for his observations, and he gives me unexpected license to invade one phase of this discussion which I had not intended to enter. This is the first time in the debate that the word "Republican" has entered. My friend injected it. The word "Democrat" enters now also for the first time, and it enters only by way of rebuttal. It enters, Mr. President, in connection with an exhibit which I desire to lay upon the bar of the Senate. This should not be a partisan question, and I divert to partisan discussion only to answer my Democratic friend.

In the climax of the last campaign, to which the Senator from Colorado adverts, by implication, at least, there was made a special and particular appeal to the beet farmers of the State of Michigan to make them sure that they could

vote the Democratic ticket without any need to fear any reduction in agricultural-commodity tariffs. If it was not intended that the promise should refer specifically to sugar, I do not know why the Democratic committee happened to choose those particular cities in Michigan in which to publish this full-page ad, which happened to be the cities which were in the very heart and center of the sugar-beet areas.

What was this advertisement? It was a full-page advertisement—and this perhaps accounts for some of the party deficit—appearing November 4, 1932, in these Michigan cities, headed "Roosevelt and the Farm Tariff." This is all it said, just a significant and pertinent quotation in big, flaming type, from Governor Roosevelt's speech at Baltimore on October 25, 1932, reading as follows:

Of course, it is absurd to talk of lowering tariff duties on farm products. I declared that all prosperity in the broader sense springs from the soil. I promised to endeavor to restore the purchasing power of the farm dollar by making the tariff effective for agriculture and raising the price of farm products. I know of no excessive high tariff duties on farm products.

That was before he heard from the "brain trust."

I do not intend that any duties necessary to protect the farmer shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived.

Mr. President, that was pretty plain, and I know, because I happened to be rather prominently engaged in that campaign, how effective that commitment was, and I happen to know that the great beet areas of my State took that at face value as a warrant that there would be no reduction in tariffs upon agricultural commodities in general, and upon sugar in particular. That, furthermore, was the intention.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield, although I do not want to go much further with the political end of this argument. I want to get back to the bill.

Mr. COSTIGAN. Of course the Senator from Michigan is aware that under the so-called "flexible provisions" of the Tariff Act of 1930 it is expected that, upon findings and recommendations of the Tariff Commission which he considers sound, the President of the United States will reduce or increase particular tariff rates, following investigations and reports by the Tariff Commission, within the limits of 50 percent of the tariff duties fixed in the law.

Mr. VANDENBERG. That is correct.

Mr. COSTIGAN. And that that result is supposed to follow automatically.

Mr. VANDENBERG. That is correct.

Mr. COSTIGAN. May I add, while on my feet, that, of course, I meant not the slightest adverse reflection in any preceding reference to party affiliations. As the Senator obviously understands, I had in view merely this: That a presumption should normally be indulged in favor of a reduced tariff finding under the Tariff Act of 1930, which was enacted under and approved by President Hoover, where the facts have been passed on by a United States Tariff Commission, the majority of the members of which may be assumed to be in accord with the general tariff philosophy of former President Hoover and sympathetic toward the high-tariff tendencies of that law.

Mr. VANDENBERG. Mr. President, I do not know what the appropriate assumptions were in November a year ago. I made several erroneous ones myself. But it strikes me there is no assumption and no implication to be drawn from the cold, hard, unequivocal statement, "Of course, it is absurd to talk of lowering tariff duties on farm products." There is no possible license in that statement for a subsequent reliance upon a collateral report from the Tariff Commission in respect to the net result, and certainly there is no justification for reliance upon a report of the Tariff Commission which, I repeat, is as antiquated as if it had been made a hundred years ago, so long as it is not made in the purview of post-code N.R.A. prices.

Mr. FESS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. FESS. The question raised by the Senator from Colorado reminds me of the position we on this side of the Chamber took on the flexible-tariff question. When it first came up it was quite bitterly controverted, not only between the two sides of the Chamber in both Houses, but there was a division on both sides of the aisle in both bodies. That provision gave the authority to the President only upon the finding of an expert commission, after adequate hearings, while what we now are proposing is to avoid any hearings whatever, and not to give to the President power in increase or lower the tariff on behalf of the industry, but to give him a trading point by which he can destroy an industry. If that is not as wide apart from the original plan as are the poles, I do not know of anything that is. When we were giving the President this flexible power, the contention on the part of our friends on the other side of the Chamber was that the power must not be final with the President; that the proposal ought to be returned to the Congress for endorsement or approval before the President can carry it into effect.

I cannot see why the Senator from Colorado should bring into the discussion the item of the flexible tariff bill, under the present situation, in contrast with what we are facing, which is yet to come under the terms of the pending bill.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I will yield briefly. I should like to get back to the bill.

Mr. COSTIGAN. In answer to the Senator from Ohio, permit me to say that my observations were made because the Senator from Michigan indicated that the tariff on sugar is to be lowered arbitrarily. The Senator from Michigan subsequently very properly qualified this suggestion by stating that in this instance the so-called "expert" Tariff Commission has found and, according to rumors, has unanimously reported in favor of half a cent reduction per pound in the effective tariff duty on sugar. It is this reduction which the President is now considering ordering, pursuant to law, in response to that official recommendation, as part of the sugar program, offsetting the resulting tendency toward lower prices by the addition of a processing tax of like amount.

Mr. VANDENBERG. Mr. President, now we are back to that report of the Tariff Commission again, and I must insist upon reasserting that it is as outmoded, as irrelevant, as incompetent and immaterial as if it had been written a century ago, because it deals with pre-code N.R.A. prices and is not entitled to be authoritative in the face of the existing situation. I am sure the great President of the United States, with whom I have been happy to cooperate upon many critical occasions, will take this fact into consideration before he finally acts.

Let me now come to the next fundamental reason why I consider the philosophy at the base of this pending sugar-control bill to have been irrational. Mr. President, it is frankly built upon consideration for Cuba. I do not undertake to say that that is the exclusive or controlling reason, but I say it is one of the major and most effective reasons which have driven the administration into this particular type of sugar control.

I readily concede that under the Platt amendment we owe a certain type of responsibility to Cuba, and since economic and political stability today are so inextricably intertwined perhaps there is also an economic responsibility laid at our doors as the result of the existence of the Platt amendment.

I should like to say in that connection that I most heartily concur in the suggestions of the former able Ambassador to Cuba, Mr. Sumner Welles, now the distinguished Assistant Secretary of State in the present administration—I heartily concur in his recent well-sustained statement that the Platt amendment should be taken out of the Cuban constitution and that Cuba should be left to deal with her own responsibilties in her own way. But that Platt amendment still exists, and, based upon its existence, there is fabricated this theory that we must do something for Cuban sugar. And, I repeat, that is one of the factors that brought this bill.

Mr. President, if there is any obligation on the part of the United States under the Platt amendment to the Republic of Cuba, it is the obligation and the responsibility of all the people of the United States and not the responsi-

bility of just the beet-sugar farmers of the United States. And if there is any debt to be paid to Cuba on this account, it is a debt owing out of the common resources of the whole people of the United States, and it is not a debt that you have any right to charge to the beet-sugar farmers all to themselves. They did not write the Platt amendment. They did not elect to stabilize Cuba under it. They are only a relatively small portion of the population of the United States. If there is any obligation which we owe to Cuba, I repeat, under the Platt amendment, in respect to its economic status, it is an obligation that involves every man, woman, and child under the flag.

Let it be charged where it belongs. Let it not be charged solely against the sugar-beet farmers of the United States.

Furthermore, when you are talking about stabilizing Cuba in respect to sugar, just let me say in passing that at the same time you are stabilizing Cuban sugar you are stabilizing the interests of the National City Bank of New York City, the Chase National Bank of New York City, and Hayden, Stone & Co. of New York City, because they represent, directly or indirectly, at least 50 percent of the financing of Cuban sugar.

If the American beet farmer owes no obligation to Cuba under the Platt amendment, certainly the American farmer owes no obligation to the National City Bank and to the Chase National Bank and to Hayden, Stone & Co. in respect to sugar.

So, I insist that at this point the program is utterly illogical, and that there is no justification in cutting back this cash crop in the United States on any such hypothesis.

These are my principal objections to the bill as it was drawn. I repeat that it has been substantially improved since it was drawn. I think my able friend the senior Senator from Colorado fully shares the belief that the bill had to be amended in many aspects. I am perfectly sure that he would not commit his opinion to the original proposition in its original implications and in its original text. There have been substantial and wholly vital changes. In this aspect we have not fought in vain.

As the bill was drawn in the first instance and submitted to us, this is the threat that confronted us in the initial contemplation of the matter. It left solely and exclusively in the hands of the Secretary of Agriculture the power to do what he pleased with domestic beet and cane sugar, if, when, and as he might see fit to write its life or death warrant. This sugar commissar, who had been obviously skeptical, to use a very mild word, respecting the utility of our sugar industry, was to have the power of life and death over it, without any restriction or limitation. Meanwhile, the President's message had suggested, as a prospective quota rule, that continental beets be reduced as much as 300,000 tons to a production of not more than 1,400,000 tons. But the decision was wholly in the discretion of the Secretary of Agriculture.

There was a far-reaching change made in that aspect of the thing as the result of common effort on both sides of the aisle, and common conference at both ends of the Capitol. We finally wrote a clause into the bill which specifically prohibits the reduction of the domestic beet quota below 1,550,000 tons. Thus we not only escaped the unlimited jurisdiction of the Secretary but also won a larger recognition, by 100,000 tons, than the President's message had proposed to grant.

This total of 1,550,000 tons sounds like a great deal of sugar, but it is 200,000 tons less of sugar than was produced in these continental beet areas last year, and if the Secretary shall use this minimum provided in the bill when he writes the quotas for the sugar industry of the United States, if he uses this figure of 1,550,000 tons, he probably decrees the destruction of several sugar mills in the United States, and he decrees the sterility, enforced and arbitrary sterility, of many an agricultural acre in the United States. But it is infinitely better than it was when we had no protection at all. It is better than no bill, if we are to have a reduction in the sugar tariff.

I sought in the first instance, speaking for myself, to make this limitation 2,000,000 tons, which represents our continental sugar-beet capacity. That having failed, I sought to make it 1,750,000 tons, which was last year's production. That having failed, we finally came together upon this 1,550,000 tons. That was in the bill when it passed the House.

May I say for the House also that it very wisely struck another section from the original bill which would have given this new sugar dictator in the Department of Agriculture the right, upon his own authority, to control not only sugar upon the American farm but every other product in connection and in respect thereto. Except as that provision had been stricken from the bill it would have been possible for this sugar dictator to say to a farmer of Michigan that he could not have any sugar benefits unless he was willing to agree to stop milking his cows and shearing his sheep. It would have put the farmer totally and absolutely in all aspects under the domination of the sugar dictator. Mr. President, the other House struck out that provision, and they did a good job when they did it.

The House thought that they did something else; they thought they guaranteed domestic sugar 30 percent of any increased consumption in the United States. What they thought they had agreed to was 30 percent of the increased consumption over and above 6,452,000 tons of sugar, which was the consumption in the United States last year. In other words, the amendment which had been injected into the bill as a result of our—shall we say gentlemen's agreement—as a result of the instructions which were given the drafting clerks of the Department of Agriculture, contemplated the assurance to us of 30 percent of the new consumption in excess of 6,452,000 tons. This was vital. The bill presumably passed the House in that form. After it reached the Senate, and the language had been put under a microscope, it developed that the provision which the House had adopted presumably guaranteeing us 30 percent of the increased consumption, namely, 30 percent of the consumption in excess of 6,452,000 tons, actually permitted the Secretary of Agriculture to estimate the consumption this year, and then to give us 30 percent of the consumption in excess of his estimate. In other words, all in the world he had to do was to boost the estimate a little bit and our 30 percent would not be worth the paper on which it was written. The amendment actually foreclosed us from participation in any share of this increased consumption. I do not call it a joker, but I do call it a most devastating mistake.

I want to say for the Senator from Colorado [Mr. COSTIGAN]—because there is no disagreement between us at any time of the day or night in respect to the good faith with which he and I deal with each other and with this bill—that the Senator from Colorado was just as unwilling to permit that clause to stand as was I or anybody else. So the Senate committee changed that clause, and we now have a warrant for a minimum of 30 percent of the increased consumption in the United States over 6,452,000 tons. That is calculated to be of immense value.

The Senate committee did some other things to improve the situation and make it a little more palatable. In the bill as drawn, as it came to us from the other House, there existed authority in the Secretary of Agriculture to fix a minimum wage in the beet fields upon the beet farms in the United States, a privilege in respect to minimum wages respecting farm commodities which does not exist under any other section of the triple A act, and which has never heretofore been sought. We have never yet sought to fix farm wages.

There has been considerable misunderstanding about this minimum-wage amendment. It does not involve, Mr. President, the contemplation which is ordinarily involved in minimum-wage proposals in industry. I heartily favor minimum-wage proposals in industry. But here is a situation where the farmer's minimum wage may again be the factor that will control the question of whether or not he can remain in the sugar-beet business.

He cannot control the price he gets for his beets; he cannot control the revenue from his operations in respect to this industry. He is dependent, first, upon the retail price of sugar; he is dependent, second, upon his contracts with his processor. If there shall not be enough left after that to reimburse him for his cost of production, it is just too bad; there is not any place for him to get any more. Therefore, if we were to leave in the Secretary of Agriculture the power to fix the minimum wage in respect to beet-sugar production, we would leave with him the power by the simple fixing of an inimical figure absolutely to drive out of production every beet farmer in the United States. It was an utterly insufferable situation which had to be changed, and it was changed by the committee. The average labor cost per acre of sugar beets in the United States is, I believe, about $13. The Labor Department would like to fix it at not less than $20. But that would take away most of the cash benefits to beet farmers contemplated by this plan, because it is part of the plan that the retail price of sugar cannot be raised. This labor-cost increase may well be a problem in reform tomorrow. It manifestly cannot be part of a farm-relief program today.

I am not going to take the Senate's time to go into the other amendments that were made. They were important, and they bear upon the question of whether or not we can reluctantly accept this bill. I think if I had been in the other House and had been there confronted upon a roll call by the bill as it was there tendered, I would have voted, as did most of my Republican colleagues from Michigan, against the bill. I am not so sure now, Mr. President, in the face of all the improvements that have been made in the proposed legislation, in the face of what I believe to be a decided change in the attitude of the Department itself respecting sugar, and in the face of the letter which has just been submitted at the desk from the authenticated representatives and spokesmen of the Michigan sugar industry from both farm and factory—I am not sure that they would not join me now in reluctantly voting for the proposed legislation.

But, Mr. President, I must repeat that this is an amazing contemplation with which to be confronted in an amendment to the Agricultural Adjustment Act. We do not get the benefit of a processing tax under this bill de novo; we do not get it as a development in constructive marketing attention in behalf of the industry. Why do we get it? We get it only as an offset to a tariff reduction, and we can only have so much as may be measured by whatever tariff reduction shall be made.

Mr. President, I submit again that there is utterly no logic in such a program, and that it is, indeed, a desperate situation which drives us to have any hospitality for such a formula.

I want to add, before it escapes my memory, that another amendment ought to be added to the pending bill on the Senate floor—an amendment to provide the necessary Federal funds to take the domestic sugar carry-over of 300,000 tons off the current market so that the new system may have a maximum chance to function effectively, if this be possible.

In conclusion, I want to point out that there are one or two administrative hazards left, and we may as well face them frankly. There still remains the hazard which is inherent in the necessary subdivision of the continental quota between factories in the 16 or 17 beet-sugar-producing States of the Union. That power rests in the Secretary. If that power be exercised on the basis of the 3-year averages, it may well prove to be a power which will be unfair and fatal to the beet producers and the sugar mills in the eastern area. Why? Because during the depression the mills in the eastern area were down and quiet and silent in far greater degree than were the mills in the western area. For example, in 1931–32, 35 out of 35 factories were operating in the Rocky Mountain territory, but only 7 out of 20 factories were operating in the Michigan, Ohio, Indiana, and Wisconsin territory. Therefore, manifestly, any reliance upon a 3-year average in the redivision of this continental quota would be utterly unfair to the eastern area. I wish to make it plain here and now that I shall protest as long and as loudly as I can, not only in this forum but in the subsequent administrative forum, against any such division in the continental quota on a basis which is unfair to the eastern area.

I tried to get an amendment into the bill which would have been directory in character and which would have instructed the Secretary of Agriculture to maintain, so far as practicable, the existing acreage status by way of the relationship in respect to the sugar acreage East and West as it exists today and as it existed in last year's acreage; but we were utterly unable to agree upon the formula, and therefore that particular hazard is left open.

There is one other hazard, Mr. President, to which no one need close his eyes. If the Secretary of Agriculture shall put continental beets upon the basis of a quota of 1,550,000 tons, he will have stricken down 200,000 tons of production as measured by last year's figures. In the sugar-beet business that reduction of about 12 percent cannot be spread horizontally over the entire area and over the entire production. What it may be necessary to do is to put it all in one place. The reduction cannot be spread horizontally so as to have a number of factories working at less than an efficiency peak; it may be essential to put all the contraction into one factory and into one community around that factory. So, as I view the situation, unless the Secretary of Agriculture shall liberalize this minimum quota which has been set for him in the proposed law, he will be responsible for closing certain factories in the United States completely and for decimating certain acreages completely. I desire to repeat that the whole subject under the terms of this bill is entirely and exclusively in his control. This proposed law will not force him to close one single factory; this proposed law will not force him to deny one single contract for beets with one single farmer. The Secretary can make it possible if he has the vision, he can make it possible if he has the will, for all these factories to operate and for all the farmers again to grow beets.

The decision is squarely up to him. The country has a right to hold him responsible for the decision which may be made. He is an honest, earnest, conscientious official. I do not despair of his further and final conversion to our viewpoint.

Now, just a word in conclusion. Since so much is going to depend upon the attitude and the decision of the Secretary of Agriculture, in this respect, I think it is rather important that the record should be sufficiently complete to illuminate him in respect to the task which he confronts. I want to point out to him solemnly that this is the first time in the history of governments, since the specific days of Frederick the Great in Germany and Napoleon in France, that any government has proposed to turn backward in respect to the development and encouragement of the sugar-beet industry.

Lamartine said that history teaches everything, and I think that history teaches something in respect to the statement I have just made.

Mr. SHIPSTEAD. Mr. President, if the Senator will yield——

Mr. VANDENBERG. Certainly.

Mr. SHIPSTEAD. Comte said the only thing we learn from history is that we cannot learn from history.

Mr. VANDENBERG. I have heard that, too, and I am hoping against hope that the Senator from Minnesota has not described the " brain trust " when it gets ready to administer this bill.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I yield.

Mr. OVERTON. The Senator made the statement that this is the first time in history that any effort has been made to reduce the production of beet sugar or to discourage that industry. I wish to know if he would make the same statement with reference to cane sugar?

Mr. VANDENBERG. Mr. President, I am not familiar with the history of cane sugar, and therefore I cannot make the statement; but the cane-sugar factor in the present situation which I am discussing is utterly secondary, with great respect to the State of Louisiana, to the beet-sugar factor, because in the latter factor is involved 1,750,000 tons of production, whereas in the former factor only 260,000 tons of production is involved.

I want to point out that ever since Napoleon discovered that Frederick William III in Germany had successfully experimented with sugar beets there has been just one sugar trend in the world, and that is a forward march in respect to its culture and encouragement. Napoleon discovered, after 10 years of experimental work, not only that France could raise beets but that beet crops were the most valuable collateral corollary crop a farmer could have because of its service and value to the soil.

Within 2 years after Napoleon had initiated the experiment in France he had 334 small beet-sugar factories operating in that land. Napoleon's action marked the beginning of a new and important epoch in the history of the sugar industry. The Governments of Germany, Austria-Hungary, Belgium, the Netherlands, Russia, and other European countries soon began to encourage the establishment and development of the industry, with the result that prior to the outbreak of the World War over 1,200 immense beet-sugar factories were scattered over Europe, producing over 9,000,000 tons of sugar annually, or about one half of the world's supply.

The first successful attempt to grow sugar beets in the United States for sugar-making purposes was in the vicinity of Philadelphia in 1836. The first beet-sugar factory was erected in Northampton, Mass., in 1838, and in the following year this factory produced 1,300 pounds of sugar. No further efforts were made to establish the beet-sugar industry in this country until 1852, when the Mormons of Utah conceived the idea of erecting a beet-sugar factory to supply their own requirements. This undertaking was a striking illustration of the difficulties encountered by the pioneers in the beet-sugar industry. The machinery for the factory was purchased in France and transported in a sailing vessel across the Atlantic and up the Mississippi River to Leavenworth, Kans., whence it was hauled by ox team all the way from Kansas to Utah, a distance of over 1,000 miles.

From 1852 to 1879, 12 beet-sugar factories were erected in this country—5 in California, 2 in Illinois, 2 in Wisconsin, and 1 each in Maine, Massachusetts, and Delaware.

In 1897, however, Congress wisely decided to follow the lead of European governments and establish a definite policy of protection to the domestic sugar industry, with a view to making the United States independent of foreign countries for its sugar supply. With this change of attitude on the part of the Government, capital began to flow into the domestic beet-sugar industry, and by 1903 the number of factories had increased from 6 to 39, while the production of sugar had increased from 45,000 tons in 1896 to 240,000 tons, or over 400 percent in 6 years.

Mr. President, today there are 102 beet-sugar factories erected in this country, located in 17 States, some of them the largest and finest in the world. During the early stages of development of the industry in this country the daily beet-sugar capacity of the plants had averaged from 10 to 60 tons. After the industry had become fairly well established, most of the factories erected had a daily slicing capacity of from 300 to 350 tons of beets. The average daily slicing capacity of the 102 factories now in existence is approximately 1,000 tons, while one of these, the largest beet-sugar factory in the world, has an average daily slicing capacity of 4,500 tons of beets.

The total production of domestic beet sugar increased from 45,000 tons in 1896 to over 1,000,000 tons in 1927, valued at over $120,000,000, the proceeds from the sale of which all revert to American labor and American industry, and that production had risen, I remind the Senate again, to 1,750,000 tons in 1934.

From start to finish it is a progressive record of development, and I repeat that no government since the days of Frederick in Germany and Napoleon in France has ever turned its back on this industry and has ever done anything else save to encourage its expansion. This hour is the first time in all its history that it has been proposed deliberately to cut back sugar-beet production. I must confess, Mr. President, that when it is done on the false theory and assumption that this is an "inefficient", "unnecessarily expensive" industry, although it produces sugar cheaper than it is sold in any other place beneath the stars with four exceptions, I cannot subscribe to that philosophy, and I can go along with the adventure only because, in the face of baneful alternatives, I choose the lesser of evils.

This is what I would do with the sugar industry if I had a right to write the program: First, I would allow the continental production to be whatever it could be by the natural law. I would not apply a restriction to it within the continental United States at all.

Second, I would put quota limitations upon external sugar raised under the flag, dealing necessarily on a special basis with Hawaii in this connection.

Third, I would provide a sliding-scale tariff which would take the sugar-tariff question out of Congress and out of our economics for keeps, a sliding-scale sugar tariff in which the rate would go up when the price went down and the rate would go down when the price went up. Under that sort of program I would hope and expect there might be developed still further the agrarian prosperity that resides in the successful and prosperous sugar-beet industry.

But, Mr. President, that is not the program that impends. The program before us is in the bill which I have dissected at far greater length than I had anticipated when I rose. My position upon it is clearly obvious. My conclusion in respect to it is the conclusion submitted in the letter which was read from the desk, submitted by the authenticated and authoritative spokesman for the beet farmers and the beet processors of the State of Michigan.

Mr. FESS. Mr. President, will the Senator yield before he takes his seat?

Mr. VANDENBERG. I yield to the Senator from Ohio.

Mr. FESS. I desire to ask the Senator just one question. Assuming that this measure will pass, what relief will it afford against the pending legislation in reference to bargaining tariffs, if that should pass?

Mr. VANDENBERG. No relief whatever.

Mr. FESS. That is my understanding.

Mr. VANDENBERG. That is simply a pyramided hazard which we shall have to confront when we reach it.

Mr. OVERTON obtained the floor.

Mr. COSTIGAN. Mr. President, when the Senator from Michigan referred to this proposed legislation as the first effort to restrict domestic production, did he have in mind the voluntary stabilization agreement much discussed last fall by continental sugar interests?

Mr. VANDENBERG. I did not have it in mind, but it does not conflict in any degree, if I understand the situation, because I think the voluntary stabilization agreement to which the Senator refers contemplated a quota of 1,750,000 tons for the continental United States, which was a maintenance of the existing status. Am I correct in that? If I am, it seems to me that the Senator but proves my point.

Mr. COSTIGAN. It contemplated a domestic beet-sugar quota of 1,750,000 tons; and this year we have found in the beet-sugar "bag", as sugar men say, 1,756,000 tons of sugar. In other words, the much-praised stabilization agreement to which the Senator has referred would itself, in fact, have resulted in a restriction of last year's domestic production of beet sugar. It is a trivial difference, to be sure, but it illustrates the principle.

Mr. VANDENBERG. According to the Senator's statement—and I have no purpose to quarrel with him—the stabilization agreement would have curtailed this year's production by 6,000 tons, whereas the pending bill contemplates a curtailment of 200,000 tons.

Mr. President, I shall hope for the best when this legislation gets to work. I prayerfully commend a review of the whole subject to the President and his Secretary of Agriculture before any sugar-tariff protection is withdrawn and before any quota restrictions shall stunt beet-sugar culture in the continental United States.

Mr. President, during the course of his earnest discussion——

The PRESIDING OFFICER. The Senator from Louisiana [Mr. OVERTON] has been recognized.

Mr. COSTIGAN. Pardon me; I did not hear that done.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Colorado?

Mr. OVERTON. Certainly.

Mr. COSTIGAN. I desire to comment briefly on an exchange of views between the Senator from Michigan and myself. Will the Senator from Louisiana yield for that purpose?

Mr. OVERTON. Yes; I yield, gladly.

Mr. COSTIGAN. During the course of the earnest discussion of the Senator from Michigan reference was made by him to so-called "compulsory support" of the pending measure by beet farmers of Michigan. Confirming what I then stated, and in further support of my contention that the endorsement of the pending measure in Michigan, no less than in the trans-Mississippi west, by beet farmers is voluntary and not compulsory, I wish to read two or three extracts from letters in my possession, written by Mr. E. O. Compton, president of the Mount Clemens Sugar Beet Growers' Association, with headquarters at Mount Clemens, Mich.

Mr. Compton, with whom I am not personally acquainted, on March 3, 1934, wrote me in part as follows:

> Since June 15, 1933, I have been engaged in making applications to the Federal land bank for mortgages held by 17 banks and 1 trust company in 3 counties. Due to my farm activities the Macomb County Bankers' Association selected me to assist the farmers in making out their applications to the Federal land bank, the banks paying the expense, also the necessary appraisal fee, so you may readily see that I have had an extensive contact with the farmers of this community, and I would honestly say that the general opinion is that the present administration is making it possible for these farmers to keep their farms, reducing their interest rates, and in a great many cases a large percentage of their entire obligation, and they feel grateful as well as obligated, and stand by ready to accept any program that might be advanced by our President.

Attached to the letter from which I have read, received from Mr. Compton, was a copy of another letter written on February 27, 1934, by Mr. Compton as president of the Mount Clemens Sugar Beet Growers' Association, in which he said:

> At the present time I am president of the Mount Clemens Sugar Beet Growers' Association. Also secretary and treasurer of the Michigan, Ohio, and Indiana Beet Growers' Association. These associations are beet growers' associations, consisting of the farmers who actually grow sugar beets in the States of Michigan, Ohio, and Indiana.
>
> Since the sugar-quota plan has been advanced by the President I have had an occasion to talk personally with over 200 local beet growers, and I have not found one of them who is opposed to working out a plan that would benefit all people concerned in relation to the sugar business of this State. I also personally know that the telegrams and letters that you have received from this locality from various beet growers have been sent by men who were selected to send these communications by the owners of the sugar mills of this State. I am sorry to state that these telegrams and requests do not truly reflect the feeling that exists in the rank and file of the beet growers of these States but are only a group of men who are closely allied with the mill owners.
>
> I could go into a lengthy discussion as to what has happened in this State in regard to the growing of sugar beets for the last 15 years, but I feel sure that you have at hand probably more information than I could give you, but the following statement could be easily proven and might be of interest to you:
>
> A group of not exceeding six or seven men operated directly or indirectly 14 of the sugar mills of this State last year with a net earning of between three and four million dollars, while 80 percent of the farmers who delivered beets to these factories, after receiving their $4 advance payment, did not have sufficient funds to pay the field labor, seed, fertilizer, and trucking expense entailed by the delivery of the beets to the mill, and are compelled under the present existing contracts to wait until September 1, 1934, to receive payment on crops which were planted in April of 1933.
>
> I have been president of the Mount Clemens Sugar Beet Growers' Association 2 years and secretary and treasurer of the Michigan, Ohio, and Indiana Beet Growers' Association for 2 years, own and operate my own farm of 260 acres at Mount Clemens, Mich., so I may be termed a "true dirt farmer".

* * * * * * *

Mr. OVERTON. Mr. President, after the very able, interesting, and illuminating discussion of the sugar bill by both the Senator from Colorado [Mr. COSTIGAN] and the Senator from Michigan [Mr. VANDENBERG], not only as to its details but as to its general aspects, I expect this afternoon to confine my remarks regarding the bill largely to an amendment which I think should be adopted.

I realize that it is extremely difficult to prepare a bill on a subject where there are so many conflicting interests as there are in the sugar industry. I think the committees of the House and of the Senate, and the Senators from States interested in the sugar industry, are to be congratulated upon the painstaking, industrious, patient, and able handling of this measure.

The bill is perhaps not entirely satisfactory to any one Representative or to any one Senator from a State interested in the sugar industry. It is an attempt to reconcile differences that exist between continental producers of sugar in the United States, if there are any conflicts of interest between domestic producing areas. It is also an attempt to reconcile, as far as possible, conflicting interests in the production of sugar in the mainland of the United States and in our insular possessions and areas. It is also an attempt to adjust the sugar industry with respect to world conditions as they exist today.

Representing in part the State of Louisiana, which is the third largest sugar-producing State in the Union, there are some provisions of the bill which I should like to see altered. There is one amendment in particular which I should like to have adopted. With the adoption of that amendment, notwithstanding that the bill is not entirely satisfactory to myself as representing one of the big sugar-producing areas in the United States, I expect to vote for the bill.

The bill as reported by the Senate Committee on Finance contains an amendment, to be found on page 11, section 4, paragraph (D). The bill as passed by the House authorizes the Secretary of Agriculture to "establish a separate quota or quotas for edible molasses and/or for sirup or cane juice produced in continental United States, in addition to the quotas established pursuant to paragraphs (A) and (B)."

The purpose of that provision, as I understand it, was to enact that a separate quota may be established by the Secretary of Agriculture for the production of edible molasses and cane sirup in continental United States that would be in addition to the quotas which are assigned in other portions of the bill for continental United States production.

Sugar is defined in the bill as follows:

> The term "sugar" means sugar in any form whatsoever, derived from sugar beets or sugar cane, whether raw sugar or direct-consumption sugar, including also edible molasses, sirups, and any mixture containg sugar (except blackstrap molasses and beet molasses).

Therefore, under this definition of sugar, a quota assigned would include edible molasses, sirup, and any mixture containing sugar. Hence the bill as passed by the House provides that the Secretary of Agriculture shall have authority to establish a separate quota for cane sirup and edible molasses produced in continental United States.

The Senate Committee on Finance has amended paragraph (D), on page 11, to which I have referred, by inserting therein the words "and/or for edible molasses, sirups, and sugar mixtures", not simply in addition to but "as part of." Therefore, under the Senate committee amendment, the Secretary of Agriculture is authorized to establish a separate quota for edible molasses, sirups, and sugar mixtures either as a part of or in addition to the quotas established under the bill.

Hence, as far as Louisiana and Florida are concerned, which go largely into the manufacture of cane sirups and edible molasses, the edible molasses and cane sirup produced in those two States can, in the discretion of the Secretary

of Agriculture, be considered as constituting a part of their quota of 260,000 tons.

Not only that, but, according to my view, it upsets the quotas which are established by the bill for off-shore sugar, because it permits the Secretary to establish an additional quota for all off-shore sugar, or additional quotas for that kind of sugar which will consist of edible molasses, sirups, and sugar mixtures. Therefore, the Philippine Islands, or Cuba, or Hawaii, may enjoy the quota that is contemplated in the President's message, and, in addition to that, there may be assigned to them quotas for edible molasses and for cane sirup and for sugar mixtures to be brought into the United States, which edible molasses and cane sirup can, after being brought into the United States, be manufactured into sugar proper, and therefore increase their quotas.

Mr. President, at the proper time I intend to offer an amendment to correct what I consider a defect in the bill in reference not only to Louisiana and Florida cane sirup and edible molasses, because those can be included under this amendment in the quotas assigned to that cane-producing area, but also in order to prevent an increase in the quotas of off-shore sugar.

The Senator from Michigan and the Senator from Colorado, in their very able remarks in respect to this measure, have dealt almost exclusively with beet sugar. I wish to make some observations with respect to cane sugar and its production in Louisiana.

Louisiana today is not only the third largest producing sugar State in the Union but it is also the pioneer State in the sugar industry. The Senator from Michigan in his remarks referred to the fact that not since the days of Napoleon and of Frederick the Great had there been any effort, until this bill was introduced, to discourage the sugar industry. I may say, by way of parentheses, that I did not look upon this bill as an effort to discourage the sugar industry. I look upon it as an effort on the part of the Department of Agriculture, its Secretary and its experts, and on the part of the members of the different committees in the House and in the Senate who had this bill in charge to undertake to stabilize this industry, because of the unfortunate condition in which it finds itself.

I do not think it is the purpose of the Secretary of Agriculture to discourage the production of sugar on the mainland of the United States. I think the Secretary of Agriculture, when he undertakes to administer the bill, will have in mind the statement contained in the bill as to the policy of the measure in respect to the sugar industry. That policy is declared in section 4, as follows:

SEC. 4. Section 8 of the Agricultural Adjustment Act, as amended, is amended by adding at the end thereof the following new section:

"SEC. 8a. (1) Having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, the Secretary of Agriculture may, in order to effectuate the declared policy of this act, from time to time, by orders or regulations"—

And so forth.

Therefore, Mr. President, the declared policy of the bill, the main policy of the bill, as set forth in the paragraph which I have just quoted, is to maintain due regard to the welfare of domestic producers of sugar in the United States, as well as a due regard for the welfare of consumers, and a just relation between the prices received by domestic producers and the prices paid by domestic consumers.

As I started to say a moment ago, the sugar industry is an old industry in the State of Louisiana. We were producing sugar in Louisiana commercially right after the American Revolution. Sugarcane was introduced into Louisiana long before the American Revolution. In spite of difficulties and in spite of obstacles, it has grown and developed through the years. It is an industry around which the economic life and the industrial life of all the southern portions of the State of Louisiana revolve. It is an industry upon which very largely has been built the business of the great port of New Orleans.

I have stated that this bill was not completely satisfactory to Louisiana producers, Louisiana manufacturers, and Louisiana refiners. The quota assigned to Louisiana and Florida is 260,000 tons, but Louisiana normally produces over 300,000 tons of sugar.

I wish to read into the RECORD statistics covering the years when the yield in the State of Louisiana was in excess of 300,000 short tons of raw sugar.

In 1907–8 Louisiana produced 394,240 short tons; in 1908–9, 414,400; in 1909–10, 375,200; in 1910–11, 355,040; in 1911–12, 360,874; in 1913–14, 300,537; in 1916–17, 310,900; in 1921–22, 324,429.

It was about the time of the World War, Mr. President, that the Federal Government, undertaking certain experiments in reference to the production of sugarcane in the State of Louisiana, imported certain varieties of cane into that State which were subsequently found to be infected with what is known as the "mosaic disease." That cane was planted in different areas of the Sugar Bowl of Louisiana, and it gradually resulted in an infection of the sugarcane of Louisiana.

As the result of this mosiac disease, sugarcane production in Louisiana dropped down until in 1926–27 we produced only 47,165 tons. But the Federal Government has aided us in introducing new varieties of cane into Louisiana that are disease resisting. We are planting that cane, and as a result we are gradually getting out of the difficulty in which we found ourselves by reason of the abnormal decrease in production growing out of the infection of our sugarcane by mosiac disease, so that in recent years we have been getting back to normalcy.

In 1930–31 we produced 210,094 tons of raw sugar; in 1931–32, 180,239; in 1932–33, 222,760; in 1933–34 we have produced, according to the latest authentic figures, 214,455 and not 208,000, as usually quoted.

It is estimated that during the year 1934–35 we shall produce somewhere between 230,000 and 257,000 short tons, or, in other words, approximately 240,000 tons.

I wish in this connection, Mr. President, to send to the desk a letter from Mr. Reginald Dykers, vice president and general manager of the American Sugar Cane League, under date of April 10, 1934, addressed to Secretary Wallace, giving the actual production of sugar in Louisiana during the last season, which I ask unanimous consent to have printed in the RECORD immediately following the conclusion of my remarks.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Without objection, it is so ordered.

(See exhibit A.)

Mr. OVERTON. Florida has been increasing her production of sugar. The sugar industry was established in Florida in comparatively very recent years. She produced something over 40,000 short tons during the year 1933–34; possibly as high as 50,000 tons. In 1932–33 she produced 36,000 short tons.

Statistics show that the average production in the State of Louisiana during the pre-war basic period was something over 330,000 tons. When, therefore, we take the production of Louisiana in normal times of, say, 330,000 tons a year, and add thereto the production of Florida of something like 50,000 tons, we have about 380,000 tons annual production for both States. I think I can state conservatively that there is during normal production an annual yield in this sugarcane area in the United States of well over 360,000 short tons of raw sugar.

Yet, Mr. President, I stand here, representing in part the sugarcane producing area of the United States, and state that under all the circumstances, considering all the difficulties surrounding this bill, I am willing to accept, so far as I am personally concerned, the assigned quota of 260,000 short tons.

I would have much preferred that a separate quota be assigned to Louisiana and a separate quota be assigned to Florida, but I know that if that suggestion were made, and if that suggestion were acted upon, the States producing

beet sugar would want separate quotas assigned to them. Colorado, California, and Michigan would all come in and ask for separate quotas, and we would be thrown into hopeless confusion.

So, Mr. President, I am not going to make any fight in reference to the quota which has been assigned to Louisiana and Florida, and I am not, under the circumstances, going to undertake to have those two States divided into separate areas.

I think the great difficulty that is confronting the sugar industry in the continental United States is due to the vast increase of production in our insular areas. According to the United States Tariff Commission, the 1919 production in the insular areas of Hawaii, Puerto Rico, and the Philippine Islands was only 1,237,000 short tons. Of those 1,237,000 tons there was brought into the United States 84.2 percent. But in 1932, 13 years later, this production of sugar in our insular areas had increased from 1,237,000 short tons to 3,124,000 short tons, or practically three times the quantity produced in 1919. The ratio of receipts into the mainland of the United States to production in the insular areas had risen to 94.8 percent as compared with 84.2 percent in 1919.

Breaking down those figures somewhat, we have this interesting information: The Philippine Islands increased their production during the same period, from 1919 to 1932, from 219,000 short tons to 1,102,000 short tons and increased their percentage of imports into the United States of their production from 40.2 percent to 94.4 percent; in other words, their production has multiplied more than five times, and the ratio of their imports into the United States to their production has been more than doubled.

During the same period Puerto Rico has increased her production from 400,000 short tons to 992,000 short tons. Hawaii has increased her production from 602,000 tons to 1,025,000 tons. While during this same period, from 1919 to 1932, continental production has increased less than 100 percent, the insular production has increased approximately 200 percent, while during the same period continental production has increased less than 1,000,000 tons, insular production has increased approximately 2,000,000 short tons.

Mr. President, when I consider those figures, when I contemplate the advantage which these insular and offshore areas enjoy in the growing and in the manufacture and in the refining of sugar by reason of their climatic conditions as well as the fertility of their soil, and by reason of the cheapness of their labor, both in field and in factory, and when I realize that this tremendous increase in production in the insular areas has resulted in an enormous increase during recent years in the importations into the mainland of the United States duty free of sugar, both raw and refined, coming into competition with American growers of continental United States, and coming into competition with the laborers both in the field and in the factory, if I had my way about it in respect to this bill, I am frank to say that I would undertake to protect, first and foremost, and to encourage first and foremost, the production and growing of sugar in the continental United States by the continental farmer and its manufacture and its refining by American labor. If I had my way about it, I think the theory of the bill that I would propose would be for the Secretary of Agriculture to estimate annually the consumption requirements of the continental United States—and the pending bill relates to consumption requirements in continental United States—then to estimate what would be produced by the American growers in continental United States, deduct that amount from the consumption requirements, and distribute the residue as quotas for offshore importation and induction of sugar.

However, as I stated in the beginning of my remarks, I know that we are brought face to face with very perplexing problems; we are brought face to face with certain facts, various conflicting interests, various ideas and theories and thoughts upon this question, and I think perhaps, after all, considering all these grave difficulties, the Senator from Colorado [Mr. COSTIGAN] and the Finance Committee of the Senate have brought out about as workable a bill as in this year of our Lord 1934 can be framed and enacted into law, subject, of course, Mr. President, to the amendments which I have suggested in the beginning of my remarks.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Colorado?

Mr. OVERTON. I yield to the Senator from Colorado.

Mr. COSTIGAN. The able Senator from Louisiana, of course, recognizes that in dealing with the problem of offshore sugar, Hawaii, Puerto Rico, and even the Philippines for historic or constitutional reasons, regard themselves as being part of the United States, and that some qualification must be allowed in completing a legislative program of this sort on that account?

Mr. OVERTON. Mr. President, I realize that fact, and I realize that they are American citizens; that they are under the American flag. I realize that they have certain natural advantages that we do not possess here on the mainland in reference to climatic conditions that are peculiarly conducive to the production of sugar. I also realize—and I made the same comment the other day in dealing with the excise tax on oils brought into the United States—that the American capital that goes into those insular areas to exploit them for their own benefit and for their own aggrandizement ought not to undertake to pay mere subsistence wages to their laborers who are willing or forced to live in grass huts, who are willing to clothe themselves with a loin cloth, and whose standards of living are far below what we have here in the United States and what we hope to maintain in the continental United States. When I realize that the people in those insular areas, so far as the record goes, are apparently willing to submit themselves to such conditions, to being underpaid as laborers, to being underfed, to being underclad, resulting in a cheap production of commodities that come into competition with the products of the American farmer and the American laborer and the American manufacturer; when I realize that the situation thus brought about produces a conflict between the interests of those insular areas and the interests of continental United States and that the farmers and laborers of the continental United States are not responsible at all for that condition, and where that conflict is irreconcilable and I have got to make the choice, I am going to take my stand with the farmer in these United States of America; I am going to take my stand with the laborer in the continental United States.

Mr. LONG. Mr. President, will my colleague yield to me?

Mr. COSTIGAN. Mr. President, will the Senator first permit me to ask a question of his colleague?

Mr. LONG. Yes.

Mr. COSTIGAN. The junior Senator from Louisiana, of course, recognizes that the primary purpose of this bill is to give assurance of living minimum returns to the American producers of sugar?

Mr. OVERTON. I realize that.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the junior Senator from Louisiana yield to his colleague?

Mr. OVERTON. I yield to the senior Senator from Louisiana.

Mr. LONG. I merely want to suggest to my friend from Colorado, as well as to my colleague, that this is not entirely a fight between the insular interests and our own interests. As a matter of fact the same interests in America would be perfectly willing to depress the status of our local sugar grower to where he would be no more than a peasant like the Filipino. They would like to see the industry reduced to a slave basis. They would have no objection whatever to having the same peasantry exist among our own people that there is among the Filipinos.

Mr. OVERTON. I think my colleague, the senior Senator from Louisiana, makes a very correct observation.

That was the thought I was trying in my feeble way to convey to the Senate, depicting at least what my reaction is to the situation and my attitude and my view.

Mr. President, I do not wish the senior Senator from Colorado [Mr. COSTIGAN] to think that in these reflections I am making any invidious comments or observations with reference to the bill which has been under his particular and very able and very conscientious care. I know that he has just as much interest as I have, in a representative capacity, in the production of sugar in the continental United States.

Mr. President, passing for a moment from that phase of the subject, the President has stated in his message that—

> The annual gross value of the sugar crop to the American beet and cane growers is approximately $60,000,000. Those who believe in the further importation of sugar say the 2-cents-per-pound tariff is levied mostly to protect the $60,000,000 crop and that it costs our consuming public every year more than $200,000,000 to afford this protection.

I am not going to take issue with the President in respect to the figures he has given; but in speaking of the annual gross value of the sugar crop he refers to the gross value to the growers and not to the industry as a whole in the United States. After the sugar leaves the field, either in the form of cane or in the form of beets, it goes to the factory and is processed, and that gives employment to thousands upon thousands of laborers.

To go hastily through this phase of the question, if we figure the manufactured price of sugar at, say, 4 cents per pound, which would be $80 a short ton, and realize that we are producing here in the United States approximately 2,000,000 short tons, we find we have a gross yield of $160,000,000 in the continental United States instead of $60,000,000 as stated by the President.

If we go further and adopt the suggestion thrown out by the able Senator from Colorado [Mr. COSTIGAN], which in a large sense is a proper one, and take into consideration the value to other American citizens of this industry in Hawaii, Puerto Rico, and the Philippine Islands, we have a production of 3,000,000 more short tons in those insular areas, making a total American production of 5,000,000 tons, which, at $80 a ton, brings the gross yield of $400,000,000 to the American interests in the production and manufacture of sugar.

Mr. President, there is another thing to consider when we come to estimate the cost of this industry. Sugar has been steadily yielding us a revenue through customs duties. It has been producing practically one fourth of the total customs receipts of the United States. I send to the desk and ask to have incorporated in the RECORD as a part of my remarks a statement showing the tariff revenues derived from sugar and the tariff revenues derived from all imports into the United States from the year 1929 to the year 1933, both inclusive.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Tariff revenues, computed on total imports

Year[1]	Sugar	All imports	Percent
1929	$129,526,461	$584,772,212	22+
1930	115,121,253	461,885,516	24+
1931	98,329,067	370,770,650	26+
1932	74,156,781	259,599,770	28+
1933	65,589,596	288,157,787	23+

[1] Calendar year.

Mr. OVERTON. Mr. President, in addition to the fact that sugar normally yields us as a revenue producer something over $100,000,000 a year, in addition to the consideration that it yields approximately one fourth of our total tariff revenue, it is to be borne in mind that if we were to repeal the customs duties on the importation of foreign sugar we would have to resort to some other form of taxation in order to supply the deficiency resulting from that repeal.

But we are not the only country that imposes a revenue tariff on sugar. In a great many other countries there is not only imposed a tariff upon the importation of sugar, but there is imposed a consumption tax because sugar is regarded as being one of the best revenue producers of all commodities. In Italy there is a tariff of 2.75 cents per pound and a consumption tax of 9.07 cents per pound. In France there is a tariff of 2.94 cents per pound and a consumption tax of 1.12 cents per pound. In Poland there is a tariff of 4.58 cents per pound and a consumption tax of 7 cents per pound. In Austria there is a tariff of 2.35 cents per pound and a consumption tax of 1.85 cents per pound. These figures are taken from the sugar reference book and directory for 1932–33 and relate to raw sugar.

As a matter of fact, Mr. President, in spite of the fact that we have a tariff on sugar, sugar is about as cheap as any food consumed in the United States. The Senator from Michigan [Mr. VANDENBERG] has read into the RECORD figures showing the prices of sugar as retailed in different countries of Europe, Africa, and Asia. Those figures show that the cost of sugar to the housewife in continental United States is approximately one half what it is to the housewife in Europe. Those figures show that the retail price of sugar in continental United States is less than in any other country except England, Denmark, Japan, and Java. The prices in those countries are around 4 cents per pound, practically the same as in the United States.

It has been stated, and I presume it is correct, that if based on the ratio of calory contents and value of food calories contained in a pound of sugar at 5 cents a pound, butter would sell over the counter at 10.95 cents per pound instead of 35 cents per pound; bacon would sell at 8.45 cents per pound instead of 29 cents per pound; lamb would sell at 3.95 cents per pound instead of 47 cents per pound; and milk at 2.04 cents per quart instead of 13 cents per quart.

Therefore, Mr. President, I do not know that I can find myself subscribing to the view that the sugar industry in the United States is an expensive industry. Sugar is cheaper here than in practically every other country in the world. The tariff duties that we levy on it produce a tremendous revenue, equivalent to around one fourth of our total customs revenue. It is not only an industry that ought to be encouraged from the standpoint of encouraging the American farmer and the American factory but it is also a necessity.

Continental production of sugar is especially necessary to the United States in time of war. That thought was vividly brought home to us when we were engaged in the World War, and had to economize as much as possible in the use of sugar. That lesson was brought to Great Britain during the World War. At that time she was producing no sugar; but with her far-seeing vision she has proceeded to encourage, not to discourage, that industry. She proceeded to establish it in the British Isles and in Ireland. Starting during the World War without any production at all, she is now producing something like half a million short tons of raw sugar a year.

There is, therefore, according to my way of thinking, every reason why this industry ought to be encouraged in the United States; every reason why the production, manufacturing and refining of sugar in continental United States ought to be encouraged. I repeat the position I took a while ago: If there comes an irreconcilable conflict between the production and manufacture of sugar in the continental United States and in other areas, I purpose to take my stand with the encouragement and the promotion of that industry in the mainland of this country. As I stated at the outset, with the adoption of the amendment I propose, and with the understanding I entertain in respect to when this bill will go into effect, as stated to me by the Senator from Colorado [Mr. COSTIGAN], who has the bill in charge—that it will go into effect in respect to quotas for the year 1934 on January 1, 1934—I expect to support the bill. It is not the best possible bill. It does not entirely conform to my views of what ought to be done, but it is the best we can do now. I

hope that in the years to come, basing our future views upon the experience in the administration of this measure, we shall be able to perfect it and perfect its administration in the United States, and that ultimately this legislative step which I feel sanguine we are about to take, will result in an encouragement of one of the great agricultural industries of this country, and in a permanent stabilization of it as the years roll on.

EXHIBIT A

AMERICAN SUGARCANE LEAGUE,
New Orleans, La., April 10, 1934.

Hon. HENRY A. WALLACE,
United States Department of Agriculture,
Washington, D.C.

MY DEAR MR. SECRETARY: It seems proper at this time for me to state to you that a thorough canvass just completed by this organization shows a production of 214,455 short tons of sugar (raw value) in Louisiana during the last campaign.

Mr. L. L. Janes, of the Bureau of Crop and Livestock Estimates here, has not yet issued his final report on the production of sugar in Louisiana during the last campaign but did issue a preliminary report or forecast December 27, 1933, before the campaign was over, in which he estimated the production at 202,000 short tons of sugar. This figure has been generally used since then as the most authoritative one available, but Mr. Janes does not, in his reports on Louisiana sugar production, reduce his figures to raw value, and his prediction of 202,000 short tons is thus misleading if considered without due analysis.

The actual production of sugar in Louisiana last campaign, according to reports received by us from each factory was as follows:

	Short tons
Raws	136,074
Crystals	[1] 13,547
Turbinados	[1] 6,088
Washed raws	[1] 1,500
Granulated	[1] 51,527
String sugars	[1] 5,719
Total	[2] 214,455

In reducing the different grades of sugar mentioned above to raw value we used the polarizations given on the returns made to us, or, where none were given, we assumed that crystals polarized 98.5, washed raws 98, seconds and thirds 92 and 90, respectively, and we used 107 pounds of raws as being the equivalent of 100 pounds of granulated. To this may be added the sugar in our sirup and edible molasses equivalent to 31,214 short tons, 96° raw value.

In determining the total sugar content of sirup and edible molasses we assumed an average density of 39.5 Baumé for sirup with 65.6 percent total sugars. For first molasses we assumed 42 Baumé with 66.3 percent total sugars, and for second molasses 42.5 Baumé with 60.5 percent total sugars.

The only other product is blackstrap. We have not attempted to reduce that to a total sugar basis. The number of gallons of blackstrap produced, according to our careful and complete canvass, was 10,832,639.

Yours truly,

REGINALD DYKERS,
Vice President and General Manager.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a concurrent resolution of the Legislature of the State of New York, memorializing Congress to amend the Securities Act of 1933 by eliminating all of its civil liability provisions, to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted, which was referred to the Committee on Banking and Currency.

(See resolution printed in full when presented today by Mr. COPELAND.)

Mr. WALSH presented a statement prepared by Hon. L. L. MCCANDLESS, Delegate from Hawaii, averring that "the Territory of Hawaii should in all fairness be given equal treatment in the fixing of a quota in the Costigan-Jones sugar bill as that accorded mainland producers", which was ordered to lie on the table.

He also presented a letter signed by the recording secretary of Branch 18, National Association of Letter Carriers, of New Bedford, Mass., stating, "The officers and members of Branch 18, National Association of Letter Carriers, wish to extend to you their appreciation and thanks for your support given them in the independent offices bill pertaining to Federal employees", which was ordered to lie on the table.

He also presented resolutions adopted by the Holyoke Central Labor Union, of Holyoke, and Local Union No. 145, United Association of Journeyman Plumbers and Steam Fitters, of Medford, in the State of Massachusetts, favoring the passage of the so-called "Wagner-Lewis bill", pertaining to unemployment insurance, which were referred to the Committee on Finance.

Mr. COPELAND presented the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Banking and Currency:

STATE OF NEW YORK,
IN SENATE,
Albany, April 11, 1934.

By Mr. H. L. O'Brien

Whereas it is the judgment of eminent economists and practical business executives that business recovery is retarded by the inability of manufacturing and commercial establishments throughout the country to obtain operating capital, thereby unnecessarily continuing and aggravating the deplorable unemployment situation which has brought so much suffering and deprivation to millions of workers and their families; and

Whereas it is generally conceded that manufacturing and commercial executives have, in the main, cooperated sincerely with the National Government in the effort to relieve suffering and bring business back to a stable and economically sound normalcy; and

Whereas it is now generally conceded that the operation of the Federal Securities Act of 1933 has interfered with the orderly recovery of business: Now, therefore, be it

Resolved (*if the assembly concur*), That the Congress of the United States be and the same hereby is respectfully memorialized to amend the Securities Act of 1933 by eliminating all of its civil-liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; and be it further

Resolved (*if the assembly concur*), That a copy of this resolution be transmitted to the Clerk of the House of Representatives, the Secretary of the United States Senate, and to each Member of Congress elected from the State of New York.

By order of the senate.

MARGUERITE O'CONNELL, *Clerk.*

In assembly April 12, 1934.
Concurred in without amendment.
By order of the assembly.

FRED W. HAMMOND, *Clerk.*

REPORTS OF COMMITTEES

Mr. MCGILL, from the Committee on Pensions, to which was referred the bill (S. 493) to protect labor in its old age, reported it with amendments and submitted a report (No. 744) thereon.

He also, from the same committee, to which was referred the bill (S. 3044) granting a pension to Eleanora Emma Bliss, reported it with an amendment and submitted a report (No. 739) thereon.

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which was referred the bill (H.R. 8889) to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof, reported it without amendment and submitted a report (No. 745) thereon.

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S.Res. 208) increasing the limit of expenditures for the investigation of the business of banking and dealings in securities, reported it without amendment.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 3403) for the relief of Lyda F. Foster; to the Committee on Finance.

By Mr. KING:

A bill (S. 3404) authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

[1] 96° raw value.
[2] Not including sugar in sirup and molasses.

By Mr. DILL:

A bill (S. 3405) to amend the Interstate Commerce Act as amended, and for other purposes; to the Committee on Interstate Commerce.

By Mr. HAYDEN:

A bill (S. 3406) providing for a reimbursable loan to the Indians of the Navajo Reservation in the States of Arizona, New Mexico, and Utah; to the Committee on Indian Affairs.

By Mr. McKELLAR:

A bill (S. 3407) authorizing the establishment and maintenance of an industrial plant at Reedsville, W.Va.; to the Committee on Post Offices and Post Roads.

By Mr. COPELAND:

A bill (S. 3408) to provide for a preliminary examination of Cromline Creek in the State of New York, with a view to the control of its floods; to the Committee on Commerce.

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES—AMENDMENT

Mr. COPELAND submitted an amendment intended to be proposed by him to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, which was ordered to lie on the table and to be printed.

AMATUER BOXING IN THE DISTRICT OF COLUMBIA—CONFERENCE REPORT

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

On page 3, line 7, of the House engrossed amendments, strike out the word "amateur"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill; and agree to the same.

WILLIAM H. KING,
ARTHUR CAPPER,
ROYAL S. COPELAND,
Managers on the part of the Senate.

MARY T. NORTON,
VINCENT L. PALMISANO,
JAS. L. WHITLEY,
Managers on the part of the House.

The report was agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

ECONOMY AND TAXATION—ADDRESS BY SENATOR METCALF

Mr. REED. Mr. President, I ask permission to have printed in the RECORD an address delivered by the senior Senator from Rhode Island [Mr. METCALF] over a national radio network last Friday night on the subject of Economy and Taxation.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ECONOMY AND TAXATION

Two things are certain for all men. They are death and taxes. The problem of revenue for the business of government is as old as organized society. The United States was founded with a simple system of direct taxes. During the short period of our existence we have built up a veritable spider web of taxation. We start paying taxes as soon as we get up in the morning and we continue to pay all day, until at night we switch off the tax on electricity and go into a troubled sleep. As yet no man has devised a manner to place a tax on that. Since the beginning of the Nation taxes have each year been eating away more and more of our national income. The percentage of our income which has been expended for the business of government has increased as the Nation progressed. During the past few years the momentum of this increase has gained by leaps and bounds. In 1913 the total cost of all forms of government in the United States was approximately $3,000,000,000, but in this year it will approach $18,000,000,000. In other words, in the last 20 years the proportion of the earnings of the American people which have been used by various branches of the Government has mounted from 9 percent to something like 40 percent. Who would have thought 5 years ago there would be lobbyists in Washington trying to get legislation through that would permit our cities and towns to go bankrupt?

The average American citizen fails to realize that he is paying more than one third of all he earns to the Government in one form or the other. The true facts are hidden by the intricate system of taxation peculiar to the United States. But actually every dollar we expend bears its toll of excise, income, corporation, property, and processing taxes. The cost of an article cannot be broken down into materials, labor, profit, and taxes, but if this could be accurately accomplished we would find that by far the greater part of our dollar is used for the business of government. By the business of government, of course, I include such very necessary functions as the operation of our schools, our police and our fire departments.

Taxation is power. Not only have the costs of government ascended with startling rapidity but there has been a pronounced movement of power concentration toward a central government. Authority has moved with systematic progression from the old-fashioned town meeting to the States, eventually to the Federal Government, and now to the President of the United States. In other words, we are drifting from pure democracy to dictatorship. Events of the past year have more than emphasized this fact. The tremendous acceleration toward the investment of a central authority with the powers of taxation and regulation of society is something we would not have believed could exist 5 years ago.

The time has been particularly ripe for a movement of this nature. The country has been in the throes of a depression and the people have turned in desperation to any new school of thought or any new and drastic proposal which might be made as a panacea for our economic ills. The trend toward abdication of the democracy in favor of a dictatorship is exemplified by transfer to the Executive in two distinct ways. The first is the power to tax. The second is the power to control. The tariff bill now pending in this Congress gives the President the power to enter into trade agreements with foreign nations. He will be clothed with the authority to enforce and encourage the objections of these agreements through the taxing power and through power to remove trade restrictions and import barriers. He will be able to reduce or increase tariffs by 50 percent. He will be authorized to remove all restrictions on importations from abroad. He can remove excise taxes and processing taxes which have been imposed for the purpose of regulating importations. The purpose of this bill is to encourage the importation into the United States of some commodities in order that we might sell others abroad. The Secretary of Agriculture has already publicly stated that the manufacture of finer textiles in the United States is slated for destruction should this bill become law. He states that the manufacture of lace, for example, is a business which is inefficient in this country and, consequently, we should permit the Chinese and French to furnish us with laces. The President can reduce tariffs on these commodities by 50 percent, as well as wipe off the books all import restrictions in regard to them.

Thus, he will have the power to put 20,000 workers in the lace and embroidery plants of the United States out of work. In many cases these are people who know how to do nothing else. Where will they turn for jobs? The millions of dollars which people have invested in machinery and equipment for manufacturing enterprises will be sacrificed on the altar of foreign trade. To invest any one man with such tremendous powers is most unwise. It is most certainly un-American. Constitutional principles have been ignored in the drafting of such legislation. Who can tell what industries, built up after years of painstaking effort, will be closed by these dangerous experiments. Thus, the tariff bill alone gives to the Executive the power to tax, the power to remove taxes, and the power to regulate industry as great as any dictator on the face of the earth. The Government is now going into industrial competition with industries which it may tax out of business. The whole country must pay taxes for unwise public management.

I have already mentioned that the second indication of the establishment of the centralization of power is the concentration of the authority to impose taxes. The President today, through the Secretary of Agriculture, is clothed with the authority to impose processing taxes upon basic commodities produced in the United States. To carry it still further, he is given the power to tax any competing product.

Throughout this session of Congress we have been engaged in the business of appropriating money. Billions of dollars are being squandered in excess of the actual income of the Government. Prosperity cannot be brought about by taxation. It cannot be brought about by throwing the Nation deeper and deeper into debt. We are creating an artificial situation where the Government is mortgaging its very existence in an endeavor to pour billions of dollars into a temporary business stimulation. We heard much in the last campaign about economy. Today that much publicized economy program is camouflaged by twin budgets. We are told in Washington that we have one budget for emergency purposes and another for the normal business of

government. On the one hand, the normal budget is supposed to be reduced in the name of economy, while, on the other, we have a budget for emergency purposes which is so fat it staggers, but we hide the sins of the one behind the skirts of the other. I believe there is not a person in Washington who has the slightest idea what the normal expenses of government are at this time. There is so much juggling of accounts, so much blaming of one budget for the sins of the other, so much pretense of economy on the one hand and wasteful spending on the other, that it leaves us quite bewildered.

Sometime ago the annual appropriation to take care of veterans wounded or disabled during the World War was considered by the Congress. The President vetoed the act of Congress on the ground that it was a wasteful expenditure of money and not in line with his economy program. Much was said about an increase of over $200,000,000 in the normal budget. When the Congress passed this bill over the Executive veto, and when the complete story was told, it was found that the appropriations for veterans were actually only $20,000,000 in excess of what the Administration had agreed was just. Furthermore, to make the situation a little more ironical, Senator VANDENBERG of Michigan read into the RECORD a quotation from remarks of the Speaker of the House of Representatives as he left the White House on Friday, March 30. Speaker RAINEY is quoted as saying: "The President intended to do by Executive order exactly what the bill proposes by the end of the year. Under the President's plan almost all veterans cut off the rolls by the economy bill would have been restored." If that is true the only damage done by the passage of the bill over the President's veto was that it deprived the Administration of some political prestige.

A shining example of this 2-budget system of camouflage is the Bureau of Ordnance, in the War Department. The appropriation for this Bureau was reduced by some three million dollars by the Administration in carrying out its economy program. However, the other hand reached into the pocket of the Budget's twin sister, the emergency budget, took out $6,000,000 in Public Works funds, and gave it to the Bureau of Ordnance. This money is to be used for the purchase of ammunition. In any ordinary year ammunition is charged as a part of the ordinary expenses of government. There has been some four hundred and eighty-seven million dollars of emergency funds which are charged to the so-called "emergency budget" being expended on Federal projects. The Department of Agriculture no longer carries the tremendous appropriations for public roads on its ordinary budget. In all past years this has been a part of the expenditures of that Department. Thus the economy program has affected the Department of Agriculture by giving it $400,000,000 from the Public Works funds. In past years appropriations for the Bureau of Yards and Docks have been carried as a part of the ordinary expenses of government. This year these funds are being supplied from the emergency budget. The same situation is true throughout the myriad of Government bureaus, commissions, and departments. Money is being taken from the emergency budget, placed in the normal Budget, expended from the latter, and then paraded before the country as economy. Actually, there is no such thing as an economy program in the country today.

Of course, as good Americans we must care for the hungry, and the sick, and the cold. We cannot and must not allow our fellow citizens to suffer for the ordinary necessities of life. If there is no work for them, we must give them relief, but at least let us do it without subterfuge and with the utmost wisdom in the use of our national resources. Economy seems to be a lost word. It is a word that has come to mean a complicated system of accountancy rather than judicious spending. We should know where we are heading before it is too late.

The national debt is being increased to $32,000,000,000. Some day this must be paid.

Powers are being bestowed on the Executive that point toward dictatorship. This is unwise and dangerous. The courage and the ability of the President of the United States is unquestioned, but no man and no system is infallible. We should let him know our wishes and assist him toward their realization, but constructive criticism and orderly and sound thought are essential in times like these. We are heading into new and strange fields. We should move with utmost caution and guard against top-heavy taxation or entering into social experiments from which we will not easily recover.

FARM REFINANCING BILL—STATEMENT BY KNUD WEFALD

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by former Representative Wefald, railroad and warehouse commissioner of Minnesota, on the farm refinancing measure which is pending before the Agricultural Committees of the Senate and the House.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CONGRESS SHOULD PASS THE FRAZIER-LEMKE BILL FOR FARM REFINANCING. THE FARMERS NEED IT AND DEMAND IT

The Frazier-Lemke Farm Refinancing bill is yet undisposed of in Congress, even though the State Legislatures of Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, and Wisconsin have petitioned Congress to enact this measure into law.

The newspapers tell us that in the House, a petition for the withdrawal of this bill from the committee, which has it in charge, now upon the Clerk's desk, had already received 130 signatures and enough signatures were in sight to withdraw the bill from the committee, when Democratic leaders began to exert pressure against the signing of the withdrawal petition.

It is hard for people out in the farm country to understand such procedure. The States which have petitioned Congress for the passage of this bill have a representation of 165 in the House, but as I understand it, only 86 of these 165 have signed the withdrawal petition. We, out in the Farm country cannot understand why Representatives in Congress should not heed the petitions from their own legislature back home. We know who have signed the petition. The farmers' organizations are much more clever now in keeping their own people informed about what is going on in Congress than they were in the days of the agitation for the McNary-Haugen bill.

We cannot understand why, out of 20 Representatives from California, only 7 have signed the withdrawal petition; nor how, out of 25 from Illinois, only 9 have done so; or why, out of 12 from Indiana, only 3 have responded. Indiana farmers surely need a lift if any farmers in the country need it.

But it surely pleases us to see that 12 good men from Pennsylvania have signed the petition, leading the list of signatures from any State in number. There was a time when people in the farm country could not visualize Pennsylvania Congressmen as anything but pawns in the hands of industrial barons seeking selfish tariff protection. Of late I have heard farmers say, "Let us move to Pennsylvania, for they will have a good government there soon."

We are pleased to see Ohio have six Representatives join hands with us. And Vermont, Calvin Coolidge's good old granite State, joining in the petition 100 percent. How happy "Cal" would have been to know that! The world surely does move.

Now, even if the Frazier-Lemke bill cannot become a law in this session of Congress, if the committee will not act on it, we in the farm country are entitled to have it discussed. If Congress can show us that we are crazy, we shall be glad to have it shown, for all of us—farmers, business men, workers and all, except a few plutes (of which there are not many left) are for the Frazier-Lemke bill. If we are crazy, there are a lot of crazy people in the United States just now. Congressmen and Senators should know this for their own protection. Just a whispered suspicion in some of the farm States to the effect that a Senator or Representative, no matter how fine his record otherwise, has been hostile or lukewarm toward the Frazier-Lemke bill, might endanger him for reelection this year.

We had expected this bill to be enacted into law before now. We were told in the campaign of 1932 that Mr. Roosevelt would sign such a law if passed by Congress. Also that he would aid its passage through Congress. We had the strongest guaranty as to this from men who were authorized to dicker for farm votes. Nothing but the Frazier-Lemke bill gave Minnesota to Roosevelt, and the same situation existed in other States.

I spoke for Mr. Roosevelt on the strength of the promise we received, from the time I started my campaign in 1932 until the very close. Not in a single talk did I forget him, although I was running for State office. I reached more people in that campaign than any Democratic speaker or candidate in our State. I feel partly responsible for the vote Minnesota gave Mr. Roosevelt and I hope that some of the good friends I had during my service in Congress, especially among the Democrats, will consider us farm folks entitled to some consideration in our hour of need.

What farm refinancing Congress has put over will not solve the farm crisis. The only salvation for the farmers, economically speaking, is in legislation like that suggested in the Frazier-Lemke bill. I talked the idea embodied in this bill when I fought valiantly for reelection to Congress in 1926. I was told that I was crazy then, but the farm country thinks differently now.

The main thought in this bill is to safeguard the farmer in the possession of his farm by lifting off from his back a part of his debt load, and extendng to him a rate of interest under which he can meet his payments. If this is done, the farmer will take care of himself; Congress then will not need to pass much additional legislation for the farmers. If the farmers were now given their choice between the passage of this bill, on one hand, with no other extra legislation as against on the other hand, all the farm legislation introduced in Congress, with much more that can be thought up by the "brain trust", they would not hesitate in choosing the Frazier-Lemke bill.

Let the farmer know that he can sit securely on his farm and he will live through any emergency and deflation that will strike the country.

The spirit of the pioneers can be easily resurrected on the farms, and out of such an awakening will spring the noblest life yet lived in America. The real farmers do not want to be regimented as soldiers under any "brain-trust" plan; they do not want to be socialized; the bulk of them are of northern European stock, rooted in democracy, inured to hardship, frugal, and God-fearing, who want to live in individual homes, and in the family circle work out the plans for their own welfare.

Only the farmers themselves can solve the question of overproduction. It is the farmers who are hopelessly in debt who produce the surplus farm products. Lift the debt loads off from all of them, and they will take a jubilee year to celebrate their redemption from threatened slavery.

No governmental regulation can bring about crop reduction. Farm leaders tell me that farmers are asked to reduce their corn,

acreage 20 percent, but Secretary of Agriculture Wallace's seed firm urges the farmers to buy their improved corn, which will yield 23 percent more than what they have been planting before. So there will be at least as much corn, if all follow this advice, as if no acreage reduction is made, if a normal year.

If you give us the Frazier-Lemke bill, the farmers say, you can discharge the "brain trust" from thinking for the farmers and you can close up the Department of Agriculture for many years.

This bill applies the same principle to the refinancing of the farm debt that we applied to the allied war debt when that was funded. The principle applied was "the ability to pay." Only the farmers do not ask Congress to do anywhere near as much for them as it did for the European war governments. Our own farmers' welfare should be of much more concern to us than anything in Europe.

The rehabilitation of our farmers will mean the rehabilitation of industry. Nothing else will save industry.

The Frazier-Lemke bill demands that the Federal Government shall refinance the farm debt on the basis of present-day values of the farms at a rate of interest of 1½ percent and 1½-percent amortization payment by the issuance of Treasury notes against the first mortgage on the farms. That is the bill in a nutshell.

Every Member of Congress must be familiar with the terms of this bill now. No man has in recent years done such a noble work, that I know of, as has Mr. LEMKE in carrying the gospel of this salvation of the farmers into so many States of the Union as he has visited. As Peter the Hermit summoned the Crusaders to the rescue of the Holy City out of the hands of the heathens, he has summoned the farm States to the defense of themselves against Wall Street; and he will not die, I hope, until he wrests Wall Street's strangle hold from the throat of the farmers.

The bidding of Wall Street is blocking the passage of this bill. If this bill passes, the farm debt can be amortized over a period of 47 years. Over that period it will, so Mr. LEMKE says, "reduce the farmer's indebtedness by three fifths because of the lower rate of interest." The Government will make a net profit on the farm loans over this period of time of $6,345,000,000.

If farm interest is kept up as now, Wall Street will over this period rake in at least $20,000,000,000 in farm-loan interest. Under the plan of this bill, farm-loan creditors will stand the best chance of being paid back the greatest share of the money loaned; for under this plan the farmer can carry three times the load under the lower interest. But, best of all, his debt fixed in the proper relation to the value of his farm, the farmer, under the lower interest rate, would have three times the money to spend in the channels of trade out of the money he now pays out for interest.

For example: On a $10,000 loan, amortized over a period of 47 years the farmer will save $24,000 in interest, while the Government will make a profit of $1,100 on it.

We can easily visualize what the interest saving will mean to a country town surrounded by a hundred such farms, and what it again will mean to trade and industry. Of all so-called "money inflation plans", if you choose to call this bill such, it is the safest of them all, as it makes the good and fertile soil of our country a money basis. It will also be the only money issued on which the Government earns interest.

Under this plan farm values will also become better stabilized than under any other farm-loan system. Stabilization of farm values will help stabilize all other property values. When farm values fall over the whole country, even the value of New York skyscrapers is affected. Farm values, due to the greed of the money trust, fell first, but they in the end brought all other values down with them.

The two greatest economic factors in organized society are men and land. Men without land are helpless, and land without free men upon it is of no value.

Out of the land (soil) comes all wealth in the first place, and the men upon the soil must be treated rightly or society will suffer. Land values must not be a gambling asset to be run up and down, for with the fluctuations of such values, the men of the soil suffer. The passage of the Frazier-Lemke bill will stabilize land values. It is also the only remedy for the farm ills proposed, which will not have a tendency to increase the cost of food, for the difference in the farmers' interest outlay will be profit that will help to bring about cost of production on a reasonable level of price of farm products.

Let us have this bill enacted into law now. If the House disposes of this bill as a still-born child, its ghost will haunt many a good Congressman in the next campaign.

THE GREAT ILLUSION—EDITORIAL FROM SATURDAY EVENING POST

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the Saturday Evening Post under date of April 7, 1934, entitled "The Great Illusion."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Saturday Evening Post, Philadelphia, Apr. 7, 1934]

THE GREAT ILLUSION

The Saturday Evening Post is neither a Republican nor a Democratic organ. It does not condone the abuses of power and trust of the Republican Party while it was in office, and it cannot endorse those policies and experiments of the new deal that look to the left. In our opinion, this is a time when the press and the public must examine thoroughly and feel free to criticize every proposal advanced by the administration. We can imagine no greater disservice to the country than the hush-hush policy advocated by so many adherents of the new deal. It is better to be careful now than sorry later. It is safer to put over one sound plan than a dozen doubtful experiments. Recovery is important, but the fundamental issue today is the preservation of democracy and our traditional American liberties along with recovery.

It is hard to believe that when the Republicans were in office they were 100 percent crooked. It is equally hard to believe that the Democrats are 100 percent pure, now that they have taken over the Government, for there is more than a suspicion that there are seekers after special privilege in their ranks of the same stripe as those who were inside the breastworks or were camp followers of the Republican Party. In appraising both parties, it is well to remember that under Republican rule the promises and covenants of the Government were kept. On the other hand, the recent devaluation and financial programs that involved the repudiation of our solemn covenants are a blot on the escutcheon of the Democratic Party which no emergency soft soap will wash out. Furthermore, we are now being told that some of these "emergency" measures, which were cheerfully accepted by the public for the duration of the emergency, are to be made permanent.

The question before the American people—a question that is inextricably interwoven with the policies and experiments of the moment—is this: Do we want a democratic or a collectivist system? Do we want freedom as individuals to live our lives under the Constitution and free courts? do we want individual opportunity and scope to work out our private and business lives within sane and law-abiding limits or do we want to be regimented—told what we can do, how much we can do and when we can do it? do we want a free press, a free radio, and free speech, or someone to tell us what we can think and what we can say? Secretary Wallace, in denying that we are tainted with either fascism or communism, says that we are living in a state of illusion. We agree, but we would make it plural. Among many others, our illusions are that nature is not the dominant partner in all farm operations, and that theories which clash with realities are workable.

If we do not want to swing far over to the left, a strong and intelligent opposition party must take the field. As it is today, both the Republican and Democratic Parties embrace conservatives, liberals, socialists, and opportunists. The so-called "Progressives" have for years been playing both ends against the middle and are today, in everything except the label that they cling to for purely political reasons, frankly Democrats. The Republican Party has lacked the courage to make them move over into the new deal bed and lie there. But unless the Republican Party cleans house, adopts a liberal platform, while holding fast to American constitutional ideals and principles, we can see small chance for it.

Today there is no clear line of cleavage in the membership of the two parties. The Democratic Party has cut loose from its traditions and stands for a strongly centralized, bureaucratic Government that is getting a grip on every kind of private business and putting into effect many extremely radical measures that look toward ultimate collectivism. Some of those who loosely call themselves Republicans belong in the Democratic Party. An even larger number of those labeled Democrats, who still hold to traditional American ideals and institutions, belong in a reformed and reconstructed Republican Party.

Meanwhile the country moves farther and farther towards the left, for the implication, if not the intention, of proposal after proposal that is put forth by the party in power takes us closer and closer to collectivism, makes it harder and harder to retreat to Americanism, and predicates, logically and inexorably, something very close to the Russian system.

Right now there is a "What the hell!" attitude in the air. A large part of the public is saying, "We can't be any worse off than we were, so we'll take a chance on this one." That is the new philosophy that goes with the new deal.

But we could be a good deal worse off than we were and are. Every failure of a ill-conceived and hastily tried measure is a step backward in the healing process that natural causes have been bringing about both here and abroad. We believe that there is enough of the old spirit left among the more fortunate in America to sacrifice for the unfortunate and to submit to the last limit of taxation to help through the depression, so long as the money is usefully employed, and expended without politics, graft, and waste, and so long as their traditional and constitutional liberties are maintained. That would be a hard pull temporarily, but it would have a sound finish.

Some of the plans that have no final left-wing connotation and that are being hastily thrown into the new deal hopper contain the elements of success. With careful planning and wise administration over a term of months and years they would unquestionably prove helpful. But with the administration springing a new panacea every morning on a bewildered public and demanding the passing without delay of a pre-prepared bill by a yes-sir Congress, there is small chance for even a good idea to work out. In the case of almost every major plan that has been advanced, it has been found that certain provisions are in opposition to other provisions and that in practical operation they tend to cancel one another and to negative the good features of the measure.

We can think of no plan or measure that has been put out by the administration that does not call for long and careful consideration by business experts familiar with the strains and

stresses that even the best-conceived plan must meet in practical operation. For, despite the contrary idea that is being advanced in many quarters, there are plenty of honest and patriotic business men in the country. But most of the legislation that is being proposed bears the imprint of the "brain trust"—so-called "intellectuals" who have theories about what makes the wheels go around and what ought to make them go around, but who have never made a wheel turn over.

C.W.A. is a good example of this. Carefully planned and slowly put into effect with able administrators, with politics and politicians ruthlessly eliminated, with nothing but useful and necessary work undertaken, and with wages paid on a scale that would not disorganize local business and tempt labor already employed into its ranks, it would have proved a useful stop-gap.

N.R.A. has many admirable features, but from the first it has been in danger of falling into the hands of extremists and has undoubtedly worked hardships that were probably unforeseen when it was put out in its half-baked condition. Because it has not come up to expectations, new ideas and new plans are being considered that will further endanger its success. Instead of labor and capital working together, there is a drift toward impossible conditions for capital. We have no sympathy with hard-boiled employers, and we have none with just as hard-boiled labor leaders. We are unalterably opposed to sweated labor, and we believe in the payment by every industry of the highest wages that it can stand, with due consideration of the rights of all the interests involved. But we can see no real gain in making it impossible for industry to make profits and to pay dividends. Many concerns are paying good wages, others in the same industry not so good. If we were to treat them all alike, with a blanket 10 percent increase in wages and a 10 percent or more decrease in hours, a large number of businesses that are already in the red and that have been living on hope and steadily decreasing reserves would go to the wall, and many others would have to discontinue the payment of dividends. In short, anything of the sort would be a long step toward abolishing the profit motive, so ardently advocated in some quarters. Though N.R.A. has disclaimed any intention of enforcing blanket decreases and increases, business rightly awaits the event with apprehension. A wise doctor will not advise a patient who is slowly recovering from a long illness and beginning to sit up, to take dumbbell exercises before breakfast.

If conditions are made impossible for the employer, and Government finally has to take over, as many of our left-wingers hope, labor will find that, in the end, it has the hardest taskmaster and the lowest scale of living in its history. The proof is in many countries today. In giving a 40-hour week to labor and the increases in pay already made, always excepting the so-called "chiselers", industry has gone about as far as it can safely go under present conditions.

If the present drift continues, the farmer, too, is in for a rude awakening from his illusions. Already, it is apparent that A.A.A. is not working out on schedule, and ambitious plans to move a large population off marginal lands are in the making and cotton planters are in for real regimentation. It is, of course, only a step from this to telling producers of wheat, cattle, hogs, dairy, and other farm products what and how much they can raise, where they can live, and whether they can farm at all. Finally, such a program would lead to the dispossession of the kulaks—that is, the owners of good farms on which they can make a profit above their living expenses—and the collectivization of their land by the Government.

Many of those who are drifting with the tide will say that anything of this sort is impossible, but they do not know some of their professors. Much of it is already under way or planned, and the rest is a perfectly logical conclusion from the premises. During the past year we have taken first steps toward this goal that are longer than those that remain to be taken. The country is headed to the left and is already deep in left territory.

Hand in hand with our experiments, a series of investigations and exposures have been taking place, and though they have been aimed almost solely at Republicans in the previous administration, we are for them. Expose the offenders and turn them out if they deserve it. Later, perhaps, Congress may get around to an investigation of some of the Democrats. That there are offenders in that party, too, is possible—in fact, the President himself has turned up several leads. However, it was not necessary to disorganize the Air Mail Service in order to punish individuals who may have been guilty of improper practices. There are orderly and legal ways to punish the guilty without depriving the innocent of their livelihood and hamstringing the finest commercial air service in the world.

No other publication in the United States has more consistently opposed the indiscriminate sale of foreign bonds in the United States and preached as strongly, year in and year out, against the evils of speculation than has the Saturday Evening Post. We have refused to take financial advertising, even from houses that we knew were reputable and honest in their dealings, because it was impossible for us thoroughly to investigate securities and to guarantee our readers against loss in those stocks and bonds that bankers and brokers sought to advertise in our columns. But we do not believe that it is necessary to hamstring or kill our exchanges—for they perform many useful and necessary functions and services—in order to stop the manipulation of securities and the rooking of the investing public. There is a great difference between cleaning up and killing, between getting the crooks and crippling the bankers and brokers who perform services that are vital to the business of the Nation.

When one looks over all these measures, when one considers their kill-to-cure provisions, one can only conclude that they have been planned and drawn by men untainted with any practical experience. There is something almost sophomoric about the ideas and plans of these smart, shallow young men who are so cocksure and so determined to make us all over in 5 or 10 minutes.

It is impossible to escape the conclusion that today we are having government by amateurs—college boys, irrespective of their age—who, having drunk deep, perhaps, of the Pierian spring, have recently taken some hearty swigs of Russian vodka. We cannot solve our problems with a discredited European ideology and a Marxian philosophy.

The great illusion of the moment is that we can gain any worth-while happiness or prosperity by the sacrifice of our hardly won liberties.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Mr. DICKINSON. Mr. President, on the 4th of April I made a statement with reference to the cost of the Agricultural Adjustment Administration. That statement covered the returns of the processing tax, and, in addition thereto, the possible overdraft or deficit between now and the end of the fiscal year 1934.

The activities of the Agricultural Adjustment Administration are reflected in the Government reports. There should be no room for dispute when all of the items are taken into account.

Secretary Wallace, in his press release of April 4, 1934, said that he had checked over the receipts and disbursements with reference to the processing tax and the expenditures of the Agricultural Adjustment Administration and found that there had been collected $9,000,000 more than the expenditures. He further expressed regret that the expenditures had not been greater than the collections.

Secretary Wallace quoted from the Treasury statement of March 30, and showed the expenditures as of that date at $228,927,000. This item is found in the general expenditures as recorded on page 2 of the Treasury statement. The Secretary failed to take into account the emergency expenditures found on the same page, amounting to $60,762,000. He further failed to take into account the fact that in the general expenditures a reference is made to note 1 of page 3, which says that additional expenditures on these accounts for this month and the fiscal year 1934 are included under emergency expenditures, the classification of which will be shown on page 4 of the Treasury statement issued on the 15th day of each month.

The total expenditures, as shown by the March 15 statement, including advances to the Farm Credit Administration, Commodity Credit Corporation, and so forth, amount to $78,315,096.55.

It is also found that in the law, under section 12 (a), a direct appropriation of $100,000,000 is made available to the Secretary of Agriculture for administrative expenses, including rental and benefit payments under acreage control. This $100,000,000 has been available since the passage of the act; but in addition thereto, under section 12 (b), we find that the Treasury is permitted to advance to the Secretary of Agriculture for said purposes, to wit, payment of rentals for acreage control, and other purposes, such amounts as the Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time are required.

Under the provisions of this section, the Treasury, prior to April 10, 1934, has already advanced to the Secretary of Agriculture $455,885,000, which, in addition to the amount already appropriated of $100,000,000, makes a total of $555,885,000.

In other words, the statement given to the press by the Secretary of Agriculture that the processing tax was paying into the Treasury more than the total expense of the administration of the Agricultural Adjustment Act was clearly misleading.

In my statement I suggested that estimating the processing tax to the 30th of June 1934, according to the returns to date, it would be approximately $348,091,274.79.

To anyone capable of understanding Government figures there can be no confusion between the 1934 Budget and the 1935 Budget. In the press release there was a suggestion made, as follows:

Secretary WALLACE. I think that was the estimate of the Budget for the whole year.

Question. And will carry into 1935?

Secretary WALLACE. I think that will carry into 1935.

In other words, it was insinuated that the figures given were for the fiscal year 1935.

The fiscal year of 1934 runs from July 1, 1933, to June 30, 1934. The fiscal year of 1935 runs from July 1, 1934, to June 30, 1935. There can be no possible confusion with reference to the limitations of these fiscal periods.

In the Department estimate for the fiscal year 1934, signed by Secretary Wallace, to the Budget Director, the estimated amount of money necessary to carry on under the Agricultural Adjustment Act is shown on page 189 of the Budget sent to Congress, and amounts to $855,379,811. Included in this estimate, under nos. 2271 and 2272, are the following items for the following purposes.

In order that there may be no misunderstanding about this matter, I ask unanimous consent that the Budget sent to the Congress by the President covering the Agricultural Adjustment Administration, pages 187, 188, 189, and 190, be inserted in the RECORD at this point.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Salaries and expenses, Agricultural Adjustment Administration: [TITLE I. SEC. 12(a) There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, to be available to the Secretary of Agriculture for administrative expenses under this title and for rental and benefit payments made with respect to reduction in acreage or reduction in production for market under part 2 of this title. Such sum shall remain available until expended.] (Public Act No. 10, 73d Cong., May 12, 1933, 48 Stat., p. 33.)

Annual appropriation, general fund.

Appropriated 1934, $100,000,000.

By objects	Obligations					
	Estimate, 1935		Estimate, 1934		Actual, 1933	
PERSONAL SERVICES, DEPARTMENTAL	Positions	Av. salary	Positions	Av. salary	Positions	Av. salary
Professional service:						
Grade 7. Head attorney	1	$6,500	1	$6,500		
Grade 6. Principal agricultural economist	3	5,600	3	5,600		
Grade 5. Senior agricultural economist					0.1	$4,600
Grade 2. Assistant agricultural economist	1	2,600	1	2,600		
Grade 1. Junior agricultural economist	1	2,100	1	2,100		
Clerical, administrative, and fiscal service:						
Grade 14. Senior chief accountant	1	6,500	1	6,500		
Grade 13. Principal administrative officer	3	5,800	3	5,800		
Chief accountant	1	5,600	1	5,600		
Grade 12. Senior marketing specialist	2	4,800	2	4,800		
Senior administrative officer	4	4,600	4	4,600	.1	4,600
Head accountant	2	4,600	2	4,600		
Grade 11. Administrative officer	1	3,800	1	3,800		
Principal accountant	1	3,800	1	3,800		
Grade 9. Senior administrative assistant	3	3,200	3	3,200	1	3,200
Grade 8. Administrative assistant	1	2,900	1	2,900		
Grade 7. Junior administrative assistant	6	2,617	6	2,617		
Assistant marketing specialist	1	3,000	1	3,000		
Grade 6. Principal clerk	1	2,300	1	2,300		
Principal stenographer	1	2,300	1	2,300		
Grade 5. Head stenographer	4	2,000	4	2,000		
Senior clerk-stenographer	11	2,036	11	2,036		
Senior clerk	5	2,000	5	2,000		
Junior marketing specialist	1	2,000	1	2,000		
Grade 4. Principal stenographer	1	1,800	1	1,800	1	1,800
Clerk-stenographer	9	1,840	9	1,840	1	1,800
Bookkeeper	1	1,800	1	1,800		
Clerk	10	1,806	10	1,806		
Telegrapher	1	2,160	1	2,160		
Grade 3. Assistant clerk	21	1,687	21	1,687	.1	1,620
Assistant clerk-stenographer	24	1,658	24	1,658	.1	1,680
Senior stenographer	31	1,665	31	1,665	.3	1,680
Senior operator	1	1,620	1	1,620		
Grade 2. Junior stenographer	54	1,444	54	1,444	.1	1,440
Junior clerk-stenographer					.1	1,440
Junior clerk-typist	20	1,458	20	1,458	.2	1,440
Senior typist	34	1,447	34	1,447	.3	1,440
Junior clerk	27	1,476	27	1,476	.1	1,500
Junior operator	2	1,440	2	1,440		

AGRICULTURAL ADJUSTMENT ADMINISTRATION—continued

By objects	Obligations					
	Estimate, 1935		Estimate, 1934		Actual, 1933	
PERSONAL SERVICE DEPARTMENTAL—continued	Positions	Av. salary	Positions	Av. salary	Positions	Av. salary
Clerical, administrative, and fiscal service—Continued.						
Grade 1. Junior typist	5	$1,260	5	$1,260		
Underclerk	3	1,260	3	1,260		
Underoperator	3	1,260	3	1,260		
Custodial service:						
Grade 2. Assistant messenger	7	1,080	7	1,080	0.1	$1,080
Junior laborer	4	1,200	4	1,200		
Grade 1. Junior messenger	22	611	22	611		
Emergency service:						
Grade 19. Executive chief attorney	1	10,000	1	10,000		
Senior executive officer	6	9,767	6	9,767	.2	10,000
Grade 18. Chief economist	1	9,000	1	9,000		
Chief attorney	1	8,500	1	8,500		
Executive officer	4	8,250	4	8,250		
Grade 17. Head administrative officer	8	7,000	8	7,000	.4	6,777
Head attorney	10	6,883	10	6,883		
Head economist	1	6,800	1	6,800		
Grade 16. Head administrative officer	1	6,600	1	6,600		
Principal administrative officer	10	5,980	10	5,980	.3	5,666
Principal economist	4	6,000	4	6,000		
Principal attorney	8	5,875	8	5,875		
Grade 15. Senior economist	1	5,200	1	5,200		
Senior attorney	6	5,667	6	5,667		
Senior administrative officer	3	5,400	3	5,400		
Head accountant	1	5,600	1	5,600		
Grade 14. Senior economist	6	4,600	6	4,600		
Attorney	5	4,560	5	4,560		
Senior administrative officer	19	4,726	19	4,726	.3	4,733
Administrative officer	1	4,500	1	4,500		
Senior accountant	1	4,500	1	4,500		
Grade 13. Economist	9	4,167	9	4,167		
Attorney	3	4,267	3	4,267		
Administrative officer	13	4,231	13	4,231		
Grade 12. Associate economist	8	3,750	8	3,750		
Associate attorney	7	3,657	7	3,657		
Junior administrative officer	7	3,743	7	3,743	.4	3,800
Accountant	7	3,000	7	3,600		
Grade 11. Senior administrative assistant	3	3,433	3	3,433		
Associate economist	1	3,200	1	3,200		
Associate attorney	2	3,200	2	3,200	.1	3,200
Grade 10. Associate accountant	2	3,000	2	3,000		
Assistant attorney	1	3,000	1	3,000		
Assistant economist	2	2,950	2	2,950	.1	3,200
Administrative assistant	4	2,950	4	2,950		
Grade 9. Junior administrative assistant	10	2,640	10	2,640		
Assistant economist	2	2,600	2	2,600		
Assistant attorney	3	2,633	3	2,633		
Junior accountant	4	2,600	4	2,600		
Grade 8. Principal clerk	1	2,400	1	2,400		
Junior attorney	1	2,400	1	2,400		
Grade 7. Junior attorney	3	2,000	3	2,000		
Junior economist	1	2,200	1	2,200		
Grade 6. Clerk	1	1,800	1	1,800		
Grade 5. Senior stenographer	1	1,620	1	1,620		
Assistant clerk-stenographer	1	1,620	1	1,620		
Grade 4. Junior stenographer	1	1,440	1	1,440		
Total permanent, departmental	{531	1,511,599	531	1,511,599	3.7	8,98
Temporary employees, departmental		1,266,546		1,266,546		
All personal services, departmental		2,778,145		2,778,145		8,989
PERSONAL SERVICES, FIELD						
Clerical, administrative, and fiscal service:						
Grade 2. Junior stenographer	4	1,440	4	1,440		
Emergency service:						
Grade 13. Administrative officer	1	4,000	1	4,000		
Grade 12. Accountant	1	3,600	1	3,600		
Grade 9. Junior administrative assistant	4	2,600	4	2,600		
Grade 6. Clerk	2	1,800	2	1,800		
Grade 5. Senior stenographer	2	1,620	2	1,620		
Grade 4. Senior typist	1	1,500	1	1,500		
Junior clerk	1	1,500	1	1,500		
Junior stenographer	5	1,440	5	1,440		
Grade 3. Assistant messenger	1	1,320	1	1,320		
Total permanent, field	22	42,120	22	42,120		
Temporary employees, field		1,240,000		10,170		
All personal services, field		1,282,120		52,290		
Total, departmental and field		4,060,265		2,830,435		8,989
Deduct legislative reductions				424,565		1,348
01 Personal services (net)		4,060,265		2,405,870		7,641
OTHER OBLIGATIONS						
02 Supplies and materials		175,553		131,665		1,496
05 Communications		64,005		48,038		1
06 Travel expenses		564,800		314,800		1,955
07 Transportation of things		15,000		12,000		52
08 Printing and binding		130,900		194,800		
10 Furnishing heat, light, power, water, and electricity		3,300		3,300		

AGRICULTURAL ADJUSTMENT ADMINISTRATION—continued

By objects	Obligations		
	Estimate, 1935	Estimate, 1934	Actual, 1933
OTHER OBLIGATIONS—continued	Positions Av. salary	Positions Av. salary	Positions Av. salary
11 Rents	$33,500	$33,500	
12 Repairs and alterations	21,000	21,000	$174
13 Special and miscellaneous current expenses	5,000	5,000	404
30 Equipment	50,000	78,232	5,651
Total other obligations	1,063,058	842,335	9,733
Add amounts transferred to Bureau of Labor Statistics, Department of Labor		+3,000	
Grand total obligations	5,123,323	3,251,205	17,374
1934 appropriation obligated in 1933		+17,374	−17,374
1934 appropriation obligated in 1935	−5,123,323	+5,123,323	
Unobligated balance, available for 1936		91,608,098	
Total estimate or appropriation		100,000,000	
BY PROJECTS			
1. General administration	624,802	624,802	17,374
2. Effectuating reduction in acreage or reduction in the production for market, or both	1,000,000	707,700	
3. Removal of agricultural surpluses	105,402	22,646	
4. Effecting marketing agreements, codes of fair competition, issuing licenses, and enforcing	3,291,641	1,791,579	
5. Protecting consumers' interests	101,478	104,478	
Total	5,123,323	3,251,205	17,374

PERMANENT INDEFINITE APPROPRIATION

Advances to Agricultural Adjustment Administration:

SEC. 12. (b) * * * The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts, in addition to any money available under subsection (a), currently required for such purposes; and the Secretary of the Treasury shall, out of any money in the Treasury not otherwise appropriated, advance to the Secretary of Agriculture the amounts so estimated. The amount of any such advance shall be deducted from such tax proceeds as shall subsequently become available under this subsection (Agricultural Adjustment Act, Public, No. 10, 73d Cong., May 12, 1933, 48 Stat., p. 38).

Permanent appropriation, general fund:
Estimate 1935, $831,022,428.
Appropriation 1934, 0.
Revised 1934, $855,379,811.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

By objects	Obligations		
	Estimate, 1935	Estimate, 1934	Actual, 1933
PERSONAL SERVICES, DEPARTMENTAL	Positions Av. salary	Positions Av. salary	Positions Av. salary
Professional service:			
Grade 6. Principal agricultural economist	4 $5,600	4 $5,600	
Grade 5. Senior agricultural economist	2 4,600	2 4,600	
Grade 4. Agricultural economist	1 3,800	1 3,800	
Grade 3. Associate agricultural economist	1 3,200	1 3,200	
Grade 2. Assistant agricultural economist	1 2,600	1 2,600	
Grade 1. Junior agricultural economist	2 2,350	2 2,350	
Clerical, administrative, and fiscal service:			
Grade 13. Principal administrative officer	1 5,600	1 5,600	
Grade 12. Senior administrative officer	2 4,900	2 4,900	
Senior marketing specialist	3 4,667	3 4,667	
Head accountant	1 4,600	1 4,600	
Grade 11. Principal accountant	1 3,800	1 3,800	
Grade 10. Junior administrative officer	4 3,500	4 3,500	
Grade 9. Senior administrative assistant	1 3,200	1 3,200	
Grade 7. Junior administrative assistant	8 2,600	8 2,600	
Grade 5. Senior clerk	11 2,000	11 2,000	
Grade 4. Bookkeeper	1 1,800	1 1,800	
Clerk	12 1,800	12 1,800	
Stenographer	1 1,800	1 1,800	
Clerk-stenographer	3 1,980	3 1,980	
Head operator	1 1,800	1 1,800	
Grade 3. Assistant clerk	60 1,623	60 1,623	
Assistant clerk-stenographer	6 1,670	6 1,670	
Senior stenographer	1 1,620	1 1,620	
Grade 2. Junior clerk	32 1,440	32 1,440	
Junior stenographer	7 1,440	7 1,440	
Senior typist	1 1,440	1 1,440	
Junior operator	4 1,440	4 1,440	
Grade 1. Underclerk	16 1,260	16 1,260	
Underoperator	3 1,260	3 1,260	
Underclerk-typist	1 1,200	1 1,200	

AGRICULTURAL ADJUSTMENT ADMINISTRATION—continued

By objects	Obligations		
	Estimate, 1935	Estimate, 1934	Actual, 1933
PERSONAL SERVICES, DEPARTMENTAL—continued.			
Clerical, administrative, and fiscal service—Continued.	Positions Av. salary	Positions Av. salary	Positions Av. salary
Custodial service:			
Grade 1. Junior messenger	1 $900	1 $900	
Emergency service:			
Grade 19. Senior executive officer	6 9,717	6 9,717	
Grade 18. Executive officer	1 8,000	1 8,000	
Grade 17. Head administrative officer	3 7,333	3 7,333	
Grade 16. Principal economist	3 5,600	3 5,600	
Grade 15. Senior administrative officer	2 5,350	2 5,350	
Grade 14. Senior administrative officer	3 4,933	3 4,933	
Senior economist	4 4,600	4 4,600	
Grade 13. Administrative officer	1 4,200	1 4,200	
Economist	1 4,200	1 4,200	
Senior accountant	1 4,000	1 4,000	
Grade 12. Junior administrative officer	1 3,800	1 3,800	
Senior accountant	1 3,800	1 3,800	
Grade 9. Junior administrative assistant	5 2,600	5 2,600	
Assistant economist	3 2,600	3 2,600	
Junior accountant	1 2,600	1 2,600	
Grade 7. Junior economist	1 2,000	1 2,000	
Total permanent, departmental	230 569,160	230 569,160	
Temporary employees, departmental	3,263,432	4,351,142	
All personal services, departmental	3,832,592	4,920,302	
PERSONAL SERVICES, FIELD			
Clerical, administrative, and fiscal service:			
Grade 2. Junior calculating machine operator	1 1,440	1 1,440	
Emergency service:			
Grade 5. Senior stenographer	1 1,620	1 1,620	
Total permanent, field	2 3,060	2 3,060	
Temporary employees, field	35,085	46,780	
All personal services, field	38,145	49,840	
Total, departmental and field	3,870,737	4,970,142	
Deduct legislative reductions		745,519	
01 Personal services (net)	3,870,737	4,224,623	
OTHER OBLIGATIONS			
02 Supplies and materials	190,210	265,610	
05 Communication service	65,670	87,560	
06 Travel expenses	422,411	563,215	
07 Transportation of things	11,250	15,000	
08 Printing and binding	100,000	234,430	
10 Furnishing of heat, light, power, water, and electricity	3,500	3,500	
11 Rents	179,650	239,533	
12 Repairs and alterations	18,000	24,000	
13 Special and miscellaneous current expense	2,000	3,000	
2271 Agricultural rental and benefit payments	649,000,000	724,276,400	
2272 Removal of surplus agricultural products	52,000,000	85,000,000	
30 Equipment	50,000	103,477	
Total other obligations	702,051,691	810,815,725	
Grand total obligations	705,922,428	815,040,348	
Add amounts transferred to:			
Bureau of Internal Revenue (Treasury Department)	+125,000,000	+33,500,000	
Office of the Treasurer (Treasury Department)	+100,000	+100,000	
Add amounts reimbursed to bureaus for work done:			
Extension Service		+6,457,520	
Bureau of Agricultural Economics		+189,743	
Bureau of Animal Industry		+87,100	
Bureau of Entomology and Plant Quarantine		+3,900	
Bureau of Chemistry and Soils		+1,200	
Net total obligations	$831,022,428	[1] 855,379,811	
Deduct obligation in excess of estimate		−855,379,811	
Total estimate or appropriation	831,022,428		
BY PROJECTS			
Effectuating reduction in acreage or reduction in the production for market or both	658,022,428	738,379,811	
Removal of agricultural surpluses	53,000,000	87,000,000	
Refunds of taxes	120,000,000	30,000,000	
Total	831,022,428	855,379,811	

[1] Exclusive of estimated expenditures of $37,000,000 payable from N. R. A. allotments.

SPECIAL FUND

Proceeds from processing taxes, Agricultural Adjustment Administration:

SEC. 12 (b). In addition to the foregoing (see appropriation under sec. 12 (a), p. —), the proceeds derived from all taxes imposed under this title are hereby appropriated to be available to the Secretary of Agriculture for expansion of markets and removal of surplus agricultural products and the following purposes under part 2 of this title: Administrative expenses, rental and benefit payments, and refunds on taxes. The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts, in addition to any money available under subsection (a), currently required for such purposes; and the Secretary of the Treasury shall, out of any money in the Treasury not otherwise appropriated, advance to the Secretary of Agriculture the amounts so estimated. (See preceding indefinite appropriation.) The amount of any such advance shall be deducted from such tax proceeds as shall subsequently become available under this subsection (Agricultural Adjustment Act, Public, No. 10, 73d Cong., May 12, 1933, 48 Stat., p. 38).

Permanent appropriation, special fund:

Special deposits (cotton):

This fund operates to take care of the financial transactions in connection with the acquisition and disposition of spot cotton and cotton futures contracts by the Secretary of Agriculture, as provided for by part 1, title I, of the Agricultural Adjustment Act, approved May 12, 1933, and the disposition of the proceeds from the sale of such cotton holdings as follows:

(a) The excess of the sales price at which options are exercised over 6 cents per pound (the price at which the Secretary of Agriculture sells cotton to producers) is paid to producers.

(b) The 1-cent excess of the price at which the Secretary sells cotton to producers (6 cents) over the purchase price of the cotton from the Farm Credit Administration (5 cents basis price) is to be used to cover the carrying charges on the cotton holdings.

No acreage payments or administrative expenses are disbursed from this fund.

The following is a statement of the receipts and disbursements from this fund for the period July 25 to October 31, 1933:

RECEIPTS

Loans from banks and Reconstruction Finance Corporation (face value)	$33,300,000.00
Payments made by Farm Credit Administration to apply on future contracts assumed	19,018,065.00
Return of margins deposited with banks and brokers	5,342,700.00
Sales of spot cotton	471,876.93
Amount received from American Cotton Cooperative Association account of futures transactions	4,605.00
Insurance refund (spot cotton)	3,085.91
	58,140,332.84

DISBURSEMENTS

Margins deposited with banks and brokers	19,886,500.00
Payments made to Farm Credit Administration to cover purchase price of spot cotton	30,778,450.95
Refund made to Farm Credit Administration, account of adjustment of purchase price of futures contracts assumed	221,795.00
Storage charges (carrying costs)	124,029.70
Warehouse charges assumed by Farm Credit Administration	1,326,680.64
Landing costs assumed by Farm Credit Administration	140,590.27
Insurance charges (carrying costs)	39,312.84
Insurance charges assumed by Farm Credit Administration	23,295.90
Interest and discount ($116,328.18 deducted from face value of loans)	157,165.68
Repayment of loans	325,000.00
Miscellaneous costs	790.32
	53,023,611.30
Balance Oct. 31, 1933	5,116,721.54

This fund does not depend upon any appropriation for replenishment, as in the final analysis the proceeds from the sale of cotton holdings will presumably take care of—

1. The repayment of all loans.
2. The carrying charges on the cotton.
3. Payments due producers by virtue of their option contracts.

The receipts and disbursements for this fund during subsequent periods will depend almost entirely upon—

1. Sales of cotton holdings.
2. Payments to producers on account of options exercised.
3. Loans made.
4. Loans repaid.

The fixed monthly carrying costs on the present stock of spot cotton is approximately as follows:

1. Storage charges	$200,000
2. Insurance charges	20,000
Total	220,000

Total under Agricultural Adjustment Administration:
Estimate 1935, $831,022,428.
Appropriated 1934, $100,000,000.
Revised 1934, $955,379,811.

By objects	Obligations		
	Estimate, 1935	Estimate, 1934	Actual, 1933
Allocation of $37,000,000 to supplement the proceeds derived from processing taxes levied under sec. 220 of the National Industrial Recovery Act:			
2271 Rental and benefit payments	----------	$37,000,000	----------
Deduct amount received by transfer from Federal Emergency Administration of Public Works	----------	−37,000,000	----------
Total estimate or appropriation	----------	----------	----------
BY PROJECTS			
Effectuating reduction in acreage or reduction in the production for market or both	----------	37,000,000	----------

Total, Department of Agriculture, [$100,209,091] *$66,646,234*:
Estimate 1935, $897,668,662.
Appropriated 1934, [a] $210,512,207.

Mr. DICKINSON. Mr. President, in these estimates, going to the detailed break-down, I find that there are included therein, under subdivisions 2271 and 2272, the following items:

	1934	1935
Estimated obligations:		
(2271) Agricultural rental and benefit payments:		
Cotton	$242,236,000	$130,000,000
Wheat	102,000,000	102,000,000
Corn hogs	328,000,000	365,000,000
Tobacco	39,040,400	39,000,000
Dairy	13,000,000	13,000,000
Total	724,276,400	649,000,000
(2272) Removal of surplus agricultural products:		
Wheat	8,000,000	10,000,000
Corn hogs	65,000,000	30,000,000
Dairy	12,000,000	12,000,000
Total	85,000,000	52,000,000

From the Consumers' Guide, issued under date of April 9, 1934, by the Agricultural Adjustment Administration, I quote as follows:

Returns from processing taxes are meeting Budget estimates and will provide revenue sufficient to finance the adjustment programs now in operation and approved surplus removal purchases. Expenditures to be incurred will total $859,350,000. Collections are estimated at $863,595,000.

Now I turn to the Treasury's statement of April 14, which is the latest I have, and I find that the processing tax, from its inception to the present date, on all commodities on which it has been levied, has amounted to $265,758,881.85. For 14 days of April it has amounted to $27,752,973.28. If we estimate the amount for the next 2 months and a half at $50,000,000 or $60,000,000, and take the total expenditures as I have heretofore shown, as estimated by the departments themselves, and as given publicity by their own publications, I contend that there is still shown a deficit of approximately half a billion dollars. I do not see how it can be figured otherwise.

Let us see what the expenditures have been for the same period. Agricultural Adjustment Administration to date, April 14, $234,578,421.54. That is the item Secretary Wallace used. He did not use any other item. But I find in note 1, page 3, which refers to the monthly statement which is published only on the 15th day of each month—and unless one knows where it is, he probably will not ever see it—that there is shown an additional expenditure of $78,000,000.

Now I come to the emergency expenditures. I have never known how to keep books with the right hand not knowing what the left hand was doing. I have always thought one ought to have a complete set of books, and keep them all together, and that one should know from his books how much he owed, how much his receipts were, and, if there was a deficit, how much it was.

[a] Includes $100,000,000 appropriated for Agricultural Adjustment Administration.

I find here:

Agricultural Adjustment Administration, $60,574,167.69.

Therefore, I still contend that there is no question but that the Agricultural Adjustment Administration is running a tremendous deficit, and that by the 30th day of June it will probably reach more than half a billion dollars.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. DICKINSON. I yield.

Mr. FESS. I have in my hand the Treasury daily report, and I have experienced difficulty, from this statement, in keeping track of the finances. I wonder what would happen to the Secretary of the Treasury if the Treasury were under the rigid requirements of the national securities measure which we passed sometime ago. What would be the penalty?

Mr. DICKINSON. I do not think, from the way the Treasury statement is kept at the present time, it could possibly comply with 10 percent of the regulations and requirements imposed under the new securities bill. I suggest, further, that I do not believe that the Treasury system of bookkeeping would be approved by the Federal Trade Commission on the part of my individual or corporate business in the United States.

Mr. FESS. It certainly is not in keeping with the securities measure we passed.

Mr. DICKINSON. That is certainly true.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. DICKINSON. I yield.

Mr. McKELLAR. I do not know whether the Senator's figures are correct, or whether those of the Department are correct, but my experience with the departments, during a long term of office, has led me to believe that the departments are usually correct.

Mr. DICKINSON. These are all department figures; I am using nothing but department figures.

Mr. McKELLAR. But the Senator is taking the figures from one department and comparing them with the figures from another department. I think we can safely take the figures as given out by the Department of Agriculture. I do not believe that Secretary Wallace would give out a statement which was not backed absolutely by the facts, and my judgment is that if the Senator had telephoned to Secretary Wallace and had asked about the matter, he would not have gotten into the trouble he seems to be in over these figures.

Mr. DICKINSON. Let me suggest to the Senator from Tennessee that Secretary Wallace did not telephone me about the figures. If he had, he would not have gotten into the trouble into which he has fallen in getting out the figures.

Mr. McKELLAR. I think that when the true facts and true figures are given, the Secretary of Agriculture will not be shown to be in any trouble about the matter. It is going to be the Senator, and not the Secretary of Agriculture.

Mr. DICKINSON. I shall not be in any trouble about it.

Mr. McKELLAR. On several occasions I have taken issue with the departments, and I have usually found the departments very accurate about giving out figures. I do not believe the Secretary of Agriculture would give out inaccurate or improper figures.

Mr. DICKINSON. For the benefit of the Senator from Tennessee I will read the statement of Secretary Wallace, and then I will show him in the Treasury statement what the Secretary failed to take into consideration; and he was quoting the Treasury statement.

Secretary WALLACE. I have checked up on that because I read it in the paper. You can check on this yourselves from the daily statement of the United States Treasury.

That is what I am using, and that is what he was using.

On page 2 you will find under "Receipts" the collections from processing taxes on farm products. For March 30—the last one that I have—the collections were $237,701,000 and expenditures were $228,927,000. So the collections so far have been about $9,000,000 more than the expenditures. I think it would be a much healthier situation if we had been able to get into action and have greater expenditures than collections.

In other words, he apparently welcomes an overdraft.

I think there would have been greater recovery if we had found it possible to do that. I think it is rather remarkable that the thing is so nearly in balance as at this time, because the essence of the plan was really in the early part of it to spend faster than to collect and make it up by the taxes later on. Of course, when the corn-hog program gets into action there will be more money paid out to the farmers than had been recovered in the United States Treasury.

What I am suggesting, and all I am suggesting, is that he quotes one figure but leaves out the emergency expenditures of the Agricultural Adjustment Administration, which amount to over $60,000,000. He fails to take into account the note on page 3, which tells us to go to the semimonthly statement made with reference to expenditures, which shows, for the Agricultural Adjustment Administration, $78,000,000 of expenditures.

I do not like to have the Secretary of Agriculture give out part of the figures without giving out all. If some of these expenditures are not the usual expenditures of the Agricultural Adjustment Administration, very well, let him say so; but they appear here under the heading, "Agricultural Adjustment Administration."

On top of that I want to suggest that, from the record I have inserted, which is the Budget record, there can be no question about what they estimate expending. I am not criticizing that. What I am saying is that they are trying to give out the impression that they are collecting more money than they are expending, when, as a matter of fact, they have been advanced from the Treasury $450,000,000. They have collected only $265,000,000 to date. They have one month and a half to go. Therefore there is no possibility of the collections reaching the $855,000,000, which is the amount estimated by the Budget and which is over Secretary Wallace's signature.

I do not desire to criticize Secretary Wallace; I only want him, whenever he criticizes me, to give all the facts. I am giving them from the very Treasury statement from which he quoted.

In addition to what I have said I desire to suggest that this Budget estimate shows the following:

Appropriations for 1934, none. Revised estimates for 1934, $855,379,811.

Which, added to the $100,000,000 already appropriated, makes $955,379,811 for the fiscal year 1934.

What I want to say is simply this: The administrators of the law are responsible for carrying out its provisions, and it will not do for them to make any effort to evade responsibility under this law. They have down there now 531 employees; 160 of them temporary. They have under the permanent indefinite appropriations 232 employees. I find that salaries of those employees run from $10,000 a year down, all of them being paid to tell the farmer how to do something they themselves do not know how to do. I do not know what the result will be. It is a great experiment. But what I want to say is that when they give out figures, we want them to give out all the figures, and not part of the figures, and any effort to try to evade by leaving items out of a statement or confusing fiscal years will not answer.

Oh, what a tangled web we weave,
When first we practice to deceive.

If the "brain trusters" are no better in formulating safe economic theories for social reform and national planning, than they are in taking into account all of the necessary items in figuring out a financial statement, how long will it take the "brain trusters" to become the Nation's busters!

Mr. LEWIS obtained the floor.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LEWIS. I yield.

Mr. McKELLAR. Mr. President, let me make a suggestion to the Senator from Iowa. I am quite sure the accurate figures from the Department will not sustain the Senator's position. The Senator talks about "brain trusters." Has the Senator had enough of criticism of "brain trusters" in the last few days since every statement Dr. Wirt made has been disproved? It seems to me the Senator

should wait a little while before bringing other charges against the administration. The last experience has not been so good. The Senator remembers that a week or two ago Senators on the Republican side of the aisle were all talking about Dr. Wirt, and about the "brain trusters", and about what a wonderful work Dr. Wirt had done, but in the last few days they have not had anything to say, because every statement Dr. Wirt has made has been discounted, if not actually disproved.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. McKELLAR. I do not have the floor. I am asking the Senator a question.

Mr. DICKINSON. I want to suggest that I had nothing to do with Dr. Wirt.

Mr. McKELLAR. I am glad the Senator disowns him.

Mr. DICKINSON. I never knew the man. I do say that if the Senator will read the testimony where the six people who appeared before the House committee were cross-examined, I think he will find that all of them admitted they belonged to the communistic organization. I think it will make splendid reading for people who are thinking about whether or not we are drifting off into a rather dangerous field.

Mr. McKELLAR. Mr. President, will the Senator yield to me for a moment?

Mr. LEWIS. I yield.

Mr. McKELLAR. I do not so read the testimony before the committee of the House. My reading of the testimony shows me that every statment that Dr. Wirt made has been disproved and I do not believe any Senator on either side of the aisle would defend him in view of the fact that 6 people, I think 3 men and 3 women, who have been in the departments here for years, who were not appointed by this administration but were appointed under the Hoover administration, denied Dr. Wirt's statements.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LEWIS. I yield.

Mr. CLARK. I do not wish to delay the remarks with which my friend from Illinois is about to enlighten the Senate. I should like to invite the attention of the Senator from Iowa to the fact that apparently the leading lady member of the party, while she may have become communistic, has been hitherto registered as a Kansas Republican, and appointed by President Coolidge.

Mr. McKELLAR. Yes; and why anyone would make such charges as Dr. Wirt made is incomprehensible to me, and I am very happy that the Senator from Iowa disclaims any defense of Dr. Wirt. I do not think that anyone will, under the circumstances, defend him. He simply made statements which he could not possibly prove, but every one of which, on the other hand, has been disproved.

I was sorry to see the Senator from Iowa, after having to back track all along the line because of Dr. Wirt's statement, immediately conjure up another attack upon a member of the administration, to wit, the Secretary of Agriculture, a citizen of his own State, an honorable, upright man who hitherto was a Republican and whom I believe to be an honest man. I do not believe he has undertaken in the slightest way to misrepresent the facts and figures from his Department; and when the Senator from Iowa examines the subject further, as I hope he will, I believe he will exonerate the Secretary of Agriculture from having made any misleading statements or given out any misleading figures.

Mr. DICKINSON. Mr. President, will the Senator from Illinois yield?

Mr. LEWIS. I yield.

Mr. DICKINSON. I want to suggest that the Senator from Tennessee has not read the cross-examination by Mr. McGUGIN, of Kansas, of the various witnesses who appeared before the House committee yesterday. I believe it will appear in the RECORD in the speech of Mr. McGUGIN, of Kansas. I know nothing about these people or where they come from. I never heard of most of them until they were supposed to be at the Wirt party, but I do understand that most of them admitted they were members of the Communist Party. Other than that, I do not care to comment on them. I am not here to defend Dr. Wirt or to criticize him.

Mr. McKELLAR. Mr. President, will the Senator from Illinois further yield?

Mr. LEWIS. I yield.

Mr. McKELLAR. I am glad the Senator from Iowa will not defend Dr. Wirt. I am glad he says he does not defend Dr. Wirt. Everyone knows that the bubble had burst when Dr. Wirt left the first page of the newspapers and yesterday got over to the fifth or sixth page. Of course, he is out, and there is no one who will defend him. In my judgment, there is not a Senator on the other side of the Chamber or on this side of the Chamber who will defend the statements of this propagandist and ill-advised talker.

Mr. CONNALLY. Mr. President, will the Senator from Illinois yield?

Mr. LEWIS. I yield.

Mr. CONNALLY. I will ask the Senator from Tennessee if it is not a fact that the Senator from Iowa loudly protests that he does not know anything about Dr. Wirt and is not interested in Dr. Wirt, but he proceeds to denounce all six of the witnesses who demonstrated the fact that Dr. Wirt——

Mr. DICKINSON. Will the Senator yield?

Mr. CONNALLY. No. Permit me to finish asking the question.

Mr. DICKINSON. I did not denounce them. I simply stated what was shown by the testimony of the witnesses on cross-examination before the House committee, and that is all I now say. I am not denouncing them, or defending them, or anything of that kind. The Senator from Texas can go outside the record and make more erroneous statements than anyone else of whom I know in the Senate.

Mr. CONNALLY. The Senator from Iowa can go outside of all reasonable bounds more quickly and more often than any Senator of whom I know. I will ask the Senator if it is not true that while loudly protesting that he has no sympathy at all for Dr. Wirt he denounces the six witnesses who demonstrated that Dr. Wirt was a fourflusher and a falsifier, and says they are Communists. I wonder why this darling of the Republican side, under the leadership of the Senator from Iowa, Dr. Wirt, is associating with all these terrible Communists, why he is breaking bread with them, why he is dining with them, and why it is when they demonstrate that Dr. Wirt is a fourflusher and a falsifier the Senator should denounce those witnesses.

It is suggested that the individuals in question were appointed under a Republican administration. That may be true, but the Senator from Iowa did not have anything to do with it.

Mr. DICKINSON. They are your babies.

Mr. CONNALLY. The Senator from Iowa is not responsible for their appointment, even if they were appointed under a Republican administration.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to undertake certain municipal public works, including regrading and paving streets and sidewalks, installation of sewer and water pipes, bridge construction and replacement, construction of concrete bulkheads, and construction of refuse incinerator, and for such purposes to issue bonds in any sum not exceeding $103,000;

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to construct, reconstruct, replace, and install a water-distribution system, and for such purposes to issue bonds in any sum not exceeding $40,000;

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; construction of a retaining wall and to backfill behind same to make a permanent street; and construction, reconstruc-

tion, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $51,000; and

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes.

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Foreign Relations, as follows:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State showing all receipts and disbursements on account of refunds, allowances, and annuities for the fiscal year ended June 30, 1933, in connection with the Foreign Service retirement and disability system, as required by section 26 (a) of an act for the grading and classification of clerks in the Foreign Service of the United States of America and providing compensation therefor, approved February 23, 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 18, 1934.*

[Enclosure: Report concerning retirement and disability fund, Foreign Service.]

ASPECT OF EMBARRASSMENT IN FOREIGN DEBTS AND RECIPROCAL TARIFF AGREEMENTS

Mr. LEWIS. Mr. President, I am loath to enter into foreign subjects in this home-products discussion, or disturb this contribution of pastoral and bucolic statesmanship suggested by the debates between these eminent leaders lately holding forth. Still, if I am not intruding too far upon the patience of the Senate, I want to indulge in observations which it was my intention to enter upon earlier in the day.

Mr. President, we have had before us today and yesterday bills carrying very important subjects, one being taxation, the other being sugar. Both present very serious situations, and can be carried to such an extent so as to sometimes lead to complicated and oftentimes disastrous results.

We are reminded that when O'Connell met a gentleman who had been in Ireland, and having asked him how he liked Ireland, and received reply saying, "Its weather and sunshine were beautiful", upon which O'Connell answered, "Don't tell it in London, or they'll tax it." Sir, while we seek light on further taxation, we do not tax further light.

Mr. President, indulging in thoughts on the subject of sugar, my mind reflects that it is a persuasive and luxurious topic. History informs us that William Pitt, Premier of England, arising in his place in Parliament to discuss sugar, would by the mere pronunciation of the word "sugar" awaken the admiration and worship of the women who sat in the special gallery. I have been inclined to feel that the manner in which the subject has been discussed today, coming down finally to Dr. Wirt, has had a considerable influence in awakening the attention of those who fairly crowd our gallery, in very fair attire, and fair among themselves, though I do not regard the Wirt discussion as Wirty of the Senate. [Laughter.]

I am compelled to depart from subjects of so gentle and attractive a nature to invite the attention of the Senate and of the fourth house to what I feel is an admission, as gathered from the cables today, of a very serious import to the United States and to the program as is now suggested of legislation we enter upon tomorrow. I refer to the tariff bill, with its reciprocity treaty clauses.

The public papers bring us weighty news which confirms private intelligence which can be had from the State Department as to the debtors to the United States. I refer to the large debtors known as "our European debtors", not only as to the debts incurred during the war for loans for carrying on their martial conflict but for loans which were incurred for money borrowed after the war and lent in the graciousness and generosity of our nature to aid the industries and revive the languishing commerce of our debtor lands. It is announced that one of the great countries—and I refer to Great Britain—presents a financial report disclosing a very large surplus in her treasury, which far exceeds her debts and surpassing in amount any quantity that may be exacted by the demands of her budget. But it is to be seen for the first time in 7 years that Britain declines to enter into the budget any note or memorandum of payments due on installments or express any reference whatever as to the obligation of debts she owes the United States of America. For magnanimous and meticulous England this omission is so startling as to be ominous.

At the same time comes forth the expression from royal-natured France, in connection with what she calls the balancing of her budget as to this touching debt, our usually fair and just good friend asserts that there are no debts between France and the United States. With a trophy in expression she wipes them out. Italy finds it agreeable to express herself along similar lines but not so didactic, an expression of complete assurance, defying any dispute. Italy merely regrets that the United States should assume to press for any payment, the lingering item of a few hundred millions.

Mr. President, on this floor but a few days past I made bold to say that this desertion and defiance would follow. This was when the statesmen of England in public place but last week announced that they would not pay another dollar or, as the other statesmen said, they would make a proposition to the United States as a final one, as an adjustment of every debt, and, if not accepted, they would probably announce in the exact words of France that they "default." We find now at the expiration of the following week that when the proposition of their budget is presented to their country, these foreign debtor lands keep exact faith with the threat they posed against America, all done in a spirit of acknowledged brotherhood but in the expression of a new conception of their relation to us, the United States, as creditor.

It becomes interesting to us to seek the reason or what we can righteously deduce as the reason why these countries contemporaneously and in unity, as though it were following some preceding meeting, all concur in the same thought and unite in the same undertaking. We answer that the real reason is that their eminent statesmen have noted that from both sides of this Senate Chamber comes the announcement that what is called the "tariff bill" will be entered upon at once. That in such bill is a provision which authorizes the President of the United States to negotiate treaties with countries respecting the range of tariff, the quality and quantity of percentage tax, or for the exchange of products between the two nations through treaty negotiated solely by the President, as envoy for the Nation of America.

Mr. President, I assume to charge that what is in the minds of these eminent statesmen is to me new opportunity, which pressed means new victory. They see that the United States is on the eve of presenting a proposition of negotiating with them, through a treaty that shall offer something in exchange for them yielding to us, first, the melting away of the barriers against our products, or the surrendering, or the reducing of the figure of charge which in the name of tariffs they have heretofore been addressing against us and promising to continue in more drastic insistence than ever before.

Let it be remembered that the statesmen of those countries are the reflex and heirs of the statesmen who came down through history for a thousand years, and all with a common purpose to obtain victory by delusion or enforced distress. These modern masters of diplomacy know that it is in the balancing and tilting one with another that results are incubated. It will be remembered that such example is the record of all, whether we have in mind Talleyrand of France, Machiavelli of Italy, or the adroit Austrian, Metternich. Sir, in the doings of today we have the exact repetition of the manner and method of their fathers of statecraft. These nations who owe us money are now prepared to present to the United States the bold proposition, "Gentlemen, in your proposal for treaty you cannot deal with us by stationing us as an inferior." They secretly proclaim in symbol

of conduct, "You cannot have a treaty of negotiation with us except on the basis of equality. In order that we shall have equality with you, you will wipe out the obligation that makes us a debtor to you. We will not tolerate the position of you remaining a creditor, we the debtor, while we languish in a subordinate situation, subverted from dignity of independence to one of groveling inferiority, and as such you negotiate with us while you hold over us the power to compel us to surrender under the threat either of enforcing the debt or as an exchange for some reduction or extension of it." Their course is to assert by situation the counsel of Warwick to Hastings, "Courtesy to all but servility to none."

Mr. President, these eminent debtors—and we might as well confront the fact in this presence today—are now preparing, even before we enter upon negotiation, to demand of us that we pledge them in equality as negotiators; they first declare they are under no obligation to us, admit that we are under none to them. By this status they declare, for the first time since the World War, an equality of financial situation between us.

Mr. President, it may appear to you that prophecies and translations of mine are figments of fear. I invite your attention to a bit of parallel history of our own. When President Taft sought to negotiate with Canada what we have often termed a "reciprocity treaty", the first thing Canada did was the natural and statesmanlike thing. She, acting under the advice of the British Empire, reminded the United States that we had charged her with having seized our sealing ships, in violation of the international sealing law, and called to mind that we had stimulated the owners of these ships to sue Canada for damages for the value of these ships which she had condemned in her courts and ordered confiscated by her process of judicature. Before we reached any degree of consideration of the reciprocity treaty, however, we came to terms at London respecting the obligations we had assumed to put upon Canada.

I speak of the subject rather sentimentally, Mr. President. I was a participant as counsel in some of that litigation. There came out of it a result, sir, whereby one of the clients was, in glee of success, generous enough to name one of the ships the *James Hamilton Lewis*; and the prize, true to her namesake, in her very first act was to get into crime and get caught, and likewise to be penalized and confiscated by the Government. [Laughter.] The record is here in the State Department.

You will readily understand how naturally to my memory there arises the details of the transaction, but we turn for a moment upon a more serious phase of a similar situation. We approached Germany. We desired that Germany accept the pork of the United States in exchange for the barley of Germany which we sought, and which she sought to sell us. Breweries of the United States were legal those days.

In the meantime, however, eminent Senators around here recall that there had been some grievance between ourselves and Germany, touching that which had transpired under a certain administration as to Brazil. Germany had invaded Brazil in some form of transaction; and, as we insisted, impressed some American interests, to the loss of our country. Germany, through her statesmen, after the order of the day of the past, and in fulfillment of the inherited generation, demanded first, before we negotiated on the subject, that we remove these obstructions, that we might stand equal. Senators will recall that we subsequently came to some terms, the details of which I am unable to reveal, yet complied with before we reached the point of an understanding between ourselves and Germany upon the mere exchange of these two products, the pork from America and the barley from Germany, all at a time when the process of "pork barrels" in legislation were familiar to us.

But, sir, it is to be recalled that a more serious experience abounded. My eminent friends, the Senators here, from the Pacific Coast States, cannot fail to recall that when we moved upon Japan to have Japan receive the goods of the United States under some bilateral arrangement, Japan very artfully and with commendable skill, following the precedents to which I am alluding, called our attention to the fact that we had been keeping her people out of our country under a treaty of exclusion, and demanded, before we proceeded upon that doctrine of the commercial exchange, that we right what she considered a wrong to her. We could not repeal the law. That would have violated the very theory of our Government. We could not make an exchange of citizen for citizen, for that would have worked as we believed a disadvantage our people could not accept. So, finally, what did we do? We surrendered by allowing an amendment known, if you recall, dear Senators, as a "gentlemen's agreement", by which we included more of the Japanese under the designation of "scholars", and thus the arrangement was effected, and for the first time Japan felt, or assumed to feel, that she could, on equal terms, deal with us respecting the possible imports from our country and our exports to her, to which I refer.

Mr. President, I cannot overlook the fact that what we are seeing now is but a duplication of these recited situations. Sir, this present condition calls for great consideration. If we are to vote the President the right to negotiate these treaties we must vote him, at the same time, complete power respecting these treaties, enabling him to meet whatever propositions are made as a consideration for accepting our offer. We must give him the power to receive the propositions of these nations respecting either the cancelation of the debts or their establishing new limitation and reduction. The debtor nations will surely present the terms as a necessary condition precedent to dealing with us. This will be put on the necessity to place them upon what may be termed an absolute equality of negotiation. More than that, sir, it will not do that this honorable body should assume that each counterproposition submitted in the negotiation is as fast as tendered to be sent to us—the Senate—for such proceedure would consume 1 year in debate from item to item, and again item to item. The respective differences that eminent Senators here entertain upon the tariff question would provoke the limitless discussion—and repercussion. We would be debating the question until, sir, such time would pass as would defeat any benefit from the conclusion. Nor, sir, could we surround the opportunity given to the President with a forbidding declaration as to receiving propositions on other subjects besides those contained in the treaty yet defined in their proffer. Therefore, there must accompany the power we give him nothing, sir, that will limit him from dealing with all subjects insofar as they may be received in propositions from those who undoubtedly are now prepared to tender to us, as a condition precedent, as a favor to themselves—either the abolishing the debts or releasing immediate demand for their collection; sirs, the proposition will be as a demand upon us before the nation debtor will enter upon the consideration of reciprocity of trade by treaty.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Illinois yield to the Senator from Ohio?

Mr. LEWIS. I yield to the Senator from Ohio.

Mr. FESS. I did not understand the Senator's statement when he referred to the power we are to give the President. Does it extend to authority to cancel the debts?

Mr. LEWIS. No. I answer the Senator from Ohio that he, the Senator, is now thrumming, I may say, the discordant string in this harp of arrangement. We cannot give the President the power to cancel the debts. We cannot give the President the power to limit them or reduce them in violation of the specific act of Congress which has been passed giving direction in that regard. It is the law for him as it is for us. It is only by changing that law, and giving him specific direction by a change of an act of the Congress, that he could have the power to undertake anything that would reduce the debts or cancel them. This is my answer. In my statement just pronounced I am referring, I may say, only to the right to receive the propositions that other nations would have to offer in exchange for treaties with us, but not finally to close them.

Mr. FESS. Mr. President, would it interrupt the Senator if I should ask him a question?

Mr. LEWIS. Not at all.

Mr. FESS. Some days ago, when the Senator addressed the country on this subject, he referred to the possibility of receiving bonds from our debtors and later making proper disposition of those bonds. That colloquy in the Senate has created considerable public interest.

Mr. LEWIS. I may say to my able friend, so I have learned from clippings of papers from abroad, as well as from home.

Mr. FESS. I received a communication from one of the country's great thinkers who commented upon the suggestion and said that he did not believe we could accept goods in payment of the debts, and he doubted whether we could secure money in payment of the debts, but surely we could receive services in payment of the debts; and then he proceeded to explain what he meant. When American tourists go to Europe a certain amount of money is carried from America to Europe. Instead of that money going from America to Europe to be used as Europe's money, this gentleman suggested that it ought to be deposited to the credit of this Government on its debt by the use of a particular kind of currency. The same thing could be done in the payment of freight rates in commerce on the sea, and the same thing could be done on triangular business transactions. I cannot see the practicability of the suggestion; but his idea was that an arrangement could be made whereby the money that goes from America in the trade with Europe in the items I have suggested could be credited upon the debt, without Europe's calling upon a single dollar of her own except as she gets it from this country.

It is the Senator's discussion that gave rise to that suggestion. I should like to have the Senator look into it. The practicability of it is a question with me, and so I stated to the friend who wrote me.

Mr. LEWIS. Of course, the Senator realizes that the sum total of the proposition is as though it were to say, by the debtor, "Whatever money you Americans bring over here and expend in trading here we return to you to be applied on the debt." I say to my able friend from Ohio, many propositions no doubt will be made; and that is why I feel that liberty should be given the President to receive these propositions instead of their being made at a long distance either to the Treasury or to Congress. In receiving them, however, he is to receive them as their propositions, but he is not to close them in violation of the act of Congress. They are to be sent through him to us, or to his Congress.

This much is what I had intended, sir, to conclude upon: I may be pardoned for assuming a great seriousness to my own utterance, but matters have come to the point where the President of the United States may take from his very humble followers—in this body and elsewhere who dare offer counsel—this admonition: He must be prepared to meet the suggestion to him that "You either dispose of these debts, sir, or we will not enter upon the possibility of reciprocity treaties", adding, "We are not called on to do it. We can furnish our own people. We may live among ourselves. Our nations are rising. We do not need your American goods. If any need, it is for very few of them. More of ours you need. It is you, the United States, who need to sell to us." Therefore the President must early learn that if the proposal is to be made that as a consideration for their entering upon treaties with us or their accepting any treaty from us there must first be cancelation of the indebtedness, the President must understand that the voice of his Congress is against yielding to it. He must understand that his people would not consent to have the debts canceled as a consideration for entering upon mere treaties. These treaties in themselves as to foreign debtors would be mere promises of trade. These foreign nations must be given to know that our country would not yield to such propositions as I have divined. Let it be understood early that our President has no intention of presenting such a proposition for the United States, and that even if his generosity were extended to a point opposing his patriotism it would be repudiated. But we need not dwell on this fear of his countrymen. The President would not arouse the suspicions of his countrymen, intimating that he or his allied legislators are on the eve of finding some specious device in which the people can be delivered, the debts due them canceled, and losses imposed upon them beyond measure.

Mr. President, I cannot but conclude that it is very timely for us, on either side of this Chamber, to early inform the distinguished President that we quite see the purpose of these eminent nations in refusing to include in their budgets the debts due us, or even to acknowledge the need of a payment, and, conscious as they are that $180,000,000 from one is due within a few days, not even to allude to it, and that another nation would simply didactically announce that they owe us nothing; that there is no debt. This means very clearly that they are preparing to suggest terms, as against an effort on our part for a commercial treaty, which terms our country cannot accept, and which if imposed upon the President would humiliate him, and for him to accept would be a surrender unworthy, and which we who know him know that under no condition would he tolerate.

If this method I premise is to be that to be tendered, as plainly, to my mind, is the intention, it were better we discussed it early, and instead of advancing to these nations with a proposition that is to be flouted by the manner in which they receive it, better stand apart upon the dignity of ourselves and the honor of our country and take the fate of our own people, guided by their own wisdom and sustained in their own patriotism.

Mr. President, the hour is upon us when we cry to America, "Stand firm! This is America!" While we herald to the President of the United States, "Whatever course you take, we have confidence that under no condition could you be induced to surrender your country or yield her rights. This, your Congress, as your people, uphold your hands, sustain your body, and around you rally, to again announce to all the world that the United States and its President stand for America."

Mr. President, I thank the Chair and the Senate for their indulgence and devoted attention at this adjourning hour.

EXECUTIVE SESSION

Mr. McKELLAR. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

[For nominations this day received, see the end of Senate proceedings.]

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

THE CALENDAR—TREATIES PASSED OVER

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

The legislative clerk proceeded to read Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

Mr. McKELLAR. I suggest that that go over.

The PRESIDING OFFICER. Without objection, the treaty will be passed over.

The legislative clerk proceeded to read Executive C, Seventy-third Congress, second session, a protocol, signed at Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome.

Mr. McKELLAR. I make the same request with regard to this treaty.

The PRESIDING OFFICER. Without objection, the treaty will be passed over.

THE JUDICIARY

The legislative clerk read the nomination of John B. Ponder to be United States marshal for the eastern district of Texas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations for appointments in the Army.

Mr. McKELLAR. I ask unanimous consent that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

RECESS

Mr. LEWIS. I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 25 minutes p.m.) the Senate took a recess until tomorrow, Thursday, April 19, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 18 (legislative day of Apr. 17), 1934

ADDITIONAL COUNSEL OF THE PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

William A. Roberts, of the District of Columbia, to be an additional counsel of the Public Utilities Commission of the District of Columbia, to be known as the people's counsel, for a term of 4 years, vice Richmond B. Keech.

POSTMASTERS

ALABAMA

Elmer H. Carter to be postmaster at Castleberry, Ala., in place of C. D. Price. Incumbent's commission expired May 10, 1933.

William P. Tartt to be postmaster at Livingston, Ala., in place of W. P. Tartt. Incumbent's commission expired March 18, 1934.

Peyton C. Wilson to be postmaster at Montevallo, Ala., in place of F. F. Crowe, deceased.

James A. Anderson to be postmaster at University, Ala., in place of J. A. Anderson. Incumbent's commission expired March 18, 1934.

ALASKA

Harold T. Jestland to be postmaster at Bethel, Alaska. Office became Presidential July 1, 1932.

ARIZONA

Charles J. Moody to be postmaster at Superior, Ariz., in place of H. A. King, removed.

ARKANSAS

John E. Darr to be postmaster at Atkins, Ark., in place of M. E. Torrence. Incumbent's commission expired March 2, 1933.

Laura Clements to be postmaster at Cherry Valley, Ark., in place of M. O. Pitts. Incumbent's commission expired December 16, 1933.

W. Ernest King to be postmaster at Clarksville, Ark., in place of A. L. Eustice, resigned.

William G. Jones to be postmaster at Cotton Plant, Ark., in place of S. W. Kennedy. Incumbent's commission expired March 2, 1933.

John W. Page to be postmaster at Dover, Ark., in place of W. D. Eakes, deceased.

John W. Paschall to be postmaster at Gould, Ark., in place of G. H. Joslyn, Jr. Incumbent's commission expired January 8, 1934.

J. Neil Cooper to be postmaster at Hoxie, Ark., in place of R. C. Lehman, resigned.

J. Dot Fortenberry to be postmaster at Imboden, Ark., in place of J. L. McKamey, removed.

Floy R. Parr to be postmaster at Jonesboro, Ark., in place of J. A. Borgman. Incumbent's commission expired December 11, 1932.

Clarine Billingsley to be postmaster at Kensett, Ark., in place of Bessie Bevill. Incumbent's commission expired April 23, 1932.

Charles C. Kavanaugh to be postmaster at Little Rock, Ark., in place of A. E. Townsend, transferred.

Ethel L. Nall to be postmaster at Lockesburg, Ark., in place of R. F. Locke. Incumbent's commission expired April 23, 1932.

Herbert M. Jackson to be postmaster at Marianna, Ark., in place of L. M. Osborne, removed.

Byron C. Pascoe to be postmaster at Newark, Ark., in place of C. M. Fink, removed.

William F. Elsken to be postmaster at Paris, Ark., in place of L. J. Lee, removed.

Charles K. Coe, to be postmaster at Tuckerman, Ark., in place of O. C. Roberts. Incumbent's commission expired December 11, 1932.

Charles C. Snapp to be postmaster at Walnut Ridge, Ark., in place of C. W. White, removed.

Clarence J. Coffin to be postmaster at Wynne, Ark., in place of L. C. Fitzpatrick, removed.

CALIFORNIA

Charles Edmond Hogancamp to be postmaster at Alta Loma, Calif., in place of F. S. Wagner. Incumbent's commission expired December 20, 1932.

James B. Ogden to be postmaster at Avalon, Calif. in place of O. E. Bailey, removed.

Charles E. Day to be postmaster at Avenal, Calif. Office became Presidential July 1, 1932.

Brice H. Gantt to be postmaster at Beaumont, Calif., in place of W. W. Watson. Incumbent's commission expired May 22, 1932.

Joseph V. Gaffey to be postmaster at Burlingame, Calif., in place of J. C. Beard. Incumbent's commission expired December 19, 1932.

Frederick A. Dickinson to be postmaster at Ben Lomond, Calif., in place of W. H. Nicholson, removed.

Paul O. Martin to be postmaster at Burbank, Calif., in place of G. K. Ketchum. Incumbent's commission expired February 28, 1933.

Harry B. Hooper to be postmaster at Capitola, Calif., in place of L. M. Crump. Incumbent's commission expired May 22, 1932.

John C. Callahan to be postmaster at Chula Vista, Calif., in place of V. A. Uland. Incumbent's commission expired January 26, 1933.

Norris Mellott to be postmaster at Costa Mesa, Calif., in place of W. W. Middleton. Incumbent's commission expired February 28, 1933.

George W. Richards to be postmaster at Culver City, Calif., in place of K. H. McLernon. Incumbent's commission expired December 11, 1932.

Alice D. Scanlon to be postmaster at Colfax, Calif., in place of A. G. Thurman. Incumbent's commission expired January 29, 1933.

Frank J. Roche to be postmaster at Concord, Calif., in place of P. M. Soto, deceased.

Alfred P. Seale to be postmaster at Cottonwood, Calif., in place of D. C. Jamerson. Incumbent's commission expired February 28, 1933.

Mae A. Kibler to be postmaster at Del Mar, Calif., in place of M. A. Kibler. Incumbent's commission expired March 3, 1934.

William Francis Richmond to be postmaster at El Centro, Calif., in place of C. C. Jenkins, removed.

Belle Morgan to be postmaster at Encanto, Calif., in place of Nella Carl, resigned.

Nellie G. Donohoe to be postmaster at Oakland, Calif., in place of W. N. Friend, resigned.

Clarence McCord to be postmaster at Olive View, Calif., in place of F. T. Gossard, resigned.

Thomas M. Day to be postmaster at San Rafael, Calif., in place of C. C. Olmsted. Incumbent's commission expired March 7, 1932.

Edith E. Mason to be postmaster at Santa Fe Springs, Calif., in place of E. E. Mason. Incumbent's commission expired September 30, 1933.

Charles S. Catlin to be postmaster at Saticoy, Calif., in place of C. S. Catlin. Incumbent's commission expired April 2, 1934.

William Clyde Brite to be postmaster at Tehachapi, Calif., in place of F. P. Oakes, removed.

William J. Black to be postmaster at Terminal Island, Calif., in place of Ruby Vinton, transferred.

Harry Bridgewater to be postmaster at Watsonville, Calif., in place of H. W. Judd, removed.

COLORADO

Michel A. Vogt to be postmaster at Burlington, Colo., in place of R. L. Wilkinson. Incumbent's commission expired March 18, 1934.

Robert P. James to be postmaster at Cedaredge, Colo., in place of F. J. Stewart, removed.

James O. Stevic to be postmaster at Denver, Colo., in place of F. L. Dodge. Incumbent's commission expired March 18, 1934.

James E. Adams to be postmaster at Englewood, Colo., in place of J. S. Proctor, removed.

Robert R. Lawson to be postmaster at Grover, Colo., in place of R. E. Taylor. Incumbent's commission expired December 16, 1933.

Edward H. Applegate, Jr., to be postmaster at Lamar, Colo., in place of L. M. Markham. Incumbent's commission expired December 18, 1933.

Myrtle Hufty to be postmaster at Paonia, Colo., in place of D. K. Foster. Incumbent's commission expired December 10, 1932.

Rice A. Palmer to be postmaster at Redcliff, Colo., in place of O. W. Daggett. Incumbent's commission expired February 12, 1931.

Herbert S. Butler to be postmaster at Rico, Colo., in place of A. G. McGee, resigned.

E. Velma Logan to be postmaster at Stratton, Colo., in place of M. G. Quinn. Incumbent's commission expired December 16, 1933.

CONNECTICUT

Edward M. Doyle to be postmaster at Bantam, Conn., in place of G. W. Fairgrieve. Incumbent's commission expired December 8, 1932.

George H. Robertson to be postmaster at South Coventry, Conn., in place of L. M. Phillips. Incumbent's commission expired December 16, 1933.

DELAWARE

Elmer Layfield to be postmaster at Dagsboro, Del., in place of E. H. Chandler, removed.

Charles F. Wilson to be postmaster at Harrington, Del., in place of H. S. Harrington, removed.

FLORIDA

Jerome R. Barnes to be postmaster at Hollywood, Fla., in place of T. S. McNicol, retired.

William P. Wilkinson to be postmaster at New Smyrna, Fla., in place of S. L. Hayes. Incumbent's commission expired January 9, 1934.

Marshall C. Pitts to be postmaster at Okeechobee, Fla., in place of W. N. Gray. Incumbent's commission expired December 18, 1929.

Leslie D. Reagin to be postmaster at Sarasota, Fla., in place of H. T. Welch. Incumbent's commission expired October 31, 1933.

James E. Wall, Sr., to be postmaster at Tampa, Fla., in place of E. D. Barnard, resigned.

Cornelia Higgins to be postmaster at Warrington, Fla., in place of Cornelia Higgins. Incumbent's commission expired April 8, 1934.

GEORGIA

Thomas V. Nevil to be postmaster at Claxton, Ga., in place of J. B. Brewton, removed.

James H. Hart to be postmaster at Ellaville, Ga., in place of McC. C. Gettys. Incumbent's commission expired May 23, 1933.

John E. Phinazee to be postmaster at Forsyth, Ga., in place of J. H. McCowen, removed.

Olin W. Patterson to be postmaster at Lumpkin, Ga., in place of A. C. Williams. Incumbent's commission expired December 20, 1932.

George W. Griffith to be postmaster at Manchester, Ga., in place of J. M. Guy. Incumbent's commission expired September 30, 1933.

Mary E. Everett to be postmaster at St. Simons Island, Ga., in place of M. E. Everett. Incumbent's commission expired April 8, 1934.

Ferman F. Chapman to be postmaster at Summerville, Ga., in place of R. N. Trimble. Incumbent's commission expired March 22, 1934.

Jennie I. Ingram to be postmaster at Townsend, Ga., in place of J. I. Ingram. Incumbent's commission expired April 8, 1934.

IDAHO

Fred L. Cruikshank to be postmaster at Montpelier, Idaho, in place of F. M. Winters, removed.

Ambrose H. McGuire to be postmaster at Pocatello, Idaho, in place of A. B. Bean, deceased.

Charles H. Hoag to be postmaster at Worley, Idaho, in place of C. H. Hoag. Incumbent's commission expired March 22, 1934.

ILLINOIS

Joseph S. Speelman to be postmaster at Arcola, Ill., in place of A. T. McLane. Incumbent's commission expired January 28, 1934.

Louise Rump to be postmaster at Beecher, Ill., in place of J. H. Wehrley. Incumbent's commission expired March 2, 1933.

John W. Williams to be postmaster at Benton, Ill., in place of C. E. Seeber, removed.

Luella C. Biggs to be postmaster at Blandinsville, Ill., in place of L. A. Roberts, removed.

Elbert McDonald to be postmaster at Carriers Mills, Ill., in place of Alice Jenkins, removed.

John P. Beckman to be postmaster at Carthage, Ill., in place of R. D. Denton, removed.

Harvey F. Doerge to be postmaster at Chester, Ill., in place of H. E. Burns, resigned.

Walter T. McCanna to be postmaster at Chillicothe, Ill., in place of T. R. Pearce, deceased.

Dwight C. Bacon to be postmaster at Christopher, Ill., in place of W. O. Baker, resigned.

John R. Reynolds to be postmaster at Colchester, Ill., in place of J. N. Bayless. Incumbent's commission expired January 19, 1933.

Andrew J. Paul to be postmaster at Dupo, Ill., in place of H. W. Schwartz, resigned.

George R. Gampher to be postmaster at Eldorado, Ill., in place of W. T. Warford. Incumbent's commission expired February 5, 1933.

Joseph Kreeger to be postmaster at Elgin, Ill., in place of B. W. Landberg. Incumbent's commission expired May 17, 1932.

Edmund J. Coveny to be postmaster at Elizabeth, Ill., in place of W. L. McKenzie, removed.

Ida B. Coyle to be postmaster at Equality, Ill., in place of R. R. Davis, removed.

James A. Cragan to be postmaster at Evansville, Ill., in place of J. H. Stolle. Incumbent's commission expired December 20, 1932.

George H. Fruit to be postmaster at Franklin Grove, Ill., in place of G. L. Spangler, removed.

Francis R. Shannon to be postmaster at Franklin Park, Ill., in place of Mary Slocum, removed.

John A. Gill to be postmaster at Galatia, Ill., in place of W. W. Ramsey, removed.

Elmer R. Randolph to be postmaster at Golconda, Ill., in place of Frances Baker, resigned.

William I. Tyler to be postmaster at Granville, Ill., in place of J. S. Redshaw, resigned.

Charles L. Jennings to be postmaster at Grayville, Ill., in place of E. J. Briswalter, Jr. Incumbent's commission expired January 11, 1933.

Arthur M. Hetherington to be postmaster at Harrisburg, Ill., in place of Harker Miley, resigned.

Arthur H. Bartlett to be postmaster at Hillsboro, Ill., in place of S. T. Little, removed.

Oliver P. Dickson to be postmaster at Homer, Ill., in place of B. C. Krugh. Incumbent's commission expired February 6, 1934.

Robert J. Wilson to be postmaster at Kewanee, Ill., in place of J. T. Johnson. Incumbent's commission expired December 20, 1932.

Fred O. Grissom to be postmaster at Kinmundy, Ill., in place of G. H. Bargh, removed.

Charles W. Farley to be postmaster at La Grange, Ill., in place of F. H. Stevens. Incumbent's commission expired December 12, 1926.

Henry C. Johnson to be postmaster at Lawrenceville, Ill., in place of A. C. Stoltz, removed.

Charles E. Gillespie to be postmaster at Louisville, Ill., in place of P. W. Gibson, removed.

George K. Brenner to be postmaster at Madison, Ill., in place of C. N. Smith. Incumbent's commission expired January 27, 1932.

James Carson to be postmaster at Mahomet, Ill., in place of I. L. Ford. Incumbent's commission expired May 12, 1932.

Ruth A. Tilford to be postmaster at Mansfield, Ill., in place of Nellie Mitchel, removed.

Hazel E. Davis to be postmaster at Minier, Ill., in place of Katherine Dickson. Incumbent's commission expired December 16, 1931.

Jesse C. Moore to be postmaster at Morton, Ill., in place of H. W. Mathis. Incumbent's commission expired December 20, 1932.

Lawrence E. Hodges to be postmaster at Mount Prospect, Ill., in place of A. C. Beigel. Incumbent's commission expired February 28, 1933.

William Raymond Grigg to be postmaster at Mount Vernon, Ill., in place of R. M. Farthing, removed.

Henry B. Shroyer to be postmaster at New Windsor, Ill., in place of H. C. Smith. Incumbent's commission expired December 20, 1932.

Warren S. Smith to be postmaster at Norris City, Ill., in place of E. E. Gott, removed.

William P. Carlton to be postmaster at Oblong, Ill., in place of R. M. Dalrymple, resigned.

Grace Hiller to be postmaster at Ogden, Ill., in place of William Hayes. Incumbent's commission expired January 21, 1933.

John J. Hart to be postmaster at Ottawa, Ill., in place of F. A. Sapp, removed.

William A. Mills to be postmaster at Salem, Ill., in place of A. E. Miller. Incumbent's position expired January 16, 1934.

George C. Miller to be postmaster at Sullivan, Ill., in place of C. E. McPheeters, removed.

Earl B. Strickland to be postmaster at Tolono, Ill., in place of J. E. Meharry. Incumbent's commission expired February 5, 1933.

Oliver M. Colwell to be postmaster at Toulon, Ill., in place of A. W. Shinn. Incumbent's commission expired December 18, 1933.

INDIANA

Joseph A. McCormick to be postmaster at Ambia, Ind., in place of E. B. Smith. Incumbent's commission expired December 18, 1933.

J. Russell Byrd to be postmaster at Bloomfield, Ind., in place of C. E. Combs, removed.

Joseph J. Hartman to be postmaster at Earl Park, Ind., in place of C. H. Ruple. Incumbent's commission expired December 18, 1933.

James E. Freeman to be postmaster at Ellettsville, Ind., in place of M. E. Mitchell, deceased.

John C. Crosby to be postmaster as Huntington, Ind., in place of W. W. Lucas. Incumbent's commission expired December 13, 1932.

Ivan Conder to be postmaster at Jasonville, Ind., in place of C. W. Wood, deceased.

Ira J. Dye to be postmaster at Kouts, Ind., in place of Albert Honehouse. Incumbent's commission expired December 18, 1933.

Jacob W. Sappenfield to be postmaster at Lyons, Ind., in place of F. H. Maddox. Incumbent's commission expired January 19, 1933.

Arthur J. Green to be postmaster at Marion, Ind., in place of J. A. Jones, resigned.

Frank Chastain to be postmaster at Mitchell, Ind., in place of S. M. Isom, resigned.

L. Edgar Feagans to be postmaster at Montgomery, Ind., in place of J. W. Rudolph, removed.

Hugh G. McMahan to be postmaster at Rochester, Ind., in place of H. W. Dubois, removed.

Walter S. Kensler to be postmaster at Vincennes, Ind., in place of W. M. Willmore. Incumbent's commission expired December 19, 1932.

Mamie N. Judy to be postmaster at West Lebanon, Ind., in place of R. C. Wood. Incumbent's commission expired December 18, 1933.

IOWA

Ruth F. Hollingshead to be postmaster at Albia, Iowa, in place of W. G. Wood, removed.

Zoe P. Way to be postmaster at Bussey, Iowa, in place of M. O. Jones. Incumbent's commission expired February 28, 1933.

Hollis S. Saar to be postmaster at Cantril, Iowa, in place of Gladys Miller. Incumbent's commission expired September 30, 1933.

Mark R. Doud to be postmaster at Douds, Iowa, in place of E. T. Greenfield. Incumbent's commission expired December 18, 1933.

Benjamin J. Stong to be postmaster at Keosauqua, Iowa, in place of J. O. Parker. Incumbent's commission expired December 18, 1933.

Floyd Stotts to be postmastesr at Melcher, Iowa, in place of J. P. McNeill. Incumbent's commission expired December 18, 1933.

Russell G. Mellinger to be postmaster at Oakville, Iowa, in place of G. W. Graham. Incumbent's commission expired December 18, 1933.

Tomie L. Smith to be postmaster at Pleasantville, Iowa, in place of W. G. Stephenson. Incumbent's commission expired October 10, 1933.

James B. McLaughlin to be postmaster at Preston, Iowa, in place of Edward Oldis, removed.

Mary L. Tyner to be postmaster at Salem, Iowa, in place of W. W. Simkin. Incumbent's commission expired December 18, 1933.

Mary E. Kohorst to be postmaster at Templeton, Iowa, in place of W. H. Stevens. Incumbent's commission expired December 13, 1932.

KANSAS

Hugo A. Simonton to be postmaster at Alta Vista, Kans., in place of H. A. Cory. Incumbent's commission expired January 8, 1933.

Zenobia A. Kissinger to be postmaster at Bennington, Kans., in place of Minnie Temple, removed.

James W. O'Connor to be postmaster at Chapman, Kans., in place of E. F. Halbert. Incumbent's commission expired December 18, 1932.

Carl G. Eddy to be postmaster at Colby, Kans., in place of H. L. Fryback, removed.

William H. Danenbarger to be postmaster at Concordia, Kans., in place of S. H. Knapp, removed.

John F. Holshouser to be postmaster at Dwight, Kans., in place of Edna Gordon. Incumbent's commission expired February 25, 1933.

Fred Sessin to be postmaster at Ellis, Kans., in place of G. H. Leisenring. Incumbent's commission expired January 8, 1933.

Joseph B. Basgall to be postmaster at Hays, Kans., in place of H. W. Chittenden. Incumbent's commission expired December 16, 1933.

Stephen E. Murray to be postmaster at Jamestown, Kans., in place of W. A. Carlile, resigned.

Jack W. Boyle to be postmaster at McDonald, Kans., in place of H. L. Caswell. Incumbent's commission expired December 16, 1933.

Mary M. Browne to be postmaster at Norton, Kans., in place of H. L. Stevens, removed.

Noah D. Zeigler to be postmaster at Oakley, Kans., in place of Myron Johnson, removed.

Elton L. Pounds to be postmaster at Smith Center, Kans., in place of W. R. Lathrop, removed.

Jacob K. Luder to be postmaster at Waldo, Kans., in place of J. K. Luder. Incumbent's commission expired March 8, 1934.

Paul L. Turgeon to be postmaster at Wilson, Kans., in place of Edward Buehler, removed.

KENTUCKY

William E. Ferguson to be postmaster at Albany, Ky., in place of J. W. Felkins, removed.

Walter B. Carvell to be postmaster at Allensville, Ky., in place of A. M. Coleman, resigned.

Nora Dixon McGee to be postmaster at Burkesville, Ky., in place of L. W. Thrasher, resigned.

Susan R. Hill to be postmaster at Carrollton, Ky., in place of M. K. Kipping. Incumbent's commission expired February 17, 1931.

Nathaniel M. Elliott to be postmaster at Corbin, Ky., in place of Belle Gray. Incumbent's commission expired January 28, 1934.

George W. Mothershead to be postmaster at Earlington, Ky., in place of J. S. Webb, resigned.

Osceola C. Lucas to be postmaster at Florence, Ky., in place of M. V. Tanner. Incumbent's commission expired September 18, 1933.

Richard L. Frymire to be postmaster at Irvington, Ky., in place of N. J. Wathen, removed.

Mary H. Vaughan to be postmaster at Jenkins, Ky., in place of W. H. Sergent, resigned.

Joseph C. Pell to be postmaster at Lewisport, Ky., in place of B. H. Lott, removed.

Grace Williams to be postmaster at Lothair, Ky., in place of C. A. Dixon. Incumbent's commission expired June 11, 1933.

James T. Phipps to be postmaster at Morganfield, Ky., in place of R. L. Jones, removed.

James M. Caudill to be postmaster at Neon, Ky., in place of J. E. Skaggs. Incumbent's commission expired February 25, 1933.

William A. Eimer to be postmaster at Newport, Ky., in place of J. H. Meyer. Incumbent's commission expired February 25, 1933.

George Pinson, Jr., to be postmaster at Pikeville, Ky., in place of F. R. Hamilton, resigned.

Mason E. Burton to be postmaster at Somerset, Ky., in place of C. L. Tartar, removed.

John B. Lafferty to be postmaster at Wheelwright, Ky., in place of J. B. Lafferty. Incumbent's commission expired December 11, 1933.

Watson G. Holbrook to be postmaster at Whitesburg, Ky., in place of R. F. Adams. Incumbent's commission expired February 28, 1933.

LOUISIANA

Theo Lemoine to be postmaster at Cottonport, La., in place of J. D. Hebert. Incumbent's commission expired February 1, 1934.

Marvin A. Kent to be postmaster at De Quincy, La., in place of W. T. Kent, resigned.

Charles I. Davis to be postmaster at Leesville, La., in place of B. F. Cowley, removed.

William E. Brock to be postmaster at Natchitoches, La., in place of J. A. Gannon, removed.

Leon S. Haas to be postmaster at Opelousas, La., in place of B. B. Franques, resigned.

Thelma L. Ellis to be postmaster at Sulphur, La., in place of E. A. Toniette, removed.

MAINE

Richard F. Hughes to be postmaster at Brownville Junction, Maine, in place of G. A. Berry. Incumbent's commission expired January 16, 1934.

Erma G. Maxim to be postmaster at Corinna, Maine, in place of D. W. Sprague. Incumbent's commission expired December 18, 1933.

Jerome G. Russell to be postmaster at Danforth, Maine, in place of E. J. Gilpatrick. Incumbent's commission expired December 11, 1933.

Leon C. Weed to be postmaster at Deer Isle, Maine, in place of J. E. Lufkin. Incumbent's commission expired December 18, 1933.

Elsie D. Smart to be postmaster at Eagle Lake, Maine, in place of Flavie Fournier. Incumbent's commission expired January 16, 1934.

John A. Lyons to be postmaster at East Millinocket, Maine, in place of W. A. Stratton. Incumbent's commission expired January 8, 1934.

Norman R. Thombs to be postmaster at Greenville, Maine, in place of M. B. Folsom. Incumbent's commission expired January 31, 1934.

Cyril Cyr to be postmaster at Jackman Station, Maine, in place of E. M. Moore. Incumbent's commission expired December 18, 1933.

Edna G. Chase to be postmaster at Limestone, Maine, in place of E. G. Chase. Incumbent's commission expired January 16, 1934.

William E. Baker to be postmaster at Lubec, Maine, in place of J. M. Pike. Incumbent's commission expired May 16, 1932.

Sumner A. Fickett to be postmaster at Millbridge, Maine, in place of J. S. Stevens. Incumbent's commission expired December 7, 1932.

May C. Thorpe to be postmaster at Sabattus, Maine, in place of T. H. Phelan. Incumbent's commission expired April 28, 1934.

Earll W. Gott to be postmaster at South West Harbor, Maine, in place of E. S. Thurston. Incumbent's commission expired January 31, 1934.

Lewis P. Philbrick to be postmaster at Thorndike, Maine, in place of E. L. Bartlett. Incumbent's commission expired December 18, 1933.

Orrin V. Drew to be postmaster at Vinalhaven, Maine, in place of F. L. Roberts. Incumbent's commission expired December 18, 1933.

Ernest F. Poulin to be postmaster at Waterville, Maine, in place of E. J. Brown, removed.

MARYLAND

Jacob R. L. Wink to be postmaster at Manchester, Md., in place of H. N. Burgoon. Incumbent's commission expired February 28, 1933.

Francis H. Blake to be postmaster at Sparks, Md., in place of S. G. Sparks, deceased.

Joseph Wilmer Baker to be postmaster at Union Bridge, Md., in place of G. C. Eichelberger. Incumbent's commission expired January 18, 1933.

Nellie T. Reed to be postmaster at Williamsport, Md., in place of L. B. Miller. Incumbent's commission expired January 19, 1933.

MASSACHUSETTS

George F. Cramer to be postmaster at Amherst, Mass., in place of F. A. Shepard, resigned.

Henry J. Cottrell to be postmaster at Beverly, Mass., in place of J. E. Herrick, deceased.

Frances A. Rogers to be postmaster at Billerica, Mass., in place of T. F. Lyons, deceased.

Arthur A. Hendrick to be postmaster at Brockton, Mass., in place of W. B. Littlefield, retired.

Francis K. Irwin to be postmaster at Cataumet, Mass., in place of F. K. Irwin. Incumbent's commission expired December 8, 1932.

Thomas V. Sweeney to be postmaster at Harding, Mass., in place of E. L. Downing. Incumbent's commission expired January 29, 1933.

Josephine R. McLaughlin to be postmaster at Hathorne, Mass., in place of D. M. Kelley. Incumbent's commission expired January 11, 1934.

George M. Lynch to be postmaster at Somerset, Mass., in place of F. B. Hood. Incumbent's commission expired December 16, 1933.

Thaddeus F. Webber to be postmaster at Winchendon, Mass., in place of W. H. Pierce, resigned.

MICHIGAN

Daniel M. McAuliffe to be postmaster at Albion, Mich., in place of E. J. Mallory, deceased.

Roscoe B. Huston to be postmaster at Detroit, Mich., in place of C. C. Kellogg, deceased.

Ernest G. Corbin to be postmaster at Hart, Mich., in place of W. E. Lewis. Incumbent's commission expired December 18, 1933.

John R. O'Meara to be postmaster at Hillsdale, Mich., in place of E. F. Lyon. Incumbent's commission expired May 18, 1932.

Robert F. Allan to be postmaster at Holly, Mich., in place of H. D. Cole. Incumbent's commission expired February 28, 1933.

James C. Healy to be postmaster at Houghton, Mich., in place of Edgar Rashleigh. Incumbent's commission expired January 15, 1933.

George A. Curry to be postmaster at Ironwood, Mich., in place of C. J. Larson, retired.

Alfred J. Rochon to be postmaster at Marine City, Mich., in place of G. N. Jones, resigned.

John C. Bannow to be postmaster at Mount Clemens, Mich., in place of W. C. Hacker, resigned.

George W. McCabe to be postmaster at Petoskey, Mich., in place of C. J. Gray, resigned.

Oliver C. Boynton, Jr., to be postmaster at St. Ignace, Mich., in place of E. F. Seward. Incumbent's commission expired January 26, 1933.

Lydia A. McElhinney to be postmaster at Snover, Mich., in place of L. A. McElhinney. Incumbent's commission expired March 18, 1934.

MINNESOTA

Joseph A. Heimer to be postmaster at Adams, Minn., in place of B. J. Huseby. Incumbent's commission expired May 28, 1933.

Bert C. Hazle to be postmaster at Alden, Minn., in place of H. A. Beach. Incumbent's commission expired January 29, 1933.

William L. Ward to be postmaster at Anoka, Minn., in place of G. H. Veidt. Incumbent's commission expired March 22, 1928.

Charles B. Frazer to be postmaster at Battle Lake, Minn. in place of G. H. Hopkins. Incumbent's commission expired February 25, 1933.

Alexander Kolhei to be postmaster at Cottonwood, Minn., in place of E. A. Schilling. Incumbent's commission expired December 20, 1932.

Glen J. Merritt to be postmaster at Duluth, Minn., in place of Thomas Considine. Incumbent's commission expired May 8, 1932.

Norman M. Brown to be postmaster at Ely, Minn., in place of Frank Schweiger. Incumbent's commission expired March 2, 1933.

Gilbert P. Finnegan to be postmaster at Eveleth, Minn., in place of D. P. McIntyre. Incumbent's commission expired February 4, 1932.

Mark R. Gorman to be postmaster at Fairmont, Minn., in place of E. J. Merry, transferred.

Bernard A. Gorman to be postmaster at Goodhue, Minn., in place of M. S. Kindseth. Incumbent's commission expired June 7, 1933.

James F. Fahey to be postmaster at Graceville, Minn., in place of R. C. O'Neill. Incumbent's commission expired March 2, 1933.

Dagny G. Sundahl to be postmaster at Grove City, Minn., in place of W. D. Hanson. Incumbent's commission expired February 28, 1933.

Earl Stanton to be postmaster at Hayfield, Minn., in place of H. U. Boe, resigned.

Leo L. Champlin to be postmaster at Mankato, Minn., in place of H. M. Hauck, resigned.

William C. Robertson to be postmaster at Minneapolis, Minn., in place of A. J. Schunk. Incumbent's commission expired November 20, 1933.

Andrew Reid to be postmaster at South St. Paul, Minn., in place of J. N. Irving. Incumbent's commission expired March 2, 1933.

Andrew Anderson to be postmaster at Thief River Falls, Minn., in place of T. P. Anderson. Incumbent's commission expired November 20, 1933.

MISSISSIPPI

Frances G. Wimberly to be postmaster at Jonestown, Miss., in place of F. G. Wimberly. Incumbent's commission expired December 16, 1933.

Mamie L. Harvey to be postmaster at Mathiston, Miss., in place of Maude Barton. Incumbent's commission expired May 23, 1933.

John R. Oliver to be postmaster at Natchez, Miss., in place of E. N. Hale, resigned.

William C. Mabry to be postmaster at Newton, Miss., in place of A. D. McLelland. Incumbent's commission expired January 15, 1933.

Robert A. Dean to be postmaster at Okolona, Miss., in place of W. L. Jansen. Incumbent's commission expired May 23, 1932.

Henry Boswell to be postmaster at Sanatorium, Miss., in place of Henry Boswell. Incumbent's commission expired March 8, 1934.

James C. Lamkin to be postmaster at Yazoo City, Miss., in place of S. W. Mott. Incumbent's commission expired February 23, 1930.

MISSOURI

Harold Stewart to be postmaster at Bolivar, Mo., in place of D. W. Puthuff, removed.

Joseph W. McMenus to be postmaster at Conway, Mo., in place of I. E. Knight. Incumbent's commission expired February 9, 1933.

James F. Hughes to be postmaster at Greenville, Mo., in place of R. R. White. Incumbent's commission expired March 8, 1934.

Alexander W. Graham to be postmaster at Kansas City, Mo., in place of W. E. Morton. Incumbent's commission expired January 19, 1933.

Hugh M. Price to be postmaster at La Monte, Mo., in place of J. B. Marshall. Incumbent's commission expired December 18, 1933.

Elisha O. Bryeans to be postmaster at Oran, Mo., in place of A. L. Brady. Incumbent's commission expired December 20, 1932.

Orlo H. Bond to be postmaster at Sheridan, Mo., in place of O. M. Churchill. Incumbent's commission expired June 19, 1933.

Leah M. White to be postmaster at Smithton, Mo., in place of W. H. Reynolds. Incumbent's commission expired February 1, 1933.

Emmett R. Burrows to be postmaster at Van Buren, Mo., in place of R. E. Dusenbery. Incumbent's commission expired February 1, 1933.

MONTANA

Ray M. Birck to be postmaster at Corvallis, Mont., in place of T. L. Morris, removed.

Robert Midtlyng to be postmaster at Deer Lodge, Mont., in place of Thomas Hirst. Incumbent's commission expired December 18, 1933.

Harry J. Andrus to be postmaster at Dillon, Mont., in place of J. C. Faller. Incumbent's commission expired December 12, 1928.

Harry C. Hendricks to be postmaster at Helena, Mont., in place of K. G. Hoon. Incumbent's commission expired January 31, 1934.

Leanore K. C. Roderick to be postmaster at Outlook, Mont., in place of L. K. C. Roderick. Incumbent's commission expired March 18, 1934.

John R. Kruger to be postmaster at Plains, Mont., in place of H. L. Coulter. Incumbent's commission expired December 19, 1933.

George T. Farrell to be postmaster at Polson, Mont., in place of C. J. Sonstelie. Incumbent's commission expired April 17, 1932.

William A. Francis to be postmaster at Virginia City, Mont., in place of W. A. Francis. Incumbent's commission expired December 18, 1933.

Lonnie T. Dennis to be postmaster at Whitefish, Mont., in place of E. M. Hutchinson. Incumbent's commission expired February 25, 1933.

Ray E. Willey to be postmaster at Wisdom, Mont., in place of R. E. Willey. Incumbent's commission expired December 18, 1933.

NEBRASKA

Fred C. Buhk to be postmaster at Beemer, Nebr., in place of Ruth Harrison. Incumbent's commission expired June 8, 1933.

Max C. Jensen to be postmaster at Bridgeport, Nebr., in place of W. H. Willis, removed.

Edgar R. Johnson to be postmaster at Butte, Nebr., in place of J. N. Fuller, resigned.

Henry F. Maika to be postmaster at Chadron, Nebr., in place of O. J. Schwieger, removed.

Henry G. Andersen to be postmaster at Cozad, Nebr., in place of D. F. Stevens, Sr., removed.

Martha E. McDonald to be postmaster at Craig, Nebr., in place of C. E. Cram. Incumbent's commission expired December 16, 1933.

Loyd H. Metzer to be postmaster at Culbertson, Nebr., in place of J. G. Crews, resigned.

George W. Nicholas, Jr., to be postmaster at De Witt, Nebr., in place of G. W. Nicholas. Incumbent's commission expired May 23, 1932.

Arthur Scism to be postmaster at Edgar, Nebr., in place of H. E. Welch, deceased.

Lyle P. Dierks to be postmaster at Ewing, Nebr., in place of Garry Benson. Incumbent's commission expired December 16, 1933.

Oscar C. Thomas to be postmaster at Franklin, Nebr., in place of C. E. Cook, resigned.

Isaac R. L. Taylor to be postmaster at Gibbon, Nebr., in place of C. E. Johnson, removed.

Clifford R. Frasier to be postmaster at Gothenburg, Nebr., in place of W. I. Stebbins. Incumbent's commission expired January 18, 1933.

Clyde Yardley to be postmaster at Hemingford, Nebr., in place of Georgia Muirhead. Incumbent's commission expired February 9, 1932.

Charles Hynek to be postmaster at Humboldt, Nebr., in place of E. W. Clift, deceased.

Helen M. Fowler to be postmaster at Leigh, Nebr., in place of H. C. Hooker. Incumbent's commission expired December 16, 1933.

Andres P. Peterson to be postmaster at Lindsay, Nebr., in place of A. P. Peterson. Incumbent's commission expired April 3, 1934.

Russell B. Somerville to be postmaster at McCook, Nebr., in place of H. H. Woolard, transferred.

Mabel E. Sughrue to be postmaster at McCool Junction, Nebr., in place of T. E. Williams. Incumbent's commission expired January 26, 1933.

Eva G. Quick to be postmaster at Morrill, Nebr., in place of R. G. Walsh, removed.

Harold A. Langford to be postmaster at North Platte, Nebr., in place of W. A. Barraclough, removed.

Adolf E. Kaspar to be postmaster at Prague, Nebr., in place of Cyril Svoboda. Incumbent's commission expired February 12, 1933.

Bessie L. Baughan to be postmaster at Stamford, Nebr., in place of C. E. Lewis. Incumbent's commission expired December 16, 1933.

Gail Lidgard to be postmaster at Stockville, Nebr., in place of L. C. Brown. Incumbent's commission expired January 9, 1933.

Arthur B. Yates to be postmaster at Sutherland, Nebr., in place of M. E. Hossack, deceased.

Hester E. Lowe to be postmaster at Wolbach, Nebr., in place of E. A. Wight, Jr. Incumbent's commission expired December 16, 1933.

David D. O'Kane to be postmaster at Wood River, Nebr., in place of F. J. Riesland. Incumbent's commission expired January 9, 1933.

NEW HAMPSHIRE

Clarence A. Burt to be postmaster at Concord, N.H., in place of W. R. Heath, deceased.

Benjamin H. Dodge to be postmaster at New Boston, N.H., in place of B. H. Dodge. Incumbent's commission expired April 15, 1934.

Robert E. Gould to be postmaster at Newport, N.H., in place of S. C. Newell. Incumbent's commission expired February 28, 1933.

H. Leslie Thompson to be postmaster at North Haverhill, N.H., in place of C. F. Southard, deceased.

Richard U. Cogswell to be postmaster at Warner, N.H., in place of A. S. Cloues. Incumbent's commission expired December 16, 1933.

NEW JERSEY

Ernest F. Rohn to be postmaster at Arlington, N.J., in place of R. E. Torrance. Incumbent's commission expired December 14, 1932.

Richard P. Hughes to be postmaster at Burlington, N.J., in place of J. A. Lowden. Incumbent's commission expired September 30, 1933.

Jacob Garrison to be postmaster at Cape May Court House, N.J., in place of H. E. Richardson, removed.

Nelson Pickel to be postmaster at Clinton, N.J., in place of J. D. Hall, removed.

Philip L. Fellinger to be postmaster at East Orange, N.J., in place of L. A. Streit, removed.

Joseph A. Aloia to be postmaster at Garfield, N.J., in place of DeW. L. Anderson. Incumbent's commission expired May 28, 1933.

John F. Dugan to be postmaster at Garwood, N.J., in place of Richard Watt, deceased.

Louis C. Parker to be postmaster at Gloucester City, N.J., in place of A. C. Powell, deceased.

Bertha S. Irving to be postmaster at Haddonfield, N.J., in place of A. F. Wayne. Incumbent's commission expired December 13, 1932.

Thomas F. Curtis to be postmaster at Lakehurst, N.J., in place of Harold Pittis. Incumbent's commission expired February 28, 1932.

James A. Cleary to be postmaster at Lambertville, N.J., in place of C. D. McCracken. Incumbent's commission expired December 19, 1933.

Patrick J. Whelan to be postmaster at Manville, N.J., in place of Lester Quigley. Incumbent's commission expired February 12, 1933.

William D. Hayes to be postmaster at Millburn, N.J., in place of D. D. Dolbeer, removed.

Thomas L. Bell to be postmaster at Montclair, N.J., in place of E. G. Chamberlin, deceased.

George M. Gibson to be postmaster at Moorestown, N.J., in place of E. F. Benners. Incumbent's commission expired February 12, 1933.

John J. Quinn to be postmaster at Perth Amboy, N.J., in place of F. P. Hansen. Incumbent's commission expired June 19, 1933.

Kathryn B. Donohue to be postmaster at Saddle River, N.J., in place of J. G. DeBann. Incumbent's commission expired October 10, 1933.

Joseph S. Devlin to be postmaster at Sea Girt, N.J., in place of F. L. Newman. Incumbent's commission expired February 28, 1933.

John J. O'Hanlon to be postmaster at South Orange, N.J., in place of N. A. Chasse. Incumbent's commission expired February 12, 1933.

Edward J. Jennings to be postmaster at Trenton, N.J., in place of C. H. Updike, resigned.

James J. Dunne to be postmaster at Woodbridge, N.J., in place of S. C. Potter. Incumbent's commission expired December 13, 1932.

NEW YORK

William S. Brown to be postmaster at Antwerp, N.Y., in place of H. D. Fuller, removed.

Helen M. Freese to be postmaster at Massapequa, N.Y., in place of M. R. Post, resigned.

Douglas Rockett to be postmaster at Mohegan Lake, N.Y., in place of W. V. Horne, removed.

Charles I. Lavery to be postmaster at Poughkeepsie, N.Y., in place of E. J. Conklin. Incumbent's commission expired February 6, 1934.

William J. Griffin, Jr., to be postmaster at Starlake, N.Y., in place of Fred Tears, removed.

Philip J. Smith to be postmaster at Webster, N.Y., in place of H. L. Philips. Incumbent's commission expired December 16, 1933.

NORTH CAROLINA

Berta B. White to be postmaster at Ellerbe, N.C., in place of Walter Hogan. Incumbent's commission expired February 14, 1934.

Jennings M. Koontz to be postmaster at Kannapolis, N.C., in place of E. E. Lady. Incumbent's commission expired December 19, 1933.

George W. Hardison to be postmaster at Plymouth, N.C., in place of A. L. Alexander, removed.

Basil D. Barr to be postmaster at West Jefferson, N.C., in place of F. B. Jones. Incumbent's commission expired February 10, 1934.

NORTH DAKOTA

Karl E. Fischer to be postmaster at Hague, N.Dak., in place of K. E. Fischer. Incumbent's commission expired December 20, 1932.

Bennie M. Burreson to be postmaster at Pekin, N.Dak., in place of B. M. Burreson. Incumbent's commission expired December 18, 1933.

OHIO

Walter E. Cole to be postmaster at Andover, Ohio, in place of E. H. Phelps, removed.

Mary E. Bakle to be postmaster at Antwerp, Ohio, in place of L. B. Masters. Incumbent's commission expired December 16, 1933.

William J. Grandy to be postmaster at Byesville, Ohio, in place of Carl Ledman, removed.

Harry H. Weiss to be postmaster at Canton, Ohio, in place of L. T. Cool, retired.

Frank G. Schalmo to be postmaster at Canal Fulton, Ohio, in place of W. H. Fellmeth. Incumbent's commission expired December 8, 1932.

Leita Tuttle to be postmaster at Chardon, Ohio, in place of S. N. Austin. Incumbent's commission expired December 16, 1933.

Thomas G. Moore to be postmaster at East Orwell, Ohio. Office became Presidential July 1, 1933.

Myrtle Grant to be postmaster at Grove City, Ohio, in place of Orin Breckenridge, resigned.

Harlan B. Merkle to be postmaster at Hartville, Ohio, in place of O. R. Wiley. Incumbent's commission expired December 16, 1933.

Thomas Kyer to be postmaster at Jackson, Ohio, in place of J. L. Bales. Incumbent's commission expired February 4, 1931.

Daniel L. Pokey to be postmaster at Lakeside, Ohio, in place of G. H. Meek. Incumbent's commission expired December 18, 1933.

Clelland R. Polen to be postmaster at Lewisville, Ohio, in place of F. S. Neuhardt. Incumbent's commission expired December 7, 1932.

Benjamin E. Bowden to be postmaster at Lowell, Ohio, in place of D. B. Stanley, retired.

Anna M. Cook to be postmaster at Lucasville, Ohio, in place of C. W. Appel. Incumbent's commission expired December 16, 1933.

Harry W. Gordon to be postmaster at McConnelsville, Ohio, in place of R. M. Fouts. Incumbent's commission expired March 18, 1934.

Howard D. DeMar to be postmaster at Madeira, Ohio, in place of G. C. Bauer. Incumbent's commission expired December 7, 1932.

Everett Bennett to be postmaster at Morrow, Ohio, in place of Clem Couden, deceased.

Fred A. Stratton to be postmaster at Mount Orab, Ohio, in place of E. E. Ely. Incumbent's commission expired December 16, 1933.

Palmer Phillips to be postmaster at Mount Sterling, Ohio, in place of W. A. Ray, deceased.

Garrett W. Bowen to be postmaster at Newtown, Ohio, in place of A. A. Sticksel. Incumbent's commission expired December 8, 1932.

Lester Overfield to be postmaster at North Lewisburg, Ohio, in place of E. L. D. Tritt. Incumbent's commission expired December 16, 1933.

John O. Entrikin to be postmaster at North Lima, Ohio, in place of H. S. Sell. Incumbent's commission expired December 16, 1933.

Michael J. Gumbriell to be postmaster at North Olmsted, Ohio, in place of E. F. Kelley. Incumbent's commission expired December 13, 1932.

Charles O. Frederick to be postmaster at Norwalk, Ohio, in place of A. W. Davis. Incumbent's commission expired March 22, 1934.

Carl S. Corvin to be postmaster at Oak Hill, Ohio, in place of R. S. Williams. Incumbent's commission expired February 4, 1931.

Agnes O. Schritz to be postmaster at Olmsted Falls, Ohio, in place of W. B. Maynard. Incumbent's commission expired December 13, 1932.

Wilver T. Naragon to be postmaster at Osborn, Ohio, in place of I. R. Kneisly. Incumbent's commission expired January 12, 1932.

James M. McCrone to be postmaster at Poland, Ohio, in place of Lucina Byers. Incumbent's commission expired December 16, 1933.

Thomas F. Short to be postmaster at Seaman, Ohio, in place of L. R. Williamson. Incumbent's commission expired December 16, 1933.

Dorothy M. Lane to be postmaster at Stockport, Ohio, in place of J. A. Hayes. Incumbent's commission expired April 16, 1934.

Homer H. Dearth to be postmaster at Summerfield, Ohio, in place of N. S. Hall, resigned.

Urn S. Abbott to be postmaster at Tiffin, Ohio, in place of J. P. Locke. Incumbent's commission expired January 31, 1934.

Frank H. Waldeck to be postmaster at Warren, Ohio, in place of F. S. Van Gorder. Incumbent's commission expired March 22, 1934.

Harry A. Higgins to be postmaster at Xenia, Ohio, in place of C. S. Frazer. Incumbent's commission expired January 9, 1933.

OKLAHOMA

Martin G. Kizer to be postmaster at Apache, Okla., in place of J. K. Miller, removed.

Albert A. Johnson to be postmaster at Bartlesville, Okla., in place of John Johnstone. Incumbent's commission expired January 20, 1934.

Cloyd H. Burton to be postmaster at Commerce, Okla., in place of Edward Pennington, removed.

Glenn D. Burns to be postmaster at Dover, Okla., in place of L. R. Gray, removed.

Georgie M. Jeffers to be postmaster at Inola, Okla., in place of M. A. Eaton, resigned.

Vesta Denham to be postmaster at Three Sands, Okla., in place of A. L. Snyder. Incumbent's commission expired March 22, 1934.

Thomas O. Stewart to be postmaster at Wapanucka, Okla., in place of B. A. Wolverton, removed.

OREGON

William J. McLean to be postmaster at Kerby, Oreg. Office became Presidential July 1, 1933.

Bryan Dieckman to be postmaster at Myrtle Creek, Oreg., in place of A. M. March. Incumbent's commission expired June 7, 1933.

PENNSYLVANIA

Harry W. McArthur to be postmaster at Conneaut Lake Park, Pa., in place of G. W. Irvin. Incumbent's commission expired January 28, 1934.

Herbert S. Young to be postmaster at Easton, Pa., in place of E. P. Richards, resigned.

James W. Hatch to be postmaster at North Girard, Pa., in place of J. W. Hatch. Incumbent's commission expired April 16, 1934.

William M. Turner to be postmaster at Pittsburgh, Pa., in place of J. B. Anderson, retired.

PUERTO RICO

Cesar Rossy to be postmaster at Ciales, P.R., in place of Cesar Rossy. Incumbent's commission expired April 3, 1934.

SOUTH CAROLINA

William B. Smith to be postmaster at Greer, S.C., in place of S. T. Waldrop. Incumbent's commission expired February 10, 1934.

William T. Hemingway to be postmaster at Hemingway, S.C., in place of A. V. Thames. Incumbent's commission expired January 8, 1933.

Harriette H. McLaurin to be postmaster at McColl, S.C., in place of A. MacL. Fletcher. Incumbent's commission expired February 28, 1933.

William W. Barr, Jr., to be postmaster at Springfield, S.C., in place of H. J. Bailey, removed.

SOUTH DAKOTA

James Gaynor to be postmaster at Springfield, S.Dak., in place of James Gaynor. Incumbent's commission expired March 22, 1934.

TENNESSEE

Mabel W. Hughes to be postmaster at Arlington, Tenn., in place of M. W. Hughes. Incumbent's commission expired April 15, 1934.

Ernest F. Dennis to be postmaster at Chattanooga, Tenn., in place of W. J. Springfield, resigned.

Joseph M. Dedman to be postmaster at Columbia, Tenn., in place of A. R. Atkerson, resigned.

TEXAS

Lee Brown to be postmaster at Blanco, Tex., in place of Lee Brown. Incumbent's commission expired April 15, 1934.

Joseph Y. Fraser to be postmaster at Colorado, Tex., in place of R. S. Brennand. Incumbent's commission expired April 15, 1934.

Opal Farris to be postmaster at Daisetta, Tex., in place of Opal Farris. Incumbent's commission expired April 15, 1934.

Joe C. Martin to be postmaster at Itasca, Tex., in place of Imogene Bacon. Incumbent's commission expired May 31, 1933.

Asbury R. Odom to be postmaster at Rusk, Tex., in place of D. B. Lawson. Incumbent's commission expired September 18, 1933.

William C. Wells to be postmaster at Tahoka, Tex., in place of D. A. Parkhurst, removed.

Mary E. Holtzclaw to be postmaster at Tatum, Tex., in place of M. E. Holtzclaw. Incumbent's commission expired April 15, 1934.

Mollie S. Berryman to be postmaster at Willis, Tex., in place of A. H. Russell. Incumbent's commission expired January 16, 1933.

UTAH

Ewell C. Bowen to be postmaster at Hiawatha, Utah, in place of E. C. Bowen. Incumbent's commission expired January 31, 1934.

Jabez W. Dangerfield to be postmaster at Provo, Utah, in place of J. P. McGuire. Incumbent's commission expired March 8, 1934.

VERMONT

Gertrude L. Cutler to be postmaster at Cambridge, Vt., in place of F. A. Spaulding, resigned.

Hollis S. Johnson to be postmaster at Castleton, Vt., in place of H. M. Brown. Incumbent's commission expired December 16, 1933.

Rutherford D. Pfenning to be postmaster at Forest Dale, Vt., in place of W. H. C. Whitcomb. Incumbent's commission expired December 20, 1932.

William T. Johnson to be postmaster at Hardwick, Vt., in place of A. C. Hooker, retired.

Mabel M. Hemenway to be postmaster at Jeffersonville, Vt., in place of R. B. Thomas. Incumbent's commission expired January 29, 1933.

Patrick J. Candon to be postmaster at Pittsford, Vt., in place of E. H. Willis, removed.

Wayland N. Hamel to be postmaster at Plainfield, Vt., in place of R. M. Cutting. Incumbent's commission expired December 16, 1933.

Mary F. Brown to be postmaster at Readsboro, Vt., in place of V. S. Thayer, resigned.

Mabel R. Armstrong to be postmaster at Rupert, Vt., in place of E. R. Sheldon, deceased.

James G. Boutelle to be postmaster at Townshend, Vt., in place of O. B. Dauchy. Incumbent's commission expired December 20, 1932.

Thomas R. Flynn to be postmaster at Underhill, Vt., in place of W. T. Mead, deceased.

Waldo K. Powers to be postmaster at Vergennes, Vt., in place of A. S. Haven. Incumbent's commission expired December 18, 1932.

Peter E. Kehoe to be postmaster at West Pawlet, Vt., in place of of A. W. Burdick, resigned.

Martin H. Bowen to be postmaster at Wolcott, Vt., in place of K. A. Foster. Incumbent's commission expired December 20, 1932.

VIRGINIA

Lewis C. Jamison to be postmaster at Boone Mill, Va., in place of Creighton Angell. Incumbent's commission expired January 16, 1934.

Thomas W. Cooke to be postmaster at Gloucester, Va., in place of J. G. Phillips. Incumbent's commission expired February 17, 1934.

Walter McC. Greer to be postmaster at Rockymount, Va., in place of R. L. Davis. Incumbent's commission expired May 26, 1932.

WASHINGTON

Gustave A. Weber to be postmaster at Odessa, Wash., in place of G. A. Weber. Incumbent's commission expired March 18, 1934.

Blanche H. Barton to be postmaster at Othello, Wash., in place of J. E. McManamon, removed.

William H. Padley to be postmaster at Reardan, Wash., in place of W. H. Padley. Incumbent's commission expired April 2, 1934.

Andrew J. Diedrich to be postmaster at Valley, Wash., in place of A. J. Diedrich. Incumbent's commission expired April 2, 1934.

WEST VIRGINIA

Charles A. Skaggs to be postmaster at Cedar Grove, W.Va. Office became Presidential July 1, 1933.

Earl S. Miller to be postmaster at Mount Hope, W.Va., in place of T. A. Jones. Incumbent's commission expired February 13, 1933.

Harry Clarke to be postmaster at Owens, W.Va., in place of O. E. Layne. Incumbent's commission expired January 30, 1933.

Harry E. Riddleberger to be postmaster at St. Albans, W.Va., in place of U. S. Jarrett. Incumbent's commission expired December 18, 1933.

WISCONSIN

Richard P. Kielty to be postmaster at Altoona, Wis., in place of L. I. Edgell. Incumbent's commission expired December 16, 1933.

Frank A. Buettner to be postmaster at Bowler, Wis., in place of Fred Hennig. Incumbent's commission expired February 28, 1933.

Berthea Overgood to be postmaster at Brantwood, Wis., in place of Elmer Carlson, removed.

William L. Lee to be postmaster at Drummond, Wis., in place of E. G. Carter. Incumbent's commission expired December 18, 1933.

Herman W. Paff to be postmaster at Elk Mound, Wis., in place of A. M. Howe. Incumbent's commission expired December 18, 1933.

John T. Tovey to be postmaster at Fremont, Wis., in place of G. F. Sherburne. Incumbent's commission expired December 18, 1933.

Max R. Alling to be postmaster at Green Lake, Wis., in place of M. L. Kutchin. Incumbent's commission expired December 18, 1933.

Frank Heppe to be postmaster at Kewaskum, Wis., in place of E. D. Koch. Incumbent's commission expired January 22, 1934.

John J. Steiner to be postmaster at Mauston, Wis., in place of J. H. McNown. Incumbent's commission expired January 21, 1933.

Albert E. Hansen to be postmaster at Mendota, Wis., in place of William Rathbun. Incumbent's commission expired December 19, 1933.

Nicholas Abler to be postmaster at Mount Calvary, Wis., in place of George Henry. Incumbent's commission expired December 18, 1933.

Maurice E. Kennedy to be postmaster at New Lisbon, Wis., in place of C. C. Martin. Incumbent's commission expired February 25, 1933.

John V. Nickodem to be postmaster at Princeton, Wis., in place of L. L. Merrill. Incumbent's commission expired May 10, 1933.

Irwin J. Rieck to be postmaster at Weyauwega, Wis., in place of G. T. Classon. Incumbent's commission expired March 3, 1931.

Edwin F. Smith to be postmaster at Wisconsin Veterans' Home, Wis., in place of G. A. Murray. Incumbent's commission expired February 28, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 18 (legislative day of Apr. 17), 1934

UNITED STATES MARSHAL

John B. Ponder to be United States marshal for the eastern district of Texas.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

Capt. John Robin Davis Cleland to Adjutant General's Department.

First Lt. Charles Franklin Born to Air Corps.

APPOINTMENT BY PROMOTION IN THE REGULAR ARMY

Walter King Wilson to be colonel, Coast Artillery Corps.

Myron Sidney Crissy to be colonel, Coast Artillery Corps.

Oscar Foley to be colonel, Cavalry.

Frederick Dudley Griffith, Jr., to be colonel, Cavalry.

Wallace Copeland Philoon to be lieutenant colonel, Infantry.

Charles Bartell Meyer to be lieutenant colonel, Coast Artillery Corps.

Herbert LeRoy Taylor to be lieutenant colonel, Infantry.

James Rowland Hill to be lieutenant colonel, Quartermaster Corps.

Creighton Kerr to be major, Coast Artillery Corps.

LeRoy Murray Edwards to be major, Finance Department.

John Arthur McDonald to be major, Quartermaster Corps.

Stephen Burdette Massey to be major, Quartermaster Corps.

Albert Jamerson Chappell to be major, Quartermaster Corps.

Morton Howard McKinnon to be captain, Air Corps.

Elmer Dane Pangburn to be captain, Infantry.

Nathan William Thomas to be captain, Quartermaster Corps.

Walter Bernard Hough to be captain, Air Corps.

William Michael Lanagan to be captain, Air Corps.

George Platt Tourtellot to be captain, Air Corps.

George Hendricks Beverley to be captain, Air Corps.

Walter Kelisey Burgess to be captain, Air Corps.

Paul California Wilkins to be captain, Air Corps.

Bruno William Brooks to be captain, Quartermaster Corps.

Thomas Joseph Brennan, Jr., to be first lieutenant, Cavalry.

Robert Loyal Easton to be first lieutenant, Air Corps.

Elmer Briant Thayer to be first lieutenant, Field Artillery.

James Stewart Neary to be first lieutenant, Field Artillery.

John Benjamin Allen to be first lieutenant, Signal Corps.

Norris Brown Harbold to be first lieutenant, Air Corps.

John Cogswell Oakes to be first lieutenant, Field Artillery.

Leslie George Ross to be first lieutenant, Coast Artillery Corps.

George Raymond Bienfang to be first lieutenant, Air Corps.

Roger Woodhull Goldsmith to be first lieutenant, Field Artillery.

Russell Alger Wilson to be first lieutenant, Air Corps.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 18, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Eternal God and our Heavenly Father, we thank Thee for the great souls of the past who have bowed at the altar of prayer. Here they found courage and guidance that opened the way for nobler living and larger achievements; we pray for renewal of strength. In the realm of clearer vision may we find our delight and health in the channels of service. Heavenly Father, let us not be consumed by the fever of living or exhaust our vital energies in endless stress and strain. Just put Thy hand upon our hearts; speak to us, and may we be smitten with the finer issues of life. O breathe Thy sweetness and rest into our souls. Allow hindrances and obstacles to become the luminous points for our victorious spirits. Blessed Lord, we pray for our people; bring their lives through the deeps up to the highest levels of plenty and happiness. For their sakes may we take pleasure in necessities and distresses. As we serve them, may we make a highway of joy straight through the deserts of want and privation for every man, woman, and child of every section of the Union. In the name of our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7483. An act to provide minimum pay for postal substitutes.

The message also announced that the Senate had passed bills and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 1800. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture;

S. 3235. An act to amend an act entitled "An act providing for the participation of the United States in A Century of

Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; and

S.Con.Res. 13. To authorize the printing of additional copies of the hearings held before the special committee appointed to investigate air- and ocean-mail contracts.

PERMISSION TO ADDRESS THE HOUSE

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent that I may address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, yesterday you conferred on me the honor of appointing me one of the conferees on the so-called "tax bill." I find in the RECORD of another body this morning a condemnation of the bill as it passed the House, and also an unnecessary and uncomplimentary reference to the Associated Press, saying that news was not being furnished, but opinions. The item in the Associated Press stated that there was "swelling opposition" to certain features of the bill. I confirm the viewpoint of the press, because when that article was printed, opposition to some Senate amendments was not known to the reading public. Probably it will be found that the objectionable amendments made in the other body did not have the approval of the Finance Committee, so that the quoted item, "that the so-called 'Senate progressives' ran away with the Finance Committee", is undoubtedly correct. The remarks made in the other body relative to the bill as passed by this House is the very best of evidence that we passed a good bill, and that the rule under which the bill was passed was a proper and meritorious one; unfortunately, such a rule could not meet with favor in another body. I may say now, not necessarily as the result of criticism that the House is given in this item to which I have referred, but from my own convictions, that we have a better bill than the Senate passed, and that I, for one, as a conferee through your appointment, announce now that these items of tremendous increases above the House bill in most instances will not meet with my approval in conference. [Applause.]

BONDS OF HOME OWNERS' LOAN CORPORATION

Mr. STEAGALL. Mr. Speaker, I call up conference report on the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

The conference report and statement is as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) section 4 (c) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"'(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be in such forms and denominations, shall mature within such periods of not more than 18 years from the date of their issue, shall bear such rates of interest not exceeding 4 percent per annum, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the Corporation issued under this subsection which are guaranteed as to interest and principal, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed. No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same. The Corporation shall have power to purchase in the open market at any time and at any price not to exceed par any of the bonds issued by it. Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price. For a period of 6 months after the date of this subsection, as amended, takes effect, the Corporation is authorized to refund any of its bonds issued prior to such date or any bonds issued after such date in compliance with commitments of the Corporation outstanding on such date, upon application of the holders thereof, by exchanging therefor bonds of an equal face amount issued by the Corporation under this subsection as amended, and bearing interest at such rate as may be prescribed by the Corporation with the approval of the Secretary of the Treasury; but such rate shall not be less than that first fixed after this subsection, as amended, takes effect on bonds exchanged by the Corporation for home mortgages. For the purpose of such refunding the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so refunded. Nothing in this subsection, as amended, shall be construed to prevent the Corporation from issuing bonds in compliance with commitments of the Cor-

poration on the date of this subsection, as amended, takes effect.'

"'(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds hereafter issued in compliance with commitments of the Corporation outstanding on the date of enactment of this act.'"

"SEC. 2. Section 4 of the Home Owners' Loan Act is further amended by adding at the end thereof the following new subsections:

"'(l) No home mortgage or other obligation or lien shall be acquired by the Corporation under subsection (d), and no cash advance shall be made under subsection (f), unless the applicant was in involuntary default on June 13, 1933, with respect to the indebtedness on his real estate and is unable to carry or refund his present mortgage indebtedness: *Provided*, That the foregoing limitation shall not apply in any case in which it is specifically shown to the satisfaction of the Corporation that a default after such date was due to unemployment or to economic conditions or misfortune beyond the control of the applicant, or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.

"'(m) In all cases where the Corporation is authorized to advance cash to provide for necessary maintenance and to make necessary repairs it is also authorized to advance cash or exchange bonds for the rehabilitation, modernization, rebuilding, and enlargement of the homes financed; and in all cases where the Corporation has acquired a home mortgage or other obligation or lien it is authorized to advance cash or exchange bonds to provide for the maintenance, repair, rehabilitation, modernization, rebuilding, and enlargement of the homes financed and to take an additional lien, mortgage, or conveyance to secure such additional advance or to take a new home mortgage for the whole indebtedness; but the total amount advanced shall in no case exceed the respective amounts or percentages of value of the real estate as elsewhere provided in this section. Not to exceed $200,000,000 of the proceeds derived from the sale of bonds of the Corporation shall be used in making cash advances to provide for necessary maintenance and necessary repairs and for the rehabilitation, modernization, rebuilding, and enlargement of real estate securing the home mortgages and other obligations and liens acquired by the Corporation under this section.'"

"SEC. 3. The sixth sentence of section 4 (d) of the Home Owners' Loan Act of 1933 is amended to read as follows: 'The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension.'"

"SEC. 4. Subsection (g) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended to read as follows:

"'(g) The Corporation is further authorized to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee subsequent to January 1, 1930, subject to the limitations provided in subsection (d) of this section.'

"SEC. 5. Section 5 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new subsections:

"'(j) In addition to the authority to subscribe for preferred shares in Federal savings and loan associations, the Secretary of the Treasury is authorized on behalf of the United States to subscribe for any amount of full paid income shares in such associations, and it shall be the duty of the Secretary of the Treasury to subscribe for such full paid income shares upon the request of the Federal Home Loan Bank Board. Payment on such shares may be called from time to time by the association, subject to the approval of said Board and the Secretary of the Treasury, and such payments shall be made from the funds appropriated pursuant to subsection (g) of this section; but the amount paid in by the Secretary of the Treasury for shares under this subsection and such subsection (g), together shall at no time exceed 75 percent of the total investment in the shares of such association by the Secretary of the Treasury and other shareholders. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by said Board and such receipts shall be evidence of the interest of the United States in such full paid income shares to the extent of the amount so paid. No request for the repurchase of the full paid income shares purchased by the Secretary of the Treasury shall be made for a period of 5 years from the date of such purchase, and thereafter requests by the Secretary of the Treasury for the repurchase of such shares by such associations shall be made at the discretion of the Board; but no such association shall be requested to repurchase any such shares in any one year in an amount in excess of 10 percent of the total amount invested in such shares by the Secretary of the Treasury. Such repurchases shall be made in accordance with the rules and regulations prescribed by the Board for such associations.

"'(k) When designated for that purpose by the Secretary of the Treasury, any Federal savings and loan association or member of any Federal home loan bank may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it. Any Federal savings and loan association or member of any Federal home loan bank may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality of the United States.'

"SEC. 6. Section 5 (i) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"'(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.'

"SEC. 7. (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon, after the words 'Federal Farm Mortgage Corporation Act', a comma and the following: 'or by the deposit or pledge of bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended.'

"(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended, is further amended by inserting after the words 'bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months', a comma and the following: 'bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding 6 months.'

"SEC. 8. The Federal Reserve banks are authorized, with the approval of the Secretary of the Treasury, to act as depositaries, custodians, and fiscal agents for the Home Owners' Loan Corporation.

"SEC. 9. The Home Owners' Loan Corporation is authorized to buy bonds or debentures of Federal home loan banks upon such terms as may be agreed upon or to loan money to Federal home loan banks upon such terms as may be agreed upon but not to exceed $50,000,000 shall be invested or advanced under this section.

"SEC. 10. The first sentence of section 10 (b) of the Federal Home Loan Bank Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: 'unless the amount of the debt secured by such home mortgage is less than 50 percent of the value

of the real estate with respect to which the home mortgage was given, as such real estate was appraised when the home mortgage was made.'

"SEC. 11. Section 6 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new sentences: 'For the purposes of this section the Secretary of the Treasury is authorized and directed to allocate and make immediately available to the Board, out of the funds appropriated pursuant to section 5 (g), the sum of $500,000. Such sum shall be in addition to the funds appropriated pursuant to this section, and shall be subject to the call of the Board and shall remain available until expended.'

"SEC. 12. Subsection (e) of section 8 of the Home Owners' Loan Act of 1933, is hereby amended to read as follows:

"'(e) No person, partnership, association, or corporation shall, directly or indirectly, solicit, contract for, charge or receive, or attempt to solicit, contract for, charge or receive any fee, charge, or other consideration from any person applying to the Corporation for a loan, whether bond or cash, except ordinary fees authorized and required by the Corporation for services actually rendered for examination and perfection of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 5 years, or both.'

"SEC. 13. Subsection (k) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended by inserting a new sentence after the second sentence of such subsection as follows: 'All payments upon principal of loans made by the Corporation shall under regulations made by the Corporation be applied to the retirement of the bonds of the Corporation.'

"SEC. 14. The eighth sentence of section 4 (a) of the act entitled 'An act to provide for the establishment of a Corporation to aid in the refinancing of farm debts, and for other purposes', approved January 31, 1934, is amended to read as follows: 'No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same.'

"SEC. 15. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the House agree to the same.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
ROBERT LUCE,
CARROLL L. BEEDY,
Managers on the part of the House.

ROBERT J. BULKLEY,
ALBEN W. BARKLEY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Under section 1 of the bill (providing for guaranteeing the principal and interest of the bonds of the Home Owners' Loan Corporation) a provision was included authorizing for a period of 6 months the exchange of bonds of the Corporation so guaranteed for bonds issued under existing law which are guaranteed as to interest only. The House amendment authorizes such exchange of bonds for a period of 12 months. The bill as agreed to in conference retains the provision of the Senate authorizing such exchange for a 6 months' period.

In the same section it was provided in the Senate bill that bonds purchased by the Corporation might be sold or resold at any time and at any price not to exceed par. The House amendment removed the limitation upon the sale or resale of such bonds at not to exceed par. The bill as agreed to in conference retains the provision of the House amendment.

Section 2 of the Senate bill contained a provision to the effect that in the appointment of agents and the selection of employees of the Home Owners' Loan Corporation no partisan political test or qualification should be permitted or given consideration, but that all such agents or employees should be appointed, employed, or promoted solely upon the basis of merit and efficiency. It was also provided that any member of the Board who was found guilty of a violation of such provision should be removed from office by the President, and that any agent or employee of the Corporation who violated the provision should be removed from office by the Federal Home Loan Bank Board. There was no corresponding provision in the House amendment. The bill as agreed to in conference eliminates the provision of the Senate bill.

Section 4 of the Senate bill extended the provision of existing law relating to the redemption of recovery of homes lost by foreclosure or forced sale, or by voluntary surrender to the mortgagee, so as to provide that the Corporation might act with respect to homes so lost within 3 years prior to the filing of an application with the Corporation to accomplish the redemption or recovery. The House amendment extended the authority of the Corporation in that respect so as to include cases where homes were lost subsequent to January 1, 1930. The bill as agreed to in conference retains the provision of the House amendment.

Section 7 of the Senate bill provided that bonds of the Home Owners' Loan Corporation which are guaranteed as to principal and interest might be deposited or pledged by member banks of the Federal Reserve System as security for 15-day loans from the Federal Reserve banks and that such bonds having maturities from date of purchase of not exceeding 6 months might be bought and sold by the Federal Reserve banks. The House amendment added a similar provision with respect to bonds or notes issued under the provisions of the Federal Home Loan Bank Act. The bill as agreed to in conference eliminates the House provision.

Section 9 of the Senate bill authorized the Home Owners' Loan Corporation to buy bonds or debentures of Federal home-loan banks and to make loans to such banks. The House amendment added a limitation that not to exceed $50,000,000 should be invested or advanced for such purposes. The bill as agreed to in conference retains the limitation contained in the House amendment.

Section 10 of the bill provided for making the Secretary of the Treasury an ex officio member of the Federal Home Loan Bank Board. The House amendment and the bill as agreed to in conference eliminate this provision.

A new section was added to the bill by the House amendment eliminating the requirement of section 10 of the Federal Home Loan Bank Act that mortgages to be eligible as collateral for loans by the Federal Home Loan Banks should not be past due more than 6 months when presented. There was no corresponding provision in the Senate bill. The bill as agreed to in conference retains the provision proposed to be eliminated from existing law by the House amendment with a limitation that provides in effect that home mortgages may be so accepted as collateral even though they are past due more than 6 months if the amount of the debt secured by the mortgage is less than 50 percent of the value of the real estate with respect to which the mortgage was given as determined by the appraisal of the real estate at the time the mortgage was made.

Section 12 of the House amendment modifies the provision of section 8 (e) of the Home Owners' Loan Act of 1933 with respect to fees which may be charged in connection with

loans made by the Corporation. There was no similar provision in the Senate bill. The bill as agreed to in conference retains the House provision.

Section 13 of the House amendment added a provision to the Home Owners' Loan Act of 1933 requiring that payments of principal on loans made by the Corporation should be applied to the retirement of the bonds of the Corporation. There was no corresponding provision in the Senate bill. The bill as agreed to in conference retains the provision of the House amendment.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
ROBERT LUCE,
CARROLL L. BEEDY,
Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, there are only two substantial changes made in the bill by the conferees. On other amendments submitted by the House, conferees yielded.

The two changes are, first, one which eliminates a provision carried in the House bill making the bonds of the home-loan banks and the bonds of the Federal Farm Mortgage Corporation eligible for rediscount at the Federal Reserve banks. This action was taken because of the fact that these bonds were based upon long-term real-estate loans, and the conferees concluded that they should not be made rediscountable at the Federal Reserve bank. Bonds of the Home Owners' Loan Corporation are guaranteed by the Government and therefore stand in a different category.

Mr. BLANTON. Is there anything in disagreement between the conferees?

Mr. STEAGALL. There is no disagreement among the conferees.

Mr. BLANTON. Then there is a complete agreed conference report here to be voted up or down.

Mr. STEAGALL. Yes. The other point on which the House yielded was in an amendment to the original Home Loan Bank Act, which placed a limitation upon loans, one clause being that where mortgages in arrears for more than 6 months should not be eligible as a basis for rediscount by the home-loan bank. This has been amended in conference to provide that the exception will not prevail where the value of the property does not exceed 50 percent of its original appraised value.

Mr. Speaker, those are the substantial changes made in conference from the provisions of the House bill.

Mr. SNELL. Will the gentleman yield to me?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. SNELL. Mr. Speaker, I voted for this bill because I thought it was sound and a good way to help the country in obtaining a certain amount of credit extension, but I have been disappointed in the administration of the bill. My experience has been that it is practically impossible to get money on a loan, and there is too much redtape in its administration.

I have in mind at the present time a specific loan that I helped the man make out the papers for on the 11th of last September. This man's property has been appraised three separate times. Each set of appraisers has approved the loan. The last appraisal was on February 15, and at that time they said, "This is final, you are going to get your money." Up to day before yesterday he had not received a reply from the final appraisal.

It seems to me that there must be something wrong in the administration of this law if it takes so long to get a reasonably good loan out of this organization. I do not know what the gentleman from Alabama has in mind or whether he knows about the amount of redtape that is connected with getting one of these loans through, but certainly there ought to be some way that a man with reasonably good security, and where it is essential to the man making the application that he should get it before he loses his property. Does the gentleman know anything about the conditions throughout the country or how long it does take to get an average loan through?

Mr. STEAGALL. I may say to the gentleman that, of course, I have no knowledge of the individual application to which the gentleman has referred. It is impossible for Members of Congress to keep track of individual cases pending before the Home Owners' Loan organization.

Mr. SNELL. I do not mean individual cases.

Mr. STEAGALL. May I say to the gentleman that there was much work to be done in setting up this organization. It is a big institution, doing a big work, and I am glad to say that the corporation is doing the job in a big way.

There is no way by which a Government institution of this kind can avoid some degree of redtape. There is no way by which under an organization of this kind a citizen can ride up to the front door of an office and park his car or hitch his horse and go in and sign a mortgage for a loan and take the money with him. This is an impossibility. There never has been a Government-managed institution in connection with which there were not frequent complaints along the line of the one submitted by the gentleman from New York.

In this connection I may say, Mr. Speaker, that under the original Home Loan Bank Act, passed during the Hoover administration, after that law was in operation for nearly a year, up to June 1933, only $50,000,000 in loans had been made. The new organization set up by the act of Congress of last year, under the present administration, in less than a year has lent approximately $500,000,000 to more than 150,000 home owners who have been relieved and enabled to save their homes from foreclosure.

The corporation is now lending between $35,000,000 and $40,000,000 a week for the relief of home owners. They are lending in a week, under the present administration, under the recent act, almost as much as was lent by the original Home Loan Bank Board in a year, and I think the rate at which we are going may be said to be reasonably rapid and efficient. It only takes a moment's reflection to see that at the rate at which we are lending we shall soon exhaust the funds available, so the Board, of course, must use reasonable discretion.

Mr. SNELL. Perhaps some of the other organizations are more efficient than the one in the State of New York, but I may say to the gentleman that the head of the New York organization is Vincent Dailey, the special assistant to the Postmaster General. He has been the head of the organization, so far as I know, since last fall. I have heard considerable complaint, and I do not mean complaint for political reasons, but complaints from the people, to the effect that it has been impossible for them to get a loan through the Home Loan Corporation.

Mr. STEAGALL. It has been impossible, as a general rule, to take care of the applications as fast as they have come in. This is necessarily so, and, in my judgment, will continue to be so.

Mr. COCHRAN of Missouri. If the gentleman will yield, in the case the gentleman from New York [Mr. SNELL] refers to, has the mortgagee agreed to accept the bonds?

Mr. SNELL. He has done everything they have asked him to do and the property has been appraised three times.

Mr. COCHRAN of Missouri. I submit if that has been the case there should be no delay, and there is no such delay in my own State. As soon as the mortgagee agrees to accept the bonds and the appraisal has been passed upon, if it is within the law, there is absolutely no delay in my State.

Mr. SNELL. We have had delays all the time and there has been a great deal of trouble in getting any money from the organization.

Mr. COCHRAN of Missouri. The only delay I know of has been caused by the mortgagee's not agreeing to accept the bonds, because they are not guaranteed by the Government. They are now so guaranteed and are selling above par and this should expedite the matter. The gentleman, I am sure, will recall when the original bill was pending I offered a motion which was defeated that sought to guarantee the bonds as well as the interest. I renewed my efforts to guarantee the bonds last June, and if that had been done

thousands of homes would have been saved. You are simply doing today what I tried to do on two occasions and I am sorry to be required to say that the members of the gentleman's party opposed my amendments.

Mr. CARTER of California. If the gentleman will permit, I may say to the gentleman from Missouri [Mr. COCHRAN] that in my particular city of Oakland in the State of California the home-loan office was opened about the middle of last August. The place was flooded with applicants. Many of the mortgagees agreed to accept the bonds. On the 27th of November I checked up the office, and not one single loan had been completed up to that time. I telegraphed the President of the United States on that day asking him if he could not do something to expedite the work of passing these loans, and he referred my letter to the home-loan office here. And in due time my telegram was answered. I want to say that my statement here is no reflection on the management of the office at Oakland, Calif. I know the man in charge there, and he is a good, loyal Democrat to be sure, but I believe he has been doing his utmost to get these loans through, but they were lodged somewhere else.

Let me say further that notwithstanding the numerous complaints that have been made about the situation there, a few days ago the Representatives from California received numerous wires from individuals who were interested, complaining that the same condition, in large measure, still exists, and the home owners were losing their homes. The matter was taken up here with Mr. Delano, who has taken steps, I believe, effective steps, to remedy this situation; but I sincerely trust a little more speed or expedition in passing on these loans will be shown in the future than has been shown in the past, particularly in the State of California. [Applause.]

Mr. STEAGALL. Mr. Speaker, let me say to the gentleman that speed is not the only thing desired or contemplated under this legislation.

If the Board had nothing but speed in mind, it would be easy to dish out this money to those who come first, but it is important that the Board take time to go properly into each individual application in order that the funds of the Government may be devoted to the purposes for which they were intended and that loans made may inure to the benefit of home owners who are in danger of losing their homes and having their families turned into the streets and highways. The law should be administered with sufficient care to carry its benefits to worthy applicants for whose benefit the law was passed, and not for mortgagees who are only interested in making collections.

There were plenty of mortgagees over all the country anxious to exchange their mortgages for bonds, either with or without Government guaranty. There has been a rush on the part of mortgagees to take advantage of the benefits of the legislation. I feel sure that the Board is undertaking to carry out the purposes of the law. I now yield to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Let me say that, in my judgment, there is not a Government department that has been rendering more efficient and diligent service than the Home Loan Bank Board. In my own State we have an efficient organization, and they have made quite a record. I think that is generally true throughout the country.

There are individual cases in my district where there has been considerable delay, as stated by the gentleman from New York, but in every instance there has been a good reason for such delay, involving questions of title, questions of value, and other questions which, as the gentleman from Alabama has well said, require the attention of local officials, and in many cases the Home Loan Bank Board here, in order to carry out the purposes of the law, which is to guarantee, or, rather, to protect, the home owners from foreclosure. At the same time there is a responsibility resting on those in charge of this activity to see to it that the United States Government is reasonably and properly protected. I am glad to say this much concerning the Board and its efficient organization.

Mrs. GREENWAY. If the gentleman will yield, I cannot help but feel that this must be a matter of local management for the reason that in Arizona there is no institution of the Government that has been acting with greater efficiency and in a more helpful way than the home-loan institution.

We had, at first, very much the same paralysis, but now that has been relieved, and they will reopen a case that has once been turned down and reconsider it. We have been getting wonderful results and I cannot help feeling that this matter is due to local management.

Mr. CARTER of California. Regardless of whether the trouble is due to local mismanagement, the home owner is losing his home. It may be temporary paralysis in my State, but I fear it will become permanent.

I am just as solicitous as is the gentleman from Tennessee about seeing that these loans are made so that they will protect the Government of the United States. But I do submit to the gentleman from Tennessee and to the distinguished Chairman of the Committee on Banking and Currency that when home owners have filed their applications in August and until the 27th day of November not one of them has been approved there is fault somewhere. It may be local inefficiency; but, regardless of what it is, I hope in the future that this clogging up will be done away with.

Mrs. GREENWAY. All I can say is I think we should all help the gentleman, if that is the case.

Mr. CARTER of California. I thank the gentlewoman from Arizona very much.

Mr. FITZPATRICK. Mr. Speaker, in answer to the gentleman from New York [Mr. SNELL], under the previous administration we had a former Member of this House from New Jersey, who was manager of the Home Loan Corporation for the State of New York, or at least, the city of New York. I do not know of one loan that was granted during his administration. During the last 8 or 9 months we have had thousands granted in our city and in the suburbs of the city, while during the previous administration I could not find one loan that was granted under that former Member of this House.

Mr. SNELL. As I understand it, the conditions were entirely different at that time from what they were later. The legislation was entirely different. At that time the whole thing was new and there was no organization, but at the present time they are supposed to have an organization.

Mr. FITZPATRICK. No; that was for taking care of mortgages. There was not a home saved in our State during the previous administration.

Mr. SNELL. I am not criticizing from a political standpoint, but I think the time has come when we should get more action through well-organized loaning agencies in our State.

Mr. FITZPATRICK. We are getting more action and real action where we are entitled to it.

Mr. SNELL. Your own appraisers say it is all right, and why cannot we get the money?

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Massachusetts.

Mr. LUCE. To say to the gentleman from New York [Mr. FITZPATRICK] that what he is referring to is the conduct of the Home Owners' Loan Corporation, which was not yet created, the bill not having been passed until the present administration came into power.

Mr. FITZPATRICK. Yes; it was passed in the previous administration.

Mr. LUCE. Oh, no.

Mr. FITZPATRICK. And it was in effect for over a year.

Mr. SNELL. It is an entirely different proposition.

Mr. LUCE. The Home Owners' Loan Corporation is a product of this Congress.

Mr. STEAGALL. Under the Home Loan Bank Act of the former administration, not $50,000,000 was loaned. Of course, the purposes of the legislation were identical.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. COLDEN. In southern California, where I observed the opening of these offices in Los Angeles, an office was established where probably 20 people were taking applications, and people were lined up for a block long on the street outside. After those applications were made, it was some weeks before appraisals were made, and there were thousands of those applications in that office, and it necessarily takes a lot of time to clear up and make the appraisals on those applications.

Mr. LEE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LEE of Missouri. In Joplin, Mo., where I live, we had commissioners there, Judge Kelsey Norman and John Stauffer, and they made loans to the number of about 900. No person in my congressional district has lost his home since this law went into effect. I wired President Roosevelt on two or three occasions where loan companies had sold people's homes, and every one of the sales was stopped, and they took these bonds, and the homes have been saved to the people; and I say to you gentlemen on the other side of the aisle who are complaining, when did you ever pass a law to save the home of any farmer or town man in this country where you saved it, and what did you do during the 60 years that you were running this Government?

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. ADAMS. I rise to say to the distinguished minority leader from New York [Mr. SNELL] that the little State of Delaware has the edge on the great State of New York. There have been no complaints or criticisms whatsoever in my State as to the manner in which the Home Owners' Loan Corporation has functioned and is functioning. I will admit that it took a few weeks to get started. There were numerous applications. It took a short period of time for the officials to become acquainted with the provisions of the law and as to how it should be administered in fairness to the borrower as well as the Government.

The State manager, Mr. Thomas B. Young, a very capable and energetic realtor, and his complete office force in each of the counties have been very industrious. They have rendered good service. Many loans have been made and foreclosure proceedings stopped. The H.O.L.C. has been a very valuable agency for the salvation of the homes of many of my constituents.

I am very happy to be privileged to make this observation.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LANHAM. Was it not perfectly natural and to be expected that there would be some delay in functioning where new machinery was being instituted and the personnel had to be selected and instructed in their respective duties? The reference of the gentleman from California [Mr. CARTER] was to the effect that the organization in that State began in August and that there had been no loans made in November. Was there not a necessary delay in the organization of the new machinery and in acquiring and instructing the personnel in their duties?

Mr. STEAGALL. Certainly.

Mr. FORD. Mr. Speaker, I desire to comment on the situation that has been referred to regarding the operation of the home-loan office in California. I call the attention of the gentleman from California [Mr. CARTER] to the fact that in southern California we have no such condition as he describes in Oakland, Calif. There was, however, in the first few months a condition in California brought about by the fact that our title situation is a peculiar one. We have title companies there that pass on these titles, and it takes time to iron out legal technicalities so that the owner can give a title to property under the conditions that the Government has laid down.

That is a situation that probably does not exist in many other States, and I am very certain that the number of loans that have been granted in southern California are comparable to those in other sections of the country in promptitude and in efficiency. I know of a dozen cases where applications were reopened after having been turned down by one appraiser. A different appraiser was sent out, and the loan was finally put through. There is no warrant at all for the statement that the Home Loan Corporation has not functioned efficiently, at least in southern California, because I know of my own knowledge that it has.

It is true that many loans have been applied for where the property, by reason of its character, would not qualify under the terms of the act. But I know of no instance where the mortgagee was willing to take the bonds and the property stood up under an appraisal where a loan has not been granted promptly.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Speaker, of course there are varied types of reports to be made on the functioning of this corporation. In the first place, the organization had to be set up, and when it was set up about the only thing it had with which to make loans were bonds. The principal of these bonds was not guaranteed by the Government, although the interest was. Consequently, every mortgagee to whom the bonds were offered was not always ready to take them; they had to make some investigation; they had to determine whether or not the bonds were worth while. So there was a slowness on the part of the people to whom these bonds were offered to exchange perfectly good mortgages for the bonds. The bonds did not take so readily.

So we came on down to the time when it was perfectly apparent that the institution could not function unless the bonds were guaranteed by the Government, and that is the cause of this particular move. Just as soon as the Government began to show that it would likely get behind the bonds they began to rise in price. Now that the Government guaranty of the principal of these bonds is to become a reality, the situation will be satisfactory.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. COCHRAN of Missouri. The gentleman's speech clearly demonstrates that had the owners of the house voted for my amendment at the time the original bill was considered as well as at the time the second bill was considered the principal of these bonds would have been guaranteed and there would have been none of this difficulty and delay. The gentlemen on the Republican side who are now complaining were among those who voted against my amendment.

Mr. BUSBY. Now I understand that the Members understand that in many sections of the country there was created a condition by the set-up, and of the personnel, which afforded just cause for complaint; but this condition is being straightened out.

I shall make one further observation and then yield the floor. We have in this bill proposed an amendment which makes it possible for those who lost their homes by foreclosure sale or by any other forced method or who had to surrender title to their property to the mortgagee to become eligible for a loan, providing the separation from their property was after January 1, 1930. Instead of providing 2 years from the date of the application, we now go back to a fixed date, January 1, 1930; all persons who have been deprived of their property under a mortgage foreclosure or like condition are, by the provisions of this bill, made eligible for a loan just like the others who are in possession of their property.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield for a question?

Mr. BUSBY. I yield.

Mr. DIRKSEN. I do not believe that the gentleman has strictly interpreted the cause for the delay when he assigns as the reason the fact the bonds were not guaranteed as to principal. The experience of the branch offices is that when a man makes an application, the manager or someone there in authority tells the applicant that he must first of all secure the written consent of the mortgagee to accept the bonds. The application is not worth the paper it is written on unless it is accompanied by the consent of the mort-

gagee. Now, that is not the moving reason for the delay; and that is not the reason why only 1,047 loans were made on 68,000 applications in the State of Illinois during 8 months' operation.

Mr. BUSBY. Mr. Speaker, I believe the gentleman's statement clearly shows that that is the reason why the plan did not work out; the manager would not accept the applications unless they were accompanied by a written agreement on the part of the mortgagee to accept the bonds, bonds that were not guaranteed by the Government.

We have available $2,000,000,000 of money with which to take care of $15,000,000,000 or $18,000,000,000 of eligible applications. It is an impossibility, of course, to take care of $15,000,000,000 of loans with $2,000,000,000 of funds unless the funds are increased. But I believe the thing pointed out by the gentleman from Illinois illustrates what I said, that it was due to a lack of confidence in the bonds and a knowledge that in many instances the bonds could not be applied on the mortgage.

Mr. DIRKSEN. That is not true so far as our own situation is concerned.

Mr. BUSBY. If the gentleman from Illinois will permit, I may say that practically everyone who has spoken on this subject this morning has spoken from the local point of view and not on the general principles involved. We are trying to make reports on our own particular towns and communities so that it will appear that we are interested in their welfare, as we ought to be; but I am speaking generally about the application of the principle, and I do not care to get into those local situations which ought to be corrected.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Speaker, I agree in large part with the remarks of the gentleman from Mississippi as to the reason for the delay in getting this corporation into operation. Until the time when it appeared that the principal of these bonds, as well as the interest, would be guaranteed by the Government, they ranged in price from 80 cents to 85 cents on the dollar.

It is perfectly apparent that a business man when he has a loan on a man's property secured by a first mortgage for 50 percent of its value is not going to turn over a 100-percent security for an 85-percent security; so that it recurs to the question of not only determining titles by abstracts, determining procedure and the personnel of the various officers and setting up of new machinery, but it comes back to the very question that was under debate in this House on the 28th of last April when the original Home Owners' Loan Corporation Act was under discussion and debate in the House. On that date I offered an amendment substituting the words "direct obligations of the United States Government", in lieu of the words "instrumentalities of", which would have guaranteed both principal and interest of these bonds. The phrase "instrumentalities of" was merely a high-sounding deceptive expression, while the words of my amendment had meaning. The amendment was defeated by a very marked vote. As a result, the matter has been delayed.

May I venture the prediction that since the Government has guaranteed these bonds, and they are now around 100 cents to the dollar, there will be no more delay. May I make this further observation: If we had speeded the thing up and lost a few million dollars on the transactions, there would have been more condemnation on the floor of the House for losing that money than there has been here today because of the fact that they have not speeded up the program of loaning more money.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Speaker, I can report for the State of Indiana that Mr. E. Kirk McKinney is doing a good job and we are not having many complaints at this time. I talked with a competent business man in my home town, Mr. Walter H. Sherrill, who is appraiser for the home-loan bank, and he tells me that because of delays which were beyond their control it took several months to get started. He is a very competent, high-class business man. He pointed out good reasons why they could not get under way for some months, but stated that they are going in high gear at this time and that loans are being closed rapidly and are augmented daily.

The Members of this House know that it is impossible to select 100 men and to have all of these 100 men 100 percent efficient. There are bound to be instances where you select someone who is not 100 percent efficient, and this may account for some of the delay in some sections. I am sure Mr. McKinney is doing a good job in my State, and the local boards in my district are excellent men and rendering the best service possible. They are saving hundreds of homes for distressed home owners in the Ninth Indiana District.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. Mr. Speaker, as the gentleman from Alabama stated, approximately $500,000,000 has been loaned to distressed home owners of this country, but in addition to this many thousands of distressed home owners have been aided materially by the very existence of this act, by its operation, and by the fact that they have applications pending to refinance their homes. A great good is being accomplished by the Home Owners' Loan Corporation, which in its work will be the greatest corporation in this country.

I come from Ohio, representing that State at large. In Ohio we have made the most outstanding record of all. In our State Henry G. Brunner, formerly chairman of the Democratic State executive committee of Ohio, was designated as State administrator. Under his authority at the present time approximately $80,000,000 has been loaned to more than 30,000 distressed home owners in our State. I can sympathize somewhat with the statement of the distinguished minority leader because, with the exception of Illinois, the record made by the State of New York and by the administrator of the Home Owners' Loan Corporation of New York is the worst of the entire country.

May I refer to the record? In Ohio during the month of February 1934 there were 520 salaried field employees of the Home Owners' Loan Corporation. These 520 employees closed more than 7,000 loans. The average time it takes to close a loan in Ohio is 30 days from the date of the application.

In New York State during February there were 760 field employees, and those field employees closed only 1,286 loans, as against the 7,098 loans closed by the 520 Ohio employees.

Mr. COCHRAN of Missouri. How about California?

Mr. YOUNG. In other words, in Ohio in February of this year three field employees closed 40 loans during the entire month. In New York State one field employee closed 1.69 of a loan, and in Illinois the situation is even worse. In Illinois 442 salaried field employees closed only 181 loans. In other words, it took three employees in the State of Illinois of the Home Owners' Loan Corporation to close one loan in the entire month. In Ohio, under the administration of Henry G. Brunner, with the fine organization and the efficient work of that organization, the loans of the Home Owners' Loan Corporation are costing the Government an average of $14 a loan. In New York State the loans are costing the taxpayers of this country $122 a loan.

Mr. HASTINGS. What does the gentleman mean by the word "closed"?

Mr. YOUNG. By the word "closed" I mean an application has been made, the loan has been absolutely completed, and the money paid to the home owner.

In Ohio $88,000,000 has been paid to the home owners during the period of its operation. In New York State only $15,000,000 was paid to the home owners in the same time, and in Illinois about $4,000,000. In Ohio the record is outstanding. In New York State and in Illinois the work of the Home Owners' Loan Corporation is indeed the joker in the new deal.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I greatly deplore the conditions which exist in Illinois. The Members from Illinois have endeavored to bring about better cooperation and more speedy action on the part of the Administrator in the State of Illinois. Within the last 3 weeks the Members from Illinois have waited upon Mr. Fahey, chairman of the corporation, as well as some of the members of the board. We have been assured that the red tape and the delay in Illinois will be eliminated and that henceforth a better service will be forthcoming to the 38,000 applicants. We, of course, deplore exceedingly the fact that we are behind other States in obtaining relief to the people.

Mr. O'BRIEN. Will the gentleman yield for a question?

Mr. SABATH. I yield to my colleague from Illinois.

Mr. O'BRIEN. Is it not a fact that Illinois is in the hands of a Republican manager at this time?

Mr. DIRKSEN. I do not believe that is proper.

Mr. SABATH. I do not know. It is charged that the one in charge of this important work in Illinois is a Republican, but I do not know. I am looking to the main administration here, and we have been assured of real action and that it will look into the matter and see to it that justice is done in Illinois.

I serve notice now that unless we secure the same treatment in Illinois that has been accorded to other sections and to other States, the corporation will hear from us in no uncertain terms. We will not tolerate existing conditions any longer.

Personally, I think this law has accomplished wonders and has saved hundreds of thousands of home owners. This was the intention of the administration, but, unfortunately, I repeat that this has not been the case in Illinois. However, we will shortly ascertain the underlying reason for the unnecessary delays in our State.

Mr. DIRKSEN. I would like to have the gentleman from Illinois yield to me for an observation. Did we not get the same assurance from the corporation when they kicked out Mr. Donne, but conditions have not improved. They are now seeking to avoid responsibility by saying that Mr. Zander, the present manager, is a Republican, when you gentlemen know that he is a Democrat. I want to ask the gentleman from Illinois whether he will endorse my resolution asking for a house cleaning and an investigation of the entire Illinois situation.

Mr. SABATH. In answer to the inquiry of my colleague [Mr. DIRKSEN] let me say this: As I have stated before, I have had several conferences with Mr. Fahey and members of the Board here in Washington. I will have another conference with Mr. Fahey within a day or two, and I shall ascertain from him the underlying reasons for the delay in action on loans in our State, and, whether Mr. Zander is charged as a Republican or a Democrat, if facts warrant, I assure the gentleman that I will give my colleague's resolution early consideration and seek to effect the investigation which he favors; but I am not willing now to favor an investigation that will retard the efforts which are, I am given to understand, under way.

We must not embarrass the corporation in any steps it may be taking to cure this regrettable condition, because to do so would only react most unfavorably to our own people by causing further delay in considering and granting loans. Let us give the corporation its due chance.

Mr. STEAGALL. Mr. Speaker, it is perfectly apparent that the discussion has ranged far beyond anything that may be involved in the conference report.

It has been a pleasure for me to yield to gentlemen who desired to make observations in reference to this general matter, but in view of the fact so much time has been consumed, I now move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

AMATEUR BOXING IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the conference report on the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, having met, after full and free conference, have agreed to recommend, and do recommend, to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

On page 3, line 7, of the House engrossed amendments, strike out the word "amateur"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill; and agree to the same.

MARY T. NORTON,
VINCENT L. PALMISANO,
JAS. L. WHITLEY,
Managers on the part of the House.

WILLIAM H. KING,
ARTHUR CAPPER,
ROYAL S. COPELAND,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Section 1 of the Senate bill contained a direct prohibition against the voluntary engaging in the District of Columbia in a pugilistic encounter and provided a penalty of imprisonment for not more than 5 years for a violation of this prohibition. The term "pugilistic encounter" was defined by the bill so as to include generally any fistic meeting commonly embraced within the term "prize fight." The remainder of the bill was devoted to the supervision and control of amateur boxing in the District, through the establishment of a boxing commission for that purpose and provision for permits for the holding of boxing exhibitions and licenses for engaging therein. Provision was made authorizing charges to be made for such permits and licenses sufficient to defray the expenses of their issuance and other necessary expenses of the commission. Requirements contained in the Senate bill as to the conduct of boxing exhibitions were as follows: (1) Exhibitions to consist of one or more bouts, but no bout to continue for more than four rounds; (2) no round to exceed 3 minutes; (3) an interval of 1 minute between rounds; and (4) contestants to use gloves of not less than 8 ounces in weight. Penalties for violations of the act and rules and regulations of the commission were also provided for.

The House amendments serve to change the fundamental principle of the Senate bill in that they specifically authorize boxing in the District regardless of its amateur or professional nature. In keeping with this purpose the House amendments omit the first section of the Senate bill and substitute throughout the remainder of the bill the language necessary to give the commission general power over all boxing in the District, and makes reference to amateur

boxing only in subsection (b) (1) in which the commission is given power to cooperate with organizations engaged in the promotion and control of amateur boxing. The limitation on the duration of boxing bouts is removed by the House amendments and no substitute limitation is contained therein. The general form of the Senate bill, together with such provisions as do not conflict with the theory of the House amendments, are retained in the amendments. The Senate recedes.

The House amendments propose to amend the title so as to read: "A bill to authorize boxing in the District of Columbia, and for other purposes."

The Senate recedes.

MARY T. NORTON,
VINCENT L. PALMISANO,
JAS. L. WHITLEY,
Managers on the part of the House.

Mrs. NORTON. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

COMMITTEE ON INDIAN AFFAIRS

Mr. HOWARD. Mr. Speaker, by direction of the Committee on Indian Affairs of the House, I ask unanimous consent that the Committee be permitted to sit during sessions of the House for the next 10 days.

Mr. WERNER. Mr. Speaker, I object.

Mr. HOWARD. Mr. Speaker, I move that the Committee on Indian Affairs of the House be permitted to sit during sessions of the House for the next 10 days.

The motion was agreed to.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr Latta, one of his secretaries.

DISTRICT OF COLUMBIA APPROPRIATION BILL, FISCAL YEAR 1935

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such district for the fiscal year ending June 30, 1935, and for other purposes; and pending that, may I ask the gentleman from Pennsylvania [Mr. DITTER] if we can reach an agreement to close debate this afternoon?

Mr. DITTER. Mr. Speaker, I would suggest that we should have at least two and a half hours of general debate. I have requests for approximately an hour and a half or two hours on this side.

Mr. CANNON of Missouri. Then it will be agreeable to the gentleman for us to run along and close debate tonight?

Mr. DITTER. Will that be with the assurance that there will not be any other conference reports brought up?

Mr. BLANTON. They are subject to be brought up at any time.

Mr. DITTER. I realize that. My only purpose is to try to allot the time to the gentlemen to whom I have promised time, and if we are confronted by the consideration of conference reports, I shall want to reduce the time I have tentatively alloted the gentlemen.

Mr. CANNON of Missouri. Then it is understood that we may run along and close general debate tonight and read the bill tomorrow?

Mr. DITTER. If the gentleman will yield further, it is understood that the debate this afternoon is to be general debate.

Mr. CANNON of Missouri. Yes.

Mr. HASTINGS. It is understood that the debate will be concluded tonight, and we will proceed during the remainder of the day with general debate on the District of Columbia appropriation bill and at the conclusion of the session today general debate will be concluded and we will read the bill tomorrow?

Mr. CANNON of Missouri. Yes.

Mr. Speaker, I ask unanimous consent that general debate on the bill be closed when the House adjourns tonight, and that the time be equally divided and controlled by the gentleman from Pennsylvania [Mr. DITTER] and me.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Missouri.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 9061, the District of Columbia appropriation bill, with Mr. SEARS in the chair.

The Clerk read the title of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I yield 15 minutes to the lady from New Jersey [Mrs. NORTON].

Mrs. NORTON. Mr. Chairman, so much has been said and written with regard to the tuberculosis hospital that I decided to get the facts in the case by doing a little personal investigating.

While the story told in the press during the past few weeks led me to believe I would find bad conditions, I was not prepared for what I saw. In order to bring this picture before you of the suffering endured by these unfortunate victims of tuberculosis, crowded into an insanitary hospital, I shall merely give you the facts. If you find it difficult to believe that such conditions can exist in the most beautiful city in the country, then I beg that you call at the hospital and see for yourself.

This matter was brought to my attention because of a provision in the District appropriation bill calling for a tax reduction of 30 cents—from $1.50 to $1.20 a hundred. With every other city finding it necessary to increase taxes, it seemed amazing that Washington could lower the tax rate, particularly as it now has the lowest tax rate of any city of its size in the entire country. The answer is simple if one takes into consideration the few improvements that have been made in hospitals, schools, for sewage disposal, and various other necessities; and it is safe to say that in no city where men and women are elected to office by its citizenry would such conditions be tolerated. What I saw convinces me that the people of the District should have at least elected Representatives in the Congress of the United States to see to it that they receive a square deal.

While it is true that Members of Congress and particularly those on the District appropriations and legislative committees try to be fair and just in consideration of bills before them to benefit the District, it is equally true that every member of those committees has an entire home district to represent, and it is difficult to give the time to District legislation that in all fairness to the voteless people of Washington should be given. That has been particularly true during the past few years of stress and trouble. Therefore, I wish to state at the outset that it is in no spirit of criticism of the Appropriations Committee or its able chairman, for whom I feel a great respect and affection, that I shall attempt to bring before you the reasons why the taxes in the District should not be reduced. Instead of being reduced, I expect before this session of Congress is ended to come before you to plead for a bill that will grant permission to the Commissioners to borrow a sufficient amount of money from the R.F.C. to enable them to start some very badly needed improvements to safeguard the health of the people living here. I have not sufficient time to present the necessity for all of these improvements but hope in the time allotted me to present a picture of misery that will compel every Member of this House to become interested in the subject.

The bare facts are these:

A tuberculosis hospital, erected 30 or more years ago, which was supposed to be merely a wing of what was to be the finished hospital, providing shelter for 220 men and

women, white and black, in a space that would be crowded to provide for 100. Three wards are filled with colored people, five wards with white people. In one ward I found 28 people crowded into a room about 20 by 40 feet—just about sufficient space between the beds to walk—one chair upon which the patient's clothing was kept, there being no room for a closet. This ward was provided with 1 bath, 1 shower, 4 basins, and 3 toilets, and the only recreation room for the ward was the square around which was grouped the toilets, basins, bath, and so forth. I found a card table in this space and a few patients playing cards.

Another ward, 22 by 40, contained 29 beds, all filled; still another, 22 beds; 28 in another packed in; no recreation room anywhere. A few outside porches are located in various parts of the building but these are all filled with beds so that they could not be used as recreation rooms. There are no examining rooms in the entire building. The operating room is poorly lighted. They have a very old X-ray machine which could not be used for a patient reclining, he would have to stand to be X-rayed. This, of course, is a great hardship on a very sick patient.

There are no private rooms available for operative cases. Until recently there was only 1 resident doctor, and he now has 1 assistant. There is 1 student interne; 16 nurses, 12 of whom are on days, working 10 hours, relieving one another for the other 2 hours. Four of the 16 are on nights with 12-hour shifts. There is a small, inadequate kitchen on each floor. There is one small room for nurses, about 8 by 8 feet. Four orderlies and doctors are all compelled to use the same bathroom, in which there is one toilet. There are no mechanics on the premises, but there is 1 engineer on nights and 2 during the day. They must take care of electric work and practically everything that must be done. Too great praise cannot be given Dr. Peabody and his small staff. How it is humanly possible for them to live and serve under existing conditions it is difficult to imagine. They are doing a noble work, and those responsible for such conditions should bow their heads in shame. In the most primitive town nothing would be found that is worse. There are 12 tiny shacks on the grounds of the hospital. These are used by the patients on the road to recovery. They are built of sheet iron, heated with a stove in winter, and very cold. In the summer, with the burning sun of Washington shining on them all day, they are absolute places of living torture. There are no toilet facilities in these huts, and the patients must travel to the main building on cold winter nights. Such conditions would be bad for well people, but absolutely cruel for sick people.

I found but one tuberculosis clinic in the city and that had no relation to the hospital. The hospital is under the public-welfare board of the District government and the clinic under Dr. Fowler, United States Health Service. There is now no place to send children suffering from TB. There are about 150 children now attending the so-called "health school", and it is expected that these will be sent to the new children's hospital when it is completed. I understand that this is about the capacity at that new hospital, so that there will still be no place for the hundreds of TB subjects over all Washington. These children should be cared for immediately. It is absolute cruelty to allow poor children to suffer and die for want of proper care in any community, much less a community of wealth and refinement. This is a city of marble buildings to carry on the functions of Government and the most precious asset the Government has must suffer because of the carelessness and indifference of those responsible for their well-being.

In my city, Jersey City, a modest city compared with Washington, we consider our greatest asset the health of the community. Our bill for hospitals for the poor is the largest one we have to pay but the people in that city have never objected to paying their part of a tax bill to give comfort to the poor. Nor do I believe that the people of Washington would object to doing their part if the necessity were properly presented to them. I have said and I repeat that I do not believe that the people of Washington want their taxes reduced at the price of human misery.

Just a few short weeks ago these people responded with enthusiasm to the call of Georgia when it was explained how important it was that proper facilities be built at Warm Springs to relieve suffering children. Children are much the same the world over and I feel confident that once the attention of the people of Washington is called to the cancer in their midst they will respond and serve notice on the legislators that they are unwilling to accept a reduction of 30 cents in their taxes when that money is spent to alleviate suffering and bring to the lives of hundreds of unfortunates relief they are in need of to give them a chance to live.

Mr. McDUFFIE. Will the lady yield to me?

Mrs. NORTON. Gladly.

Mr. McDUFFIE. Speaking of taxes, in view of the fact that taxes are lower in this city than anywhere else in the United States——

Mrs. NORTON. I mentioned that in the beginning of my statement.

Mr. McDUFFIE. Does not the lady think, in view of the fact that we have spent hundreds of millions of dollars for the beautification and improvement of the city, a city where the tax rate is lower than in any other city in the United States, that the citizens of Washington themselves should spend some of their own money to provide the improvements which the lady speaks of?

Mrs. NORTON. I think they would be glad to do so, but they are not permitted to use their available funds.

Mr. McDUFFIE. Does the lady think that the Government should spend $20,000,000 for that purpose?

Mrs. NORTON. Not $20,000,000, but $2,000,000, to take care of this hospital.

Mr. BLANTON. If the lady will yield, I do not think the gentleman from Alabama should be uneasy about the $20,000,000. That is a newspaper report.

Mr. McDUFFIE. I understood it was to be reported out.

Mr. BLANTON. It might be reported out, but does the gentleman think the House would pass a bill like that? I do not think it would.

Mr. McDUFFIE. I have no objection, of course, to Congress doing what it desires, but in a time like this it occurred to me that it was a pretty large expenditure to take out of the Public Treasury.

Mr. BLANTON. That was mere newspaper propaganda.

Mrs. NORTON. I think the gentleman will find that it is not newspaper propaganda. The Congress will decide that question. We intend to bring the bill in, to cover many necessities, in justice to the people of the District of Columbia who have been handicapped with no Representative either in the House or the Senate.

Mr. WEIDEMAN. Will the lady yield?

Mrs. NORTON. Gladly.

Mr. WEIDEMAN. In response to the gentleman from Alabama, as far as my experience on your committee has been, I find that the people of the District do want to spend their money for better schools and better hospitals, but they have been handicapped in the past. I believe that they should have a Representative in Congress.

Mr. BLANTON. And does the gentleman think the District of Columbia should have two Senators at the other end of the Capitol?

Mrs. NORTON. As an example of what can be achieved through proper cooperation of the administration in order to eliminate the stigma of Washington having the fourth highest death rate from tuberculosis in the country, I shall quote what was accomplished in my county.

The CHAIRMAN. The time of the lady from New Jersey has expired.

Mrs. NORTON. Mr. Chairman, I ask for 5 minutes more.

Mr. BLANTON. The gentleman from Missouri has stepped out for a moment, and I take the liberty of yielding the lady 2 additional minutes.

Mrs. NORTON. In 1907 our death rate was 204 per hundred thousand, and today it has dropped to 52 per hundred thousand. Infection among children exposed to tuberculosis in tubercular families in 1910 was 80 percent. Today it is 44 percent. These figures are based upon the study of approxi-

mately 9,000 children tested in our clinics in the last 2 years. This is clearly owing to scientific study and cooperative effort.

In order to combat tuberculosis effectively, adequate hospital provision must be supplemented by TB clinics or dispensaries, augmented by visiting nurses, all of which are absolutely necessary to definitely control the tuberculosis problem.

My dear colleagues, I have gone deeply into this subject because of a conviction that deaths from tuberculosis can be held to a minimum, and because I believe those of us who have the power to assist in this great humanitarian problem and fail to do so shall be called upon to answer to God for our neglect.

In discussing this question I am reminded of an incident of my childhood, when a bereaved mother came to my home to seek comfort from my mother. She had lost six lovely children—all she had—through lack of knowledge and care. Little was then known of how to combat the disease, and when it struck a family death seemed inevitable. Today, thanks to the marvelous work of scientific men and women, cures are made permanent and fewer little caskets are carried from the homes of the poor. God grant the day may come when Washington will join the ranks of those other progressive cities in preventing tuberculosis.

Mr. Chairman, I call attention now to a report from the Medical Society of the District of Columbia. It was presented on February 21, 1934, and contains a study made by the Medical Society in respect to the matter of tuberculosis in the District. That report reads as follows:

The subcommittee on tuberculosis of the Medical Society of the District of Columbia presented their report on the facilities for the treatment and prevention of tuberculosis in the District. This report and the recommendations attached were accepted by the society on February 21, 1934. The study showed clearly:

That the organized profession here, as represented by the Medical Society of the District of Columbia, has not taken an active interest in the problem of tuberculosis in the District, but that no request for the backing or cooperation of the society in this problem has ever come from the Board of Commissioners, the board of public welfare, the Health Department, or the officials of the institutions where tuberculosis is taken care of. Partly as the result of this, there is no coordination of the various agencies having to do with the control of tuberculosis here.

That Washington has the fourth highest death rate from tuberculosis among the cities of this country—124.6 per 100,000 in 1933—and that this rate has risen each year for the past 4 years, whereas the death rate in all comparable cities has decreased; this in spite of a generally better economic situation and less crowded conditions than in any other large city.

That Baltimore with the same climate and almost the same percentage of colored population and with a much worse economic situation has steadily lowered its death rate to 90 per 100,000—34 per 100,000 less deaths than here.

That there are here no sanatorium facilities for hopeful cases, and that Washington is the only community in this country which has no sanatorium for hopeful cases of tuberculosis. Every State has from one to six sanatoria.

That the existing institutions, notably the tuberculosis hospital, the temporary wards at Gallinger, and the tuberculosis clinic, are understaffed, unbelievably overcrowded, starved for funds, and not run in accord with modern ideas for the care of tuberculosis.

That there is no provision for the care of tuberculosis of the bones and joints or the kidney, or other surgical types of tuberculosis.

That with 738 reported cases (1933) it is estimated there are almost 6,000 cases in the District. These figures exclude Government hospitals.

That with 1,197 recorded cases of tuberculosis in children, there are now 25 beds for children with tuberculosis in the District.

That there is practically no check-up of contacts and of exposed persons whether adults or children. Six nurses are assigned to this work, as against Baltimore's 119; therefore, the spread of the disease is not checked at its source, i.e., the infected person.

That the just-completed children's sanatorium lacks, on account of economy cuts, any facilities for the use of the roof as a solarium and, as limited by economy measures, is only large enough to be filled as soon as it is opened.

That adequate hospital beds (we have less than one half bed per death, with 621 deaths last year), adequate nursing service for follow-up, and for study of contacts, and adequate clinic work, all conducted on the highest professional plane, are the essential elements in successful campaigns against tuberculosis—and that we have none of them in the District of Columbia.

After reading this report, I feel absolutely certain that you will join with me in bringing before the Congress our obligation to those poor patients stricken in that hospital, lying there day after day, without proper care which they should have, in cramped quarters, with the sun beating down all summer long on shacks that are not fit for dogs to live in. I cannot believe that my colleagues will not respond to this call and do something for those unfortunate people who cannot help themselves. [Applause.]

You can, and I know you will, help by amending the appropriation bill before us to give a larger Federal appropriation for this purpose and by voting down the reduction in taxes carried in the bill.

Mr. WEIDEMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. Yes.

Mr. WEIDEMAN. On the matter of the cost involved, I think the gentlewoman might want to have in the RECORD the fact that the new Supreme Court Building, soon to be opened, cost $7,900,000, and that it houses only a few members of the Supreme Court.

Mrs. NORTON. Oh, yes; we could tell of millions of dollars that have been spent for buildings all over the city of Washington. For instance, there is the Commerce Building, erected at a cost of almost $18,000,000.

Mr. WEIDEMAN. What we have been doing here is to build up shrubs and trees along beautiful streets to hide the cesspools behind them so that the visitors to the city would not see them.

Mrs. NORTON. And I wonder how the visitors would feel if we should invite them to go and examine the tuberculosis hospital.

Mr. WEIDEMAN. And I would like to have them go to some of the schools that I visited in this city.

Mrs. NORTON. That is another subject and a long one, and it is one I hope that some attention will be given to in the consideration of this bill.

Mr. SHOEMAKER. And I am wondering if the gentlewoman knows that some of the doctors employed by this Government in these institutions do not even have licenses to practice medicine.

Mrs. NORTON. I do not know anything about that, but I cannot believe that it is true. May I say that I have no criticism to offer of the doctors. I think the doctors in the tuberculosis hospital are doing more than their duty. I do not know of any doctor anywhere in the country who would do the things that Dr. Peabody is doing in that institution.

Mr. SHOEMAKER. I am not singling out any particular hospital, but there are certain doctors in Gallinger and other hospitals in the city who do not even have a license to practice medicine, and who are performing major operations and losing 65 percent of the cases.

Mrs. NORTON. I like to investigate stories myself and do not care to take hearsay evidence on any subject. I do not know anything about what the gentleman says and I am not in a position to criticize.

The CHAIRMAN. The time of the gentlewoman from New Jersey has expired.

Mr. BLANTON. Mr. Chairman, I yield the gentlewoman 1 minute more. Will the gentlewoman yield?

Mrs. NORTON. Yes.

Mr. BLANTON. There is no one in the House who is more sympathetic with the work the gentlewoman mentions than I am. Every year I make my small contribution to the Tuberculosis Association in Washington, and also to the one in Abilene, and to the general work in the State of Texas, and I contribute regularly to many individuals in the State of Texas in the tent camp at Carlsbad, and to individuals who are suffering from tuberculosis in Fort Bayard, N.Mex., and Prescott, Ariz. I am personally interested in this great work, and as long as I have a voice in the Congress they will never suffer here in the city of Washington, but I believe this whole hurrah business now raised in Washington is nothing in the world but the annual newspaper stir made every time a District bill comes up in the House.

Mrs. NORTON. Does the gentleman mean to doubt what I have stated when I tell him that I have investigated the matter personally?

Mr. BLANTON. I have investigated everything there is in the District of Columbia. If they have one thing that I have not investigated I do not know what it is.

Mrs. NORTON. Has the gentleman been through the Tuberculosis Hospital in the District of Columbia?

Mr. BLANTON. I helped to build it.

Mrs. NORTON. Has the gentleman been through it recently?

Mr. BLANTON. Not within the last few months; no.

Mrs. NORTON. Has the gentleman been there recently? The condition I have discussed covers years, not months.

The CHAIRMAN. The time of the gentlewoman from New Jersey has again expired.

Mr. DITTER. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein material which I will refer to in the course of my talk.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McFADDEN. Mr. Chairman, the remarks I am about to make should more properly be addressed to the Committee on Rules, before which committee I am thus far unable to have a hearing. They pertain to House Resolution 287, which I introduced on March 1 last. The resolution proposes a committee of this House to investigate conditions as they now exist and have existed for a long time in the Bureau of Internal Revenue. As many of the Members here know, I have been giving considerable time and attention to this question of the evasion of the payment of taxes by large taxpayers and others through maneuvers and manipulations which are made possible because of the present organization within the Bureau of Internal Revenue and the cooperation of certified accountants on the outside and lawyers who are practicing before the Bureau of Internal Revenue. I have repeatedly called the attention of this House to the abuses which obtain in this respect and have pointed out from time to time wherein the Government of the United States, after passing tax bills and providing for the collection of equitable taxes from the people of the United States, has made it possible for these particularly favored ones who are able to hire lawyers and use their influence, political and other contact, which is available in departments, and through various channels of political pressure, to avoid the payment of their proper share of the taxes, and thus defraud the Government.

This subject is particularly pertinent at this time because there is in conference between the two Houses a bill proposing to increase the taxes of the people of the United States. My position is that it is a great deal better to collect the taxes that are now due the United States than it is to levy new taxes upon the people of the United States, because new levies of taxes will be levied on all classes of people who will thus have to pay those taxes that have not been paid by those people who have been favored through this racket that has prevailed here over a long time.

I have tried in every way possible to get consideration of this resolution. I have talked to the officials in the Treasury Department, Mr. Oliphant and Mr. Jackson, who are not averse to this investigation. I have talked to the Speaker of this House, to the gentleman from Tennessee [Mr. Byrns], the Democratic leader. I have talked to the Chairman of the Rules Committee and to members of the Rules Committee; and the matters which I am going to present to you here today, as I have said, should properly be presented to the Rules Committee. I hope that, as a result of the presentation which I am going to make, the Rules Committee will take under consideration that condition which I will present which I am satisfied Members of this House know exists and should be corrected.

I am not proposing in this respect an investigation with a brass band.

I am proposing a select committee of this House to act virtually as a court, who will select members from the Joint Committee on Taxation of the House and the Senate, who know that this situation exists, and to pick from the Internal Revenue Bureau itself, honest men who also know that these things exist and have told me they exist, and who want the situation corrected.

May I point out here that every department head who has attempted to correct these situations in the last few years has been completely surrounded by this clique, and before he realizes it he cannot tell what is going on in his department, and the racket proceeds without any hindrance. It is a terrible situation in that respect, and yet a Member of the House who presents or attempts to present this situation to the Rules Committee of this House cannot even get a hearing and cannot have an opportunity to bring men as witnesses before the Rules Committee. I begin to feel that the administration wants to protect this racket and intends to protect this racket, or else why do they not give it consideration? There can be no refutation of the charges that I am about to make.

Can it be that the present administration is not going to make Henry L. Doherty pay the taxes to this Government that he owes; can it be possible that this Government is going to permit this man to further continue his exploitation of the innocent investors of this country? I must again remind you that the political lobbyist attorney of the Doherty Cities Service and other companies is Arthur F. Mullin, former national committeeman from Nebraska, one of the chief dispensers of patronage of this administration, who shares fees with other lobbyist attorneys on getting through questionable claims against the Government, and who, I am told, is the lobbyist who got the $15,000,000 from P.W.A. for a water and power plant for Nebraska, which project is being so bitterly opposed by the coal interests and labor in the Middle West.

I charge that the present Commissioner of Internal Revenue, Guy T. Helvering, is continuing the well-known unfair practices in the Bureau of Internal Revenue; that is to say, there is favor being shown certain taxpayers at the expense of other taxpayers resulting in a loss of revenue to the Government and in some instances friends and political favorites are the recipients. I submit that in any of these events the practices should be stopped whether it necessitates the removal of the Commissioner or the removal of lesser officials.

I condemn the further use of confidential memoranda in this department through which certain taxpayers are favored over others who are not informed of the special favor granted. This practice should be discontinued forthwith. Many of the large taxpayers who have been able to obtain preference have benefited as have likewise the various rings of lawyers and certified public accountants, such as Seifert; Gregg; Clifford; Alvord; Price, Waterhouse & Co.; Ernst & Ernst; and many others.

I have only scratched the surface, but I have named certain outstanding lawyers and accountants who are involved. There are many more.

Compromises ought to be discontinued or abolished, or the compromise should be left to the Department of Justice or to the Board of Tax Appeals, or some other agency or independent bureau, as the Government has never been known to get a square deal in cases that have been compromised through the Bureau of Internal Revenue.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I am sorry, but I cannot yield.

The Bureau is honeycombed with officials in key positions who are trained under the regime of the last dozen years who have never given the Government a square deal but were always and eternally looking for and devising loopholes to defraud the Government by favoring certain large taxpayers, their favorite lawyer friends, or their favorite certified accountants.

Take, for instance, the well-known Crucible Steel Co. case. While Joe Callan was Deputy Commissioner of Internal Revenue under the Wilson administration $5,000,000 additional tax was assessed against this company. Later Callan resigned and within a few months thereafter came back before the Bureau with a claim for the refund of this tax. The greater portion of it was refunded or abated. More recently, during the present administration, with Mr. Helver-

ing as Commissioner, this man was called in as an adviser to the administration and put in charge of the reorganization of the Bureau of Internal Revenue. While he was reorganizing the Bureau he had claims pending before it for clients who were claiming large refunds, and certain refunds were allowed his clients by the Department.

Now, I ask you, Mr. Chairman, whether such conditions as that should be permitted to exist? That is what I am talking about and what I am trying to correct.

Information as regards certain vulnerable tax cases leak out of the Department into the offices of these tax consultants, lawyers, and accountants which information is used by these attorneys and accountants to secure their employment by these specific taxpayers which cases are based frequently upon ill-advised or bad contentions that no precedent could be found for their allowance and frequently these cases are without any foundation in law or justification in fact but are used as a vehicle to defraud the Government and furnish fees to the lawyers and accountants and in many of these cases precedents had to be established violative of all the laws of evidence. It was such cases as these that brought about the simple little confidential memorandum scheme which has been and is being used now to dispense with essential and necessary evidence to secure abatements and refunds for these accountants and attorneys. The attitude of mind of some of these men is that an abatement or refund of taxes should always be allowed whether there is any law for it or any evidence justifying it. A case can always be made out for the taxpayer by a confidential mimeograph through the compromise, and woe be unto any auditor who questions the legality or justice of a confidential mimeograph.

This confidential mimeograph which has been installed by the men administering this Bureau has cost the people of the United States hundreds of millions of dollars.

Why is it, I ask, that Mr. Helvering permits this collusion by these employees of his department? Does he not know of the outside affiliations and practices of these officials wherein they have allowed their friends on the outside, practicing before the Bureau, free access to the Bureau files contrary to law and have tipped them off to cases wherein a little juggling or pull (a confidential mimeograph or compromise agreement) would reverse the tax assessed by the Bureau and produce a refund or abatement of taxes? Does not Mr. Helvering know that this ring is operating very secretly and that if an auditor complains of these practices or does not agree with the favorite consideration given to particular taxpayers under these confidential mimeographs, secret rulings (based upon insufficient evidence or no evidence at all) he or she is immediately marked as an undesirable and his or her records of efficiency or records of qualifications are changed; that it is easy then to demote or recommend for dismissal such auditors and get rid of them? Such has been the case during the administration of Mr. Helvering.

In other words, if these people look out for the interests of Uncle Sam and it meets with the disapproval of this ring or clique, who are fleecing Uncle Sam, the records of these people are tampered with and the first thing they know they are out of jobs.

May I say that there has been practically no change made in the Audit Division of the Department of Internal Revenue since Mr. Helvering came into office. I believe that I am practically correct when I say that the only changes that have taken place are one chief of section transferred to audit review; one audit reviewer transferred to chief of section; a few auditors to review section; a few transfers in the General Counsel's Office; but in most cases the chief assistants have remained the same.

A splendid appointment has been made as General Counsel of this Bureau—Mr. Robert H. Jackson. The administration is to be congratulated upon the employment of this very able lawyer to this particular position.

I have had conversations with Mr. Jackson and it will not be violating any confidence, I believe, to say, Mr. Chairman, that I talked to Mr. Jackson about this proposed investigation of the Bureau of Internal Revenue. He wants it. I said to him:

Shall I take it up with the Secretary of the Treasury?

He said:

No; I will take it up; let me talk to the General Counsel.

And he did so; and the following day he sent me the following letter:

Hon. LOUIS T. MCFADDEN,
New House Office Building.

MY DEAR MR. MCFADDEN: I have examined the resolution which you have introduced, calling for an investigation of the Bureau of Internal Revenue, as you requested me to do, and have considered carefully its possible effect upon the work here.

Speaking only for myself and only insofar as it affects the work of the General Counsel's Office, I see no objection to the proposed investigation, which I believe could be carried on without substantial interference to the work of the Office so far as demands upon our time are concerned.

An investigation of this Office might result in bringing to my attention conditions which I would wish to remedy but which might not otherwise be noted. In any event, I have not the slightest hesitation in offering to cooperate fully either with the committee which you propose or any other congressional committee which desires to go into the conduct of this office.

With best personal regards, I am,

Very sincerely yours,

ROBERT H. JACKSON,
General Counsel.

I discussed in detail the kind of an investigation that should be made, which I have just stated: The selection of a member or two from the Joint Committee on Taxation and the selection of certain men in the Bureau of Internal Revenue who know that this situation exists and who want to correct it. These men cannot act independently. Mr. Jackson cannot act independently. He does not know at this moment to whom he is talking in his department whether the chiefs of these divisions are part of this clique or not. I am suggesting a committee of this House so that they can assist and aid in the correction of this situation.

I am not talking politics here. I have no pride of authorship. I am pointing out a situation which should have attention.

The special advisory committee has remained practically the same. A few new members have been brought in from the outside and now it is called "the technical staff."

If the present administration wishes to know the truth, there are men inside and outside the Treasury familiar with the practices that I am referring to who can point out the cases and persons involved, and they can be procured to advise the administration, but it must be in confidence, as any man who has ever attempted such a thing before—and there have been many—has been discharged or has had charges trumped up against him and has been disgraced.

There are many instances where honest men in these departments have met with the opposition of the particular cliques who are tied in with the lawyers on the outside, and they have very shortly found themselves either demoted or discharged entirely from their positions. This is a powerful group inside and outside who are aiding and abetting illegal practices in this Bureau.

Witness the fate of all those who testified in the Couzens investigation of the Department and those who gave evidence in the Government bond investigation.

Practically every honest person who gave material information to either one of these committees has either been demoted or so humiliated that he has either resigned or has been dropped from the Treasury Department.

In connection with the perpetuation of the present regime the schemings of the various rings of lawyers and accountants to perpetuate the old regime and to keep in key positions those who are all right and who will cooperate with the lawyers and accountants on the outside, these groups have had their heads together in more than one secret huddle in the recent past.

There is probably in excess of a half billion dollars involved in this situation at the present moment.

This situation must be corrected because involved in it are hundreds of millions of dollars of taxes which should and must be paid to the Government of the United States, other-

wise the tax burdens imposed upon the constituents of the Members of this House, due to this failure to collect the just taxes due from these large taxpayers, are considerably increased.

Among the taxpayers who have been evading taxes that I have specifically picked out, and I have only scratched the surface in this respect, have been the well-known evasions of the Mellon group of industries and the ex-Secretary of the Treasury himself, whose tax matters are now in the hands of the Department of Justice. Without this investigation and the material facts which would be disclosed by it, I seriously question whether the Department of Justice will be able to get the information which they should have in the prosecution of the Mellon cases. Why? Because at the present moment the man in charge of these particular files is a Mellon man. These other taxpayers also have their own men in key positions who look out for possible investigations of any violations by the Department of Justice.

Mr. BLANCHARD. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. Does the gentleman believe that a select committee would have any better opportunity to ascertain the facts?

Mr. McFADDEN. Yes; I do. This will correct the situation I am referring to in the Department.

Mr. BLANCHARD. On what theory does the gentleman expect that a select committee will have a better opportunity to obtain the information than the Department of Justice?

Mr. McFADDEN. I suggested that members of the Joint Committee on Taxation of the House and Senate be selected, and that they in turn pick out certain men that are known not to be a member of the ring in the Bureau of Internal Revenue. I suggest that this matter be done quietly in order to get an honest correction of this condition which exists. This Congress cannot afford any longer to delay and permit this fraud to be carried on. It is a racket.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from Kansas.

Mr. CARPENTER of Kansas. This ring that the gentleman speaks of, or this clique, are hold-overs of the Hoover administration?

Mr. McFADDEN. Many of them have been in there for years. They are kept in there by these influences. This is not a political proposition. It is financial. It is a racket. It is a ring. That is why it should be cleaned out of the Department, and there should be no further delay because it is costing the people of this country millions of dollars.

Another one of the flagrant instances of tax evasion I have called attention to repeatedly is that of H. L. Doherty and his various corporations. I spoke previously on the floor of this House about the influences that are being used by Mr. Doherty. He is organized from one end of this country to the other. Wherever any of his public utilities are operating he has his methods of gaining the favor of those who might expose these various deals. The last time I spoke on this question I referred to the Cities Service Club, the Doherty Club, down on K Street. Here is a photograph of the place, with the City Service insignia on each door, where a man with influence in the Government and in legislation can go and spend the evening and be the guest of this gentleman who has defrauded the United States Government out of its proper taxes. Mr. Doherty knows how to gain favor with those who have the kind of influence he needs—and he gets it.

May I tell you how he has done some of this business? Some of this information has come out before the Federal Trade Commission, and more will come out in the next few days. The hearings so far disclose that the holding or the parent company has collected from subsidiary companies taxes which they, the subsidiary companies, figured were due to the Government.

The holding or parent company is holding those as an asset and is defrauding the Government of their rightful amount of taxes. And some of this you are permitting through the continuing of consolidated returns.

In addition, I call attention to the fact that the mark-up of values on the books of many of his corporations is fraudulent and that the financial statements upon which is based the sales and purchases of his stock through the curb exchange in New York are a false base. I have called the attention of the curb exchange to this fact and have furnished them with the information which would justify the suspension on the curb exchange of the securities of the Doherty companies. People are being defrauded from one end of this country to the other. I shall place in the RECORD in connection with this matter certain statements made by people who have been deliberately defrauded by this man in the financing of his companies. They are as follows, and I am quoting a few of the people who have been defrauded by the Doherty Cities Service and other companies. Here is one from Oklahoma. I quote:

With a great deal of interest I read about your plain speaking about that bird Doherty and the ill-fated Cities Service Co.

The kidnapers and the gangsters are holy compared with this bird Doherty, who sold under all kind of lies of "saving for old age" and all kind of slogans this rotten Cities Service shares.

I am one of the victims who bought for cash and cash again in order to save for old age, but the present system is not saving for old age, but saving for skunks in business and other highway robbers of different kind.

One can better save for machine guns and know that he has something that will talk with force. That is what should be used on these betrayers of the masses who were inveigled by a totally corruptionist system of stock selling as practiced by the Cities Service gangdom.

Yes, save for old age, and be totally fleeced out of one's savings by fictitious statements.

Of course, I do not have a particle of confidence in any bond and any stock any more, because the system of robbery is evident everywhere.

The Czarist Government was not more corrupt than that of the present system here today.

Here is one from an attorney at law in New York City:

I know something about Mr. Henry L. Doherty. He was the backer of an investment house in this city from whom I obtained very substantial judgments for issuing fraudulent prospectus and selling fraudulent securities.

I quote from an offering by Leach Bros., Inc., 60 Wall Street, New York City, wherein, according to their February 13, 1934, circular, they offer Cities Service Co. debentures gold 5s due in 1958 at a bid and offered price at 48 and 49, in which earnings before depreciation for 9 months ended September 30, 1933, equal 2.39 times bond interest. My correspondent says "this is false and misleading."

I quote from another correspondent, Brooklyn, N.Y.:

"As a former stock salesman for Henry L. Doherty & Co., a stock-sales organization for the Cities Service Co. exclusive", who asks, "who was it that permitted Mr. Alton B. Jones or Mr. Russum to refer to the United States Senators and Congressmen as hinterland oppositionists as interferents with normal progress of business, and telling us at meetings when Congress adjourns stocks will go up? By what authority could Judge Foster tell us to approach the workingmen of this country and tell them that they should do as he has done, invest all his cash and all his stock dividends for reinvestment purposes in Cities Service Co.?"

Pennsylvania Securities Commission says that the Indian Territory Illuminating Oil Co.—a Doherty company—never was registered by H. L. Doherty & Co. in the State of Pennsylvania.

Another correspondent from Pittsburgh says:

The tragic thing about the make-up of the Cities Service security market is the fact that 95 percent of the security holders, which are approximately 600,000 in number (the second largest security list of any corporation in the country) were all people of small means, and they deliberately sold and practiced the distribution to this class of purchasers. In other words, the uninitiated and uninformed sucker class.

Further, for your information, they sold Indian Territory Illuminating Oil common stock in the State of Pennsylvania during the years 1930–31 without having taken out a permit through the securities commission in this State. The stock was sold anywhere from $31 to $47 a share and admitted to enlisted trading on the New York Curb, but it is very inactive and is now selling for approximately $3 a share. (This stock was issued as rights at $17 per share.)

These are simply a few letters that I pick out at random from a great mass of similar letters which have come to me.

Now let me show you how Doherty uses his influence. When a committee of this Congress made a recent visit to the city of New York—and I am not blaming the Members of Congress—this gentleman who seeks such influence and publicity saw fit to entertain those Members with a radio program, and it was broadcast throughout the country that this particular group of Congressmen were the guests of Henry L. Doherty and his Cities Service Co., which, so far as Cities Service—Doherty's company—was concerned, showed that his company was on friendly terms with Congressmen.

The recent hearing before the Federal Trade Commission showed that he fraudulently took a profit of $19,000,000, which is a small estimate of the total amount, as will be shown later. And again Mr. Doherty's organization operates. When the President takes a fishing trip in Florida waters this gentleman sees to it that his headquarters are established in the Miami Biltmore Hotel, a Doherty-owned hotel. That shows how this gentleman is trying to get past his fraudulent acts in connection with the defrauding of the United States Government of its proper amount of taxes and the public through the sale of his worthless securities.

There are other cases. The Associated Gas & Electric Co. is another glaring instance. Practically every public utility that has been investigated under the Walsh resolution by the Federal Trade Commission, it will be shown, have pyramided and have marked up their values and issued and sold the stock based on those fictitious values. They have collected from their subsidiary companies the taxes due the United States and have withheld them as a capital asset of the holding company and have avoided payment into the Treasury of the United States of their just proportion of these taxes.

Now I give an analysis of an article by Logan Morris, ex-chairman United States Board of Tax Appeals and present member thereof, which appears in a January-February 1934 issue of a prominent magazine, Additional assessments of taxes proposed by 60-day letters by the Bureau of Internal Revenue, between July 1, 1924, and July 1, 1933, a period of 9 years.

Number of cases—additional assessments proposed

72,752	$2,061,009,337.36
16,502 pending July 1, 1933	663,719,560.60
56,250 disposed of	1,397,289,776.76
56,250 taxes collected	445,518,642.70
56,250 (B.T.A.) allowed	951,771,134.06
Rate of allowance (B.T.A.) per annum, 9 years	105,753,237.12
Amount recommended to be disallowed by audit unit per annum	155,365,530.75

The reduction of deficiencies, amounting to $951,771,134.06, as shown in the above statement, while ostensibly representing reduction granted by the Board of Tax Appeals, in reality includes also reductions made by way of settlement in the Bureau of Internal Revenue between the issuance of notices of deficiency to taxpayers and final judgment by the Tax Board.

Briefly, the procedure is as follows: When the income-tax unit determines a deficiency in tax, the so-called "60-day letter" is mailed to the taxpayer. The taxpayer then has the privilege of taking an appeal to the Board of Tax Appeals. The case so appealed may be disposed of in either of two ways. First, it may be heard upon its merits by the Board of Tax Appeals and judgment based upon such an opinion as the board may render in the proceeding. Or, second, the case may be given further consideration in the Bureau of Internal Revenue, and if the parties agree upon a settlement a stipulation to that effect is filed with the Board of Tax Appeals, in which event the Board enters a judgment based upon the stipulation without a review of the merits of the case. Consequently, as indicated above, the concessions in tax ostensibly allowed by the Board of Tax Appeals include concessions not only actually made by the Board, but also concessions made within the Bureau by way of administrative settlements. The administrative settlements until quite recently were made in the Bureau principally by a body known as "the special advisory committee." Since Commissioner Helvering assumed office that body has been renamed "the technical staff", with a few minor changes in personnel.

An analysis of the figures presented in this statement clearly demonstrates either one of two things; first, that the audit which in the first instance proposes the deficiencies is grossly inefficient and by its proposals unduly harasses the taxpayers; or, secondly, that concessions made after the completion of the audit are unjustifiable.

In this connection it would be interesting to know, and I now call on the Bureau of Internal Revenue to give us the information that would show, what portion of this tax that failed of collection was due to compromise agreements or stipulated agreements entered into by the officials of the Bureau of Internal Revenue, which stipulations were not reviewed by the Board of Tax Appeals. In other words, what I am trying to distinguish is the amount that failed of collection because of the action of the Bureau as distinguished from the action of the Board of Tax Appeals not only for the period covered by this memorandum but for the period from July 1, 1933, to date.

What I have said with respect to taxes loosely or illegally refunded is confirmed by a pamphlet put out by the Internal Revenue Department entitled "The Internal Revenue News", in volume 5, no. 11, May 1932. At page 2 is set out a chart showing deficiencies proposed to be assessed by the Bureau in 60-day letters that were sent out to the taxpayers between the dates of February 1 and March 31, 1932, and the amount of taxes that were refunded on the basis of redetermination made by the special advisory committee, which committee is now known as "the technical staff." In this table the deficiency shown as proposed on cases recommended for settlement that were up before the Special Advisory Committee on Appeal were in the amount of $17,183,804.96, and the deficiency redetermined on this amount that was recommended for settlement is $3,851,070.63, showing that the result of this redetermination by the special advisory committee is that out of $17,183,804.96 proposed to be assessed, this committee remitted to the taxpayers $13,332,734.30 and of the amount proposed to be assessed only collected or assessed $3,851,070.66, or, in other words, that the Government was the loser by virtue of the action of the special advisory committee of 78 percent of the taxes that had been assessed and proposed for collection.

I am reliably informed, and so charge, that the condition in the Bureau today respecting refunds is even worse than it was at the date of this publication; that is, that the Government today is suffering a greater loss by virtue of the loose, unauthorized, or illegal manner in which these cases are being handled today.

EVASION OF SURTAXES BY THE USE OF A CORPORATE ENTITY

Features of the income tax law which are sources of tax leaks:

First. Depreciation based upon values other than cost.

Second. Depletion (see schedule Gulf Oil Co.).

Third. Dividends allowed as deductions.

Fourth. Special assessments allowed simply because taxpayers enjoyed large incomes.

Fifth. Erroneous valuations of securities and other properties in determining bases to be used in computing the profits realized or losses sustained on the disposition of such properties.

Sixth. Failure to administer section 220 of the Revenue Act of 1918 and corresponding sections of subsequent acts.

Seventh. Failure to audit cases which show "no tax" on the face of the return.

Eighth. Estate-tax cases: Failure to tax in the settlement of estate-tax cases properties transferred in contemplation of death.

Ninth. Personal holding companies: Evasion of tax through the creation of corporations for the purpose of taking over the holdings of individuals.

Tenth. Confidential memoranda, stipulations, or compromises: Settlement of cases by officials of the Government in which they are personally interested or from which they receive benefits on the basis of confidential rulings.

How about the many Mellon cases that were settled by stipulation, compromise, or on the basis of confidential memoranda? In this connection on the occasion of my previous remarks I handed in a list containing a few names of Mellon companies, among which were included Gulf Oil Co.; Aluminum Co. of America; Gulf, Atlantic & West Indies Steamship Co., and I now wish to include the Philadelphia Co. and the United States Steel, and to call attention to that great host of public-utilities companies that span this country from ocean to ocean and from Canada to Mexico, most of whom have evaded taxes through false bases set up for depreciation and through consolidations, mergers, and reorganizations.

We know how H. L. Doherty handled his stuff through Cities Service Securities Co. and H. L. Doherty & Co., Inc. The records of these companies and of all corporations are reported through Poor's and Moody's Manuals and in the annals of the State where the particular company was incorporated and also in the Bureau of Internal Revenue.

Further, as to Mr. Doherty, I would ask him what was the purpose of the incorporation of Henry L. Doherty & Co., Inc., and the other companies in which he is interested. This man, H. L. Doherty, robbed his own employees. He forced them to take and subscribe to the securities of his various companies when they were ranging around heights to which he had skyrocketed them. When they fell in market value and earning power to practically nothing, he would not allow his employees, so I am informed, to turn the stocks back and forfeit the amounts they paid on them but insisted that they must pay the full price agreed to be paid for them and deducted the amounts out of their meager salaries. Mr. Doherty's tax matters, upon which a question has been raised, will take care of themselves if Mr. Doherty will waive the secrecy clause of his income-tax returns and permit them to be examined in the open and will make the books and records of his companies available and permit a disclosure of what they show with respect to capitalization, surplus, and the use made thereof, security values, and taxes.

Now, directing attention again to the Bureau of Internal Revenue, Mr. Hill, the chairman of the subcommittee for the House Ways and Means Committee, writing for the Nation's Business, January issue, 1934, in an article appearing beginning at page 17, has something to say about "Tax Leaks Which Cost Millions." He ascribes these to two general sources, first, faults in the law and, second, faults in the administration of the law by the Bureau of Internal Revenue.

The faults or defects in the law are enumerated and pointed out at the beginning of my remarks. The leaks or faults due to administration Mr. Hill says are due to acts of the administrators of the law, that is the Commissioner of Internal Revenue and those in authority under him without any authority in the law. If this is true, then are these acts not fraudulent when done, authorized, or permitted by a Secretary of the Treasury or any one under him, especially the Commissioner of Internal Revenue, who is directly in charge of such matters and particularly when done in connection with or relation to cases in which they are directly interested or are the beneficiaries? Does any limitation run against the Government's right to reopen such cases and collect the taxes shown to be fraudulently, illegally, or loosely paid out without any authority in the law? Is there any question but that all taxes refunded or abated by Mr. Mellon or anybody else as Secretary of the Treasury, or by D. H. Blair or anybody else as Commissioner of Internal Revenue, to themselves as taxpayers or to persons, companies, estates, and so forth, in which they are directly interested, or through which they profit, which refunds or abatements are based upon either confidential memoranda, stipulated agreements, authorized compromises, or any other questionable procedure? In this character of case where the agent of the Government is the tax beneficiary, is there not such fiduciary relationship as that fraud is presumed and the burden of negativing it on the Government agent acting in such fiduciary capacity? I refer particularly to such flagrant cases including the Cannon estate, the estate of Mr. D. H. Blair's father-in-law, of which Mr. Blair was one of the executors, and the other cases to which I have heretofore referred.

I have a list of the names of the ring in the Department, I may say to the gentleman from Wisconsin, of the men who compose this ring. I could present this to the House, but it would not do the Members any good. This information should only be given to the Rules Committee behind closed doors, and if the particular people on this list are taken out of this Department, this will come nearer correcting the situation and establishing an honest regime in this Department than anything else that could be done.

Now that I have presented sufficient facts I hope to challenge the interest of the Rules Committee of this House. I hope they will not pass this over with a gesture. If there is any feeling on account of a minority Member introducing the bill, I pray some of you Democrats to put in such a measure. I shall do what I can to help you, but there is a situation here that should not be delayed any further. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Chairman, "I am smarter than the law" was the headline streaming across the front page of my home city paper on Sunday last. This was not the statement of a prominent lawyer but was the brazen, boastful declaration of one of the most dastardly outlaws of the country. The immediate provocation for this exclamation was that he or some of his confederates had recently killed a police officer, kidnaped another one, and were then being pursued by officers in four States.

Similar incidents have been happening daily over the country during the last several years. In my own State of Missouri I call to mind now two occasions within the last few months wherein 10 armed police officers were assassinated by roving bandits. Besides these, scores of innocent, unarmed citizens have been robbed, kidnaped, or murdered by the same class of criminals.

The enormous cost of our attempts at the enforcement of the criminal laws as well as all losses resulting directly and indirectly from racketeering in all its ramifications, is in the long run, of course, borne by the rank and file of the taxpayers. This amount runs into billions of dollars each year, and the burden is more irksome during hard times. There is no doubt but that organized crime has far outstripped our means of combating crime in many particulars within the last decade. The racketeer and kidnaper is no more a respecter of State lines than was the boll weevil a generation ago. The enforcement machinery of our 48 States has not been able to deal effectively with these roving bands of criminals in their interstate activities.

There has been for months a strong clamor for the Federal Government to step forward and take a more active part in fighting crime. Some of these suggestions have gone so far as to advise that martial law be declared and military action taken to rid our country of crime. Some would have the Federal Government take over the entire police power from the States and centralize the control of it in Washington. Such a course would be illogical and unthinkable. The responsibility of the enforcement of the law generally should rest primarily on the people of the community affected. The various communities should have complete control of the enforcement of all laws which it is possible for them to adequately enforce. To unwarrantably extend the powers of the Federal Government upon the States would not only create resentment toward Federal bureaucracy, but would also weaken the morale of the various communities.

Our problem is to determine to what extent the Federal Government should go. In accordance with this principle, I am convinced that we should extend the Federal penal statutes under the commerce clause of the Constitution so

as to cover, insofar as we reasonably can, the unlawful activities of those who deliberately take advantage of the protection afforded them by State lines in perpetrating their crimes. The strong arm of the Federal Government should fall on those who live off their fellowmen by use of force and threats, in all cases where the Federal Government can legally reach them.

Federal control was extended over kidnapers by the passage of the Patterson Act in 1932. It should now be extended to the racketeer. Several bills constituting a complete program, and designed to extend the powers of the Federal Government in the aforementioned particulars, have been recently prepared by the Department of Justice and have passed the Senate. They are now pending before the Committee on the Judiciary in the House. While I do not subscribe to all the details of these bills, I do strongly favor many of their salient objectives.

A proposed Federal antiracketeering statute, S. 2248, has been introduced, and is designed to protect interstate trade and commerce against interference by violence, threats, coercion, or intimidation. In the past the Federal Government has been practically restrained in the prosecution of racketeers to mere incidental violations of law, such as mail fraud or income-tax evasions, and for violations under the Sherman Anti-Trust Act. The Sherman Act was primarily designed to prevent capitalistic combinations and monopolies, and, of course, is not adequate for prosecution of persons who commit acts of violence, intimidation, and extortion. Furthermore, the Sherman Act requires proof of the conspiracy, combination, or monopoly, and it is often difficult to prove that acts of racketeers affecting interstate commerce amount to a conspiracy in restraint of such commerce, or a monopoly. This bill, with some clarifying changes in subsection 3 of section 2 should be enacted into law. Racketeering must stop.

Another bill is pending, which is designed to extend the provisions of the national motor vehicle act to other stolen property and to make it a crime to knowingly transport stolen property in interstate or foreign commerce. A companion bill makes it a Federal offense to transport in interstate commerce, any stolen security, or to receive, conceal, store, barter, sell, or dispose of any security moving as, or which is a part of, interstate or foreign commerce, knowing the same to have been stolen. Bills incorporating similar principles have been before every Congress during the last decade and have at different times passed one or the other House of Congress, and should pass both Houses at this session.

A bill, S. 2249, applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise, is now pending. This bill is designed to bolster up the Patterson Act passed in 1932, which makes it a Federal offense to transmit threats through the mail with intent to extort any money or other thing of value. Criminals have been using the above means to convey threats rather than the mails. Other slight changes are contemplated in the Patterson Act which are designed to make it more effective. Among these is the provision that in the absence of the return of the person kidnaped, and in the absence of the apprehension of the kidnaper during a period of 3 days, the presumption arises that such person has been transported in interstate or foreign commerce, but such presumption is not conclusive.

A bill, S. 2841, as well as several other bills, providing punishment for certain offenses against banks operating under the laws of the United States, or any members of the Federal Reserve System, has been introduced. This law should be made to cover all banks which are members of the Federal Deposit Insurance Corporation, as all such banks are required by law to join the Federal Reserve System by July 1, 1936. The enactment of this law would throw the full weight of the Federal Government against the most thoroughly organized and the most menacing bands of criminals with which we have to deal. This law would supplement, but not supersede, the activities of the States in their attempts to bring these atrocious marauders to justice.

A bill, S. 2080, is designed to make it a Federal offense for anyone to murder or otherwise kill or assault any Federal officer or employee while engaged in the performance of his official duties or on account of his official duties. Objections have been interposed to this bill on the ground that it is too broad in that it should not cover all Federal employees. I am inclined to think that it at least should cover all Federal officers, while in the performance of their duties, whose duty it is to make arrests or to serve process.

A bill, S. 2575, provides punishment for any person, whether employee or not, who assists in any riot or escape at any Federal penal institution, or who conspires to cause such a riot or escape. It also provides Federal punishment for anyone who, without the consent of the warden, conveys into a Federal institution tools, weapons, narcotic drugs, and other contraband articles. It also makes it an offense to send out from such institution any letter or message otherwise than in accordance with the rules of the institution. It strikes me that there is no good reason why the Federal Government should be longer forced to resort to State courts in the regulation of its own criminal institutions.

Two important bills, S. 2840 and S. 2844, similar in principle to the Harrison Antinarcotic Act, dealing with the importation, manufacture, and sale or other disposition of machine guns and firearms, are now pending. These bills are based on the taxing power of the Federal Government and the power over interstate commerce. They provide for the taxation of manufacturers, importers, and dealers in small firearms and machine guns, and require the registration of pawnbrokers and other dealers in used firearms. They also provide for a tax on the sale or other disposal of firearms and machine guns by importers, manufacturers, and others, and provide for a stamp tax on the disposal of every small firearm and machine gun, as well as for the positive identification of each recipient of such weapon. After a time it should be possible to ascertain, by proper credentials, the identity of the possessors of machine guns and sawed-off shotguns. There is no doubt but that steps should be taken to adequately regulate the circulation of sawed-off shotguns and machine guns, and there is no valid reason why the owners of these implements of terror should not be known. This bill also makes it unlawful to dispose of any machine gun without the consent of the Commissioner of Internal Revenue, whose duty it shall be to keep a record of all transfers.

There are other details covered by these bills which will no doubt meet with opposition in some quarters; but I believe it is generally agreed that their salient features should be enacted into law without delay. Other procedural changes in the Federal criminal statutes are covered in bills now pending, some of which will no doubt meet with opposition; but as many of them have been put forward for a long period of years, I am hopeful that they will be duly considered by the Congress during this session.

In recognition of intelligent public opinion to the effect that crime is a major problem and is one deserving of careful study, the Government has recently established in the city of Springfield, Mo., a hospital to be used as a laboratory for the purpose of scientific research and investigation in this field. If we expect to pass out of the category of one of the most lawless nations in the world, we should continue the work that has been started in this direction with the same zeal that we have attacked other major problems in the past.

I am hopeful that the program outlined above will prove to be an effective step in the permanent eradication of crime in the United States.

Mr. CULKIN. Will the gentleman yield?

Mr. RUFFIN. I yield to the gentleman from New York.

Mr. CULKIN. I want to endorse what the gentleman has said, although that may not be so important to the gentleman, and I also want to inquire of the gentleman about the

status of the bill which makes it a crime to transport stolen property in interstate commerce.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. RUFFIN. It is now pending before the Committee on the Judiciary of the House, and I think it has passed the Senate.

Mr. CULKIN. I understand the bill has been defeated in the Senate. I understand the Senator from Utah opposed the measure and it was knocked off the calendar. I may say to the gentleman that I regard this as a most important measure in correcting present crime conditions in the United States.

Mr. RUFFIN. I thoroughly agree with the gentleman in that respect.

Mr. CULKIN. I also want to congratulate the gentleman on his statement here today.

Mr. RUFFIN. I thank the gentleman. [Applause.]

Mr. POWERS. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DE PRIEST].

Mr. DE PRIEST. Mr. Chairman, I am going to talk, if permissible, on the District of Columbia appropriation bill for a few moments. The Board of Education having in charge the schools here in Washington made a recommendation to the Bureau of the Budget asking for $30,000 to reequip and refurnish the Shaw Junior High School. The Bureau of the Budget cut the estimate to $15,000, and the District subcommittee has seen fit to eliminate this reduced amount.

The school building has not been refurnished in 31 years. The furniture is inadequate, old, and worn out, and I hope the committee having this appropriation bill in charge will see fit to restore the item by a committee amendment. I would rather see this done by a committee amendment than an amendment offered from the floor, because it is essential and necessary that this should be done. There is only the small amount of $15,000 involved, and I have here a report from the Board of Education, and I ask unanimous consent that the Clerk may read it in my time so that the Members may have the benefit of it.

The CHAIRMAN. Without objection, the Clerk will read the matter referred to.

The Clerk read as follows:

REEQUIPPING SHAW JUNIOR HIGH SCHOOL

(Estimate 1935, $15,000)

The Shaw Junior High School was transferred to the old McKinley High School Building in September 1928. In the interest of economy, comparatively little new equipment was purchased for the Shaw Junior High School at that time. The large majority of equipment abandoned by the McKinley High School was refinished and repaired and children and teachers were required to use this old equipment.

This old equipment had been in constant use by day and night schools for possibly 31 years, and since the original refinishing and repair it has been necessary to make frequent repairs to the equipment.

In addition to its age and condition, the equipment abandoned by the McKinley High School had been procured on the basis of a technical senior high school and is not fully suitable for children of junior-high-school age.

The school authorities urgently recommend that this old equipment at the Shaw Junior High School be replaced to the extent of $15,000 with standard equipment approved by the Board of Education for children of junior-high-school age. The limited appropriation will not permit of complete reequipping of this building, and it will be necessary to continue in use such equipment now in the building as is found to be in good condition, even though such retained equipment may not be in accordance with the approved standards for junior-high-school instruction.

The equipment proposed to be replaced at this time is covered by the following list:

Auditorium chairs	$2,700
Domestic-art rooms	1,000
Domestic-science rooms	1,000
Drawing rooms	800
Pupils' desks and chairs for 36 classrooms	7,730
Refinishing equipment	400
Storage lockers	352
Teachers' chairs	108
Teachers' desks	578
Teachers' lockers	132
Teachers' rest rooms	200
	15,000

Mr. DE PRIEST. I hope the committee will give this matter due consideration and bring in an amendment so that this school may be properly equipped and the children prepared with a better education.

Mr. Chairman, I yield back the balance of my time.

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Chairman, I want to discuss briefly today a question in which I believe most of the people are vitally interested at this time, and that is the subject of flying. We have been considering various angles of it in Congress for some time, and quite frequently we confuse the terms that are involved. There is a difference in the various elements that go into the making up of this particular subject. It is divided into two fields—lighter-than-air craft and heavier-than-air craft.

Briefly, I may say with reference to heavier-than-air craft, and its relationship to the Government at the present time, that there has been considerable criticism of the Post Office Department for a recent cancelation of air-mail contracts, and this has caused more or less Nation-wide publicity.

I may say with reference to this particular matter that the United States Army carried mail for a good many years, and I think the Air Corps of the Army can still carry it. If it cannot, I want to know why, and I think the country wants to know why; but this is the very thing that a lot of people do not like to talk about today.

It may be necessary to carry on an investigation to find out whether or not it is true that the Army Air Corps cannot carry the mail, and if it is true, as to whether or not it was occasioned by the sale to the Army Air Corps of a lot of obsolete and improperly equipped machines.

That is an important question that is going to be answered before this thing is over. In my opinion it should have been settled before any action was taken to return the air mail to private lines. Sooner or later murder will out, and that is what we are going to discover before the proposition has been finally settled.

Now, I want to devote the balance of my time to the other phase of flying, and that is lighter-than-air craft.

A headline in a recent Washington paper to the effect that the P.W.A. may build two dirigibles prompts me to say the United States Government has no business to dabble around in that kind of a deal with the taxpayers' money.

We have spent about a hundred million dollars scorching our fingers in that fire and lost scores of human lives. The situation might even be termed "legalized murder." It is high time we declare a halt.

Congress has been circularized during the past few months by a corporation that evidently wants to aid someone in securing a loan from the taxpayers for the purpose of building two more airships. The suggestion is made that it might even be necessary to construct another hangar, and that after we spent $2,000,000 of the people's money in building one over at Akron, Ohio. We had better determine just what is going to become of that monument before we go any further with this thing. Just how are the taxpayers going to benefit from it? Is the money going to be returned to them or are they going to have to leave it there as an investment in a workshop for the Goodyear Zeppelin Co.?

The program of dirigible building that is under consideration has been going on for years. In addition to the construction of "blimps", our Government financed the building of the famous airship known as the *Shenandoah*, that came to a disastrous end over the State of Ohio several years ago, and cost us a lot of human lives in addition to several million dollars.

Since that time Uncle Sam has experimented further to the extent of building the *Akron*, which is now, largely, at least, at the bottom of the Atlantic Ocean; and the *Macon*, which was recently launched.

We have heard considerable about the feasibility of experimenting with lighter-than-air craft for national-defense purposes. The very structure of the ships, as well as our experience and that of other governments, makes such a

program ill-advised. I doubt if Congress and the country at large recall the fact that in order to build a stable airship the structure must have a very marked degree of stability. That stability is gained largely from two sources—the manner in which the ship is constructed and the material from which it is built. If the material is not of sufficient strength, then the construction is only an incident of its successful or unsuccessful navigation.

If the structure of an airship is made of material having adequate tensile strength to withstand severe strains, it necessarily becomes too heavy. Unfortunately, the carrying capacity of an airship depends largely upon the lightness of its structure. In other words, the more weight that goes into the building of the ship the less tonnage it will be able to lift and transport.

These observations bring us to the conclusion that the practicability of an airship depends upon lightness of structure. But, unfortunately, we cannot obtain this lightness of structure and at the same time insure proper stability. At present in our dirigible-building program we have used a product known as "duralumin", manufactured by America's Aluminum Trust. That material is soft, and when used in a girder will withstand a certain amount of constant pressure, but a sudden blow or shock will cause it to collapse.

Furthermore, any weaving, hammering, or pounding upon it tends to crystallize it, and thus cause it to break like cardboard. Now, what happens after the structure has been completed and gets into the air? Here is exactly what occurs, and my statements are borne out by the experience of the United States Navy in such matters.

The vast surface of a dirigible that is necessarily exposed to the elements is its greatest hazard. A mere wetting of the shell of a ship like the *Akron* or the *Macon* will add from 12 to 14 tons to its weight. In other words, a rainstorm through which the ship might pass would decrease its carrying capacity to that extent.

To take the *Akron* as an example, the enormous load of the ship (403,000 pounds according to the Goodyear Zeppelin Co., 380,000 according to the Navy) was lifted by 100,042 large gas bags or cells filled with helium, some of the cells holding as much as 1½ million cubic feet of gas. The point I want to make clear is this. The gas bags are inside the structure and push up and outward to lift the load, which is, in turn, distributed over the entire structure by a network of steel wires running in all directions on the outside. With the enormous lift that helium has, there is very little or no pressure in the cells. Even though they are filled to capacity, a small man walking around on the top of the cell will sink to his crotch, so that is conclusive proof to me that there is very little or no pressure. Now we get to the fly in the ointment. The structure is built to withstand pressure from the inside and the network of wires on the outside protect this and carry the load, but what happens when we reverse the process and put pressure on the enormous outside surface, say a nice 40-mile wind, with practically no pressure inside or steel wires to help out? I should like an answer to this one from the eminent Dr. Einstein. Any sensible person can tell you what will happen—the same thing that happened to the *Akron* and many others—they collapse like an eggshell. The *Macon*, or any other ship of this design or construction, will have the same finish if they ever get into a violent storm area, as there is simply nothing there to offset the enormous pressure from the outside.

There has been much speculation as to why and how the *Akron* crashed off Barnegat Light at 12:33 a.m., April 4, 1933, completely destroying itself and carrying 73 members of its crew to their death. I will tell you why, in my humble opinion and that of aircraft experts who, for obvious reasons, do not get on the front page very often. The statement has been made at different times, and was brought out in certain phases of the investigation of the disaster, that the ship broke in two. The probability is that such was not the case.

Our experience with the *Shenandoah*, and the experiences of foreign countries with ships of similar design, have indicated that they cannot withstand a severe storm. The question is apt to be asked as to why and how Count Hugo von Eckner has been able to navigate the *Graf Zeppelin* so successfully. His indefinite schedule explains that almost completely. It will be noticed that, if necessary, he will postpone his flight several days in order to gain the advantage of proper weather conditions, or perhaps detour his line of travel as much as two or three hundred miles or more in order to avoid a storm area.

The fact that the framework of the American ships has been built of duralumin, which will not withstand a sudden blow without breaking, indicates certain things to my mind and to the mind of any other reasoning man or woman in regard to the *Akron* crash. Without doubt, that ship was caught in a severe line squall, or electrical storm, predicted before the ship ever left the ground. When the terrific winds struck the enormous surface of the dirigible this soft metal, duralumin, could not withstand the shock. So what happened? The structure of the ship simply collapsed; the broken girders punctured the gas bags and she fell like a plummet. It must be remembered that the weight of the control cabins, the motors, gas and oil, water ballast, and the various heavy parts of the ship are distributed over its large area by a network of wires. If the gas bags had not been punctured, and the ship had merely broken in two, then certainly it would have been sustained in the air much longer than it was, as in the case of the *Shenandoah*. Furthermore, it would have necessarily floated on the surface of the sea after it struck the water. But what happened? The three survivors testified that after the second drop began the ship fell like a plummet until it struck the surface of the sea, and sank instantly. As I remember it, Deal stated he saw no evidences of the ship on the surface when he came to the top, other than bits of broken wreckage. This very fact in itself should indicate that it did not break in two; or, at least, if it did, the network of wires held the wreck together, which sank immediately.

Some fantastic minds suggested soon after the wreck that parts of the ship might be floating around in the stratosphere. The same thing could be said for the parts of an old cultivator I threw in the creek. The wreck of the *Akron* is still at the bottom of the sea. It is perfectly possible it may have been discovered and purposely left there. To raise it and return the bodies of the men who manned the ship to their loved ones would have had a bad effect upon the building of dirigibles with taxpayers' money.

That reminds me, if we are going to have economy in government—and I am for it—let us have some. I would suggest we go about getting it where we can lop it off in chunks. In this day of billions I still cling to some of my rural characteristics of wanting to try and save a few fractions thereof now and then for the people, sort of like some folks save baling wire, bottle caps, and old pieces of string.

Now, why all this discussion of what is today, unfortunately, naval history or air history or some kind of history? Simply this: I want to impress upon the House and the country the fact that the United States Government has spent approximately a hundred million dollars in the building of lighter-than-air craft. I have indicated to you where the very principles involved in their successful operation are incompatible from the standpoint of national defense. In other words, if you build the ships of a material sufficiently strong to withstand a severe storm, thus making them practical, they are so heavy they cannot get off the ground with a pay load of sufficient size to make their operation profitable. Of course, it is true that the building of these ships has afforded the Goodyear Zeppelin plant at Akron, Ohio, a vast source of income. It is also true that it has been a considerable source of income to Mr. Andrew W. Mellon's Aluminum Corporation of America, which has been selling duralumin under a virtual monopoly; and now comes the Respress Aeronautical Engineering Corporation, of Cranston, R.I., with a lot of propaganda to join the procession.

Such a program is not fair to the taxpayers of this country. It is not fair to the loved ones of the 73 men who now sleep beneath the waves of the Atlantic Ocean, all for the sake of profit to some of America's large corporations.

The reason for this extended discussion with reference to the construction and operation of dirigibles and the disasters that have been experienced by our lighter-than-air craft is of a dual nature. In the first place, the time has come when it is being suggested to Congress that the *Akron* be replaced at an expense that would probably total at least $5,000,000. There is talk of the P.W.A. building two more of the ships. Furthermore, I want Congress and the Nation to know wherein dirigible construction must, as a part of the very nature of circumstances involved therein, be impractical from the standpoint of being agencies in our system of national defense. As I have said previously in these remarks, ships of the present design and construction cannot be built to withstand all kinds of weather conditions, which would prevent emergency flying. They would even be quite impractical as freight carriers unless a more or less regular schedule could be maintained. If improvements of design can be made that will make them serviceable in the latter field, then all well and good; but why should the people's money furnish the wherewithal for the experiment?

It should be apparent to anyone who is blessed with normal sight to be able to conclude that the ships are not practical in war time. It is evident from maneuvers I have witnessed myself and that you have seen with your own eyes that they are cumbersome things at best when in the air. To land them or to launch them requires the assistance of more or less experienced ground crews. Former Secretary of the Navy Adams did not even consider it feasible to send a dirigible—the *Los Angeles*—with supplies to the earthquake zone of Santo Domingo in September 1930. It was indicated the ship could not make the trip because mooring and landing facilities were lacking, and also because of possible storms in the hurricane area. May I ask the friends of the dirigible where they expect to land their fighters in time of war? Do they think they can drop ground crews out of control cabins with parachutes? Do they think they are going to find them at any point where it becomes imperative for them to sit down, so to speak? Obviously, a dirigible would be more or less impractical as a cruiser of the air during hostilities. They are comparatively easy prey to antiaircraft gunners. Their tremendous bulk and their clumsy flight make them easy meat for such marksmen or destroyer planes.

For example, in a recent sham battle in the Southwest, a fleet of war planes theoretically destroyed the *Macon* three times within the course of 24 hours. Of course, very little notice was made of this fact, and the incident was carried in merely a few inches of type.

It is interesting to note in a report of the congressional investigation of the destruction of the *Akron* there is a polite statement to the effect that "a sense of decency causes the mind to shrink from pronouncing judgment on the dead", which is immediately followed by that very judgment on the dead from which the committee so politely shrank. Commander McCord, according to the committee, was responsible for the tragedy because "responsibility was due to the navigation of the ship into storm conditions." So, I have concluded that the "eyes of the fleet" must never fly into storm conditions. Oh, what a polite and properly conducted war our next struggle must surely be!

But slight additional comment need be made with reference to the disasters to the American-built dirigible, *Shenandoah*, the Italian built—American purchased—*Roma*, the French *Dixmude*, the *Akron*, and our blimps, one of which went down searching for the remains of the latter, except that in almost every case the ill-fated craft were the "last word" in dirigible construction. So it was when the British ship *R–101* took to the air.

We might, if we only wanted to, look at an impressive summary of England's post-war experiences with dirigibles compiled by Lt. Comdr. J. M. Kenworth for the Saturday Review; the *NS–11* struck by lightning in 1919 and destroyed with her whole crew. The *R–24* and *R–29* were scrapped after a few flights. The *R–26* was scrapped 10 months after launching. The *R–31* was scrapped after two flights. The *R–32* was scrapped on the strength of experience gained with the *R–31*. The *R–34* was wrecked in 1931. The *R–35* construction was canceled after $375,000 had been spent. The *R–36* was scrapped after 97 hours in the air. The *R–37* was scrapped after less than a hundred hours in the air. The *R–38* was destroyed with the loss of 44 lives, including American officers and enlisted men. Both the *R–39* and the *R–80* were scrapped before making a single flight.

In a debate on airships in the House of Commons in March 1928 Frank Rose, a critic of such craft, declared that if history counted for anything the two proposed airships, the *R–100* and the *R–101*, were doomed. Up to date he reckoned a total expenditure of almost $12,000,000 for construction alone, and Great Britain had received only 1,040 hours of flying in return—at a cost of approximately $7,500 per flying hour. The two dirigibles, the building of which Mr. Rose was opposing, were afterward constructed at an additional cost of $10,000,000. The *R–101* met with the well-known disaster, and the other has been dismantled. With reference to the former incident, the London Morning Post commented editorially:

> And there is nothing to be said against the construction of more airships, and, if necessary, larger airships, provided only the public is not required to share in the expense of building them.

I should like to suggest that at a time when we are faced with the necessity for economy in Government expenditures we can very well stop the construction of airships because of their lack of military value, the fact that leading nations of the world have abandoned them for such purposes, and likewise the fact that our own experience has been extremely sad and costly.

There is an additional reason why there may be another move inaugurated in Congress, either during the present session or during coming sessions, to further experiment with dirigibles. I have already intimated that the Goodyear Zeppelin Corporation of America and the Andrew W. Mellon Aluminum Trust are vitally interested in the continuation of such a program. If you do not think that is true, then why did the former company, as soon as they secured the contract from the Government for the building of the *Akron* and the *Macon*, boost their issue of common stock from 1,450,000 to 5,000,000 shares? There may be a preferred-stock list in connection with that deal which would lay back the ears of any overburdened taxpayer.

There is a further reason why an attempt may be made to appropriate funds for the construction of more dirigibles, if not this session then at some other. A measure that passed the House during the seventy-second session contained a neat little joker that could possibly have cost the taxpayers of the United States many millions of dollars, if not billions, and will do so later on if a similar provision ever becomes law. It had a nice patriotic flare to it, just as did the hooey about America's mighty dirigibles, the *Akron* and her sister ship the *Macon*—a sort of "Hail Columbia" lilt to it.

It is difficult to censure anyone for having voted for such a measure, because it sounded innocent and delightfully progressive; in the parlance of modern journalism, we might even say "air-minded", but after defining the terms under which the Postmaster General may enter into contracts we find in the proposed measure the following:

> The rate of compensation for services in the transportation of mails under this section shall not exceed the following: $20 per mile in the case of airships or other aircraft capable of carrying at least 10,000 pounds of mail and a suitable commercial load a distance of at least 2,000 miles without refueling. * * *

Now, I want the House to note these words, "capable of carrying." No aircraft in existence at the present time can carry 10,000 pounds of mail plus a commercial load a distance of 2,000 miles except a dirigible. That very fact in itself eliminates competition except for those who are in-

terested in dirigible construction and operation. Of course, no one needs to remind me of the fact that the measure provides for letting contracts on the basis of competitive bids, but those bids are necessarily limited to big dirigibles in the *Akron* and the *Macon* class, and I will let you guess who those owners are.

Let us look at that $20 per mile; it is approximately 3,000 miles across the Atlantic Ocean, or on a round trip the ship would cover about 6,000 miles. The Government could, within that law, pay $120,000 for the transportation of 1 pound of mail across the ocean. That is the same old story of ocean mail contracts that have been successful in building treasure ships or some of America's financiers.

For example, in little less than 1 year the Post Office Department paid the Export Steamship Co., of which J. P. Morgan and Vincent Astor are directors, the sum of $704,940 for carrying 3 pounds of mail across the ocean. In other words, in this particular case it happened to cost the Government $234,980 a pound to transport its mail. The above are not the only offenders. There are the South Atlantic Steamship Co., the Mississippi Shipping Co., the Grace Steamship Lines, the American-West African Lines, and others. The subsidy was paid out under the provisions of the Jones-White Merchant Marine Act of 1928, which provided that in order to encourage the development of a large American merchant marine, the Post Office Department would pay subsidies in the form of postal rates based on the tonnage, mileage, and speed of the subsidized ships.

The old rate for carrying ocean mail, charged by both American and foreign ships before that law went into effect, was a flat charge of 80 cents per pound. Thus what the Government paid $1,400,000 for to the Morgan-Astor owned Export Steamship Co. would have cost only $9.60 under the old rates. Speaking of economy, I should like to suggest to the House and to the National Economy League, there is one place where we can economize, and the prevention of the passage of such a bill as I have described with reference to future transoceanic air-mail contracts will prevent similar vast expenditures for the purpose of subsidizing the experimentations of private companies in the building and operation of dirigibles that the experience of a long period of years has proved impractical.

Now, Members of the House, these observations lead me to this conclusion. As a result of the evidences I have brought to bear to prove the impracticability of dirigible construction, from the standpoint of war-time use, any further program of this nature inaugurated by Congress will be little short of insanity.

Soon after the crash of the English ship—the *R–101*—the New York Sun said in its issue of October 9, 1930:

> The only thing that will affect this policy (lighter-than-air craft building) will be the refusal of Congress to appropriate more millions for the building of more aerial death traps. It is silly to say that the *R–101* disaster will contribute much of importance not already known about construction and operation of gigantic dirigibles. It has been demonstrated over and over again, demonstrated thoroughly enough to convince anybody but a member or supporter of the Bureau of (Naval) Aeronautics that dirigibles—which the same Mr. Ingalls recently declared to be practically invulnerable—suffer from weakness inherent in their very nature. Both Admiral Moffet and Mr. Ingalls loudly deplore that the *R–101* was inflated with hydrogen gas; they intimate there would have been no disaster if helium had been employed. The *Shenandoah* was inflated with helium gas when it cracked under the strain of a prairie windstorm.

And I might add in my own words that the *Akron* was likewise inflated with helium when she plunged to her watery grave off Barnegat Light.

The Washington Times, in a news article under date of April 12, 1933, indicated that the loss involved in that most recent tragedy was approximately $10,000,000, the sum being a conservative estimate from figures obtained through a check on all the elements of the expense of operation, personnel pay and training, loss of helium gas, and so forth, with nothing said about the lives of 73 human beings that were lost. Speaking of legalized murder, it would seem that there could be no more excellent example than that experience.

The taxpayers of this country must not be insulted with additional appropriations for such works. I am inclined to think the mills of those taxpayers, like the mills of the gods, grind slowly, but they grind exceedingly fine. We must not continue spending their money in such a wasteful manner in order that the profits thereof may go into the pockets of the rich, and continue to float a program that has been kept alive in America after England, France, and all the great powers of the world, bristling with other types of armament, have abandoned attempts to adapt dirigibles to either peacetime or defense purposes, while the hearts of many ache for those who were lost on the *Shenandoah* and for those who went down into the sea with the twisted, broken wreckage of the *Akron*.

Money that belongs to the people should be sacred, and the lives of human beings are precious, according to the annals of civilization. [Applause.]

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, when I picked up the morning paper today and read that the ladies of the D.A.R., now in conference assembled, had been told yesterday that this Congress had appropriated a million and a quarter dollars for the construction of the American embassy in Moscow, and that it would cost $400,000 per annum to keep it up, I was reminded of the definition of genius as being the infinite capacity for making mistakes, and especially does it seem that this capacity is augmented in an election year.

What are the facts? The facts are that this Congress appropriated $1,165,000, not for an ambassador's residence, which is what the word "embassy" means, but for a complete diplomatic and consular mission, consisting of, first, a centralized office building for diplomatic, consular officers, and all other American representatives in Moscow; second, residential quarters for the entire American staff in Moscow, now numbering about 40, and finally, an ambassador's residence, which, instead of costing $1,250,000, will cost less than $200,000.

What were the precedents as set by our Republican friends? In the spring of 1925 the Congress authorized an expenditure of $1,250,000 for a complete diplomatic mission in Tokyo. This project in Japan consists of a centralized office building, two apartment houses for the lower-salaried staff, and an ambassador's residence, and seems to me a clear analogy to the project envisaged for Moscow.

Again in the Coolidge administration Congress authorized the acquisition and repair of an Ambassador's residence in Paris for $300,000, and subsequently under the Foreign Service Buildings Act passed in the Coolidge administration in May 1926 the Government acquired a plot of land in Paris for a centralized office building at a cost of $1,219,000. This office building which I have not seen, but am informed, is well designed and constructed by an American architect and an American general contractor, has just been finished at a cost of $1,275,000, making a total capital investment in Paris of nearly $3,000,000. The cost of the maintenance of this office building is estimated at 30.19 cents a square foot as compared with the maintenance cost of 31.99 cents for our House Office Buildings, or an estimate of 46.66 cents a square foot for the Senate Office Building, including the new wing. Again, under the same Foreign Service Buildings Act in the Hoover administration, the Government acquired in Buenos Aires an Ambassador's residence standing in 2¼ acres of ground, for $1,269,000 with an added cost of more than $150,000 for repairs, and so forth. In comparison with this, our Democratic project of an Ambassador's residence in Moscow to cost not more than $200,000 seems eminently modest.

Again, in Rome, Italy, the Government acquired, in the Hoover administration, a plot of land on which were two identical houses which are to be used after remodeling and repair, the one for all Government offices and the other for an Ambassador's residence. This Rome purchase totaled $1,105,000.

Again in Berlin under the Hoover administration a plot of land consisting of an acre and a half in the heart of the city was acquired for $1,705,000. When this is improved with an office building which will include the Ambassador's residence and offices for all American representatives in Berlin, the total cost will approximate two and a half million dollars, which is considerably more than $1,165,000 now projected for Russia.

How do these expenditures abroad compare with our Government expenditures in this country? Generally—and I may say much to my surprise—I find that even in a Republican administration the expenditures abroad were less than the expenditures under a Republican administration right here in Washington. For example, the cost of property purchased in Paris was approximately $28.75 a square foot; for Berlin, $25.46 a square foot; for Rome, $10.16 a square foot. All these prices are for the complete purchase, and therefore the value of the standing buildings is figured as nothing. By contrast the cost of the land to the Government under the Supreme Court Building, which was acquired by condemnation, was $9.74 a square foot; under the building just being finished for the Department of Justice was $34.73; under the building now housing the Post Office Department, $22.77 a square foot; under the Interstate Commerce and Labor Building, $17.82 a square foot.

The comparable construction in Tokyo was $0.57 a cubic foot for the new buildings; the cost of the new Paris office building was $0.602 a cubic foot, whereas the cost of the Supreme Court Building is $1.20 a cubic foot; the cost of the Department of Commerce Building was $0.615 a cubic foot; the cost of the Post Office Building was $0.635 a cubic foot; and the cost of the Internal Revenue Building was $0.535 a cubic foot.

Mr. Chairman, I ask unanimous consent to have inserted as a part of my remarks an excerpt from the Thanksgiving Day speech of President Roosevelt at Savannah a few days after he recognized Russia.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The matter referred to follows:

FROM PRESIDENT ROOSEVELT'S SPEECH AT SAVANNAH, SUNDAY, NOVEMBER 19, 1933

CANNOT CURE ILLNESS OF 12 YEARS IN 1

The saving grace of America lies in the fact that the overwhelming majority of Americans are possessed of two great qualities—a sense of humor and a sense of proportion. With the one they smile at those who would divide up all the money in the Nation on a per capita basis every Saturday night and at those who lament that they would rather possess pounds and francs than dollars.

With our sense of proportion we understand and accept the fact that in the short space of 1 year we cannot cure the chronic illness that beset us for a dozen years, nor restore the social and economic order with equal and simultaneous success in every part of the Nation and in every walk of life. But, my friends, we are on the way.

It is the pioneering spirit and understanding perspective of the people of the United States which already is making itself felt among other nations of the world.

The simple translation of the peaceful and neighborly purposes of the United States has already given to our sister American Republics a greater faith in our professions of friendship than they have held since the time, over a century ago, when James Monroe encouraged them in their struggles for freedom.

So, too, I have had an example of the effect of honest statement and simple explanation of the fundamental American policy during the past week in Washington. For 16 long years a nation, larger even than ours in population and extent of territory, has been unable to speak officially with the United States or to maintain normal relations. I believe sincerely that the most impelling motive that has lain behind the conversations which were successfully concluded yesterday between Russia and the United States was the desire of both countries for peace and for the strengthening of the peaceful purposes of the civilized world.

It will interest you to know that in the year 1809 the President of the United States, Thomas Jefferson, wrote as follows to his Russian friend, M. Dashkoff:

"Russia and the United States being in character and practice essentially pacific, a common interest in the rights of peaceable nations gives us a common cause in their maintenance."

HOLDS PEACE STRENGTHENED BY RECOGNITION OF RUSSIA

In this spirit of Thomas Jefferson, Mr. Litvinoff and I believe that through the resumption of normal relations the prospects of peace over all the world are greatly strengthened.

Furthermore, I am confident that in a State like Georgia, which had its roots in religious teachings and religious liberty and was the first State in which a Sunday school was established, there must be satisfaction to know that from now on any American sojourning among the great Russian people will be free to worship God in his own way.

It is perhaps especially significant that I should speak of the resumption of relations with Russia in the city from which a century ago the first trans-Atlantic steamship set out on its voyage to the Old World.

I am glad to be back on Georgia soil. I am hurrying to Warm Springs with special interest, for I shall see a splendid new building, given to the cause of helping crippled children by the citizens of the State of Georgia. And I am hurrying back to my cottage there for the almost equally important objective of seeing to it that a prize Georgia turkey is put into the primest possible condition for the Thanksgiving Day feast.

On this Thanksgiving I live to think that many more fathers and mothers and children will partake of turkey than for many years past. What a splendid thing it would be if in every community throughout the land, in celebration of this Thanksgiving—and here in Georgia in celebration of the bicentennial of the founding of the colony—every community would set as its Thanksgiving Day objective the providing of a Thanksgiving dinner for those who have not yet been blessed by the returning prosperity sufficiently to provide their own.

Let me read to you in closing a message delivered a generation ago by a great son of a great Georgia mother, Theodore Roosevelt:

"Materially we must strive to secure a broader economic opportunity for all men so that each shall have a better chance to show the stuff of which he is made. Spiritually and ethically we must strive to bring about clean living and right thinking. We appreciate that the things of the body are important; but we appreciate also that the things of the soul are immeasurably more important. The foundation stone of national life is and ever must be the high individual character of the individual citizen."

I count on the citizens of America to continue to march with me.

Mr. OLIVER of Alabama. Now I shall be very glad to yield for questions.

Mr. RANDOLPH. If the gentleman will yield, I am intensely interested in what the gentleman has said and am in full agreement with his views that we should have adequate quarters for our Embassy in Russia. I do want to ask this question, however: Who is the Senator who made the remarks before the D.A.R. convention yesterday?

Mr. OLIVER of Alabama. It was the Senator from New Jersey.

Mr. RANDOLPH. Mr. BARBOUR?

Mr. OLIVER of Alabama. Yes. May I say further that the statement that $400,000 per annum will be the cost of the annual upkeep is entirely inaccurate; of that amount about $150,000 represents the pay of the personnel, and then there must be deducted such items as heat, fuel, light, telegraph, and other expenses incident to administration. So only a comparatively small part of that amount really represents the outlay which will continue throughout the years. This amount will be reduced next year, I think, when we report the appropriation bill for the fiscal year 1936.

It is also interesting to note that the cost of maintaining our Embassy and offices in Paris, exclusive of the interest on the capital investment of $2,800,000, is approximately $300,000.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. COLMER. Is the gentleman familiar with the amount of money other countries have spent by way of investment in embassies in this country?

Mr. OLIVER of Alabama. I think they have been very extravagant; and I do not think a democratic Government like ours will ever approve of doing more than this Congress has appropriated for Moscow and which a former Congress appropriated for Tokyo. When the matter of the purchase of the Ambassador's residence in Argentina was brought to the attention of the House, there was real indignation on both sides of the aisle at the action of the commission in spending money so recklessly. [Applause.]

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, some weeks ago, the majority leader, the gentleman from Tennessee [Mr. BYRNS], and other Members of the House objected to certain news articles and bulk matter that were going into the CONGRESSIONAL RECORD. At that time I told the majority leader that I

would use what influence I had with the Joint Committee on Printing in trying to correct this practice, or at least see what would be done to make it conform with existing laws touching the subject.

I requested the Public Printer to ascertain the annual cost of the bulk matter that goes into the RECORD at the request of the Members of the House, and he advised me that it was between $250,000 and $300,000. This, of course, covers the time the Congress is in session, usually about 5 months.

I have observed, during this session of Congress, that a great deal of printed matter is being inserted in the RECORD and have tried my best to secure the adoption by the Committee on Printing of the following resolution:

Resolved by the House of Representatives (the Senate concurring), That the following shall be a joint rule of the Senate and House of Representatives, viz:

It shall not be in order to entertain a motion or a request for unanimous consent to print any matter as a document other than an official communication transmitted pursuant to law, nor to insert any matter in the CONGRESSIONAL RECORD other than memorials of State legislatures, unless such printing or insertion shall be recommended by the Committee on Printing of either House, accompanied by an estimate by the Public Printer of the probable cost thereof.

The presiding officers of the two Houses, respectively, shall enforce this rule.

Other resolutions have been presented to the committee, but the Joint Committee on Printing does not agree on the manner of curbing the Members of the Senate and House inserting in the RECORD bulk printing and miscellaneous matter.

I should like to speak at great length in reference to some of the things that have been inserted in the RECORD during this session, but time will not permit. I do, however, want to call the attention of the Members of the House to letters that have been inserted in the RECORD during the past week. Very prominent Members have inserted these letters at the request of others. The letters take up as many as five and a half pages and cost the taxpayers of this country $250 for the insertion. In addition to that they use the privilege of franking these personal remarks all over their districts.

Now, in my opinion this is absolutely wrong. If a Member of Congress having served 4 or 5 years is not able to convince the people back home that he is able to represent them, I see no reason why the taxpayers of this country should have to pay for franking out these letters for the benefit of individual Members in their own districts. The franking of these matters involves a greater expense to the taxpayers of the country than does the insertion in the RECORD. Why should the taxpayers be imposed upon to pay the great expense of telling to the constituents of a Congressman or Senator what a fine fellow he is, what ability he possesses, how hard he works for their interest?

I realize a Member of Congress can be just as busy as he chooses, and I believe that the great majority of Members of Congress are ardent workers and deserve credit for doing the work they do.

There is also the fact that when we have these pamphlets printed they have written on their face, "Not printed at Government expense." May I say that I have tried to make an investigation, and I find that the amount that we pay for these pamphlets is not in accordance with what an individual would have to pay for printing same in any printing shop in the United States. The taxpayers of the country are paying for these remarks, the Members of Congress getting the benefit. I say that it is absolutely wrong to what extent some Members use the privilege, and we ought to curb the practice.

May I say that any Member of the House of Representatives who asks an influential Member of the House, whether it be the majority leader, the minority leader, or someone else, to insert a speech of his in the RECORD is doing the wrong thing. If he wants to put the speech in the RECORD, he ought to put it in under his own name and not force an influential Member to do something that I have my doubts at times if the Member wants to do. If each Member of the House of Representatives were to put in a letter that took five and a half pages, it would cost the taxpayers over $100,000. Not only that, but if you have a number of thousand printed in the Printing Office, it is liable to cost the taxpayers of this country four or five hundred thousand dollars; and I do not think the taxpayers want to spread this kind of self-written literature over all the country for the political and social benefit of a Member of Congress.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. PATMAN. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Texas.

Mr. PATMAN. I am interested in the gentleman's statement that the Government Printing Office prints the speeches of Members at less than cost. The chairman of the committee made the statement on the floor of the House that the Government made about 10 percent profit. On yesterday I ordered a thousand copies of a speech, and I paid $23.37 for the thousand. I believe you could get them printed in Washington or a printing office in the gentleman's local community for that price. If the gentleman says that they are being printed below cost he is in disagreement with his own chairman, who says that the Government is making a profit of 10 percent. I agree with the gentleman that no Member should insert extraneous matter into the RECORD unless it is in the interest of the general welfare.

Mr. RICH. May I say that Mr. LAMBETH is in hearty accord with the statement I have made regarding printing bulk matter, by unanimous consent, and is doing everything he can to reduce the cost of the Government printing. He does not want this extraneous matter placed in the RECORD.

Mr. PATMAN. I agree with the gentleman.

Mr. RICH. He told me time and time again that this was the case so far as the cost of printing these pamphlets is concerned. We have had presented to us a proposition from outside people who would take over the Government printing and save the Government $2,000,000 a year if they could operate the plant. I am not in favor of doing away with the Government Printing Office, because I think there is a necessity to maintain the Government Printing Office. I do object, however, to increasing its personnel for emergency organizations printing such as N.R.A., A.A.A., C.W.A., P.W.A., and so forth, employing 650 additional persons in the Government Printing Office above their regular working force, when the printing plants of this country are crying for work to keep their plants in operation. They pay taxes and support this Government; yet we permit the Government to increase its operation. It is wrong. Members of Congress, it is socialistic government. I have opposed it, and shall oppose it, for no other reason than that it is wrong for our Government to go into business in competition with private enterprise.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield 15 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, there has been so much misrepresentation and erroneous information given out concerning the Frazier-Lemke bill that I feel called upon to explain this bill so that the Members may know just what it is. Some of these misstatements were undoubtedly made for the purpose of preventing us from getting 145 signatures on the petition to discharge the committee. At least, they were made by Members who did not have the courtesy to read the bill and inform themselves on what it was before they spoke. To these people I would suggest this rule: "If you do not know what a bill is, either find out or remain silent until you do know.

The Frazier-Lemke bill provides that the United States Government shall refinance existing farm indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by the best securities on earth, first mortgages on farm lands—better security than gold or silver, because you cannot eat gold or silver, but you can eat the products that grow on the farms, therefore your life depends upon the farms. These farm mortgages are the best security

on the face of the earth. If our Government has enough intelligence to do this, it will make a profit of $6,345,000,000 at 1½-percent interest in 47 years, the time required for amortization of the farm indebtedness.

Let us compare the Frazier-Lemke bill with the one passed by the special session of Congress, written in New York in the atmosphere of the money changers. Under that bill, if all the farm indebtedness were refinanced, the farmers of this Nation would pay $12,492,500,000 in 39 years to the bondholders. Under the Frazier-Lemke bill the farmers would have to pay just $6,149,500,000 less interest in 47 years, and at the same time the Government would make a net profit of $6,345,000,000 and to that extent lessen our Federal tax burden.

Under the present Farm Mortgage Act the farmer is asked to pay 4½-percent interest if he lives in a Federal farm loan association district, and 5 percent if he does not, and in addition pay 1 percent for administration and buy stock in an amount equal to 5 percent of the loan, making 10½ or 11 percent for the first year and thereafter 4½- or 5-percent interest, together with 1 percent for amortization, making 5½ or 6 percent annually until paid. While under the Frazier-Lemke bill he will pay 1½-percent interest and 1½-percent principal, or $30 for each $1,000 borrowed, for approximately 47 years. Under the Frazier-Lemke bill a farmer could carry a $17,000 mortgage loan, as far as his ability to pay goes, as easily as a $5,000 loan under the present law. The Frazier-Lemke bill takes into consideration the farmer's ability to pay. Under the provisions of this bill a farmer, on a $10,000 loan, will have to pay $24,000 less in interest in 47 years than he would have to pay if he got the same loan for 6 percent straight. Surely we are all for that. Another difference is that under the present law hundreds and thousands of farmers are losing their farms by mortgage foreclosure because of their inability to meet the requirements and limitations of that law, while under the Frazier-Lemke bill they could be refinanced and their homes saved.

There is a limitation of the amount of Federal Reserve notes that can be issued under this bill because the bill provides that—

> Whenever the amount of money actually in circulation in the United States shall exceed $75 per capita, then the Treasurer of the United States, by and with the approval of the Federal Reserve Board and the President of the United States, may retire Federal Reserve notes in an amount equal to the principal paid on farm-loan bonds for which Federal Reserve notes were issued, not to exceed 2 percent in any one year of the amount of Federal Reserve notes so issued.

Under this provision, if this bill had been a law when this session of Congress opened, there could have been issued approximately $3,000,000,000—but since the per capita circulation has gone down $3.63 since this session opened, since there has been a deflation to that extent, there could now be issued under that bill some $3,200,000,000. In order to satisfy our critics, we are willing to accept an amendment when this bill comes up, limiting in express words, that the amount of Federal Reserve notes outstanding at any one time under this bill shall not exceed $3,000,000,000.

This will be sufficient to refinance and save the farmers. If we had passed this bill in the special session, this $3,000,000,000, used as a revolving fund, would have given us an intelligent expansion of the currency and would have made it unnecessary for the Government to issue billions of tax-exempt interest-bearing bonds. That is the difference between the Frazier-Lemke bill and the present policy of the Government borrowing money and guaranteeing bonds.

In passing, I simply wish to state that there never was any justification for the wild statements that the passage of this bill would require eight and one-half billion dollars of new currency. In fact, it will not require $3,000,000,000 as a revolving fund because when sufficient new currency is issued and the people again have enough money to do the Nation's business, they themselves will buy some of these bonds, and $3,000,000,000 as a revolving fund will be more than sufficient to refinance the entire farm indebtedness.

Our Government now prints Federal Reserve notes and gives them to the Federal Reserve bank at 0.7 of 1 cent per bill—the cost of printing. It makes no difference whether that bill is a one-dollar bill or a thousand-dollar bill—or whether they keep it for 1 year or for 20 years—all they ever pay your Uncle Sam for it is 0.7 of 1 cent per bill. The amount of all the paper money given by the Government to the banks amounted on January 1 last to over $4,878,500,000, of which amount over $3,332,000,000 were Federal Reserve notes.

What is back of this paper money? Is there gold back of it? There is not. Is there even a farm back of it? There is not. There is simply the indebtedness of the United States—a Government bond—back of it. There is no gold back of it and if any of you think there is, just take a Federal Reserve note to the United States Treasury and try to get gold for it, and you will find that you cannot get it. If you could get it, then I could have you arrested for violating the law and having monetary gold in your possession. That is how much gold you have back of the Federal Reserve notes now in circulation. I am informed that some of the Federal Reserve banks' notes, issued under the act that we passed during the special session of Congress, have nothing back of them excepting bonds of some of Mr. Insull's public utilities. Of course I am not objecting to this, but I simply want to impress upon your minds that money is made by law, that it is a medium of exchange—a yardstick with which we measure the muscular and brain energy of a people, and we ought to have enough intelligence in this Congress to provide a sufficient medium of exchange—enough money to keep the energy of the people of the United States busy in useful occupations.

Of course, there can be too much money as well as there can be too little. Just now we have too little. The depression was caused and is due to the fact that we have too little—too few yardsticks—not enough money to do the Nation's business. Our trouble has been that we have not had the courage to approach this subject fearlessly and intelligently, but instead have tried to borrow ourselves out of debt by plunging the Nation further into debt.

After your Government had given all this money to these bankers, it found it necessary to borrow back some of the money that it gave away. It had to sell bonds and certificates of indebtedness. The amount of these bonds and certificates of indebtedness on January 1 last amounted to over $25,000,000,000 and will be some $32,000,000,000 by the end of the year. These bonds bear interest on an average of about 3½ percent and are tax exempt. In other words, these bankers use the $4,878,500,000 paper money which your Government gave them as a revolving fund, with which they bought the $25,000,000,000 tax-exempt interest-bearing bonds and certificates of indebtedness.

If our Government can do this for the bankers, why can it not do it for the farmers? Why not do it for agriculture? Why not issue Federal Reserve notes secured by better security than the bankers put up—secured by the farms of this Nation? Why not do the reasonable thing, the intelligent thing, the only thing, and pass the Frazier-Lemke bill? When this bill becomes a law, it will reduce a farmer's indebtedness by three fifths in 47 years because of the lower rate of interest, and in addition the Government will make a net profit of $6,345,000,000.

When the Frazier-Lemke bill passes there will be issued and put into circulation among the people between two and three billion dollars of new currency—Federal Reserve notes. It will again give purchasing power to the people. The farmer will pay his banker, his merchant, his lawyer, and his doctor, and they in turn will pay their bills, and all will start in again repairing and improving their homes. Unemployment and starvation will cease. The enforced idleness of millions of men and women will disappear, and we will hear no more of overproduction. Consumption will again be normal—real prosperity will return. There is danger ahead. You cannot keep on borrowing money—you cannot continue the C.W.A. and P.W.A.—because the credit

of the United States is sooner or later going to be exhausted. Let us put more money in circulation among the men and women of this Nation. Let us get this bill out of committee, pass it, and put two or three billion dollars in actual circulation.

This bill has the official endorsement of the National Farmers' Union; it has the official endorsement of some State Farm Bureau organizations and of many bureau and grange locals throughout the Nation. It has the approval of 95 percent of the farmers of this Nation; it has the approval of every intelligent banker, business, and professional man and woman. Twenty-one State legislatures have asked Congress to pass this bill. They are Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, and Wisconsin. It has the approval of the lower house of the State Legislature of New York, the President's own State, as well as that of Ohio and of Delaware. Surely no Member of Congress from these States is justified in ignoring these mandates from his State.

Last Monday we were within a few signatures of the required 145 to discharge the committee having charge of the Frazier-Lemke bill. Not only were we within striking distance but sufficient Members were ready to sign, when suddenly all the force of the conservatives of both parties was brought into action to prevent Members from signing and to urge those who had signed to withdraw their names.

I am informed that there were long-distance telephone calls from New York—that there were local telephone calls here in Washington—that Members were called up and visited in their offices and urged to withdraw their names. In short, the Frazier-Lemke bill ran into a wet spell—a Rainey spell—and when that spell was over, 12 of the outposts on the petition had been washed away—12 Members had withdrawn their names. The hopes and aspirations of the 30,000,000 men, women, and children that live on the farms were again temporarily dashed upon the rocks, but not permanently wrecked or destroyed because we are going to get the Frazier-Lemke bill out of committee in spite of this opposition. Time and determination will right all wrong—justice will eventually triumph.

Two of the 12 Members who lost themselves in the onslaught have since regained their better judgment and reinstated their names; whether the other 10 have actually drowned or been permanently lost during the Rainey spell remains to be seen. Their names will be made public unless they reinstate them. The people of their State and district have a right to know who's who and they shall know. In the meantime, in fairness to these Members, knowing the terrific pressure that was used to get their names off, we will give them a breathing spell to regain their better judgment. In the end, they will have to decide what the electorate in their district demands of them in this case; that decision is their privilege.

I will say to the men and women that I have no objection and find no fault with any man or any woman who took his or her name off of that petition, but I think they did not act for the best interests of this Nation when they did it.

I did not find any pressure up there in the press gallery, I found the pressure about 12 feet below the press gallery that took off the names.

Mrs. JENCKES of Indiana. Will the gentleman yield?

Mr. LEMKE. Certainly.

Mrs. JENCKES of Indiana. I took my name off of the Frazier-Lemke petition for the reason that it had been there for 2 months and nothing had been done. I am ready to "go to bat" for the bill, but I think when a bill languishes that long you are going to have trouble when it gets out and is up for consideration, and we had better turn another way for relief.

Mr. TRUAX. Will the gentleman yield?

Mr. LEMKE. Yes.

Mr. TRUAX. I should like to make an observation. My name is also on that petition, and I think the number of it is 23, signed during the first session of the Congress, and I want to say to my good friend from Indiana that we will never get satisfactory refinancing of farm mortgages if Members state that they believe in the bill, but they do not believe in it to the extent of discharging the committee from further consideration of the bill. I say to you that when 145 Members of the House of Representatives sign a petition to discharge a committee from further consideration of any bill, it ought to be brought up and given a chance to be voted upon, because 125 Members of this House represent at least 40,000,000 people of this great country of ours.

Mr. RANDOLPH. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. RANDOLPH. Will the gentleman be kind enough to state to the Membership of the House how many names have been withdrawn from the petition to discharge the committee?

Mr. LEMKE. I will do that, because a misstatement was made on the floor here that there were 14. There were not 14; there were 12, and 2 went back on, and I am satisfied that the other 10 are going back on. [Applause.]

I want to say to the gentlewoman from Indiana that I am glad that she is with the farmers. I know she believes in the farmers' cause, and I would ask her to put her name back on the petition, because she took it off just at the time when we would have gone over, because on that day we had 141 signatures.

In the meantime, in order to keep the Members from reinstating their names, it has been stated from the floor of the House and from the Speaker's chair that it was against the rule to make their names public. The rule reads in part:

The motion—

That is, the petition—

shall be placed in the custody of the Clerk, who shall arrange some convenient place for the signature of Members. A signature may be withdrawn by a Member in writing at any time before the motion is entered on the Journal. When Members to the total number of 145 shall have signed the motion it shall be entered on the Journal, printed with the signatures thereto in the CONGRESSIONAL RECORD, and referred to the Calendar of Motions to Discharge Committees.

There is not a word in that language that requires secrecy or star-chamber proceedings. The fact is that the rule itself requires it to be made public through the CONGRESSIONAL RECORD when 145 signatures are secured.

I appeal to each and every Member of this House to read this rule and then tell me whether the interpretation put upon the language by former Speakers of this House is justifiable. I deny that any former Speaker could have intelligently and fairly interpreted that language to mean secrecy. The fact that other Speakers have done violence to the language is no reason why our distinguished Speaker should do so. The right to alter the rules belongs to the Membership of this body and not to the Speaker. I deny that there is anything in this rule that prevents any Member from making public the names of those who signed the petition or those who withdrew their names. Some of the Members who signed the petition themselves made that fact public to their constituents. Surely, no Member wishes to secretly take his name off without his constituents' knowledge. No Speaker or any Member of this House—who temporarily forget that they are but the servants of the people—can put a padlock upon our brains or seal our lips. The public have a right to know what their representatives in Washington are doing—and they are going to know, and we are sure that no Member objects to their knowing.

I am sure that those who withdrew their names and have not as yet reinstated them, were acting in good faith and whatever their ultimate action on this matter is, will not object to having the public know it. I am sure that the 131 Members of this Congress, whose names still remain on the petition, have the courage of their conviction—the honesty of their conscience, so that they are proud to have the world know that they had the common decency of signing the petition to bring the Frazier-Lemke bill out of committee and onto the floor for a discussion on its merits.

There is no occasion for secrecy about this. There is no rule to the contrary, and the Speaker cannot make rules to tell this body what to do, or what to say, or how to think. The rules are made on the floor of the House by the House. If you can tell me that I cannot make it public when I sign a petition, then you can tell me I cannot make it public when I withdraw my name, and you can tell me that I cannot make it public that I did not sign a petition. Let us stop this silly talk about rules. The public has a right to know who signs these petitions and who does not, and no one who has signed or withdrawn their names have been heard to object.

I am not asking you to vote for this measure, but let us put our names on this petition and find out whether we want this legislation or not. A majority should rule, not a little minority that gets names taken off after they are put on a petition.

This bill is not only for the benefit of the farmers; it benefits all classes of people. Here are some telegrams of endorsement. Here is one from the McKenzie County Bankers' Association of North Dakota. Here is one from the First International Bank of Minot, urging that this bill be passed. Here is one from the People's State Bank of Velva, N.Dak. Here is one from the Independent Bankers' Association of the State of Minnesota. Here is one from the Chamber of Commerce of Fargo, N.Dak. Here is a letter of endorsement from the First National Bank of Roxton, Tex. Here is one from three banks, the First National Bank, the Farmers' State Bank, the Liberty National Bank of Dickinson, N.Dak. Here is another from the State bank examiner of North Dakota, Adam Lefor. Here is a letter from Elmer A. Benson, commissioner of banks of the State of Minnesota. Here is a letter from the Minnesota Farm Bureau Federation. Here are endorsements from Farm Bureau and Grange local organizations, all urging that this bill be passed, and all but one received within the last 2 days.

Now, here is a telegram that I do want to read.

The CHAIRMAN. Without objection, the gentleman may read the telegram.

Mr. LEMKE. The telegram reads as follows:

BISMARCK, N.DAK., *April 17, 1934.*

Hon. WILLIAM LEMKE,
House of Representatives:

I strongly urge the passage of the Frazier-Lemke refinancing bill. Farmers for the past 10 years have operated under adverse conditions, resulting in an accumulation of debts, nonpayment of taxes, and almost completely eliminating their purchasing power, until it has seriously affected business men, banks, and the State. Farmer needs to refinance his present indebtedness under a more favorable mortgage than he is offered at the present time. The Frazier-Lemke bill would refinance not only the farmers' mortgages and indebtedness but would also put the financial structure of the State, business men, and banks in a much improved condition and without question would revive business, because the farmer would have his purchasing power increased on account of the benefits he would derive under the more favorable terms of the Frazier-Lemke bill.

BANK OF NORTH DAKOTA,
R. M. STANGLER.

That is from the Bank of North Dakota, R. M. Stangler, manager. It is the only State-owned, operated, and controlled bank in the United States of America, one of the strongest and best institutions in the country.

(The time of Mr. LEMKE having expired, he was given 5 minutes more.)

Mr. BUCK. Will the gentleman yield?

Mr. LEMKE. I will yield.

Mr. BUCK. I should like to ask the gentleman if he is aware of the fact that when the bill came up in the Committee on Agriculture, and a hearing was asked for on the bill, the leading proponent for the bill asked that the matter lie on the table?

Mr. LEMKE. There was an attempt made, as there was in the McLeod bill, to chloroform it by sending it to the Rules Committee, and if that had been done, I would have had to start all over again.

Mr. BUCK. The gentleman is is in error in saying that there was an attempt to chloroform the bill in the Committee on Agriculture. The question was whether we would give a hearing on the bill.

Mr. BOILEAU. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BOILEAU. The gentleman has referred to me. The matter came up on two occasions. I offered the Frazier-Lemke bill as a substitute in the committee, and both times I was ruled out of order by the chairman. In fairness to the Members of the House, I want to say that it was said that there would be an opportunity for it to be considered under the discharge rule.

The other day I asked that the matter be referred to the committee immediately, for I believed we could not get it in that short time on the floor of the House.

Mr. MARTIN of Oregon. Mr. Chairman, cannot the gentleman be given 15 minutes to make a speech?

Mr. BUCK. If the gentleman will further yield, I want to say that at the meeting of the Committee on Agriculture it was determined not to use it as a substitute for the bill from the Committee on Banking and Currency, but a request was made whether the committee would hear it, and the gentleman from Wisconsin desired it to be laid on the table.

Mr. LEMKE. I thank the gentleman for the suggestion. I have no quarrel with the Committee on Agriculture, because 6 of the Democratic members and 5 of the Republican members signed the petition to discharge the committee. So I take my hat off to the Committee on Agriculture.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. BOILEAU. Is it not a fact that the gentleman from North Dakota and myself have talked over this matter and decided that we would have a better opportunity to get consideration of the bill if we could appeal to the Members of the House to sign this petition, realizing that if the committee took any action it would put the matter up to the Rules Committee, and delay action, and absolutely kill any possible action at this session of Congress?

Mr. LEMKE. Yes; and at the time the gentleman talked to me I told him that we had 15 Members pledged to go and sign and make up the few that we lacked from having 145 and we would have had enough if we had not run into wet weather. We ran into a Rainey day.

Mr. BOILEAU. The gentleman and I are in accord on that proposition.

Mr. LEMKE. Absolutely.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. POWERS. Mr. Chairman, I yield the gentleman 3 minutes more.

Mr. LEMKE. I want to say to you Members that I find no fault with any Member who signed the petition or who has taken his name off the petition. I think they are sincere and honest, and that they are not afraid to have their names made public. I object to the attempt to gag us.

I cannot agree with the gentleman from Texas [Mr. BLANTON] that the press should be muzzled. I believe that the Associated Press, by turning the white light of publicity upon what takes place here on this floor, is rendering the Nation a great service. I cannot conceive how any Member can so far forget himself as to criticize the press for keeping the public informed. Especially do I wish to congratulate the Hearst press, because under its able editorial writer, Arthur Brisbane, it has for years been in the forefront advocating progressive legislation. If it were not for the press, how could the people way up there on the Panhandle—up there in the rarified air that develops such wonderful lung power—ever be able to discover when they had made a mistake on election day? No; what the gentleman from Texas needs is more publicity, not less. He did not sign the petition, therefore was not able to take his name off. Nobody who has signed it is complaining, nor anyone who took his name off. Is the gentleman afraid that the people of his district may discover that he did not sign?

The gentleman from North Carolina [Mr. WARREN] stated the other day that the rule permitting 145 Members to discharge a committee was a foolish rule. He talked about the orderly procedure of committees. In reply I will say that I know of no discharge petition that ever was foolish enough to attempt to violate the spirit of the Declaration of Independence and the spirit of the fourteenth amendment by putting up a sign on the public House restaurant and attempting to make it a private restaurant for Members only, in order to prevent a colored gentleman, a secretary of a Member of Congress, from getting his meals there. Yet that was the work of a committee, we are told.

I have signed every petition on the Speaker's desk to discharge a committee for the reason that I have discovered, in the short time that I have been here, that important legislation—legislation that the people want—is generally chloroformed or has most of its teeth pulled in committees. I have discovered that as a rule, if any Cabinet officer or Secretary objects to a measure, the committee will chloroform it. In other words, the laws of this Nation are now largely being written by persons who are not Members of Congress, who never have been Members, and who never could or would be elected. I have signed these petitions, believing that on all important legislation the Members of this Congress have a right finally to pass upon its merits. The reason that there are so many petitions at the Speaker's desk now is because an unwarranted attempt has been made to throttle the will of this Congress, and, through them, the will of the people of this Nation.

Therefore, I respectfully ask the Members of this Congress who are interested in agriculture, and who believe that the farmer should have a new deal and not only a new shuffle, to come up here to the Speaker's desk and sign the petition. [Applause.]

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. RICH. Whenever the people of this country want to get away from the farms, or want to get away from their homes and away from their business connections, it is a liability, rather than an asset, and I say that then this country is on the wrong road to recovery.

Mr. LEMKE. The gentleman has signed the petition, has he not?

Mr. RICH. I signed the petition; and there is one thing I want to do, and that is to be sure that we have not got a real inflation measure here, and then I am for it.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. TRUAX. Mr. Chairman, will the gentleman yield the gentleman from North Dakota 1 minute more?

Mr. POWERS. Mr. Chairman, I yield 1 minute more to the gentleman.

Mr. TRUAX. The gentleman from North Dakota mentioned something about Cabinet officers lobbying against this bill. I have heard reports that certain Cabinet officers called up Members of this House, called them out in the corridors and asked them to withdraw their names from this petition. Is that the truth? Can the gentleman answer that?

Mr. LEMKE. I have been so informed. There has been some question as to who gave the names of those who signed to the Post Office Department and to the Department of Commerce. Both departments, I am informed, had a list and called up Members that had signed and asked them to take their names off the petition. Some of these calls, I understand, came by long distance from New York.

Mr. TRUAX. Does the gentleman know the real opposition to this bill? Because they are the same opponents of the McLeod bill and of all other bills that seek to issue new money.

Mr. LEMKE. The gentleman is correct—the opposition comes from the international bankers.

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, it is amazing how reckless and willful some of these Republican gentlemen can be in their misrepresentation of facts. The gentleman who preceded me, the gentleman from North Dakota [Mr. LEMKE], is one of those. He opposed bringing in the rule to expedite the business of the House and now he is objecting very much because we do not bring in a rule. If the Rules Committee were to bring in rules on all of the bills pending before it, we would have about 150 bills before this House and that would make an impossible situation. I have supported all of the farm legislation and did it for many years before the gentleman was a Member of this House.

Mr. LEMKE. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I cannot now.

Mr. LEMKE. I was going to ask the gentleman to sign the petition.

Mr. SABATH. I have voted for all farm-relief legislation for more than 20 years, and during all of that time Congress has not done so much for the farmers as has been done within 1 year under a Democratic administration, under the leadership of Franklin D. Roosevelt. The trouble with you and others is that you are trying to secure a lot of publicity to obtain credit at home, and that is the underlying reason for many of the reckless and insincere speeches and statements that are being made. Let us be honest. You know that within a year we have appropriated, to aid and refinance the farmers, two and one half billion dollars. We have made over 250,000 individual loans, have reduced the interest on farm mortgages by nearly one half, and are making farm loans to the amount of $3,000,000 a day, all of which has saved hundreds of thousands of farmers from losing their farms. So that today, as I have stated, more has been done for the farmers during the period of 1 year under the Democratic administration than was done during 12 years under 3 Republican administrations. [Applause.]

Personally, if I knew where and how the money could be obtained I would sign the gentleman's petition; but in my city, in my State, as well as in the gentleman's State, are thousands of people who are clamoring for the refinancing of the so-called "gold bonds" that were issued under a Republican administration to the extent of billions of dollars. I have the utmost sympathy for these unfortunate men who have been imposed upon and who have invested their hard-earned money in these bonds. I would like to help them. I hold in my hand a newspaper clipping stating that 20,000 people marched in my city demanding action to relieve them and to secure some legislation to bring about relief to the hundreds and thousands of old men and women, widows and orphans who invested their every dollar in these securities. I wish it could be done, and I shall do all in my power to bring about some relief for these unfortunate people who are being taken advantage of by the very people who unloaded these bonds upon them, who have organized so-called "protective bondholders' committees" to enable them to control these properties. They have organized not for the purpose of protecting the bondholders but to protect themselves and to rob the bondholders of any equity they may have left in these properties. For the purpose of protecting these bondholders I have been supporting not only resolutions to bring about investigations, but have also introduced a resolution for the punishment of all those guilty of dishonest transactions.

In addition to these demands thousands upon thousands of depositors in banks that were forced to close because of the Republican panic and conditions brought about by the Republican administration are clamoring for their money. I wish we could take care of these depositors and pay them dollar for dollar, but it cannot all be done overnight. We of the Democratic Party are doing everything humanly possible to relieve the American people. It took 12 years of Republican administration to bring wreck, ruin, and despair to America. We cannot rectify and reconstruct in 1 year that which the Republican administration took 12 years to tear down. We are making progress. I think we are doing splendidly, and I think the American people recognize and appreciate the honest efforts of President

Roosevelt and his administration. If there is any doubt of that, scan the Illinois primary election returns. I feel that within a short time additional legislation will be forthcoming to give further relief and aid for the American people, including both farm and city dwellers. I am sure that such remedial legislation will be passed as speedily as possible.

Mr. Chairman, the gentlemen from the rural sections of the country, unfortunately, are under the impression that only they are entitled to exist and live; they forget that we have millions and millions of people, worthy wage earners, who have been out of employment for 2 or 3 years, who are still unable to find employment, and cannot find enough to exist on. They have no land from which to obtain a living. This administration praiseworthily has taken care of at least 4,000,000 or 5,000,000 of these unfortunate heads of families and has saved them from literal starvation.

This administration should not be unjustly and unfairly criticized by the Republicans. Let us be honest with ourselves; let us be honest with the country; let us be honest with the people whom we represent, whom we have been elected to serve. Let us not be carried away by politics.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield for a question?

Mr. SABATH. No; I am sorry I cannot yield, for it would not be a question intelligent enough for any man to answer.

We are making progress; and I say to the Members representing the farm section of the country that they never had a more friendly administration or a more friendly Congress than it has right now. [Applause.] We are legislating in the right direction, and relief will be forthcoming to a greater extent than ever before in the history of the country.

Mr. Chairman, I cannot be real angry with my Republican colleagues. They are in desperate circumstances; they are trying to create some issue for the forthcoming campaign, and for that reason, day in and day out, they vainly try to find something to criticize in the actions of either the Democratic House or the Democratic Administration.

A few moments ago the gentleman from Pennsylvania complained of the tremendous cost of the printing of speeches. He did not, however, say that this Democratic administration has saved in the printing bill alone over $160,000 within only the last few months. We have been saving money; we have been curtailing; we have been practicing real economy instead of lip economy, the kind rendered by the Republican Party. For years the Republicans preached economy without practicing it. As a matter of fact, during that time appropriations increased to such an extent that during the last year of the Republican administration there was a deficit of over $3,000,000,000. We cannot wonder, therefore, that these gentlemen realize that the people who are against them are trying to create new issues.

This was the effort yesterday of the gentleman from Kansas [Mr. MCGUGIN]. Having heard the evidence against Dr. Wirt given by 6 honest and honorable American citizens, 3 ladies and 3 gentlemen, he took the floor and cried that we had been attacking unfairly poor Dr. Wirt; but six honorable and honest people had given him the lie direct right to his face.

Within 5 minutes that these men and women contradicted Dr. Wirt and said that every word Dr. Wirt had said was untrue, the gentleman from Kansas takes the floor and pleads that we are persecutorily assailing and attacking poor Dr. Wirt, and calls out to the people of the States and of the country, "They have been unfair; they have also attacked Colonel Lindbergh and Eddie Rickenbacker and others."

No; the Democratic Party has not been attacking them. We recognize the services they have rendered as flyers and as soldiers; but we do maintain that these prominent names should not be used by greedy interests and the corporations which have secured contracts by collusion and fraud, contracts that have unnecessarily cost the Government from $6,000,000 to $10,000,000 annually.

I hope that in the future the Republicans will think twice before they accuse us of attacking people, and in the same breath attack honest and honorable men and women who are patriotically serving the Nation for a nominal compensation.

I had hoped that we could continue to legislate without injecting too much politics during the soul-trying days through which we have gone, but unfortunately this is not the case, as my Republican friends here on the left seemed to feel it absolutely necessary to create some political issue by making these reckless, willful, and deliberate charges which are unfounded in fact and in truth.

Mr. LAMBERTSON. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I cannot yield.

Mr. LAMBERTSON. Is there one sentence of the gentleman's speech which is not political?

Mr. SABATH. No, my speech is not political. I am pleading for legislation in the interest of the masses instead of the classes. Whenever there is an issue between the special interest and the wage earners of America, I am always ready and willing to do my humble little bit, my share, and my part to protect and aid the masses and the wage earners.

About an hour ago the gentleman from Pennsylvania [Mr. MCFADDEN] made an attack against the Commissioner of Internal Revenue. I feel he is right in his statements as to the abuses that existed in that Department under a Republican administration, due to the manipulation that was started early in 1921, as soon as President Harding was able to organize that bureau. They immediately started to refund millions and millions that had been properly collected by a Democratic administration.

I say to the gentleman from Pennsylvania that I am in favor of the investigation; and I say again we will find that 95 percent of all the abuses in that Department are due to those Republicans who were placed in important key positions from 1920 to 1932. I hope the investigation will be forthcoming, because I am satisfied that many of the members of these boards, and the others responsible for these great refunds, will be discharged, dismissed, and justifiably eliminated from the public service.

An impartial investigation will prove beyond any doubt that the present Commissioner of Internal Revenue, Mr. Helvering, is conducting that office honestly and efficiently. The only possible charge that can be made against him is that he has not discharged many of the officials under him, who were planted in the Bureau before he took office by the special interests, to enable them to obtain large refunds, allowances, and adjustments that cost the Government during the 12 years of Republican administration over $3,000,000,000. These selfsame officials have been and are still responsible for nearly $2,000,000,000 remaining uncollected. I know that the present Commissioner, Mr. Helvering, will exert every effort at his command to collect these unpaid taxes, whether they are due from Japanese, English, or American corporations, and the gentleman from Pennsylvania [Mr. MCFADDEN] knows whereof I am speaking.

So it is not that I do not always agree with some Republicans. When they are honest and when they try to legislate in the right direction I am with them, but, unfortunately, this is very seldom. I am with the gentleman from Pennsylvania in his efforts to investigate all abuses and corruption of the Mellon administration or any other administration where corruption existed or exists. I am proud that I have been able to bring about a few investigations such as that of the stock exchange, the Post Office air-mail contracts, and the bankruptcy and receiverships rackets—investigations that have been of benefit to the people and will result in the saving of millions of dollars to the Government. [Applause.]

Mr. JACOBSEN. Mr. Chairman, I yield to the gentleman from California [Mr. FORD].

PUBLIC ACQUISITION OF ELECTRIC SYSTEMS

Mr. FORD. Mr. Chairman, I wish to bring to your attention and to urge your support of a bill I have introduced, known as H.R. 8928.

It provides for the utilization of electrical energy generated in connection with Federal projects, by authorizing the Reconstruction Finance Corporation to finance the acquisition of electrical works by municipalities and other public bodies.

This bill is in line with the President's four-corner yardstick plan, which seeks the development of the Nation's great waterways in a way to produce vast blocks of electrical energy.

The four-corner plan contemplates such a development on the Columbia River in the Northwest; the Colorado River in the Southwest; the Tennessee River in the Southeast; and the St. Lawrence River in the Northeast. This will give the Nation a balanced production of electrical energy and the advantages of an ample power load available to all sections on equal terms. At the same time it will provide a rate norm for all sections and thus make further exploitation by the Power Trust impossible.

Under existing legislation, municipalities and other public bodies may be financed by the Public Works Administration in the construction of new electric works, which in many cases are or would be competitive with private works already established. This bill provides for financing the establishment of publicly owned works by such municipalities or other public bodies through the acquisition of existing works, even in cases where all principles of economics require that if public works are to be established it should be done by acquisition and not by the construction of competitive works.

The Federal Government now owns various power generating works, some completed and some in process of construction. These include the Tennessee Valley, Boulder Dam, and Columbia River developments, and numerous other developments in connection with reclamation projects. In addition, other Federal projects involving the generation of electricity at widely scattered points in the United States are under active discussion.

The success of these projects requires that municipalities and other public bodies should be in a position to receive and distribute such Federal electricity. In many cases the economical and logical thing to do is for such public bodies to acquire existing private systems. They are unable to do so without Federal assistance in financing, because at this time it is practically impossible for municipalities and other public bodies to float bond issues to carry out projects, even though they may be of great local importance and in some instances necessary adjuncts to Federal projects.

Statutory limitations on interest rates make it legally impossible for many municipalities to offer their bonds at rates which will attract private capital. Even where such limitations do not exist, the offering of such bonds at high rates would be contrary to the public welfare in that it would tend to increase interest rates generally at a time when the policy of the administration is to reduce them.

It is understood that the Tennessee Valley Authority has already acquired, or arranged for the acquisition by it, of certain privately owned transmission and distribution systems, but has not undertaken to finance the acquisition of such projects by municipalities in the Tennessee Valley area, and it does not appear to be clear that it would have the legal right so to do.

The proposed bill would make it possible for any such municipality desiring to acquire an existing system or works to obtain a loan from the R.F.C. for that purpose whenever it had entered into a contract for electric energy from the Tennessee Valley project, and would extend the same privilege to municipalities wherever located, which might be in areas which can be served with electricity from Federal works.

Notwithstanding the fact noted above, that any such acquisition must necessarily create employment, the bill does not authorize any grants such as are made in connection with P.W.A. financing, but contemplates full repayment within 20 years.

In view of the fact that the funds loaned by the R.F.C. are acquired by borrowing and that the rate of interest paid by it for money is less than the rate of interest it charges for loans, such loans, if made in connection with sound projects, will not cost the Government anything, but, on the contrary, will return a profit to it. In effect, such loans are a pledge of the credit of the United States and do not involve the advancing of any money raised by any form of taxation.

The soundness and security of the contemplated loans are doubly assured by the fact that they can be made only with the approval of the R.F.C. and the approval of the department, agency, or instrumentality in charge of the Federal project from which the electric energy is to be obtained.

Mr. POWERS. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Chairman, I have asked time in order that I could pay a modest but sincere tribute to the eloquent and noble speech that was made in this House by our distinguished colleague, the gentleman from Missouri, Mr. SHANNON, on the occasion of Jefferson's Birthday. The highest praise that I can pay to his speech is that it was worthy of a great subject, and I am sure that in his mind, as in mine, when I read it—for, unfortunately, I was out of the city and was not privileged to hear it—there must have been a thought that it was an illustration of the proverbial ingratitude of republics that here in Washington, outside of the chamber of horrors in the Capitol, there is no adequate memorial to express the undying gratitude that all generations of Americans should have for this great leader of the American people, who in his very rare combination of practical statecraft as a leader of the masses and a noble idealism, was one of the most remarkable statesmen in the annals of the world.

I am not one of those who believe that Thomas Jefferson originated democracy, because I prefer to think that democracy originated in the cradle at Bethlehem, where the Fatherhood of God and the brotherhood of man began with the breath of the Man of Nazareth. [Applause.] But I do say that Jefferson rendered the same role to modern democracy—and by that I mean no political party, but democracy in its broadest and most catholic sense—that Rostand in his play, Chanticleer, gave to his hero in stating that while Chanticleer did not cause the sun to rise, he nevertheless, with his clarion call, was among the first of men to greet the reddening morn of democracy in our age. [Applause.]

It was Jefferson of all men who, with his great and unbroken faith in the people and in his desire for the common welfare, led the modern forces of our age on the triumphant march of democracy. [Applause.]

When this House has the rare privilege of a fine speech on a noble subject, such as that of the gentleman from Missouri, adequate recognition should be given to this eloquent tribute to one of the greatest men in American history.

I pass to a matter that to my mind is a portentous reality, and that is that there is not only no adequate memorial to Jefferson in the Capital of the Nation or, indeed, anywhere outside of his own State of Virginia, but Jefferson is today the "forgotten man" in the philosophy of American politics. If there be any party today that truly follows the doctrines of Thomas Jefferson, I have yet to know it. In fact, the gentleman from Missouri recognized that so far as his party and his associates were concerned the principles of Jefferson were "more honored in the breach than in the observance." They could not be honored in the breach, because the future destiny of this Republic must depend to a very large extent on the extent to which we can return to the principles of Jefferson. Of such return there is at present no evidence.

Perhaps the noblest interpretation of an ideal form of government was that in his first inaugural when he defined as the ideal of America "a wise and frugal Government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits, and

shall not take from the mouth of labor the bread it has earned."

Apart from that great ideal of government which was Jefferson's and of which he gave a very noble example, not merely in his two administrations but in the succeeding ones that he dominated from the summit of Monticello, I think we must all recognize that in the present tendency toward centralization of power, not merely in the Federal Government but in one man, we have so far departed from the principles of Jefferson that they are virtually nonexistent for any practical purpose.

It is a curious fact, as explaining why there is no adequate memorial, that the party strife between Jefferson and Hamilton, in which each of them was partly right and each partly wrong, is the only conflict of party politics whose animosities have survived the deaths of the great protagonists. You and I and others care nothing about the great quarrel between the senatorial triumvirate of Webster, Clay, Calhoun, and Andrew Jackson. It excites no feelings in our breasts. We honor all four alike, but although the doctrines of Jefferson have "faded like streaks of morning cloud into the infinite azure of the past", the fact is that to this day the animosities created between Hamilton and Jefferson so far survive that men on the Democratic side of this aisle are not always fair to Hamilton, and I am sure that we of the Republican Party do not always justly recognize the transcendent merits of Thomas Jefferson in the foundation of this Nation.

The fact of the matter is—and I hope my time will not expire, because I shall address myself to what I believe is a practical consideration, and not a mere dissertation upon history, prompted by the eloquent tribute of the gentleman from Missouri [Mr. SHANNON]—I say the fact of the matter is, today, that while in the first 60 years of the nineteenth century Jefferson was triumphant and Hamilton was the defeated man in the great intellectual duel, yet today the doctrines of Hamilton are triumphant even in the councils of the party that calls itself the Jeffersonian Democracy; because no one, I think, can seriously question that this administration, above every other administration, is realizing beyond any dream of Alexander Hamilton his ideas as to the nature of our Government and what its desired form should be. His dream was the absorption of the States in the Federal Government. That dream has come to pass to an alarming extent.

To illustrate this, I want to read two quotations from Alexander Hamilton's one great speech in the Constitutional Convention. His part in drafting the Constitution has been very much exaggerated. He rendered great service in the origin of the convention and the ratification of the Constitution. But in the convention of 1787, after he had made a great speech, so little attention was given to it by the members of the convention that he went back to New York to practice law, and thereafter rarely appeared in the convention until its last days. In this speech of June 18 he said of the States:

> If they (the States) were extinguished, I am persuaded that great economy might be obtained by substituting a general government. I do not mean to shock the public opinion by proposing such a measure, but, on the other hand, I see no other necessity for declining it.

In other words, he would have abolished all the States if he could have had his way and if public opinion had permitted, and when this statement was criticized on a later day, he amplified his thought. He said:

> By an abolition of the States I meant that no boundary could be drawn between the National and State legislatures and that the former must therefore have indefinite authority. If it were limited at all, the rivalship of the States would gradually subvert it. As States I think they ought to be abolished, but I admit the necessity of leaving in them subordinate jurisdictions.

Meaning purely police administration in local affairs. That dream of Hamilton has now been realized. In the vital matter of trade and industry, your form of government and the Constitution, which is its organic law, are more concerned with trade and industry than with any other subject. The interference of the Federal Government in the intimate personal life of the individual may be slight, but its interference in trade relations and the commercial intercourse is now very great, and today, under the National Recovery Act, the line of demarcation prescribed by the Constitution between Federal authority over interstate commerce and foreign commerce on the one hand and the authority of the State upon commerce and trade that is wholly within its borders, is nonexistent. It has been obliterated in the last 12 months, so that for purposes of trade and commerce we have this startling and portentous fact that we are today, in the matter of trade and industry, not a federation of States, but a unitary socialistic State, and no one can successfully challenge the statement.

You may say it is only temporary and produced by considerations of a great emergency, but as to that, it is enough to paraphrase what Madame Roland said on the scaffold in respect to liberty: "Emergency, Emergency, how many crimes against the constitution have been committed in thy name." [Applause.]

To illustrate the depths to which the so-called "brain trust", or the inner advisers of the President, if the brain trust be mythical, can go and have gone in abolishing the States, is illustrated by a model law that the N.R.A. recently sent to the various States to eliminate any possibility of contest of the constitutionality of the N.R.A. in respect of purely domestic commerce.

In other words, after four Federal courts in this country had decided that the N.R.A., in respect of trade or commerce wholly within a State, was unconstitutional, thereupon the disciples of Prof. Felix Frankfurter determined to formulate a bill whereby the States would voluntarily eliminate themselves by surrendering their police powers in the matter of trade and commerce and thus confirm the existing usurpation of power over domestic trade by the Federal Government. I want to read to you, to prove that this is so, the part of this model law that was sent out by the Federal Government through the N.R.A. to the legislatures of the States and, presumably, to the governors thereof, with the request that they speedily pass the law so that the States in respect of the trade and commerce that is wholly within their borders should be nonexistent.

Section 2 of this proposed law reads as follows, and I do beg of all of you to listen to it, because it attracted very little attention.

Ten years ago, certainly a generation ago, what I shall read would have caused an upheaval in this country that would have shaken our social order to its foundations. This is the section which they want the States to pass:

> SEC. 2. To effectuate the policy of this act—
>
> That is, the Federal National Recovery Act—
>
> the governor—
>
> That is, of the States—
>
> is hereby authorized to consent to the President of the United States utilizing State and local officers and employees in effectuating the policies of the National Industrial Recovery Act in accordance with the provisions of section 2 (a) of that act.

In other words, the legislatures of the States are asked to tell their governors to crawl to the feet of Federal power and say to the President, "All the agencies of the State from myself, the Governor, down to the humblest constable are now subject to your order and dictation in policing a law which, in respect to domestic trade, can have no justification whatever in the Constitution."

If the States of this Union pass any such law—and some of them may have already done so—then the States, the once proud, self-conscious sovereign States, would today be little more than police provinces, because they would have turned over all the police authority of the State to the President, so that the President could say to a constable in Tampa, Fla., "Arrest that pants presser, who has dared to press pants and deliver them around the corner to a local customer" at less than the code price, and this on the ground that he is interfering with the national recovery platform.

Think, gentlemen—and I recur to my original theme—what Thomas Jefferson would have said if he had been con-

fronted with such a proposition—he, who believed that the Union could not be indissoluble unless the States were indestructible. [Applause.] What would Jefferson think of a proposition from the Federal Government that the States should turn over all their police agencies to the Federal Government and be subjected to the command of the President as to what they should do?

What would Jefferson have thought of a theory of the "brain trust" that a man who simply pressed a pair of pantaloons and delivered them around the corner could be controlled in respect to the price that he was to charge for his own labor?

Jefferson inveighed against that in his first inaugural, when he said:

> You shall not take from the mouth of labor the bread it has earned.

If the humble pants presser of Tampa, Fla., wants to press pants for a 50-cent fee instead of a 75-cent fee, it is, after all, the sweat of his own brow or the brawn of his own good right arm that created the product. Why should a Government a thousand miles distant tell him what he should charge for his labor? If he cannot sell his labor except as permitted by the Federal Government, is he truly a free man? Would Jefferson have so characterized him?

Until the last 12 months, until this emergency had confused our ideas of right and wrong, of liberty and bondage, of constitutionality and unconstitutionality, it would have been regarded as an abhorrent proposition that the Federal Government should dictate to a man what he should charge for his labor. Yet that is the whole principle of the Recovery Act—to limit the power of a manufacturer to expand his product, to limit the hours that either he can employ or that employees can be employed, to limit the price of the product, to segregate him into groups in which all his individuality is lost; in other words, to destroy the very soul of the individual. Thomas Jefferson worshipped above everything else the liberty of the human soul. It was Jefferson who said:

> I will wage eternal warfare against any form of tyranny over the mind of man.

[Applause.]

Jefferson made many mistakes, he did things that were regrettable, as which of us has not? But his distinguishing merit, the one thing that he stands for above everything else, was his belief in the liberty of the individual and his sacred right to live his own life in his own way, free from any except the most necessary restraint of the Government. It was that thought he put into the glorious preamble of the Declaration of Independence, and today our Government, not through the fault of any one party—it is perhaps the extreme pressure of the times—is a living negation of everything that Thomas Jefferson taught.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. BECK. I yield to the gentleman from Kentucky.

Mr. MAY. I should like to ask the distinguished gentleman from Pennsylvania to elaborate a little more upon the question of the legal effect of the act of a State legislature in putting at the disposal of the President, under the provisions of the Industrial Recovery Act, the police powers of the State—as to whether or not it amounts to the same thing as a ratification of an amendment to the Constitution in the way of surrender of power?

Mr. BECK. I would reply to that by saying that it would depend in each case upon the constitution of the State. I doubt whether there is any constitution of any State that would authorize its legislature to say to the Governor, "You turn over our police authorities to the President", and therefore any act of such legislature would violate the power vested by the people of that State in the legislature.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. BECK. Yes.

Mr. KELLER. Is the gentleman willing to tell us specifically exactly what he would have done if the conditions had been reversed and the Republican Party had come into power under the same conditions the Democratic Party came into power?

Mr. BECK. My friend passes now to an economic phase of the matter. I was discussing the broad question of rights in the light of Jefferson's philosophy. Nevertheless, I shall endeavor to answer to the best of my ability. I say, in the first place, that in the summer before the Presidential election, recovery was already in progress.

It was halted by the Presidential election, and, naturally, in the interregnum between the election and the 4th of March there was a retardation of prosperity. After that, if this Government of ours had only allowed the people to recuperate by natural methods—I do not mean now the questions of relief; of course, they were obviously necessary, but if the Government had refrained from interference with trade and industry and the tampering with the currency and the violation of the solemn pledge of this country in the matter of how its obligations should be paid, if the administration had only desisted from those measures and left it to the people, there was enough resilience in the American people to have recovered from the emergency; and we would today be much further on the way to complete recovery than we now are. [Applause.]

Mr. KELLER. In other words, the gentleman would have done nothing?

Mr. BECK. Oh, no; I have not said that.

Mr. KELLER. I wish the gentleman would be specific in his statement on the subject.

Mr. BECK. I have just said what I would do.

Mr. KELLER. What would the gentleman really have done?

Mr. BECK. Well, I have told the gentleman from Illinois, but I am afraid he did not comprehend. I have already stated to the gentleman from Illinois that to the extent that relief measures were necessary either to the individual or to the States they are a credit to this administration and are helpful to the country.

I would not have interfered by regimenting the American people in their industrial activities by laws restricting individual initiative. In that respect the American, if I may be pardoned a classical quotation, is like Ajax as depicted in the Homeric epic when Ajax was enveloped with unnatural clouds and darkness in his fight with Hector. He said:

> Dispel this cloud, the light of Heaven restore;
> Give me to see, and Ajax asks no more.

Had the American people not been enveloped in the fogs, mists, and clouds of un-Jeffersonian and undemocratic interferences with individual liberty, he would have been farther along today on the road to recovery than he is. [Applause.]

Mr. KELLER. How much longer would the gentleman have waited before he gave relief?

Mr. BECK. I would have given relief immediately.

Mr. KELLER. To what would the gentleman have given relief—agriculture?

Mr. BECK. I cannot, with limited time, run the whole gamut of social measures; I have not the time.

I now yield to the gentleman from Washington.

Mr. ZIONCHECK. The question I wanted to ask has been partially answered. It was this: The doctrines and policy followed by the Republican Party were purely Jeffersonian doctrines and policy up to 1932, were they?

Mr. BECK. No; I did not say they were.

Mr. ZIONCHECK. Or approximately so?

Mr. BECK. I said that by comparison with the policies and acts of the Democratic Party they were Jeffersonian. [Laughter.]

Mr. ZIONCHECK. Yes. What would Jefferson's reaction have been had he been alive in 1932 when 15,000,000 people had the right both collectively and individually to starve to death without governmental interference?

Mr. BECK. I have already answered that.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BECK. Yes.

Mr. PATMAN. The gentleman referred to the fact that he did not know of the constitution of a single State that

granted to the legislature the power and the right to ratify this proposed measure. As I understand it, the Constitution of the United States is a grant of power; and the constitutions of the States are restrictions or limitations of power.

Mr. BECK. Oh, no.

Mr. PATMAN. And if the State constitution does not deny the legislature the right to pass such a law, the legislature would be within its rights to pass the law. Is that right?

Mr. BECK. I am not familiar with the constitutions of all the States. I imagine that every State constitution which follows the forms of the Federal Constitution as well as of antecedent State constitutions, defines the powers of the legislature, and the legislature has no power except as the sovereign people have given them power through the State constitution.

Mr. PATMAN. The gentleman means the grant of power?

Mr. BECK. Yes. The legislature has only the powers granted by the State constitution. Unless, therefore, the State constitution gives the State legislature the right to bargain away the police powers of the State, the legislature would have no such right.

Mr. PATMAN. Do I understand the gentleman to say that each State constitution is a grant of power to the respective legislature and that the legislature cannot do anything more than what the State constitution provides it may do?

Mr. BECK. Yes.

Mr. PATMAN. I cannot agree with the gentleman.

Mr. ZIONCHECK. I do not believe the gentleman means quite that.

Mr. BECK. I do not know whether we understand each other. The people, of course, are sovereign under our theory of government. They create a constitution which provides exactly what the legislature shall do. Until the people have declared otherwise in their capacity as the people, the legislature cannot do more than the constitution has authorized them to do. If it authorizes them to pass any kind of an act, then a different question arises.

Mr. PATMAN. In other words, the gentleman says that the constitution of a State is a grant of power to the legislature of that State?

Mr. BECK. Yes.

Mr. PATMAN. And that the legislature cannot exceed the powers granted by the constitution?

Mr. BECK. That is my judgment.

Mr. PATMAN. I am sorry I cannot agree with the gentleman. I have the utmost confidence in and respect for the gentleman's judgment, but I cannot agree with him. I think that a State constitution contains limitations on the power of the legislature, but that the legislature can do anything that the constitution does not prohibit.

Mr. BECK. I have so much respect in turn for the gentleman from Texas that he may refer to a constitution in Texas which grants all legislative powers to the legislature. If that is so, then he is right as to Texas. I do not pretend to know what the constitutions of all the States are.

Mr. PATMAN. I believe that is the broad principle; the Constitution of the United States contains a grant of powers to Congress, but a State constitution contains limitations of powers and the legislature can pass any law that is not prohibited by the State constitution, whereas Congress can pass only such laws as are permitted by the United States Constitution.

[Here the gavel fell.]

(Mr. BECK asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. JACOBSEN. Mr. Chairman, I yield 15 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, after listening to the learned and able address of my distinguished friend from Pennsylvania, who has just preceded me and paid such fine tribute to the immortal Jefferson, I hesitate to speak to you on this occasion, and especially since I must speak entirely without notes and wholly extemporaneously.

I am asking the privilege of speaking to the House this afternoon for the purpose of discussing one phase of taxation, and I hope I may be pardoned for some historical references when I say that it is universally known and a historic fact that taxation, when it reaches the point of oppressiveness, has always been resisted by the people. I am going to talk about the particular feature of taxation relating to one product in this country which is produced by the farmers. The product I refer to is tobacco, a luxury in the use of which I do not indulge in any form.

As far back as the 16th day of December 1773 a few of our ancestors who did not believe very much in oppressive taxation called a little tea party down in the harbor of Boston and threw the King's tea overboard; and from that time to this people have been objecting to oppressive taxation. Even that incident itself foretold of a bloody revolution against obnoxious taxing laws and gave birth to a nation. If there is anybody in the whole of the United States that has a right to object to the rate of taxation and the amount of taxes paid by any particular industry, it is the producers of tobacco.

I realize that there are many Members of this House who are not familiar with the amount of taxes actually paid by tobacco producers, unless it be those Members who live in tobacco-producing States like my own State, North and South Carolina, Tennessee, and Virginia, or unless they be members of the Committee on Ways and Means, that deals with the subject of taxation and has made a special study of the matter; and I myself make no claim to any special knowledge on the subject, although I am deeply concerned for the tobacco growers of my State.

Under the law as it exists today, cigarettes are taxed $3 per thousand cigarettes. Under the state of production of tobacco in Kentucky, the State I live in, 3 pounds of tobacco produce 1,000 cigarettes; so that, as a matter of fact, tobacco bears a tax of $1 per pound on the product as it is produced. In addition to that there is a processor's tax under the new regime of taxation of 4 cents per pound, making $1.04 for each pound of tobacco produced on the farm. Down in Kentucky in the White Tobacco Belt, known as the "burley district", the tobacco farmers produce as an average about 1,000 pounds of tobacco per acre. At this rate of taxation the 1,000 pounds of tobacco would pay $1,040 per acre in taxes. In addition to that, if you take a tobacco farmer who produces 1 acre of tobacco, he produces a product that yields to the Treasury of the United States $1,040. If he produces 10 acres of tobacco, he produces a product that yields to the Treasury $10,400. Let us see what the small farmer that has as much as 50 acres pays. He produces to the Government of the United States $52,000 eac year. That is an enormous tax for one farmer to produce or the Government, and yet we are planning, as I understand it now, through the means or medium of a subcommittee of the Ways and Means Committee, to discover new sources of taxation and new means of producing revenue. I think the subcommittee of the Ways and Means Committee considering that matter now has about made up their minds to recommend to the committee and to the House through the committee that instead of increasing the taxes on a great many of our products that are now excessively taxed they are going to ask for a reduction of taxes. This is the reason I am speaking on the question of taxation of tobacco.

I think the tobacco farmers of all the States that produce tobacco are paying more than their just share of the taxes of the country. Yet, when you realize that tobacco will produce that much revenue, at the same time the processors of tobacco—and I have reference to the four big tobacco manufacturing companies, including the American Tobacco Co. and the three others I could name—make more profit in 1 year in the form of dividends out of the tobacco that they manufacture off the farmer than the amount of taxes that the farmer pays and the amount of money that the farmer receives for the tobacco that he markets. So there is something wrong between the tobacco plant and the use of it by the man who chews or smokes it, and I think the atten-

tion of Congress ought to be directed to this recommendation along with the other recommendations that the committee may be able to make, and I for one want to be sure that in the writing of future tax laws some provision must be made whereby any savings that may be accomplished in the rates or amounts of taxes on tobacco must go to the tobacco farmer and not to the Tobacco Trust.

I call attention here to the testimony of some of the people who testified before the Ways and Means Committee in hearings during the present Congress on the revision of the tax bill. One of the witnesses who testified here said that the consumption of plug and twist chewing tobacco had decreased solely because of the excessive amount of taxes required to be paid. I have always taken the position, like I did when I offered an amendment here to reduce the excise tax on liquor from $2 to $1 per gallon, that excessive taxes have a tendency to drive the product off the market and it in fact produces less revenue with a high tax than it would with a reasonable tax. This witness, H. P. Taylor, who represented the Independent Tobacco Manufacturers, made this statement before the Ways and Means Committee:

> The consumption of plug and twist chewing tobacco when there was a low tax rate in 1917, as shown by Government records, was plug 179,000,000 pounds and twist 15,000,000 pounds, while with the present high tax rate of 18 cents per pound the consumption of plug has decreased to 76,000,000 pounds and twist chewing tobacco to 6,000,000 in 1931, which are the last figures available from the Internal Revenue Bureau, and our records show a further decline in the years 1932 to 1933.

So that, as a matter of fact, the revenue was decreased at least 66⅔ percent by reason of the exorbitant tax of 18 cents per pound placed on chewing tobacco. That is in addition to the tax that the cigarette tobacco produces. This shows that exorbitant rates of taxes always have and always will retard production and at the same time decrease rather than increase the amount of revenue to the Treasury, as well as curtail by from 50 to 60 percent the farmers' income from his crop. It is detrimental to both the farmer and the Government.

Of course, I realize we are doing many things in this Congress that, as the gentleman from Pennsylvania [Mr. BECK] said a while ago, might not have been regarded as at all safe 10 years ago or even at the beginning of the present generation; but it is my judgment that when a crop of any kind produced by a farmer does yield or must yield a revenue amounting in 1 year to three or four times the value of the soil in which it is produced, it is excessive taxation; and, with this condition, I would not be surprised if there were not some relief for the burdened Kentucky tobacco growers through the Congress of the United States by means of a modification of the present revenue statutes, we may get back to the days of the Boston Tea Party or at least back as far as the days of the night riders of some 10 or 15 years ago. My plan would be to redraft our tax laws so as to ride the American Tobacco Trust out of the picture and aid the producers. Cut the graft from between the source of production and the market place.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. MAY. I yield to my colleague from Kentucky.

Mr. BROWN of Kentucky. In view of the fact that in the year 1932, when the companies made the biggest net profit in the history of the tobacco industry and paid in that same year the smallest amount to the farmers of the country, and in view of that record there in which Mr. Parker, the counsel for the Big Four, stated that they paid the farmer what they had to pay him for his crop, does the gentleman believe they would pass one penny of a reduction on to the farmer unless we made them do it by law?

Mr. MAY. That is a very correct question to be asked and I am glad to answer it by saying that in my judgment unless the law carried a penalty and a requirement that it be carried back to the farmer, the farmer would not profit one cent by a 50-percent reduction in the amount of revenue paid by the tobacco companies.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MAY. I yield to my good friend from New York.

Mr. FITZPATRICK. Three or four years ago, as I understand, there was a tax refund of $75,000,000 to one of the members of the Tobacco Trust. Did they distribute any of that money among the tobacco farmers?

Mr. MAY. They did not distribute it to any of the tobacco farmers—and I want it understood that I am not advocating any reduction of taxes as far as the processors are concerned—but I am advocating some kind of a measure that will get back to the soil where the tobacco is produced and relieve the tobacco farmers; and if they do not present that kind of bill, I shall not vote for it.

Mr. BROWN of Kentucky. Will the gentleman yield further at this point?

Mr. MAY. I yield.

Mr. BROWN of Kentucky. Does not the gentleman believe this House could write legislation which would require that a certain percentage of revenue derived from farm products must be returned to the producer of that product and that such legislation could be administered with the present set-up in the A.A.A., and instead of giving these companies a flat reduction in tax, take such flat reduction in tax and distribute it among the growers of the product?

Mr. MAY. I think while the A.A.A. is regimenting every kind of industry in connection with agriculture, it ought to be one of their first efforts to adopt some method or adopt some code or issue some order, even though it violates all the creeds of Jefferson from the Declaration of Independence down to the present time, by which the strong hold and the deadly grasp of the American Tobacco Co. can be released from the throats of the tobacco growers of the United States.

There is one bill pending in the House that ought to be considered by the proper committee and reported to the House and acted upon. I think the bill was introduced by one of my colleagues from Kentucky, Mr. SPENCE. The bill provides that the Department of Agriculture or the Agricultural Adjustment Administration, with the funds made available under the various acts for relief that we have enacted here, shall buy up from the farmers the cheap grades of tobacco and hold them and allow the farmer to get the benefit of the higher prices on the better products; and after this is done and the production of tobacco regulated in this way, put the cheaper grade on the market and let it be disposed of at what would then be a profit to the farmer. The prudent farmer, who produces several grades of livestock, will, when the market is bad, put only the high grades on the market because he knows that it would mean disaster to undertake to market the inferior grades when the market demand is low. The same rule would apply to tobacco, corn, or any other product that sells in grades, which I, by my own experience, have found to be true in the production and marketing of coal.

You know, when we grade our coal and screen it and clean it and separate it into three or four grades, ranging from nut and slack up to egg and lump and block, we always get a premium price for the high grade, but the quantity of production of the low grades is so great that when we get the low price on that it takes all the profit out of the premium product.

This is just what the American Tobacco Trust is doing to the Kentucky, Virginia, Tennessee, North Carolina, and South Carolina tobacco producer, by ranging practically three fourths of their crop to the lower grades and paying the low-grade prices for it, and then, when they put it into the manufactured product, boost the price and get the profit out of it while the farmer loses. I say there must be something done to relieve the tobacco grower.

Mr. BOLAND. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Pennsylvania.

Mr. BOLAND. The gentleman's reference is to soft coal and not to anthracite coal?

Mr. MAY. Yes; I know very little about anthracite coal, except I know it is mined and sold at about four or five times as much per ton as soft coal, and that it is probably confined to only four or five counties in the State of Penn-

sylvania, as I understand it, with the exception of a little pocket of it in Virginia.

Mr. BOLAND. Of course, the gentleman will admit that anthracite coal should be sold at a premium?

Mr. MAY. I will admit that anthracite coal is a far superior product to soft coal, as far as cleanliness is concerned, and as a fuel.

Mr. Chairman, I voted for the Bankhead cotton control bill with much reluctance upon two grounds: First, it appeared in the debates on the bill that practically all the farmers of the Cotton Belt were for it and their fine delegations of Representatives from the cotton States were practically unanimous for it, and my high esteem and friendship for them was a compelling influence. In the second place, while I was opposed to the principle of the bill and thought it too much of a departure from the fundamentals of our Government and too drastic in its provisions, yet I voted for it upon the further idea that if it proves to be as bad and as vicious as I thought it would be, I would at least have the consolation of knowing my friends from the South would try it out before it gets to my constituents, who do not produce cotton. Now I am told there is pending a bill of like character to be applied to the tobacco crop, and I reserve my rights in voting on such a measure until more thought and consideration. The Kentucky tobacco growers, blessed by the richest and most productive soil and the most beautiful farms upon the face of the earth, with their high order of intelligence, their well-known reputation for industry and thrift, need no regulation of their farming industry by the Federal Government; but they do ask, and they are entitled to, the enactment of just laws for their protection against the greedy and avaricious profiteers that conspire among themselves annually to exploit the fruits of their toil. We should call in council the statesmanship of this Congress and push to speedy enactment some measure for their protection.

[Here the gavel fell.]

Mr. JACOBSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BOLAND].

Mr. BOLAND. Mr. Chairman and Members of the Committee, I tried at the time the gentleman from Pennsylvania [Mr. MCFADDEN] was on the floor, asking for an investigation of the Internal Revenue Department, to ask him one question in regard to the income taxes that were refunded under the Mellon administration as Secretary of the Treasury. At that time, the Members of the House will recall, the great Secretary we had was responsible for allowing $4,000,000,000 to be returned as overpaid income taxes, $3,000,000,000 of which was returned to the great State of Pennsylvania, which I have the honor to represent in part.

In other words, if there is to be an investigation of the Revenue Department, I sincerely hope and trust that they will investigate Mr. Mellon's reign as Secretary of the Treasury and why the $4,000,000,000 was returned. But I did not take the floor for the purpose of talking about the Internal Revenue Department.

Mr. PATMAN. Will the gentleman yield?

Mr. BOLAND. I yield.

Mr. PATMAN. The gentleman realizes that there was an investigation going on at one time, and if it had not been that Mr. Mellon fled under fire there would have been a complete investigation.

Mr. BOLAND. I believe that is right. I wanted to ask my colleague [Mr. MCFADDEN] if the investigation would go back that far.

I am here to speak a few words in behalf of the really forgotten man. I refer to the railroad employee who has lost his job through no fault of his own, but through the unfair competition that is existing, that has existed, and has become a terrible menace to this country. The time is coming when Congress must take cognizance of that fact and eliminate the menace, which is a growing menace to our country and the traveling public.

I refer to those great big trailers and trucks on the highways which are monopolizing the highways to such an extent that it will be imperative for Congress to do something about it.

In the Seventy-second Congress I presented a bill and had a hearing on it, but action was delayed on it. I introduced a bill in this Congress—House Resolution 13—and went before the Ways and Means Committee, and in their judgment, because it proposed to levy a tax on busses traveling intrastate, they said they had no jurisdiction over the bill and that it should go to the Committee on Interstate and Foreign Commerce.

I went before the legislative counsel to get their views on that point, and they said they could not find out how a bill could be written that would raise revenue and have the Committee on Interstate and Foreign Commerce have jurisdiction.

So the situation is that the Ways and Means Committee will not take it, because it should go to the Committee on Interstate and Foreign Commerce, and the Committee on Interstate and Foreign Commerce will not take it because it raises revenue. Therefore, the only solution is a petition to take the bill from the committee. The committee is not antagonistic to my so doing.

There is only one possibly way that you can eliminate this menace, and that is to provide a tax on interstate busses and trucks—not busses and trucks that operate within the States. I am in hearty sympathy with truck and bus owners operating within the State and will at all times give my best efforts in their behalf. I fully realize their importance to all communities and their necessity, and will at all times protect them to the best of my ability. My bill does not apply to those. I will try to convince this honorable body that it should put a tax on busses and trucks operating in interstate commerce.

I have no connection with railroads whatsoever, am not interested in the management of their systems or in any other capacity, but I am vitally interested in the reduction of railroad employees who have lost their positions caused by a reduction of business due to the operation of these busses and trucks upon our highways, thereby making unfair competition in this line.

The original purpose of our highways was to take the public out of the mud and give decent roads to the traveling public. At the rate the trucks and trailers are operating we might just as well admit that there will soon be no room for the traveling public.

Another menace to the public is that of dangerous grade crossings. In 1930 the railroads spent $30,000,000 in eliminating grade crossings, still the growing construction of highways is causing more grade crossings than are being eliminated, and these same busses and trucks are receiving the benefit of this yearly expenditure without contributing 1 cent cost to themselves. In many parts of the country, particularly those of sparse population, the taxes received from railroads constitute the largest contribution toward the maintenance of schools, governmental, and civic activities, which this growing menace to both the public and employees of railroads is allowed to go unrestrained and unregulated and untaxed proportionately. Effective legislation must be placed upon the statutes to regulate this monopolizing of our highways. This bill I have introduced and for which a petition is on the Speaker's desk to secure signatures so that it can be acted upon on the floor, will accomplish the purpose intended, namely, stop these large freight-carrying trucks crossing the country. It will stop them from being responsible for railroaders losing their jobs. It will stop them from taking the necessities of life from the families of these men who depend entirely upon this class of employment for a livelihood. It will allow the railroads to carry this freight that will in turn put these employees back to work.

It will give the highways back to the traveling public without the fear such as now exists—unwarranted accidents, and in many cases, great loss of life. It will create more sales for automobiles because traveling on the highways will be less dangerous if these large trucks are eliminated from them.

The Government will receive a substantial revenue which is badly needed, and the great fear that now prevails—traveling on our highways, especially at night, will cease.

In the name of those unemployed railroad employees, I ask the Members of Congress to sign the petition on the Speaker's desk so that it can be presented to the House for action. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BOLAND. I am very sorry that I cannot answer the gentleman. I should like to answer any question relative to this matter, but time will not permit.

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Chairman, after listening to the many illuminating addresses delivered by Members here today, explaining the principle of innate recovery, I should be rejoicing in the spirit of optimism if it were not for the fact that we have had this same positive assurance from year to year since the beginning of this panic. While I am anxious and want to be optimistic, I am not accepting the panacea of faith and confidence [applause] to bring a restoration of the buying and consuming power of the people. I am not accepting the meaningless claim of a "better feeling" among the people [applause], nor that prosperity is "just around the corner." [Applause.] I believe that prosperity will come back sometime, now or in the far distant, hazy future [applause]—come back, just as health may come back to the sick man without or in spite of the doctor. I believe in the innate power of the people collectively to recover from this paralysis of industry just as the body to recover from disease.

THE PROBLEM OF THE PANIC

But this is not our problem here today to wait on nature. Our problem is to remedy the economic disorder and to bring prosperity back with certainty, promptly, and without hesitation or delay. The people have already discharged one board of physicians for failure to diagnose and remedy the panic, and they will be just as ready and impatient to dismiss another school of economic doctors, if they fail or allow the country to suffer on in the throes of panic and depression.

This paralysis of industry did not come to all parts of our industrial system at one time like the fall of the wonderful one-horse shay. The panic came first to the one basic industry upon which all other trades and callings are dependent, and from that one basic industry reached back to other industrial callings until the economic depression had paralyzed every part and was full and complete.

CRITICS MUST EXPLAIN REMEDY

I have no patience with critics of the industrial plans proposed by others unless they are ready and can explain their own system of recovery, can point out in detail every step necessary and required, and can show the relationship of cause and effect. I believe that prosperity must first come back to agriculture before prosperity can come back to any other branch of industry. And it is my purpose in these remarks to give my reasons for this position, and I propose to go into detail in showing the cause and in making my explanation. In this I am being more and more assured from the experiences, events, and developments of the times. Prosperity must first come back to the farmers.

OUR SPECIALIZED SYSTEM OF INDUSTRY

A proper analysis for consideration of this panic or depression requires a knowledge and understanding of our specialized industrial system, of its different parts and functions, a knowledge of its dependent trades, occupations, and callings, and the basis and foundation upon which the system as a whole is based and made to rest. It must be realized and understood that our specialized system of industry is a growth and development of farming and agriculture, is built upon and around farming and agriculture, is first dependent upon farming and agriculture, and without farming and agriculture, the parent of our industrial system, no other trade, business, or calling could survive or exist for a single day.

LIKE THE GROWTH OF A TREE

Our specialized system of industry may be likened unto or compared with the growth or development of a tree, the roots, body, or trunk of which correspond to farming and agriculture, and the branches, twigs, and leaves representing the different trades and callings which have grown up and clustered around or thrown out from the body of the tree, the roots, body, branches, twigs, and leaves—all forming one complete whole. All the different parts of the tree are dependent upon the roots, taking water and nourishment from the ground to be carried by the plant-life currents going upward through the body to replenish and carry plant food for the growth and development of its parts. The different trades and callings of industry, the different professions and occupations of our specialized industrial system can no more thrive and exist without farming and agriculture than the branches, twigs, and leaves of the tree can grow and survive independently and separately without and from the roots, body, and trunk of the tree.

DIFFERENCE IN FARM AND INDUSTRIAL PRICES

If a tree is suffering impairment in growth or is failing, dwarfed, or dying from drought and want of water, neither the tree nor the perishing twigs and leaves themselves can be revived, nourished, or saved by sprinkling the falling branches and leaves for the water to be carried downward through the tree. The prompt, direct, and only way to replenish and save the tree, its branches, leaves, and twigs, is to restore water to the roots of the tree. The water thus restored to the roots will be carried upward by the vital life currents of the tree through the trunk to restore the branches, leaves, and twigs, and every dependent part of the tree. It is folly and equally impossible to restore prosperity to industry by stimulating factory production, or starting industrial employment, or any other dependent part of industry which has grown up and around agriculture, without first restoring farming and agriculture.

Any evil impairing the roots of a tree or causing a failure of plant food in the soil at the roots of a tree will be reflected and shown in the branches and leaves dependent and suffering from the failure at the roots. Restoration of the failing, dying tree must come up from the roots to restore the branches, twigs, and leaves. And any evil impairing farming and agriculture, any abuse to burden the farmer, and agriculture, taking away farm earnings and income, farm buying and consuming power, will be reflected in the impairment and the failure or destruction in every other dependent trade and calling, because all business and industry are dependent upon farming and agriculture. The restoration of industrial prosperity must first come up from farming and agriculture, from a return of farm earnings and income and a restoration of the farm buying and consuming power.

THE DEPRESSION FIRST CAME TO THE FARMERS

There is a difference in controlling and maintaining prices of industrial and manufactured commodities and the value of farm and agricultural products. Prices and values of manufactured products are fixed, adjusted, and maintained arbitrarily by the determination of producers or by agreement among the manufacturers, and are thereby controlled and maintained at will. But by reason of the number of independent farmers, no such determination by agreement is possible, and prices of farm products and commodities are left to be fixed and determined by the volume and supply of money in circulation, controlling the general commodity price level, under which farm prices rise and fall as the money in circulation is increased and decreased. If the volume and supply of money are increased, farm prices will rise with the increased volume of money. If the volume and supply of money are decreased, farm prices will fall with the decreased supply of money. If the volume of money is reduced one half, prices of farm products will fall one half If the volume and supply of money are doubled, farm prices will rise and be doubled, and are at all times subject to con-

trol by the volume and supply of money, all other elements and conditions being equal.

Manufacturers are thereby able to control and maintain prices regardless and independent of the money supply and the price movements of farm products, and under which farm buying power has been reduced by both falling farm prices and rising prices for farm supplies and equipment. It is for these reasons that the withdrawal of money from circulation brought a fall of farm prices while manufactured values and prices were maintained and that there must be a restoration of the volume of money and a rise of farm values and prices first before farm buying and consuming power is restored.

THE FARM CONSUMING POWER

With manufacturers raising and maintaining by agreement the prices of manufactured products which farmers must pay for supplies and equipment, and with the manipulating financiers and bankers, through the contraction of the supply of money, forcing down values and the farm-price level to give increased value to their money and bonds, the farmers are left to pay tribute both to manufacturers and industrial producers and the manipulating bankers and financiers, under whom they are being held in economic slavery under Pharaoh with the order to make bricks without straw. Farmers were able to pay the tribute of high prices levied by manufacturers while higher farm prices were maintained; but when money was withdrawn from circulation and farm prices were forced down, they could not pay tribute both to manufacturers and financiers, and they fell exhausted under the crushing burdens exacted both by manufacturers and financiers. It was the secret contraction of money, begun by the manipulating bankers in 1920, to double, triple, and multiply the value of their money and bonds, which brought the fall of farm values and the crushing economic burdens upon the farmers and made their slavery and thraldom complete, the effect of which is charged and described in the Prairie Farmer in these words:

In 1920, in almost the twinkling of an eye, the condition was reversed. Prices fell to a ruinous low level. The exchange of commodities almost stopped. No one could sell anything at a price that was considered fair. Wheat fell in price in 8 months from $3 to $1.60 per bushel. Corn fell from $1.50 to 35 cents per bushel. Hogs, cattle, and all farm livestock and other farm products fell in proportion.

FARMS AND CITIES

But this is not only true in principle and theory; it is also true of experience and in fact. It is true of this panic as with all the other panics and depressions—that the depression came first to the farmers, destroying farm buying and consuming power; that farming and agriculture were paralyzed before the blight of this depression had reached back to factory, mill, and workshop, and the touch of its withering hand had thrown industrial labor out of employment and destroyed labor's buying and consuming power.

It is the history of this panic or depression that the hard times began with the farmers, came first with the fall of farm values and prices, forcing down and taking away the farmers' earnings and income, destroying the farmers' buying and consuming power; and, finally and ultimately, reaching back through our specialized system of industry, brought unemployment to the laboring masses and destroying the buying and consuming power of men in other trades and callings until all industry was paralyzed, until the panic was made full and complete.

WHY PROSPERITY NOT RESTORED

When this crisis fell upon the farming industry, with the higher normal values and price level, the farmers were selling not more than one fourth of their crops with which to pay taxes and interest, leaving them the other three fourths or more with which to buy, take, and consume the products of factory, mill, and workshop. But when money was secretly contracted in 1920, forcing down values and the price level, the farmers were compelled to sell all four fourths of their crops and products, with which to pay taxes, interest, and fixed charges, and were left with no part with which to buy and consume, destroying the buying and consuming power of 40,000,000 of farm population and dependents. And, finally, this failure and destruction of the farmers' buying and consuming power left the retail merchant without demand, the wholesale house without sales, and the factory, mill, and workshop without orders. And the wheels of industry slackened and slowed down and brought unemployment to industrial labor and destroyed the buying and consuming power of another 30,000,000 and their dependents, and the fatal circle of hard times, want, suffering, and distress in the midst of plenty and great abundance was realized and became complete.

ALL DEPENDENT UPON FARMING

The farm population not only includes the most numerous class of consumers, but a class which buys and consumes double what any other class consumes. The 40,000,000 farm population and dependents not only buy and consume what other classes buy and consume for personal and family use, not only what other classes buy for their homes, but as much more outside of their homes. The 40,000,000 farm population and dependents after buying household supplies and for personal and family use buy many other articles for use in farm equipment and operation.

Having found the cause, how the contraction of money operated to bring a fall of values and of the price level, thereby destroying the buying and consuming power, first of the farm population and dependents and then of the industrial laboring classes, and finally involving the whole body of the people—now let us consider the recovery program to remedy the cause and evil and bring relief from the panic. If a withdrawal of money from circulation will cause a fall of values and of the price level, effect a decrease in earnings and income, and destroy the farm buying and consuming power, then nothing is more reasonable, more plausible, logical, and conclusive than that a restoration of money in circulation will cause a rise of values and of the farm price level, a return of farm earnings and income, and a restoration of the farm buying and consuming power.

ALL MUST WAIT UPON FARMING

It has been truly said of farming and agriculture: Destroy the farms and the agricultural industry and leave the towns and cities stand, and the towns and cities will perish, will fall to debris and decay. But destroy the towns and cities and leave farming and agriculture, and the towns and cities will rise again from the debris, ashes, and chaos, because farming and agriculture are the fountainhead and source, are the foundation and basis, of all business and enterprise, of all prosperity, industry, and wealth. And it can be said with equal truth that prosperity and industrial recovery must come to the towns and cities from farming and agriculture, the source of all wealth and prosperity. Prosperity and industrial recovery must come and can only come from a rise of farm values and of the price level, from a return of farm earnings and income, from a restoration of the farm buying and consuming power—the power to take, buy, and consume the products of factory, mill, and workshop—of the industrial labor of the towns and cities.

Prosperity must first be restored where prosperity was first destroyed. Prosperity was first destroyed with the farmers. Prosperity must first be restored with the farmers. Prosperity can best be restored by using the same power and means which were used to destroy prosperity. The power of money was used to destroy prosperity, and the power of money must be used to restore prosperity. The steps and course which were taken to impair and destroy prosperity must be retraced and taken in reverse order to bring back and restore prosperity. The volume and supply of money which were contracted and withdrawn from circulation must now be restored back to circulation. As the withdrawal of money from circulation forced down values and the farm price level, so the restoration of money back in circulation will raise farm values and the price level.

The rise of farm values and the price level will increase farm earnings and income. The increase of farm earnings and income will give the farmer a greater surplus remaining after the payment of taxes, interest, and fixed charges. This surplus remaining represents and will restore the farm buying and consuming power, the farmers' power to buy, take,

and consume the products of industry, industrial labor. With the restoration of farm buying and consuming power, the demand from farmers, as orders going back through retail merchant and wholesale house to factory, mill, and workshop, will start production to supply their demands. The restoration of production in industry will restore employment to industrial labor and will restore labor's buying and consuming power. And with the buying and consuming power restored both to farm and industrial labor, prosperity will be far on the way to all other trades and branches of industry.

But why is the money not restored, restored and turned back to circulation? Restoring the money in circulation is the simplest and least difficult step to be taken in the administration of the recovery program. It is the one step which could be taken promptly, immediately, and without delay. The machinery and facilities are all created and ready. Every means and instrumentality is waiting, waiting for orders and direction to move; could be started today, tomorrow, or the next day; ready to start the money back through the same channels through which it was withdrawn from circulation. The laws are on the statute books providing four means to be exercised in the alternate—the remonetization of silver, the revaluation of gold, resort to the Federal Reserve notes, the resort to United States currency notes—all waiting for administration and enforcement to restore the money back into circulation.

There is one reason, and only one reason, why the money is not restored to circulation. The international financiers and bankers who held the secret bankers' meeting in Washington, D.C., May 18, 1920, and conspired behind closed doors and drawn curtains to withdraw the people's money from circulation, are opposing, delaying, postponing, and maneuvering to prevent action taken. The restoration of the money back in circulation would reverse the order and transfer of value. The fifty billion of values which were taken and transferred from farm commodities and property to money and bonds by the contraction and withdrawal of money from circulation would leave their money and bonds and go back into farm commodities and property, and the conspiring, manipulating bankers and financiers would lose a part of their ill-gotten gains.

All business and industry are dependent upon farming and agriculture; all industry and enterprise must wait until prosperity comes back to agriculture, until earnings and income are restored to the farmers. The manufacturer must wait in his office for orders to start factory, mill, and workshop. The merchant must wait for customers to buy and take his goods and wares. The banker must wait at his wicket window for payment of his overdue interest and notes. The laboring man must wait and, waiting, must stand idle. He cannot secure another day's labor, nor collect another dollar of wages or pay until there is a restoration of the farmers' buying and consuming power, a restoration of the farmers' power to buy and take the products of industry and industrial labor.

All men must wait upon farming and agriculture, because all wealth and prosperity must first come from the ground, from the bosom of Mother Earth, from the fountainhead and source of which all men are fed, clothed, and sheltered, and from which every vital necessary to sustain life and every comfort and convenience comes, and from which every joy and pleasure flows, and all the charities that soothe, heal, and bless spring, all from the bosom of Mother Earth. Agriculture came as the first business. Farmers came as the first business men, as the workers in partnership with nature, the attendants upon the great fountain source from which flow all comforts and blessings and upon which to administer and from which to dispense all sustenance of life and existence. [Applause.]

Every dollar paid out to stimulate industry or to revive industrial employment before restoring the farmers' buying and consuming power is an expedient for temporary relief, a form of dole and public charity, with administration costs and interest added, paid from taxes and borrowed money, piling still higher taxes and the tax burden, only with conditions to relapse when payments stop.

Prosperity must first come to the farmers.

Mr. DITTER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, we have had a delightful day, a nonpartisan day, and we have heard discussed a great variety of subjects. We have had much information, all facts clearly and well stated, every speaker ready and willing to extend the courtesy of making a reply to questions and giving the other fellow a chance to make a speech. We have talked about everything except the subject for which this day has been set aside, or rather this week. I understand that this is supposed to be District of Columbia week. I presume the gentlewoman from New Jersey [Mrs. NORTON], Chairman of the Committee on the District of Columbia, is very much in the position that I was in when I was Chairman of the District of Columbia Committee. We made ample preparations for this eventful day; but by some legerdemain—I will not say black art, but let us say some mysticism of legislative procedure—the day for passage of bills for the District of Columbia rarely came about. I have never yet found out why it was, nor how it could happen that under the regular order of things and rules to which I submitted from time to time, they could pass by major legislation needed by the District of Columbia, but it always seemed they did.

I want to say something before I really touch the subject I came here to discuss for a few minutes. So much has been said about the older States of New York and Massachusetts and Pennsylvania, and about the methods they have in the legislatures of those States of strangling bills. We have a method of submerging bills in Pennsylvania, or rather we did, called the "Pickling Committee." You have a different characterization of it here. I note that Members on both sides are very free in their criticism of the other side, and that no one resists the implication and the challenge that both sides are guilty of doing things they should not do. I really believe that any party that is in the majority ought to have that majority well enough in hand so that it will not be afraid to bring out on the floor of the House any measure that appears to have behind it sentiment sufficiently crystalized to get 100 or 145 or 150 signatures to a petition for its consideration. It should not be necessary on either side of the House to pickle bills. I have said at least twice, since my return to Congress, and particularly in this session, that I have looked over this body and have seen here in active work on the floor much keen mentality in operation.

I say you could pick out of this House a proportionate number from either side, give them 10 years of development on the floor of the House, and you would have the greatest legislative body of the world has ever seen, and who would quickly solve all problems. [Applause.] You would not then have to smother or chloroform bills. But good men are too often defeated. There is intelligence enough on this Democratic side to lead your majority straight through to a vote and to a conclusion without having to cast this reflection upon all Congressmen, compelling us all to go through a lot of trouble explaining why you pickle bills and do not give the sovereign will of the people free flow of expression here through the Membership. I sign most of these petitions as a compliment and as an accommodation to the gentlemen who ask me, not for the reason that I am going to vote for any of the bills when they are called up. Some of them I may vote for and others I may not; but in any event I think you are expressing your own weakness when you pickle bills instead of bringing them out and laying them on the table and carrying them through to a conclusion and to a vote. The Republicans have often done the same thing when they had the power to do it. This is my criticism of the method of legislating.

What I wish to speak about today has its relationship to District day or District week. We well know that it is impossible here under the circumstances, while we have been

voting untold millions and billions, ostensibly, at least for the relief of humanity, not to be so; but for 18 years we have overlooked another forgotten man and forgotten woman. It may be some heroic man who missed getting a pension yet one who did some great service to his country. Or it may be a woman who wove and spun during war time; still we would see her taken across the hill to the poorhouse. I once stopped long enough to investigate, and I found that it is a good deal cheaper to keep old people at home or with their relatives than it is to take them across the hill to the poorhouse and make their home amongst beggars, tramps, and people of immoral tendencies, and a place where usually a lot of graft enters into its management—the county poorhouse.

We have come to the point, Mr. Chairman, where the States have told us what to do. Nearly 30 States, or in other words, a good majority of the States of this great Nation, now make provision for the aged when they are no longer capable of earning their sustenance; the States take care of them but do not take them to the poorhouse. Neither should the District of Columbia.

An old soldier once talked to me up at the soldiers' home at Erie, Pa. I said, "Is not this a wonderful place?"

"Oh, yes;" he said, "these are wonderful places. We have theatrical performances, we have people come and visit us whom we do not know; at Washington the veterans walk around the wonderful park General Scott provided when he came home from Mexico with a little excess money that was given him for use in that campaign" "But," the old soldier continued, "we do not have the old friends around us; we do not have the charm and joy of the environment of youth and young manhood; we do not have contact with old friends and companions. I meet old soldiers up here, but they are not the friends of my boyhood days. I prefer by far to be taken to a humbler place, to the cottage by the little brookside, than to be taken to a palace in Washington, at Erie, at Hampton, or somewhere else."

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 3 additional minutes to the gentleman from Pennsylvania.

Mr. FOCHT. On Friday, September 8, 1916, after a talk with one of the greatest men who ever sat in this House, a Democrat, a scholar, a general, a real man—General Sherwood, of Ohio—a man who could drive a team of prancing horses through the traffic of Washington unafraid at 85 years of age, who could offer criticism—had, withal, a heart, my friends. He talked to me about the subject of old-age pensions, and I quoted him in a speech I delivered on this floor in 1916. He said when he left Congress:

> Young man, pursue that; that is the just and the righteous thing to do; help the weak and the unfortunate, the lonely and the desolate. Try to blot out the misery and woe of life; and the most of it is in the evening of life, when the shadows no longer fall toward the west, when the limbs become trembly and the hand unsteady. They talk about sending them over the hill to the poorhouse; do not do it; help them, young man.

And from that day on I have dedicated myself in some way to try to be of assistance in this matter.

Mr. Chairman, our land is dotted with almshouses, poorhouses, and jails in which men and women no longer able to earn a living for themselves pass a miserable existence, awaiting the day that will bring them surcease from want and suffering. If we enact a law such as I propose, or one on similar lines—for I am not wedded to a particular form—we shall have done much in the direction of obviating the need of such institutions as I have named. There will always be, of course, many who by native indolence or vicious habits will qualify themselves for becoming inmates of the poorhouse, but I am happy in the belief that these constitute a comparatively small percentage of the men and women who by stress of circumstances beyond their control have to find refuge there. It should be our earnest desire to provide a remedy. The man or the woman who has during a lifetime labored honestly should not be compelled in old age or when incapacitated by illness or disease to face the fate of a pauper.

Considered from a purely economic standpoint, legislation of this character is to be advocated because of the enormous savings which through it will come to every municipality and State by the lessened cost in the maintenance of almshouses and poorhouses. What the business man calls his overhead charges would be in this instance reduced to a minimum.

There is probably no one cause more strongly accentuating the frequent antagonisms between capital and labor than the constantly recurring want of the wage earners in their old age. Under the most favorable conditions the average wage earner is unable to lay aside any considerable amount against the day when his strength to labor leaves him and his earnings cease. It is my opinion that the disturbing elements between employer and employee may largely be traced to this one fact. Happy, therefore, will be the day when that fear need no longer be constantly in the mind of the wage earners of our country; when they can look forward with assurance to the time in their lives when, even though their strength fail them or illness disable them, they will be given the means with which to make their declining days measurably comfortable. Moreover, such action on the part of the Government would unquestionably arouse in the mind of every worker a sentiment of gratitude which would find expression in a deeper patriotism. No tenable objection can be urged against a policy which in every way makes for betterment, but everything speaks in its favor.

The outcry of State socialism which may be raised against the proposed legislation need deter no one. As a matter of fact, there is, I venture to say, no government of any civilized country, ours included, that has not to a greater or less extent embarked upon the policy of State socialism. In the United States, it is true, it is still in its infancy; and yet we have done some things that are in their essentials of the nature of State socialism. I will only cite the rural-credit banking law; the Government employees' compensation law, and similar enactments which indicate a realization, on the part of the Government, of its obligations to contribute from the resources of the Government to the improvement of the social and economic conditions of certain classes of the population.

The reason I am talking about this subject today instead of at a later time is because I am going away. I am going up to Lewistown, Pa., to help dedicate a Legion post home. In part it will be a memorial home dedicated to two great soldiers, General Hulings, who was the first to reach Washington and sleep with his troops, the Logan Guards, under the dome of the Capitol; and Gen. John Taylor, who fought 60 battles in the Civil War, who camped across the Potomac in Virginia, who protected a Confederate family with whom later on he became close friends and who visited him in Pennsylvania. For two of the Confederate ladies whom he protected at that time he secured positions, and, for all I know, they are still here in the Treasury Department.

I want to be associated with and attached to this noble thing; everybody will be for it; all the States are for it; the President is for it; humanity cries out for it. [Applause.]

(From the speech of Hon. WILLIAM I. SIROVICH, of New York, Dec. 20, 1928)

How many old men and women have we? The statistics which were gathered through the State of Massachusetts Old Age Pension Commission show that there were 1,250,000 old fathers and mothers prior to the year 1915 in the United States, all of whom were dependent in part or in whole on public or private charity. And that the Nation's annual cost of our dependent population amounted to over $200,000,000.

Later estimates of 1927 by Dr. A. Epstein showed almost 2,000,000 dependents maintained in public and private institutions at a total cost of over $500,000,000.

There are today over five and a half million people past 65 years of age in the United States. Two millions are between the age of 65 and 70, a million and a half between the ages of 70 and 75, and a million between 75 and 80, and there are three quarters of a million people 80 and over, until life finally terminates. The number of old people in our country is now greater than the original population of the entire 13 colonies. In a study made by the United States Department of Labor in 1925 that investigated 2,183 of these almshouses of the United States, which represent 93 percent of the total, it was found that in those almshouses there were 85,889 old fathers and mothers

who were past the age of 65. The total cost of these almshouses, so far as the land, the buildings, and equipment and the furniture was concerned represented an investment of $200,000,000.

The total maintenance cost of all these institutions amounted to $28,740,535, which represented a per capita investment of $1,752.09 and a food maintenance of $439.76 for each inmate. Of the 2,183 almshouses studied 1,909, or 87 percent of them, had less than 100 inmates. To determine how this money was spent study disclosed that 32 percent went as administrative expense, 38 percent for operation of the plant, while 30 percent went for inmates' maintenance. In other words, out of every dollar contributed to the almshouse 70 cents went for administrative and operative expense, the so-called "overhead", while 30 cents went directly for the old fathers and mothers.

Every State of the Union, with the exception of New Mexico, has almshouses for the poor. In 40 of our States the almshouses are county institutions. Here in these almshouse are huddled together the feebleminded and the epileptic, the cripple and the maimed, the idiot and the imbecile, the abandoned child of the prostitute, the broken-down criminal, the chronic drunkard, the victim of loathsome and contagious diseases and venereal infections, and last but not least the superannuated toilers of labor and industry, our fathers and mothers. Veterans of dissipation and veterans of peace and industry living together under one roof. Is it fair? Is it just? Is it humane?

THE TRAGEDY OF OLD AGE

The chairman of the Pennsylvania Old Age Pension Commission made a visit to the Berkshire County poor farm and walking up the lane he met two old people, husband and wife. These two old people and the chairman reached the almshouse at the same time. The superintendent asked the old folk, "What do you wish?" They answered, "We have a permit to enter the poor farm."

The superintendent asked, "What is your name?"

"My name is John."

"And your name?"

"My name is Mary."

"John," said the superintendent, "you go to the building over there, and Mary, you go to that building over there."

"What!" cried John. "After living together under the same roof for 50 years are we now going to be separated?"

"Yes," replied the superintendent. "Those are the rules. We cannot mix up the sexes in these institutions."

"Three days after John entered that door," said Senator DAVIS, of Pennsylvania, who tells this story, "he died of a broken heart, and a few days later Mary also passed away. The amount of money that it took to keep those people apart in the poorhouse is not a cent more than it would have taken to keep them together under their own roof."

WHY OLD WORKERS ARE "SCRAPPED"

In the industrial establishments of the present day, where men must work often ceaselessly and at capacity to supply the demands of modern society, the swift-moving, power-driven machinery permits very few to play any part after the age of 60. The requirements of keen eyesight, skilled hand, and steady nerve are imperative. Furthermore, the constant strain from working with delicate, swift machinery tends to enfeeble these necessary faculties prematurely. To aggravate the situation, the cheaper production by machinery makes it impossible for the discharged elderly men to compete in any line of work.

The consequence is that with the progress of civilization the number of unemployed beyond a certain age is constantly increasing. This is shown by census statistics. In 1890 the unemployed above 55 years of age were 15 percent; in 1900 they were 19 percent. Of men over 65 the unemployed were 25 percent in 1890 and 32 percent in 1900. By analogy, at the present time the percentage of the unemployed among those over 65 years of age would be not less than 47 percent under normal conditions. In other words, fully half of workmen over 65 years of age are scrapped.

The investigations of the different State commissions warrant the conclusion that 1 in every 5 persons past the age of 65 is classed as a pauper, and that 1 in every 3 is dependent either on public or private charity or on relatives or friends. Two out of every five passing their fiftieth year have no property or income other than their daily earnings. By the age of 60 their earning power disappears, and they must, if without relatives or near friends to aid them, fall back upon public charity.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, I call attention to a joint resolution of the Legislature of the State of New York, passed April 12, 1934. The State senate is Democratic and the lower house is Republican. This resolution went through without a dissenting vote, and is a nonpartisan expression of opinion. It is as follows:

STATE OF NEW YORK,
IN SENATE,
Albany, April 11, 1934.

By Mr. H. L. O'BRIEN

Whereas it is the judgment of eminent economists and practical business executives that business recovery is retarded by the inability of manufacturing and commercial establishments throughout the country to obtain operating capital, thereby unnecessarily continuing and aggravating the deplorable unemployment situation which has brought so much suffering and deprivation to millions of workers and their families; and

Whereas it is generally conceded that manufacturing and commercial executives have, in the main, cooperated sincerely with the National Government in the effort to relieve suffering and bring business back to a stable and economically sound normalcy; and

Whereas it is now generally conceded that the operation of the Federal Securities Act of 1933 has interfered with the orderly recovery of business: Now, therefore, be it

Resolved (*if the assembly concur*), That the Congress of the United States be and the same hereby is respectfully memorialized to amend the Securities Act of 1933 by eliminating all of its civil liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; and be it further

Resolved (*if the assembly concur*), That a copy of this resolution be transmitted to the Clerk of the House of Representatives, the Secretary of the United States Senate, and to each Member of Congress elected from the State of New York.

By order of the senate.

MARGUERITE O'CONNELL, *Clerk.*

In assembly April 12, 1934. Concurred in without amendment. By order of the assembly.

FRED W. HAMMOND, *Clerk.*

I concur in the general purpose of this resolution and believe that the Congress should direct its attention to an amendment and modification of the Securities Act. I am thoroughly in accord with the general purpose and theory of the Securities Act. I believe that investors should be protected by a National Securities Act, but I believe that the act we have passed during the special session is so drastic that it has dried up the long-time capital market. The banks are filled with money awaiting investment. The channel, however, to bring these large sums of money into the trade and commerce of the United States has been dammed up by the unnecessary drastic provisions of the Securities Act. I believe that we should modify this act in order to fully protect the investor on the one hand and on the other make it possible to free this long-time capital market so that millions can flow into industry and business. More money would thus be engaged in putting men back to work than can possibly be spent by the Federal Government. I believe that the Committee on Interstate and Foreign Commerce ought to seriously restudy this situation.

A bill has been introduced in the Senate by Senator HASTINGS to remedy this situation. This bill amending and modifying the Securities Act fully protects the investor, but at the same time does not freeze private capital and the private savings of the people, which under normal times flows into private trade and industry. More millions would be spent in putting people back to work by a reasonable modification of the Securities Act than could possibly be spent by the Federal Government for public works.

Mr. ADAMS. Will the gentleman yield?

Mr. BACON. I yield to the gentleman from Delaware.

Mr. ADAMS. Is the gentleman in accord with that part of the resolution of the State of New York which refers to the elimination of all of the civil liability provisions of the Securities Act?

Mr. BACON. I used the resolution simply as a text. I am not endorsing the resolution in detail, but simply in principle and using it as a text to suggest the restudy of the whole question, with a view of freeing the long-time capital market which is now frozen, so that money may flow back into commerce and industry in order that the commerce and industry of this country may obtain what they need most, and that is long-time capital rather than short-time bank credits. The reasonable modification of the Securities Act is one of the vitally necessary steps that must be taken if recovery is to be speeded and not retarded.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 6 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. MCGUGIN. Mr. Chairman, the farmers of America are within the clutches of an Agricultural Department composed of men, some of whom are far more in sympathy with the non-profit system of Russia than they are with the

profit system of American business, and some others of whom are mere dreamers, theorists, and experimentalists with no practical knowledge of farming. With the farmers of America held within the clutches of such an organization of men there is little hope of recovery either for agriculture or for the country.

So far as agriculture is concerned, there is no hope of recovery so long as the destinies of the farmers are being molded by such men. So far as the country is concerned, there is no chance for recovery unless agriculture can recover and be on a profit basis. One of the greatest contributing causes of our present economic and social dilemma is to be found in the fact that there has been economic discrimination against the American farmer since 1920. Throughout this period of time the farmer has been on a nonprofit basis. It has been utterly impossible for him to take the proceeds from his products and pay the increased price of things which he buys, increased transportation charges, and increased taxes.

So far as Congress and the country are concerned, it was fully understood that the very purpose of the Agricultural Adjustment Act was to place agriculture on a profit basis. The farmers accepted Mr. Roosevelt in the last election upon his promises and pledges in his pre-election speeches, particularly in his Topeka speech. From those pledges the farmers had every right to believe that Mr. Roosevelt would have a program which would provide profits for agriculture. The message which the President sent to Congress when he requested the Agricultural Adjustment Act was in keeping with his pre-election statements. The Congress accepted that message and enacted the Agricultural Adjustment Act, believing that it would be administered so as to produce profits for agriculture. It was in that spirit that I voted for the Agricultural Adjustment Act.

Those in the Agriculture Department who are administering the Agricultural Adjustment Act are brazenly repudiating the pre-election statements of the President on agriculture. For instance, in his Topeka speech he criticized the Hoover administration for advocating a program of reduced production. He referred to the Hoover program that there be a reduction in cotton and wheat production and a reduction in the number of dairy cows as the invention of a cruel joke and as a mere alibi to cover up failure, yet in the face of his pre-election statement those in control of the Agriculture Department are carrying on a reduction program far in excess of any plan ever suggested by the Hoover administration.

In his Topeka speech Mr. Roosevelt made the sacred pledge that the program which he would offer would be voluntary and that there would be no coercion. The program which is being inaugurated by those in control of the Agriculture Department is ruthless and insidious coercion of the worst kind. Mr. George Farrell, in charge of the wheat allotment, in a speech at Pratt, Kans., was reported in the Hutchinson (Kans.) News of March 31 as follows:

> Our delicate task is to steer the price of wheat so that the man outside of the allotment makes no money and the man inside does.

In this statement Mr. Farrell makes bold the statement that the Agriculture Department is so determined to coerce the farmers that it will use the power of government to manipulate the wheat market and to rig the price of wheat so as to impoverish the farmer who does not voluntarily enter into the "voluntary" allotment plan. This program makes hypocritical mockery of the President's preelection statement that his plan would be voluntary and that there would be no coercion.

Among those in the Agriculture Department who are opposed to profit in business are Rexford Tugwell, Assistant Secretary of Agriculture, and Jerome Frank, General Counsel of the Agricultural Adjustment Act.

There runs throughout all of Mr. Tugwell's writings his opposition to the profit system and to business operating its industries. He is determined that our business structure shall be so changed that business will have to disappear. His theory is not a recovery of business but rather a destruction of business. In his speech before the American Economic Association at its forty-fourth annual meeting he said:

> The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant.

We are told that the present program of agriculture is based upon a planned economy. Mr. Tugwell has no respect for a planned economy consistent with the individual operating his own business. He believes in a planned economy which destroys our present constitutional and statutory structure of government and our present form of business based upon profit. In this same speech before the American Economic Association, Professor Tugwell said:

> It is, in other words, a logical impossibility to have a planned economy and to have business operating its industries just as it is also impossible to have one with our present constitutional and statutory structure. Modifications in both, so serious as to mean destruction and rebeginning, are required.

As to Mr. Frank and his views pertaining to profit for agriculture or business generally, I shall quote from a statement recently published by the Cooperative Dairy Defense Committee:

> A.A.A. has refused to accept the counsel or to heed the plans suggested by practical leaders in the dairy industry. Had such plans been followed the dairy industry would now be well on its way to stabilization.
>
> Of course, this stabilization implies that a profit motive may be considered by both producers and distributors.
>
> Mr. Frank, however, states that such profit motive is only one of our "current folkways."

Now, what hope is there for a farmer to obtain a profit from an agricultural program when one of the principal administrators speaks so disparagingly of profit as to refer to the profit motive as only one of our "current folkways"?

Profit cannot be taken out of business without going to the communistic system of production. The very heart of communism is that profits are denied to the producer. It is always difficult to force a tiller of the soil to give up the honest profits which are due him. The Russian Soviets found that out, yet they were determined to take profits away from the kulaks, the most substantial Russian farmers. The Soviet took profits away from them through the process of tyranny and persecution. The Russian farmers, whose only crime was that they insisted upon a profit from their honest toil, were disfranchised, imprisoned, and banished.

So far as men like Frank and Tugwell are concerned, such bonuses as the farmers are now receiving are not being given for the purpose of making profit for the farmer but as bait to lure him into a trap where he in the operation of his land will be under the complete domination of the Government. Professor Tugwell, in his Philadelphia speech of December 29, made plain that the present agriculture program was merely being used to control the entire utilization of all agricultural land. In that speech he said:

> We are now engaged in a drastic program of controlling agricultural products for the emergency. This in itself means that we are trying to control the entire utilization of all agricultural land.

In the closing words of his Philadelphia speech Professor Tugwell said:

> Private control has failed to use wisely its control of land. * * * For the first time the Government is thinking of the land as a whole. For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources, not merely for the benefit of those who happen to hold title to it, but for the greater welfare of all the citizens of the country.

There has been no legislation enacted by Congress which gives the Government any direct control over the land. There is no possible way that the Government can now be building a land program as Mr. Tugwell said that it is doing, except that the agriculture act be so perverted, jockeyed, and used as to gain control of the land.

The individual farmer in receiving his temporary bonus may think that he is receiving something for his benefit. This is not Mr. Tugwell's intentions. In this speech he

makes bold the statement that this control of the land is not merely for the benefit of the one who happens to hold title to it, yet the American farmer is insidiously being led to believe that this Government program which is controlling his land is for the benefit of him who holds title to it, but such is not the case. This control of the land is for the benefit of what Mr. Tugwell and those of his kind say would be for the benefit of all the citizens of the country rather than for the benefit of the individual who happens to hold title. That is identical with the program of the Russian Soviet. The soviets were determined that the control of the Russian land would not be for the benefit of the kulaks who owned the land and produced the farm products, but for what the Soviets regarded the benefit of the people as a whole. The thrifty kulak who thought otherwise was disfranchised, imprisoned, and banished, and the strong arm of the Russian Government stole away from him the products of his toil.

Mr. Brookhart is another in the Agriculture Department who regards the Russian system as better than the American system. Recently he made a speech expressing such views at a dinner held in Washington. I shall not go to the trouble of quoting his speech. This is not necessary. I take it that Congress and the country will take judicial notice that Mr. Brookhart thinks more of the Russian system than the American system. The farmers of Iowa took such notice in the last primary election when they defeated Mr. Brookhart for renomination to the United States Senate.

Coming now to those in the Agriculture Department who are mere theorists and who are experimenting on the American farmer, I shall quote a few paragraphs from the recently published statement of the Cooperative Dairy Defense Committee:

> Graphically portrayed within is the incredible fact that milk policies of A.A.A. are being chartered by book- and law-trained men appallingly devoid of practical experience in either large or small operations in farming or merchandising.
>
> These men have demonstrated their failure to realize that the Congress in enacting A.A.A. charted a course in practical economics far beyond ordinary studies for Government regulation. Technique of government may be discovered from books in which may be reviewed the accumulations of experiments and experiences through the centuries since the early Greek democracies. But the "know-how" of producing and merchandising agricultural commodities must be predicated upon knowledge to be had only from practical operations.
>
> The group of present dictators of the A.A.A. milk policies are not so qualified.
>
> Mr. Jerome Frank, general counsel of A.A.A., in his press release of December 30 complacently speaks of this group as "experimentalists." Properly and bitterly named as far as the dairy industry is concerned. Ten months of their experimentalism, of their vacillations, delays, and changes in policy have brought the dairy industry into a condition more desperate than it was a year ago.

As to Secretary Wallace, the most charitable appraisement that can be made of him is that he is merely a visionary experimentalist or that he is a helpless victim of the Tugwell influence in the Agriculture Department. It is only by extending to him this charity that he can possibly be excused for the inconsistencies evidenced by his previous opposition to the reduction program in the former administration, while the very keystone of the present agriculture program of his Department is based upon reduction of farm production. In one of the recent issues of a business letter published in one of the national business reports, which is wholly nonpartisan and comments on governmental activities in their true and actual light, the following was reported:

> A.A.A.: It's in a mess, but the sober realistic Chester Davis is on the point of pulling it out. He's hampered somewhat by the philosophic Wallace, who is so nobly long-visioned that he bumps his nose against rough trees as he walks, peering, philosophizing.

The dominant and masterful personality in the Agriculture Department is the Assistant Secretary, Rexford G. Tugwell. The majority of the remainder of the men in the Agriculture Department are largely so much putty in the hands of Mr. Tugwell to be molded as he chooses to fashion them. Professor Tugwell is highly intelligent and knows full well where he wants to carry this program. He is determined to keep profit out of agriculture. He knows that the way to do this is to keep the farmer in sufficient despair that he will be willing to submit to any and all forms of governmental domination in order that he may receive a little cash bonus here and there, and now and then. Professor Tugwell knows that these experimentalists, who are wholly incompetent to meet the realities of the situation, serve his purpose just as well as someone who would ally himself with Mr. Tugwell whole-heartedly in a program which would so modify the farmers operating their own agricultural industry under our present constitutional and statutory structure as to mean destruction and rebeginning.

Remember, he said in his address before the American Economic Association, the following:

> It is, in other words, a logical impossiblity to have a planned economy and to have business operating its industries just as it is also impossible to have one with our present constitutional and statutory structure. Modifications in both, so serious as to mean destruction and rebeginning, are required.

Professor Tugwell makes it clear in his address to the American Economic Society that the program of planning requires three wholesale changes in American life, namely:

First, break-down in present statutes and the Constitution of the Government.

Second, destroying of private business.

Third, destroying the sovereignty of the States.

Professor Tugwell in his speech even goes so far as to say that we shall be obliged to recognize that often the Federal area will not be large enough. This obviously means that he prefers to make internationalism an ultimate goal. I shall quote the exact words of Professor Tugwell on these three requirements:

First:

> We have a century and more of development to undo. * * * The first series of changes will have to do with statutes, with constitutions, and with government. The intention of eighteenth and nineteenth century law was to install and protect the principle of conflict; this, if we begin to plan, we shall be changing once for all, and it will require the laying of rough, unholy hands on many a sacred precedent, doubtless calling on an enlarged and nationalized police power for enforcement. * * *

Second:

> There is no private business, if by that we mean one of no consequence to anyone but its proprietors; and so none exempt from compulsion to serve a planned public interest.

Third:

> Furthermore, we shall have to progress sufficiently far in elementary realism to recognize that only the Federal area, and often not even that, is large enough to be coextensive with modern industry; and that consequently the States are wholly ineffective instruments for control.

In conclusion in commenting upon these three requirements, Professor Tugwell, in this speech, says:

> All three of these wholesale changes are required by even a limited acceptance of the planning idea.

As a Representative of a farm district, I protest against Frederick Howe's being consumers' counsel of the Agricultural Adjustment Administration. Contracts in which the financial welfare of the American farmer is involved are being made by the Agriculture Department. These contracts pertain to marketing and other conditions and are passed upon by these men, Howe and Frank. Remember, Frank is the attorney for the Agricultural Adjustment Administration and Howe is the attorney representing the consumers in the Agricultural Adjustment Administration. Frank does not believe in profits. Here is the record of Howe: He was commissioner of immigration of Ellis Island during the Wilson administration. As commissioner it was his duty to deport anarchists. Let us see how well he performed that duty.

At that time Mr. LaGuardia, now mayor of New York City, was a Member of the House of Representatives. Here is what Mr. LaGuardia said of Mr. Howe on June 21, 1919, on page 1522, CONGRESSIONAL RECORD, first session Sixty-sixth Congress:

> We have fixed laws in this country on the question of immigration, and whether Mr. Howe believes in the laws or not, it is his sworn duty to enforce them.
>
> We are able to take care of the anarchists in New York City, by our municipal police, but after we get these anarchists and turn

them over to the immigration office at Ellis Island, we find that the immigration commissioner, instead of deporting them according to law, acts as their counsel.

Such was the opinion Mr. LaGuardia had of Mr. Howe. A greater liberal, a more intellectually honest man, and a greater patriot never sat in the Congress of the United States than Mr. LaGuardia.

Mr. Siegel, a Representative at that time from the State of New York, on page 1523 of the same CONGRESSIONAL RECORD, had the following to say of Mr. Howe:

We are appropriating $600,000 for the deportation of anarchists. We appropriated $500,000 to help the Attorney General find these men who are opposed to our form of government and our laws. It is useless to have a commissioner of immigration at New York away from his post of duty. He presided as chairman over what proved to be the largest Russian meeting held in Madison Square Garden a few weeks ago.

Now these anarchists and others who do not believe in our form of government are gathered up, for instance, at Seattle and sent to Ellis Island, and then, lo and behold, at Ellis Island they are given better treatment than is given to honest, worthy immigrants when they arrive here and pay their increased head tax.

It must be remembered that when Mr. Siegel spoke of appropriating $500,000 of the taxpayers' money to assist the Attorney General in rounding up anarchists he was speaking of the Attorney General of the Wilson administration. Mr. Siegel made it clear that the taxpayers were paying their hard-earned money to make it possible for the Department of Justice of the Wilson administration to round up these enemies of the Government and yet when they were captured and taken to Ellis Island, which was under the control of Mr. Howe, they were treated as guests—even better than worthy, honest immigrants.

Shortly after these statements were made in the House of Representatives by Mr. LaGuardia and Mr. Siegel, Mr. Howe quit his post as commissioner of immigration at Ellis Island. I do not criticize the Wilson administration for having him in this position in the first instance. My criticism is of Mr. Howe because conduct such as outlined by Mr. LaGuardia and Mr. Siegel was a betrayal of the Wilson administration by a man who has been intrusted with public office by that administration. Today we find this same man, Howe, back in this administration in a position where he has great power over the American farmers. I resent the condition which now exists with the destiny of the millions of thrifty, hard-working, honest American farmers in the hands of men with the ideas of Tugwell and Frank and with the record of Howe.

I am perfectly willing to assume and believe that President Roosevelt was in good faith when he made his preelection speech at Topeka and when he sent his message to the Congress. I am perfectly willing to assume and believe that today he is in good faith and has a sincere desire for agriculture to be returned to a profitable basis. I am perfectly willing to assume and believe that he has been betrayed by those of the Tugwell and Frank school of thought in the Agricultural Department the same as I believe that the farmers of America are being betrayed by Tugwell, Frank, and those of their kind who are dominating the Agriculture Department. However, from this day on, the responsibility is upon the President to deliver the American farmer from the clutches of the Tugwell school of thought. Congress and the farmers are helpless. They cannot remove Mr. Tugwell from the Agriculture Department. They cannot place the Agriculture Department in the control of capable and practical men who have a sincere and honest desire to carry on an agricultural program in keeping with the President's preelection speech and his message to Congress and in keeping with traditional American business and statutory government within the Constitution. Only the President can correct this situation. He and he alone has the power to purge the Agriculture Department of Tugwell, Frank, Brookhart, and others whose desire is to nationalize agriculture and to make the farmers of America mere vassals of the Government rather than to bring about recovery for agriculture, a recovery in keeping with the American system of private operation of business at a profit and in keeping with constitutional government.

These remarks are not partisan in the sense of being pro-Republican or anti-Democratic. I am perfectly willing for the Agriculture Department and every other executive department of this Government to be filled with true Democrats during this Democratic administration. I am not criticizing the Democrats. I am only criticizing those in the executive departments of the Government who are neither Democrats nor Republicans but, irrespective of the political label they may profess, are in fact disciples of a political, governmental, and economic philosophy which is foreign to American ideas. I want them put out of power and I am perfectly willing for them to be replaced by Democrats who are loyal to the Democratic principles of Jefferson, Jackson, and Cleveland, which are the same principles cherished and possessed by the overwhelming majority of Democrats today in and out of Congress.

For example, I regard Postmaster General Farley as unduly partisan. As a Republican, I should like, as a result of a constitutional election, to see him one day replaced by a Republican, but none of my criticism in these remarks is leveled against Postmaster General Farley and other true Democrats in executive offices. I hope the subject which I am discussing today may never become a partisan issue between the Republicans and the Democrats. It will not be so far as I am concerned unless it becomes evident that as a last resort the only available means of driving men such as Tugwell, Howe, and Frank from appointed power is the election of a Republican Congress and President. For the good of the people, Republicans and Democrats alike, I hope that happy day is not postponed until after some future election. I much prefer that President Roosevelt quickly clean his administration of men of the Tugwellian school of collectivism, which is contrary to constitutional Americanism. If ever men of this school are to govern this country, I want it to be after the people, in an open election, have deliberately chosen such men as their leaders. As yet, the people have not done that. In fact, in the last election, they refused to do it when they refused to elect Norman Thomas as President. I truly believe that only by driving these men from power can President Roosevelt keep the faith with his preelection speeches and the Democratic platform. This is especially true in the matter of administering the President's agricultural policy.

Agriculture is dear to me. It is the basic occupation of free men. It is the ancient and honorable occupation of my fathers. I was born and reared in that occupation, and it gave to me the sustenance of my youth and such education as I would acquire. So far as I am concerned, agriculture in America must forever remain the occupation of free men and never be the occupation of vassals of a bureaucratic government. With American agriculture being betrayed as it is by the Tugwell domination in the Agriculture Department, I could not choose to remain here silent even if by doing so I might be insured of a long tenure in office.

Mr. DITTER. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, a large part of the time in general debate has been taken up with subjects other than the bill itself. As a member of the committee, I feel that I should bring to the attention of the committee the points of objection to the bill which, in my opinion, provide a reasonable basis for support of the gentlemen from both sides of the aisle. This is not a partisanship matter, but is a matter that should receive the consideration of the Democrats as well as the Republicans. I believe that the District of Columbia, committed as it is under the law to the Congress for its care, is definitely a charge upon us. I believe that so far as the municipal operations are concerned it should be as much a matter of our concern as those things that are peculiarly matters of interest to the several districts which we represent. But only too often, from what I have been able to learn, most men have been anxious about those matters that concern their own districts and are entirely unmindful of the matters that concern the District of Columbia and its people.

I feel I should say a word of commendation to the Chairman and the members of the majority side for their kind-

ness, their courtesy, and the energy with which they approached this problem. That I am not in accord with them, that I do not accept the bill in the way in which it is framed, is in no sense to be construed as a reflection upon them. I think that the bill is a misnomer. I believe that instead of calling this the District of Columbia appropriation bill it should be called the District of Columbia tax bill. I believe that the motive which prompted the majority group in studying and in preparing the measure was primarily the matter of reduction of taxes for the District of Columbia.

I do not know whether any of the Members on the majority side made commitments back home about reduction in taxes and were not able to fulfill them so far as their own districts were concerned and felt that they might carry out that promise or obligation by reducing the taxes so far as the District of Columbia is concerned, but I do feel that instead of approaching the measure looking toward an appropriation for the municipal operations of the District the majority group approached it primarily with the purpose of reducing the taxes from $1.50 to $1.20. That might be a commendable thing to do, provided that in the program there would be no curtailment of the operations that in my judgment should receive the financial support to which they are entitled.

Mr. BLANTON. Will the gentleman yield?

Mr. DITTER. I yield to the gentleman from Texas.

Mr. BLANTON. May I tell the gentleman what happened last year? The committee proposed on behalf of the home owners of Washington, the poor people who bought small homes here and who are trying to pay for them, that we would reduce the taxes from $1.70 to $1.50 by effecting some sane retrenchment in existing waste and extravagance.

The Commissioners and newspapers, who always want a lot of money spent, went up in the air about it and said it could not be done, but instead of their position being right, we reduced the assessed value of property in the District last year $80,000,000 and at the same time reduced the tax rate from $1.70 to $1.50, and then had a cash surplus left over of more than $5,000,000.

This is a most remarkable situation when District Commissioners and newspapers do not want a reduction of taxes in behalf of the people they represent.

Mr. DITTER. Now, my good friend, are you willing to take time out of your own time——

Mr. BLANTON. I should not have done this, but we will meet our friend at Armageddon.

Mr. DITTER. The observations of the gentleman from Texas have much merit. I acknowledge that I am a new Member of the House, I acknowledge that I am a new member of the committee, but I believe my friend from Texas will concede that I was attentive during the hearings, and I will boast that I tried to follow through those hearings to determine whether the purpose of the hearings was to inquire into the worthwhileness of the municipal operations that are in force in the District, and I contend that a large part of the 750 pages of hearings is devoted to matters other than a direct inquiry into the worthwhileness of the municipal operations of the District of Columbia.

Mr. CULKIN. Will the gentleman yield?

Mr. DITTER. Certainly.

Mr. CULKIN. Although the gentleman is a new Member, he refuses to be bulldozed from any source or to be a rubber stamp.

Mr. DITTER. Let us take that out of the RECORD. My friend and I are friendly. We may differ, but I prefer that such a statement do not appear in the RECORD.

Mr. BLANTON. I may tell the gentleman that if he knew our friend DITTER like we know him he would know that the bulldozing would come in the other way. [Laughter].

Mr. DITTER. After this interruption, let me get back to the District of Columbia bill.

I contend that economy, whether it is in municipal operations or county operations or in Federal operations, is a worthwhile objective, provided the economy can be practiced and we get a dollar's worth of value for a dollar spent for a worthwhile operation of Government; but if the economy comprehends a curtailment of necessary and worthwhile municipal operations, then to my mind it is false economy.

I believe the city of Washington should be an ideal city. I believe it should be the pride of every man who visits here. I believe when our constituents come here we should be able to show them the city and take a pride in it.

Let me point out to the men on this side just a few of the slashes that have been made in this appropriation bill—and, mark you, the Budget Director has gone over and helped prepare the Budget providing for these expenditures.

We have just been through a wet-and-dry fight. We have just been through a program as to the kind of legislation we should have here in the District to provide the means to buy a drink for those who want to get a drink. We set up the Alcoholic Beverage Control Board, and on the basis of the Budget as it was made, $50,900 was provided for the operation of this Board. But the committee, with no rime or reason, with absolutely no statement and no hearings to justify it, politely take $22,000 of the $50,000 out of the Alcoholic Beverage Board's appropriation and cut it down to $28,000, or practically 50 percent. Why did they do it? Are these men who are sponsoring an appropriation of this kind motivated by the idea they do not want enforcement?

Let us look at the Public Utilities Commission. I am not here to defend the Commission, and I want my friend from Texas to know that definitely. I hold no brief for the Commission. I do not know the members of it. I do know something of the things they have tried to do, and I contend that the Public Utilities Commission should be, and I believe can be, a protecting agency for the consumer public, for the group that uses electricity and gas and the telephone and the street railway. But for the operation of this organization, founded and created primarily for the purpose of the protection of the consumer public, 43 percent of the amount provided in the Budget has been deducted. From an estimate of the Budget of $86,000, a reduction was made of $32,000, simply taking the Public Utilities Commission and casting it aside as an ineffective instrument of government. I contend here, subject to such correction as the gentleman from Texas may subsequently care to bring in, that in my opinion from the study of the facts as I have made them, I believe the Public Utilities Commission has tried to do an honest and a worth-while job for the people who live here in the District.

Mr. GLOVER. Will the gentleman yield for a question?

Mr. DITTER. I shall be happy to yield to the gentleman.

Mr. GLOVER. The gentleman suggests that the bill proposes to reduce the rate of taxation from $1.50 to $1.20, and it is the lowest now of any I know in the United States. I know of no State that has anything comparable with it and I should like to know if there is any suggestion or provision in this bill whereby the amount that the Federal Government is annually contributing for the support of this city is to be reduced in the same proportion as the taxes are to be reduced.

Mr. DITTER. At the present time the amount of the allotment from the Federal Treasury is to be the same as it has been in the past; but, answering the gentleman's observation, may I say I fear this condition: If we consume by the lowering of the tax rate the surplus which presently is in the hands of the Commissioner group, if an untoward or unusual demand should come, we would thereby invite the possibility of an increased amount of allotment from the Federal Treasury. This is my observation.

Mr. BLANTON. Will the gentleman yield?

Mr. DITTER. I shall be glad to.

Mr. BLANTON. There is a provision in this bill to use the accumulated cash surplus they have now to reduce the tax to $1.20. That is 30 cents per $100 more than it was when I came here, when the property value was much less. That is, of course, subject to a point of order if the gentleman makes it. Did the gentleman make it in our subcom-

mittee? He could have knocked it out there if he had made the point of order against it.

Mr. DITTER. I am fair to the gentleman from Texas; I have not been personal. I did not make it in committee, but I gave expression to my objection. I have not in any way been guilty of laches, and I have not given up my right at the proper time to exercise it.

Mr. BLANTON. When we went into the full committee of 35 members, did the gentleman make the point of order there and knock it out? No! He could have done it there before it was introduced in the House. Did he do it there?

Mr. DITTER. No; but a member of the committee made objection, not as a point of order, but it should have been notice to the subcommittee sponsoring the reduction that they would be faced with a point of order.

Mr. BLANTON. Will the gentleman yield for one more question?

Mr. DITTER. For one more question.

Mr. BLANTON. The gentleman, by making a point of order, would make the taxes 30 cents more than is proposed in the bill, which would raise $4,000,000. If the gentleman makes the point of order, will he then take $4,000,000 off the Federal contribution in the bill? If he will agree to do that, I will go along with him.

Mr. DITTER. No. I still think that would be a hazardous thing to do. There are certain municipal operations that I believe demand proper attention. There is $598,661 that has been sliced off of the estimate of the Budget. May I point out that of that sum almost 50 percent of it is represented by public-welfare projects.

You heard the lady from New Jersey make an eloquent plea for the tuberculosis hospital in the District. I want to point out to you that in addition to the observation she made, the bill would take $10,000 from the children's tuberculosis sanitarium. And may I point out that it will take $3,744 from the small allotment made for the tuberculosis hospital?

Permit me to direct your attention to the matter of street lighting of the city. Personally, I think the more street lighting we have, the more possibility we have of getting hold of the problem of crime. Criminals lurk in the darkness and shadows. I believe we ought to have street lights to compare favorably with other municipalities throughout the country. But still the bill would take $137,600 from that item.

I say that is not warranted. I personally believe that $137,000 should be included in the bill.

Consider, if you will, the plea, as it was presented to the committee by the fire department. Those in charge of the fire-fighting apparatus in the city came to us and told us they had equipment that was 15 years old and more. They advised us that some of that equipment should be replaced, that they should have new equipment, that they should have that kind of equipment which will enable them in time of need to answer the call as it may come to them. They need $30,000 for new equipment. I believe the $30,000 is warranted and necessary. Still the committee, motivated, as I say, with but this one idea of the reduction of taxes from $1.50 to $1.20, say that $30,000 worth of new fire-fighting equipment in the District of Columbia cannot be had.

I believe all of you men are interested in public schools. My own observation is that the public-school system is the thing that contributes more definitely to the stability and strength of American manhood and womanhood than any other one single factor.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DITTER. Mr. Chairman, I shall take 5 minutes additional.

Still the committee would take from the public schools in the matter of fuel and light $25,000, and the only possible justification for that reduction is the observation of one of the members of the committee that he thought coal would be cheaper next year than it has been in the past, whereas, as I personally believe—and I believe I have the support of most of the Members here—my opinion is that it is going to be more expensive than in the past, and instead of requiring less money for coal we will require more.

Like every other city we have a real problem here in Washington with regard to the juveniles. The children, those who either because of their own mistakes or because of a lack of proper environment or because of circumstances beyond their control, have made a misstep here or a misstep there. In many instances they come into the juvenile court, and that court hands them over to an agency for care and development in the hope that the child, the ward of the juvenile court, can be made into a useful member of society. To my mind that is a trust, that is an obligation, that is a commitment definitely placed into your hands and my hands which we cannot evade.

Those children have a right to look to you and to me with the hope that we will aid them to become better men and better women. But the committee says that $40,000 shall be taken from the amount provided for the care of these children, these wards, many of them, most of them, of the juvenile court, so that these wards of the court, these charges of the city, cannot be properly aided in working out their salvation.

I have not touched upon the matter of the library. The library has been reduced. The court has been reduced. The gentleman from Texas [Mr. BLANTON] made the observation a moment ago that taxes were higher now than they were when he came here. I make this observation: I believe there are greater agencies and instrumentalities of municipal government at work today than there were in the days when the gentleman from Texas first came here. If our purpose is to limit, to curtail, to take away those things that have gone for the fullness and the enjoyment of life, if we are to rid the municipal organism of that which will help us to have a more abundant and complete life, then probably this effort of slashing and reducing and denuding is in order. But I do not believe it, and I shall not subscribe to it. I believe that there comes to us a larger degree of social responsibility today than has come to us in the past, and if we are true to the obligations that are ours, we are going to answer that by providing for the municipality here the instrumentalities and organisms needed for the discharge of those obligations.

When the time comes I ask at the hands of the Democrats, as well as at the hands of the Republicans, if you feel that a welfare program, a public-school program, a library program, and these other programs going to make a full, rounded life in the municipality are worth while, to give me support in the amendments I purpose offering. [Applause.]

I ask unanimous consent to extend my remarks in the RECORD and to include a statement showing the cost of operation of the District of Columbia.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Statement showing comparison of District of Columbia appropriations for the fiscal years 1926 and 1933, broken down into maintenance and operating costs and capital expenditures

Title	Fiscal year 1926			Fiscal year 1933			Maintenance and operation	
	Appropriation	Maintenance and operation	Capital expenditures	Appropriation	Maintenance and operation	Capital expenditures	Increase	Percent of increase
General expenses, including free Public Library, register of wills, and recorder of deeds	$1,477,913	$1,472,913	$5,000	$2,453,518	$2,415,518	$38,000	$942,605	64.00
Contingent and miscellaneous expenses	312,829	312,829		729,430	720,930	8,500	408,101	130.45
Municipal Center				222,000		222,000		
Street and road improvement and repair	3,256,423	1,698,896	1,557,527	3,961,855	1,155,065	2,806,790	(−543,831)	(−32.01)

Statement showing comparison of District of Columbia appropriations for the fiscal years 1926 and 1933, broken down into maintenance and operating costs and capital expenditures— Continued

Title	Fiscal year 1926			Fiscal year 1933			Maintenance and operation	
	Appropriation	Maintenance and operation	Capital expenditures	Appropriation	Maintenance and operation	Capital expenditures	Increase	Percent of increase
Sewers	$1,465,000	$258,950	$1,206,050	$1,572,620	$400,240	$1,172,380	$141,290	54.56
City refuse	1,431,140	1,396,140	35,000	1,698,520	1,673,520	25,000	277,380	19.87
Playgrounds	146,880	146,880		195,820	195,820		48,940	33.32
Electrical department	765,628	765,628		1,211,720	1,153,595	58,125	387,967	50.67
Public schools	7,933,837	7,860,850	72,987	10,594,230	10,200,239	393,991	2,339,389	29.76
Public school buildings and grounds	1,683,000		1,683,000	1,568,500		1,568,500		
Police department	2,967,480	2,887,980	79,500	3,489,324	3,489,324		601,344	20.82
Police and firemen's relief fund	376,705	376,705		653,635	653,635		276,930	73.51
Fire department	2,023,160	1,943,660	79,500	2,379,120	2,336,620	42,500	392,960	20.22
Health department	253,330	253,330		459,310	449,410	9,900	196,080	77.40
Courts and prisons	721,724	721,724		935,010	935,010		213,286	29.55
Public welfare	3,188,020	2,918,020	270,000	6,725,333	6,069,083	656,250	3,151,063	107.99
Militia	$47,450	47,450		58,600	58,600		11,150	23.50
Public parks	1,020,686	850,686	170,000	1,272,905	951,285	321,620	100,599	11.83
National Capital Park and Planning Commission	600,000		600,000	1,047,185	47,185	1,000,000	47,185	
National Zoological Park	157,000	157,000		228,880	228,880		71,880	45.78
Increasing water supply	2,500,000		2,500,000					
[1]Total, general fund and gas tax	32,328,205	24,069,641	8,258,564	41,457,515	33,133,959	8,323,556	9,064,318	
Water service	1,229,920	778,920	451,000	2,091,330	1,017,042	1,074,288	238,122	30.57
Grand total	33,558,125	24,848,561	8,709,564	43,548,845	34,151,001	9,397,844	9,302,440	37.44

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, my remarks will be nonpolitical and nonpartisan. We have heard a great deal of discussion recently about the discharge rule. We have heard a lot of debate about officials heading up the Department of Agriculture and the A.A.A.

I can say to some of these gentlemen, without going into personalities in those departments, that they are not entirely erroneous. But what I am interested in and the only problem of American agriculture in which I am interested is the obtaining immediately of higher prices for farm products, lower interest charges, and quicker refinancing of our farm mortgages. Let me call to your attention the fact that the Farm Credit Administration, after more than 1 year of operation, has loaned slightly more than $600,000 out of the $2,000,000,000 Congress made available. At this rate, at this speed—and we have no reason to believe that it will be faster in the future—it will take nearly 4 years to negotiate all the loans for which Congress has provided money. During this time tens of thousands and hundreds of thousands of farmers will have lost their farms through foreclosure.

I care not, Mr. Chairman, for the preachment or the propaganda of sidewalk farmers from the city of Chicago and the city of New York. I think what we need most in the Department of Agriculture and in the A.A.A. is some real dirt farmers who know from actual experience, who know from actual contact with the soil, from actual contact with the hard labor of farming, who know from the long training and experience not only of themselves but of their forebears for generations back what it is to earn a dollar and to keep a dollar on these great American farms.

As to the matter of petitions to discharge committees, simply because there are Members of the House who do not believe that this rule should exist today, that it should be modified to require a majority instead of 145 signatures to discharge the committee is no reason why I should disagree with them in other legislative matters or why they should disagree with me in other legislative matters. I respect their views and hope they respect mine. With a House membership of 435 representing 120,000,000 people, it is fair to say that 145 Members represent at least 40,000,000 people. I say that whenever 40,000,000 of our people, through their Representatives in Congress, request that a committee be discharged from further consideration of a certain bill that the bill may be considered and voted upon in the House, then such a bill should be acted upon at the earliest possible time.

Necessity is the mother of invention, Mr. Chairman. Through maladministration of the Farm Loan Act by this same Cabinet official, who is now opposing all inflationary legislation, who is opposing silver legislation, who is opposing the McLeod bill to pay off depositors in closed banks, and who is opposing other measures for the benefit of the common people, who is responsible for the creation, for the set-up, and for the present administration of the farm credit organization—and I refer to the Secretary of the Treasury, Mr. Henry Morgenthau—our farmers have not been given relief. Then we advocated enactment of the Frazier bill and advocate it now.

In my State of Ohio the administration of the Farm Credit Act has been a farce and a ghastly joke. Had that act been administered as has the Home Loan Bank Act by Democrats or Roosevelt Republicans, then our farmers would not be complaining and protesting today, nor would we need such legislation as we propose to enact in the Frazier bill if given an opportunity. It matters not, Mr. Chairman, what interest rate the farmers have to pay, unless they are given higher prices for their products they simply cannot survive but must eventually drop into that peonage and peasantry of foreign countries. But if you enact the Frazier bill they can hang on until better times arrive.

The proof of the pudding is in the eating thereof. Regardless of what anyone says I want to make a brief comparison of two great branches of the Government—the N.R.A. and the A.A.A. Press dispatches today state: Steel output gained 3 points. This is a news item from the morning's paper. Steel hit 51 percent of normal production. In my own State of Ohio we find that Youngstown steel plants are operating at 59 percent of capacity. We find that in the city of Cleveland steel production is up to 69 percent. We find that steel production is up to 69 percent, and the paper states that steel makers see ahead a period of steadily mounting operations. Some steel plants stopped taking contracts last week due to the effective dates for new prices, fearing a shortage of skilled labor before July 1. We find that the public utilities are mounting, that sales of their securities are advancing. The paper states:

> Public utilities appeared to be in somewhat better demand. American Telephone closed up 2 full points after showing a larger gain at the peak. Its report showed $1.53 a share net for the first quarter. Consolidated Gas was up one half point.
>
> Steels and motors closed up fractions. The rails were also slightly higher, though Atchison gained more than a full point. Pennsylvania reported the first 2 months this year resulted in a net of 11 cents a share on its stock compared with a deficit the same period a year ago.

We find that there has been a great increase in the employment of labor. The gentleman who mentioned the price of coal a few moments ago is right; coal is higher now than it was a year ago, and coal will be higher 1 year from now than it is at present. Who will be the beneficiaries? Both the mine operators and the miners whose wages have in-

creased in my State from 20 cents an hour a year ago to 40 and 50 cents an hour today.

The N.R.A. is a success for the industrialist, whom it was designed to serve; it is a success for the wage-earner, whom it was designed to serve. It has not been a success for the farmer, because it was not designed to serve the farmer. It has worked a hardship upon the farmers because today they have to pay higher prices for every commodity they buy through increases in the prices of industrial products made possible through the N.R.A. We are not kicking. We want the same relief for our own industry.

What about agriculture today? Two hundred and twenty-seven thousand persons moved to cities from farms in 1933. The number of persons who moved from cities to farms and from villages to farms last year was 951,000, whereas 1,178,000 moved from farms to cities and towns. Practically all of these and a couple of hundred thousand more have gone back to the cities because they want to get higher wages and decent standards of living—the same conditions and standards of living enjoyed by their more fortunate city brethren.

What do we find in the market reports today regardless of what anyone may say or write about this great improvement in the agricultural sections of the country? I cite, for instance, the livestock market in Pittsburgh. Hogs sold yesterday for $4.15 a hundredweight on an average. In the Chicago livestock market they sold for $3.70 a hundredweight on an average. In the New York livestock market, which is the highest in the country, they sold at $4.70 a hundredweight on an average. We find that fat cattle sold in all of these markets from $5 to $6 a hundred.

That means that the farmer back in the Corn Belt in Ohio, Indiana, Illinois, and Nebraska gets around 4 or 5 cents for his fat cattle. He gets from 2 cents to 3½ cents for his hogs. We find this same situation all down the list. Take poultry products. Farmers are selling poultry back in my State for 7, 8, and 9 cents a pound. The farmers are selling eggs for 8, 9, 10, and 12 cents a dozen. Those are the conditions that exist today.

I want someone on this floor to produce a remedy, a corrective measure, a cure, and not debate with idle gestures and fulsome words as to what this will do or what that will do or what has been done, when we know from actual experience and from our actual contact with the soil and the daily market reports that the farmers are infinitely worse off than they were a year ago. [Applause.]

In the recital of current agricultural prices that I have just given, there is practically only one exception. That exception is cotton. In the past year the price of cotton has more than doubled through legislation that this Congress passed in the first session. We placed the capsheaf on this legislation just yesterday, when we voted in favor of the conference report on the Bankhead cotton bill, which, in my judgment, will maintain the price level at a minimum of 10 cents a pound, and we hope 15 or 20 cents a pound.

This legislation was sponsored and supported largely by cotton growers, or at least such Representatives and Senators, who through a lifetime environment with southern soil and its chief product, cotton, recognized what all the experts, crystal gazers, and crackpots in the Agricultural Adjustment Administration refuse or decline to recognize, namely, that the amount of the surplus that moves to market is subject to control and regulation, and refuses to recognize the fallacious doctrine of these addlepated farm doctors that production can be controlled and regulated by reducing acreage and plowing under every third or fourth row.

I might make another exception of tobacco, wherein the prices have nearly doubled, and should mention also that in the case of corn, the price has been doubled, largely, however, through artificial stimulation, by lending the corn grower 45 cents a bushel on the corn that he has locked up and sealed in his cribs. As proof that this system is artificial, I quote yesterday's market, when May corn closed in Chicago at 42½ cents per bushel. In all fairness, however, I must say that the drastic decline of March 16 and 17 was due largely to press dispatches that Secretary of the Treasury Morgenthau was opposed to the enactment of silver legislation by this Congress.

But here again we note the disparity between industry and agriculture. A press dispatch from New York, April 17, states:

> Another spasm of weakness in grain markets failed again today to disrupt securities prices. When wheat and other farm staples showed continuation of the acute declines of the previous day, the securities markets were inclined to ignore the development.

In plain English, this means that industrialists have had their businesses so reorganized, so refinanced, cost of production guaranteed, plus a reasonable profit, by N.R.A., that they are not afraid of the big bad wolf of ruinous prices for farm cereals.

This has ever been the case. There is nothing new about it. Since the dawn of history there has been an eternal conflict between agriculture, the basic industry, and manufacturing and commerce, the super industries, and in the end agriculture has always gone down. Hence we ask you to pass the Frazier bill, not to make us a profit but to save our farms, to hold them for us until such time as we shall secure, and we eventually will, price fixing for our farm commodities the same as industry now has.

My own plan contemplates fixing of minimum prices for all basic commodities on a plan similar to that in which prices are fixed for industry. We should fix that price on the basis of an 8-hour day, 5-day week plan for the farmer. He should receive 40 or 50 cents an hour for his labor. Then the price should be fixed upon that basis.

Do not misunderstand me. You and I know that if the farmer actually could be organized and committed to a universal agreement calling for only 8 hours a day, 5 days a week, at 50 cents an hour, the problem would be solved. Surpluses would be an unknown quantity. The movement from the farm to the city would cease. The farmer would not only receive cost of production—he would receive a handsome profit. Why? Merely because in the very nature of his business, his set-up, his equipment, his price levels, he is compelled to toil from sunup till twilight, to put in about 16 hours a day, 8 months out of 12, 7 days a week, with the possible scaling down of 6 to 7 hours on Sunday to do the chores and feed and care for the livestock.

As always, the farmer, the most patriotic citizen of all, the heaviest-burdened taxpayer of all, the man with his nose to the grindstone, is the goat of returning prosperity, and the man who stands under the slit in the umbrella of protection and special privilege for others. He must be content with the paper profits that have been calculated for him by the mild-eyed Wallaces, Tugwells, and Ezekiels, whom some of our Republican friends on the opposite side of the aisle in desperate need for political issues to use against the other great accomplishments of President Roosevelt, choose to class as Communists and plotters who seek to bring about a bloody revolution and replace this form of Government with the Russian form.

In my humble judgment, none of these sophisticated literati, who daily write and speak about social reform, not economic reforms, and who preach and prattle about religion, modern and antique, with the loquacity of a Dr. Cadman, a Dr. Poling, or a Billy Sunday, would not possess the courage to tackle a resentful young sow proudly nursing her first born, much less to start a he-man, two-fisted, submachine-gun revolution.

Just let these fellows alone. They will come out of it in time, and if they fail to regain consciousness, that great President, Franklin D. Roosevelt will snap them out of it. Mr. Roosevelt may be fooled for awhile, but not for long, and when he realizes how the farmers of this country are being duped by a false prosperity that exists only in the minds and utterances of a mistaken and misled Secretary of Agriculture, he will crack down upon these misguided young gentlemen the same as he cracked down on the financial wolves and buzzards who reside on Wall Street, U.S.A.

In the meantime, however, during this transition period, during the interim, farmers are being sacrificed daily by the

thousands. They are losing their farms. They are losing their homes. They are losing the hope and ambition that was kindled in their hearts and their minds following the political revolution of 1932. That is why we ask for the Frazier bill. That is why we need the Frazier bill.

The record of the Farm Credit Administration proves in itself that it cannot, or will not, relieve the terrible distress, the gruesome punishment that is meted out to the tillers of the soil by the voracious money lenders and Shylocks. According to reports issued by the Department of Agriculture, the national farm income has been increased 50 percent in the past year. In God's name where is it? I challenge them to prove their assertions. To believe their fantastic statements and grotesque assertions, one would think the farmer was wallowing in clover up to his knees, that he was again gaily bestriding his high-priced tractor, by International Harvester Trust, or by Ford, the money king, attired like unto Solomon in all his glory.

The American farmer may be a sovereign de jure, but he is a slave de facto. As Humpty-Dumpty fell from the wall and could not be replaced with all the king's men and all the king's horses, the American farmer has fallen from his once high position of being an independent citizen, a country gentleman, a member of the landed aristocracy, and a true knight of nature's nobility, and all the pet illusions, the crack-brained theories, the prolific and inspired writings—brilliant metaphor, matchless eloquence, expert juggling of figures and statistics—will not restore him to prosperity, wealth, affluence, and influence in his community.

The only means of restoration that ever can or ever will be found is to refinance every farm mortgage now at 1½ percent interest, 1½ percent paid on the principle to amortize the loan; straight price fixing for all agricultural commodities, including a minimum of $1.25 for wheat, 75 cents for corn, $1 for rye, $1 for barley, 8 cents a pound for hogs, 10 cents for cattle, 25 cents a pound for butter fat, 25 cents a dozen for eggs, and all other commodities in like proportion.

Give us the Frazier bill. Give us the guaranteed prices heretofore mentioned. Give us a code if necessary. Control and regulate the surplus that moves to the terminal markets, the same as you are now doing in cotton. And your great agricultural problem will in the future be only an unpleasant dream, a hideous nightmare, a gaunt specter of the long-forgotten past. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, would it be out of order to call attention to the fact that our old friend, the "LaGuardia of Wisconsin", John Schafer, is back on the floor just now making us a visit? [Applause.]

Mr. JACOBSEN. Mr. Chairman, I yield 15 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, I want to talk about a few items in the District of Columbia bill, and I hope that in the consideration of this bill under the 5-minute rule, when amendments are going to be offered to increase certain appropriations which are very vital to the welfare of the District of Columbia, the committee will have in mind that this bill differs from an ordinary appropriation bill in that the money we are going to appropriate comes not out of the Treasury of the United States but out of the taxes paid by the residents of the District of Columbia. There are two or three items in this bill that really ought to be increased, and substantially increased. I wish I had the time to discuss all of them, but I have not.

I call particular attention to the appropriation provided in this bill for the operation, maintenance, and improvement of the reformatory and the workhouse at Lorton, Va., which is situated in my district. The appropriation for the maintenance of that institution has been very drastically cut in many particulars.

I call attention to the fact that this is a very remarkable institution. I do not know of another one like it in all the country. I venture to say there is not another one like it in the country. It is a penitentiary where are confined all the felons convicted in the District of Columbia and serving sentences from 1 year up to life, including murderers, robbers, and burglars, and every kind of desperate felon. The remarkable part about this institution is that these people are confined there without walls and without cells. In the face of that remarkable fact the Appropriations Committee proposes this year to reduce so drastically the appropriation for the confinement of these desperate criminals in my district that it will be necessary to discharge 20 percent of the already inadequate force of guards employed there at this time.

Mr. Chairman, it must be conceded that there is no logic in that, there is no saving, and why this should be attempted at this time is something I am at a loss to understand. I venture to say that if that criminal institution was located in the district of some Members of this House in its present inadequately guarded condition and it was proposed to reduce further the safeguards around those prisoners and the safety of the people living in the community where they are confined, there would be a howl that could be heard all the way from Washington to the Rio Grande.

At the proper time I shall offer an amendment to restore the figures that have been cut by the Appropriations Committee so that this place may have at least the number of guards that are there now, and, in this connection, may I point out some facts about the population of the institution? In 1928 there was a total of 1,001 prisoners. In 1934, after 6 years, the population had increased to 1,940, or practically doubled. It is estimated that for 1935 it will be 2,100. I ask leave in the extension of my remarks to insert a table showing the population there and the increase in population.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The table is as follows:

Daily average population and average maintenance cost

	Reformatory	Workhouse	Total	Increase	Per capita cost per annum
Actual:					
1927	304	534	838	0	
1928	335	666	1,001	163	
1929	440	685	1,125	124	$218.50
1930	580	684	1,264	139	206.90
1931	752	689	1,441	177	202.63
1932	853	725	1,578	137	186.29
1933	1,044	785	1,830	252	196.29
Estimated:					
1934	1,140	800	1,940	110	190.00
1935	1,275	825	2,100	160	190.00

Mr. SMITH of Virginia. Not only does the condition in reference to the inadequacy of guards at this prison exist but there is also another condition which exists, and may I say that I have been before the Appropriations Committee and I have been before the Budget Committee, and on both occasions I had with me the chairman of the Board of Commissioners of the District of Columbia who joined me in each instance in pointing out the very dangerous condition that exists at Lorton by reason of the inadequacy of guards and the inadequate means for confining the prisoners.

In past appropriation bills money has been provided for the commencement and construction of a wall which will enclose about 8 acres of this property wherein may be confined 400 of the most dangerous prisoners that are there and who at any moment may effect their liberty and scatter themselves all over Virginia and the District of Columbia. The construction of this wall has been begun and has proceeded to a very considerable extent. This year the authorities of the institution and the Board of Commissioners of the District of Columbia asked this Congress to appropriate $360,000 of the money of the people of the District of Columbia in order that this wall and enclosure might be completed and that the necessary buildings to confine these desperate criminals might be completed within the wall.

Mr. GOSS. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Connecticut.

Mr. GOSS. I should like to find out why it is necessary for the Federal Government to spend its money in Virginia for a penitentiary to house criminals from the District of Columbia? Why do we not build a suitable penitentiary in the District of Columbia instead of in the gentleman's district?

Mr. SMITH of Virginia. I do not know. It was there before I came to Congress.

Mr. GOSS. The gentleman does not want it there?

Mr. SMITH of Virginia. I do not want it there unless a fence can be put around it.

This wall has been partly completed, and the Commissioners and I have been before the committee and before the Budget Commission asking for the remainder of this appropriation, which is $360,000, to have the project completed. I will offer an amendment at the proper time to include such figure in this bill.

We have heard a good deal of talk this evening on the subject of reduction of taxes in the District of Columbia. I do not see why there should be any discussion of it in general debate. Last year the committee offered a legislative rider fixing the tax rate at $1.70.

I made a point of order against it at that time and it went out, quite properly, and I have no doubt a point of order is going to be made against this legislative rider on this bill, and it will go out. So it is not a proper subject of debate, but when it does go out there will then be an additional revenue of something like three and a half million dollars which may properly and economically be expended for these things in the District of Columbia which are so vitally necessary.

There is one other item I would like to talk about for just a moment in connection with the maintenance of these prisoners at Lorton. The appropriation for the feeding and clothing of these prisoners has been drastically reduced. Of course, we all know that the cost of food this year is going to be higher than the cost of food last year, and this bill contains a provision which will prevent the transfer of funds from one department of the District of Columbia to take care of deficiencies in another department, and unless an adequate amount is provided for the feeding and clothing of these prisoners I do not know where they are going to get the necessary money.

I was rather amused to notice in the report on this bill that the committee recognized the fact that the cost of food is higher than it was last year, and put a provision in the bill that for the feeding of monkeys at the Zoo there shall be an increased appropriation, but for the feeding of prisoners at the Lorton Reformatory there is a reduction in the appropriation. I respectfully submit that if it will cost more to feed monkeys next year than it has cost to feed them this last year, it is also going to cost more to feed the prisoners than it cost last year.

There are two or three other items I should have liked to have time to talk about, but I was unable to secure the necessary time.

There is a Farmers' Market in the District of Columbia for which this Congress appropriated $300,000 for the purchase of land and buildings. Most of it was used in the purchase of the land. The idea of this market is just what a great many of us Members have been trying to get at for a good many years, and that is to arrange it so that the farmer who raises produce may bring it to the city himself and sell it direct to the consumer without the intervention of the middleman, who takes all the profit.

This is a very fine theory and is a very fine thing to do, but what happened in the District of Columbia was that after the appropriation was made and the land purchased, for several years now it has been in such a position that adequate use cannot be made of it because of lack of proper buildings on the site. I went to the Budget Director and to the Appropriations Committee about this matter, and had with me there the Commissioners of the District of Columbia, who recognized the desirability of this appropriation, and all we asked for this project was $22,000 so that we could build a roof over the heads of these farmers who come here to sell their produce, and the housewives of the District of Columbia who come to buy. The situation there at the present time is that this ground is in such condition that these men have to hold an umbrella over their heads and the site is covered with mud, and their produce cannot be properly marketed or properly displayed.

I am going to ask the House to appropriate in this bill the sum of $22,000, so that this $300,000 which you have already invested may be made useful. I am sure the Members of the House who, like myself, believe that one of the solutions of our great economic problem with respect to the farmer is that he may get his produce direct to the consumer without the intervention of a middleman, will agree with me that this mere pittance of $22,000, to be paid by the taxpayers of the District of Columbia, may quite properly be included in this bill.

I want to call the attention of the Committee to an appropriation which also has the approval of the Commissioners of the District of Columbia, which they have asked for, and which we have asked the Budget Director to send down, an appropriation of $10,000 to make the preliminary surveys for the much-needed construction of a new Chain Bridge at Great Falls.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Chairman, I ask unanimous consent to extend my remarks and to include therein certain tables referred to by me.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. JACOBSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, I ask unanimous consent to revise my remarks and include therein a letter from Mr. John P. Scully, State relief administrator of Massachusetts.

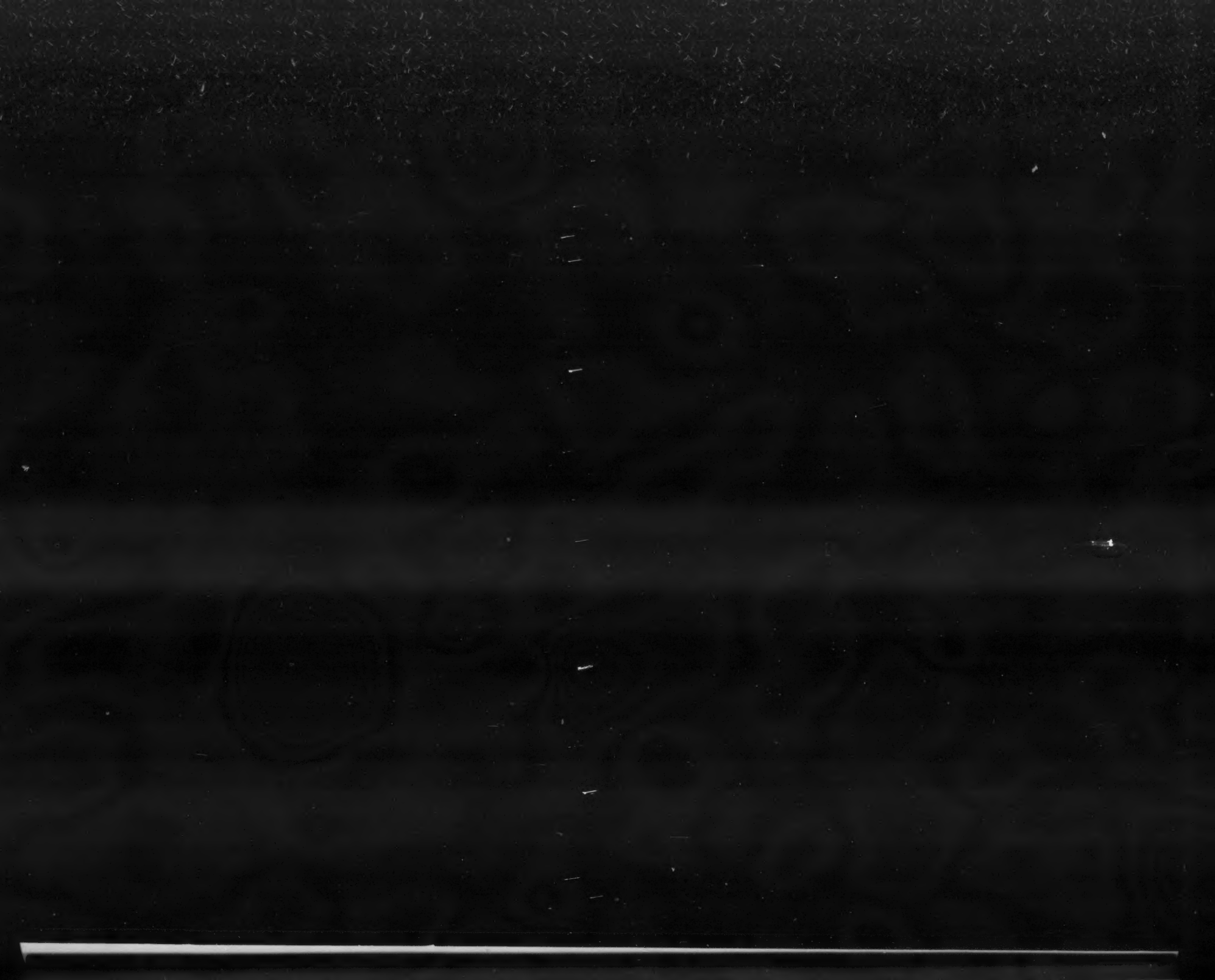
The CHAIRMAN. Without objection, it is so ordered.

Mr. HEALEY. Mr. Chairman, I believe that shortly the President will ask for an appropriation for the continuation of the C.C.C. camps in the United States—at least for another year. I feel that this will meet with little or no opposition, because Members of Congress, as well as countless thousands throughout our Nation, have now come to the realization of the very beneficial influence of these camps upon the youth of our Nation. This social undertaking has been tried and tested, and I believe it is now a matter of almost universal agreement that it is one of the brightest chapters of the recovery program.

Perhaps the most terrible effects of the depression have been felt by the youth of this Nation. Those young men who had not yet reached or had just passed the age of full maturity suffered, as helpless victims, the most severe ravages of this collapse of our economic structure. Countless thousands of these young men saw their expectations of a proper schooling and education brought to a premature and untimely end. Countless other thousands, who had just left behind them the shelter of their alma maters, found themselves thrust into a hostile and unkind world. Fresh from the classroom and the athletic field, they found themselves hopelessly handicapped in the quest of employment. For of what avail was the education they had gained against the training, experience, and maturer years of others in quest of employment?

Shut off entirely from welfare aid—in most instances entirely shut out of even the possibility of employment by the fact that first preferences for the all too few opportunities of employment was quite properly given to married men—it was indeed a situation to demoralize even men of more mature years and less plastic and impressionable minds. Where there should have been the faith, hope, and enthusiasm of youth there was only bitterness and discouragement, and the minds of the future citizens of our Nation were being set in a cast of utter demoralization and cynicism.

This was surely a sorry and direful condition, fraught with the possibilities of grave and most serious consequences, not alone to the future of these many thousands of young men but also to the future of our Nation itself. Faced with this



devastating scourge, our great humanitarian President conceived this plan whereby many of these young men might not only engage in gainful and useful occupations but also might continue their educations and contribute to the support of their needy families. This Congress, although there were many rumblings of impedist criticism, passed with an overwhelming vote this far-visioned plan of the President.

Today the brilliant success of this plan is almost universally conceded. However, because it has operated so effectively and successfully it has operated quietly, and has, to a great degree, escaped the commendatory notice it so rightfully deserves. If there are no objections, I shall insert into the RECORD this letter recently received from Mr. John T. Scully, State Relief Administrator of Massachusetts, quoting from a letter sent to the President by his very capable assistant, Mrs. Lauretta C. Bresnahan. This letter sets forth more eloquently than I could the wonderful results brought about by the Civilian Conservation Corps.

FEDERAL EMERGENCY RELIEF ADMINISTRATION
OF MASSACHUSETTS,
Boston, March 8, 1934.

HON. ARTHUR D. HEALEY,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN HEALEY: It has been my good fortune to have had the experience of placing 5,200 boys in Civilian Conservation Corps camps since October 1, 1933, and I have seen and talked with a number of these boys who have returned from camp.

The happiness of the parents of these boys and the financial assistance given to them, together with the physical improvement of the boys, is the greatest argument I know of for the continuance and extension of this C.C.C. work.

The lady who assisted me admirably in this work of enrollment, Mrs. Lauretta C. Bresnahan, wrote to the President on December 21, 1933, and I have asked her to let me use a part of her letter, because I think it expresses my views better than I could do so myself.

"I wonder if you realize the wonderful thing you have done for the youth of our country. Imagine these thousands of young boys, many of them just out of high school, with plans made to enter college or secure some position to make a living for themselves, and then to have this terrible depression come on us, and nothing for them to do but hang around. No wonder the mothers were frantic with worry and fear for their boys and the terrible temptations they were exposed to. No one but a mother or father can really realize the danger of idle hands and too much leisure. It needs no stretch of the imagination to realize what great joy you have brought into the homes of these boys when you established these camps. Then, again, there is the financial help they were able to give their parents. Many of the boys' checks have gone for the rent, for doctors' bills for the mother or father, for coal, and even in some cases I have known of some of the families who have kept off the welfare by the money these boys earn. The beauty of the whole scheme is that these boys are really earning the money, for I am given to understand that they are doing work as well as any man, and work that will be of lasting benefit to the country.

"Day after day I receive messages from the parents of how the boys like the camp, what wonderful letters they are writing home, how they are gaining weight, how they like the work, etc.

"I wonder if you know that a goodly number of young fellows and girls were getting married so that they would be eligible for the welfare aid. This seems terrible to me. Imagine starting married life under those conditions. What a calamity. The C.C.C. camps aided in putting a stop to all that.

"I have been intending to visit one of the camps in Massachusetts for the last 2 months, but I did not get an opportunity to do so until a week ago last Sunday, and I certainly picked a cold day. It was zero weather, but I felt I would like to see one of the camps before I wrote you. I was delighted with the camp. The commanding officer took me all through. In the recreation room one of the boys was tuning in on the radio, another group were around the piano, several boys were at the billiard table, others were reading, and they were so nice and warm and comfortable that you would never suspect that the wind was howling around the barracks.

"In the sleeping quarters some of the boys were resting, others just sitting around. In the mess hall the tables were all set for supper. They had a lovely supper ready. It looked so tempting I was sorry I could not accept their pressing invitation to stay and join them. The boys told me they could not have better meals at home. Everything was nice and clean. The cook took me into the kitchen and the storeroom.

"Next I visited the infirmary. Two of the boys were in bed with a cold, and another chap was getting his leg rubbed.

"I have discovered that the whole secret of the success of the camps lies with the commanding officers. Some I know have caught the spirit of your idea in establishing these camps, others have not, and therefore the boys in their camps are probably not so contented.

"I have had many of the boys who left camp ask if they could not possibly get back. Boys who have deserted. I have found from my observations that many of the boys left shortly after entering the camps and I can understand what was the matter. These boys were inoculated three times, and it made many of them feel sick and they felt so mean and homesick that no matter what happened they must get home. Since coming home they realize what they have missed and are anxious to go back. I hope we will be able to return them some day.

"As for what the camps are doing for the boys themselves, that is to me the most wonderful thing. The boys come in to enroll looking pale and discouraged and with that terrible look on their young faces which plainly says, 'Oh, what's the use?' A few weeks later these same boys drop into the office accompanied by a number of their pals, who, after hearing of the glories of the camp life, are anxious to see if they can enroll. What a change in the boys—bright of eye, happy looking, warmly clothed, and full of stories of the camp life, and, of course, I have to see the muscle they have developed. They will not be afraid of work when they finish at the camps. Some of them already feel they will be able to go out and get jobs at the work they are now doing. What a joy to the mothers to see this change in their boys.

"So much for the boys who were lucky enough to get into the camps; but what are we going to do for the hundreds of boys who are coming in here day after day or going to their town officials asking to be enrolled? I have on hand hundreds of names of boys who have come into the office or whose parents have written us asking for an opportunity to go to camp. Then I daily receive letters from the various cities and towns asking if there will be any further openings for the boys. You see, there are so many married men out of work that the C.W.A. seems to have no place for the younger men, and the C.C.C. camps are their only hope. I do hope that you will open more camps the first of the year so we can place these young fellows.

"There is another group of men who seem to be rather forgotten, and they feel it, too. The man who is over 25 and unmarried. He also seems to have great difficulty in getting work. Would it be possible to have a camp where these men could go and work?"

If the opportunity presents itself, I hope that you will look with favor upon any measure to extend the work of the Civilian Conservation Corps.

Respectfully yours,

JOHN T. SCULLY,
Director Federal Emergency Relief Administration.

Mr. JACOBSEN. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. HASTINGS].

AN ANALYSIS OF THE FRAZIER BILL

Mr. HASTINGS. Mr. Chairman, the bill introduced by Senator FRAZIER (S. 457) and the companion bill introduced in the House (H.R. 2855) have received much publicity throughout the country and particularly among farmers whom the bill is designed to assist.

I was born and reared on a farm and lived there until I was grown. I have owned much farm land all of my life. I make this statement in order to qualify my interest and sympathy for the farmers of my country. Since I came to Congress I have joined in every sound effort which I thought would be for the benefit of the farmers of the country.

In 1916 I cooperated with those charged with the responsibility of preparing and reporting the first good-roads bill. While this bill was of great benefit to everyone, whether they lived in the city or the country, it was of first importance to the farmers throughout the country, because it connected up every rural community with a marketing center and reduced the cost of marketing farm products.

One of the first speeches I made in Congress was in support of extension of rural mail service so as to give the farmers the same facilities as are enjoyed by those living in cities and towns. As a result of the joint efforts of those interested in the extension of this service, the appropriations for rural mail have been more than doubled in the past 20 years, and the amount carried in the present Post Office appropriation bill for that purpose for the next fiscal year amounts to $82,902,500.

During my first term in Congress I had the privilege of serving on the Banking and Currency Committee of the House, and shared the responsibility of preparing, reporting, and enacting the first rural credit bill approved July 17, 1916. Under this bill the Federal land banks were created and loans authorized to be made to the farmers of the country at low rates of interest, payable upon the amortization plan. I have always insisted that if section 15 of this act were amended so as to authorize loans to be made direct to farmers rather than their making application through local loan associations, it was one of the most constructive pieces

of legislation for the benefit of farmers ever enacted by Congress. Amendments have been made from time to time, and authority under certain contingencies has been granted to make these loans direct through legislation enacted by the present Congress.

Under this act 12 Federal land banks have been established and loans aggregating $2,383,369,267.03 have been made to farmers up to April 16, 1934. Under legislation enacted during the last Congress the interest on Federal farm land bank bonds was guaranteed and under more recent legislation during the present Congress the principal to the amount of $2,000,000,000, as well as the interest, has been authorized to be guaranteed by the Government, which will result in reducing the rate of interest which Federal farm land bank bonds will bear, and the rate of interest which farmers will have to pay upon their loans. Authority is granted to exchange these bonds for outstanding mortgages and 3¼ percent guaranteed Federal land bank bonds are being readily accepted in exchange for outstanding farm mortgages.

The Farm Credit Administration reports that approximately $1,100,000,000 was loaned by all institutions under the Farm Credit Administration from May 1, 1933, through April 13, 1934. This includes all loans through the Federal land banks and other agencies authorized to extend credit to farmers, which aggregated more than $640,000,000. In connection with the making of loans by the Federal land banks, Congress authorized an emergency appropriation of $200,000,000 to take care of distressed or foreclosed mortgages or where the mortgages were in process of foreclosure.

In addition credits are being extended through agricultural short term and intermediate associations which includes livestock. It will thus be seen that every form of credit is being extended to the farmers of the country both upon real estate and on livestock and agricultural products.

Recently Congress enacted legislation to extend crop-production loans to farmers authorizing the sum of $40,000,000 to be made available for that purpose. This was for the purpose of aiding the farmers who are in such distressed condition financially that they are unable to finance themselves through the present crop year. Other legislation, including other forms of credit, have been authorized to be extended to farmers and I make this review of this legislation for the purpose of showing that the farmers of the country are under active consideration and are not discriminated against by the present administration.

In this connection I might add that the Home Owners' Loan Corporation was created during the last session of Congress and at the present session, as in the case of bonds of the Federal land banks, the principal of the bonds, to the extent of $2,000,000,000, as well as the interest, of Home Owners' Loan Corporation bonds is guaranteed by the Government, which makes them readily exchangeable for real-estate mortgages held against those who live in cities and towns.

With this review of legislation enacted for the benefit of the farmers I come to an analysis of the so-called "Frazier bill" (S. 457) to liquidate and refinance agricultural indebtedness of the farmers. The bill in substance authorizes the refinancing and liquidation of mortgages at 1½ percent interest and 1½ percent paid annually upon the amortization plan applied to the reduction of the principal, and 3 percent interest on livestock.

Section 3 authorizes the Farm Loan Board to make farm loans secured by first mortgages on farms to an amount equal to the fair value of the farms and 50 percent of the value of insurable buildings and improvements thereon through the Federal land banks and national farm-loan associations and to make all necessary rules and regulations for carrying out the provisions of the act. The Farm Loan Board is authorized to refinance and take up chattel mortgages at the rate of 3 percent per annum to an amount equal to 65 percent of the market value thereof, and such loans are to be made for 1 year and are renewable from year to year.

The funds with which to liquidate and refinance these mortgages, both upon real-estate and chattel mortgages, is provided by issuing farm-loan bonds bearing interest at the rate of 1½ percent where secured by mortgages on farms and 3 percent when secured by chattel mortgages on livestock. Authority is granted the Farm Loan Board to sell these bonds at par to any individual or corporation or to any State, national, or Federal Reserve bank, or to the Treasurer of the United States. Finally, it is made the duty of the Federal Reserve banks to invest their available surplus and net profits in such farm-loan bonds.

In the event farm-loan bonds are not readily purchased the Farm Loan Board is directed to present the remainder to the Federal Reserve Board, and the Board is authorized to deliver to the Federal Farm Loan Board Federal Reserve notes to the amount equal to the par value of such bonds presented to it. Such farm-loan bonds are to be held by the Federal Reserve Board as security in lieu of any other security reserved.

The bill authorizes the creation of a Board of Agriculture consisting of one member from each State, elected by the mortgagee farmers of the State at a mass convention of the farmers called for that purpose. From this board an executive committee is to be appointed.

The bill contemplates the supervision and cooperation of the Board of Agriculture, consisting of one member from each State, acting through the executive committee in administering the provisions of the act including the appraisements of the property offered as security for loans. This would result in the making of loans from funds made available by the Government through representatives of the mortgagees themselves, which I am sure, upon reflection, no one with good business judgment would endorse as being fundamentally sound.

As I have already stated, no one is in deeper sympathy with legislation for the benefit of the farmers. This bill has not been considered or reported by any committee. It is new and far-reaching and not only the bill, but its details, should receive the most careful consideration of a committee. Legislation of this character, as everyone with experience in Congress knows, cannot be perfected on the floor. As I have already stated, there has been a vast amount of legislation enacted for the benefit of the farmers, and amendments may be offered on the floor which are in conflict with and would nullify the legislation previously enacted.

The following criticisms have been made against the bill. First it is urged that the rate of interest—1½ percent per annum and 1½ percent per annum applied to the reduction of the principal—should be increased to the amount that the Government is required to pay on its outstanding obligations and now averages around 3¼ percent per annum. In the event the farmers of the country are given the same credit advantages as industry or other classes of citizens, without discrimination, I feel sure they will be content.

The second criticism, which is very serious, is that loans are authorized to be made to the full amount of the fair value of the land and 50 percent of the value of the insurable buildings and improvements. It is urged that in the event this bill is enacted immediately all marginal lands throughout the entire United States, through the mortgage process, will be sold to the Government. Everybody appreciates, of course, that no individual, insurance company, or mortgage company would hazard loans on farm lands up to the full face value. They would be in receiverships within a short time. This is one of the reasons why a bill of this character should receive the earnest detailed consideration of the Committee on Agriculture. Information should be secured from the Department of Agriculture as to the extent of farm loans, estimated now to be around $9,000,000,000 secured by real-estate mortgages, and in addition to approximately $4,000,000,000 of other indebtedness.

Every Member of Congress knows that the Frazier bill has no chance to be enacted during the present session of Congress. The President has indicated that he is unalterably opposed to it, and if it passes the House it does not stand

any chance of enactment in the Senate. If it has a chance of being enacted in the Senate, why has not the Agricultural Committee of the Senate reported the bill and why has the bill not been considered? It was first introduced March 13, 1933, more than a year ago. Everyone knows, therefore, that an effort to secure consideration of the bill at this time is an idle gesture.

For the reasons I have given and for the additional reason that the consideration of this bill by the House might endanger consideration of other legislation in behalf of the farmers, I think that we should go as far as we can by amending the present Federal Farm Loan Act so as to make loans up to the amount of 66⅔ percent of the appraised value of the land and up to 40 percent of the value of the permanent insured improvements. I think the interest rate should then be reduced, as the law provides, so that the farmers may have to pay no more than the Government has to pay for the money, which rate fluctuates, as everyone knows, and may be as low as 3 percent.

I favor making it entirely optional as to how applications for loans may be made. I have always contended that local loan associations serve no useful purpose, and that loans should be permitted, as is now the case under certain conditions, to be made direct. If local loan associations were abolished, and all loans made direct, action would be expedited, which would increase the volume of business of the land banks, and proportionately reduce the expense of making these loans. I favor perfecting the present legislation in every way, but I feel sure there is no chance of passing the Frazier bill which would reduce the interest rate to 1½ percent and loan up to the full value of the farm lands. No one in my State would make such a loan. If he did, he would be bankrupt in 6 months. The Government should not be asked to do more than an individual would do. The Government should lend its credit at the lowest rate of interest it can borrow the money for, but, I repeat, if this bill were passed it would result in every farmer who owns marginal and other low-class lands making a mortgage to the Government, and through such a mortgage sell his land to the Government.

No man in Congress has more consistently voted for sound legislation for the farmers than I have. I do not want, for political purposes, to vote an idle gesture which I know will merit a veto and which will endanger the enactment of other legislation beneficial to the farmers.

I do not fear inflation of the currency through the issuance of Federal Reserve notes, as provided in the bill. The additional money issued would be beneficial. However, the Government cannot borrow, except temporarily, at 1½-percent interest. There is no man in the country who can successfully defend the three propositions in the Frazier bill:

First, the making of farm loans at 1½-percent interest, when the Government cannot borrow money on long-term obligations for less than 3¼-percent interest;

Second, the loaning up to the full fair value of the farm lands, which would result in all the low-grade lands being sold to the Government through the mortgage route; and

Third, the creation of a board which is to exercise control over the administration of the bill to the extent of providing for the amount of the appraisals of the lands.

No man of experience who analyzes the bill, for the reasons above given, will endorse it without it being considered and perfected through committee amendments, and believing that it endangers the consideration of other legislation in the interest of the farmers, I prefer to make every effort to secure more liberal legislation for the farmers, within our reach, rather than to make an idle gesture and fight a sham battle which I know will be of no benefit to them.

Mr. JACOBSEN. Mr. Chairman, I yield to the gentleman from Texas [Mr. McFARLANE].

THE HOUSE SHOULD CONCUR IN THE SENATE AMENDMENTS TO THE INTERNAL REVENUE TAX BILL

Mr. McFARLANE. Mr. Chairman, I desire to call to the attention of the House at this time some of the amendments placed on the revenue bill recently passed by the House. I am in hearty accord with each of the amendments placed on this bill by the Senate and feel that each amendment greatly improves this measure from the standpoint of the rights of the masses of the people.

CONSOLIDATED RETURNS

The Revenue Act of 1918, as passed by the House, prohibits the filing of consolidated returns. As amended in the Senate this bill provided for filing consolidated returns. However, section 240 of the law required all corporations having Government contracts to file separate returns and to pay taxes upon said contract. The law requiring the filing of separate returns upon a Government contract was omitted from the 1921 Revenue Act and all subsequent revenue bills. The revenue bill of 1928, as passed by the House, denied the right to file consolidated returns but this provision was eliminated in the Senate during the consideration of this revenue bill of 1932. A compromise was effected resulting in the levying of additional tax of three fourths of 1 percent on the consolidated net income. This additional tax was increased to 1 percent by the National Industrial Recovery Act.

The subcommittee of the House Ways and Means Committee this session in studying this question said:

> Your subcommittee recommends that this permission be withdrawn.

There is no denying that the right to file consolidated returns by the large holding companies gives them many great advantages over their small independent competitors. Practically all tax experts agree that this advantage will amount to anywhere from $50,000,000 to $300,000,000 during a year. This places the small corporation and independent merchants at a great disadvantage in trying to compete with their large chain-store competitors. Under this law the losses incurred by the large chain stores through their subsidiaries in localities where competition is very keen may be offset through the filing of consolidated returns. Most of these large chain stores which head up through holding corporations are chartered in Delaware and other States permitting very liberal or wide-open provisions in carrying on their business, and under this law we find the following provision:

> In the case of a corporation the amount received as dividends from a domestic corporation is subject to taxation under this title. * * *

Under this provision these corporations are exempt from paying taxes on income derived from dividends upon all stock held in other corporations and in this way millions of dollars are distributed by these concerns and escape taxation. The small tax of 1 percent placed by this bill upon those corporations filing consolidated returns is nothing like a sufficient amount to require of them as compensation for the rights given. According to the experts this tax could be raised to 4 percent and still the advantages would be so great in favor of the holding companies that the ruthless mergers and consolidations being forced by them will continue in increasing numbers and the independents would continue to be put out of business. The right to file consolidated returns is especially felt in depression years for the effect is to allow the loss of one corporation to reduce the net income and tax of another, and during a depression more lo[illegible]s occur.

Another result is to postpone the payment of the tax. This is because there is no profit recognized for tax purposes on intercompany transactions, and profits on a product on the consolidated group passing through the hands of different members of the group are not taxed until the produce is disposed of to persons outside of the group.

Prior to the amendments last year a corporation could carry forward a net loss from year to year, thus the consolidated group would not have this advantage; however, since this right has been repealed, the advantage of filing consolidated returns is now much greater on a comparative basis. I insert at this point some information furnished me by experts, as follows:

> The following data have been compiled from the statistics of income prepared by the Bureau of Internal Revenue, Treasury Department, and show the relationship in income and other per-

tinent information of consolidated groups in comparison with that of separate corporations:

STATUTORY NET INCOME

Year	Separate returns	Consolidated returns	Total
1928	$3,722,243,039	$4,493,373,870	$8,220,616,909
1929	3,523,269,238	5,216,487,429	8,739,757,767
1930	[1] (307,107,855)	1,858,325,711	1,551,217,856

DIVIDENDS RECEIVED BY CORPORATIONS OTHER THAN FROM SUBSIDIARIES

1928	$727,727,130	$1,188,843,556	$1,916,670,686
1929	886,857,444	1,706,194,651	2,593,052,095
1930	980,785,210	1,590,445,551	2,571,230,761

TAXES PAID

1928	$592,759,843	$591,382,299	$1,184,142,142
1929	562,061,099	631,374,733	1,193,435,832
1930	313,419,705	398,284,195	711,703,900
1931	182,446,333	216,547,370	398,993,703

[1] Net loss.

CONSOLIDATED RETURNS

Year	Number of returns	Number reporting net income	Percent reporting net income
1928	9,300	5,870	63.12
1929	8,754	5,408	61.78
1930	8,951	4,067	45.44
1931	8,495	2,698	31.80

SEPARATE RETURNS (CORPORATIONS)

1928	486,592	262,913	54.03
1929	500,682	264,022	52.73
1930	509,785	217,353	42.44
1931	507,909	173,200	34.10

CONSOLIDATED RETURNS

Number of subsidiary corporations per group	Number of groups		
	1929	1930	1931
1	4,375	4,645	4,596
2	1,318	1,460	1,399
3	687	761	722
4	349	385	385
5	253	248	259
Over 5 and not over 10	499	561	572
Over 10 and not over 20	65	280	279
Over 20 and not over 50	129	130	148
Over 50 and not over 100	41	49	39
Over 100 and not over 200	9	14	11
Over 200	1	4	6
Corporations reporting no net income not listed (estimated 3 subsidiaries each)	828	433	78
Total	30,112	32,209	31,307
Number of parent companies (returns)	8,754	8,951	8,495

Year	Number of corporations making returns	Number of corporations included in consolidated returns	Number of corporations included in separate returns	Percent making consolidated returns	Percent making separate returns	Total percent
1928	495,892	[1] 32,085	463,907	6.4	93.6	100
1929	509,433	30,112	479,324	5.9	94.1	100
1930	518,736	32,209	486,527	6.2	93.8	100
1931	516,404	31,307	485,097	6.0	94.0	100

[1] Estimated.

	1928		1929		1930	
	Separate corporation	Consolidated	Separate corporation	Consolidated	Separate corporation	Consolidated
Percent of sales to total sales for all corporations	60.6	39.4	57.19	42.81	54.59	45.41
Percent gross profit to gross sales	21.55	23.67	21.87	24.23	20.62	23.13
Percent statutory net revenue to gross profit	4.29	6.54	4.04	7.37	[1] .4	2.89
Percent depreciation claimed to total for all corporations	55.96	54.04	53.67	56.33	41.19	58.81
Percent depletion claimed to total for all corporations	33.63	66.34	33.60	66.40	30.64	69.36
Percent of bad debts to total bad debts for all corporations	73.19	26.81	72.68	27.32	70.47	29.53
Percent of statutory net income to total statutory net income for all corporations	45.39	54.61	40.32	59.68	[1] 19.79	119.79

[1] Net loss

The foregoing statistics disclose some very interesting phases of the operations of consolidated corporations. While approximately 6 percent of all the corporations of the country are in the consolidated group, more than one half of the business transacted by all the corporations of the country was done by consolidated corporations. The percentage of profit made upon gross sales is also very interesting. It is to be noted that the percentage of gross profit made by consolidated corporations upon their gross sales is between 2 percent and 2½ percent in excess of the gross profit made by separate corporations. While Bureau statistics of income do not afford sufficient data to permit of a computation of the net profit from operations, it is a well-known fact that many industries realize a net income from operations of only 2 to 3 percent of their gross sales. It can thus be seen that the margin of advantage enjoyed by the consolidated group is sufficient to put its competitors (single corporations) out of business. The excess percentages of gross profit realized by the consolidated group is also reflected in a like result in their statutory net income.

For example, the percentage of gross profit of the consolidated group for 1928 was 23.67 percent, and of separate corporations, 21.55 percent, or an advantage of 2.12 percent. While the percentage of statutory net income of the consolidated groups was 6.54 percent, separate corporations realized only 4.29 percent, thus giving the consolidated group an advantage of 2.25 percent. The percentages of advantage enjoyed by the consolidated groups for 1929 and 1930 were as follows: Gross profit (1929), 2.36 percent, (1930), 2.51 percent; statutory net income (1929), 3.33 percent, (1930), 3.29 percent.

The advantages enjoyed by the consolidated groups are translated into totals by comparison of the total net profit and the total sales of consolidated groups with similar figures for separate corporations. While consolidated corporations for 1930 transacted less than 40 percent of the business of all corporations, the statutory net income of this group was 54.61 percent. For the year 1929 the total business was 42.81 percent of the business done by all corporations, yet the statutory net income was 59.68 percent of the total statutory net income of all corporations. For 1930 it should be noted that separate corporations sustained a total statutory net loss of $307,107,855, whereas consolidated corporations realized a statutory net income of $1,858,325,711.

There are those who will contend that the excess margin of profit realized by consolidated groups is due to unity of control and management, thereby resulting in elimination of waste and inefficiency. There are other factors, however, which enable them to realize greater profits than separate corporations. Many of the consolidated groups constitute practically a monopoly in their trade territory, and are therefore able to demand much higher prices for their products. Other groups by reason of the larger resources at their command are liable to undersell their competitors, thus bringing about a condition that enables them to purchase the small competitive concerns at bankrupt prices after which the purchaser raises his product to normal levels.

Thus it may be seen from the above information some of the tremendous advantages gained through the filing of consolidated returns by these large holding corporations. By a vote of 58 to 19 another body refused to reconsider the question of striking out the right to file consolidated returns.

On April 9 I called the attention of the House to the results of the study I have made of the income-tax returns of the different aircraft concerns selling the Government supplies, and I found that five of these holding corporations have deprived the Government of $2,046,967.28 because of this law permitting these large holding corporations to file consolidated returns, as follows:

	Tax assessed consolidated returns	Approximate tax separate returns	Difference	Loss to United States due to consolidated returns
Bendix Aviation Corporation:				
1929	$388,298.43	$429,949.83	$41,645.40	
1930	103,264.18	339,183.00	235,918.82	
1931	None	281,433.30	281,433.30	
1932	None	66,865.97	66,865.97	
Total				$625,863.49
Curtiss-Wright Corporation:				
1930	None	51,815.90	51,815.90	
1931	None	None		
1932	None	49,893.41	49,893.41	
Total				101,709.31
North American Aviation, Inc.:				
None consolidated:				
1928	798.90	798.90		
1929	148,074.20	148,074.20		
Consolidated:				
1930	115,119.54	184,949.86	69,830.32	
1931	None	68,330.37	68,330.37	
1932	None	12,820.06	12,820.06	
Total				150,980.75

	Tax assessed consolidated returns	Approximate tax separate returns	Difference	Loss to United States due to consolidated returns
United Aircraft & Transport Corporation:				
1929	1,027,501.56	$1,069,436.39	$41,943.83	
1930	378,866.32	678,326.71	299,460.39	
1931	262,282.32	608,212.54	345,930.22	
1932	315,105.84	482,730.69	167,624.85	
Total				$854,959.29
Aviation Corporation:				
1929	None	142,645.36	142,645.36	
1930	None	99,144.96	99,144.96	
1931	None	71,664.12	71,664.12	
Total				313,454.44
Total loss of revenue to Government due to companies having Government contracts filing consolidated income-tax returns (the 1918 law required seperate return and payment of tax on all Government contracts)				2,046,967.28

You will note that the above chart does not include complete information on these different companies for the years covered, which indicates that these concerns have saved much more than indicated in the above chart. In the interest of fairness to all taxpayers alike, we should go on record in favor of instructing the conferees of the House to concur in this Senate amendment.

PUBLICITY FOR TAX RETURNS

This question of publicity of income-tax returns has been debated at great length during the past several sessions. It has been called to our attention that in many instances employees and chiefs of bureaus in the Department of Internal Revenue have made rules as to one particular corporation which they refuse to apply to another corporation or other corporations and have in this way shown favoritism, which certainly merits the most serious consideration of this Congress, and publicity should be given to the mode and manner of filing and passing upon all income-tax returns and all transactions concerning them. There is no doubt but what publicity for income-tax returns would cause the payment of millions of dollars additional taxes into the Treasury because of fraud, collusion, and the covering up now being practiced in the filing of such returns. In Texas, as well as all other States I know of, all tax renditions are public, and I am sure that the people would rise up in their might and demand that they be continued to be open to the public should anyone try to keep such information secret.

For the past several sessions another body has repeatedly voted to require publicity for income-tax returns, and the House has modified these amendments, in effect eliminating this provision.

Rules and regulations could easily be drawn by the Secretary of the Treasury permitting the examination of income-tax returns, and the House should concur in the Senate amendment bringing about this result. [Applause.]

Mr. JACOBSEN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SEARS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 9061, the District of Columbia appropriation bill, and had come to no resolution thereon.

RICHARD A. CHAVIS

Mr. HILL of Alabama. Mr. Speaker, I present a conference report upon the bill H.R. 2032 (Rept. No. 1274), for the relief of Richard A. Chavis, for printing under the rule.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H.Con.Res. 36. Rescinding the action of the Vice President and the Speaker of the House in signing the enrolled bill H.R. 3521, and amending same.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 2084) granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes.

J. E. POPE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

NATIONAL OLD AGE PENSION ASSOCIATION

Mr. PATMAN. February 10, 1934, I made a speech in the House in which I disclosed that the man, J. E. Pope, the head of the National Old Age Pension Association has spent a lifetime in the business of defrauding innocent people who were in distress. He started out in Houston, Tex., in 1904 with a scheme to defraud distressed home owners; then in 1917–18, unemployed; then in 1922–24, innocent widows in an oil fraud scheme and from that to others as recent as 1929. The Committee on Labor has been investigating his activities but has not made a report. I testified before that committee and showed that during the last 30 years this man who signs his name as "Dr. J. E. Pope" is not a doctor; that he has been convicted of about 15 counts in 30 years for using the mails to defraud; that the scheme he is now using is not in the interest of old-age pensions but in the interest of Pope, just another fraudulent scheme.

FRAUD ORDER CITATION ISSUED

In this recent scheme of his, which I exposed in February, he has been taking in from $600 to $900 a day. Since the Committee on Labor had not made a report and nothing further was being done to stop him, I requested the Solicitor General of the Postoffice Department to issue a fraud order against him and prohibit him from using the mails. The Solicitor General agreed to issue a citation to him to show cause why a fraud order should not issue, provided I would furnish the evidence at the hearing, which I agreed to do. The citation was issued April 6, 1934, to show cause on April 18, 1934, why the fraud order should not be issued. I was ready, today, the 18th, to furnish the proof, but Pope filed with the Solicitor General the following affidavit:

DISTRICT OF COLUMBIA, *ss:*

The undersigned, J. E. Pope, being first duly sworn, says:

That he is the organizer and responsible head of the National Old Age Pension Association and Dr. J. E. Pope, national chairman, of Washington, D.C., which concern and party were called upon on April 6, 1934, by the Solicitor of the Post Office Department to show cause on April 19, 1934, why a fraud order should not be issued against those names, and that affiant has full authority to bind the said concern by this stipulation;

That in order to preclude the necessity for the said Solicitor to give further consideration at this time to the question of the issuance of a fraud order, affiant hereby voluntarily stipulates that the said National Old Age Pension Association, its successors and assigns, and/or J. E. Pope will not hereafter send out or cause to be sent out, either at Washington or elsewhere, by any means whatsoever, any solicitations or requests for fees or for "membership dues", and will immediately destroy all blanks now on hand containing solicitations for fees or "membership dues"; and further that affiant will promptly write each person who hereafter communicates with affiant respecting said National Old Age Pension Association or respecting fees or "membership dues" therein, instructing all such persons that they shall not seek additional members in said National Old Age Pension Association and that they shall not accept or send to said National Old Age Pension

Association or to affiant any "membership dues", fees, or moneys of any kind whatsoever, advising all such persons that the membership plan of said National Old Age Pension Association, involving the sending in of a dime or of any other sum of money whatsoever, has been absolutely discontinued and abandoned, and that such person shall advise all persons interested not to send any more money whatsoever to the National Old Age Pension Association, to affiant, or to their successors or assigns;

That affiant further voluntarily stipulates that he will not hereafter use the mails in furtherance of any enterprise similar to that heretofore operated by him under the name National Old Age Pension Association;

And affiant further voluntarily stipulates that in the event there should come to the attention of the Post Office Department any evidence showing that he has violated the terms of this stipulation by continuing to solicit fees, "membership dues", or moneys of any kind in furtherance of the said National Old Age Pension Association, its successors, or assigns, the Post Office Department may issue a fraud order against the names so employed without further notice to affiant, the National Old Age Pension Association, or their successors or assigns;

Affiant understands that the filing of this affidavit with the Solicitor of the Post Office Department in no way relieves him of responsibility for any violation of 18 United States Code 338 or 88 that may have been involved in the operation through the mails of the aforesaid National Old Age Pension Association enterprise, but the filing of this affidavit shall not be construed as an admission that said statutes have been violated;

And further affiant saith not.

J. E. POPE.

Subscribed and sworn to before me a notary public in and for the district aforesaid, this 18th day of April 1934.

[SEAL] NEENAH LAUB, *Notary Public.*

My commission expires September 14, 1938.

STOPPED FROM USING MAILS

This will stop him from using the mails; but what about the money he has collected from old, poor, innocent people all over this Nation in violation of the law? He should be sent to the penitentiary for life. He is a habitual criminal. The Department of Justice should give this case immediate attention and cause his arrest and trial at an early date.

COMMITTEE GAVE CAREFUL CONSIDERATION

The Committee on Labor gave this matter careful consideration; the members of that committee have been very busy and have not had the time to prepare a report. I hope the report is finished at an early date in order that law-enforcement officers may be aided in bringing this man to justice.

NOT A DOCTOR

Every ex-convict in Oklahoma can become a doctor tomorrow morning the same way Pope got to be a doctor. He is what you would call a "self-confessed" foot doctor or toe-nail manicurist. Many of his poor victims believed he was a rich retired physician who wanted to do the old people a favor by advocating legislation in their interest.

SOLICITOR COMMENDED

I want to commend Mr. Karl Crowley, Solicitor of the Post Office Department, for his splendid cooperation in this case. He has performed his duty fairly and impartially, which has resulted in stopping the fraudulent activities of this man.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. TABER. Is this the same person who has been writing us threatening letters?

Mr. PATMAN. He is the same man. I ask unanimous consent to put this affidavit in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

CORRECTION ON A VOTE

Mr. MALONEY of Connecticut. Mr. Speaker, I ask unanimous consent to correct the RECORD and the Journal. In the RECORD of April 16, 1934, on roll call 127, a quorum call, my name does not appear as among those not answering to their names, and on roll call 128 I am recorded as voting "yea", when, as a matter of fact, I was not present. I ask that the RECORD and the Journal be corrected accordingly.

The SPEAKER. Without objection the RECORD and the Journal will be corrected in accordance with the statement of the gentleman from Connecticut.

There was no objection.

VETERAN LEGISLATION—VETOED BY THE PRESIDENT—PASSED OVER THE VETO—WHAT IT IS AND WHAT IT IS NOT

Mr. MOTT. Mr. Speaker, I ask unanimous consent to extend my remarks on the question of veterans' legislation.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOTT. Mr. Speaker, it has now been nearly a month since we passed over the President's veto the veteran legislation which was the subject of so much debate here and so much discussion throughout the country.

One would think, after all this debate and discussion, that the people generally would know just what this legislation is about. The fact is, however, that newspaper editorials, correspondence with our constituents, and even news articles which we have been receiving for 3 weeks, indicate that the people have been just as much misinformed about this legislation as they were about the Economy Act at the special session.

The legislation on which the President's veto was overridden has been referred to in some of this correspondence, and in these articles and editorials, as everything from the bonus to the restoration of the non-service-connected cases, and it may not be out of place to state again, for the benefit of some of our constituents, just what this legislation is.

The Senate amendments provided for full restoration of service-connected World War disability cases, both those whose service connection appeared on the face of the veteran's war record and those whose service connection had been established by law by competent proof outside the record. The latter were the so-called "presumptive cases." The Senate amendments also provided for the reinstatement of the pension status of veterans of the Spanish War and the restoration of their pensions to the extent of 90 percent of what they were receiving prior to the passage of the Economy Act. The Senate amendments proposed to restore the right of hospitalization to those veterans who were financially unable to pay for their own hospitalization. Restoration of the disability allowance of a limited class of World War emergency officers was also proposed. It provided for reinstatement of the pension rights of widows and children of disabled veterans who have died since the passage of the Economy Act and who would have been entitled to such pensions except for the Economy Act.

The Senate original amendments were not adopted as a whole, but only in part. By a margin of 1 vote, the Taber amendment was substituted, and, after the Senate receded from its original amendments and adopted the Taber amendment, the House concurred.

THE DIFFERENCE BETWEEN THE SENATE AMENDMENTS AND THE TABER AMENDMENT

The difference between the original Senate amendments and the Taber amendment thereto is principally a difference in the amount of restoration. The Taber amendment contained nothing contrary in principle to the original Senate amendments.

The Taber amendment, which is now the law, provides full restoration of service-connected World War disability cases (where the connection is shown by the record), 75 percent restoration for presumptive cases (where the service connection has been established by law as it existed prior to the passage of the Economy Act), and 75 percent restoration of Spanish War veteran pensions. It contains practically the same provisions as to death compensation to widows and dependents and precisely the same provisions as to hospitalization as the original Senate amendments.

No nonservice cases were involved in any of this legislation. In fact there has never been any legislation introduced in Congress for that purpose. And, of course, the payment of the bonus was not involved, either.

The inaccurate statements that have been made in regard to this legislation have not been made through ignorance. They have been made deliberately, for the purpose of misinforming the people, and they are a part of the original propaganda of the National Economy League. The ridiculous statements as to the cost of this legislation are also

propaganda. The total additional cost, according to the official statement of the Veterans' Administration, will be $83,000,000, and not any of the fanciful figures that have been variously stated in newspaper stories and editorials. These imaginary figures have run all the way from $125,000,000 to $250,000,000, and have been repeated continuously and deliberately in the face of the Veterans' Administration's official statement.

Altogether it has been a great victory, a just victory, and a humane victory. It will redound to the benefit not only of the sick, the disabled, and the aged veterans, but to the benefit of their States and their communities and to everyone with whom they come in daily contact. And it will not ruin the country.

The comparatively small increase made necessary by this legislation is not borne by the taxpayers of the several States, as would have been the case had we failed to pass this legislation and had left the States and municipalities to bear the burden of taking care of the sick and disabled who had been cut off and left destitute by the Economy Act.

The expense of all this legislation is borne by the Federal taxpayer alone—those who are prosperous and fortunate enough to be able to pay a Federal income tax and who can afford the luxury of purchasing articles on which import and excise duties are charged.

All Federal expense is paid out of Federal revenue, and all Federal revenue is raised by Federal income, estate, import, and excise taxes, and by nothing else.

In my own State of Oregon the total Federal income tax paid in 1932 was less than $2,500,000. The Federal revenue received by Oregon that year in World War disability compensation and in pensions to Spanish War and Civil War veterans resident in the State of Oregon was more than $5,000,000—and this figure did not include any compensation to non-service World War cases. The economy act cut that revenue down 54 percent, resulting in a loss of approximately $3,000,000. In addition to that, it injured our two great veteran hospitals at Portland and Roseburg by curtailing their staffs and throwing out hundreds of worthy sick and disabled veterans.

The legislation we have passed since the date of the economy act, including the legislation recently passed over the President's veto, restores about 75 percent of this lost Federal revenue to Oregon, and, from a purely economic viewpoint, it benefits every taxpayer in my State, whether he is a veteran or not.

Not one person in one hundred in this country pays a Federal income tax. Not one farmer in one thousand pays such a tax. None of the burden of this legislation rests upon the poor. It is all upon the shoulders of that comparatively small portion of our people who can afford to pay it, and they should consider their contribution to this just cause rather in the nature of a privilege than a burden.

FOREIGN-SERVICE RETIREMENT (H.DOC. NO. 307)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State showing all receipts and disbursements on account of refunds, allowances, and annuities for the fiscal year ended June 30, 1933, in connection with the Foreign Service retirement and disability system, as required by section 26 (a) of an act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor, approved February 23, 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 18, 1934.*

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 450. An act to empower the health officer of the District of Columbia to authorize the opening of graves, and the disinterment and reinterment of dead bodies, in cases where death has been caused by certain contagious diseases; to the Committee on the District of Columbia.

S. 1800. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture; to the Committee on Agriculture.

S. 2641. An act to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 2714. An act to amend section 895 of the Code of Law of the District of Columbia; to the Committee on the District of Columbia.

S. 3013. An act to amend sections 413 and 417 of the Revised Statutes relating to the District of Columbia; to the Committee on the District of Columbia.

S. 3257. An act to change the designation of Four-and-a-half Street SW. to Fourth Street; to the Committee on the District of Columbia.

S. 3289. An act to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone; to the Committee on Coinage, Weights, and Measures.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes;

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes; and

H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to undertake certain municipal public works, including regrading and paving streets and sidewalks, installation of sewer and water pipes, bridge construction and replacement, construction of concrete bulkheads, and construction of refuse incinerator, and for such purposes to issue bonds in any sum not exceeding $103,000;

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to construct, reconstruct, replace, and install a water-distribution system, and for such purpose to issue bonds in any sum not exceeding $40,000; and

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; construction of a retaining wall and to backfill behind same to make a permanent street; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $51,000.

ADJOURNMENT

Mr. JACOBSEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock p.m.) the House adjourned until tomorrow, Thursday, April 19, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Thursday, Apr. 19, 10 a.m.)

A hearing will be conducted by subcommittee no. 7 on H.R. 7212, to remove the limitation upon the extension of star routes.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

411. A letter from the vice chairman, Public Utilities Commission of the District of Columbia, transmitting two tabulations, one showing the comparative costs for electricity for residential service in 190 cities and the Washington rate, the other showing comparative cost for manufactured or mixed gas for residential service in 23 cities, rates in each city being applied to the gas supplied at a heating value equivalent to that required in Washington; to the Committee on the District of Columbia.

412. A letter from the Comptroller General of the United States, transmitting, pursuant to the act of February 16, 1889 (25 Stat. 672), a report of papers or documents in the files of the General Accounting Office not needed for the transaction of public business and without permanent value or historical interest; to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FORD: Committee on Foreign Affairs. S.J.Res. 83. Joint resolution amending Public Resolution No. 118, Seventy-first Congress, approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts; without amendment (Rept. No. 1269). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1657. An act to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496), as amended by the act of February 14, 1931 (46 Stat.L. 1108); with amendment (Rept. No. 1270). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1891. An act to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof; without amendment (Rept. No. 1271). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 2754. An act to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; without amendment (Rept. No. 1272). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 9198) limiting the appropriations for the cost of embassies; to the Committee on Foreign Affairs.

By Mrs. KAHN: A bill (H.R. 9199) to increase the strength of the National Guard of California; to the Committee on Military Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 9200) to amend the act of June 10, 1926, entitled "An act to provide for the equalization of promotion of officers of the staff corps of the Navy with officers of the line" (44 Stat. 717; U.S.C., title 34, Supp. VI, sec. 348); to the Committee on Naval Affairs.

By Mr. KENNEY: A bill (H.R. 9201) to provide for the creation of a commission to examine into and report the clear height above the water of the bridge authorized to be constructed over the Hudson River from Fifty-seventh Street, New York, to New Jersey; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON: A bill (H.R. 9202) authorizing the Commissioners of the District of Columbia to borrow from the Federal Emergency Administration of Public Works $20,000,000 for the acquisition, purchase, construction, and development of a tuberculosis hospital in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. AYERS of Montana: A bill (H.R. 9203) to provide relief to depositors in closed banks; to the Committee on Banking and Currency.

By Mr. ELLENBOGEN: A bill (H.R. 9204) to give the Federal courts jurisdiction to supervise elections, to appoint deputy marshals, to assist in preventing fraud in elections and disorders at the polls, and for other purposes; to the Committee on Election of President, Vice President, and Representatives in Congress.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, memorializing Congress to amend the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. SNYDER: A bill (H.R. 9205) prescribing tolls to be paid for the use of locks in the Ohio River and its tributaries; to the Committee on Rivers and Harbors.

By Mr. ADAMS: A bill (H.R. 9206) for the relief of the Mutual Savings & Loan Association, Wilmington, Del.; to the Committee on Claims.

By Mr. CALDWELL: A bill (H.R. 9207) granting a pension to Alice A. Clarkson; to the Committee on Pensions.

By Mr. DOCKWEILER: A bill (H.R. 9208) for the relief of Cletus F. Hoban; to the Committee on Claims.

Also, a bill (H.R. 9209) for the relief of John Stiglitz; to the Committee on Military Affairs.

Also, a bill (H.R. 9210) for the relief of William H. Rinehart; to the Committee on Naval Affairs.

Also, a bill (H.R. 9211) for the relief of Josephus P. Rose; to the Committee on Military Affairs.

Also, a bill (H.R. 9212) for the relief of Andrew Campbell; to the Committee on Military Affairs.

By Mr. ELTSE of California: A bill (H.R. 9213) for the relief of Alfred Sorensen; to the Committee on Military Affairs.

By Mr. FISH: A bill (H.R. 9214) for the relief of Lt. Philip Egner; to the Committee on Military Affairs.

By Mr. KLEBERG: A bill (H.R. 9215) for the relief of Hensley D. Benton; to the Committee on Military Affairs.

By Mr. MORAN: A bill (H.R. 9216) granting a pension to Mary A. Hayes; to the Committee on Invalid Pensions.

By Mr. OLIVER of Alabama: A bill (H.R. 9217) for the relief of J. S. Johnston; to the Committee on Claims.

By Mr. STUBBS: A bill (H.R. 9218) for the relief of Henry William Doerges; to the Committee on Military Affairs.

By Mr. SIMPSON: A bill (H.R. 9219) authorizing the Secretary of War to award a Distinguished Service Medal to W. Lee Lewis; to the Committee on Military Affairs.

By Mr. THURSTON: A bill (H.R. 9220) granting a pension to Alberta Belle Newman; to the Committee on Invalid Pensions.

By Mr. VINSON of Georgia: A bill (H.R. 9221) to authorize the appointment and retirement of Richmond Pear-

son Hobson in the grade of rear admiral in the Navy; to the Committee on Naval Affairs.

By Mr. WOODRUFF: A bill (H.R. 9222) granting an increase of pension to Eliza A. Sternberg; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3995. By Mr. BERLIN: Petition of 210 members of the Kiski Valley Sportsmen's Association of Westmoreland County, protesting against the enactment of pending bills to regulate commerce in firearms; to the Committee on Interstate and Foreign Commerce.

3996. By Mr. COLLINS of California: Petition signed by R. T. Gorman, William C. Rogers and 500 others, urging modification or repeal of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

3997. By Mr. CULLEN: Petition of the Senate and Assembly of the State of New York, urging Congress to amend the Securities Act of 1933 by eliminating all of its civil liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Interstate and Foreign Commerce.

3998. By Mr. ELLENBOGEN: Petition from the Thirty-third Congressional District of Pennsylvania containing 1,535 names, stating that they believe that the policy of the Post Office Department in curtailing service at the expense of increased unemployment is directly contradictory to the Government's reemployment drive, and a petition from New Castle, Pa., containing 364 names, stating that they, therefore, urgently request immediate action to have the Government and all its departments conform to the rules and spirit, which it has laid down for private industry in the articles of the National Recovery Act, believing that it is quite necessary that this be done in order that the leaders of industry may know that the Government is sincere in its attempt to bring back prosperity; to the Committee on the Post Office and Post Roads.

3999. By Mr. ENGLEBRIGHT: Petition of John W. Howe, secretary California Highway Commission, endorsing House bill 8781; to the Committee on Roads.

4000. By Mr. FISH: Petition of 374 residents of Orange and Dutchess Counties, N.Y., favoring the discontinuing immediately of the payless furlough of postal employees, in order that they may attain the betterment of living conditions which is their right and heritage, in accord with the standards of this country; to the Committee on the Post Office and Post Roads.

4001. By Mr. FORD: Resolution of the Los Angeles County Council of the American Legion, protesting against the granting of full American citizenship to any alien by special legislative grant; to the Committee on Immigration and Naturalization.

4002. By Mr. GASQUE: Concurrent resolution of the Legislature and the General Assembly of the State of South Carolina, memorializing the President of the United States and Congress that substantial reduction be made on taxes on tobacco and tobacco products; to the Committee on Ways and Means.

4003. By Mr. GOODWIN: Petition of the Merchants' Association of New York, resolving that the Post Office Department and the Chief Executive of the Government afford the air-mail industry an opportunity to be heard, and that every effort be made to reestablish adequate air-mail facilities; to the Committee on the Post Office and Post Roads.

4004. By Mr. HAINES: Resolution from the Wisteria Council, No. 184, Sons and Daughters of Liberty of Red Lion, Pa., protesting against the enactment of legislation that would increase immigration; to the Committee on Immigration and Naturalization.

4005. Also, resolution from Cigarmakers Union, No. 281, Red Lion, Pa., endorsing the Wagner-Lewis unemployment insurance bill; to the Committee on Ways and Means.

4006. By Mr. KENNEDY of New York: Memorial of the Legislature of the State of New York, that the Congress amend the Securities Act of 1933 by eliminating all of its civil-liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Interstate and Foreign Commerce.

4007. By Mr. KOPPLEMANN: Petition of employees of brokerage firms and investment houses in Hartford, Conn., and vicinity, protesting against the passage of the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

4008. By Mr. KRAMER: Resolution adopted by the W. S. Hancock Council, No. 20, Junior Order United American Mechanics, on February 2, 1934; to the Committee on Immigration and Naturalization.

4009. Also, resolution adopted by the City Council of Los Angeles on April 6, 1934; to the Committee on Interstate and Foreign Commerce.

4010. By Mr. LEHR: Petition of Jackson County Board of Supervisors, Jackson, Mich., urging the enactment of the McLeod bill (H.R. 7908) into law; to the Committee on Banking and Currency.

4011. Also, petition of members of St. Mary's Mission Parish of Manchester, Mich., urging Congress to support the amendment to section 301 of Senate bill 2910, providing certain radio facilities for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations; to the Committee on Merchant Marine, Radio, and Fisheries.

4012. By Mr. LINDSAY: Petition of Rev. Bernard J. McBride, in behalf of St. Columbkille's Parish, Brooklyn, N.Y., urging support of section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4013. Also, petition of Rev. Augustine B. Doyno, pastor of St. Rita's Parish, Brooklyn, N.Y., urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4014. Also, petition of United Upholsterers' Union of New York, Local 44, New York City, urging support of the Wagner-Connery disputes bill and the Wagner-Lewis bill; to the Committee on Labor.

4015. Also, petition of the Senate of the State of New York, Albany, to amend the Securities Act of 1933; to the Committee on Banking and Currency.

4016. Also, petition of the Ford Radio & Mica Corporation, Brooklyn, N.Y., favoring proposed amendment to section 301 of Senate bill 2910, so that Station WLWL can continue broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4017. By Mr. ROGERS of New Hampshire: Petition of the Pelham Parent-Teachers Association, of Pelham, N.H., praying for the adoption of the so-called "Patman motion-picture bill" (H.R. 6097) providing for higher moral standards for films entering interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

4018. By Mr. RUDD: Petition of United Upholsterers' Union of New York, Local No. 44, New York City, favoring the passage of the Wagner-Connery disputes bill; to the Committee on Labor.

4019. Also, memorial of the Legislature of the State of New York favoring amending the Securities Act of 1933 by eliminating all of its civil liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Interstate and Foreign Commerce.

4020. By Mr. THOMASON: Petition of residents of Sierra Blanca, Tex., and vicinity, voicing approval of Senate bill

1142, the united communities bill; to the Committee on Agriculture.

4021. Also, petition of residents of Crane County, Tex., expressing approval of the Wagner labor bill; to the Committee on Labor.

4022. By the SPEAKER: Petition of St. Peter's Parish, New Castle, Del., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4023. Also, petition of the Holy Name Society, of Staten Island, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4024. Also, petition of St. Alice's Parish, of Upper Darby, Delaware County, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4025. Also, petition of the Holy Name Society of Altoona, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4026. Also, petition of the Holy Name Society, Borough of the Bronx, New York City, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4027. Also, petition of the Graceville Council, Knights of Columbus, No. 1391, Graceville, Minn., urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4028. Also, petition of numerous qualified voters of Yonkers, N.Y., urging repeal of that part of the Economy Act which permits department heads to impose payless furloughs on their employees; to the Committee on Expenditures in the Executive Departments.

4029. Also, petition of the Knights of Columbus of Little Falls, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4030. Also, petition of Sacred Heart Parish, Burke, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4031. Also, petition of Mr. and Mrs. George M. Dienes, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4032. Also, petition of St. Peter and St. Paul's Church, Alton, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4033. Also, petition of St. Ambrose Parish, Deadwood, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4034. Also, petition of the Grant County Farm Holiday Association, urging passage of the Frazier bill; to the Committee on Agriculture.

4035. Also, petition of Mga Anak ng Bukid, Inc., Salinas, Calif., regarding Philippine independence; to the Committee on Insular Affairs.

4036. Also, petition of the board of aldermen, city of New York, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4037. Also, petition of W. S. Hancock Council, No. 20, Junior Order United American Mechanics, Los Angeles, Calif., regarding the registration of aliens; to the Committee on Immigration and Naturalization.

4038. Also, petition of the city and county of Honolulu, Hawaii, protesting against the passage of the Jones-Costigan bill; to the Committee on Agriculture.

4039. Also, petition of Pascual B. Racuyal, regarding Philippine independence; to the Committee on Insular Affairs.

SENATE

THURSDAY, APRIL 19, 1934

(Legislative day of Tuesday, Apr. 17, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Wednesday, April 18, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hebert	Pittman
Ashurst	Couzens	Johnson	Pope
Austin	Cutting	Kean	Reed
Bachman	Davis	Keyes	Reynolds
Bailey	Dickinson	King	Robinson, Ind.
Bankhead	Dieterich	Lewis	Schall
Barbour	Dill	Logan	Sheppard
Black	Duffy	Lonergan	Shipstead
Bone	Erickson	Long	Steiwer
Borah	Fess	McCarran	Stephens
Brown	Fletcher	McGill	Thomas, Okla.
Bulkley	Frazier	McKellar	Thomas, Utah
Bulow	George	McNary	Thompson
Byrd	Gibson	Metcalf	Townsend
Byrnes	Glass	Murphy	Vandenberg
Capper	Goldsborough	Neely	Van Nuys
Caraway	Gore	Norbeck	Wagner
Carey	Hale	Norris	Walcott
Clark	Harrison	Nye	Walsh
Connally	Hastings	O'Mahoney	White
Coolidge	Hatch	Overton	
Copeland	Hayden	Patterson	

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] is necessarily absent from the Senate.

Mr. LEWIS. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] is absent on account of a death in his family; that the Senator from Montana [Mr. WHEELER] is absent because of illness; and that the Senator from Florida [Mr. TRAMMELL], the Senator from California [Mr. MCADOO], the Senator of Maryland [Mr. TYDINGS], the Senator from South Carolina [Mr. SMITH], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Georgia [Mr. RUSSELL] are necessarily detained.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

SPECIAL COMMITTEE ON INVESTIGATION OF THE MUNITIONS INDUSTRY

The VICE PRESIDENT. Pursuant to Senate Resolution 206, the Chair appoints the following-named Senators as the members of the special committee to make certain investigations concerning the manufacture and sale of arms and other war munitions: The Senator from Idaho [Mr. POPE], the Senator from Washington [Mr. BONE], the Senator from Missouri [Mr. CLARK], the Senator from Texas [Mr. SHEPPARD], the Senator from New Jersey [Mr. BARBOUR], the Senator from Michigan [Mr. VANDENBERG], and the Senator from North Dakota [Mr. NYE].

DISPOSITON OF USELESS PAPERS OF THE INTERIOR DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, lists of papers and documents on the files of the Department, its bureaus and offices, which are not of historical interest or needed in the conduct of business, and asking for action looking toward their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT apointed Mr. WAGNER and Mr. NORBECK the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Kauai Branch of the Woman's Board of Missions, of Lihue, and the board of directors of the Young Women's Christian Association, of Honolulu, in the Territory of Hawaii, favoring the passage of the so-called "Patman motion-picture bill", being House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also laid before the Senate a telegram in the nature of a memorial from President Low, of the Filipino Protective Aid Association of Hilo, Territory of Hawaii, remonstrating against the passage of the so-called "Jones-Costigan sugar-quota bill", which was ordered to lie on the table.

Mr. LEWIS (for Mr. TYDINGS) presented a petition of citizens, being employees of the Pennsylvania Railroad Co., of Baltimore, Md., praying for the passage of the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes, which was referred to the Committee on Interstate Commerce.

He also (for Mr. TYDINGS) presented a petition of sundry citizens of Baltimore, Md., praying for the passage of the so-called "McLeod bill", providing payment to depositors of closed banks, which was referred to the Committee on Banking and Currency.

Mr. WAGNER presented resolutions adopted by the board of aldermen of the city of New York, N.Y., favoring amendment of section 301 of Senate bill 2910, providing for the issuance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating in the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use, which were referred to the Committee on Interstate Commerce.

MEMORIAL OF CITIZENS OF LEXINGTON, MASS.

Mr. WALSH. Mr. President, at the request of Representative EDITH NOURSE ROGERS, of Massachusetts, and a committee of citizens of Lexington, I present a memorial of 1,200 representative citizens of Lexington, Mass., adopted at a meeting in that town, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the memorial was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

A declaration by citizens of Lexington, Mass., April 19, 1934.

To the honorable Senators and Members of Congress from the Commonwealth of Massachusetts:

When a free people choose duly elected representatives, they invest them with the responsibility for preserving their constitutional rights to own property and to exercise freedom of individual enterprise.

When a free people feel that their rights are being trespassed upon and that the guidance of Government is being unduly influenced by advisers not chosen by the people, it is a duty as well as a right of the people to express determined disapproval.

Such disapproval must be voiced decisively when legislation is enacted giving into Federal control the right to regulate individual and national activity for ends which the people feel are open to grave question.

Now, therefore, we citizens of Lexington, Mass., on this 19th day of April, the anniversary of the first battle for American liberty, reviving an historical practice, submit to the Congress of the United States through the Senators and Representatives from this Commonwealth, the following protest:

We protest against Federal interference in business under the guise of promoting social reform and economic recovery.

We protest against the indefinite extension of legislation originally designed solely for emergency purposes.

We protest against the passage of legislation without more careful consideration by Congress.

We protest against the increase of bureaus, boards, and commissions, and the delegation of arbitrary powers to such governmental agencies.

We protest extravagant and wasteful expenditures of public funds on unneeded and unproductive projects, thereby creating a constantly mounting national debt.

We are resolved that the individual's rights of private enterprise and its rewards must continue, free from unreasonable interference by the Federal Government, and we demand their preservation at your hands.

REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1541. An act for the relief of Mucia Alger (Rept. No. 746);

S. 2713. An act for the relief of the estate of Anna Elizabeth Rice Denison (Rept. No. 748);

S. 3161. An act for the relief of Mary Seeley Watson (Rept. No. 747); and

H.R. 1870. An act for the relief of Corinne Blackburn Gale (Rept. No. 749).

Mr. SHIPSTEAD, from the Committee on Foreign Relations, to which was referred the joint resolution (S.J.Res. 35) to provide for the determination and payment of claims for damage sustained by the fluctuation of the water levels of the Lake of the Woods in certain cases, and for other purposes, reported it without amendment and submitted a report (No. 750) thereon.

Mr. OVERTON, from the Committee on Commerce, to which was referred the bill (H.R. 7551) authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La., reported it without amendment and submitted a report (No. 753) thereon.

Mr. STEPHENS, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation (Rept. No. 751);

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same (Rept. No. 752);

H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation (Rept. No. 754); and

H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods (Rept. No. 755).

Mr. STEPHENS also, from the Committee on Claims, to which was referred the bill (S. 2973) for the relief of First Lt. Walter T. Wilsey, reported it with amendments and submitted a report (No. 767) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899 (Rept. No. 768);

H.R. 2666. An act for the relief of D. F. Phillips (Rept. No. 769);

H.R. 2682. An act for the relief of Bonnie S. Baker (Rept. No. 770);

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel (Rept. No. 771); and

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost (Rept. No. 772).

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon:

H.R. 2339. An act for the relief of Karim Joseph Mery (Rept. No. 756);

H.R. 2541. An act for the relief of Robert B. James (Rept. No. 757);

H.R. 3579. An act for the relief of O. S. Cordon (Rept. No. 758);

H.R. 3580. An act for the relief of Paul Bulfinch (Rept. No. 759);

H.R. 3952. An act for the relief of Grace P. Stark (Rept. No. 760);

H.R. 4519. An act for the relief of C. W. Mooney (Rept. No. 761); and

H.J.Res. 61. Joint resolution granting compensation to George Charles Walther (Rept. No. 762).

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 3851. An act for the relief of Henry A. Richmond (Rept. No. 763);

H.R. 4269. An act for the relief of Edward J. Divine (Rept. No. 764);

H.R. 4274. An act for the relief of Charles A. Brown (Rept. No. 765); and

H.R. 4611. An act for the relief of Barney Rieke (Rept. No. 766).

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 1173) for the relief of Gladding, McBean & Co., reported it with amendments and submitted a report (No. 773) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 3551. An act for the relief of T. J. Morrison (Rept. No. 774); and

H.R. 6386. An act for the relief of Lucien M. Grant (Rept. No. 775).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (H.R. 1127) for the relief of O. H. Chrisp, reported it without amendment and submitted a report (No. 776) thereon.

He also, from the same committee, to which was referred the bill (H.R. 4973) for the relief of G. C. Vandover, reported it with amendments and submitted a report (No. 778) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 2439) for the relief of the Goldsmith Metal Lath Co., Price-Evans Foundry Corporation, and R. W. Felix, reported it with amendments and submitted a report (No. 779) thereon.

He also, from the same committee, to which was referred the bill (S. 2549) for the relief of Albert W. Harvey, reported it without amendment and submitted a report (No. 780) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (H.R. 4846) for the relief of Joseph Dumas, reported it without amendment and submitted a report (No. 777) thereon.

Mr. DILL, from the Committee on Interstate Commerce, to which was referred the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, reported it with amendments and submitted a report (No. 781) thereon.

Mr. WAGNER, from the Committee on Foreign Relations, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1200. An act for the relief of Elizabeth Millicent Trammell (Rept. No. 782); and

S. 1263. An act for the relief of Wiener Bank Verein (Rept. No. 783).

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. NORRIS:

A bill (S. 3409) granting a pension to Benjamin C. Reeve (with accompanying papers); to the Committee on Pensions.

By Mr. MURPHY:

A bill (S. 3410) for the relief of Ada Mary Tornau; to the Committee on Claims.

A bill (S. 3411) to authorize the acquisition of additional land for the Upper Mississippi River Wild Life and Fish Refuge; to the Special Committee on Conservation of Wild Life Resources.

By Mr. SHIPSTEAD:

A bill (S. 3412) granting a pension to Mabel Kenney (with accompanying papers); to the Committee on Pensions.

A bill (S. 3413) to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.; and

A bill (S. 3414) for the relief of Joseph Watkins; to the Committee on Claims.

By Mr. VANDENBERG:

A bill (S. 3415) authorizing the State of Michigan, by and through the Mackinac Straits Bridge Authority, its successors and assigns, to construct, maintain, and operate a bridge or series of bridges across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan; to the Committee on Commerce.

By Mr. BYRD:

A bill (S. 3416) to provide for the establishment of the Richmond National Battlefield Park in the State of Virginia, and for other purposes; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 3417) to amend the provisions of laws relating to appointment of postmasters; to the Committee on Post Offices and Post Roads.

By Mr. NYE:

A joint resolution (S.J.Res. 104) proposing an amendment of section 8, article 1, of the Constitution; and

A joint resolution (S.J.Res. 105) to establish the Peace Division in the Department of State with an Assistant Secretary of State for Peace at the head thereof, and for other purposes; to the Special Committee on Investigation of the Munitions Industry.

By Mr. KEAN:

A joint resolution (S.J.Res. 106) authorizing loans to fruit growers for rehabilitation of orchards during the year 1934; to the Committee on Agriculture and Forestry.

AMENDMENT OF PACKERS AND STOCKYARDS ACT

Mr. MURPHY submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 2246) to amend the Packers and Stockyards Act, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

THE ISSUE TODAY—ARTICLE BY WALTER LIPPMANN

Mr. BORAH. Mr. President, I ask unanimous consent to have inserted in the RECORD an article by Mr. Walter Lippmann on The Issue Today.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Apr. 18, 1934]

THE ISSUE TODAY

Observers differ as to just how strong is the sentiment in Congress for another and stronger dose of inflation. But all are agreed that Congress would pass a silver bill with great enthusiasm if the President would merely indicate that he did not seriously object. This is highly significant. It cannot be explained by insinuating that Congress is in the grip of silver speculators or of silver producers. The potential majority for silver is much too large to be ascribed to the influence of the special silver interests as such. It must be explained, it seems to me, by recognizing that Congress is interested in silver, not because it is silver, but because it might be used to raise prices and to promote recovery.

There would be no such sentiment for silver today if in the opinion of the Members of Congress who face reelection in the autumn, recovery was adequate and assured. Congress is a most faithful reflector of active public opinion, and the present strength of the silver bloc may be taken as a sure sign that there is dissatisfaction back home over the pace of recovery.

This dissatisfaction is, I believe, rapidly crystallizing into two main convictions. The first is that the restrictive measures under A.A.A. and N.R.A. have not worked effectively. The A.A.A., when it was pumping out money to farmers, helped them, of course; but the A.A.A. as a measure to reduce crops and raise prices has thus far been a virtual failure. The N.R.A., by raising costs and therefore prices ahead of new production, produced a temporary flurry among the few workers who received higher wages and

some speculative buying of merchandise in anticipation of higher prices; but once the flurry was over, the net result has been to make it harder to sell goods and, therefore, harder to reemploy labor. Thus these measures of economic restriction and regimentation are rapidly losing public support.

The second conviction now forming in the public mind is that the reform measures, the Securities Act, certain portions of the banking bill, and the original stock exchange bill were far too rigid and far too drastic; that in attempting to prohibit manifest and admitted evils they seriously threaten to prohibit enterprise and new investment. Since it is through the banks, the issuing of new securities, and the stock market that idle money and new money must find its way into business, laws which terrorize the financial community are obviously a serious handicap to recovery. As the measures are written, and perhaps even more as they are interpreted by and to the financial community, they are not unlike laws to prevent railroad accidents by stopping the trains.

The common character of all this legislation—from A.A.A. to the stock market bill—is that it constricts enterprise. Some of it is designed to meet economic difficulties, as in the case of unsalable surpluses. Some of it is designed to cure moral evils, as in the Securities Act. But the net effect of it all is to discourage enterprise at a time when the relief of unemployment and of insolvency depends primarily upon the revival of enterprise.

The conviction that recovery is being held back is the basis of the outcry against the "brain trust", and the reason why, in spite of the collapse of Dr. Wirt's charges, the "brain trust" is increasingly unpopular. It is also the cause of the inflationist sentiment in Congress. That sentiment expresses the view that the depression is due primarily to a derangement of money, which has destroyed prices and profits, and not, as A.A.A. and N.R.A. imply, to a lack of "planning" and control in the economic structure.

The administration has been acting on both theories. It has a monetary policy which tends to raise general prices, to restore profits, and to stimulate enterprise. It has a policy of regimentation, which raises prices here and there but in no intelligent relation to other prices, which obstructs profits and discourages enterprise. The two policies are now grinding one against the other.

This conflict has to be re-solved. It is the main business before the country, before Congress, and before the administration. There are three possible ways in which it can be resolved. The regimentation could be redoubled and reinforced and the attempt made to run agriculture and industry under Government control. This is the direction indicated by the Bankhead cotton bill. To take this road is, however, impossible. Congress would not permit it. The country would not tolerate it. The administration does not desire it. The second way is the one that Congress is threatening to use. It consists in imposing upon the banking system an inflation of sufficient power to overcome the inertia of all the restrictive measures. This is a dangerous and disorderly way to reach a sound objective. The third way is for the administration itself to release enterprise by abandoning some of the measures that constrict it and by revising others. This is the way of common sense.

For the monetary policy as now set up, supplemented as occasion demands by the use of the powers the President already possesses, is a most powerful engine for recovery if only it is permitted to operate. It can create immense supplies of new money provided channels are opened through which new money can flow into industry. It would be the height of folly not to use it when, by using it intelligently, as the British are doing with a similar monetary engine, it is almost certainly possible to bring back to the people work, security, and peace of mind.

To do this is in no sense to abandon the hopes of the new deal. For, as the President himself has frequently said, all the particular devices of the past year are purely experimental and should be modified when they do not work. Experience has now shown that some of them thwart enterprise and retard recovery. Those devices ought without the slightest compunction to be revised so that they will not thwart enterprise and retard recovery.

POLITICAL CONDITIONS—ADDRESS BY SENATOR CLARK

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the junior Senator from Missouri [Mr. CLARK] before the State banquet of the Young Democrats of North Carolina at Raleigh, N.C., Saturday, March 31, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I consider it a very distinguished honor to be permitted to be here tonight to participate in this gathering of the Young Democrats of North Carolina. It is always a privilege for me to address any meeting of Democrats. It is a particular gratification to address an audience of Young Democrats. It is a gratification for me to address the fighting Democracy of the old North State, the State which produced the grand old Roman, Nathaniel Macon, the State in which was born possibly the greatest Democrat who ever sat in the White House, Andrew Jackson, the State of the nativity of the most underrated and one of the greatest Presidents, Andrew Johnson, the State which knew the leadership of the great Zeb Vance, the State of that magnetic leader and matchless debater, Claude Kitchin. It has been my good fortune since the time of my boyhood to enjoy the friendship of many distinguished North Carolinians. My memory goes back with deep affection to youthful friendship with such great congressional leaders as Claude and Will Kitchin, Bob Page, and Senator Overman, as well as to those stalwart figures who remain today to head the two greatest committees in the House of Representatives, Bob Doughton and Ed Pou. I now prize most highly the friendship of such men as Will Bailey, Max Gardner, Josephus Daniels, and Bob Reynolds.

I had the pleasure of soldiering with many gallant sons of North Carolina during the World War, and I took especial pleasure and pride in the splendid record as national commander of the American Legion made by my friend, Henry Stevens, one of the finest commanders that the Legion has produced. And so you will understand, my friends, that my expression of gratification at being here tonight is no formal lip service and empty pleasantry but an expression of very real feeling.

We in Missouri owe much to North Carolina. The backbone of our splendid pioneer stock came from Virginia and North Carolina, either direct or through Kentucky and Tennessee. From you we claim descent of many of our institutions and characteristics. That old lion of Missouri democracy—one of the greatest Democrats who ever lived, Thomas Hart Benton—was born and grew to manhood in this State. And so tonight I take pride in the fact that from Missouri I bring word to the fine democracy of North Carolina that in Missouri the democracy long rent by factions and dissensions long suffering under Republican misrule is once more united, triumphant, and militant, looking with complete confidence to the future.

It is well at this time, after a little more than a year in complete control of the National Government in this time of stress, for Democrats to take stock of the present and estimate the future.

The United States has from the earliest time been the bulwark of liberty throughout the world. We set the example of republicanism to the nations of the earth. Our Government was created and stands as a monument to the principle that men are fit to govern themselves. Twenty years ago it seemed that the principles upon which our Government was founded were to encompass the earth, for nearly 30 nations had followed our example in setting up constitutional governments. And now, in this time of crisis, when as a result of the brutal bestiality of war, of the lowering of standards, the destruction of morale which accompanied and followed that awful conflict, liberty is prostrate throughout the world, with brutal dictatorship in the ascendant in nearly every land, the United States still affords the last refuge to the oppressed and liberty-loving people of the world.

We ourselves have been passing through the fiery furnaces of the aftermath of war. We are just emerging from a crisis more serious than any in the history of the United States, with the possible exception of the period of the Revolution and the period of the War between the States. The survival of our institutions and of our whole economic fabric has been tested to the uttermost. But under the leadership of the President of the United States there is evidence of recovery on every hand.

It is not necessary to agree with every item of the enactments of the last year to rejoice in the spiritual and material improvement which has taken place in this country in the last year. That gallant figure, with his high courage, with his indomitable will, which has enabled him to rise far above the limitations of mere physical misfortune, with his magnificent ability, with his unswerving devotion to the interest of the body of the people—to the "forgotten man", as he once denominated him—is leading the American people out of the slough of despond. The very buoyancy of his courage and optimism has had a tremendous and inspiring effect on the hearts and minds of our people in ending the depression. He has done more in 1 year to rout the long-entrenched forces of special privilege than has been accomplished in any similar period of our history since Andrew Jackson sat in the White House.

I do not desire to make invidious comparisons and I would on no account wish to seem abusive of the Republican Party. "De mortuis nil nisi bonum"—concerning the dead speak nothing but good. But in discussing the state of the Nation, it is proper, I believe, to briefly mention the condition in which the President found the country when he entered upon office. During the war there was an enormous waste of blood and treasure throughout the world. Bankruptcy or its equivalent, utter lack of financial stability in international relations, suspicion, jealousy, rancorous hates, breaking down of morale were on every hand.

The United States, as the leading creditor nation of the world, deliberately pursued the part of aggressor in an economic war with all the world. Through retaliation by other nations, international trade was practically ended. We cornered the gold supply of the world, and, while demanding payment of international obligations owed us by other nations, we set up tariff walls and embargoes to prevent them from paying us in the only medium in which they could pay—in goods and commodities.

In our own country, with the advent of the Harding administration, we entered upon a period of riotous extravagance, of uncontrolled inflation and speculation. Special privilege exercised absolute control of Government, of business, and of the lives and well-being of our people with unprecedented arrogance, not troubling to mask its ugly face. Corruption stalked the land, involving some of the highest officials in the Nation, and men who sat at the President's Cabinet table were guilty of crimes against the Nation as damnable as the treason of Benedict Arnold.

And for 12 long years we continued the march toward calamity; Harding died, Daugherty and Fall were driven from office in disgrace, but the forces of organized plunder retained control of the Government with more personable and subtler agents, Mellon remained as the virtual dictator of the fiscal policies of the Nation.

The most serious economic maladjustments were not only permitted to continue but created by the Government itself. Agriculture, the basic and fundamental industry of the Nation, was prostrated shortly after the war by the sudden and arbitrary deflation of agricultural credits forced by the arbitrary action of the Federal Reserve Board and that depression continued and grew worse throughout the administrations of Harding, Coolidge, and Hoover. In the fake, pseudoprosperity of the Coolidge and Hoover administrations which after all was only a stock-market prosperity—American agriculture had no part. To the wiping out of the buying power of the American farmer, a major part of the ultimate disaster must be traced.

To the heads of these administrations the panic of 1929 and the miseries which ensued for millions of Americans are directly chargeable. They deliberately encouraged inflation. They studiously abetted the delusion that an era had arrived in our national affairs in which depression or panic could not recur. They permitted the prostitution of the Nation's credit, through a system set up by a Democratic administration for the use of legitimate business, into the power of Wall Street for purposes of speculation. High Government officials, great financial experts constantly prated to the effect that a permanently high plateau of prosperity had been reached, that inflation of values was entirely justifiable, that there could never be another depression in the United States. And so the mad orgy of inflation and speculation went on.

And then when the inevitable day of reckoning came and the market crashed, when the country stood in need of encouragement and reassurance, the very men who had stimulated and led the talk of a permanently high level of prosperity—of "a radio in every home, a chicken in every pot, and two cars in every garage", as Hoover once promised the American people—these very same men raised a cry of alarm. Instead of saying frankly to the people that a bubble of inflation had burst, that a few rich plungers had lost fortunes, and that most unfortunately a multitude of small investors or small speculators, as the case might be, had been ruined, but that the basic wealth of the Nation was still intact, that we still had as vast resources, as rich agricultural lands, as great mineral stores, as much machinery, as adequate transportation facilities, as many skilled workmen, as honest, industrious, God-fearing a people as ever lived on this earth, and that what the country needed was for everyone to forget the stock market and go back to work, Mr. Hoover raised a shout of panic.

He summoned to Washington a crowd of capitalists—J. P. Morgan; Henry Ford; Charley Schwab, of Bethlehem Steel; Myron C. Taylor, of the Steel Trust; and fourscore others—and he told them in the most public manner that this country was in the most serious crisis of its fate and that unless they stood by the whole country was headed for destruction. And these industrial captains each and every one promised to carry on. And then, alarmed by the President's warning, they each and every one went home and trimmed the sails of his own little bark to weather a terrific storm.

The reaction of the public was immediate and inevitable. Public confidence was utterly destroyed. A stampede ensued; and without making any substantial effort to correct the basic economic maladjustments which had created the condition, the leaders of this school of thought gave way to counsels of despair. Trade was paralyzed, factories were shut down, workmen were thrown out of employment, credit which had been substituted during the inflation years for currency as a medium of exchange was suddenly and abnormally contracted and the price of agricultural products nose-dived because millions who would gladly have paid a decent price for the necessities of life had not the wherewithal with which to pay. A remarkable and unprecedented situation was created whereby millions of people were starving in the midst of plenty.

And then in the face of this situation of disaster, right on top of the collapse, a Republican Congress proceeded to pass and President Hoover proceeded to sign the most outrageous, the most indefensible, the most criminal tariff bill in the entire history of the world—one which made the historic and infamous "Tariff of Abominations"—which laid the foundation for the Civil War seem by comparison mild and equitable. In the face of the solemn written protest of nearly a thousand of the leading economists of the United States, in spite even of the urging of leading industrial captains who had heretofore been glad themselves to participate in the tariff loot that the limit had been reached, President Hoover signed the bill.

The result was immediate. Every civilized nation in the world proceeded to retaliate.

Our foreign trade fell away to nothing. Huge surpluses of the products of American industry and agriculture, the sale of which in foreign lands had made the prosperity of the United States, accumulated on our hands. The more food there was produced in the United States the more millions were hungry within our borders. The more gold we accumulated the more our financial structure was impaired. The more superficial remedies were applied without regard to the basic economic ailments the more aggravated became the constitutional disease. Yet no effort was made to adjust the basic economic condition which had brought about the collapse. Apparently it was not recognized that starvation in the midst of plenty constituted an indictment of our system which could not be blinked at, glossed over, or ignored.

And so, on the 4th of March 1933, Franklin D. Roosevelt was inaugurated into the Presidency to face a situation as desperate as any President had ever faced on his induction into office save possibly only Lincoln, in 1865. The Republican policy of pandering to special privilege had at last reached its full fruition. Agriculture, long suffering through the tariff policy, which compelled it to buy everything it had to buy in a protected market—paying a tariff tax on every item of consumption—and to sell everything it had to sell in a free market, was prostrate.

Industry, long profiting by unjust discrimination against agriculture through our system of prohibitive tariffs, had finally come upon destruction through the vicious excesses of that policy particularly as exemplified by the Hoover-Grundy Tariff Act of 1930, which had effectually closed the markets of the world to our products of every kind. Public confidence had been utterly destroyed. A bank with millions in its vaults, which could only exist by judicious lendings of its depositors' money, had been afraid to loan on even the best security for legitimate business. A depositor feared to leave his money in even the best of banks, because he feared that where so many had failed in no place might there be security. Disclosures of the extent to which Insull and Morgan and Wiggin and Mitchell and a host of others of the great captains of privilege had been allowed to plunder the American people—largely through the aid and protection granted them by Government—had led the American people to a state of despair which was closely akin to desperation. It is greatly to the credit of the American people that this situation and these disclosures did not bring us as close to the brink of revolution as the revelations of lesser governmental misconduct and to smaller speculations on the part of the French financial titans has recently brought the French Republic. Franklin D. Roosevelt, as a result of all these conditions, took office with every bank in the United States closed, every industry prostrated, every decent citizen apprehensive of the future of his country.

With superb courage, the President took the lead. He recognized that bold measures were needed to correct the situation. He realized and proclaimed that certain fundamental economic adjustments were necessary and that, in addition, certain emergency and temporary measures were necessary and desirable to restore the equilibrium. His courage and his masterful grasp of the spirit of his countrymen have been like the music of silver bugles sounding the charge to the people of the United States.

Some of the measures adopted by the President are purely temporary in their nature; some call for permanent readjustments in our economic structure, to as far as may be, remove the causes of the dreadful ordeal through which we have been passing. Some are frankly experiments, so recognized and denominated by the President himself, with the promise that if they shall prove unsuccessful he will recognize that fact and abandon them. Some of them, to my mind, have been extremely dangerous experiments, some of which have involved a grant of power by Congress or a usurpation of power by government, which I myself was unable to reconcile with my views of the Constitution of the United States.

I may say to you very frankly that I have not agreed with all these measures and that when I have not been able to reconcile my views on fundamental grounds with those of the President, I have differed with him with great regret but have voted my own convictions. I have no apology whatever to make for these votes. I hold it to be the duty of a Senator or Representative, sworn on his own oath to represent a sovereign people, to give most careful and respectful consideration to the recommendations of the Executive, to resolve all possible doubts in favor of his proposals, but if thoroughly convinced that they are wrong to vote against them.

Such, I conceive, to have been the theory of the Fathers of the Republic, and such will be my course as long as I remain in a position of responsibility under the Constitution. Such has been the course of your own great Senator BAILEY. I have not always agreed with him any more than I have always agreed with the President. Sometimes he has agreed with the President when I have disagreed with both, and sometimes I have agreed with the President when he has disagreed with both of us. But I am happy to have the opportunity to bear witness that he has always fearlessly voted his conscientious convictions and supported those convictions with cogent and powerful arguments. Such I believe to be the requirements of any man before he is fit to sit in either branch of the American Congress.

May I say in passing that from a lifelong study of American history and its background of English history, that I have no patience with the theory that man is the best friend or adviser of the executive, whether he be president or king, who fawns upon him and blindly agrees to his every recommendation. Such sycophants tend to destroy the efforts of the very man whom they pretend—and usually intend—to uphold. There is no essential difference between the hysterical cry which is occasionally raised in this country of "Stand by the President", and the old cry of absolutism since first the world began, "The king can do no wrong." My fellow Democrats, I say with all possible earnestness that it is neither necessary nor desirable to adopt any such attitude in order to revere the character and intellect of President Roosevelt and to glory in the sum total of his magnificent achievements since he took office.

Taking his program as a whole, the audacity, the power of decision, the gallantry of spirit of the President have been an inspiration to the people of the United States the like of which

we have not seen since the immortal Jackson formed and led the hosts of democracy. Whatever may be the outcome of any particular measure of his program he has convinced the American people that he is literally and faithfully carrying out his pledge to drive the money changers from the temple. Whether he succeed or fail in any particular engagement in what must be a long war to finally redeem the Nation from the forces of reaction and depression, the whole country realizes that the whole force of Government is now being exerted to the uttermost in the interest of the masses of the people instead of the interest of special privilege. More than any President since Thomas Jefferson he has visioned a Government conducted exclusively in the interest of the whole people. More than any President since Andrew Jackson he has been the invincible and triumphant foe of entrenched special privilege. More than any President since Woodrow Wilson he has demonstrated that an honest, vigorous Executive can conduct an administration through the fiery ordeal of vast expenditures of public money and emerge without even the fumes of suspicion of corruption or veniality upon his garments. And yet, even in this time of stress, even in the midst of this vital struggle for recovery, even as we are toiling back from the depths, since we have this year under the Constitution a national election there are men, some formerly in high places and some still in high positions in our Government, who are willing for fancied partisan advantage to indulge in the practice of abusing the President and damning all his acts. Their viewpoint is set forth in the old doggerel: "I do not like thee, Dr. Fell, the reason why I cannot tell. But this I know and know full well, I do not like thee, Dr. Fell."

Old battle-scarred veterans of the army of privilege, men who unctuously defended every infamy of the Harding administration, men who cheerfully supported the Hoover-Grundy tariff bill, men who ballyhooed the stock-market inflation which led to our present deplorable state, men who even had the hardihood to defend Hoover as a great President who had fulfilled his extravagant campaign pledges and brought unparalleled prosperity to the United States, now have the effrontery to stand upon the floor of the American Congress, both in House and Senate, and in banquet halls throughout the country and abuse the President of the United States like a pickpocket for his every act and his every recommendation.

Even a proposition so logical and simple as that powers not one whit more extensive than those upon which Mr. Hoover insisted, which he forced through Congress, now be granted President Roosevelt for the purpose of enabling him to undo as much as possible of the mischief caused by our war of tariff aggression is assailed by charges of dictatorship and usurpation.

The whole proposal is as simple as A B C. By the most wanton economic aggression in all history, in a series of prohibitive tariff bills we placed ourselves in the situation of undertaking the unheard-of economic feat of forever selling everything and buying nothing; in short, of attempting to pull ourselves up by our own boot straps. The Hoover-Grundy bill was the last straw which brought swift retaliation from every nation in the world, shut the nations of the world in airtight compartments, and paralyzed world trade.

As the leading exporting nation of the world, a nation which produces huge exportable surpluses both of agricultural products and manufactured articles, we were the chief sufferers. We were "hoist on our own petard." By our own action in forcing every other nation into a system of tariffs and quotas, we have shut out American farm products and American manufactured goods from the markets of the world. The difference between being admitted to those markets and being excluded from them has meant the difference between prosperity and bankruptcy to the American farmer, the American manufacturer, and the American laboring man.

I wish that it were possible to cure this condition by a simple act of Congress, which could be signed by the President, reducing the extortionate tariff rates which lie at the root of much of our troubles. But having by our own stupendous folly deliberately created the present deplorable situation by provoking retaliation throughout the world, we now find ourselves powerless to correct it alone. A mere reduction of our tariff taxes—for a tariff rate is as much a tax as any excise or income tax ever imposed—will not reopen the markets of the world to our products unless it brings about a reduction of the tariff and quota restrictions set up against us in retaliation by foreign countries. And we cannot be certain of reciprocal concessions without negotiation. These negotiations, of course, cannot be conducted by the Congress and must of necessity be made by the Executive. Our treaty-making process is too cumbersome to permit of its use in trade negotiation. No nation in the world would be willing to deal with us on such terms. So that in the last analysis we are face to face with the proposition that if we desire to end the most destructive economic war in all history, if we desire to undo the evil results of our own folly, we have no option save to follow the proposal of the President by authorizing him to accomplish these results through the medium of reciprocal trade agreements.

Since I have served in the Senate of the United States I have opposed extraordinary grants of power by Congress to the Executive as being either unconstitutional or unnecessary. This grant, embodying not one whit more power than that now given the President for utterly futile purposes of retaliation in a war of retaliation, and which has been upheld by the Supreme Court of the United States, I believe to be both constitutional and vitally necessary to the welfare of the United States. Therefore, I shall take great pleasure in supporting the proposal with whatever vigor in me lies, and I make bold to predict that, outside of a few honest theorists who would turn back the hands of the clock in the vain hope that some more beneficent human nature will undo what our legislative folly has created, that in the bitter fight which impends in the Senate, the opposition to this proposal will come from the army of privilege; from those who want to go back to the old, bad logrolling device of the tariff barons from time immemorial; from those calloused souls who supported the infamous Fordney-McCumber and Hoover-Grundy tariff bills.

Time does not permit the discussion in detail of the various items of the President's recovery program. But taking it for all in all I am happy to report my profound belief that the crisis through which we have been passing is in process of ending; that the United States is, with courage and hope, coming out of the depths; that our Nation once more faces with confidence its great destiny, once more justifies the hopes and prayers of the founders of the Republic as the great agency of liberalism, liberty, and progress in the world.

LINDSAY DENISON

Mr. WAGNER. Mr. President, I ask permission to have printed in the RECORD a very interesting article written about a very distinguished writer and great friend of mine, Lindsay Denison, by another distinguished author, Mr. Gene Buck, together with a tribute to Gene Buck.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Great Neck (N.Y.) News, Mar. 30, 1934]

MORE HONOR TO GENE BUCK

Not long ago Gene Buck was included in a group of 10 men who have contributed the most to the everyday language of people, an honor which surprised him more than anyone else.

He is a maker of fine phrases, in addition to being a master of colloquialisms which are really short cuts in language to define nuances of meaning in the fewest possible words.

"Wise cracking" is as far removed from Gene Buck's nature as is selfishness. He will laugh as whole-heartedly as anyone at wise cracks whose only excuse for being is their humor or their smartness; for himself they seem a waste of time unless their significance makes them important.

A few months ago Gene Buck said, "The old way was to get and forget; now it is to give and forgive." No one has expressed the idea of the new deal so forcefully, so completely, in a dictionary of words.

In last week's issue of the News, in which Gene Buck paid the beautiful tribute to Lindsay Denison, he called Sing Sing Prison "the steel filing cabinet of human mistakes", and in the whole tremendous literature of penology there is nothing as fine.

Gene Buck thinks deeply. He has a catholic charity, a broad understanding, and a genius for expressing his thoughts with a directness, a clarity, and an originality, whether he talks on his feet in his simple, earnest way, or writes.

It is a social loss that Great Neck's best-known citizen, measured by the number of his acquaintances, and one of its best loved, writes so seldom.

LINDSAY DENISON

By Gene Buck

Sunday evening, along about 9 o'clock, Ring Lardner, Frank O'Malley, "Tad" Dorgan, Bozeman Bulger, and a few others I knew well and who have gone into the "next room", greeted a sweet soul, an old friend and one of the greatest newspaper reporters America has ever produced—Lindsay Denison.

After 61 years his great heart, which "Tad" always referred to as "the ticker", which began beating in Salem, Mass., stopped in the Great Neck Hills, and this attractive town lost one of its finest citizens, and Ring, Frank, "Tad", Boze, and others will get a real report on what has been going on since they left.

When folks talk about reporters, and especially star reporters, Lindsay Denison was always mentioned first. He earned that distinction by his amazing power of observation, his ability to interpret the real facts, and his rare gift of writing them in such a manner that many of his newspaper stories were reprinted and used in textbooks as models for students of journalism.

Lindsay inspired confidence and respect by his work and personality in the leading players in the drama of life from Charles A. Dana to Al Capone.

His parents were deaf mutes.

He graduated from Yale in 1895 and chose journalism as a career.

He covered some of the great stories of our generation—the Windsor Hotel fire, the *General Slocum* disaster, the Thaw murder trial, the Rosenthal murder, Lefty Louis, Gyp the Blood, the Becker trial, the Hall-Mills murder case, numerous national and local political conventions, Theodore Roosevelt, William H. Taft, Woodrow Wilson, Charles F. Murphy, John W. Gates, Tammany Hall, Anthony Comstock, Abe Hummel, Rev. Dr. Parkhurst, Thomas A. Edison, Nat Goodwin, Caruso, Diamond Jim Brady, E. H. Harriman, Pete Daley, Lillian Russell, William Travers Jerome, Chauncey Depew, Gerald Chapman, Wilson Mizner, Nan Patterson, General Pershing, Foch, J. P. Morgan, John P. Mitchell, Rector's Jack's, Chinatown, and the Great War.

As a captain, he went to France and was in the Quartermaster Corps and also the Intelligence Department, and made a real record as a soldier. He worked under two of the most extraor-

dinary figures on one paper in the history of journalism—the able and blind crusading Joseph Pulitzer, publisher and owner of the late lamented New York World, and Charles E. Chapin, his city editor, with a steel heart and genius for editing, who killed his wife and died in Sing Sing where he was the gardener of his own flower bed within the walls of that steel filing cabinet of human mistakes.

I have only mentioned a few of Lindsay's achievements and only a few of the characters in the drama he wrote about. They are countless in scenes and personalities. For many years he was the best reporter in this Nation, and so acknowledged by his own craft, which is the highest praise, as I believe the finest writers, the best historians, playwrights, novelists, and observers America has ever developed were originally newspaper reporters.

In recent years, in the evening of his life, Lindsay clung close to Great Neck. He loved his wife, his home, and this town. He got a great kick out of Jack Hazzard, the vigilant fire department. The Great Neck News office, where he spent many an hour, and it was a joy and privilege to be in his gentle presence and to learn something of the past from one who knew so well and had the precious gift of making it live again with all its color and glamour.

Those of us who knew him were blessed. Lindsay was one of the few great men I ever knew, and I have known many in my lifetime. I can see him now with his massive frame, his dark kindly eyes, and his large head with a small shabby, funny, gray old felt hat perched on top. I can hear his soft voice and feel his enthusiasm for life and the passing show.

To his wife and daughter our condolence and sympathy in a simple, genuine, old-fashioned way, God rest his soul.

Great Neck and the world have lost a real person and Ring and "Tad" and Frank and "Boze" get a "break" and a "scoop" in the mysterious tomorrow.

So long, Lindsay!

PERSECUTION OF JEWS IN GERMANY—ADDRESS BY HON. JAMES A. REED

Mr. CLARK. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered in Chicago April 8, by the former Senator James A. Reed on the subject of the Persecution of Jews in Germany.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

PERSECUTION OF JEWS IN GERMANY

There never has been and never will be a benevolent despotism. When liberty ends, slavery begins. Slavery destroys every faculty of the mind—every aspiration of the soul. It renders death preferable to life. It reduces man to the level of the brute beasts. He who is willing to submit his body to the lash and the chains of a master is unfit to live.

WHAT IS LIBERTY

No man is free upon whose brain government can place a shackle. No man is free upon whose tongue government can place a bridle. No man is free who is restrained by government in the selection of his avocation. No man is free whose life, habits, or opportunities are restricted by government. With equal force let it be said: No man is free who is obliged to rely on government for guidance. And no man is free who is dependent on governmental bounty.

Paternalism in government is only possible when the liberty of the individual is limited or annihilated. Paternalism is of necessity favoritism, and favoritism to one class can only be accomplished by the despoliation of other classes.

Peter's property or opportunity must be given to Paul. Both are injured. Peter is robbed. Paul is debased. The most foolish of all animals is the man who, because of temporary adversity, would tear down the temple of liberty and out of its ruins erect a citadel of tyranny in the hope he therein find refuge. Certain it is that the citadel will soon become a prison where he will languish in chains.

All despotisms have certain attributes in common. They rise in a time of adversity. They pretend they have a complete cure for existing evils and misfortunes. They wear the mask of benevolence, speak in the soft notes of friendship, and wreath their faces in loving smiles, as they proclaim their evil doctrines. They assert their love for the people and their purpose to rescue them from peril. They declare they are moved by the loftiest motives and inspired by the holiest purposes. But they always affirm that the ordinary machinery of government is inefficient or corrupt, and that the people are incapable of remedying the wrongs. Back of that lies the philosophy that man is incapable of governing himself, or regulating his own conduct, hence that he must be the ward of the government, protected, cared for, guarded, and assisted.

Such is paternalism. And paternalism, itself despotic, soon discards its amiable pretenses and becomes a tyranny of cruelty, of plunder, of corruption, and of brutality. It matters not by what name this species of oppression is known or the particular mask it wears.

When man is deprived of the natural right to think his own thoughts, to utter his own sentiments, to select his avocation, to go from place to place without interference, to write and read the books of his own selection, to worship according to the dictates of his own conscience, to assemble with his neighbors and friends, to conduct his own business without interference or regulation, always with due regard for the rights of others, he is to the extent of such interference, enslaved.

Whenever any government goes beyond the protection of these fundamental rights and undertakes to control or interfere with their exercise, it is a government of tyranny, and the oppression is equally destructive and debasing, whether perpetrated by an Egyptian despot, a Roman emperor, a French Bourbon, an English Tudor, an Austrian Hapsburg, a Russian Romanoff or Stalin, a German kaiser, or an Austro-German Hitler, and is quite as obnoxious if committed in the name of a republic.

Names count for nothing. The sole question is: Has the hand of power been laid upon the throat of liberty? These crimes are committed in the name of government. But what, pray, is government, in its last analysis? It is the will of one man, or a small body of men, imposed upon the will and lives and aspirations of millions. If the small body of men constituting the government has been selected by the millions, if they have honestly kept within the limits of delegated authority, if they labor to protect the liberties of millions, then a just government can be said to exist.

But the instant they go beyond their just authority, these men are simply by brute force imposing their will upon their fellow men. Likewise, when the citizen requires or expects the government to go beyond the protection of his rights and to be the distributor of bounty, he thereby debases himself and surrenders to a policy which, in the end, makes the government his master and himself its slave.

Hitler has not only attacked the liberty of the Jew but he has also assassinated the German Republic. When he told the Jew, "You cannot sell to a German", he denied the German the right to buy from a Jew. When he told the Jewish physician he could not prescribe for a German, he denied the German the right to call a Jewish physician. When he told the Jewish people that they could not freely exercise their religion, he denied the principle of religious liberty and affirmed the right of government to control in the domain of conscience.

Thus out of the ashes of a war waged for the liberation of mankind appears again the Gorgon heads of a worse form of despotism than previously existed. The Russian peasant, liberated from serfdom by a proclamation of the Czar, finds his chains newly forged by a government that exists only by force of arms. The Italian people today suffer a greater interference with their daily life than that endured under the reign of the Caesars. The German people had more liberty under Bismarck and the Kaiser than they have under the name of a so-called "republic", the powers of which are concentrated in one man.

The flood-tide has not yet arrived, but the waves are beating upon the shores. Today it is the Jew who is the particular victim. But tomorrow and tomorrow and tomorrow, the waves may break higher and higher upon the shores, until they may engulf all lands and all peoples. Establish the right of government to persecute the Jew—and you concede the right of government to persecute the Gentile—you, in fact, concede the right of government to persecute all races and all religions.

Fasten this doctrine once upon the world, and we shall again retrace the path of history, when the world yielded to government by brute force—when monsters occupied thrones and places of power—when the rotting bodies of countless victims hung from gibbets on myriad hills. You usher in the day when the light of learning shall again be extinguished and the wailing of women and children shall take the place of happy laughter and of joyous song. We are not discussing today the fate of the Jews alone. We are discussing the dangers to humanity. We ask ourselves the question, Shall the twin stars of liberty and equality once more be obscured by clouds of ignorance, of prejudice, and of hate?

The Jew has been the object of persecution throughout the ages. But we had come to believe that, except in darkest Russia, the monstrous infamy had forever ceased. As one surveys the past, it is impossible to trace the persecution of the Jew unless one explore the caverns of ignorance, where lurk the coiled serpent of superstition and its pestilential offspring of bigotry, cruelty, and crime. Because the Jew has steadfastly refused to abandon the God of his fathers, he has been made the victim of the vilest fanaticism. For this, 3,000 years ago, he was enslaved in Egypt. For this were his cities burned, the walls of his capital razed, his temples destroyed, his altars desecrated, his people slaughtered; for this was he carried into captivity by Syrian and Babylonian despots, his land reduced to a desert sown with the bones of murdered millions. Yet, in spite of all, for 1,500 years the Jew clung to the horns of his altar, cherished his temple, and reverenced his God.

The Jew alone, during all that period of terror, vice, tyranny, and despair and loathsome idolatry, taught the doctrine of one supreme God. He alone followed a code of laws which embraced every principle essential to liberty, morality, and religion. His laws and his religion were to those of the other nations of the earth as stars of indescribable glory shining through the clouds of a storm-set sky upon a sea of blood. Then came the dawn of Christianity, but its glory fell first upon the land of the Jew. The God mother was a Jewess. The Twelve Disciples were Hebrew fishermen who spread their nets along the shores of the Sea of Galilee.

From this race we get our religion, from its sacred writings our morals. It preserved the greater part of our knowledge of ancient history. The most sublime examples of sacred poetry and the tenderest expressions of exalted devotion fell from the pens of inspired Jews. Obliterate the work of the Jew before

the Christian era and you destroy the old Bible and the Ten Commandments. Strike out the work of the Jew of the Christian era and you obliterate the New Testament. Your religion, the fundamentals of your laws, your ideas of virtue, your precepts of morality—all these you get from the Jew.

From the lips of the son of a Jewess came the sublime command: "Do unto others as you would that they should do unto you." When Jewish valor, as heroic as was ever exhibited by man, at last was broken upon the sword of Roman power and Jerusalem fell, the Jew was exiled from his own land and became a wanderer over the face of the earth. But his idealism, his faith, his ambition, and his courage did not yield. It has never died in the face of adversity.

Once an exile from the land of the Nile he, centuries later, returned to become the dominant force in the government of the Pharaohs. Led captive into Babylon by Nebuchadrezzar, he broke his thraldom to sit in the councils of Cyrus. A wanderer in Spain, he became its intellectual and financial overlord. In envy his expulsion was decreed, and the decline of the Spanish Empire began, which has continued until Spain is an object of contempt in the family of nations. A sojourner in France, he rose to eminence in learning and dominance in business. Banished, the commanding value of his genius forced his speedy recall. A social outcast in England, he acquired property, won honors, and achieved distinction. Again persecution and exile were his fate. Yet again were his oppressors forced to reverse their proscriptive policies and grant to the Jew the right of British citizenship.

Thus has Jewish genius broken the shackles of prejudice and the chains of superstition. Thus has it triumphed over race hatred and religion. The treatment of the Jew by Hitler is the brand of shame upon the brow of Germany. Humanity cannot repress the hope that the public opinion of the world will demand that every act of oppression shall be reversed, and that once more, the Jew shall be permitted to stand erect—a man in law, as he has always been a man in fact—wearing the uniform of freedom in a republic from which shall have been driven the despotism of Hitlerism. That will be a bright day, not only for the Jew, but for the great German people.

Then, again, will the Jew be able to contribute, as he has in the past, to the sum total of human achievement. Wherever he has been given the slightest opportunity, the Jew has achieved preeminent distinction. Among the masterful statesmen of the last century must be included Disraeli, an English Jew. With the wisest judges of earth stood the Jew, Rufus Daniel Isaacs, Lord Chief Justice of England. Upon our own great Supreme Court sit two men of Jewish blood. In an exalted place, among the greatest lawyers our country has produced, must be inscribed the name of Judah Philip Benjamin, Attorney General of the Confederacy. If you were asked to name the foremost actress of recent times, your lips would instantly pronounce Sarah Bernhardt, a French Jewess. From the masters of music, you cannot omit Anton Rubenstein, the Polish Jew. I call no more the names. They are too numerous.

If you pursue the inquiry, you will be compelled to admit that in law, medicine, literature, philosophy, science, business, and art, the Jews have won and kept an honorable place. From their pens have fallen poems of marvelous beauty and exaltation—books of masterful learning and profound logic. Their artists have wrought masterpieces of canvas, marble, and bronze. In all lines of endeavor they have made their way unexcelled.

To the Christian in whose mind still rankles the prejudice of ignorance, let me quote the words of Joaquin Miller:

"Who taught you tender Bible tales
Of honey-lands, of milk and wine?
Of happy, peaceful Palestine?
Of Jordan's holy harvest vales?
Who gave the patient Christ? I say,
Who gave your Christian Creed? Yea, yea,
Who gave your very God to you?
Your Jew! Your Jew! Your hated Jew!"

May we not all hope that the clouds of today may soon vanish; that the fires of prejudice will die upon the altars of hate; that the combined genius of all peoples shall realize the dreams of those who have longed for a world of justice, virtue, and equality—a world where the strong shall not strike down the weak—the cunning shall not overcome the unwary—where opportunity shall be unbounded—and equity shall be the rule of the heart and the law of the state?

TARIFF ON LACES

Mr. DAVIS. Mr. President, there came to my office this morning a committee representing Pennsylvania lace workers. Their spokesman, Mr. James F. Boyle, of Wilkes-Barre, Pa., informed me if the tariff act passed by the House of Representatives and now pending before the Senate is passed by the Senate, thousands of Pennsylvania lace workers will be out of work.

It seems to me that at this time it would be very unwise for us to repeal the tariff on lace. The eminent Senator from Rhode Island [Mr. HEBERT] delivered a very able address on this particular subject last week. He informed us there were $25,000,000 invested in the industry in the United States; that it provided in 6 States, Pennsylvania included, 8,000 operatives, actually employing 15,000 workers.

Why discontinue protection to this American industry, and close down our own plants to give work to French and English workers, with the hope—and that is all we can expect it to be—that the French and English workers will purchase some of our agricultural and manufactured products? The differential in cost is in wages only.

In these most difficult times I do not favor sharing the home market with those of foreign lands who are our competitors.

I ask unanimous consent to have an editorial on this subject, which appeared in the Wilkes-Barre Record under date of April 17, printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Wilkes-Barre (Pa.) Record, Apr. 17, 1934]

TARIFF THREAT TO LACE LABOR

Statements credited to certain of the advisers of President Roosevelt, including Secretary Wallace, that the lace-making industry as it is carried on in America is among the four or five inefficient industries which could be sacrificed on a lower tariff altar in the interest of increased agricultural exports, have aroused grave concern wherever there are American lace mills.

Wilkes-Barre has two large mills which employ, even today, 1,200 workers. These mills have pay rolls ranging from $9,000 to $15,000 a week. A committee which investigated the industrial situation in the United States, in connection with proposed changes in the tariff, reported that lacemaking was not indigent to this soil. Yet one of the Wilkes-Barre mills has been in operation 50 years, the other 43. They are more reeply rooted than hundreds of other industries which could be named and have come into being in the last 20 or 25 years.

The House of Representatives has passed a tariff bill giving the President broad power to change tariff rates at will in the execution of reciprocal or parallel trade agreements with other nations. The plain indications that he will be advised to admit foreign laces in return for assistance in moving the farm surplus into foreign lands has led leaders in the lace industry to organize a protest against granting such power to the President.

Employees of lace mills in this city will likely be asked to petition their two Senators from Pennsylvania to vote against the bill.

Employees of Chester Lace Mills were told by their management that laces are already earmarked to be cut to the limit and "if this is done our plants in this country will find it impossible to pay N.R.A. wages and operate N.R.A. hours in competition with the foreigner and thus the way is paved for the Department of State under Mr. Hull to admit foreign laces in return for the foreigner taking enlarged amounts of our agricultural products. Thus to help move the farm surplus, for example, the domestic lace industry is scrapped."

The Democrats when they sought in the past to lower tariffs moved on a broad front. This usually aroused concerted and, in the end, successful opposition. What the lace industry now fears is that the new tactics embrace a sniping campaign at single industries, or small groups, with a threat that if the others stir to the defense of the first to be sacrificed, those interfering will invite tariff attention to themselves.

At any rate, no theory of reciprocal tariffs with Britain or any other lacemaking nation is going to be a satisfactory substitute to Wyoming Valley for its lace mills. One arm of the Government, the anthracite committee of Miss Perkins, only last week made the sage recommendation that the anthracite region could relieve itself of surplus labor by attracting new manufacturing industries.

Let's hope another arm of the Government doesn't take from us one of the most important independent manufacturing industries we already possess.

Taking a national and not a sectional view of the matter it would be selfish to balance the welfare of 15,000 lace workers against prosperity for a vast host of farmers if a few millions of dollars in lace imports would result in the purchase abroad of hundreds of millions of dollars of our farm products and a return of prosperity to the farms. What reason is there to expect that economic miracle? If England sends us laces, it is idle to expect that she will turn her back on Canada and Australia to buy, for instance, her wheat from us.

If the lace mills are so unimportant to America why are they going to loom large in a trade barter?

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES

The Senate resumed the consideration of the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

The VICE PRESIDENT. The question is on the first amendment reported by the committee.

Mr. HARRISON. Mr. President, I ask unanimous consent that the amendments reported by the committee may be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the amendments reported by the committee in their order.

The first amendment of the Committee on Finance was, on page 1, line 9, after the word "paragraph", to strike out "(4)" and insert "(5)", so as to read:

SEC. 2. Subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is amended by adding after paragraph (5) thereof the following:

The amendment was agreed to.

The next amendment was, on page 2, at the beginning of line 1, to strike out "(5)" and insert "(6)."

The amendment was agreed to.

The next amendment was, on page 2, after line 1, to strike out:

"(A) The term 'processing' means the processing of sugar beets or sugarcane into refined sugar or into any sugar which is not to be further refined (or improved in quality). When raw sugar is produced by one person and the final refining is done by another person, the final refining of the sugar shall be deemed to be the processing.

And insert:

"(A) The term 'first domestic processing' means each domestic processing, including each processing of successive domestic processings, of sugar beets, sugar cane, or raw sugar, which directly results in direct-consumption sugar.

The amendment was agreed to.

The next amendment was, on page 2, after line 11, to strike out:

"(B) The term 'processor' means the person completing the processing.

The amendment was agreed to.

The next amendment was, on page 2, after line 13, to strike out:

"(C) The term 'sugar' means sugar in any form whatsoever, derived from sugar beets or sugar cane, including also edible molasses, raw sugar, direct-consumption sugar, sirups, and any mixture containing sugar (except blackstrap molasses and beet molasses). Such edible molasses, raw sugar, direct-consumption sugar, sirups, and sugar mixtures, included within the word 'sugar', as herein defined, shall be considered to constitute sugar to the extent of their total sugar content as determined in regulations prescribed by the Secretary of Agriculture.

And in lieu thereof to insert:

"(B) The term 'sugar' means sugar in any form whatsoever, derived from sugar beets or sugar cane, whether raw sugar or direct-consumption sugar, including also edible molasses, sirups, and any mixture containing sugar (except blackstrap molasses and beet molasses).

The amendment was agreed to.

The next amendment was, on page 3, at the beginning of line 4, before the word "The", to strike out "(D)" and insert "(C)."

The amendment was agreed to.

The next amendment was, on page 3, at the beginning of line 8, to strike out "(E)" and insert "(D)."

The amendment was agreed to.

The next amendment was, on page 3, at the beginning of line 12, in the same line, before the word "sugar", insert "any", to strike out "(F)" and insert "(E)"; and in line 16, after the word "quality", to insert a comma and "or further prepared for distribution or use", so as to read:

"(E) The term 'raw sugar' means any sugar, as defined above, manufactured or marketed in, or brought into, the United States, in any form whatsoever, for the purpose of being, or which shall be, further refined (or improved in quality, or further prepared for distribution or use).

The amendment was agreed to.

The next amendment was, on page 3, line 18, before the word "The", to strike out "(G)" and insert "(F)"; in line 19, before the word "sugar", to insert "any"; and in line 22, after the word "quality", to insert a comma and "or further prepared for distribution or use", so as to read:

"(F) The term 'direct-consumption sugar' means any sugar as defined above, manufactured or marketed in, or brought into, the United States in any form whatsoever, for any purpose other than to be further refined (or improved in quality, or further prepared for distribution or use).

The amendment was agreed to.

The next amendment was, on page 3, after line 23, to strike out:

"(H) The term 'raw value' means a ratio of 107 pounds of raw sugar testing by the polariscope 96 sugar degrees to 100 pounds of refined sugar testing by the polariscope 99.9 sugar degrees and above; for the purposes of determining quotas, all sugar except beet sugar produced in continental United States shall be adjusted to this ratio; in the case of such beet sugar, 100 pounds of refined sugar as produced will be deemed the equivalent of 107 pounds of raw sugar.

And in lieu thereof to insert the following:

"(G) The term 'raw value' means a standard unit of sugar testing 96 sugar degrees by the polariscope. All taxes shall be imposed and all quotas shall be established in terms of 'raw value' and for purposes of quota and tax measurements all sugar shall be translated into terms of 'raw value' according to regulations to be issued by the Secretary, except that in the case of direct-consumption sugar produced in continental United States from sugar beets the raw value of such sugar shall be one and seven one-hundredths times the weight thereof.

The amendment was agreed to.

The next amendment was, on page 4, after line 18, to strike out:

SEC. 3. Subsection (b) of section 9 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of the first sentence and inserting a colon and the following: "*Provided, however*, That in the case of sugar beets and sugarcane, the processing tax shall be imposed upon the production of the products and/or byproducts resulting from the processing thereof, and the rate of the processing tax, as applied to each such product or byproduct, shall be in accordance with the total sugar content thereof as determined by, and under regulations prescribed by, the Secretary of Agriculture, but the rate of the processing tax so established in accordance with the requirements of this subsection shall in no event be in excess of the amount of the reduction by the President of the rates of duty on sugar in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930."

And in lieu thereof to insert:

SEC. 3. (a) The first two sentences of subsection (b) of section 9 of the Agricultural Adjustment Act, as amended, are amended to read as follows: "The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity; except that if the Secretary has reason to believe that the tax at such rate on the processing of the commodity generally or for any particular use or uses will cause such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then he shall cause an appropriate investigation to be made and afford due notice and opportunity for hearing to interested parties. If thereupon the Secretary finds that any such result will occur, then the processing tax on the processing of the commodity generally, or for any designated use or uses, or as to any designated product or products thereof for any designated use or uses, shall be at such rate as will prevent such accumulation of surplus stocks and depression of the farm price of the commodity."

(b) Subsection (b) of section 9 of the Agricultural Adjustment Act, as amended, is further amended by adding at the end thereof the following: "In the case of sugar beets or sugarcane the rate of tax shall be applied to the direct-consumption sugar, resulting from the first domestic processing, translated into terms of pounds of raw value according to regulations to be issued by the Secretary of Agriculture, and the rate of tax to be so applied shall be the higher of the two following quotients: The difference between the current average farm price and the fair exchange value (1) of a ton of sugar beets and (2) of a ton of sugarcane, divided in the case of each commodity by the average extraction therefrom of sugar in terms of pounds of raw value (which average extraction shall be determined from available statistics of the Department of Agriculture); except that such rate shall not exceed the amount of the reduction by the President on a pound of sugar, raw value, of the rate of duty in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930, as adjusted to the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, and/or the provisions of the act of December 17, 1903, chapter 1."

Mr. ADAMS. Mr. President, it occurs to me that it might be advisable if subsection (b), which has just been read and which provides the method by which the processing tax is arrived at and the formulas therefor, should be explained.

I think it is somewhat intricate, and I should like to have the author give us a brief statement in explanation.

Mr. COSTIGAN. Mr. President, perhaps it would be well to invite the attention of the Members of the Senate to the statement in the report of the Finance Committee on section 3, of which subsection (b) is a part. The report on the section, as amended, and particularly the first portion, reads as follows:

Section 3: This amendment rewrites subsection (b) of section 9 of the Agricultural Adjustment Act. The amendment contains only two substantial changes. First, if the tax at the full rate, on the processing of a commodity for a particular use or uses, will cause an accumulation of surplus stocks of the commodity, or depression in the farm price thereof, upon investigation, after due notice and opportunity for hearing, the Secretary of Agriculture may reduce the rate of the processing tax upon the processing of the commodity, for such use or uses, or as to any designated product or products of the commodity.

The statement could hardly be more clearly made. It is conceivable, for example, in the case of sirups or molasses, that because no tariff reduction is to be made on molasses and sirups imported under section 502 of the Tariff Act of 1930, surpluses might result following and in a measure produced by the imposition of the full amount of the processing tax without accompanying tariff reduction, as in the case of sugars imported under section 501 of the Tariff Act of 1930. It is not expected that any reduction of the processing tax will be required in the case of sugar.

The second portion of the section to which my colleague has invited attention is also explained in the committee report, as follows:

Second, the amendment makes clear that the rate of tax cannot be in excess of the reduction of the rate of duty on a pound of sugar, raw value, in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930, as adjusted to the treaty of commercial reciprocity between the United States and Cuba. In other words, the rate of tax, if the maximum rate of tax is imposed, will be less than it would be, if the maximum rate were to be determined by the amount of the reduction in the rate of duty on full-duty sugars.

The purpose of the subsection is to limit the application of the processing tax so as to equal any reduction in the effective tariff duty on sugar, namely, 2 cents per pound on 96° Cuban raw sugar. The tariff reduction is not to exceed one half cent per pound, and the processing tax is not to exceed the amount of the tariff reduction.

Mr. VANDENBERG. Mr. President, will the Senator from Colorado yield?

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Michigan?

Mr. COSTIGAN. With pleasure.

Mr. VANDENBERG. The effect of the committee change is to reduce somewhat the sum total of revenue obtained from the processing tax. Will the Senator from Colorado state whether, in his judgment, there will remain an adequate revenue to pay the contemplated benefits?

Mr. COSTIGAN. That is the judgment of all representatives of the Department of Agriculture with whom we have conferred. The amount expected to be raised is approximately $63,000,000 per annum, assuming imposition of a half-cent-per-pound processing tax. All calculations as to benefit payments which will give farmers pre-war parity, and as to the other possible obligations resting on the Secretary of Agriculture under the bill, are believed fully taken into account.

Mr. VANDENBERG. Mr. President, suppose the Secretary of Agriculture under the first portion of this section should find it necessary to reduce the tax because of the fact that it was depressing the sale of the commodity, and suppose that as a result of thus reducing the tax it should happen that the total revenue did not suffice to pay the contemplated benefits; would it be the Senator's opinion that the benefits then would have to be reduced, or would the benefits continue to be paid on the basis of a deficit, to be reimbursed subsequently from some other source?

Mr. COSTIGAN. It is only possible to say to the Senator from Michigan that, since the processing tax will be offset by tariff reduction, the first subsection apparently does not contemplate substantial changes in revenue, and that it is the expectation of all the experts who have considered the problem that there will be sufficient funds with which to make to the growers the benefit payments which the act has in view.

Mr. VANDENBERG. With great respect for the experts, I prefer to rely upon the Senator's judgment rather than upon the judgment of the experts. Is that also the Senator's opinion?

Mr. COSTIGAN. That is my opinion, so far as I have been able to investigate the probabilities.

Mr. McNARY. Mr. President, may I propound an inquiry to the able Senator from Colorado? On page 6, lines 15 to 16, the language is:

The difference between the current average farm price and the fair exchange value—

That was the measure in the Agricultural Adjustment Act which was called the parity price; but that was based on the period of 1909–14. Does this language contemplate the same period?

Mr. COSTIGAN. It is my understanding that it does. There has been no change in the basic period.

Mr. McNARY. The language here differs from that in the Agricultural Adjustment Act, without any mention being made of the period which may be used for base purposes; but if that is the intention of the author of the bill, I shall make no objection.

I should like to have the Senator explain subdivision (2), commencing on line 17 of page 6.

Mr. COSTIGAN. The able Senator from Oregon will observe that the subsection to which he first directed attention is an amendment of subsection (b) of section 9 of the Agricultural Adjustment Act, and that in the Agricultural Adjustment Act in subdivision (1) of section 2 the Senator will find the controlling provision with regard to the base period.

Mr. McNARY. May I have an explanation from the Senator with regard to subdivision (2) on page 6, beginning at the middle of line 17? The language is:

The difference between the current average farm price and the fair exchange value (1) of a ton of sugar beets—

I understand that perfectly. I desire to know from the Senator what his interpretation is of the remainder of that sentence, commencing with (2) in line 17, page 6.

Mr. COSTIGAN. In answer to the Senator from Oregon, perhaps it will suffice to suggest that, in the case of sugar, the purpose of the amendments is to measure the processing tax by the sugar extracted from the basic commodities, which in this case happen to be sugar beets and sugarcane and to establish a uniform basis for such tax. That is the reason for the difference in the form of language employed.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 7, line 14, before the word "forbid", to insert "(i)"; in line 17, after the word "receiving", to insert "in"; in line 18, after the name "United States", to insert a comma and "and/or from processing in any area to which the provisions of this title with respect to sugar beets and sugarcane may be made applicable, for consumption in continental United States"; in line 21, after the word "from", to strike out "the Territory of Hawaii"; in line 22, after the name "Virgin Islands", to strike out "Puerto Rico"; in line 25, after the word "quotas", to insert "fixed by the Secretary of Agriculture"; on page 8, line 1, after the word "average", to strike out "importations or receipts therefrom" and insert "quantities therefrom brought into or imported"; in line 8, after the word "adjusted", to insert "together with the quotas established pursuant to paragraph (ii)", so as to read:

SEC. 4. Section 8 of the Agricultural Adjustment Act, as amended, is amended by adding at the end thereof the following new section:

"SEC. 8a. (1) Having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, the Secretary of Agri-

culture may, in order to effectuate the declared policy of this act, from time to time, by orders or regulations—

"(A) (i) Forbid processors, handlers of sugar, and others from importing sugar into continental United States for consumption, or which shall be consumed therein, and/or from transporting to, receiving in, processing or marketing in, continental United States, and/or from processing in any area to which the provisions of this title with respect to sugar beets and sugarcane may be made applicable, for consumption in continental United States, sugar from the Virgin Islands, the Philippine Islands, the Canal Zone, American Samoa, the island of Guam, and from foreign countries, including Cuba, respectively, in excess of quotas fixed by the Secretary of Agriculture, for any calendar year, based on average quantities therefrom brought into or imported into continental United States for consumption, or which was actually consumed, therein, during such 3 years, respectively, in the years 1925–33, inclusive, as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years, adjusted, together with the quotas established pursuant to paragraph (ii) (in such manner as the Secretary shall determine), to the remainder of the total estimated consumption requirements of sugar for continental United States, determined pursuant to subsection (2) of this section, after deducting therefrom the quotas for continental United States, provided for by paragraph (B) of this subsection."

Mr. FESS. Mr. President, reverting to section 3, on page 5, the amendment of the committee has already been agreed to; but we are going so rapidly that it is very difficult to follow not only the reading but the action of the Senate. I know it is perfectly useless for me to do so because of the manner of thinking into which we have fallen, and the pressure caused by the weight of the emergency; but, nevertheless, I desire to call attention to the fact that it does not matter what the original Agricultural Adjustment Act was intended to do, for when we once start that sort of legislation it will not be limited to the specific articles mentioned in the law, and the list of articles will constantly be enlarged until it becomes all-comprehensive and includes all the products of agriculture.

When the Agricultural Adjustment Act was originally under consideration, I raised the question as to delegating to a Secretary of Agriculture the power to levy a tax, but no attention at all was paid to it.

I also raised the question as to taking tax money out of the Treasury even before it reaches the Treasury, but no attention was paid to that.

I also called attention to the uncertainty that exists where we give to the President or to the Secretary of Agriculture or to any other appointive officer power to fix what ought to be certain, whereas the only element here is uncertain.

For example, we are not only delegating to the Secretary of Agriculture power to levy a tax but we have already given him the power to utilize the proceeds of that tax without any additional authority such as is required under the Constitution when it provides that every dollar which comes out of the Treasury must come by virtue of an appropriation made by law. Here, however, we are fixing the price; and the virus is not only in the price fixing but there is so much uncertainty as to the basis upon which the price is to be fixed that it is all within the mind of the Secretary of Agriculture, an appointive officer.

I read from page 5, line 12:

The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity.

Attention was called to those indefinite terms when the original authority was given last June. What is the average farm price? Upon what does it depend? What is it today, and what will it be tomorrow? What was it yesterday? It is a variable quantity; and the quotient of that variable quantity is to be the fair exchange price.

What is the fair exchange price? Who is to determine what is the fair exchange price? It is all in the mentality of an appointive officer. There is a fear that if this product is to be burdened it will discourage consumption; and if consumption is to be discouraged, it will be due largely to the increase of price. In order to avoid the results of the increase of price which is the purpose of the Agricultural Adjustment Act, additional authority is given to the Secretary of Agriculture. If he believes that the legislation may lead to discourage the production of the article, he can change the price.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Ohio yield to the Senator from Colorado?

Mr. FESS. I yield.

Mr. COSTIGAN. No doubt the Senator from Ohio has in mind the definition of fair exchange value given in the original act, subsection (c) of section 9. May I read it for the purposes of the discussion?

Mr. FESS. I will say to the Senator that I recall that the price was the average from 1909 to 1914. For the sake of the RECORD I will yield to permit the Senator to read the provision.

Mr. COSTIGAN. Subsection (c) of section 9 reads:

For the purposes of part 2 of this title, the fair exchange value of a commodity shall be the price therefor that will give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period specified in section 2.

The Senator from Ohio has referred to that base period.

Mr. FESS. Yes.

Mr. COSTIGAN. Then follows this language:

And the current average farm price and the fair exchange value shall be ascertained by the Secretary of Agriculture from available statistics of the Department of Agriculture.

Mr. FESS. Mr. President, I was aware of the basis on which the fair price was established; but I am still asking, upon what basis are we undertaking to fix the enactment of law that is to be variable?

The price at one time will be one thing and at another time it will be a different thing; and we are giving the Secretary of Agriculture such authority that he can undo what we authorize him to do if he finds that the results are not as was anticipated when it was done.

What I am calling attention to is the phase of thinking that the country has gotten into. I can understand why last June we might have taken such a leap as this; but after almost a year of experience and of the obviously glaring failures of the various items in the program dealing with individual articles upon which the Agricultural Adjustment Act now operates, in the face of that we are enlarging upon it, and now we are not only dealing with surplus articles but we are dealing with an article which we must purchase from abroad in a certain degree in order to satisfy the consumer's needs at home.

The original basis of this unusual legislation, which is purely speculative, applied only to articles of surplus, such as wheat, corn, and so forth. Now we are extending it to an article which cannot be one of surplus, and we are carrying in this authority the same identical uncertainties that were carried in the original authority.

I am well aware that, as we are now thinking in connection with all these industrial problems, there is very little use in anyone taking any time to resist what is irresistible. The country is making an effort to get out of a depression which is growing more acute every day, and instead of our giving business a chance this is what we are doing.

I should like to read into the RECORD some of the communications which are coming to me relative to the burdens of legislation such as that we are now enacting. When the author of the bill suggests that the basis on which we are to operate is to have the buying power of the farmer determined by his selling power—that is, to secure some sort of a parity between the price of the thing he sells and the price of the thing he buys—the difficulty is that one agency deals with the thing he sells and another agency deals with the thing he buys, and both of those agencies are intended to increase the price. The difficulty is that the price of the thing he sells we are trying to elevate by a processing tax, which, if it can be passed on assuredly to the consumer, will raise the price, but if there is failure to pass it on and it is assessed to the producer, the price will not be increased, but, unfortunately, the loss to the farmer will be beyond what it was before the law was passed. That is the difficulty.

If we can make sure, through the Agricultural Adjustment Act, that the tax can always be passed on to the buyer, then we can assure the producer some degree of increase of

price, but we know from experience that that has not been the result. In fact, the prices of commodities from the farm which are not under the Adjustment Act have increased far beyond the prices of some of the commodities which are treated under the Adjustment Act. On the other hand, it is easy to increase the price of the thing the farmer buys, because, as a rule, it is manufactured, and, as a rule, it is produced by a few units, and because of the small number of units, the price can easily be controlled, while when we undertake to control the prices of the products of 6,000,000 citizens, all in an open market, competing with one another, it is a very difficult thing to insure increased prices. But if we are dealing with a product that is made by 100,000 people, instead of by 6,000,000 people, it is easy to increase the price, and the danger is that the price will increase so much more rapidly than the price of the article produced by the farmer that the farmer will be the loser. In other words, in the effort to increase his price, while we might accomplish that result in certain cases, the increase in the price of the article he buys is so easy to accomplish that he finds the rate of increase in the price of the thing he sells is only a fraction of the increase in the price of the thing he buys. That being the case, it seems to me that we ought to go slowly in what we call emergency legislation, which is virtually building a house of cards that is bound to tumble in due time. While I do not wish to interfere with this program, and I do not intend to do so, there are some things to which the attention of the country should be called, in the consideration of this sort of legislation.

I call attention to section 3, which embodies a type of legislation which, in my judgment, should not find any sympathetic attitude in this body at all.

Mr. McNARY. Mr. President, I may not be able to console the feelings of the able Senator from Ohio [Mr. FESS] as expressed in his observations, but I may say that on the floor of the Senate last May, when the A.A.A. bill was under consideration, I made remarks similar to those of the Senator this morning. The language used in section 3 of the bill now before us is identical with the language used in section 9, subdivision (a), of the bill we had before us at that time. I was unable to arouse any interest in the matter, probably because of the way in which it was presented. The Senator from Ohio has now discovered in the pending bill a weakness which I pointed out on the floor of the Senate in the original act. The attempt in the A.A.A. bill, as in the bill before us, to fix the value of the commodity named as a base commodity, by providing that the processing tax shall be equal to the difference between the current average price of the commodity and the fair exchange value, based upon the sale price of the commodity in the base period, between 1909 and 1914, was equivalent to the fixation of a determinable and certain price; at least the rule for price fixing was specified.

By Congressional action we provided that the Secretary of Agriculture should fix the processing tax according to some standards. Congress has attempted to provide a means for determining accurately what the processing tax shall be, so that everyone dealing in a basic product may have notice of the plan which regulates the price. In other words, our language led to certainty.

Now, as the Senator from Ohio has pointed out in the discussion, we provide also, after fixing the standard for determining the processing tax, that the Secretary of Agriculture may if he finds that, by reason of the processing tax, the consumption of the commodity is being decreased, fix any processing tax less than that prescribed as the fair exchange value.

The price uncertainty of that provision is manifest. Anyone dealing in commodities wants to know what the cost is going to be, whether he is dealing in a raw material or in a manufactured product. Hence, if we provide in this bill a 2-cent processing tax on sugar, and the Secretary finds that causes a diminution in the sale of sugar and results in piling up a surplus, the Secretary will have authority, under this measure, to reduce the tax to half a cent or to any other figure he chooses. In my opinion, that is one of the most vicious sections of the bill.

Mr. President, I did not intend to even mention this matter, but, in my judgment, this vital section in the original act was overlooked by the committee. I think some members of the committee agreed with the views I expressed at that time, and some Members of the Senate agreed with me when the matter was before us, but the counterpart of the section in the pending bill about which the Senator from Ohio complains is in the original act. Its viciousness, in the capacity it has to destroy trade and commerce in any basic agricultural commodity, should be pointed out.

As far as I am concerned, I have no particular interest in whether sugar is included as a basic agricultural commodity or not. It is my desire to do what I can for the sugar-beet and cane-sugar producers. But I think section 3, the provision which permits the Secretary of Agriculture to decrease the processing tax, thereby injecting an uncertainty as to the value of the commodity, should be stricken out.

I do not know whether or not we have passed on the section to which objection was entered by the able Senator from Ohio, who seemed to have discovered something he thought did not exist in the original act. I shall not at this time ask for a reconsideration of the vote by which the amendment in that section was agreed to. It may be that I shall be able to work out an amendment which will cure this peculiar situation. If so, I shall ask unanimous consent later that the vote be reconsidered.

The PRESIDING OFFICER. The Chair will state to the Senator from Oregon that the amendment in the section has been agreed to, and no motion to reconsider has been entered.

Mr. McNARY. I appreciate that. I shall not enter a motion to reconsider at this time. Later in the day I may do so.

Mr. COPELAND. Mr. President, in connection with the same amendment, I may possibly ask for a reconsideration, but the amendment having been agreed to, that can be done any time, I suppose.

The PRESIDING OFFICER. That is correct. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment was, on page 8, line 16, after the word "of", to strike out "the Territory of Hawaii"; in the same line, after the name "Virgin Islands", to strike out "Puerto Rico"; and in line 19, after the word "respective", to strike out "importations or receipts of direct-consumption sugar therefrom" and insert "quantities of direct-consumption sugar therefrom brought into or imported", so as to make the proviso read:

Provided, however, That in such quotas there may be included, in the case of the Virgin Islands, the Philippine Islands, the Canal Zone, American Samoa, and the island of Guam, direct-consumption sugar up to an amount not exceeding the respective quantities of direct-consumption sugar therefrom brought into or imported into continental United States for consumption, or which was actually consumed, therein during the year 1931, 1932, or 1933, whichever is greater, and in the case of Cuba, direct-consumption sugar up to an amount not exceeding 22 percent of the quota established for Cuba.

Mr. COPELAND. Mr. President, I have some amendments to offer, and while the one I have in mind at the moment does not relate directly to the amendment which we have now reached, my amendments generally are related to this amendment and also to the committee amendments which are found on pages 9 and 10. It would seem to me that perhaps we might as well have this little battle now. It has to come sometime.

The PRESIDING OFFICER. Does the Senator propose to offer an amendment to the committee amendment, or a separate amendment?

Mr. COPELAND. I have presented an amendment to the committee amendment further along. It is not, as I have said, an amendment to this particular amendment which we have now reached.

The PRESIDING OFFICER. The Chair will say to the Senator from New York that the Senate by unanimous-consent agreement has entered an order to the effect that the committee amendments to the bill shall first be considered.

Mr. COPELAND. Very well. Let us go ahead.

Mr. HARRISON. I may say to the Senator from New York that if it is his desire to offer an amendment which might be related in any way to the committee amendments I am sure there will be no objection to reconsideration if the Senator should desire reconsideration at the time he offers his amendment.

Mr. COPELAND. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 8.

The amendment was agreed to.

The next amendment was, on page 9, line 8, after the word "regulations", to strike out "allot such quotas and readjust any such quota or allotment in any aforesaid production area and/or in continental United States" and insert "readjust any quota subject to the provisions of this section; and may allot (or appoint an officer, including the Governor of the Philippine Islands for that area, in his name to allot) any quota, and readjust any such allotment", so as to make the further proviso read:

And provided further, That any imported sugar, with respect to which a drawback of duty is allowed, under the provisions of section 313 of the Tariff Act of 1930, shall not be charged against the quota established by the Secretary of Agriculture hereunder for the country from which such sugar was imported, and the Secretary of Agriculture may, by orders or regulations, readjust any quota subject to the provisions of this section; and may allot (or appoint an officer, including the Governor General of the Philippine Islands for that area, in his name to allot) any quota, and readjust any such allotment, from time to time, among the processors, handlers of sugar, and others; and/or

The amendment was agreed to.

The next amendment was, on page 9, after line 15, to insert:

(ii) Forbid processors, handlers of sugar, and others from transporting to, receiving in, processing or marketing in, continental United States, and/or from processing in the Territory of Hawaii or Puerto Rico for consumption in continental United States, sugar from the Territory of Hawaii or Puerto Rico in excess of quotas fixed by the Secretary of Agriculture, for any calendar year, based on average quantities therefrom brought into continental United States for consumption, or which was actually consumed, therein during such 3 years, respectively, in the years 1925–33, inclusive, as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years, adjusted, together with the quotas established pursuant to paragraph (i), (in such manner as the Secretary shall determine) to the remainder of the total estimated consumption requirements of sugar for continental United States, determined pursuant to subsection (2) of this section, after deducting therefrom the quotas for continental United States provided for by paragraph (B) of this subsection: *Provided, however*, That in such quotas there may be included direct-consumption sugar up to an amount not exceeding the respective quantities of direct-consumption sugar therefrom brought into continental United States for consumption, or which was actually consumed, therein during the year 1931, 1932, or 1933, whichever is greater, and the Secretary of Agriculture may, by orders or regulations, allot such quotas and readjust any such allotment, from time to time, among the processors, handlers of sugar, and others; and/or.

Mr. HARRISON. Mr. President, I ask that this amendment be passed over for the present.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi that the amendment on page 9, line 16, be passed over for the present?

Mr. REED. Mr. President, reserving the right to object, some of us are called upon to leave the city a little later this afternoon—I am one of them—and I am very much interested in this amendment. Can we not dispose of it now?

Mr. HARRISON. I do not think it will take long to dispose of the other amendments, and we can return to this amendment immediately thereafter. This is one of the main amendments in the bill, I will say to the Senator from Pennsylvania.

Mr. REED. Will the Senator return immediately to this amendment after the unobjected amendments shall have been disposed of?

Mr. HARRISON. That is perfectly agreeable.

The PRESIDING OFFICER. Is there objection to the request for unanimous consent of the Senator from Mississippi that the amendment be passed over for the present? The Chair hears none.

The clerk will state the next amendment.

The next amendment was, on page 10, line 25, after the word "the", to strike out "State of Louisiana, the State of" and insert "States of Louisiana and"; and on page 11, in line 7, after the word "this", to strike out "section" and insert "subsection", so as to read.

(B) Forbid processors, handlers of sugar, and others from marketing in, or in the current of, or in competition with, or so as to burden, obstruct, or in any way affect interstate or foreign commerce, sugar manufactured from sugar beets and/or sugar cane, produced in the continental United States beet-sugar-producing area, the States of Louisiana and Florida, and any other State or States in excess of the following quotas, for any calendar year, except as provided for in subsection (2) of this section: United States beet-sugar area, 1,550,000 short tons raw value; the States of Louisiana and Florida, except as may be provided under paragraph (C) of this subsection, 260,000 short tons raw value; and the Secretary of Agriculture may, by orders or regulations, allot such quotas and readjust any such allotment, from time to time, among the processors, handlers of sugar, and others; and/or.

The amendment was agreed to.

The next amendment was, on page 11, line 12, after the word "quota", to insert "but not less than the quota provided in paragraph (B)", so as to read:

(C) For any calendar year, determine the quota, but not less than the quota provided in paragraph (B), for any area producing less than 250,000 long tons of sugar raw value during the next preceding calendar year; and/or.

The amendment was agreed to.

The next amendment was, on page 11, line 17, after the word "quotas", to strike out "for edible molasses and/or"; in line 19, after the name "United States", to insert "and/or for edible molasses, sirups, and sugar mixtures, as part of or"; and in line 21, after "(A)", to strike out "and (B)" and insert "to (C), inclusive", so as to read:

(D) Establish a separate quota or quotas for sirup of cane juice produced in continental United States and/or for edible molasses, sirups, and sugar mixtures, as part of or in addition to the quotas established pursuant to paragraphs (A) to (C), inclusive, of this subsection.

Mr. COSTIGAN. There is an amendment to be offered by some Member of the Senate to this section, and I think it would be wise to pass it over for the present. I ask uanimous consent that the amendment may be passed over for the present until we shall have acted on the remaining committee amendments.

The PRESIDING OFFICER. Does the Senator from Colorado ask unanimous consent to pass over subsection (D)?

Mr. BORAH. I should want the entire section passed over.

Mr. COSTIGAN. I should want the entire section passed over, to be returned to later.

The PRESIDING OFFICER. Does the Senator desire section 4 to be passed over?

Mr. FLETCHER. Mr. President, I think the Senator meant subsection (D).

Mr. HARRISON. Mr. President, the request is that subsection (D) be passed over for the present.

The PRESIDING OFFICER. The Senator from Colorado asks unanimous consent that subsection (D) be passed over for the present. Is there objection? The Chair hears none.

Mr. COPELAND. Mr. President, I ask also that the next amendment on page 12, subsection (B), be passed over.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that subsection (B) on page 12 be passed over for the present. Is there objection? The Chair hears none.

The clerk will state the next amendment.

The next amendment was, on page 13, after line 5, to strike out:

"(C) In the event that the consumption requirements of sugar for continental United States, for any calendar year, are less than the amount of consumption requirements determined for that year, or are less than the amount of the consumption requirements determined for the year next preceding, the amount of such deficiency may be proportionately deducted from the respec-

tive quotas determined by and pursuant to paragraph (A) of subsection (1) of this section.

And in lieu thereof to insert:

"(C) In the event that available statistics of the Department of Agriculture during the course of any calendar year indicate that the consumption requirements of sugar for continental United States for such year will be less than the amount of the consumption requirements determined for that year, the amount of such deficiency may be proportionately deducted from the respective quotas determined by and pursuant to paragraph (A) of subsection (1) of this section.

The amendment was agreed to.

The clerk will state the next amendment.

The LEGISLATIVE CLERK. On page 14, line 24, it is proposed to strike out the word "eliminate" and insert in lieu thereof "limit or regulate."

Mr. REED. Mr. President, I am sorry to be so slow, but I think that paragraph (C) on page 13 is affected by the question of the treatment of Hawaii and Puerto Rico.

Mr. HARRISON. If it is, and it is desired to reconsider the amendment, there will be no objection.

The PRESIDING OFFICER. Without objection, the vote by which the amendment on page 13, line 14, subparagraph (C) was agreed to will be reconsidered, and the amendment will be passed over for the present.

Mr. HARRISON. Mr. President, the Senator from Pennsylvania does not request that the amendment be passed over for the present.

Mr. REED. Perhaps that is the shipshape way to handle the matter.

Mr. HARRISON. Very well.

Mr. BONE. May I ask the chairman of the committee why it is deemed wise to strike out the word "eliminate" before "child labor" instead of limiting or regulating child labor?

Mr. HARRISON. There may be some discussion of that proposal, and I understand the Senator from New York [Mr. WAGNER] desires that amendment to be passed over.

Mr. BONE. I should not want to vote for a section that permitted the working of children in the sugar industry or any other industry.

Mr. HARRISON. I ask unanimous consent, Mr. President, that the amendments on page 14, lines 24 and 25, be passed over for the present.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the next amendment.

The next amendment was, on page 15, line 14, after the word "than", to strike out "$1,000" and insert "$100", and also strike out "or by imprisonment for not more than 6 months", so as to read:

(4) Any person willfully violating any order or regulation of the Secretary of Agriculture issued under this section shall, upon conviction, be punished by a fine of not more than $100.

The amendment was agreed to.

The next amendment was, on page 15, line 17, after the word "this", to strike out "section" and insert "title", and in line 23, after the name "United States" and the period, to strike out "All sums recovered shall be paid into the Treasury and are hereby authorized to be appropriated to be available to the Secretary of Agriculture for the purposes named in section 12 (b) of this act", so as to read:

"(5) Any person willfully exceeding any quota or allotment fixed for him under this title by the Secretary of Agriculture, and any other person knowingly participating, or aiding, in the exceeding of said quota or allotment, shall forfeit to the United States a sum equal to three times the current market value of such excess, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

The amendment was agreed to.

The next amendment was, on page 16, line 4, after the word "jurisdiction", to insert "specifically to enforce, and"; in line 5, after the word "from", to strike out "violating" and insert "violating,"; and in line 8, after the word "title", to insert a comma and "in any proceeding now pending or hereafter brought in said courts", so as to read:

"(6) The several district courts of the United States are hereby vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the provisions of this section, or of any order, regulation, agreement, or license heretofore or hereafter made or issued pursuant to this title, in any proceeding now pending or hereafter brought in said courts.

The amendment was agreed to.

The next amendment was, on page 16, line 15, after the word "in", to insert a comma and "or pusuant to", so as to read:

"(7) Upon the request of the Secretary of Agriculture, it shall be the duty of the several district attorneys of the United States, in their respective districts, under the directions of the Attorney General, to institute proceedings to enforce the remedies and to collect the forfeitures provided for in, or pursuant to, this title.

The amendment was agreed to.

The next amendment was, on page 16, line 16, after the word "this", to strike out "subsection" and insert "section", so as to read:

"(8) The remedies provided for in this section shall be in addition to, and not exclusive of, any of the remedies or penalties provided for elsewhere in this title or now or hereafter existing at law or in equity.

The amendment was agreed to.

The next amendment was, on page 16, line 23, after the word "Paragraph", to strike out "(5)" and insert "(6)", and at the end of line 25, to strike out "(6)" and insert "(7)", so as to read:

SEC. 5. Paragraph (6) of subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is hereby renumbered (7).

The amendment was agreed to.

The next amendment was, on page 17, line 6, before the word "Subsection", to insert "(a)", so as to read:

SEC. 7. (a) Subsection (f) of section 10 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of such subsection and adding a semicolon and the following: "except that, in the case of sugar beets and sugar cane, the President, if he finds it necessary in order to effectuate the declared policy of this act, is authorized by proclamation to make the provisions of this title applicable to the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the island of Guam."

The amendment was agreed to.

The next amendment was, on page 17, after line 15, to insert:

(b) Subsection (e) of section 15 of the Agricultural Adjustment Act, as amended, is amended by inserting after the words "*Provided*, That" in said subsection the following: "in the case of sugar beets or sugar cane a compensating tax shall be levied, assessed, collected, and paid only upon direct-consumption sugar: *And provided further*, That."

The amendment was agreed to.

The next amendment was, on page 17, line 22, after "SEC. 8", to strike out "Subsection (e) of section 15 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of the first sentence of such subsection and adding a colon and the following: '*Provided further*, That the President, in his discretion, is authorized'" and insert "Section 15 of the Agricultural Adjustment Act, as amended, is amended by adding at the end thereof the following new subsection", and on page 18, line 5, before the word "by", to insert "(f) The President, in his discretion, is authorized", so as to read:

SEC. 8. Section 15 of the Agricultural Adjustment Act, as amended, is amended by adding at the end thereof the following new subsection:

"(f) The President, in his discretion, is authorized by proclamation to decree that all or part of the taxes collected from the processing of sugar beets or sugar cane in Puerto Rico, the Territory of Hawaii, the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the island of Guam (if the provisions of this title are made applicable thereto), and/or upon the processing in continental United States of sugar produced in, or coming from, said areas, shall not be covered into the general fund of the Treasury of the United States but shall be held as a separate fund, in the name of the respective area to which related, to be used and expended for the benefit of agriculture and/or paid as rental or benefit payments in connection with the reduction in the acreage, or reduction in the production for market, or both, of sugar beets and/or sugar cane, and/or used and expended for expansion of markets and for removal of surplus

agricultural products in such areas, respectively, as the Secretary of Agriculture, with the approval of the President, shall direct."

The amendment was agreed to.

The next amendment was, on page 19, line 11, before the word "of", to strike out the small letter "1" in parenthesis and insert the figure "1" in parenthesis.

The amendment was agreed to.

The next amendment was, on page 20, after line 6, to strike out:

SEC. 12. Section 17 (a) of the Agricultural Adjustment Act, as amended, is amended by striking out all of the first sentence from the word "with" in line 3 to the period in line 7, and by substituting in lieu thereof the following: "processed wholly or partly from a commodity with respect to which product or commodity a tax has been paid under this title, the exporter thereof shall be entitled at the time of exportation to a refund of the amount of tax due and paid with respect to such product. The term 'product' includes any product theretofore or hereafter exported as merchandise, or as a container for merchandise, or otherwise."

And insert in lieu thereof the following:

SEC. 12. Section 17 (a) of the Agricultural Adjustment Act, as amended, is amended, effective as of the date of the enactment of the said act, to read as follows:

"(a) Upon the exportation to any foreign country (and/or to the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam) of any product with respect to which a tax has been paid under this title, or of any product processed wholly or partly from a commodity with respect to which product or commodity a tax has been paid under this title, the tax due and paid shall be refunded. The refund shall be paid to the exporter or to the consignor named in the bill of lading under which the product is exported, as determined under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury. In the case of sugar beets and sugar cane, this subsection shall be applicable to exports of products thereof to the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the island of Guam only if this title with respect to sugar beets and sugar cane is not made applicable thereto. The term 'product' includes any product exported as merchandise, or as a container for merchandise, or otherwise."

The amendment was agreed to.

The next amendment was, on page 21, line 17, after the word "end", to strike out "of subsection (a)"; at the end of line 18, after the word "new", to strike out "paragraph"; and at the beginning of line 19, to strike out "(1)" and insert "(c)", so as to read:

SEC. 13. Section 17 of the Agricultural Adjustment Act, as amended, is amended by inserting at the end thereof the following new subsection:

"(c) Upon the reimportation of any article, whether as merchandise or as a container for merchandise or otherwise, with respect to which any tax under this title has been or is to be refunded, there shall be levied, assessed, and collected, upon the reimportation of such article, a tax equal to the tax refunded, or to be refunded. Such tax shall be paid prior to the release of the article from customs custody or control."

The amendment was agreed to.

The next amendment was, on page 23, line 10, after "Sec. 17", to strike out "Section 19 of the" and insert "The", so as to read:

SEC. 17. The Agricultural Adjustment Act, as amended, is amended by the addition of the following new section: no. "20."

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The clerk will state the first committee amendment which was passed over by unanimous consent.

The LEGISLATIVE CLERK. On page 9, after line 15, it is proposed by the committee to insert the following:

(ii) Forbid processors, handlers of sugar, and others from transporting to, receiving in, processing or marketing in, continental United States, and/or from processing in the Territory of Hawaii or Puerto Rico for consumption in continental United States, sugar from the Territory of Hawaii or Puerto Rico, in excess of quotas fixed by the Secretary of Agriculture, for any calendar year, based on average quantities therefrom brought into continental United States for consumption, or which was actually consumed, therein during such 3 years, respectively, in the years 1925–33, inclusive, as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years, adjusted, together with the quotas established pursuant to paragraph (i), (in such manner as the Secretary shall determine) to the remainder of the total estimated consumption requirements of sugar for continental United States, determined pursuant to subsection (2) of this section, after deducting therefrom the quotas for continental United States, provided for by paragraph (B) of this subsection: *Provided, however,* That in such quotas there may be included direct-consumption sugar up to an amount not exceeding the respective quantities of direct-consumption sugar therefrom brought into continental United States for consumption, or which was actually consumed, therein during the year 1931, 1932, or 1933, whichever is greater, and the Secretary of Agriculture may, by orders or regulations, allot such quotas and readjust any such allotment, from time to time, among the processors, handlers of sugar, and others; and/or.

Mr. COPELAND. Mr. President, I desire to propose an amendment to this amendment.

The PRESIDING OFFICER. If the Senator will send his amendment to the desk it will be stated.

Mr. METCALF rose.

Mr. COPELAND. Mr. President, in order that we may have the question completely before us, I think it would be well for the Senator from Rhode Island [Mr. METCALF] to offer his amendment. I have an amendment on the table suggesting an amendment to line 12, after the word "exceeding", but I ask, in place of submitting that amendment at the moment, that the Senator from Rhode Island may offer his amendment.

The PRESIDING OFFICER. Does the Senator from Rhode Island desire to offer an amendment?

Mr. METCALF. I was waiting for the amendment of the Senator from New York to be offered, but I will offer my amendment at this time.

The PRESIDING OFFICER. The Senator from Rhode Island offers an amendment to the amendment of the committee, which will be stated.

The CHIEF CLERK. On line 16, page 10, after the word "greater", it is proposed to strike out the comma and to insert a colon and the following additional proviso:

Provided further, That after December 31, 1934, there may be included, in the case of Puerto Rico, direct-consumption sugar up to an amount not exceeding 37 percent of the quota established for Puerto Rico.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island to the amendment reported by the committee.

Mr. COPELAND obtained the floor.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Pennsylvania?

Mr. COPELAND. I yield.

Mr. REED. Mr. President, I understand that the amendment now offered by the Senator from Rhode Island [Mr. METCALF] is intended to take care of the case of a new refinery being built on the island of Puerto Rico. That really is a subordinate question to the principle involved in the main question whether we are going to treat Hawaii like a part of the United States, which it is, or whether we are going to treat it like a subordinate possession or a foreign country. Would it not be better, I submit to the Senator from Rhode Island, to offer an amendment which will bring up the main question, and let us determine that, and, that having been determined, we will then be in a position to act more intelligently on the subordinate questions?

Mr. McNARY. Mr. President, may I ask the Senator from Pennsylvania to which section does he refer?

Mr. REED. I am speaking of the section which begins on page 9, line 16, and extends down to line 19, on page 10. It is a totally new section, inserted by the committee for the purpose of saving the face of Hawaii and Puerto Rico without in any way changing the sense of the original text which lumped those two islands in with the Philippines and Cuba.

Hawaii, Mr. President, is as much a part of the United States as is the District of Columbia. It has paid enormous income taxes, far more than many of the States of the Union, far more than it has ever received in benefits. It is different from the States only in that it has not as yet been admitted to statehood, and has no one upon this floor to speak for it, but it is just as much an integral part of this country as is the District of Columbia. Its citizens are American citizens, and, taken by and large, its citizenship compares very favorably with that of most of the States of the Union. Its people are industrious; they pay high

wages; they have developed the sugar industry because the lands of Hawaii and its climate are ideally suited for the cultivation of sugar; and here we propose to increase the quotas of continental United States to an amount far greater than their production in the last 3 years, while we propose to give to the Secretary of Agriculture power to cut the quota of the Territory of Hawaii 20 percent under the average production of the last 3 years.

We safeguard Louisiana and Florida by giving them a fixed quota much greater than their average production in recent years; we safeguard the beet-sugar fields by doing the same thing for those fields; and then we take Hawaii and treat it like a stepchild; put it in the category of Cuba and the Philippines and expose it to the unregulated discretion of the Secretary of Agriculture. We let him take a period of 8 years from which he may select any three in order to ascertain the average that he desires to use for his quota. Under the bill he may select any 3 years from 1925 to 1933. If he should take the last 3 years of that period, which would seem to be the fair way, the quota for Hawaii would be 998,000 tons. If he should take 3 picked years out of the 8 when the crop was the poorest, the quota for Hawaii would be only 750,000 tons.

I have not a particle of personal or political interest in this question, but I happen to have been in Hawaii more than once and know the difficulties under which the Hawaiians labor in securing any kind of recognition from the Congress. They have a delegate in the House of Representatives, but they have no one in this body to speak for them. So I am glad to be one of those to raise a voice in their behalf at this time, and I want to offer an amendment, if the Senator will permit me, which will directly bring up that question.

Mr. FLETCHER. Mr. President, does the Senator classify Puerto Rico along with Hawaii? Is there any difference in the case of the two?

Mr. REED. There is a slight difference. Every law that relates to the mainland practically applies also to Hawaii. That is not true of Puerto Rico. We do not tax the Puerto Ricans by our income-tax laws, for example, but naturally we treat the Hawaiian Islands just the same as we treat the citizens of continental United States.

I do not want to drag in extraneous subjects, but Hawaii, from the military standpoint, has an importance to us that it is impossible to exaggerate. The loyalty of the Hawaiians has never been challenged, it must not ever be, and it must not ever be jeopardized by treating them as if they were not Americans just as much as we are. For all those reasons—reasons of justice, reasons of self-interest for us—it seems to me that Hawaii ought to be treated on the same basis as continental United States.

What, then, the Congress may see fit to do with Puerto Rico is "something else again." Think of the difference in the situation! At present in Puerto Rico there is a very active independence party that wants to be free of the United States. With Hawaii it is just the opposite; they were independent under their own king, and of their own free will they applied for annexation to the United States. One is at least partially trying to get away from us, to secede; the other has never swerved in its loyalty. Nobody ever heard the suggestion that Hawaii wanted to be independent again; they are proud to be Americans, and it is up to us to treat them as Americans.

Mr. COPELAND. Mr. President, may I ask the Senator if he proposes his amendment to that offered by the Senator from Rhode Island and what is the wording of the amendment of the Senator?

Mr. REED. I want to reach the object desired in the simplest possible way. It seems to me that instead of going back and rewriting a whole lot of technical amendments throughout the bill, we will get the correct practical result if we change the figures in line 1 on page 10. "1925–33" is the way it reads. If we change that to read "1931–33", it will give them a quota equal to the average of the last 3 years. It will not give them an increase, as in the case of continental United States and as in the case of the beet-sugar fields in continental United States, but it will merely restrict them to what they have done during the past 3 years.

Mr. COPELAND. Mr. President, will the Senator yield at that point?

Mr. REED. I yield, if I have the floor.

Mr. COPELAND. That would hardly apply to Puerto Rico, however, in view of the hurricane which occurred during those years.

Mr. REED. We could make some exceptions in the case of Puerto Rico, although the figures of Puerto Rican production during the past 3 years would give them a very fair quota.

Mr. COPELAND. What would that quota be?

Mr. REED. Puerto Rico in 1931 produced 752,000 tons; in 1932 it produced 915,000 tons; and in 1933 produced 794,000 tons. The average for the 3 years would be 821,000, which seems to me to be fair.

Mr. COPELAND. That is not quite fair, because those were hurricane years. What was Hawaii's production?

Mr. REED. Hawaii produced 971,000 tons in 1931; 1,028,000 tons in 1932; 994,000 tons in 1933; an average of 998,000. Let me hasten to explain that of that amount of sugar 40,000 tons per year is consumed in the islands themselves, because there are great canneries there. We are all familiar with Hawaiian canned pineapple, and that requires a very large amount of sugar in the process of canning.

Mr. COPELAND. It would seem to me that we might better restrict the Philippines, Puerto Rico, and Hawaii so as to have nothing indefinite about it. My suggestion would be that Puerto Rico's quota be made 875,000 tons and Hawaii's quota 975,000 tons. I think those figures would be more fair.

Mr. REED. Mr. President, may I inquire if the Senator from Rhode Island has temporarily withdrawn his amendment?

Mr. METCALF. Mr. President, the amendment I offered referred to Puerto Rico. I quite agree with the Senator from Pennsylvania in what he has said about the Hawaiian situation. The amendment the Senator from Pennsylvania has offered——

Mr. REED. But I have not as yet offered it. The Senator's amendment is technically pending. Will he let me offer my amendment first?

The PRESIDING OFFICER. Does the Senator from Rhode Island withdraw his amendment?

Mr. METCALF. I withdraw it temporarily.

Mr. COPELAND. Mr. President, what is the form of the amendment of the Senator from Pennsylvania?

Mr. REED. For the purpose of raising the question, it seems to me that on page 10, line 1, we should change the numerals "1925" to read "1931." I offer that amendment. If that does not take care of Puerto Rico to the satisfaction of the Senator from New York, we can put Puerto Rico in a separate clause in the same section. What I want to do is to obtain an expression of the feeling of the Senate with regard to Hawaii. I am ready to go along with a further amendment giving a proper quota to Puerto Rico.

Mr. COPELAND. I think we should consider at this time the question as it affects both Hawaii and Puerto Rico, because, so far as I am concerned, I want to consider them at the same time. Therefore, it would seem to me much preferable if we definitely fix a quota for both those Territories.

Mr. REED. Let me invite the Senator's attention to the fact that there is no year we can fix back of 1931 that would tend to increase the Puerto Rican quota. As we go back prior to 1931 we find that they had very poor years. There is not a year back to 1924 in which they had a production as large as the quota which my amendment would give them. If the Senator will look at the figures he will see there were years of almost crop failure such as, for instance, 1929, when they produced only 460,000 tons. The Senator will not profit by going back and including that period.

Mr. COPELAND. Let me say to the Senator that in the message of the President he suggested certain quotas. For

Hawaii he suggested 935,000 tons. The Senator does not think that is sufficient, does he?

Mr. REED. That does not include the sugar which is consumed within the islands. If that were added it would be 975,000 tons, and I would be willing to accept that amount.

Mr. COPELAND. Why not accept the same advance for Puerto Rico?

Mr. REED. But that is not an advance. The Senator in asking for 875,000 tons is asking too much. He is asking for a quota that never but once has been reached.

Mr. COPELAND. I hope the Senator and I will not split on this particular subject. So far as I am concerned, I am convinced that the quota which I am proposing, and which would give Puerto Rico 875,000 tons, or approximately that amount, is so small as compared to the total amount of sugar consumed in the United States that I feel the Senator ought to join with me.

Mr. REED. I am not inclined to combat the Senator. I am only calling attention to the fact that the amendment I am offering appeared to me to be generous to Puerto Rico.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. Is the Senator in his amendment linking Hawaii and Puerto Rico? It seems to me, as the Senator has very properly indicated, that Hawaii can be distinguished from Puerto Rico. There are reasons which it appears to me are well grounded why Hawaii should be kept in a somewhat different relation to the United States from that of Puerto Rico. I hope the Senator will modify his amendment so that it will apply only to Hawaii or to Puerto Rico, but not link the two together.

Mr. REED. I think perhaps I had better modify my amendment and word it in such way that it will not in any way prejudice Puerto Rico. Therefore I propose, on page 10, line 10, after the word "subsection" to insert the following:

Provided, however, That the quota per calendar year for Hawaii shall not be less than 935,000 tons, not including sugar consumed in Hawaii.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Pennsylvania as modified to the amendment of the committee.

Mr. LEWIS. Mr. President, may I interrogate the Senator from Pennsylvania for information?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Illinois?

Mr. REED. I yield.

Mr. LEWIS. May I ask the Senator from Pennsylvania if the amendments being proposed by him are under the theory conceived by him that the bill discriminates against Hawaii?

Mr. REED. Yes, precisely; it does discriminate cruelly against Hawaii. It does not give Hawaii the same treatment that is accorded continental United States, but treats it rather in the way that Cuba and the Philippines are treated.

Mr. LEWIS. Am I to gather from the Senator's remarks that we are treating Hawaii on the basis that we treat foreign possessions and not as a part of the United States?

Mr. REED. Absolutely.

Mr. BONE. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. Certainly.

Mr. BONE. I wonder if I understood the Senator correctly. I do not mean to interfere with the consideration of his amendment, but he referred to the average of importations into the United States from Hawaii in the past 3 years as being approximately 998,000 tons. I have what I think is the President's message or the figures from it, which indicate 1,009,000 tons. Perhaps the difference is in figuring long or short tons. But from those figures taken from the President's message it appears that Hawaii is the only one of the Territorial possessions of the United States or the only one outside of the United States involved in the sugar question that has its quota reduced. This shows a reduction of 74,000 tons against Hawaii, whereas there is an increase in the quota of the Philippine Islands, and an increase of 21,000 tons proposed for Cuba.

Mr. REED. Precisely.

Mr. BONE. I was principally interested in the figures which the Senator quoted about Hawaii. I wonder whether there is some misunderstanding here.

Mr. REED. There appears to be a difference of some 11,000 tons in the figures. I am using the figures submitted to the Finance Committee, which the Senator will find printed on page 6801 of the CONGRESSIONAL RECORD of yesterday. The difference, after all, is not very considerable. I do not know where the President got the figures he put in his message; but assuming the lower figure, taking the strongest case against Hawaii, even the quota suggested by the President is a material reduction under the production of the past 3 years.

The quotas possible under the bill might be as low as 750,000 tons, which would almost wreck the sugar industry of Hawaii. Their overhead is heavy. They pay far higher wages than are paid on most of the farms of the United States. It is not a coolie country by any means, and their overhead is very considerable. If we cut down their production 20 percent or thereabouts, we shall pretty well wreck the industry for the sake of building up the industry in Cuba and the Philippines; and that, I say, would be a great mistake.

Another element of unfairness in this matter arises from the treatment in case of underconsumption. The quota of Hawaii, then, although it has been fixed by the Secretary, is subject to a reduction to meet the lessened requirements of consumption. The quotas of the continental United States are not subject to the same reduction. All the way through this bill there is evident the intention of treating Hawaii like a foreign country.

Mr. ADAMS. Mr. President——

Mr. REED. I yield to the Senator from Colorado.

Mr. ADAMS. If the Senate should adopt the amendment which the Senator from Pennsylvania first suggested, fixing the quota upon the 3-year average, Hawaii would be thoroughly well taken care of, would it not?

Mr. REED. That is correct.

Mr. ADAMS. The Senator, of course, does not wish to discriminate in favor of Hawaii and against the American beet-sugar producers.

Mr. REED. No; of course not.

Mr. ADAMS. All the Senator is asking is equality of treatment.

Mr. REED. The statement is exactly correct.

Mr. ADAMS. In order to reach some of these figures, instead of taking a period of 9 years, as the bill does, and allowing the Secretary of Agriculture to pick out 3 representative years—a phrase of which I am fearful, as is the Senator—the Senator would limit it to the average for the past 3 years. My inquiry is, Would he be willing to base the quotas upon the past year; that is, the actual present development of the sugar industry in the various areas?

Mr. REED. Mr. President, the result of that would be that the beet-sugar industry in the United States, which has averaged about 1,375,000 tons, would get a quota under this bill of 200,000 tons more than it ever produced in its entire history save during the present season. During the present season, for some reason—probably due to the depression in the cities—the beet-sugar production of this country has been about 1,750,000 tons, nearly 400,000 tons more than was ever produced in all its previous history whereas the production in Hawaii and Puerto Rico has been more constant. If we should take the past year, of course, it would be extremely favorable to the beet-sugar producers.

Mr. ADAMS. If we do not take it, we will force out of cultivation in the beet-sugar areas somewhere in the neighborhood of 175,000 acres which last year were devoted to sugar-beet growing.

Mr. REED. Yes; but which never before had been so employed.

Mr. ADAMS. True; but should the beet-sugar industry be set back? That is the inquiry. Should it be set back or should we start from the point of development which has now been reached and work out a fair quota on the basis of present-day production?

Mr. REED. The trouble is, the beet-sugar producers in the middle of the depression, and at a time of reduced requirements, have seen fit to expand their production immensely, and they have added mightly to the problem of those who would like to see sugar prices stabilized. This whole bill, however, is a process of denying Americans the right to work at a lawful occupation. This is about as un-American as any proposal which ever came before Congress. It denies a man privileges which were supposed to be guaranteed to him under the Bill of Rights of the Constitution, and under Magna Carta in Great Britain. It does things which 5 years ago every one of us would have said were utterly unthinkable.

I know that my old-fashioned school of economics is in the shadow at present. It is believed that we can suspend all economic laws by legislation. It will take us a little while yet to find out that we cannot do so; and after a year or two it is not going to require any argument from me, or from people who think as I do, to prove that this whole new-deal business is founded on fallacies that have been exploded many times before in the history of the world. Until that time comes, there is no use of my arguing against it.

I am taking the bill as it is. Certainly the new deal does not require us to take one group of loyal Americans and discriminate against them to help another group; and I know the Senator from Colorado would not want to do that.

Mr. ADAMS. That is just what I am protesting against, that we do take such a group. Here is a repression of the development of a nonsurplus crop; and, as applied to the beet industry, we are told that 175,000 acres of beet production should go out of cultivation. The Senator is asking that there be equality for the Hawaiians. My inquiry is, if we lay this premise of repression of production in America, why should not a proportionate repression be accepted in the other areas?

Mr. REED. Proportionate, yes. I should not complain of a proportionate reduction; but this is utterly disproportionate. Hawaii is reduced twice as much in percentage as are the beet fields, even on the Senator's own theory of taking last year's huge beet-sugar crop as the standard. Even adopting that as the standard alone, we are reducing the quota of the beet-sugar producers by only half as great a percentage as we are reducing the quota of Hawaii. The Senator will find that that is so when he comes to examine the matter.

Further, we are now getting used to bureaucrats in this country. We have watched them work. We pass an agricultural adjustment act that is intended to help cotton, and we discover to our amazement that under that act, on the pretext of helping cotton, some professor or other in the Department of Agriculture, without notice, without hearing, has clapped a processing tax on jute bags in order that the farmers of the far West shall use cotton bags in which to gather their potatoes.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I will yield in a minute. They have clapped a tax on paper napkins and on paper towels in order, forsooth, to help the cotton farmers of the South; and those interested in producing paper napkins never knew that such a thing was contemplated until it hit them on the chin.

That is the way in which we who rebelled from Great Britain on the theory of "no taxation without representation" have put ourselves in a position to be taxed; and now every little child who goes to the corner grocery to buy 5 cents' worth of lollypops is contributing to the tax on paper bags in order to help the cotton planters of the South. There is the situation in which we have gotten ourselves.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I beg the Senator to let me finish the thought, if it is a thought.

Now we are giving the same bureaucrat, the same official who has so abused the power of the processing tax, the power to pick any 3 out of 8 years as the basis for the calculation of his quota for the poor Territory of Hawaii. Based on his past performance, based on his public announcements, what can we expect in the way of just and considerate treatment when he comes to picking out the years on which to base that quota?

Mr. ADAMS. I shall be very glad to vote with the Senator to make the average for the past 3 years the basis for fixing the quota.

Mr. REED. I am happy to know that the Senator feels that way.

This is the same official, Mr. President, who recently has announced to a waiting world that the lace industry in this country is inefficient, and therefore he thinks that under the new tariff power which the President is asking the lace industry of this country should be exterminated, if you please; should be subject to competition from regions where there are no N.R.A. and no child-labor laws and no limitation on hours of labor, and people are paid barely enough to keep body and soul together. There are 20,000 lace workers in Pennsylvania who see in that the Washington Government reaching out to snatch their livelihood away from them in perpetuity.

Mr. ADAMS. The Senator realizes that there are some other industries that are having difficulty to keep off the extermination list?

Mr. REED. I do, very well; but I am instancing this one because it comes right home to me and gives me a vivid example of what bureaucracy can do when it starts to play favorites.

I now yield to the Senator from Oklahoma.

Mr. GORE. Mr. President, I desire to have printed in the RECORD at this point a telegram which I received yesterday from two constituents of mine. They are local administrators in their counties of some of the bureaucratic measures referred to by the Senator.

The telegram comes as a request to me to prevail upon the proper authorities here in Washington to permit the farmers in a certain county in Oklahoma to plant sweetpotatoes on their own land, on land which they have agreed not to plant to cotton. These free-born American citizens are coming to Washington and supplicating the authorities here to grant them the privilege of planting sweetpotatoes on their own land.

Mr. President, I do not know whether our farmers are becoming victims of voluntary servitude or involuntary servitude, but I wish to say now once and for all that I have always thought there is but one class of human beings on this globe who ought to be subjected to slavery. Those who desire slavery deserve slavery.

I will ask to have the telegram read into the RECORD. I withhold the names, because I would not care to subject the signers of the telegram to any punishment at the hands of their masters.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read as follows:

APRIL 16, 1934.

Senator THOMAS P. GORE,
Washington, D.C.:

On account farm acreage being rented to the Government on the cotton-reduction plan we are finding some difficulty in being able to rent land for garden and sweetpotato projects. A ruling from Director of Cooperative Extension Work in Oklahoma forbids use of lands so rented for cotton-acreage reduction. We need some of these lands for garden projects, and it occurs to us that with your influence we may be able to have this ruling reversed in this immediate instance. Won't you please see what you can do for us?

COUNTY ADMINISTRATOR.
COUNTY DIRECTOR.

Mr. GORE. "Won't you please see what you can do for us?"

Mr. BORAH. Mr. President, has the Senator had any success in getting the ruling reversed?

Mr. GORE. The letter came to hand only yesterday. As I stated a moment ago, I do not know whether this servitude is voluntary or involuntary. It does not meet with my approval, and I do not know whether I shall have success in prevailing upon those in authority here to permit the people out in the short-grass country to plant a few sweetpotatoes on their own land.

Mr. President, there is one other quotation I should like to have read into the RECORD with relation to the beet-sugar industry. It is from page 110 of the book I send to the desk.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read as follows:

France protected one of these industrial infants; that is, the beet-sugar culture. Dr. Wayland said of it in 1837: "The present protection costs £1,400,000 per annum. Suppose this to continue for 20 years, it will amount to no less than £28,000,000 sterling; the interest of which at 5 percent will bring, at 2½d. per pound, 126,000,000 pounds of sugar, or nearly the whole annual amount of sugar now consumed in France." In 1871 we can say that this child, born in the early part of the great Napoleon's career, has not yet become strong enough to walk alone or hardy enough to take the air. Supposing an equable annual consumption of any article, it requires but common-school arithmetic to show that a protection to the extent of 50 percent, continuing for 18 years, would amount to a sum which, at 6-percent interest, would furnish the nation in that article to the end of time, without ever paying anything more for it.

Mr. GORE. Mr. President, I merely wished to have that passage appear in the RECORD. It sheds rather lurid light on the history of the beet industry in France, which we have transplanted to this country. Is it else than a parasite? Perhaps never should have been introduced, but it is here now, and I presume sentiments of humanity require that it should be preserved.

I do not care to discuss the subject. I merely wish to express my approval of what has been said by the Senator from Pennsylvania. I do not think we ought to treat the people of Hawaii as bantlings. They are American citizens, and in my view all American citizens are entitled to equal treatment and to justice.

Mr. REED. Mr. President, I wish to make one more statement and then I shall have concluded.

The amendment now pending would give Hawaii exactly the quota which President Roosevelt recommended in his message. For once in my life I find myself standing by the President. I am asking only that quota which he has recommended to us, and I ask it as a matter of fairness to the people of Hawaii, who are our fellow citizens.

Mr. HARRISON. Mr. President, I know the Senator does not want to misquote the President in the RECORD. The President in his message stated 935,000 tons as the quota for Hawaii.

Mr. REED. That is what I have provided for.

Mr. HARRISON. I understood the Senator's amendment made it 975,000 tons.

Mr. REED. It becomes 975,000 tons when we add to it the locally consumed sugar. But that is what the President recommended; there is no question about that.

Mr. HARRISON. The Senator has shifted his amendment so much it is hard to tell what he asks.

Mr. REED. I have shifted it in order to limit it to Hawaii, and I think it should be so limited.

Mr. McNARY. Mr. President, in connection with the remarks made by the Senator from Pennsylvania, I may say that I have in my possession a letter written to the able Senator from Mississippi, the Chairman of the Committee on Finance, on the 9th day of April, concerning this subject matter, and if it is agreeable to the Senator from Mississippi, I should like to have the letter read by the clerk at this time.

Mr. REED. Mr. President, will not the Senator couple with that a request that the letter from the Secretary of Agriculture to the Secretary of the Interior dated April 10, be also read by the clerk?

Mr. McNARY. I do not have it in my possession.

Mr. REED. I have it, and will send it to the desk.

The PRESIDING OFFICER (Mr. DIETERICH in the chair). Without objection, the clerk will read.

The legislative clerk read as follows:

THE SECRETARY OF THE INTERIOR,
Washington, April 9, 1934.

Hon. PAT HARRISON,
Chairman Committee on Finance,
United States Senate.

MY DEAR SENATOR HARRISON: The bill to control sugar production (S. 3212), pending in your committee, carries a threat to Hawaii's basic industry that will bring financial difficulties to the islands that I should like to see avoided.

The measure as it now stands fixes the quotas for beet and continental cane areas at 1,550,000 tons and 260,000 tons per annum, respectively; whereas by applying the average provided in the bill to Hawaii, which is based on any 3 of the last 8 years, the quota could be fixed as low as 750,000 tons, which would represent a reduction of 300,000 tons from the last crop. This difference would destroy the balance between economical operation and the costly overhead expenses due to the intensive methods that have had to be developed in Hawaii for profitable production.

Further, if consumption increases, continental areas would be entitled to 30 percent of the increase, but Hawaii would not benefit; on the other hand, if consumption decreases, continental quotas would not be disturbed but the deficiencies would be taken from the other producing areas, including Hawaii.

If the sugar-growing areas in the States are given fixed quotas in the bill, I believe Hawaii should be included, and the same ratio of increase allowed. The minimum quota should be fixed at 975,000 short tons of sugar, raw value, taking into consideration the local consumption. The average annual deliveries from Hawaii for the past 3 years have been 1,009,000 tons.

Hawaii as a Territory occupies a different relationship to the Federal Government than the insular possessions with which it is classed in the bill. It is not only self-supporting but contributes materially to Federal revenues. Since its organization as a Territory in 1900 the United States has collected $124,859,686 in revenues, and in 1933 the collections amounted to $3,067,249, outranking many of the States in the volume of receipts. Sugarcane has been the principal industry of the Territory since 1876 and it has furnished employment to the largest number of its people. Almost one sixth of the population was gainfully employed in this industry last year.

I believe Hawaii is entitled to the same treatment in fixing sugar quotas as is accorded the States, because of the conditions under which it was organized as a Territory. I do not believe the Federal authority should invoke disaster on one group of citizens by restricting their market and at the same time extend the production of other groups on the continent. This, in fact, would be the result of classing Hawaii with Cuba and the insular possessions while fixing quotas for the beet industry and Louisiana and Florida.

My concern for the administration of the Territory prompts me to request special consideration of the effect of this legislation with a view to its modification. The Secretary of Agriculture concurs in the general recommendation, but feels that in order to prevent chaos and manifest injustice in the whole quota structure that the quota recommendations in the President's original message should be followed.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 10, 1934.

The Honorable the SECRETARY OF THE INTERIOR.

DEAR MR. SECRETARY: I have read the copy of your letter of April 9, addressed to Senator PAT HARRISON, in which the statement is made that the Secretary of Agriculture concurs in your general recommendation as to the treatment of Hawaii in the sugar bill. In discussing this with officials of the Agricultural Adjustment Administration the point was raised that this statement possibly needs further explanation.

At all times in discussing this matter with interested parties I have endeavored to make it clear that while I concurred in the general recommendation that Hawaii should be considered as having a status different from that of the insular possessions which are not territories I did not express approval of the specific quota proposed in the bill. As you state, my position from the first has been that the quotas set forth in the President's message should be the quotas set up in the bill. The Department recognizes that any change in the quota for one country or for one class of producers necessarily has effect upon other countries or producers.

Sincerely yours,

H. A. WALLACE, *Secretary.*

Mr. COPELAND. Mr. President——

Mr. FESS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. FESS. I should like to ask the Senator from Pennsylvania [Mr. REED] a question as to his amendment. In listening to the letter of the Secretary of the Interior I

caught two points in the letter. One was that we should have the quota for Hawaii fixed at 975,000 tons. The Senator's amendment does that?

Mr. REED. It fixes it at 975,000 tons, excluding the amount used locally, which is 40,000 tons.

Mr. FESS. At least, it fixes it.

Mr. REED. That is right.

Mr. FESS. It does not leave it uncertain. Then, as I understood, the other suggestion in the letter was that if there was an increase in consumption, the continental areas would share therein, to the exclusion of Hawaii, but if there was a decrease in consumption the continental quotas would not be disturbed, but the deficiencies would be taken from the other producing areas, including Hawaii.

Mr. REED. That occurs in a different part of the bill, on which action has been postponed. We will reach that later.

Mr. FESS. I thank the Senator from New York for yielding to me.

Mr. COPELAND. Mr. President, the Senator from Pennsylvania has asked that the quota for Hawaii be fixed at 975,000 tons. I regret that he has not been willing to tie up with that a definite quota for Puerto Rico. Let me point out that in the 3 years used by the Senator from Pennsylvania to fix the definite quota for Hawaii, there have been two or three cyclones and hurricanes in Puerto Rico. The loss suffered in Puerto Rico during these 3 years totals 180,000 tons. One hundred and eighty thousand tons divided by 3 leaves 60,000 tons, and 60,000 tons added to the 821,000 tons which the President fixed from his figures, would make 881,000 tons. By exactly the same process of reasoning the Senator from Pennsylvania reaches the conclusion that Hawaii should have 975,000 tons, there would be the conclusion that Puerto Rico should have 875,000 tons.

Mr. President, I sympathize with everything the Senator from Pennsylvania has said about Hawaii. To my mind the treatment accorded by the United States to our colonial or insular possessions is little short of scandalous. Why anybody outside the continental United States should wish to be annexed to our country is, to me, one of the wonders of the world.

We do not know how to handle our colonial possessions. We do not know how to treat the citizens of these insular possessions. Our record is positively outrageous.

We used to own the Isle of Pines, and President McKinley and his Secretary of State stated to prospective American settlers in the Isle of Pines that that was American territory. It never was dreamed of in the early days that the flag should be hauled down from over the Isle of Pines. But that is what happened. We abandoned the Isle of Pines.

We do not have to go back 3 months to see how the Philippines have been treated by this body.

Admitting all the Senator from Pennsylvania has said about Hawaii, and the reasons why we ought to deal decently with the citizens of Hawaii after considering our action with regard to the Isle of Pines, then the Philippines and Hawaii, we now come to Puerto Rico. Let us see how we are treating American citizens who live in Puerto Rico.

We are dealing in the Hawaiian Islands with a population of 375,000, 125,000 of whom are Japs and other foreigners, and 250,000 are American citizens. Yet, so far as I am concerned, I want to have 250,000 or 250 or 1 American citizen, wherever he may live, treated fairly, and particularly if he lives under the American flag.

But, Mr. President, in Puerto Rico there are 1,600,000 persons, and those 1,600,000 persons are all American citizens. Are they not entitled to some degree of prosperity?

In my enumeration of the failures of the American Republic to deal with insular possessions I forgot to speak about the poorhouse—the Virgin Islands. Are we going to continue forever and ever to neglect those citizens of our Republic who live outside the shadow of the home institutions?

So far as I am concerned, I have no wish to interfere with the happiness of the beet-sugar producers in America. I have no desire to interfere with the raising of cane sugar in Florida or Louisiana. And if I could have my complete wish I would have the quota for Cuba lessened so as to make sure that any additional amount assigned to Puerto Rico and Hawaii should come from Cuba, and not come from the beet-sugar raisers of this country or from the cane-sugar producers.

Mr. President, why do we not on one occasion at least deal generously—no; I do not ask that—why do we not deal justly with American citizens who live in the islands of the sea which have come under our possession? There is no more loyal people anywhere than the people of Puerto Rico. The Senator from Pennsylvania a moment ago spoke about the loyalty of the Hawaiians. No longer ago than yesterday the Legislature of Puerto Rico voted unanimously its desire to have statehood. That is how devoted they are to us. I cannot for the life of me see why they want it, in view of the manner in which we have treated our insular citizens, but they want it. However, there are 1,600,000 of them who are entitled to some consideration.

Mr. President, there is in Puerto Rico one refinery—just one. At great expense they have equipped that refinery to manufacture 165,000 tons of refined sugar a year. The most that they will be able to manufacture under this bill as it is written is 105,000 tons. That is what we have written into this bill. Are we not willing, Mr. President, to change this bill in such fashion that the citizens of Puerto Rico may give employment to their people in their one refinery now equipped to produce 165,000 tons—to give them a quota sufficient to justify the manufacture of that amount of sugar? I wish I had words to convince Senators that with a slight modification this bill would do justice to everybody.

Why do we not, Mr. President, do as the Senator from Pennsylvania suggested regarding Hawaii, and fix the quota of those islands at 975,000 tons, the quota for Puerto Rico at 875,000 tons, the quota of refined sugar from Puerto Rico for the coming year at 165,000 tons, and make such change in the figures as will reduce the amount of refined sugar coming from Cuba so that the rearrangement of figures for Puerto Rico could be made effective?

Mr. President, I am not asking that one single plantation owner or operator or farm laborer in Cuba suffer by reason of the proposal. The amount of raw sugar which will be produced in Cuba would be exactly the same. The only difference would be that there would be opportunity for increased labor in the one refinery of Puerto Rico and also for a slightly increased labor in the Hawaiian Islands. The beet-sugar producers would get all they are asking for; the cane-sugar producers of continental United States would get all they are asking for. Could anything be fairer than that?

The trouble is, Mr. President, that according to the way we function in the Senate, unless a Senator is a member of the committee where a given bill receives consideration, if he attempts upon the floor to make any change in the bill as presented he gets little hearing and less consideration. Of course, with the pressure upon us in the Senate, it is natural that there should be this division of labor, and I suppose it is also natural for us blindly to follow the committee; but in this particular case it makes my blood boil to know that by law and the juggling of figures and the manipulation of machinery of government it is possible for the beet-sugar growers to operate their farms so as to sell at a profit to the farmer in the State of Wisconsin, for instance, sugar that cost 6.87 cents—nearly 7 cents—a pound, while at the same time that sugar is sold to the consumers of the United States at the going price of about 4½ cents a pound, and the deficit between the cost of 7 cents in Wisconsin and 4½ cents of the consumer's contribution, plus a profit to the farmer in Wisconsin, is charged against the American people. The sugar bowls of this country are taxed two or three hundred million dollars a year in order that the beet-sugar growers of America may operate at a profit. If I had my way, Mr. President, I would pay to every beet-sugar grower in America a bounty sufficient to permit him to close up his establishment and take sugar from the parts of the world where it normally and naturally is produced.

We are annually adding two hundred or three hundred million dollars to the cost of sugar to the housewives of America in order that beet-sugar production may be made profitable. We could pay a bounty of $40,000,000 a year out of the Public Treasury and save the American people from two hundred to two hundred and fifty million dollars a year by doing so.

Mr. BORAH. Mr. President, has the Senator from New York any idea how much we would pay for sugar if there were no sugar produced in the United States?

Mr. COPELAND. If the Senator from Idaho will be patient, I am going on to say that I am willing to go ahead with this performance, and it may well be that we have a yardstick here—it may well be that we have a club to hold over the refineries; it may well be that we make a saving by reason of domestic production; but, nevertheless, the fact remains that we are paying a mighty high price for such protection as the Senator suggests we are getting by reason of this enterprise.

Mr. President, I am not proposing anything, however, to change the wording of the bill as regards the beet-sugar producers; I am not proposing anything to affect the cane growers of Florida and Louisiana. I am simply pleading with the Senate that they will let the stricken people in the island of Puerto Rico have at least one industry that will give them some chance to keep the wolf from the door.

There are no finer people anywhere than the Puerto Ricans. We now come in contact with them everywhere and in every walk of life. Some of the finest doctors I have ever known have been Puerto Ricans. They are a splendid people.

Mr. President, let us take just a little bit more from Cuba and give just a little bit more to Puerto Rico and Hawaii. We can do that without changing this bill in one single particular as regards beet and cane production in the United States.

I should like to call attention to the fact that whenever we pass any laws here, whether a prohibition law or such a law as the Agricultural Adjustment Act or any other similar act, they apply to Puerto Rico. The Puerto Ricans have to toe the mark and march the line. Let us be just to them now. So I ask the Senator from Mississippi, in charge of the bill, will he not be good enough to accept and take to conference an amendment fixing definite quotas for Hawaii and Puerto Rico—975,000 tons and 875,000 tons, respectively?

Mr. McNARY. Mr. President, will the Senator yield for a question?

Mr. COPELAND. I yield.

Mr. McNARY. In requesting that definite quotas be provided, does the Senator mean in short tons or long tons, or does he mean quotas based on production over a period of years?

Mr. COPELAND. My thought is that they should be in short tons.

Mr. McNARY. For instance, the Senator from Pennsylvania has offered a quota for the Hawaiian Islands based on the crop production of 1931, 1932, and 1933, which is around 975,000 tons, without specifying whether long or short tons. Is it the idea of the Senator from New York to take a base period, or does he want to fix the actual quota expressed in tons?

Mr. COPELAND. I would be willing to have the figures left as indicated for Hawaii. I have already tried to show that during the last 3 years there was a hurricane loss in Puerto Rico of 180,000 tons.

Mr. McNARY. I may say that is the reason I was asking the Senator the question, because the situation in Puerto Rico is not similar to that in the Hawaiian Islands.

Mr. COPELAND. That is correct.

Mr. McNARY. While a quota based on production in recent years might apply to one, perhaps, there should be a specific tonnage expressed here in the other case, at least.

Mr. COPELAND. That is the point exactly, and I should like to have a quota for Puerto Rico fixed at 875,000 short tons.

Mr. HARRISON. Mr. President, the Senator from New York has asked me a question. I may say to the Senator that the subject of fixing a quota for Hawaii, for Puerto Rico, for the Philippine Islands, for the Virgin Islands, and Cuba, as well as for the United States, was the most troublesome feature about this bill. After weeks and, I may say, months of conversation and conferences, it was determined that it was impossible to fix all these quotas and get a bill through the Congress. It was determined that the best way out of the difficulty, if any legislation was to be enacted, was to fix a quota for continental United States and leave it within the discretion of the Secretary of Agriculture to determine the importations from Hawaii, Puerto Rico, and the other places.

The reasons for that decision are quite apparent and have been demonstrated here on the floor. The Senator from Pennsylvania [Mr. REED] first suggested that we take last year's production as the basis of Hawaii's quota. Of course, that would be improper, because last year there was a very large production in Hawaii, and we would naturally have to decrease importations from other countries. In answer to the question whether that would be agreeable to the Senator from New York [Mr. COPELAND] we were told that it would not be agreeable as applied to Puerto Rico, because a storm had interfered with normal production there.

That illustrates the difficulty of fixing a quota. If we take a 5-year or a 3-year period, we get into complications that prevent a satisfactory solution of the problem. Whenever we fix a quota of 935,000 tons for Hawaii—and I agree with the Senator from New York that that should not be done unless we fix a quota for Puerto Rico—then the question arises whether we must not then fix a quota for the Virgin Islands and then for the Philippine Islands and then for Cuba. There results a bargaining process which, I am afraid, will destroy any likelihood of the passage of the bill. I sincerely hope that the friends of the pending legislation who want to see the measure passed will not insist upon fixing any quota except for continental United States.

Mr. CLARK. Mr. President, will the Senator from New York yield to permit me to ask the Senator from Mississippi a question?

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from New York yield to the Senator from Missouri?

Mr. COPELAND. I yield.

Mr. CLARK. Is it not true, I ask the Senator from Mississippi, that all of this debate and all the propaganda that has been put out as to the relative rights of Puerto Rico, Hawaii, and the Philippine Islands, and Cuba for that matter, to consideration at the hands of the United States Government, is really beside the point? As a matter of fact, the sugar interests of all our dependencies and of the Republic of Cuba are controlled by interests in the United States. This is a dispute among various interests in the United States rather than a dispute between the countries with reference to the claims of Puerto Rico, Cuba, Hawaii, and the Philippine Islands on the United States Government.

Mr. BORAH. That includes Cuba also?

Mr. CLARK. I include all of them.

Mr. HARRISON. With reference to that matter, if the Senator from New York will permit me, the following information has just been furnished to me. The number of mills in the Hawaiian Islands is 42. The number of interests controlling those mills is 6. There are six large interests which control all but a few of those mills. Only 10 percent of the cane used by the mills is produced by small planters. The remainder is produced by the six large interests. The six interests own practically all the mills, refineries, fertilizer plants, and all. They own the California-Hawaiian Sugar Refining Co.

In a summary prepared by the Tariff Commission sometime ago I find that in 1914, of a total of 45,718 laborers on 50 plantations in Hawaii, 24,340 were Japanese, 9,000 Filipinos, 3,570 Portuguese, 2,264 Chinese, 1,715 Spanish, 1,439 Puerto Ricans, 1,407 Koreans, 965 Hawaiians, 625 Americans, and 73 Russians.

I want to see Hawaii get a fair deal in this matter. I have such respect for the Secretary of Agriculture that I believe he will see that they get a fair deal. But if we fix a quota for Hawaii it means necessarily the fixing of a quota for Puerto Rico. When we fix a quota for Puerto Rico it means the fixing of a quota for the Philippine Islands, the Virgin Islands, and Cuba, and the result will be that the chances for legislation relating to sugar will have dwindled practically to nil during this session of Congress.

I repeat, I hope those who want sugar legislation enacted will vote down the amendments which have been offered providing for quotas and let us stand on the proposal as it applies to continental United States, under which we have given a quota of 1,550,000 tons to the sugar-beet interests.

Mr. COPELAND. But the Senator overlooks the fact that we are fixing a quota.

Mr. HARRISON. For continental United States.

Mr. COPELAND. We are fixing quotas on pages 7 and 8 of the bill for the other sugar-producing territories.

Mr. HARRISON. We are leaving it to the Secretary of Agriculture, who may take the average of any 3 representative years during the last 8 years in order to arrive at a basis.

Mr. COPELAND. The Senator must see that if he is simply going to take the bald figures of importations into this country from Puerto Rico and disregard the fact that Puerto Rico has suffered from conditions which do not prevail in any other country and which involve the hurricanes to which I have referred, he will place Puerto Rico immediately at a material disadvantage.

Mr. HARRISON. I submit that when they have a storm it would not be a representative year in Puerto Rico. I am sure the Secretary of Agriculture would not think that such a year would be a representative year.

Mr. COPELAND. I suppose no year when they have a hurricane is a representative year.

Mr. HARRISON. I should not think so.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from California?

Mr. COPELAND. I yield.

Mr. JOHNSON. Not having had an opportunity to give any consideration to the testimony before the Finance Committee, I should like to ask the Chairman of the Finance Committee, as well as the Senator who has the floor, if there are any tentative amounts which have been allotted to Cuba?

Mr. HARRISON. No. The only tentative amount that was fixed was suggested in the President's message, as the Senator will recall.

Mr. JOHNSON. I recall that figure.

Mr. HARRISON. That fixes the amount from sugar beets in this country at 1,450,000 tons.

Mr. JOHNSON. Was that figure discussed in any of the testimony before the committee?

Mr. HARRISON. Yes; I think it was pretty generally discussed.

Mr. JOHNSON. Was there a general agreement from those who are in authority that something approximating that amount would be accorded Cuba?

Mr. HARRISON. I can only give my own opinion. I think the figures in the President's message will, to a great extent, be the yardstick which will be used, with the exception that we have increased the allotment of sugar from sugar beets, with reference to continental United States, by 100,000 tons. All of the others will have to bear a proportionate decrease in order to take care of that increase.

Mr. JOHNSON. I listened with great interest to what was said by the Senator. I am quite familiar with the facts as they relate to Hawaii. Far be it from me to be the advocate of any particular individual who may be termed a sugar baron over there. But the fact remains that Hawaii is a part of the United States, that the individuals there interested in sugar production are Americans, and it seems to me if there is to be any injustice in providing the respective allotments—and I hope there will be none—we ought not to penalize those who are a part of our own country. So I asked the Senator in the beginning as to tentative allotments to Cuba.

Mr. COPELAND. The Senator did not answer, may I say. The allotment is 1,944,000 tons, which is materially greater than the allotment given to any part of the United States.

Mr. HARRISON. I said the yardstick would generally be the suggestion made by the President, with the exception that we give 100,000 more tons to the sugar-beet producers in this country.

Mr. JOHNSON. The difficulty is perfectly obvious, then, to those who want to do no injustice to any interest. Tentatively we know an allotment has been made to Cuba. By this bill we have fixed an allotment for continental United States. Who is going to suffer?

Mr. HARRISON. I can only say what I think ought to be done. In my opinion, each one should bear its proportionate share; and if anyone is to be given a favor, I think Hawaii and Puerto Rico should be given the favor. May I say to the Senator that the Finance Committee has recommended that Puerto Rico and Hawaii be placed in a different classification from the other countries. We took them out of the category of foreign countries.

Mr. JOHNSON. The Senator is taking exactly the position I desire to take in this particular matter. I hope we shall be able to accomplish the result before we finish with the bill; but the bill as it stands does not, in my opinion, accomplish that result.

Mr. BONE. Mr. President, will the Senator from New York yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Washington?

Mr. COPELAND. I do.

Mr. BONE. In view of the fact that Hawaii is American territory, I should like to ask the chairman of the committee why it is that there is presented to us any real difficulty in the matter of Cuba. Cuba is alien soil. Why in the world should we allot to Cuba more sugar to be brought into continental United States than is produced by our own beet-sugar people, and in Louisiana and Florida, and twice as much as is produced in Hawaii? Why be sensitive about Cuba? I know that certain powerful banks have a tremendous stake there, and I am well aware also that sugar barons are the same the world around; but as between American territory and foreign territory I know where my loyalty would lie.

Mr. HARRISON. If the Senator will look at the figures he will find that we imported from Cuba in 1925 more than three and a half million tons; in 1926 just a fraction under 4,000,000 tons; in 1927, three and a half million tons; and the allotment, I think, as suggested by the President, was one million nine hundred and some odd thousand tons. That, however, is not fixed. It is in the discretion of the Secretary of Agriculture.

Mr. BONE. I am well aware of that; but what I am getting at is this: Why should we have our hands tied by the fact that we, over a period of years, have imported into this country so much sugar from Cuba? We might cut that in two if we needed to do so in order to make a better showing for our own possessions and our own territory. My point is: Why should we be so sensitive about Cuba? We are not going to provoke a world revolution here if we cut off the importation of some sugar from Cuba.

Mr. HARRISON. Of course, the Senator knows how delicate the situation is in Cuba. I do not want this discussion to branch off on Cuba. I am hopeful that we can pass the bill this afternoon, and I know that even to mention Cuba might start a long discussion. The economic situation in Cuba, however, is not very good; and I do not think it would help things particularly for us to cut the quota of Cuba in half, and say to Hawaii, "We are going to give you 935,000 tons or more, and give Puerto Rico more", and all that. Certain delicate international questions are involved.

Mr. CLARK. Mr. President, will the Senator from New York yield to permit me to ask the Senator from Mississippi a question?

Mr. COPELAND. I yield.

Mr. CLARK. I again ask if it is not a fact that the sugar interests in Cuba are controlled by American capital, and that the same thing is true of the sugar interests in Puerto Rico and the Philippines. In other words, Mr. President, it is not an international question at all. It is a question between diversified elements of American capital.

Everybody knows that the sugar industry in Cuba is controlled by the Chase National Bank of the United States, located in the city of New York. Everybody knows that the Hawaiian sugar industry is controlled by another group of American capitalists; and the same thing is true of the Philippines. So, as I see the matter, it is not a question of the relative rights of any of these dependencies.

I am going to vote against these quotas, as the Senator from Mississippi is; but I do not feel it necessary to make a specious argument on the subject. All these sugar industries are controlled by American capital. None of them is controlled by foreign capital; and so far as the relative rights of these various other sugar-producing interests are concerned, there is no difference between them, because under the Platt amendment we owe almost as great an obligation to Cuba as we do to the dependencies which are now under the American flag.

Mr. HARRISON. I think American capital is invested in all these countries; perhaps in Cuba more than elsewhere.

Mr. CLARK. And it controls them all.

Mr. COPELAND. Mr. President, I will now resume my remarks.

Mr. KING. Mr. President, will the Senator yield?

Mr. COPELAND. Yes.

Mr. KING. I think my able friend from Missouri [Mr. CLARK] emphasizes too much the American investment in the Philippine Islands and in Hawaii.

American investment in the sugar business in the Philippine Islands is less than 15 percent. The greater part of the sugar interests in the Philippine Islands is owned by Filipinos. Perhaps 12 or 15 percent is owned by the Spanish interests, some of whom are residents of the islands.

I know of no continental American interest in the sugar business in Hawaii. American citizens own and control the sugar business, and as stated, all owners are residents of the Territory.

I know of no banks in the United States, no capitalistic interests in continental United States, which have interests in Hawaii.

In Puerto Rico there are some American interests; but I think it may be said—and the Senator from New York probably is better advised as to that than I am—that the majority of the sugar lands in Puerto Rico are owned by the Puerto Ricans.

Mr. COPELAND. Mr. President, I cannot for the life of me see what difference it makes who owns the land or who owns the refineries. I am not interested in the men who own the refineries. I am interested in the human beings who are under the necessity of making a living out of the soil, raising sugarcane in Puerto Rico and Hawaii. I do not care whose money it is that owns the land or the refineries. I want these human beings to be given a fair deal, and particularly do I want them to have a fair deal because they are American citizens.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Delaware?

Mr. COPELAND. I yield to the Senator from Delaware.

Mr. HASTINGS. I should like to make one observation with respect to these quotas.

I do not know very much about the sugar industry, although I have paid some attention to the pending bill. After the definite quotas were fixed in the committee for continental beets and for Louisiana and Florida, I asked why definite quotas should not be fixed for the other places that grow sugar, as suggested in the President's message, and I received no satisfactory answer to my question.

It seemed to me that Hawaii, Puerto Rico, the Philippines, and Cuba would all be very much better off if they had definite quotas fixed than they would if the right were given to the Secretary of Agriculture to fix their quotas within a period of 9 years. Realizing that it was necessary, in accordance with the agreement which had been made, to give the beet-sugar industry their 1,550,000 tons and to give to Louisiana and Florida their 260,000 tons, making an increase in those two items of 100,000 tons, I suggested that we follow the President's message and fix definite quotas for all the other countries by distributing that 100,000 tons among them, which would mean a reduction of 2.1 percent. It would mean that Hawaii would be reduced by 19,635 tons, that Puerto Rico would be reduced by 17,241 tons, that the Philippine Islands would be reduced by 21,777 tons, and that Cuba would be reduced by 40,824 tons.

The only point I make is that it is important, I think, to have the quotas fixed, so that the people growing sugar in that country—and my understanding is that it takes 2 years to grow it—will know beforehand what they can reasonably depend upon as the amount they may sell.

The beet-sugar industry have in this bill—they had in the committee, at least; I do not know what has been done with it here—a provision that they shall have at least 30 percent of any increase. That need not be disturbed; and, if I were framing the bill, I should provide that what the beet-sugar industry did not get should be distributed in accordance with the proportions set out in the President's message.

I desired to make that suggestion to the Senator before the conclusion of his speech, because I should like him, before he finishes, to comment upon that thought.

Mr. COPELAND. Mr. President, the plan suggested by the Senator is so sensible that I am amazed it was not acted upon by the committee. There can be no doubt that fixing a definite quota would save heartburnings and ultimate distress over any changes which might be made by juggling figures in the future.

My own criticism of the suggestion relates alone to Puerto Rico, because in the figures which were prepared by the President, and the figures which have been used in the committee, no consideration was given to the fact that there has been a hurricane, or series of hurricanes, in Puerto Rico. There can be no doubt, however, I say in categorical answer to the Senator from Delaware, that to fix these quotas as he has suggested would be in the interest of fair play and a good feeling, and I think it should be done.

I am at a disadvantage in pressing the particular matter in which I am now interested by reason of the parliamentary situation. To offer an amendment to the amendment offered by the Senator from Pennsylvania would take it into the third degree, as I understand, and therefore it would not be in order. May I ask the Chair if that is correct?

The PRESIDING OFFICER (Mr. MURPHY in the chair). The Senator's assumption is correct.

Mr. COPELAND. May I offer the amendment in the form of a substitute? I suppose that would still be in the third degree, would it not?

The PRESIDING OFFICER. It would.

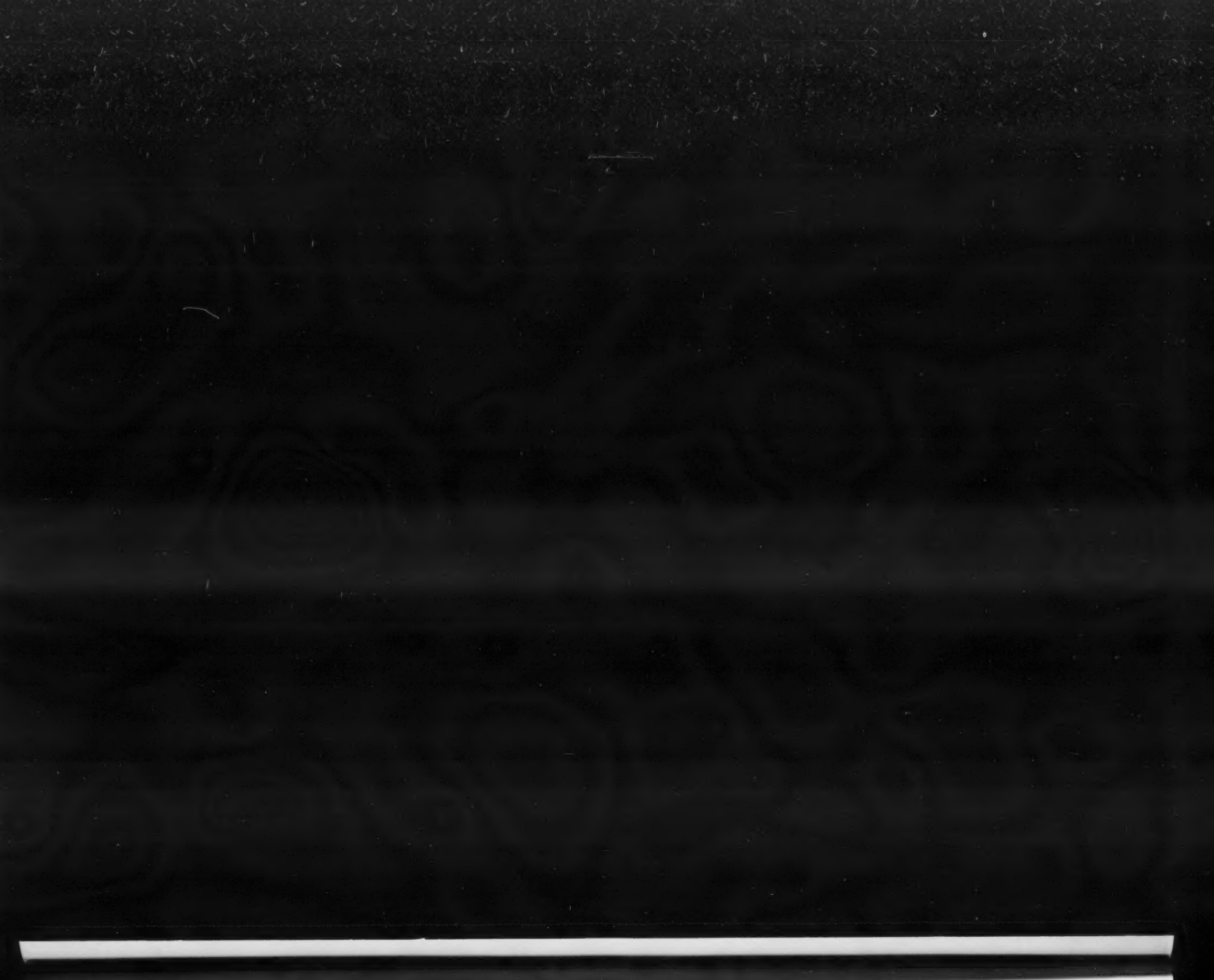
Mr. COPELAND. I then appeal to the Senator from Pennsylvania [Mr. REED]. He has heard the debate. He has observed what I believe to be the feeling of the Senate that these quotas should be fixed; and I appeal to the Senator from Pennsylvania to modify his amendment so as to make the quota for Hawaii 975,000 tons, and the quota for Puerto Rico 875,000 tons.

Mr. KING. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. KING. I suggested a few moments ago that the two ought not to be linked together. Regardless of the merits of both or the merits of either, I sincerely hope the Senator will not consent to linking the two together.

Mr. BORAH. Mr. President, may I ask what the objection is to having them considered together?



Mr. REED. The objection is, Mr. President, that as a practical matter, there are some Senators who believe that Hawaii, being an integral part of the United States, ought to be treated like continental United States. That does not wholly apply to Puerto Rico. Many of us are ready to support the Senator from New York if he will offer an amendment covering Puerto Rico; but I do not want to confound the two. There are equities in the case of Hawaii which do not exist in the case of Puerto Rico. The proposal of the Senator from New York would increase the figure representing Puerto Rico's average production in the last 3 years. The amendment I have offered fixes the figure at less than the average production in Hawaii in the last 3 years. Senators may be willing to reduce the one and not willing to increase the other. It confuses two questions and makes the matter very difficult. I hope the Senator from New York will prepare his amendment and submit it as I have mine, and let us fight it out on the merits.

Mr. BORAH. Mr. President, I do not desire to interfere with the program outlined by the Senator, but, so far as I am concerned, I think that fundamentally there is no difference between these two proposals. I think they ought both to be taken care of, and I am prepared to help take care of them.

Mr. REED. A great many Senators feel that way. If the Senator will permit me, I should like to make a statement. The amendment pending is one I have offered. I have engagements to attend two meetings in Philadelphia this evening, and I simply must take a train at 3 o'clock. In case this question should come to a vote while I am absent, I would like to have it understood that I am not absent through carelessness, but am simply forced to go away. I have a pair; I am protected to the same effect as if I were present.

Mr. COPELAND. Mr. President, may I appeal once more to the Senator? I think it is hardly fair to us to split these propositions. I think the Senator from Idaho has stated the matter correctly, that they are on all fours. But, of course, I am utterly helpless if the Senator insists upon a vote on this particular amendment. I wish, however, he would put the two together.

Mr. REED. Mr. President, the Senator has been most accommodating to me many times, and I want to do what he asks, but there are so many points of difference. In Puerto Rico, for example, there is a sugar refinery, one of considerable size, now under construction. That is not true of Hawaii. The reason why Puerto Rico wants more as a quota than has been suggested is to take care of this increase in productive capacity. Hawaii does not ask that; it is willing to limit its output much more strictly than is continental United States. It does ask for fair treatment as an integral part of the United States.

Mr. BORAH. Mr. President, if it is a place under the American flag where a new industry is being built up, and labor is to be employed, it seems to me that of itself must make a very extraordinary appeal to us to include Puerto Rico.

Mr. REED. Mr. President, it is a strong appeal not to pass this bill at all.

Mr. BORAH. I might agree with the Senator as to that, but I presume it is going to pass in some form.

Mr. REED. I do not know whether that is a fact or not. The whole scheme is so un-American, it is such a flat denial of the essential liberties of the citizen, it so transgresses every conception of free government, I am hoping it will not pass at all; but if it is to pass, it ought to do equal justice to all American citizens.

Mr. BORAH. The Puerto Ricans are American citizens, and did not become so by their consent in the first instance either.

Mr. COPELAND. Mr. President, I want to say one word more. I think the Senator from Pennsylvania is mistaken about the one refinery in Puerto Rico. The license has been paid and the work is actually under way. They are prepared to proceed on a somewhat larger scale. It is the only refinery in the island.

Of course, if the Senator persists, there is nothing for me to do but to permit the amendment to go to a vote.

Mr. COSTIGAN. Mr. President, I was unavoidably absent from the Chamber when the able Senator from Mississippi [Mr. HARRISON] made his statement regarding the amendment. He may already have covered the ground which it seems to me necessary to mention before the vote is taken.

At the outset, I affirm that no Member of the Senate wishes to do other than honor here the citizens and residents of the Hawaiian Islands. They are of fine intelligence, noted for their hospitality, and we are bound to them by ties of close and increasing association and regard.

On the other hand, it is to be borne in mind that the primary problem which we face in the pending bill is one of doing some measure of long-postponed justice to the sugar farmers of the continental United States. Lest there be misapprehension among Members of the Senate on that score, I feel bound to say that the bill does not pay undue attention to the welfare of beet and cane growers in this country.

There may be an impression that, as a result of the consideration of the bill by the Finance Committee, the beet and cane regions, at least the beet-growing regions, have been excessively favored, and specially singled out for privileged treatment in the measure when and as reported to the Senate.

Members of the Senate should once and for all realize that such is not the case. The President's message, in the tentative quotas which it set out, proceeded on the assumption that if we are to match, within reasonable bounds, production and consumption of sugar in this country, some equitable rule should be found for determining the quotas to be assigned to the various regions. Purely by way of illustration, the President, in his original sugar message, noted certain figures as quotas which the Secretary of Agriculture might choose under a representative 3-year rule out of a number of years of sugar crops and sugar consumption in this country.

The average of the years for the sugar-beet area resulted in a figure of 1,450,000 short tons of beet sugar. As a matter of fact, last year, in 1933, in the sugar-beet area of this country, the beet-sugar production was 1,756,000 short tons. Therefore, the quota first indicated fell approximately 300,000 short tons below the production of the 1933 crop. In consequence, when the bill came up for discussion, protests were reasonably made against so substantial a reduction for the sugar-beet area in this country.

Following much discussion, representatives of sugar-beet growers in the United States finally expressed their willingness to assent experimentally to a figure of 1,550,000 short tons of sugar. The reason for fixing the original figure at 1,450,000 was to be found in the fact that the figure represented the average of the three last crops grown in the sugar-beet regions. Viewed under the rule which was proposed to be applied, the Presidential figure was entirely fair and equitable in purpose.

On the other hand, even the 1,450,000 tons were objected to by other areas, including some of our islands of the sea, because, as they insisted, the 1933 beet-sugar crop now being marketed was so considerably in excess of the preceding crops as to be charged with being not representative. That it was unusual is true. For instance, the 1932 continental beet sugar sold in 1933 in this country aggregated but 1,372,000 short tons, and the 1931 beet sugar sold in 1932 was but 1,324,000 short tons.

Indeed the 1,372,000 short tons of beet sugar were more than any preceding consumption figure for domestic beet sugar in the continental United States. Therefore, in fact, the original suggestion of 1,450,000 short tons of beet sugar did represent a real advance, except for the last unprecedented year. In other words, there was every disposition on the part of the administration to be fair to domestic production and to give first attention to the welfare of sugar farmers.

I have reviewed these facts so that the fairness of the administration and the reasonableness of sugar-beet growers will alike be evident to all Members of the Senate. Nothing is being appropriated today in this bill by sugar-beet producers to which the beet growers of this country are not fully entitled.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield.

Mr. HASTINGS. I should like to inquire whether there is any more reason for fixing a definite quota for the beets and the cane in Louisiana and Florida than there is in Hawaii or the insular possessions. I have never been able to get a definite answer to that question, either here or anywhere else.

Mr. COSTIGAN. The Senator from Delaware has doubtless at different times urged the importance of giving definite and even prior recognition to the continental United States. There is, I take it, an instinctive disposition to say that we should deal first with the claims of our fellow citizens among whom we reside on this continent. They are our near neighbors. That may or may not be a sound instinct.

It is at least natural and understandable. But the real reason behind the quota arrangements in the pending measure is not that. As a matter of fact, this measure represents the meeting place of conflicting interests, not only of the continental United States but also of our sphere of influence elsewhere. The domestic sugar-growing interests of some 19 States of this country quite naturally insisted from the outset that there should be specific recognition of a fair quota for the continental United States. Other sugar-growing areas have not, for that or any other reason, been unjustly treated. As a practical matter, the moment you begin to add specifically to the continental quotas you inevitably open Pandora's box, and the bill will thereafter be subject to a constant barrage of applications for quotas from every corner of the world. We have already spent most of this day discussing the appropriate quota for the Hawaiian Islands.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield to the Senator from Louisiana.

Mr. OVERTON. I desire to suggest to the Senator from Colorado that this bill has as its basis and foundation consumption requirements in continental United States. We are undertaking to supply consumption requirements in the mainland of the United States. Since that is the basis, it follows logically that our first effort should be to take care of mainland production.

Mr. COSTIGAN. What the Senator from Louisiana says is highly suggestive. As he knows, and as every other Member of the Senate knows, there is a strong conviction among many people who dwell on this continent that they ought to produce every pound of sugar we consume in the continental United States; and, however we may differ on such a subject, no one should be more sensible to that sort of appeal than the representatives of the high-tariff party who sit on the other side of the Senate Chamber.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield.

Mr. HASTINGS. I do not want to be misunderstood as having any objection at all to what has been done for the beet-sugar producing States and Louisiana and Florida in fixing that quota, but I am asking whether it is not reasonable, having fixed that quota, having given them 100,000 tons more than is set forth in the President's message—and to that I have no objection—to take from each of these other countries 2.1 percent less than the amount fixed in the President's message, and get it all done with at one time? That is a question I have asked several times and cannot get an answer. There may be, for all I know, some reason; and if there is, I think I am entitled to have it.

Mr. COSTIGAN. The answer is that it is reasonable; but it will take us unreasonably long to arrive at any satisfactory conclusion.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield to the Senator from Michigan.

Mr. VANDENBERG. I think there is a further answer to be made to the Senator from Delaware. I think there was a very definite and specific reason why beet-sugar production in continental United States had to be singled out in the first instance for quota production; and that reason was that it was beet sugar, none other than beet sugar, which was singled out for the inimical observation of both the President and the Department of Agriculture when this subject originally was opened; and it was the beet-sugar production which, at least conversationally, was threatened primarily under the initial discussions of the bill by the Department.

I think the Senator from Colorado will agree with me that at the inception of the movement it was the beet-sugar portion of the sugar industry which seemed to require the protection given it by this minimum quota. So there was a specific reason why that particular figure was fixed.

That may not bear on the question of whether there ought not to be others fixed, but it does define why that figure had to be put into the bill.

Mr. HASTINGS. I have never had any question about that; but I still insist that no one has answered my question as to why we cannot make a distribution of the remainder of the sugar of this country in accordance with the President's message.

Mr. COSTIGAN. Mr. President, there is one other misapprehension given more or less currency here today which I trust will not find lodgment in the Hawaiian Islands. Various statements during this discussion are calculated to impress our fellow citizens in the paradise of the Pacific with the view that they are being discriminated against by the people of the continental United States. Nothing could be farther from the truth. No part of America in fact has been more generously dealt with than the Hawaiian Islands. They deserve the best that can come to them, but let it not be said here or elsewhere that the people of the continental United States have been other than devoted to their just interests.

The islands are wealthy. They have prospered under our flag. For years they have been receiving a tariff subsidy of some $40 per ton on all sugar produced there. Their sugar comes to our mainland duty-free. The phenomenal development of the sugar industry in those islands is rooted not in the hostility but in the generosity of the people of this country.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield to the Senator from Idaho.

Mr. BORAH. As my State is a beet-sugar producing State, naturally I am desirous of seeing the bill so framed as to serve the beet growers so far as possible; but I do not see how the beet-sugar growers or the cane-sugar producers in the United States can complain about fixing quotas for Hawaii and Puerto Rico. How will it hurt them?

Mr. COSTIGAN. May I say to the Senator from Idaho that no one knows better than does he the desperate plight in which the farmers of the West in the beet-growing regions find themselves at this hour. If the passage of this bill is indefinitely prolonged—indeed every hour in which it is prolonged adds to the crisis—the loss and the suffering which will be inflicted on the farmers of the sugar-beet growing regions will be incalculable. We are certain to be delayed by this suggestion. If I thought otherwise I should have not the slightest hesitation in entering on any discussion likely to contribute to any more acceptable solution of the problem.

Mr. BORAH. Mr. President, I entirely agree with the Senator that time is of the essence of this matter, and I am ready to vote upon every question involved in this bill. I do not see why we cannot vote upon all these questions without further discussion. Every Senator in the Chamber is well informed as to what he desires to do. Let us vote. We can dispose of it in no time. I do not see why it should be delayed. I do not see why it should imperil the bill.

Mr. COSTIGAN. May I ask the Senator from Idaho if he will read to the Senate for its information the changed

and specific allotments he would give to Hawaii, Puerto Rico, and the Philippines if we were to proceed on the theory that we are going so to adjust the allotments at this moment?

Mr. BORAH. I am inclined to vote for the amendment which has been offered here with reference to Puerto Rico and Hawaii; and that is all I am considering.

Mr. COSTIGAN. Without reference to the effect on the other quotas? May I say, Mr. President, and I shall now detain the Senate only briefly, that what has been properly done with respect to the sugar-beet area through the increased allotment to that area of 100,000 tons presents a very definite problem for our consideration. That increase of the allotment throws out of line the other allotments suggested in the earlier Presidential message. One possible way to proceed would be to deduct from the other areas percentage amounts sufficient to make up, when added together, the 100,000 additional tons transferred to the beet area. I have before me a calculation which ought to be brought to the attention of the Senate. After giving effect to the 100,000 tons increase, if we apply to the remaining quota areas a reduction of between 2 and 3 percent, we may well conclude that the Hawaiian figures should be reduced considerably below the figure which is suggested in the pending amendment.

To put the matter in another way, the reduction under this particular proposal from the 1,750,000 tons produced in the last crop to 1,550,000 tons, represents a decline in the allotment to our sugar-beet area of 11.4 percent. The percentage of reduction allowed to Puerto Rico from the Presidential tentative figures as compared with this year's Puerto Rican crop, after giving effect to the pro rata reduction due to the increase in the beet quota of 100,000 tons, would be 12.5 percent. Hawaii, on the other hand, even after taking into account its pro rata reduction due to the 100,000 tons increase in beet quota, would only suffer a decline of 6 percent. In other words, under the plan as reported to the Senate, the decline from last year's Hawiian crop would be approximately only one half the percent decline in the beet area compared with last year's crop, and the Puerto Rican decline would be about the same as the beet-area decline. These facts should, in fairness, be noted so that the people of Hawaii will thoroughly understand that, instead of being discriminated against, they have been relatively and definitely favored, even after adding the 100,000 tons to the quota of the sugar-beet area.

Mr. COPELAND. Mr. President, is that true also of Puerto Rico?

Mr. COSTIGAN. The figures as to Puerto Rico would be approximately the same as for the beet-sugar area. The precise figures, I may say to the Senator from New York, for Puerto Rico are 12.55 percent, whereas the decline for the beet area, even after including the 100,000-ton increase, is 11.43 percent.

Mr. COPELAND. Mr. President, will the Senator from Colorado yield to me?

Mr. COSTIGAN. Certainly.

Mr. COPELAND. Cannot the Senator find some way by which the 90,000 tons which would make up the allowance we are seeking for Hawaii and Puerto Rico may be deducted from the Cuban quota?

Mr. COSTIGAN. Mr. President, doubtless that can be done; but I venture to suggest that the shifting backward and forward of suggestions, including the last suggestion made by the able Senator from New York, is the best possible illustration of the desirability, importance, and, in my judgment, necessity of leaving the final solution of this problem to our fair and capable Secretary of Agriculture.

Mr. COPELAND. Mr. President, if the Senator will permit me, I desire to say that I am perfectly willing to do that if allowance shall be made for the hurricane loss of Puerto Rico, and that has not been done in any figures which have been presented.

Mr. KING. Mr. President, will the Senator from Colorado yield to me?

Mr. COSTIGAN. Certainly.

Mr. KING. It may throw some light upon this subject if attention were challenged to the quotas proposed by the stabilization plan which was agreed upon last year by the representatives of the sugar interests not only of continental United States but of the insular possessions and Cuba. The Senator is aware of the fact that representatives of the sugar industry convened in Washington for the purpose of working out some plan that would satisfactorily meet the sugar situation. There were protracted hearings and discussions participated in by experts and practical sugar farmers. Dr. Coulter, of the Tariff Commission, presided and guided the work of the conference. Following the discussions, quotas for the following respective countries taking part in the conference were agreed upon, the object being to secure stabilization of this important industry:

The beet industry of continental United States, 1,750,000 tons; southern cane, 310,000 tons; Puerto Rico, 875,000 tons; Hawaii, 975,000 tons; the Philippine Islands, 1,100,000 tons; the Virgin Islands, 15,000 tons; and Cuba, 1,700,000 tons, making a total of 6,725,000 tons.

I attended a number of the meetings when the discussion was in progress, and my understanding, from my contacts with a large number of delegates and representatives, was that they accepted, with practical unanimity, the quotas which I have just stated.

The quotas proposed by the President reduced the continental quota from 1,750,000 tons to 1,450,000 tons; southern cane from 310,000 tons to 260,000 tons; Puerto Rico from 875,000 tons to 821,000 tons—and I might say that the 3-year average between 1925 and 1927, inclusive, for Puerto Rico was only 577,500 tons; Hawaii from 975,000 to 935,000 tons; the Philippines from 1,100,000 tons to 1,037,000 tons, a reduction, as will be observed, of approximately 63,000 tons from the agreed quota at the conference to which I have called attention; the Virgin Islands from 15,000 tons to 5,000 tons; and in the case of Cuba an increase from 1,700,000 tons to 1,944,000, or an aggregate of 6,452,000 tons.

The 3-year average of deliveries—that is, from 1925 to 1927, inclusive—was 6,638,500 tons.

I hope the Senator will pardon me for calling attention to these figures, and if they throw any light upon this rather complicated question, and aid us in reaching a happy solution, I know that my trespass will be forgiven.

Mr. COSTIGAN. Mr. President, the figures cited by the Senator from Utah are informative.

Returning to the question of the Senator from New York [Mr. COPELAND], may I say that my attention has just been directed to certain figures for Puerto Rico dealing with the consumption of Puerto Rican sugar in this country during the years 1931 to 1933. Included in those years, I assume, was one hurricane year. The tabulation shows, for 1931, 752,000 short tons; for 1932, 915,000 short tons; for 1933, 794,000 short tons. On the average of these figures the Presidential quota for Puerto Rico was, I believe, based.

Mr. COPELAND. Mr. President, will the Senator yield at that point?

Mr. COSTIGAN. I yield.

Mr. COPELAND. I agree fully with what the Senator has said, but——

Mr. COSTIGAN. May I add that those figures show a higher average than any other 3-year period for Puerto Rico during the years from 1925 to 1933, inclusive?

Mr. COPELAND. Needless to say, on that account I should be happy to accept them, but during those 3 years there was a loss of production, owing to a hurricane, amounting to what is estimated to be a total of 180,000 tons. Including those figures, the average would be 60,000 tons greater, and 60,000 tons added to the average would make approximately the figures for which I am contending, those figures being 875,000 tons; and that, to my mind, is a just and fair figure.

Of course, my interest has been greater in Puerto Rico than Hawaii. With the conditions in Hawaii I am not so familiar, but it would seem to me, in view of the studies made and referred to by the able Senator from Colorado,

that those figures could not be considered complete without adding the hurricane loss during the 3 years.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Michigan?

Mr. COSTIGAN. I yield.

Mr. VANDENBERG. May I have the attention of the Senator from New York also? The Senator from Utah [Mr. KING] has just presented figures which represent the voluntary agreement last fall with reference to what the relative producing areas thought they were entitled to in respect to each other. The relationship which existed in that agreement as between continental beets and Puerto Rican cane was as follows: This is the voluntary agreement. They agreed that continental beets should have 1,750,000 tons and that Puerto Rico cane should have 875,000 tons. Very well. Under the provisions of the bill the quota for continental beets is reduced 12 percent from 1,750,000 tons, and in order, therefore, to maintain the same relationship which was agreed upon voluntarily by the representatives of these competing areas last fall, it seems to me if we fix the Puerto Rican quota we should apply the same 12-percent reduction straight down the stabilization program, which would bring it below 800,000 tons.

Mr. COPELAND. I see the force of the figures presented, but still I am unconvinced.

Mr. VANDENBERG. Upon what basis would Puerto Rico be entitled to claim the full quota under the stabilization agreement when continental beets are failing by 12 percent to have the quota provided in the stabilization agreement?

Mr. COPELAND. Let me say to the Senator from Michigan, if the Senator from Colorado will yield——

Mr. COSTIGAN. I yield.

Mr. COPELAND. I am perfectly willing to accept the arrangement made in the bill as regards sugar beets. I am willing to accept the quota established for exchange. But I contend with all the vigor of my soul that we are not being fair to our own citizens in Puerto Rico if we do not deal more generously with them. I have no desire to be unkind to Cuba. The first public speaking I ever did in my life was when I undertook to stimulate interest for intervention in Cuba on the part of the United States. I have had that interest all these years. But, Mr. President, if I have to choose between being liberal with the citizens of Cuba and being liberal with the citizens of the United States living in Puerto Rico, I am going to err, if I err at all, on the side of the American people.

Mr. VANDENBERG. What I am asking the Senator is why there should not be equality of treatment as respects American citizens in the beet areas of continental United States and American citizens in Puerto Rico if we are going to fix quotas for both. I am asking the Senator whether he does not concede that on the basis of the stabilization agreement he is seeking a greater advantage for Puerto Rico than the bill undertakes to give in its quota to continental beets.

Mr. COPELAND. Where did the Senator get his figures, may I ask?

Mr. VANDENBERG. I got them from the statement just submitted for the RECORD by the Senator from Utah [Mr. KING].

Mr. COPELAND. I have here the marketing agreement which was made, whereby Hawaii was given 975,000 tons, Puerto Rico 875,000 tons, the Philippine Islands 955,000 tons, and Cuba 1,700,000 tons. But now, somehow or other, through the juggling of figures—I do not mean the improper juggling of figures, but in the confusion which arises from handling masses of large figures—Cuba has been given 1,944,000 tons. We are only asking for 90,000 more tons to give fair treatment to Puerto Rico and Hawaii.

Mr. VANDENBERG. Would the Senator object to having the same percentages apply straight down against the stabilization plan?

Mr. COPELAND. I should want to study those figures. If the Senator will submit them to me, I shall be glad to look at them.

Mr. VANDENBERG. My only argument with the Senator is over the size of the quota which he is proposing for Puerto Rico in relation to the quota already fixed for continental beets. I am submitting to him that he is seeking a greater percentage for Puerto Rico on the basis of the voluntarily agreed stabilization plan than we are receiving for continental beets.

Mr. COPELAND. I would not object if the Senator added another 100,000 tons to the continental quota.

Mr. VANDENBERG. The Senator from Michigan would not object either.

Mr. COPELAND. That is all right. Propose a greater quota for the people of the United States and I will vote for it.

Mr. VANDENBERG. That is easier said than done. We have been trying to do it for 2 months.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from California?

Mr. COSTIGAN. I yield.

Mr. JOHNSON. I was not able to be present for just a moment during the discussion, having been called momentarily from the Chamber. I wish to inquire with reference to the figures the Senator from Michigan has just used. What is the reduction in percentage which the Senator suggests continental United States would take?

Mr. VANDENBERG. Twelve percent.

Mr. JOHNSON. What is the reduction in percentage Cuba would take?

Mr. VANDENBERG. Cuba would take no reduction. The bill very frankly charges the economic stabilization to the sugar farmers of the United States.

Mr. JOHNSON. That is what I wanted to ascertain. The theory behind it is that we take 12 percent from continental United States and no percentage from Cuba. Is that the fact?

Mr. VANDENBERG. I beg the Senator to address his question to someone who is in favor of that kind of arithmetic.

Mr. JOHNSON. Is that exactly, in the opinion of the Senator from Michigan, what the bill does?

Mr. VANDENBERG. That is precisely what the bill does.

Mr. COSTIGAN. Mr. President, it is my hope that certain observations I made with respect to the Hawaiian Islands will also be considered as applying to Puerto Rico. I have in my hand the weekly statistical sugar-trade journal of January 11, 1934, containing figures compiled by Willett & Gray, in long tons, with respect to the sugar crop of the world in different years from 1913–14 to 1933–34. I wish to call attention only to the relative progress in sugar production in the different regions we have been discussing.

In 1913–14 the Puerto Rican production, in long tons, was 325,021; in 1933–34 it was 876,000 long tons, representing the progress of Puerto Rico in sugar production under the very substantial tariff bounty that that island has been enjoying.

In the same period the Hawaiian Islands advanced from a production of 550,925 long tons in 1913–14 to 919,000 long tons in 1933–34.

That the progress in the continental United States in sugar production was not disproportionate is shown by the following figures for the beet areas: 655,298 long tons produced in 1913–14 and 1,450,000 long tons in 1933–34. It is to be borne in mind that these figures are long tons refined. The last figure, converted to short tons raw basis, would give the figure of 1,750,000 tons, which has been so often cited here this afternoon as the phenomenal production for the beet areas during the last crop year.

Mr. President, I ought to add that Puerto Rico, under the bill which is before the Senate, will have further special consideration—at least it is possible for the President to issue a proclamation permitting that result. The bill permits the creation, out of processing taxes on island sugars, of a separate fund which can be used in Puerto Rico for the promotion of agricultural development other than sugar. The same generalization applies to Hawaii and to the Philippine Islands. In other words, if the bill is passed, instead of appropriating to ourselves the proceeds of pro-

essing taxes on island sugars, special funds are expected to be created which will be used, not for our benefit, but for the benefit of diversified agriculture in those respective regions.

This entire discussion must have convinced every one on this floor of the unwisdom of adopting, at this hour, any amendment which will defer final action by the Senate on the pending bill. Great distress is now being experienced in the sugar-beet areas because the planting period, as stated in telegrams reaching us almost hourly, is about half over. The fact is, according to all the reports, that every hour's delay is actually diminishing the returns which will come to farmers of the sugar-beet areas of this country. For one, I earnestly trust that the amendment will be rejected.

Mr. BORAH. Mr. President, I sympathize very thoroughly with what the Senator from Colorado has said in his closing sentences. If we are going to pass the measure, we ought to pass it just as soon as possible.

Expressing my personal view, I hope that we may take votes upon these matters and conclude the consideration of the bill today. If we take up the measure again tomorrow, it will be another day; and I know no reason why we should not vote now.

I am in thorough sympathy with what the Senator from Colorado says. Let us vote upon the measure.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on the amendment of the Senator from Pennsylvania to the amendment of the committee. [Putting the question.] By the sound the noes appear to have it.

Mr. FESS. Mr. President, I was on my feet, attempting to get recognition, in order to ask whether we had not better have a quorum before voting on this amendment.

Mr. HARRISON. If the Senator wants the yeas and nays there will be no objection to giving them to him, provided we hasten along, because more speeches probably will be made if we have a quorum call.

Mr. FESS. Let us have the yeas and nays.

Mr. COPELAND. Mr. President, before that question is put, let us accept what has happened with regard to this amendment. Before that is done, however, let me say that it is my intention to do what I have been wanting to do all the afternoon, to link together Puerto Rico and Hawaii. If this decision is accepted, I shall then vote that the quota for Hawaii be fixed at 975,000 tons, and the quota for Puerto Rico at 875,000 tons. Then on that question I should be very glad if we could have a record vote.

Mr. FESS. I had understood that the present vote was on the Reed amendment.

Mr. HARRISON. It was on the Reed amendment.

Mr. COPELAND. But that includes Hawaii only.

Mr. FESS. The Senator from Pennsylvania is not in the Chamber, and it does not seem to me right to vote on his amendment in his absence.

Mr. HARRISON. The Senator from Pennsylvania stated that he had to leave.

Mr. VANDENBERG. He has left the city.

Mr. NORRIS. Let me say to the Senator from Ohio that the Senator from Pennsylvania understood very well that this amendment was to be voted on in his absence. He has gone to Philadelphia.

Mr. KING. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. KING. The Senator from Pennsylvania understood, I think, that the two proposals were not to be linked; that the vote was to be taken upon his amendment, which related solely and exclusively to Hawaii, and did not embody any suggestion about Puerto Rico.

Mr. FESS. Let us have the yeas and nays.

Mr. JOHNSON. Let us have the yeas and nays on the amendment of the Senator from Pennsylvania [Mr. REED].

The yeas and nays were ordered.

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hatch	Overton
Austin	Couzens	Hayden	Patterson
Bachman	Cutting	Hebert	Pittman
Bankhead	Davis	Johnson	Pope
Barbour	Dickinson	Kean	Reynolds
Black	Dieterich	Keyes	Schall
Borah	Dill	King	Sheppard
Brown	Duffy	Lewis	Shipstead
Bulkley	Erickson	Logan	Steiwer
Bulow	Fess	Lonergan	Stephens
Byrd	Fletcher	Long	Thomas, Utah
Byrnes	Frazier	McGill	Thompson
Capper	George	McKellar	Townsend
Caraway	Gibson	McNary	Vandenberg
Carey	Goldsborough	Metcalf	Van Nuys
Clark	Gore	Murphy	Wagner
Connally	Hale	Neely	Walcott
Coolidge	Harrison	Norris	Walsh
Copeland	Hastings	O'Mahoney	White

Mr. LEWIS. Mr. President, I announce the absence of the Senator from California [Mr. MCADOO], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], the Senator from South Carolina [Mr. SMITH], the Senator from Georgia [Mr. RUSSELL], the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. GLASS], and the Senator from Kentucky [Mr. BARKLEY], all detained on official business.

I regret to announce the absence of the Senator from Arkansas [Mr. ROBINSON], caused by a death in his family; and the absence of the Senator from Montana [Mr. WHEELER], caused by personal illness.

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Pennsylvania [Mr. REED] to the amendment of the committee. On that question the yeas and nays have been ordered.

Mr. KING. Mr. President, I have felt a deep interest in the Territory of Hawaii ever since it became a part of the United States. I have watched with interest the commercial, material, and educational development which has there taken place. My interest in part grew out of the fact that my father spent 12 years in Hawaii and to the day of his death was a sincere friend of the Hawaiian people. Before the Hawaiian Islands were incorporated into the United States I believed that they should be brought within the jurisdiction of our Government. It seemed to me that if they were not made a part of the United States, other governments would covet their possession and seek their control.

A number of European powers having interests in the Orient, among them being Germany, Great Britain, France, and Holland, might, I feared, seek to obtain special interests in the Hawaiian Islands if not the ownership and control of the same. It seemed to me that there were many reasons justifying the United States, if it was in consonance with the wishes of the inhabitants of Hawaii, in bringing them under the sovereignty and control of our Government. Accordingly, many years ago, when I was a Member of the House, I offered the first resolution for the annexation of the Hawaiian Islands. Within a short time thereafter the Hawaiian Government, as an independent nation, ceased to exist, its territory became a part of the United States, and its inhabitants citizens of the United States. A Territorial form of government was established, and a measure of local autonomy granted to it.

The population of the Territory has greatly increased and it has made remarkable advancement commercially, industrially, agriculturally, educationally, culturally, and, indeed, in all important and progressive matters.

Mr. President, the Territory of Hawaii is as much a part of the United States as is the State of Pennsylvania, or, for that matter, any other State in the Union. It is under the flag of this Republic; it is under the Constitution of this Republic; the Bill of Rights and all fundamental guarantees provided by the Constitution apply to the Territory and to its inhabitants. The inhabitants of Hawaii are American citizens and entitled to all the rights of American citizens; their products have the same rights to enter the ports of continental United States as the products of any State of the Union are entitled to pass beyond its borders and into

any other State. The people of Hawaii are loyal American citizens. They have done their part; they have contributed in every proper way to the Government of the United States and discharged all the duties and obligations resting upon them as loyal, patriotic American citizens. There is no divided allegiance.

Accordingly, there ought not to be a different policy invoked or plan carried into execution in dealing with industrial or other questions common to the United States and to the Territory. Therefore, when I have suggested that if there were no sugar quota for continental United States I have stated that the Territory of Hawaii should not be subjected to a quota; and, upon the other hand, I have believed that if a quota were fixed for continental United States it would not be improper to apply the same rule to the Territory of Hawaii.

When the Senator from Colorado was speaking I called his attention to the conference held in the fall of 1933, participated in by the sugar producers in continental United States, Hawaii, the Philippines, Puerto Rico, the Virgin Islands, and Cuba, and to the agreement there reached as to the quotas that should be fixed for the participating countries. A quota was fixed for each of these countries and, as I have stated, the agreement reached was reasonably satisfactory and was acquiesced in by the representatives of the industry there participating.

The quota proposed for Hawaii in the stabilization plan was 975,000 tons. I have been willing to carry into execution the provisions of that stabilization agreement. Under that plan the beet growers of continental United States would have been authorized to produce 1,750,000 tons of sugar. That quota, however, was reduced and the pending bill gives a quota of 1,550,000 tons. There has been a reduction of 11 percent from the amount provided in the stabilization agreement. While I should be glad to vote for the full quota provided for the United States as well as for the Territory of Hawaii, I have discovered that a measure giving these quotas would not meet with approval; indeed the House departed from the quota and made the reduction to which I have referred.

It is obvious that the proposal to give to the Territory of Hawaii the full amount provided in the President's quota will not be approved, and while I would be glad, as I have stated, to accord to the Territory the full amount indicated in the President's quotas, I shall not vote for the amendment offered by the Senator from Pennsylvania believing that if adopted it might jeopardize the passage of the measure, but if it shall be defeated I shall then offer an amendment providing approximately 11 percent reduction in the quota for Hawaii.

While I believe that such quota is too low and is not warranted by the situation, nevertheless, when confronted with the difficulties and uncertainties connected with this proposed legislation I feel constrained to take the position just indicated. Moreover, I am inclined to think that it would be better for the Territory to have a quota less than that to which it is entitled than to leave it to the discretion of the Secretary of Agriculture to determine the amount of sugar which may be produced in the Territory.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. VANDENBERG. May I say for the RECORD that I take precisely the view of this thing taken by my able friend from Utah, and I shall vote accordingly, and for the same reason.

Mr. KING. I regret the complicated situation which has developed in connection with legislation relating to the sugar question. I had hoped that a measure would be submitted that would be fair and just in all of its provisions and one to which I could subscribe without compunctions or fears or reservations. The bill before us does not suit me; it has provisions that are objectionable; it rests upon a foundation which I fear is not stable; and I have no little concern as to the results of this proposed legislation. However, I am advised from the beet producers of my State as well as those in other States that this measure, objectionable as many of its provisions are, will perhaps meet a situation which calls for some sort of legislation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained. I am advised that were he present he would vote "nay." Were I permitted to vote, I should vote "yea."

Mr. HEBERT (when his name was called). I am paired with the Senator from Montana [Mr. WHEELER], who is detained on account of illness. If present, he would vote "nay" on this question. If permitted to vote, I would vote "yea."

Mr. DUFFY (when Mr. LA FOLLETTE'S name was called). My colleague [Mr. LA FOLLETTE] is absent in attendance on the funeral of former Senator Blaine. I am not advised as to how he would vote on this question were he present and voting.

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. STEPHENS (when his name was called). I am paired with the Senator from Indiana [Mr. ROBINSON], and in his absence I withhold my vote.

Mr. WALCOTT. I have a general pair with the junior Senator from California [Mr. MCADOO], who is necessarily detained. Not knowing how he would vote if he were present, I refrain from voting.

The roll call was concluded.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Pennsylvania [Mr. REED] with the Senator from Arkansas [Mr. ROBINSON]; and

The Senator from North Dakota [Mr. NYE] with the Senator from South Carolina [Mr. SMITH].

The Senator from Pennsylvania [Mr. REED] earlier in the day explained his position on the amendment and the necessity of his absence. He announced that he was paired.

Mr. LEWIS. I desire to announce that the Senator from Georgia [Mr. RUSSELL] is paired with the Senator from Washington [Mr. BONE]. The Senator from Washington, if present and voting, would vote "yea", and the Senator from Georgia, if present and voting, would vote "nay."

I desire also to announce that the Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the Senator from Washington [Mr. BONE], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Oklahoma [Mr. THOMAS] are detained on official business.

Mr. DICKINSON. I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY], who is necessarily detained. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. FLETCHER. I have a pair with the Senator from West Virginia [Mr. HATFIELD], which I transfer to my colleague the junior Senator from Florida [Mr. TRAMMELL], who is unavoidably absent, and vote "nay."

Mr. LEWIS. I reannounce the absence of several Senators and the reasons for such as previously given by me.

The result was announced—yeas 20, nays 50, as follows:

YEAS—20

Borah	Gibson	Hayden	Schall
Coolidge	Goldsborough	Johnson	Shipstead
Copeland	Gore	Keyes	Steiwer
Davis	Hale	McNary	Townsend
Dill	Hastings	Patterson	White

NAYS—50

Adams	Brown	Caraway	Cutting
Austin	Bulkley	Carey	Dieterich
Bachman	Bulow	Clark	Duffy
Bankhead	Byrd	Connally	Erickson
Barbour	Byrnes	Costigan	Fletcher
Black	Capper	Couzens	Frazier

George	Lonergan	O'Mahoney	Thompson
Harrison	Long	Overton	Vandenberg
Hatch	McGill	Pittman	Van Nuys
Kean	McKellar	Pope	Wagner
King	Murphy	Reynolds	Walsh
Lewis	Neely	Sheppard	
Logan	Norris	Thomas, Utah	

NOT VOTING—26

Ashurst	Hatfield	Nye	Thomas, Okla.
Bailey	Hebert	Reed	Trammell
Barkley	La Follette	Robinson, Ark.	Tydings
Bone	McAdoo	Robinson, Ind.	Walcott
Dickinson	McCarran	Russell	Wheeler
Fess	Metcalf	Smith	
Glass	Norbeck	Stephens	

So Mr. REED's amendment to the amendment of the committee was rejected.

Mr. KING. Mr. President, I offer the following amendment: In line 10, page 10, after the word "subsection", insert the following words: *Provided*, That the quota calendar year for Hawaii shall not be less than 868,000 tons, not including sugar consumed in Hawaii."

I reached the figures indicated by referring to the various quotas which were proposed in the stabilization plan which was agreed upon by the various sugar interests of the United States and of our insular possessions, as well as Cuba, in the fall of last year.

As I stated a few moments ago, when I submitted these figures to the Senator from Colorado [Mr. COSTIGAN], the United States received a quota of 1,750,000 tons and Hawaii a quota of 975,000 tons. It is not necessary, in support of the amendment I have offered, to read the quotas which were stated in that agreement to the other countries participating. Eleven percent of the amount allocated to the United States has been deducted, and the proposed amendment applies the same rule to the Territory of Hawaii. I have heretofore indicated that the rule was not satisfactory to me and indeed was not fair; but, believing that the amendment of the Senator from Pennsylvania [Mr. REED] was doomed to defeat, I thought this proposed amendment might be adopted and go to conference.

Even though the amendment would not do justice to the Territory, I cannot help but believe that it possesses advantages in the plan to confer discretionary authority upon the Secretary of Agriculture to fix quotas.

We now find, in the bill under consideration, an 11-percent reduction below the amount that was unanimously agreed upon by the representatives of all the sugar interests at that time. It seemed to me that it would not be unfair to subject Hawaii to the same reduction—to wit, 11 percent—and the figures included in the amendment represent the total after the subtraction of the 11 percent.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. OVERTON. Has the Senator at hand the figures in reference to Louisiana and Florida, the sugarcane area, under the proposed operating agreement?

Mr. KING. The Southern cane area, under this agreement, was to receive 252,000 tons. This included, as I understand, Florida as well as Louisiana.

Mr. OVERTON. Three hundred and ten thousand tons.

Mr. KING. No; 252,000 tons.

Mr. OVERTON. That is for Louisiana.

Mr. KING. I am in error; yes. The amount was to be 310,000 tons in the aggregate.

Mr. OVERTON. The quota assigned to sugarcane under the pending bill is 260,000 tons. That is a reduction of 50,000 tons. Dividing 50,000 by 310,000, we find that it would be a reduction of over 16 percent.

Mr. KING. Mr. President, I am not talking about Louisiana now.

Mr. OVERTON. I am.

Mr. KING. The Senator may talk about his State—and it is a great State—in his own time, but I do not care to inject into the few remarks I am making the proposition which he desires now to discuss.

Mr. LONG. Mr. President, the Senator from Utah does not want to be bothered with Louisiana any more. He has been bothered enough by it in committee.

Mr. KING. We can stand Louisiana in committee as well as on the floor.

Mr. President, before voting I wish to ask the Senate to listen to a few extracts from a letter which I have just received from a distinguished resident of Hawaii who formerly resided in the State of Utah. He is one of the able lawyers, one of the progressive citizens, of that great Territory. In a letter dated April 6, he states:

> I had the privilege of having dinner last night with ——— ———, the ——— ——— of the Hawaiian Department, and during the evening the discussion arose as to what effect the Jones-Costigan bill would have upon the loyalty and patriotism of the Hawaiian people in case it became a law in its present form, discriminating against Hawaii. ——— ——— stated that in his opinion it would have a very grave effect upon the defense of these islands, in that the people would not feel that they were citizens of the United States in the true sense of the word. President David Crawford, of the University of Hawaii, was extremely concerned and took the view that such a discrimination as was expressed in the Jones-Costigan bill would defeat the nationalizing of the many different races living in Hawaii. The whole community appears to be aroused, as they do not consider such a discrimination as wholly confined to business or industry, but take the view that it is a personal discrimination, and an attempt to reduce them to an inferior status contrary to the intent and wording of the treaty of annexation. I need not tell you, of course, that sugar means the very life blood of these islands, and that practically every one in Hawaii is dependent upon the prosperity of the sugar industry, directly or indirectly, for their living. * * *

I have omitted the name of the party referred to in the letter, but I am well acquainted with him and know him to be a man of honor and integrity.

There is some other reference to myself, and to the fact that I had occasionally spoken in behalf of the Hawaiian Islands.

Mr. President, I repeat what I said a moment ago, that Hawaii is an integral part of this Republic—as much so, to use the language of the Senator from Pennsylvania [Mr. REED] in the committee, if not upon the floor, as the great Commonwealth of Pennsylvania. It is under the flag. Hawaii came voluntarily into the United States. When the people of Hawaii came into the United States they came in under the solemn pledge, by treaty as well as by the organic act which was subsequently enacted, that they were a part and parcel of the United States; they were entitled to all the rights of American citizens; and now, whether justly or unjustly, many of them feel that this proposed legislation is discriminatory in character.

I agree with my dear friend from Colorado [Mr. COSTIGAN] in the observation he made a moment ago that there is no intention to discriminate. I know that neither he nor any other person supporting this measure has in his heart any desire to treat Hawaii differently than they would treat any State or the people of any State; but they have felt constrained, in order to secure the passage of a bill of this kind, to accept the terms found in this measure.

I will say very frankly that I do not like the bill. I do not like the thought of subjecting people living in continental United States to a quota. The sugar industry is an important industry. It is one that may grow and expand; and so long as the consumptive needs are so much less than the production, I have looked with a great deal of regret upon plans contemplating subjecting the people of continental United States to quotas and preventing them from expanding and developing this great industry which I believe is so important to the agriculturists of the United States. In view of conditions which it is not necessary to recapitulate I have felt constrained to accept as a fait accompli the fact that we have this bill before us, and I shall vote for it, but I shall do so reluctantly. I do not like the principle involved. I do not like the idea of restricting production in continental United States. I do not like the restrictions which are being imposed upon Hawaii.

Mr. President, I shall not take the time to elaborate this matter further; and I ask for a vote upon my amendment.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah [Mr. KING] to the amendment of the committee.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the committee amendment on page 9, beginning with line 16.

The committee amendment was agreed to, as follows:

"(ii) Forbid processors, handlers of sugar, and others from transporting to, receiving in, processing or marketing in, continental United States, and/or from processing in the Territory of Hawaii or Puerto Rico for consumption in continental United States, sugar from the Territory of Hawaii or Puerto Rico, in excess of quotas fixed by the Secretary of Agriculture, for any calendar year, based on average quantities therefrom brought into continental United States for consumption, or which was actually consumed, therein during such 3 years, respectively, in the years 1925–1933, inclusive, as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years, adjusted, together with the quotas established pursuant to paragraph (i), (in such manner as the Secretary shall determine) to the remainder of the total estimated consumption requirements of sugar for continental United States, determined pursuant to subsection (2) of this section, after deducting therefrom the quotas for continental United States, provided for by paragraph (B) of this subsection: *Provided, however,* That in such quotas there may be included direct-consumption sugar up to an amount not exceeding the respective quantities of direct-consumption sugar therefrom brought into continental United States for consumption, or which was actually consumed, therein during the year 1931, 1932, or 1933, whichever is greater, and the Secretary of Agriculture may, by orders or regulations, allot such quotas and readjust any such allotment, from time to time, among the processors, handlers of sugar, and others; and/or.

The VICE PRESIDENT. The clerk will state the next committee amendment passed over.

The amendment passed over was on page 11, line 17, after the word "quotas", to strike out "for edible molasses and/or"; in line 19, after "United States", to insert "and/or for edible molasses, sirups, and sugar mixtures, as part of or", and in line 21, after "(A)", to strike out "and (B)" and insert "to (C) inclusive", so as to read:

"(D) Establish a separate quota or quotas for sirup of cane juice produced in continental United States and/or for edible molasses, sirups, and sugar mixtures, as part of or in addition to the quotas established pursuant to paragraphs (A) to (C), inclusive, of this subsection.

The amendment was agreed to.

Mr. COSTIGAN. Was that subsection (D), Mr. President, which was just agreed to?

The VICE PRESIDENT. Yes; subsection (D) was under consideration and was agreed to.

Mr. COSTIGAN. I ask unanimous consent that the vote by which the amendment dealing with subsection (D) was agreed to may be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote will be reconsidered.

Mr. McNARY. Mr. President a parliamentary inquiry.

Mr. COPELAND. Mr. President——

Mr. COSTIGAN. I yield to the Senator from New York.

The VICE PRESIDENT. The Senator from Oregon is making a parliamentary inquiry.

Mr. McNARY. I observe the presence of the Senator from New York on the floor. I thought probably it was not quite fair to take up the Puerto Rican amendment during his absence.

Mr. COPELAND. I thank the Senator.

Mr. COSTIGAN. The amendment I was about to propose related to subsection (D) on page 11. I did not refer to the amendment of the Senator from New York.

Mr. COPELAND. Mr. President, I ask unanimous consent that the vote by which the Senate agreed to the amendment beginning on page 9, line 16, and extending to line 19, page 10, be reconsidered.

The VICE PRESIDENT. Is there objection to reconsideration of the vote by which the amendment was agreed to? The Chair hears none, and the vote will be reconsidered.

Mr. COPELAND. Mr. President, I was called to the telephone on an important matter relating to the business of a Senate committee. I am very much obliged to the Senator from Oregon for holding the matter open for me.

I am sure there are those in this Chamber who are anxious to help the Puerto Ricans. They are among our best customers. They are American citizens, 1,600,000 of them. They have suffered from the effects of hurricanes, and in consequence the quota which they will be given under the general terms of the bill will be much less than it should be. Therefore, Mr. President, I venture to offer an amendment to fix the quota of Puerto Rico at 875,000 tons.

I send to the desk and ask to have read an amendment on which I ask for the yeas and nays.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 10, line 10, after the word "subsection", it is proposed to insert:

Provided, however, That the quota per calendar year for Puerto Rico shall not be less than 875,000 tons, not including sugar consumed in Hawaii.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York [Mr. COPELAND] to the amendment of the committee.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a pair with the senior Senator from Kentucky [Mr. BARKLEY], who is necessarily detained. Not knowing how he would vote on this question, I withhold my vote.

Mr. FESS (when his name was called). Making the same announcement as heretofore concerning my general pair with the senior Senator from Virginia [Mr. GLASS], I withhold my vote.

Mr. HEBERT (when his name was called). On this question I have a pair with the Senator from Montana [Mr. WHEELER], who is detained on account of illness. If present, he would vote "nay." If permitted to vote, I should vote "yea." I refrain from voting.

Mr. DUFFY (when Mr. LA FOLLETTE's name was called). I wish to make the same announcement with reference to the absence of my colleague the senior Senator from Wisconsin [Mr. LA FOLLETTE] as on previous roll calls. I am not advised as to how, if present, he would vote on this question.

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. STEPHENS (when his name was called). Making the same announcement as to my pair as on previous roll calls, I withhold my vote.

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. Not knowing how he would vote, I refrain from voting.

The roll call was concluded.

Mr. FLETCHER. Making the same announcement as to my pair and its transfer as on the last roll call, I vote "nay."

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Pennsylvania [Mr. REED] with the Senator from Arkansas [Mr. ROBINSON];

The senator from North Dakota [Mr. NYE] with the Senator from South Carolina [Mr. SMITH]; and

The Senator from Delaware [Mr. HASTINGS] with the Senator from Georgia [Mr. RUSSELL].

Mr. HARRISON. I regret to announce that the Senator from Arkansas [Mr. ROBINSON] is detained from the Senate on account of a death in his family.

I desire to announce that the Senator from California [Mr. McADOO], the Senator from Maryland [Mr. TYDINGS], the Senator from South Carolina [Mr. SMITH], the Senator from Georgia [Mr. RUSSELL], the Senator from Kentucky [Mr. BARKLEY], the Senator from Washington [Mr. BONE], the Senator from Texas [Mr. CONNALLY], the Senator from Virginia [Mr. BYRD], the Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the Senator from Illinois [Mr. LEWIS], the Senator from Nevada [Mr. McCARRAN], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate on official business.

The result was announced—yeas 19, nays 48, as follows:

YEAS—19

Borah	Goldsborough	Keyes	Steiwer
Copeland	Gore	McNary	Townsend
Cutting	Hale	Patterson	Wagner
Davis	Hayden	Schall	White
Gibson	Johnson	Shipstead	

NAYS—48

Adams	Carey	Harrison	O'Mahoney
Austin	Clark	Hatch	Overton
Bachman	Coolidge	Kean	Pittman
Bankhead	Costigan	King	Pope
Barbour	Couzens	Logan	Reynolds
Black	Dieterich	Lonergan	Sheppard
Brown	Dill	Long	Thomas, Okla.
Bulkley	Duffy	McGill	Thomas, Utah
Bulow	Erickson	McKellar	Thompson
Byrnes	Fletcher	Murphy	Vandenberg
Capper	Frazier	Neely	Van Nuys
Caraway	George	Norris	Walsh

NOT VOTING—29

Ashurst	Glass	Metcalf	Stephens
Bailey	Hastings	Norbeck	Trammell
Barkley	Hatfield	Nye	Tydings
Bone	Hebert	Reed	Walcott
Byrd	La Follette	Robinson, Ark.	Wheeler
Connally	Lewis	Robinson, Ind.	
Dickinson	McAdoo	Russell	
Fess	McCarran	Smith	

So Mr. COPELAND's amendment to the amendment reported by the committee was rejected.

Mr. METCALF. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Rhode Island offers an amendment which will be stated.

The CHIEF CLERK. In the amendment of the committee, on page 10, line 16, after the word "greater", it is proposed to strike out the comma and to insert a colon and the following additional proviso:

Provided further, That after December 31, 1934, there may be included, in the case of Puerto Rico, direct-consumption sugar up to an amount not exceeding 37 percent of the quota established for Puerto Rico.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the amendment reported by the committee.

Mr. METCALF. Mr. President, by the organic act of 1917, the residents of Puerto Rico were declared to be citizens of the United States. By virtue of this act, the citizens were brought into the Army of the United States for prosecution of the World War. The resources of the people of Puerto Rico were thrown into the Federal Treasury for the prosecution of that war, and since that day all administrations have considered the island of Puerto Rico as an integral part of the United States. The Democratic platform of 1928 outlined the policies of that party toward Puerto Rico in the following words:

We favor granting to Puerto Rico such territorial form of government as would meet the present economic conditions of the island, and would provide for the aspirations of her people, with the view to ultimate statehood.

Four years later the Democratic platform outlined the policy of that party by the simple assertion, "We advocate statehood for Puerto Rico."

To all intents and purposes the policies of the United States since 1917 toward Puerto Rico have and should have been the consideration of that island as a portion of the United States.

In December 1932 the steamship *Coamo* sailed for Puerto Rico bearing food and clothing for the destitute children of the island. The President-elect, speaking from Albany, N.Y., sent this ship into Puerto Rican waters with the declaration that the deplorable economic conditions then existing in Puerto Rico would move him to adopt a strong reconstructive program for the rehabilitation of the entire island. In that address the President-elect further stated that Puerto Rico is our own American island, and the port to which this Christmas ship was sailing was within the boundaries of our own Nation.

As a part of the reconstruction program for this Nation, which the President had declared to include the island of Puerto Rico, the Congress adopted the Agricultural Adjustment Act. Section 10, paragraph E, of this act extended the provisions to Puerto Rico and Hawaii.

Thus we have a sequence of events, beginning with our entrance into the World War in 1917, which have consistently declared the policy of the United States toward Puerto Rico to be one of consideration of that island as an integral part of our country. The organic act adopted in 1917 bound the Congress to this policy by placing the island under all statutory laws of the United States, which were to be considered in full force with the exception of the internal revenue act.

Thus as a result of this sequence of events we now find the island of Puerto Rico without yet having received the statehood promised in two consecutive campaigns by the Democratic Party, subject to all provisions of the National Industrial Recovery Act, the Agricultural Adjustment Act, and all other regulatory measures for the rehabilitation of agriculture and industry. But we find the ironical situation where the island, after having been subjected to these regulatory measures, is failing to receive the benefits intended by the one act which could serve to rehabilitate the island.

We find ourselves in the unfortunate position of declaring the people and the industries of Puerto Rico to be subject to the provisions of the processing taxes without the possibility of receiving the benefits of these processing taxes. In other words, we say to the citizens of Puerto Rico, "You shall help pay for our reconstruction program; you shall bow to the codes of the National Recovery Administration; you shall be subject to the statutory laws of the United States, but you shall not share in the benefits which may accrue from these actions."

It is my understanding that the Assistant Secretary of Agriculture, Mr. Tugwell, assured the sugar interests of Puerto Rico that they would have nothing to worry about in the pending sugar legislation. With these assurances the one important industry of Puerto Rico saw a ray of hope for the future. The Secretary of Agriculture has stated that insofar as the refining clauses of this bill are concerned the Department of Agriculture has no interest whatever. The position we find ourselves in, therefore, is that under the guise of regulating an agricultural product we are taking from the island of Puerto Rico—an integral part of the United States—to give to the mainland refiners.

Puerto Ricans are citizens of the United States. As a fundamental proposition it is wholly unjustifiable in equity to legislate that Louisiana, Colorado, or California can make all their sugar cane and sugar beets into refined sugar, but our fellow citizens from Puerto Rico can convert only 15 percent of their sugar cane into refined sugar.

It is the exercise of might rather than right for Congress to say, "You cannot exercise your natural right to establish factories for the manufacture of your own farm products, because to do so will not be regarded with favor on the mainland."

The bill gives by legislative fiat to the American refiners preferential treatment which they asked for in the sugar stabilization agreement, and which was rejected by Secretary Wallace.

Mr. WALSH. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Rhode Island yield to the Senator from Massachusetts?

Mr. METCALF. I yield.

Mr. WALSH. What percentage of raw sugar can be refined in Puerto Rico and imported into this country under the bill as it now stands?

Mr. METCALF. About 15 percent.

Mr. WALSH. How does the Senator arrive at that figure?

Mr. METCALF. There is only one refinery there now——

Mr. WALSH. Does not the bill leave it to the discretion of the Secretary of Agriculture to determine the amount of refined sugar?

Mr. METCALF. I do not understand that to be so. On the contrary, I understand that it does not.

Mr. WALSH. Where is the provision in the bill which fixes the quota for refined sugar?

Mr. METCALF. On page 10, line 10.

Mr. WALSH. Will the Senator state how he arrives at the percentage of 37 suggested in his amendment? What is the percentage of refined sugar now imported?

Mr. METCALF. About 15 percent.

Mr. WALSH. So the Senator is seeking to increase the amount of refined sugar from 15 to 37 percent?

Mr. METCALF. Yes.

Mr. WALSH. In every other instance the amount of refined sugar is being reduced.

Mr. METCALF. There is one refinery there now which has a capacity of 165,000 tons. It has never produced that amount, and it is already licensed. It is now proposed to build another one, and we are proposing that a maximum of 303,000 tons may be produced in the two refineries.

Mr. WALSH. But the principle sought to be applied in fixing these quotas is to arrive at the average importations from the various possessions during the last 3 years. I understand the Senator to say that would be about 15 percent from Puerto Rico, but because they are contemplating the construction of another refinery, or are actually building another one there, he desires the quota to be increased to 37 percent, so that refinery may do business with the United States against American refineries.

Mr. METCALF. With the extra amount there will probably be a little loss to the refineries here, but it will not be of consequence.

Mr. WALSH. Can the Senator give the figures as to how much refined sugar was imported from Puerto Rico last year and how much raw sugar?

Mr. METCALF. I do not have the figures at hand at the moment.

Mr. WALCOTT. Mr. President, if the Senator from Rhode Island will permit me, the figure is approximately 124,000 tons.

Mr. WALSH. Of refined sugar or raw sugar?

Mr. WALCOTT. Refined sugar.

Mr. WALSH. How much raw sugar was imported?

Mr. WALCOTT. About 800,000 tons.

Mr. METCALF. That is correct.

Mr. WALSH. So about one sixth of the total importations of sugar was in the form of refined sugar.

Mr. WALCOTT. I think it is just under 15 percent.

Mr. WALSH. Does not the Senator from Rhode Island think, in view of the policy under the pending bill, that asking us to increase the percentage from 15 to 37 percent is out of keeping with the other quotas?

Mr. METCALF. No; I do not. Here is a little island whose people have already started to build another refinery which will put men to work. We know how the island suffered from two hurricanes only a few years apart. I think the small amount which it will take from our American refineries would not be really noticed here.

Mr. WALSH. Unfortunately the American refineries could also relate a tale of unemployment and want and suffering among their employees.

Mr. METCALF. I think probably with the extra amount of sugar that will be refined they can still operate all of their refineries in this country.

Mr. President, I have no interest whatever in this matter other than a sense of fairness and justice. It would appear to me that if we are to subject the people of Puerto Rico to all of the regulations of our various reconstruction acts we should certainly allow them some of the benefits. If they are to pay processing taxes on our flour and on our cloth they certainly should be given the small privilege of refining a product of their own soil. Consequently, I am proposing an amendment to the bill which will limit the proportion of the Puerto Rican quota which may be refined on the island to 37 percent after 1934. I propose this amendment because:

First. I feel that Puerto Rico is an integral part of the United States, and that the people of that island, as citizens of the United States, have every right to industrial development of at least part of their natural resources.

Second. Since we are subjecting the people of Puerto Rico to all the regulations and taxes of our recovery program, we should allow them some of the benefits.

Third. I feel that this clause is an injustice to American citizens for the purpose of perpetuating the mainland refiners, some of whom have continued to earn good profits during the depression.

Fourth. I feel that the small amount of sugar which would be refined in Puerto Rico would be of little importance in the continental United States, but of tremendous importance to the successful culmination of a reasonable rehabilitation program in a territory where such rehabilitation is sorely and desperately needed.

This amendment will have no effect whatever upon the administration's intention to stabilize the economic condition of Cuba, because it in no way affects the Cuban quota, either of raw or refined sugar.

It has no effect whatever upon the American beet-sugar or cane-sugar grower, as their quotas remain fixed. Actually, the only interest of the continental sugar grower is the amount of sugar which is brought into continental ports, and not the condition of that sugar when it arrives at the market.

I think I may state with reasonable assurance that Secretary Wallace and the experts who have drafted this bill are in hearty sympathy with this amendment. It can hurt no one, and certainly it will partially undo a very great injustice which we are about to inflict upon 1,600,000 of our own American citizens.

Mr. COPELAND. Mr. President, I fear that the Senator is "a voice crying in the wilderness"; but I desire to add a word to the argument he has presented. Before doing so, I wish to ask the chairman of the committee whether or not the treatment proposed to be accorded our insular possessions in this bill was approved by the War Department? Did the Secretary of War write a letter approving what is here proposed?

Mr. HARRISON. Mr. President, my recollection is that the Secretary of War wrote us a letter in behalf of Puerto Rico, and we had several communications from the officials of Puerto Rico. I do not recall now whether or not they wanted a quota fixed. I know the Secretary of War manifested every interest in the subject. I think his communication was quite largely on the same line as the letter of the Secretary of the Interior with reference to Hawaii.

Mr. COPELAND. I am sorry to say that I am left more or less in the dark by what the Senator has said. Did I understand him to say that the Secretary of War approved of this treatment of American citizens living in our insular possessions?

Mr. HARRISON. I do not know that I can state any more on the subject than I have stated. I have not before me the letter of the Secretary of War with reference to the matter. As I explained before, it was a practical question that confronted us, and that was the reason why we did not fix the quota in the case of Puerto Rico and in the case of Hawaii.

The Senator has seen today that the Senator from Pennsylvania [Mr. REED] offered four different amendments in about 10 minutes. One distinguished Senator in the Finance Committee thought he could fix quotas with a pencil and a pad in a little while, and he figured out certain quotas; but the quotas recommended were determined upon after several months of very arduous consideration.

I am quite sure, and I express the sincere hope, that Puerto Rico and Hawaii will be treated fairly in fixing the quotas; and I shall do all I can to bring that about by appeal or expression of sympathy or otherwise, so far as any conference I may have with the Secretary of Agriculture is concerned.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WALSH. May I ask the Senator from Mississippi if, during all the discussion about quotas, the maximum demand made was not that a quota should be arrived at that was about one third of the average imports for the past 3 years of raw sugar and refined sugar?

Mr. HARRISON. I think that is true.

Mr. WALSH. And in no instance have we gone beyond that?

Mr. HARRISON. That is very true.

Mr. WALSH. This amendment seeks to go beyond that—in fact, to double it?

Mr. HARRISON. Yes.

Mr. WALSH. Because the average has been 15 percent, and the amendment asks 37 percent.

Mr. HARRISON. What we tried to do was to fix the status quo with respect to the matter.

Mr. COPELAND. Mr. President, we have in Puerto Rico 1,600,000 American citizens. Almost the only means of livelihood they have is the sugar business. They have but one refinery—just one. They have not 8, or 10, or 50. They have one. This bill is so written that when it is administered it will mean that Puerto Rico, with a million and a half American citizens, will have about 50 percent less than the capacity of its one refinery as its quota of refined sugar to be sent into the United States.

I do not have to be a prophet or the son of a prophet to know what will be the sentiment of Puerto Ricans when they learn that the Senate of the United States was unwilling to give them permission even to operate their one refinery at anywhere near capacity.

Mr. President, I am not sure that I would go as far as the Senator from Rhode Island [Mr. METCALF]. His proposal would make it possible not only to operate the one refinery at capacity, but to operate another refinery. I am not particularly eager to have new refineries built outside continental United States. We have refineries here; we have refineries in my own State; but, in the interest of common decency and humanity as well as love of our own country—not alone continental United States, but our country wherever the stars and stripes may fly—in the interest of patriotism and common decency to our citizens I do contend that an opportunity should be given to the people of Puerto Rico to operate their one refinery at capacity.

It is utterly useless to make an appeal. It is set in the stars that this bill is to pass as it is written—an outrageous bill, a bill that will cost the housewives of the United States $200,000,000 annually—and yet, willing as we are to impose upon the citizens of our country a burden of that magnitude, we are unwilling to let these poor brothers and sisters of ours down in Puerto Rico have enough refined sugar placed in the quota to run their one mill and give employment to the workers in that island.

Mr. President, I do not know that there is anything in the world I can say to make clearer the feeling I have in my heart. I do want to make just one last selfish appeal. Sometimes an appeal to the pocketbook means more than an appeal to the heart.

Let me call attention to the fact that this little island of Puerto Rico imports from continental United States each year from seventy-five to one hundred and twenty-five million dollars' worth of goods. If they could run their refinery and make more money, they would buy more goods. Because we are unwilling, however, to impose any burden on a sister republic—and I am sorry that we have even to suggest it—we are willing to let our fellow citizens in the island of Puerto Rico suffer from the lack of income which could be given by the adoption of this amendment.

Mr. President, I think I have said all I can say, but I know that what we are doing here today is unjust and unfair and indecent and unpatriotic, and we ought not to do it.

The matter is for the Senate to decide.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Rhode Island [Mr. METCALF] to the amendment of the committee.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the amendment on page 11, the vote on which was reconsidered.

The LEGISLATIVE CLERK. On page 11, line 19, after the words "United States", it is proposed to insert "and/or for edible molasses, sirups, and sugar mixtures, as part of or", and in line 21, after "(A)", to strike out "and (B)" and insert "to (C), inclusive", so as to read:

"(D) Establish a separate quota or quotas for sirup of cane juice produced in continental United States and/or for edible molasses, sirups, and sugar mixtures, as part of or in addition to the quotas established pursuant to paragraphs (A) to (C), inclusive, of this subsection.

Mr. COSTIGAN. Mr. President, I send to the desk a substitute for subsection (D).

The VICE PRESIDENT. Does the Senator desire to amend the pending amendment?

Mr. COSTIGAN. I wish to offer a substitute for subsection (D).

The VICE PRESIDENT. The Chair understands that the Senate agreed that committee amendments were to be considered before other amendments are offered. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment passed over.

The LEGISLATIVE CLERK. On page 12, it is proposed to strike out lines 7 to 17, inclusive, and in lieu thereof to insert:

"(B) In the event that available statistics of the Department of Agriculture during the course of any calendar year indicate that the consumption requirements of sugar for continental United States for such calendar year will exceed the amount of the consumption requirements determined for that year, the Secretary of Agriculture may prorate such estimated excess amount on the basis of the respective quotas determined by and pursuant to subsection (1) of this section: *Provided, however*, That for each calendar year there shall be allotted to continental United States not less than 30 percent of any amount of consumption requirements therefor above 6,452,000 short tons raw value.

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 13, it is proposed to strike out lines 6 to 13, inclusive, and in lieu thereof to insert:

"(C) In the event that available statistics of the Department of Agriculture during the course of any calendar year indicate that the consumption requirements of sugar for continental United States for such year will be less than the amount of the consumption requirements determined for that year, the amount of such deficiency may be proportionately deducted from the respective quotas determined by and pursuant to paragraph (A) of subsection (1) of this section.

The amendment was agreed to.

Mr. HARRISON. Mr. President, a parliamentary inquiry. A great many of these amendments were adopted. Are these the ones that were passed over.

The VICE PRESIDENT. Yes.

Mr. HARRISON. Very well.

The LEGISLATIVE CLERK. On page 14, line 24, it is proposed to strike out "eliminate" and insert "limit or regulate", so as to read:

"(3) In order more fully to effectuate the declared policy of this act, as set forth in its declaration of policy, and to insure the equitable division between producers and/or growers and/or the processors of sugar beets or sugarcane of any of the proceeds which may be derived from the growing, processing and/or marketing of such sugar beets or sugarcane, and the processing and/or marketing of the products and byproducts thereof, all agreements authorized by this act may contain provisions which will limit or regulate child labor—

And so forth.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator desire to offer an amendment to the committee amendment?

Mr. WAGNER. No, Mr. President. I hope the amendment will be rejected. It permits, in effect, the employment of children, and it prevents the fixation of minimum wages for workers in the sugar industry. Thus it is contrary to the whole policy we have been pursuing since the National Recovery Act was passed.

Mr. HARRISON. Mr. President, I desire to say to the Senator that the reason why it is proposed to strike out the word "eliminate" and to insert the words "limit or regulate" is because the big question was the stabilization of the sugar-beet industry, and there was a sharp difference of opinion as to whether we should eliminate, limit, or regulate child labor. That is why the Senate committee took the action they did. It was because if we had left the provision in the other form it might have precipitated a long debate

here, which would be very disastrous at this time, we think, because if sugar-beet contracts are to be made, and the sugar-beet growers are to get any relief, this measure ought to be passed pretty soon; and it ought not to be delayed by a long discussion of the very sharp difference of opinion with reference to limitation or elimination of child labor.

Mr. WAGNER. Personally, I had not anticipated that there would be any difference of opinion at this day as to whether or not children should be exploited as they have been in the past. Only recently an investigation was made of the whole subject, in response to assertions that this was not real toil for children, but merely healthy recreation for 2 or 3 hours per day after school. The investigation disclosed quite the contrary. The children are being taken from school entirely for a period of 4 or 5 months. They are being made to do this work for 9 to 12 hours per day, and, according to the report, they are as young as 5 or 6 years of age.

Mr. BORAH. Mr. President, to what territory does the Senator refer in reference to these facts?

Mr. WAGNER. An investigation which was made by Dr. W. Lewis Abbott, and it covers the sugar industry generally. It says:

> Investigations by various agencies during the past 14 years have uniformly revealed undesirable social conditions among the laborers who perform these hand operations. The rates of pay are low, the hours of work long for brief periods of intensive activity, children as young as 6 or 7 years old work for 9 or more hours a day, and are kept out of school for this purpose.

Mr. BORAH. Mr. President, what I am asking is, Where is it that these children are supposed to be taken out of school and worked 6 and 8 hours a day; in what part of the country?

Mr. WAGNER. Wherever this industry is situated.

Mr. BORAH. If that is the assertion in the statement, then it will take some time to dispose of this matter, because that is slander.

Mr. WAGNER. If it is untrue, then I may say to the Senator there should not be any objection to a provision in the pending measure for the elimination of child labor.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. VANDENBERG. May I suggest to the Senator that the reason behind the amendment does not conflict with the Senator's viewpoint fundamentally at all. I am sure that if any such child-labor conditions do exist—and I can state to the Senator that they do not exist in the Michigan area—they can be reached by the language which was put into the bill by the committee, to wit, permitting a limitation and regulation.

Mr. WAGNER. I recognize that language, and I cannot persuade myself that it was not put in so as to permit some child labor; otherwise why should such words be substituted for words eliminating child labor altogether?

Mr. VANDENBERG. I am going to tell the Senator, if he will permit me.

Mr. WAGNER. Very well.

Mr. VANDENBERG. The word "eliminate" was stricken out because the farm groups object to the use of a complete proscription which might even invade the family unit at work upon its own farm.

Mr. WAGNER. I have gone through this fight in my own State, and that was one of the arguments used in reference to the canning industry; but no one has ever been able to cite an instance where any official has prohibited the employment of children in family work. What we are after is the wholesale exploitation of children which this report says goes on in certain sections of the country, at least in the sugar industry.

I do not condemn any particular section. I do not notice to what particular section this report refers. But we all know that these horrible conditions have existed in the past, and even the severest critics of the National Recovery Act have hailed as an achievement the practical abolition of child labor in this country. It has been one of the great blessings of our social efforts in modern times, and wherever one goes he finds it hailed. The amendment presented by the committee would prevent the abolition of child labor and of the sweatshop; it would deny the validity of the two greatest achievements of the Recovery Act.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. WAGNER. I yield.

Mr. VANDENBERG. I have no quarrel whatever with the Senator in respect to his statement regarding the elimination of child labor, and I join him a thousand percent. I simply want to ask him whether he would intend that the proscription of this nature should prevent the family unit at work upon its own farm in respect to its own children.

Mr. WAGNER. No; unless, of course, there is a severe imposition by a parent upon a child, which rarely occurs. Nobody intends to reach the normal family situation.

Mr. VANDENBERG. Then why write it in the bill?

Mr. BORAH. Mr. President, this raises a very important question, and I am going to suggest the absence of a quorum, and we will have to ask that this matter go over until tomorrow.

Mr. WAGNER. Mr. President, I am quite willing to state my position, and then the responsibility will rest with the Senate. I am not attempting to delay at all. There are two amendments I shall ask the Senate to reject. The responsibility will be placed upon the conscience of each Senator as to whether we ought to take this chance of permitting the exploitation of children in this industry.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. WAGNER. Certainly.

Mr. FESS. Is the statement from which the Senator read from a former Government officer?

Mr. WAGNER. What is the Senator's question?

Mr. FESS. Was the statement read prepared by Miss Abbott, who used to be in the Department of Labor?

Mr. WAGNER. The report was made by Dr. W. Lewis Abbott. It is entitled "Report for the Committee on Labor Conditions in the Growing of Sugar Beets." The report was made within the last 60 days, as I understand.

Mr. FESS. Evidently the report was not made by the officer I had in mind.

Mr. WAGNER. No.

Mr. FESS. I cannot imagine that in any part of the beet area of the country children from 6 to 7 years of age would be worked. I cannot see how it would be possible. As the Senator knows, the schools are not in session in the beet area at the time the work goes on.

Mr. WAGNER. The report states that the children are taken out of school during this period of time.

Mr. FESS. They would not be in school.

Mr. WAGNER. The rest of the year they attend school, but during this period of time, according to this report, they are taken out of school for the purpose of doing this work.

Mr. FESS. I think that if the Senator will investigate he will find that the schools in the beet areas are not in session at the time when the beets are being cultivated. I think it must be a mistake.

Mr. WAGNER. Schools are usually in session during the months of September, October, and November.

Mr. FESS. That would be the time of harvesting the beets.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. WAGNER. I yield.

Mr. O'MAHONEY. As I understand the Senator, the report which he holds in his hand was made within the last 60 days.

Mr. WAGNER. So I am informed.

Mr. O'MAHONEY. It refers to conditions dating back over 14 years?

Mr. WAGNER. It was brought up to date.

Mr. O'MAHONEY. I doubt very much whether the statements which it contains have any application to the State of Wyoming.

Mr. WAGNER. If the conditions do not exist today, then surely a provision for the elimination of child labor can have no effect.

Mr. O'MAHONEY. I will say to the Senator that the reason for the insertion of this language is the fear that the original language of the bill would confer upon the Secretary of Agriculture the power of life and death over the industry which it is not necessary to give at this time. It is much more important to the children in the beet-growing area that their fathers should be able to plant and grow a crop than it is to engage in any technical discussion of child labor at this time.

Mr. WAGNER. I do not intend to stop the father from working. I am talking about the child of tender years. I stated that I thought we had practically reached an agreement upon that question, that as a matter of national policy we would not permit the exploitation of children.

Mr. O'MAHONEY. The Senator from New York may not have been in the Chamber when it was explained this morning that the beet growers throughout the West are waiting daily and even hourly for the enactment of this legislation, in order that they may enter into contracts with the refiners for the planting of crops, and every hour's delay means a reduction in the crop and a reduction of return which the growers will eventually get from the crop. It is our position, if I may say so to the Senator, that this is not the time nor the place to legislate on child labor.

Mr. JOHNSON. Mr. President, may I inquire of the Senator from New York exactly what the amendment is he now proposes?

Mr. WAGNER. The bill as it passed the House provided that these agreements, which in being made give definite benefits to the industry, might contain provisions which would eliminate child labor. The Senate has amended it to strike out the word "eliminate" and to substitute the words "limit or regulate" child labor.

Mr. JOHNSON. Let me make a suggestion to the Senator from New York. I do so because I have exactly the same view in respect to child labor that he has. The bill originally, to which the Senator desires to return, contained in lines 23 and 24, on page 14, the words "all agreements authorized by this act may contain provisions which will eliminate." Of what earthly value is that any more than "may contain provisions which will limit or regulate", because child labor is not prohibited and is not defined in regard to this particular measure. There is in the original measure a mere permission—"may contain provisions."

Mr. WAGNER. Yes.

Mr. JOHNSON. As a matter of realities, is the language which is suggested by the Senator any less able to do what is desired to be done than the language contained in the measure as passed by the House?

Mr. WAGNER. I think it is less able because of the changes made by the committee. I think the Senator is right——

Mr. JOHNSON. I can very thoroughly understand that if the bill said "must contain provisions which will eliminate child labor", or if it said in so many words, "must contain provisions which will limit or regulate child labor", there would then be room for a discussion, exactly as the Senator suggests, on the question of child labor; but with a purely permissive provision, I think that we are rather tilting at something that is not of very great value as a reality.

Mr. WAGNER. I beg to differ with the distinguished Senator, which I rarely do. I think that if the original language had authorized the limitation or regulation of child labor, it would have permitted its elimination. But by striking out the word "eliminate", and substituting the words "limit or regulate", it seems to me there is a legislative suggestion permitting the employment of children.

Mr. JOHNSON. As a matter of English construction, I think the Senator may be right in saying that it has two permissions instead of one, as originally written. But, nevertheless, the language of the character of that which was in the original bill, "may contain provisions which will eliminate" is of little or no consequence.

Mr. WAGNER. There again we must bear in mind those who are going to be called upon to administer the act. I am sure that they are in sympathy with the social progress which has been made, one of the results of which has been the abolition of child labor generally, and I am quite willing to entrust to them the matter of providing for the elimination of child labor.

Mr. JOHNSON. If the Senator is correct in that, and I will assume that he is, then under a provision which gives the right to limit or regulate they may do practically as they please.

Mr. WAGNER. If the proponents of the act say that they interpret these words to include the power to eliminate child labor, I shall be content to accept their language.

Mr. JOHNSON. I would not undertake that responsibility.

Mr. WAGNER. May I ask the Senator from Colorado as to that.

Mr. VANDENBERG. May I respond?

Mr. WAGNER. I understand the Senator from Michigan is an opponent.

Mr. VANDENBERG. I am the author of the amendment. Would that give me some credentials to interpret?

Mr. WAGNER. If the Senator from Michigan is the author of the amendment, I bow to his interpretation.

Mr. JOHNSON. Is the Senator from Michigan in favor of the amendment?

Mr. VANDENBERG. Most certainly, and on the precise theory previously indicated.

It would be my interpretation that there was complete authority to eliminate the commercial exploitation of children in the sense that the Senator is using the words "child labor."

Mr. WAGNER. Then I shall not discuss the matter further.

Mr. VANDENBERG. And I should want it to mean that also, may I say to the Senator.

Mr. WAGNER. Of course, this is not a very persuasive reason for changing the words, but I am content with the interpretation placed upon the language by the Senator.

Mr. VANDENBERG. I certainly did not want it to mean the other thing which I indicated to the Senator.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. COSTIGAN. For some 20 years the distinguished Senator from California [Mr. JOHNSON] and the distinguished Senator from New York [Mr. WAGNER] and some of the rest of us have been strongly urging the sort of legislative action now being advocated by the Senator from New York. Because of my relations to this bill and the crying need for its immediate adoption, I will not prolong the discussion; but I am forced by conviction and feeling to go on record with the declaration that I support this amendment.

Mr. WAGNER. May I ask the Chair whether we are considering now only the words "limit or regulate"?

The PRESIDING OFFICER (Mr. BYRD in the chair). That is the amendment now under consideration.

Mr. WAGNER. I ask to have that disposed of, and then I shall say something about the other amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment passed over will be stated.

The CHIEF CLERK. On page 14, line 25, after the words "child labor", it is proposed by the committee to strike out "and will fix minimum wages for workers or growers employed by, or under the control of, the producers and/or processors who are parties to such agreements."

Mr. COSTIGAN. Mr. President, will the able Senator from New York permit me to send to the desk a letter from the Secretary of Labor which I ask to have read?

Mr. WAGNER. Of course.

Mr. COSTIGAN. It relates to this amendment.

Mr. HARRISON. Mr. President, before the reading of the letter is begun, if I may be permitted, I should like to state that I hope, and I have talked to a great many who are interested in this legislation, that we will stay here until we finish action upon the bill tonight.

Mr. KING. Mr. President, before the communication referred to is read by the clerk, I desire to make a very few remarks. Unfortunately there is a disposition upon the part of persons in executive departments and bureaus, when measures are under consideration by Congress and are in some instances about to be voted upon, to attempt to influence legislation by transmitting communications to Senators. I am afraid that there are those in executive positions who do not understand our form of Government, and that the functions of the executive department are entirely different from those of the legislative branch of the Government. Congress enacts laws; executive departments are charged with their enforcement. Theoretically executive bureaus and departments do not originate legislative measures, but in practice it is different. More and more the legislative branch is abdicating its functions to the executive department; and more and more persons in executive agencies are becoming ambitious to draft legislation and to determine legislative policies. The President of the United States, under the Constitution, may make recommendations to Congress, but it was never supposed that the multitudinous Federal executive agencies and instrumentalities should originate legislation and set in motion forces for the purpose of securing the enactment of laws.

When bills are introduced, they are frequently sent by committees to executive departments for the views of those who are supposed to have some knowledge concerning the subjects dealt with. Reports from executive departments are obtained in this manner, and such reports often furnish valuable information in connection with legislative matters. Speaking for myself, I dislike the course pursued by some executive agencies in sending communications for the purpose of influencing legislation when either the House or the Senate is considering measures properly before it.

The Secretary of Agriculture and a number of representatives of the Department appeared before the House committee and the Senate committee when the so-called "sugar bill" was being considered. Many hours and, indeed, many days were devoted by the committees of the House and the Senate to the consideration of the bill before us, and during such consideration, the views of the Department of Agriculture were freely expressed. In the consideration of most bills offered in Congress, the views of various departments are sought and are important; but I deprecate the practice of executive agencies, when bills are about to be passed, sending communications obviously intended to influence legislation. In some instances no opportunity is afforded to examine the sources of information sought to be conveyed, or the reasons which inspired the communications, or to meet statements contained in such communications which may be subject to refutation. There is an orderly way to proceed in dealing with legislation.

Mr. COSTIGAN. Mr. President, no one here needs to speak in commendation of the great and proved ability of the Secretary of Labor. However, I cannot refrain from paying tribute to her efficiency and usefulness as a member of the President's Cabinet and her devotion to social welfare. I have requested that the letter of the Secretary of Labor be read, and I now request that following the letter there be placed in the RECORD the appended recent report on living standards and working conditions in sugar-beet fields to which the letter refers, without now reading that report.

The PRESIDING OFFICER. Without objection, it is so ordered. The letter will be read.

The Legislative Clerk read as follows:

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, April 17, 1934.

Hon. EDWARD P. COSTIGAN,
United States Senate, Washington, D.C.

MY DEAR SENATOR COSTIGAN: I was very disappointed to hear that the Senate Committee on Finance has struck out of S. 3212 (a bill to include sugar as a basic agricultural commodity), the language authorizing the Secretary of Agriculture to incorporate in contracts provisions fixing "minimum wages for workers or growers employed by, or under the control of, the producers and/or processors" (p. 9, lines 19 to 21).

As you undoubtedly know, pursuant to authority conferred upon me by the President, I appointed several months ago a committee to study labor conditions in the beet-sugar fields. This committee was composed of representatives of the Department of Agriculture, the Department of Labor, the National Recovery Administration, the Agricultural Adjustment Administration, and the Federal Emergency Relief Administration, and had the aid of people familiar with conditions in the beet-sugar fields. This committee unanimously recommended that if sugar were made a basic commodity and if benefits were to be paid to farmers, the Secretary of Agriculture should be given the power to fix minimum wages for persons employed by growers and farmers. This recommendation was made after conferences with representatives of beet growers, farmers, and refiners, and met with their approval.

I believe that the opposition to the minimum-wage provision comes from people who are not familiar with the scope of its operation. It is not intended that a farmer should be forced to pay his own family or his own children high wages. The Secretary of Agriculture would be given the power merely to fix a bottom level below which a farmer could not employ a person not associated with him by family ties.

The reports from the Federal Emergency Relief Administration and other social and charitable organizations indicate that at the present time wages for beet-sugar workers have fallen so deplorably that the Government is financing workers even during their term of employment. If now the Government is to give benefit payments to farmers, it seems only reasonable for the Government to make it a condition of such benefit that the farmer will do something to relieve the United States of the burden of caring for the farmer's own employees.

I am enclosing a copy of the report of the committee to which I have already referred. This report seems to me to make it abundantly clear why the bill should contain provisions authorizing the fixing of minimum wages, and I sincerely hope that the appropriate language will be restored to S. 3212 before it is enacted.

Very truly yours,

FRANCES PERKINS.

(The report appended to the letter from the Secretary of Labor is as follows:)

REPORT OF THE COMMITTEE ON LABOR CONDITIONS IN THE GROWING OF SUGAR BEETS

During the hearings held by the Agricultural Adjustment Administration on the sugar-marketing agreement last summer attention was called to the conditions among the contract workers in the growing of sugar beets. The Federal Emergency Relief Administration had also discovered that numbers of these workers were applying to its local agencies for relief. As a result, the President authorized the Secretary of Labor to appoint this committee for the immediate formulation of a plan which will place the labor policies of sugar-beet production on a reasonable and equitable basis. To assist it in making the investigation and preparing the report the committee secured the services of Dr. W. Lewis Abbott, the author of a report upon labor conditions in the beet fields. Dr. Abbott has spent approximately 3 months in gathering material and summarizing the results of earlier investigations into the conditions of workers in sugar beets. Data have been secured from reports of the Children's Bureau, the Tariff Commission, the Federal Trade Commission, the National Child Labor Committee, and other sources. In addition, questionnaires were sent to the county administrators of the Federal Emergency Relief Administration and to the county agents of the Department of Agriculture in every county in which sugar beets are an important crop. The committee also had the advantage of a discussion with persons representing the United States Beet Sugar Association and the National Beet Growers Association.

Sugar beets are grown by farmers who contract in advance for the sale of the crop to a sugar processing company. Their cultivation requires a large amount of hand labor for thinning the stand in the spring, weeding and hoeing in the summer, and pulling and topping in the autumn. These hand processes are in the majority of cases performed by laborers who make contracts with the growers for the work on a stipulated number of acres, being paid by the acre. All members of the workers' families, including children, take part in the work.

Reports to the Tariff Commission last summer showed that the total number of those doing hand work in the crop exceeded 150,000, of which 100,000 were contract workers.

The compensation paid to these workers last summer averaged about $13.87 per acre of beets cultivated, with some as low as $8. This average would amount to about $98 per individual worker, or $392 per family for a season of 7 months. In the years preceding the depression it was possible for many of these families to supplement their earnings from beet work by other types of labor. At the present time, however, the larger part of the workers have no other income and must depend entirely upon their earnings from beets.

During the base period of the Agricultural Adjustment Act, August 1, 1909, to July 31, 1914, the average compensation paid was $19.08 per acre and the average price received for a ton of beets was $5.58. The compensation for the summer of 1933 was 73 percent of that of the base period, while the price of beets per ton was 95 percent of that of the base period.

It is also reported that in some cases these workers have difficulty in collecting their full compensation. As a result of these low wages and failure to receive payment, and also because of the seasonal nature of the employment, many of them have

become dependent upon the Federal Emergency Relief Administration or other relief agencies. For example, the committee has received reports which show that in 15 counties 748 families of beet workers have applied for relief.

Other families seem to be meeting the situation by purchasing their food on credit from the storekeepers in their localities. These storekeepers then undertake to secure work for them.

Studies of the subject indicate a large percentage of child workers in this industry, the figures from various reports showing from 13 to 41 percent of the workers were under 16. The work in beets for the children of contract laborers is not the varied work of chores around a farm, but continuous, repetitive, standardized, and arduous labor. Studies indicate that these children work for periods averaging 9½ to 10 hours a day and actually extending for some children to 12 or 14 hours.

One of the most serious results of the employment of children lies in their loss of school time, for in many sections beet work starts in April and ends in November, with the result that the children lose a considerable portion of the school year.

The most conservative estimates indicate that for a family of six of this class of labor an income of $565 is necessary under present living conditions to ensure it a minimum subsistence living, exclusive of rent, which is not included because in many instances workers are furnished housing by the growers and sugar companies. To give these workers an income equivalent in purchasing power to that of the period from 1909 to 1914, the base period of the Agricultural Adjustment Act, they would have to receive about $600 per year.

At the present time the average family of workers does the hand labor on about 30 acres of beets. With the reduction in the amount handled which would follow the elimination of child labor and possibly some shortening of hours, it is estimated that the average family would take care of about 24 to 25 acres. If they were paid $21.50 per acre for this work, their income during 7 months would be $516 to $538. This amount, with an additional $75 which might be earned in other ways, would give them $600 a year.

Although these earnings from sources other than beet work are small now, in the years preceding 1930 many families were able to earn from $300 to $500 per year from other work during either the winter or summer. With the return of prosperity the opportunities for thus supplementing the income from beet work should increase.

In considering the situation of these workers the committee recognized the desirability of taking some action to eliminate child labor and to improve the rates of compensation, but it was also faced with the fact that the farmers by whom these workers are employed are also suffering grave economic difficulties.

The committee considered possible ways of securing an improvement in the compensation and working conditions through the various agencies now operating. It did not seem possible to apply to these workers the provisions of a code under the National Industrial Recovery Act, because they are engaged in an agricultural rather than an industrial pursuit.

Higher compensation would result either in higher costs for the growers or for the processors. If the expenses of the growers were raised by an increase in the compensation of the contract workers, it seemed necessary to increase their incomes in some way. This led to the consideration of the possibility of meeting an increase in contract rates through an increase in the tariff on sugar. Such a plan seemed undesirable in view of the reports of the Tariff Commission of 1924 and 1934 recommending lower duties on sugar and the present policies of the administration which contemplate a decrease rather than an increase in the tariff on this article. The proposed reduction in the tariff and the proposed change in the Agricultural Adjustment Act will have an effect on processors that cannot now be estimated. In view of this lack of certainty it seemed unwise to place the full burden of the improvement of labor conditions upon the processors.

The proposals of the President in his message to the Congress of February 8, 1934, seemed to the committee the best means of securing the necessary increase of income to the farmers to make possible the payment of higher compensation to the beet workers, and these means can also be used for the elimination of child labor. These proposals, it will be recalled, included the making of sugar a basic commodity and the establishment of a quota system to restrict the production of sugar in the various areas from which the United States draws its supply. This would be accompanied by the levying of a processing tax upon sugar, the lowering of the tariff by the amount of the processing tax, and the payment of a benefit to the beet grower in return for a restriction of acreage planted in beets.

If the latter proposal is embodied in law it will make possible the control of the situation revealed by the investigation of this committee. The payment of benefits to beet growers in return for restriction of acreage could be made dependent upon their signing a contract with the Secretary of Agriculture whereby they agreed to pay an established minimum compensation for beet workers per acre and to prevent the employment of children in the cultivation of beets.

The drafts of the bill S. 2732, introduced by Senator COSTIGAN in the Senate on February 6 (calendar day Feb. 12), and H.R. 7907, introduced by Congressman JONES in the House on February 12 (calendar day Feb. 12), contain a provision which would give to the Secretary this power in the following terms:

"(F) In order to more fully effectuate the declared policy of the Agricultural Adjustment Act, as set forth in its 'declaration of policy' and to insure the equitable division, between producers and/or growers and the processors of sugar beets or sugarcane, of any of the proceeds which may be derived from the processing and/or marketing of such sugar beets or sugar cane and the products and byproducts thereof, all agreements authorized by this act may contain provisions (1) with respect to the terms which contracts between processors and producers and/or growers may contain, and/or (2) which will eliminate child labor among, and will fix a minimum of wages for, agricultural workers employed by, or under the control of, processors and/or producers who are parties to such agreements, and the Secretary, upon request of any producer or grower, or of any producers' or growers' association, or of any processor, of sugar beets or sugar cane, is hereby authorized to adjudicate any dispute as to any of the terms under which such sugar beets or sugar cane are grown, or are to be grown, and/or marketed, and the products and/or byproducts thereof are to be marketed. The decision and any determination of the Secretary shall be final, if in accordance with law."

The inclusion of a paragraph substantially in this form in the final draft of the bill seems to this committee essential to the improvement of the working conditions of the industry through the benefit-payment plan, for it appears doubtful under the Agricultural Adjustment Act as presently drawn that the Secretary would have the needed powers.

There appears to be no scarcity of labor available for work in the beet fields. Therefore the elimination of child labor would probably not result in any shortage of labor. It is more likely that its elimination will make possible the continued employment of adults who might otherwise be unable to secure work as a result of the restriction of acreage in beets.

The committee is informed that this suggestion of a benefit payment of a sufficient amount to enable the grower to augment the wages of the workers would not require the imposition of a burden upon the Treasury of the United States.

The study of the committee and information received from the sources stated indicate that at least $20 should be the minimum rate of wages per acre, in addition to housing.

The committee recommends:

(1) That the policy of declaring sugar a basic agricultural commodity and the application thereto of the powers of the Agricultural Adjustment Administration should be carried forward as a means of securing for the growers of sugar beets and for the contract workers an adequate return.

(2) That the act declaring sugar a basic commodity should include a clause which will empower the Secretary of Agriculture to require that agreements authorized by the act may contain provisions eliminating child labor and insuring adequate compensation for the workers.

(3) That pursuant to this provision the Secretary of Agriculture should incorporate in the benefit contracts a condition providing for the payment during the current season of compensation of at least $20 per acre to the contract workers, in addition to housing or its equivalent.

(4) That pursuant to this provision the Secretary of Agriculture should incorporate in the benefit contracts a condition forbidding the employment of children under 16, other than those of the families of the growers themselves.

Such a program, it is believed by the committee, will receive the cooperation of the growers and processors.

GARDINER C. MEANS,
Economic Adviser on Finance to the Secretary of Agriculture.
HAROLD M. STEPHENS,
Assistant Attorney General.
E. D. TETREAU,
Rural Relief Analyst, Federal Emergency Relief Administration.
WALTER WHITE,
Deputy Administrator, National Industrial Recovery Administration.
CHARLES E. WYZANSKI, Jr.,
Solicitor, Department of Labor, Chairman.

NOTE.—Dr. Mordecai Ezekiel, economic adviser to the Secretary of Agriculture, who was also appointed a member of the committee, participated in some of the deliberations of the committee but has not seen or signed the report, because of absence from the city.

Mr. JOHNSON. Mr. President, I am in hearty accord with the statements made by the Secretary of Labor in the communication just read. I am more in accord because this bill, as I called attention a moment ago, is merely permissive, and to give the right to fix a minimum wage is not to fix it by any means. It ought to be accorded under circumstances such as have been here detailed.

Mr. WAGNER. Mr. President, there is not very much I can add to what has been so well stated by the Senator from California [Mr. JOHNSON] and in the letter of the Secretary of Labor. I want to emphasize again that the other great accomplishment of the National Recovery Act has been the fixation of minimum wages. It has not only increased the purchasing power of the country and thus helped industry as well as the farming community, but it also has driven out of existence, we hope for all time,

the so-called "sweatshop" which has had so much to do with dragging down the decent employer and the decent manufacturer.

In view of the fact that in this case the Government is aiding the farmer—and I am heartily in favor of such a policy, and say so not in criticism, but as a matter of approval—it seems to me that at least there should be authority for the Government to see that a decent minimum wage is paid to these workers. I refer again to the report which has been made at the request of the Secretary of Labor. There were cited a large number of instances where the wage paid the worker was so deplorably low that the Government, by giving the individual relief, was required to make up the difference between the wage paid and the amount which was needed for bare living expenses. It seems to me we ought to protect the workers in these industries that receive governmental aid, at least to the extent of insuring a living wage.

Mr. BLACK. Mr. President, as I read the words which are proposed to be stricken out by the amendment, if the amendment should be voted down as a whole, it would go further than the Senator desires to go and further than the Secretary of Labor desires to go, according to her letter. If the Senator will look at the words on page 15, line 1, he will find that it would not only permit the fixing of minimum wages for workers or growers employed by but also for workers or growers under the control of. That, as I view it, would permit the fixing of wages for members of the family. I am in sympathy with the position taken by the Senator, and I am in sympathy with striking out the provision of the Senate committee. I simply desire to call his attention to that feature, because I believe if the amendment should be voted down, then an amendment should be adopted striking out the words "or under the control of."

Mr. WAGNER. That would be quite agreeable to me.

Mr. VANDENBERG. Mr. President, I wish to make a brief statement as to the reasons why the growers recommended this amendment. I completely concur in the minimum-wage provision. I make that statement unequivocally.

I invite the attention of the Senator from New York [Mr. WAGNER] to the consideration that in none of the other basic-commodity legislation has there been any minimum-wage provision fixed. No other basic commodity under the A.A.A. has the minimum farm wage in it. This is the first time the effort has been made to fix a minimum farm wage. In the evolution of controlled agriculture I would agree with the Senator that we ought to hope to improve these conditions, but I invite his attention to the specific physical fact which confronts us under the sugar bill.

The President has stated that the retail price of sugar must not be increased as a result of the bill. This is not the ordinary basic commodity bill. The benefits paid are paid in lieu of beet acreage taken out of production and are calculated merely to leave the farmer in the same relative status he occupied before the acreage reduction was inaugurated. The farmer cannot control what he gets for his beets. He is at the mercy first of the processor and then of the market. Where will the farmer get his revenue with which to pay increased labor costs?

The Senator from New York refers to the survey and report made by the Department of Labor. I invite his attention to the fact that in that report it is stated, if I am correctly informed, that the average labor cost today per acre is $13, whereas the Department recommends an average labor cost of $20. Well and good! I concede that it ought to be $20, but this is a relief measure and not a reform measure. I ask the Senator where the farmer is going to get the $7 additional to pay the labor per acre, inasmuch as the price of sugar is not to be increased? The $7 to which I have referred would eat up most of the benefit payments, which the farmer is supposed to get by way of compensation for having reduced his acreage. In other words, if we are going to maintain the President's purpose not to increase the price of sugar, we cannot increase the farmer's cost of labor in this particular connection.

Furthermore, the control of the minimum wage to be paid in the beet fields could well become the power to determine whether or not there shall be a beet-sugar industry at all, because if it were put at $30 instead of $13 that would be the end of the entire transaction.

I may say to the Senator from New York that processors are covered by the minimum-wage provisions of the N.R.A. They are quotaed industries. I cordially and enthusiastically agree with him that it is a fine thing that they should be; but under this specific piece of legislation, in view of the nature of the situation I describe, I do not see how we can hope to make the bill work if, at the same time, we are contemplating increased costs of labor on the farm.

Mr. COSTIGAN. Mr. President, the report to which the Senator from New York has referred looks, as I recall it, to the receipt of between $13 and $14 an acre more through benefits out of the processing tax than the farmer would otherwise receive. The report further has in view that about half of the per-acre increase could well go to the farmer and the other half to the field worker.

Mr. HASTINGS. Mr. President, I desire to suggest that it seems to me this is about the last straw that is to be laid upon the farmer to break his back.

Heretofore in certain legislation we have tried to control, and are controlling, the amount the farmer may produce. I suppose that includes the amount of fertilizer he may use, the number of acres he may plant, and so forth. It seems to me that of all things I ever heard of, the proposal to give one man authority to say how much the farmer shall pay for his labor is most calculated to shock the farmers of the country.

In my State the C.W.A. has pretty nearly wrecked the farmer, because it fixed a minimum wage that is greater than the farmer could afford to pay. Now, we come along in the beet-growing industry and propose to tell the farmer how much he is to pay the people who work for him. I think it is the most outrageous thing Congress ever did or ever tried to do, and I am astonished that any member of the President's Cabinet should recommend to the Senate or to the country such a thing.

I call for the yeas and nays on the amendment.

Mr. WAGNER. Mr. President, is the Senator horrified at efforts to give the ordinary worker a living wage? Is not the Senator in sympathy with such aspirations?

Mr. HASTINGS. Mr. President, I think that is a wholly unfair statement.

Mr. WAGNER. Let me give some idea of the wages that are being paid. This report shows that the average wage has amounted to $98 for the individual and $392 for a family during a season of 7 months, and the difference between this sum and what a family has needed to live has been made up by contributions from the relief funds of the Federal Government.

Mr. HASTINGS. I should like to say to the Senator that the amount he has mentioned is more than a great many farmers and their families are getting today. What I am talking about is the farmer. I am not complaining about labor getting too much. I am complaining about the farmer being unable to pay any such amount as the Secretary of Labor or the Secretary of Agriculture may fix.

Mr. NORRIS. Mr. President, I am impressed with the suggestion made by the Senator from Alabama [Mr. BLACK]. I remember also, from listening to the reading of the letter of the Secretary of Labor, that she says there is no intention upon the part of those who favor retaining the language of the House bill to control the price or to enable anyone to fix the wages of members of the farmer's family. I am under the impression that to carry out that idea, with which I am in sympathy, we ought to strike out of the House language on page 15, the words "or under the control of."

As a parliamentary proposition, that amendment would take precedence of the committee amendment, because it is an amendment of the language which the committee seeks to strike out.

In order to take that step, I move——

Mr. HARRISON. Mr. President, if the Senator will ask unanimous consent to strike out that language, I think there will be no objection to it.

Mr. NORRIS. Very well. I ask unanimous consent that the language sought to be stricken out be amended by striking out of it on line 1, page 15, the words "or under the control of it."

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The question now is upon the adoption of the committee amendment.

Mr. CUTTING. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on the adoption of the committee amendment. [Putting the question.] By the sound the ayes have it.

Mr. WAGNER. I ask for a division.

On a division, the committee amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. COSTIGAN. Mr. President, on page 11 I move to strike out subsection (D), and in lieu thereof to substitute the subsection I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 11 it is proposed to strike out lines 17 to 22, both inclusive, and in lieu thereof to insert:

(D) Establish a separate quota or quotas for edible molasses and/or sirup of cane juice produced in continental United States, in addition to, and/or for edible molasses, sirups, and sugar mixtures produced in any other area or areas to which this title relates, as part of, or in addition to, the quotas established pursuant to paragraphs (A) to (C), inclusive, of this subsection, for use as such and not for the extraction of sugar.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Colorado.

Mr. OVERTON. Mr. President, I desire to ask the Senator from Colorado a question or two in reference to this amendment.

As I understand, the first part of the amendment, beginning with the words "Establish a separate quota or quotas for edible molasses and/or sirup of cane juice produced in continental United States, in addition to", refers exclusively to edible sirup and cane juice produced in continental United States.

Mr. COSTIGAN. That is correct.

Mr. OVERTON. And it authorizes the Secretary of Agriculture to assign a separate quota or quotas for sirup or edible molasses produced in continental United States in addition to the quotas already prescribed by the bill.

Mr. COSTIGAN. That is correct. The edible molasses and sirup of cane juice are to be used as such, and not for the extraction of sugar.

Mr. OVERTON. The words just used by the Senator apply to the entire amendment?

Mr. COSTIGAN. Yes.

Mr. OVERTON. That is, all of this edible molasses and cane juice is not to be used for the extraction of sugar, whether produced in continental United States or in other areas. That is correct?

Mr. COSTIGAN. The Senator has made an accurate statement with reference to the application of the above clause.

Mr. OVERTON. Let me ask the Senator another question. What may be designated as the second portion of the amendment, beginning with the words "and/or for edible molasses, sirups, and sugar mixtures produced in any other area or areas to which this title relates, as part of, or in addition to, the quotas established", and so forth, relates to off-shore molasses and sirup?

Mr. COSTIGAN. The Senator has correctly stated the purpose of the second part of the amendment. Perhaps it should be added that the purpose is not to interfere with the present competitive situation respecting molasses and sirup of cane juice, and yet to be able to prevent any marked shift from sugar to molasses and sirup.

Mr. OVERTON. Just one other question. The part of this amendment which authorizes the Secretary of Agriculture to establish quotas for sugar mixtures, edible molasses, and sirup in other areas in continental United States, giving him authority to make those quotas either as part of or in addition to the quotas established, is designed to vest him with authority to prevent the excessive importation of mixed sugars into the United States, as, for instance, beyond the amounts which have been introduced into the United States?

Mr. COSTIGAN. The Senator from Louisiana has accurately stated the purpose of the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HARRISON. Mr. President, the Senator from Colorado has two committee amendments to present.

Mr. OVERTON. I have one other amendment to offer.

Mr. COSTIGAN. On page 21, I move to strike out section 13 of the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. COSTIGAN. I present another amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed on page 25, after line 11, to insert a new section, as follows:

SEC. 17. Section 16 of the Agricultural Adjustment Act, as amended, is amended by adding the following new subsections:

"(c) The provisions of paragraph (2) of subsection (a) of this section shall not apply in the case of sugar beets or sugar cane or the products thereof.

"(d) The Secretary of Agriculture is authorized to purchase, out of such proceeds of taxes as are available therefor, during the period this act is in effect with respect to sugar beets and sugar cane, not in excess of 300,000 tons of sugar raw value from the surplus stocks of direct-consumption sugar produced in the United States beet-sugar area, at a price not in excess of the market price for direct-consumption sugar on the date of purchase, and to dispose of such sugar by sale or otherwise, including distribution to any organization for the relief of the unemployed, under such conditions and at such times as will tend to effectuate the declared policy of section 8a of this act. The sugar so purchased shall not be included in the quota for the United States beet-sugar area. All proceeds received by the Secretary of Agriculture, in the exercise of the powers granted hereby, are appropriated to be available to the Secretary of Agriculture for the purposes described in subsections (a) and (b) of section 12 of this act."

Mr. HARRISON. Mr. President, this is an amendment which meets with the approval of the Secretary of Agriculture. It is to deal with the surplus sugar stock on hand now.

The amendment was agreed to.

Mr. OVERTON. I present an amendment and ask to have it stated.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert at the end of section 9, page 19, line 10, after the word "year", the words "and for the year 1934 the marketing year shall begin January 1, 1934."

Mr. HARRISON. We have no objection to the amendment.

The amendment was agreed to.

Mr. CLARK. Mr. President, I should like to know what the motion to strike out section 13 means.

Mr. HARRISON. Mr. President, that section is a clear duplication, which is the only reason for striking it out.

Mr. CLARK. Duplication of what?

Mr. HARRISON. Of section 15 of the Agricultural Adjustment Act. That was the only reason for striking it out.

Mr. ADAMS. Mr. President, the basis of the proposed act is the fixing of quotas. The allocation of that power is to the Secretary of Agriculture. It seems to me that the power should be directed to him to exercise in a mandatory way.

On page 7 authority is given to the Secretary to exercise this power if he sees fit to do so. It says that he may make these orders and regulations to limit quotas on domestic sugar and to place limits on incoming sugar.

When the word "may" is used, as was pointed out by the Senator from California a while back in connection with

another matter, the authority is also given not to do it. So, as an amendment in line 11, on page 7, I move that the word "may" be stricken out and the word "shall" inserted.

Mr. JOHNSON. Mr. President, I think it would be infinitely better to leave it in permissive form, as it is, rather than to make it mandatory, as suggested by the Senator from Colorado.

Mr. HARRISON. That was the view of the committee.

Mr. JOHNSON. I think the Senator from Colorado may be perfectly certain, from our experience with gentlemen in high position, that if we give them the opportunity to exercise power, they take it. So, I imagine there will not be much difficulty about the exercise of the power; but it would be infinitely better to leave it so that if in certain instances the power should not be exercised, at least the discretion might be reposed in the Secretary in that regard.

Mr. ADAMS. Mr. President, in response to the suggestion of the Senator from California, may I call his attention to the fact that under this language the Secretary of Agriculture may enforce the limitation upon domestic beet sugar and leave the imported sugars from Cuba without limitation. I am seeking to put the bill in such shape that the limitations upon incoming sugars will be mandatory upon the Secretary of Agriculture, so that our beet industry may not by any possibility be swamped with unlimited sugar importations.

Mr. JOHNSON. Mr. President, is the Senator entirely certain of his position in that regard?

Mr. ADAMS. Quite.

Mr. JOHNSON. If that be the fact, I will not make any objection whatsoever to the amendment that is suggested.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. ADAMS].

Mr. CLARK. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Pope
Austin	Couzens	Kean	Robinson, Ind.
Bachman	Cutting	King	Schall
Bailey	Davis	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Duffy	Lonergan	Steiwer
Black	Fess	Long	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	Gibson	McNary	Thompson
Bulow	Goldsborough	Metcalf	Townsend
Byrd	Gore	Murphy	Vandenberg
Byrnes	Hale	Neely	Van Nuys
Capper	Harrison	Norris	Wagner
Carey	Hastings	O'Mahoney	Walcott
Clark	Hatch	Overton	Walsh
Connally	Hayden	Patterson	White
Copeland	Hebert	Pittman	

Mr. LEWIS. I wish to reannounce the absence of Senators as previously announced and to reannounce the reasons given before.

The VICE PRESIDENT. Seventy-one Senators having answered to their names, a quorum is present.

Mr. HASTINGS. May the amendment be stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, line 11, it is proposed to strike out the word "may" and insert "shall", so it will read:

> The Secretary of Agriculture shall, in order to effectuate the declared policy—

And so forth.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. WALCOTT. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 8, line 15, after the word "however", it is proposed to insert:

> That the quota fixed for Cuba for any marketing year shall not exceed the sum of the quotas fixed for Hawaii and Puerto Rico for the same year: *And provided further.*

Mr. WALCOTT. Mr. President, this amendment proposes to give reasonable protection to Hawaii and Puerto Rico, so that in the future the Cuban quota will not run away ahead of the combined quotas of Hawaii and Puerto Rico.

Mr. KING. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. KING. Does the Senator mean that the quota for Cuba would be measured by the addition of the quotas of the other two countries?

Mr. WALCOTT. No; that it shall not exceed for any one year the combined quotas of Hawaii and Puerto Rico.

Mr. KING. If I may be pardoned further, is there any such relation between the 3 in that triangular contest as to make 1 equivalent to the other 2, or the 2 equivalent to 1?

Mr. WALCOTT. This is an arbitrary relationship that is sought in order to protect Hawaii and Puerto Rico from having an excessive quota given Cuba. In other words, the quotas today, as computed by the stabilization agreement, would be exactly the same. It is provided that there shall be 850,000 tons for Puerto Rico and 950,000 tons for Hawaii, which two combined make 1,800,000 tons. The quota for Cuba is 1,800,000 tons.

Mr. KING. If the Senator will pardon me, I do not see any sufficient relation between the three to make Cuba's determination of quota the basis for the other two, or the quota for the other two the basis for Cuba's quota.

Mr. WALCOTT. Cuba is merely limited by the sum of the other two.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. WALCOTT].

The amendment was rejected.

Mr. WALCOTT. Mr. President, I send to the desk another amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 13, line 20, after the word "determined", it is proposed to insert "for Cuba and other foreign countries."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut.

The amendment was rejected.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. HARRISON. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. COSTIGAN (when Mrs. CARAWAY's name was called). The Senator from Arkansas [Mrs. CARAWAY] is unavoidably absent. She has asked me to say that if present her vote would be "yea."

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Senate. I understand that if he were present he would vote "yea." If I were at liberty to vote, I should vote "nay." I refrain from voting.

Mr. GIBSON (when his name was called). I have a general pair with the junior Senator from Georgia [Mr. RUSSELL]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT (when his name was called). On this question I am paired with the senior Senator from Montana [Mr. WHEELER], who is detained on account of illness. If present, I am informed that he would vote "yea." If at liberty to vote, I should vote "nay." I withhold my vote.

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr.

McADOO]. Not knowing how he would vote, I refrain from voting.

The roll call was concluded.

Mr. LEWIS. Mr. President, I beg to announce the same absences, and for the same reasons as announced upon the previous quorum call. I am repeating the announcement now to account for the absence of these Senators on the vote.

I also announce that I have received a message from the Senator from Georgia [Mr. GEORGE] regretting his absence and stating that were he present he would vote "yea."

I am also advised that the junior Senator from Georgia [Mr. RUSSELL], if present, would vote "yea."

I wish further to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Washington [Mr. DILL], the Senator from Montana [Mr. ERICKSON], and the Senator from Nevada [Mr. MCCARRAN] are necessarily detained from the Senate on official business.

Mr. FLETCHER. Making the same announcement as before as to my pair and its transfer, I vote "yea."

Mr. HEBERT. The Senator from Iowa [Mr. DICKINSON] is necessarily absent. He has a pair with the Senator from Kentucky [Mr. BARKLEY]. I am informed that if the Senator from Iowa were present he would vote "nay" on this question, and that if the Senator from Kentucky [Mr. BARKLEY] were present he would vote "yea."

I desire to announce that the Senator from New Hampshire [Mr. KEYES] is necessarily absent. He is paired with the Senator from Arkansas [Mrs. CARAWAY]. If present, the Senator from New Hampshire would vote "nay", and the Senator from Arkansas would vote "yea."

I also desire to state that the Senator from West Virginia [Mr. HATFIELD] is necessarily absent. If present, he would vote "nay."

I also desire to announce that the Senator from North Dakota [Mr. NYE] is paired with the Senator from South Carolina [Mr. SMITH] and that the Senator from Pennsylvania [Mr. REED] is paired with the Senator from Arkansas [Mr. ROBINSON].

I am not advised how the Senator from North Dakota [Mr. NYE] would vote on this question. The position of the Senator from Pennsylvania [Mr. REED] was explained by him prior to his necessary departure from the Senate.

The result was announced—yeas 49, nays 18, as follows:

YEAS—49

Adams	Clark	King	Reynolds
Austin	Connally	Lewis	Sheppard
Bachman	Costigan	Lonergan	Shipstead
Bailey	Cutting	Long	Thomas, Okla.
Bankhead	Dieterich	McGill	Thomas, Utah
Barbour	Duffy	McKellar	Thompson
Black	Fletcher	Murphy	Vandenberg
Brown	Frazier	Neely	Van Nuys
Bulkley	Harrison	Norris	Wagner
Bulow	Hatch	O'Mahoney	Walsh
Byrd	Hayden	Overton	
Byrnes	Johnson	Pittman	
Capper	Kean	Pope	

NAYS—18

Borah	Goldsborough	McNary	Stephens
Carey	Gore	Patterson	Townsend
Copeland	Hale	Robinson, Ind.	White
Couzens	Hastings	Schall	
Davis	Logan	Steiwer	

NOT VOTING—29

Ashurst	Fess	McAdoo	Smith
Barkley	George	McCarran	Trammell
Bone	Gibson	Metcalf	Tydings
Caraway	Glass	Norbeck	Walcott
Coolidge	Hatfield	Nye	Wheeler
Dickinson	Hebert	Reed	
Dill	Keyes	Robinson, Ark.	
Erickson	La Follette	Russell	

So the bill was passed.

Mr. HARRISON. Mr. President, I move that the Senate insist upon its amendments, ask for a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. DUFFY in the chair) appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. COSTIGAN, Mr. REED, and Mr. COUZENS conferees on the part of the Senate.

Mr. COSTIGAN. Mr. President, I ask unanimous consent that the bill just passed be printed with the Senate amendments numbered; also that the clerks may be authorized to change as may be necessary section numbers and references thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

RICHARD A. CHAVIS—CONFERENCE REPORT

Mr. SHEPPARD submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2032) for the relief of Richard A. Chavis having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the language inserted by said amendment insert the following: ": *Provided further*, That the rights, privileges, and benefits conferred upon Richard A. Chavis by reason of the enactment of this act shall be limited to admission to a soldiers' home under the regulations governing such admission: *And provided further*, That he shall be entitled to such medical care as is usually accorded inmates of such home while resident therein"; and the Senate agree to the same.

MORRIS SHEPPARD,
MARCUS A. COOLIDGE,
ROSCOE C. PATTERSON,
Managers on the part of the Senate.
LISTER HILL,
CHESTER THOMPSON,
VINCENT CARTER,
Managers on the part of the House.

The report was agreed to.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. McNARY. Mr. President, it is my understanding that the Senator from Ohio [Mr. FESS] desires to take the floor to discuss the air mail bill, but that he is willing to yield this evening in order that we may have an executive session before recessing until tomorrow.

Mr. McKELLAR. That will be entirely satisfactory to me.

The PRESIDING OFFICER. The Senator from Ohio [Mr. FESS] is recognized.

Mr. LEWIS. Mr. President, will the Senator from Ohio yield to enable us to have a brief executive session?

Mr. FESS. I yield for that purpose.

EXECUTIVE SESSION

Mr. LEWIS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. Reports of committees are in order.

EXECUTIVE REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following nominations:

George M. Abbott, of Ohio, and Cecil Wayne Gray, of Tennessee, to be secretaries in the Diplomatic Service; and

Waldemar J. Gallman, of New York, to be a consul.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Navy.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

THE CALENDAR—TREATIES PASSED OVER

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

The legislative clerk proceeded to read Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

Mr. McKELLAR. I suggest that that go over.

The PRESIDING OFFICER. Without objection, the treaty will be passed over.

The legislative clerk proceeded to read Executive C, Seventy-third Congress, second session, a protocol, signed at Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome.

Mr. McKELLAR. I make the same request with regard to this treaty.

The PRESIDING OFFICER. Without objection, the treaty will be passed over.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

Mr. McKELLAR. I invite the attention of the Senator from Oregon [Mr. McNARY] to the request I am about to make. I ask that the President may be notified of the confirmation of the three postmasters in Tennessee, Mabel W. Hughes to be postmaster at Arlington, Ernest F. Dennis to be postmaster at Chattanooga, and Joseph M. Dedman to be postmaster at Columbia.

Mr. McNARY. Mr. President, the Senator has explained the emergency of the situation, and I have no objection.

The PRESIDING OFFICER. Without objection, the President will be notified of the confirmation of the three Tennessee appointments.

RECESS

The Senate resumed legislative session.

Mr. LEWIS. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 45 minutes p.m.) the Senate took a recess until tomorrow, Friday, April 20, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate, April 19 (legislative day Apr. 17), 1934

POSTMASTERS

MINNESOTA

Joseph G. McRaith, Belleplaine.
Alta V. Mason, Blue Earth.
James L. Paul, Browns Valley.
George K. Dols, Carver.
Albert O. McEachern, Delano.
William Guthier, Emmons.
Tillman A. Brokken, Harmony.
Arthur S. Peterson, Houston.
Bernice Otto, Isanti.
Leroy G. Schmalz, Lester Prairie.
Peter H. Riede, Mabel.
Francis L. Dolan, Milroy.
John N. Kremer, Rice.
Henry Schneider, Rush City.

MISSOURI

Jess H. Easley, Lebanon.

TENNESSEE

Mabel W. Hughes, Arlington.
Ernest F. Dennis, Chattanooga.
Joseph M. Dedman, Columbia.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 19, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Shepherd Divine, ever present to guard and to guide us in the ways of upright living, we praise Thee that there is healing in the hem of Thy garment and comfort in the merciful glance of Thine eye. We pray Thee, our Father, that the issues of our daily conduct may please Thee and satisfy our highest hopes and longings. Just now we wait for that divine touch that shall enable us to hold our course amid the exactions of our responsibilities. O keep the sacred fires burning on the altars of our natures until our colleagues and friends shall feel the impulse of spiritual and moral earnestness. We rejoice, Almighty God, that Thy bosom is recovery, that Thy long-suffering is infinite, and that Thy love is all-conquering. Amen.

The Journal of the proceedings of yesterday was read and approved.

RESIGNATION OF SILLMAN EVANS

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter of the Fourth Assistant Postmaster General, Mr. Silliman Evans, a letter from the President, and a letter from the Postmaster General, Mr. Farley, with reference to the resignation of Mr. Evans as Fourth Assistant Postmaster General.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LANHAM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the letter of resignation of the Fourth Assistant Postmaster General. Silliman Evans, Fourth Assistant Postmaster General, today made public his letter of April 17 to the Postmaster General in which he transmitted his resignation to the President in order that he might accept the position of executive vice president of the Maryland Casualty Co.

The complete text of Mr. Evans' letters of resignation to the President and the Postmaster General and also the letters of acceptance from the President and the Postmaster General follow:

THE FOURTH ASSISTANT POSTMASTER GENERAL,
Washington, April 17, 1934.

Hon. JAMES A. FARLEY,
The Postmaster General.

MY DEAR JIM: You will find enclosed my letter of resignation addressed to the President, which I ask that you transmit to him.

When you recommended my appointment to the President, I realized that you had given me an opportunity to be of service to you and this administration. It will always be a source of gratification to me to have been a part of your official family and to have been a part of this administration. But arising above any official connection has been that strong personal tie which has bound me to you and which no letter of resignation can ever sever. Before I was appointed I was your friend and realized you were mine, but these months of close contact have increased my esteem and affection for you, and I shall strive to always merit your confidence and your friendship.

You have been a wise counselor, a helpful administrator, and a good friend, and in leaving this Department I thank you for your many personal kindnesses.

I should not want to leave the Department without having expressed my appreciation of my colleagues in the direction of this Department. Bill Howes, Harllee Branch, and Clint Ellenberger have been constant in their friendly helpfulness and well-advised cooperation.

From childhood's first admiration of the postman, I have esteemed the Postal Service of this Nation. But, until I had come into direct contact with the Post Office Department, as the Fourth Assistant Postmaster General, I did not have the proper appreciation of the individual efficiency, the loyalty and devotion to the Service, and the faithful and untiring labor of that vast army of Americans who are engaged in the collection and distribution of the mails. To my deputy, Smith W. Purdum, and the 14,000 employees of this Bureau, I pay a tribute of respect and offer my thanks for their assistance and loyalty.

My desk is current and only a few matters of importance are yet to be decided. I am filing with you a summation of them with my recommendations for their disposition.

Sincerely,

SILLIMAN EVANS.

APRIL 17, 1934.

The PRESIDENT OF THE UNITED STATES,
The White House.

MY DEAR MR. PRESIDENT: The board of directors of the Maryland Casualty Co. have invited me to become executive vice president of that company, and today elected me to that office. I have discussed the matter with my immediate chief, the Honorable James A. Farley, the Postmaster General, and the Honorable Jesse H. Jones, the Chairman of the Reconstruction Finance Corporation, and they agree that it constitutes an opportunity for service to which I should respond. I, therefore, have asked the Postmaster General to transmit to you this letter of resignation, to become effective April 21, 1934.

You appointed me the Fourth Assistant Postmaster General immediately upon your inauguration, and it has been a happy undertaking during the last 13 months to render faithful service. I take pleasure in reporting to you that the Bureau of the Fourth Assistant Postmaster General will spend only $31,431,507.23 of the $35,355,734 appropriated by the Congress, and this has been done without the dismissal of an employee or the curtailment of the service of this Bureau. Economies effected in the Bureau will result in much larger savings in the future. A recent survey made of this Bureau indicates an improvement in its efficiency.

I am deeply grateful to you, Mr. President, for your kindnesses to me during my service and shall forever cherish with pride the fact that I have been privileged to be associated with your administration.

With the kindest personal wishes and with great gratitude, I am

Sincerely yours,

SILLIMAN EVANS.

THE WHITE HOUSE,
Washington, April 18, 1934.

Hon. SILLIMAN EVANS,
The Fourth Assistant Postmaster General,
Washington, D.C.

MY DEAR SILLIMAN: It is with real regret that I accept your resignation tendered in your letter to me of April 17, even though I appreciate fully the important task that you are quitting the Post Office Department to undertake.

I want to take occasion, however, to thank you for your loyal and efficient services, and to congratulate you on a job well done.

With all best wishes for the future.

Sincerely yours,

FRANKLIN ROOSEVELT.

THE POSTMASTER GENERAL,
Washington, April 18, 1934.

Hon. SILLIMAN EVANS,
Washington, D.C.

MY DEAR SILLIMAN: I received this morning, and with most sincere regret, your letter of resignation addressed to the President, which I presented to the President this morning.

I also desire to acknowledge receipt of your letter to me, and I assure you that I appreciate its contents. You were very kind and generous to the writer, and I accept your resignation with a feeling of great regret. I realize full well, however, that in leaving this Department you are doing so to accept a position which will give you a greater opportunity for the future. I know that you will bring to your new position the same ability and faithful discharge of duties which you demonstrated as Fourth Assistant Postmaster General. During the time you occupied the position of Fourth Assistant Postmaster General I had entire confidence in you and in your ability to satisfactorily perform the duties of that position, and I shall always recall with vivid recollection and sincere appreciation the generous assistance you accorded to me during the time you were associated with the Department.

Even though you are severing your connection with the Post Office Department, I want you to consider yourself as a member of the official family, because there isn't a doubt in my mind but that I will be calling upon you for advice from time to time, knowing full well that it will be freely given.

You have my very best wishes for your every success in your new association, and with kindest regards to you and Mrs. Evans, I am,

Very sincerely,

JAMES A. FARLEY,
Postmaster General.

A RADIO BILL TO PROVIDE FOR THE ALLOCATION OF RADIO FACILITIES TO EDUCATIONAL, RELIGIOUS, LABOR, AND OTHER NON-PROFIT-MAKING ASSOCIATIONS

Mr. RUDD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RUDD. Mr. Speaker, I have asked for this privilege so that I may bring to the attention of the Members of the House the injustice and inequity of the allocation of time of broadcasting facilities to the prejudice and detriment of educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations.

On April 5, 1934, I introduced in the House of Representatives H.R. 8977, a bill to amend the Radio Act of 1927, approved February 23, 1927, as amended:

Be it enacted, etc., That to eliminate monopoly and to insure equality of opportunity and consideration for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations, seeking the opportunity of adding to the cultural and scientific knowledge of those who listen in on radio broadcasts, all existing licenses issued by the Federal Radio Commission, and any and all rights of any nature contained therein, are declared null and void 90 days following the effective date of this act, anything contained in this act to the contrary notwithstanding.

SEC. 2. The Communications Commission, herein created, shall, prior to 90 days following the effective date of this act, reallocate all frequencies, wave lengths, power, and time assignments within its jurisdiction among the citizens of the five zones herein referred to.

SEC. 3. The Commission shall reserve and allocate only to educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations one fourth of all the radio-broadcasting facilities within its jurisdiction, excepting those facilities issued to ships and to the use of the United States Government departments or agencies. The facilities reserved for and/or allocated to educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations shall be equally desirable as those assigned to profit-making persons, firms, or corporations. In the distribution of radio facilities to the associations referred to in this section, the Commission shall reserve for and allocate to such associations such radio-broadcasting facilities as will reasonably make possible the operation of such stations on a self-sustaining basis.

This bill was referred to the Committee on Merchant Marine, Radio, and Fisheries and ordered to be printed.

This injustice and inequity and the need for this legislation, was brought to my attention by the Reverend Father John B. Harney, the superior, of the Missionary Society of St. Paul the Apostle, or Paulist Fathers, which operates station WLWL, of New York City, a non-profit-making organization, and by many residents of my congressional district who forwarded to me letters and petitions for this legislation.

Subsequently a meeting was held in the office of Congressman CONNERY, of Massachusetts, Chairman of the Committee on Labor, which was attended by Congressman MALONEY, of Connecticut, many other Congressmen, and representatives of labor, various religious denominations, and other organizations favoring this legislation. This meeting was addressed by the Reverend Father Harney and others. These addresses clearly evidenced the absolute necessity for this legislation.

A committee of three was appointed, consisting of Congressmen CONNERY, MALONEY, and myself, to draft an amendment to be offered to the Federal communications bill, H.R. 8301, now pending in the Interstate and Foreign Commerce Committee.

This committee met and prepared the following amendment to H.R. 8301, page 67, between lines 7 and 8, insert the following:

SEC. 507. The Commission, notwithstanding any other provisions of law, shall, within not less than 90 days after the date of enactment of this act, reallocate all frequencies, wave lengths, station power, time assignments, and other radio-broadcasting facilities within its jurisdiction among the citizens of the several radio-broadcasting zones established by law, in such manner that not less than one fourth of all such facilities, excepting those facilities allocated for the use of ships and for the use of United States Government departments or agencies, shall be reserved and allocated only for the use of educational, religious, agricultural, labor, cooperative, and similar nonprofit associations. The facilities reserved for and/or allocated to such nonprofit associations shall be equally desirable as those assigned to profit-making persons, firms, partnerships, or corporations. In the allocation of radio facilities to such nonprofit associations there shall be reserved for and allocated to such associations such radio-broadcasting facilities as will reasonably tend to make possible the operation of such stations on a self-sustaining basis.

Page 67, renumber sections 507 as 508; 508 as 509; and 509 as 510.

Congressman MALONEY of Connecticut, who is a member of the Committee on Interstate and Foreign Commerce, has offered to submit this amendment in committee to H.R. 8301.

I am informed that of all the time utilized for broadcasting purposes only 2½ percent is allocated for educational institutions.

Radio broadcasting is the one means of education which can be utilized by all of the people. During the recent years of world-wide depression the radio has been the one means of education still left to the workers and their families. Thousands of schools have closed. In millions of instances, I am informed, the distance between those schools which remained open and the homes of the workers have been too great, considering the impoverished condition of the children, for them to try and get to the school each day.

The Legislature of the State of New York and the Board of Aldermen of the City of New York have memorialized Congress of the necessity for this legislation.

I hope the Members will support this worthy legislation.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I should like to ask the majority leader a question with reference to the program. A day or two ago it was hinted that if we finished the consideration of the District of Columbia appropriation bill today, perhaps we could adjourn until Monday morning. I should like to know if there has been any change in the program as far as the majority leader is informed.

Mr. BYRNS. I may say to the gentleman from New York that there has been no change. We have a number of bills pending in the Senate. There is no particular reason that I know of why the House should be in session tomorrow or Saturday; and if this appropriation bill is passed today, it is my intention to ask the House to adjourn over until Monday. The gentleman understands, of course, and the Members understand, that unless this bill is completed today we will have to have a session tomorrow in order to complete it.

Mr. SNELL. The gentleman will remember, of course, that we have met every morning this week at 11 o'clock in order that we could adjourn over.

Mr. BYRNS. That was the object of meeting at 11.

Mr. SNELL. I suggest that the gentleman submit his request now, depending upon the passage of the bill.

Mr. BYRNS. I see no reason why we should not complete the bill today.

Mr. SNELL. We will stay here until we do complete it?

Mr. BYRNS. If we stay here until we complete it, then we will adjourn until Monday.

Mr. BLANTON. If our two leaders will help so the bill may be read scientifically, I know we can adjourn.

Mr. BYRNS. It always has been read scientifically.

Mr. SNELL. We cannot quite do that.

ONE HUNDRED AND FIFTY-NINTH ANNIVERSARY OF THE BATTLE OF LEXINGTON, MASS.

The SPEAKER. Under the previous order of the House, the gentlewoman from Massachusetts is recognized to address the House for 5 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, 159 years ago today, the shot was fired "which was heard 'round the world", at Lexington, Mass., which is a part of my district. Ten of its citizens died in their fight for liberty. Today a delegation of eight citizens of the same patriotic town have journeyed to Washington to again fight for liberty. They are sitting in the gallery. They bring a demand, signed by more than 1,200 Lexington citizens, reviving a historical practice, because they believe that when a free people choose duly elected representatives they invest them with responsibility for preserving their constitutional rights to own property and to exercise freedom of individual enterprise.

They believe, Mr. Speaker—

When a free people feel that their rights are being trespassed upon and that the guidance of government is being unduly influenced by advisers not chosen by the people, it is a duty as well as a right of the people to express determined disapproval.

Such disapproval must be voiced decisively when legislation is enacted giving into Federal control the right to regulate individual and national activity for ends which the people feel are open to grave question.

They protest, Mr. Speaker—

Against Federal interference in business under the guise of promoting social reform and economic recovery.

They protest—

Against the indefinite extension of legislation originally designed solely for emergency purposes.

They protest—

Against the passage of legislation without more careful consideration by Congress.

They protest, Mr. Speaker—

Against the increase of bureaus, boards, and commissions, and the delegation of arbitrary powers to such governmental agencies.

They protest—

Extravagant and wasteful expenditure of public funds on unneeded and unproductive projects, thereby creating a constantly mounting public debt.

Mr. Speaker, they are resolved that—

The individual's rights of private enterprise and its rewards must continue, free from unreasonable interference by the Federal Government, and they demand their preservation at your hands.

Mr. Speaker, I earnestly commend their resolution to the House. It is high time that the Nation protested against the taking away of the people's rights, no matter how covertly done. This petition must be heard, must be considered, must be acted upon. It is patriotic. It is not partisan. I cannot believe, Mr. Speaker, that we are going to throw away the freedom, the liberty, that started at the very beginning of this country, the thing that has made our Nation the greatest Nation in all the world. Every nationality that came to our shores came for freedom. I feel sure my colleagues on the left, who have always, since the Republic began, said they were for State rights, for freedom, for liberty, will join with us in acting upon the recommendations of this delegation. We cannot let our country be ruined; we cannot let individual freedom be taken from us. [Applause.]

(The petition referred to by Mrs. ROGERS of Massachusetts is as follows:)

LEXINGTON, MASS., *April 19, 1934.*

To the honorable Senators and Members of Congress from the Commonwealth of Massachusetts:

When a free people choose duly elected representatives they invest them with the responsibility for preserving their constitutional rights to own property and to exercise freedom of individual enterprise.

When a free people feel that their rights are being trespassed upon and that the guidance of government is being unduly influenced by advisers not chosen by the people, it is a duty as well as a right of the people to express determined disapproval.

Such disapproval must be voiced decisively when legislation is enacted giving into Federal control the right to regulate individual and national activity for ends which the people feel are open to grave question.

Now, therefore, we, citizens of Lexington, Mass., on this 19th day of April, the anniversary of the first battle for American liberty, reviving an historical practice, submit to the Congress of the United States through the Senators and Representatives from this Commonwealth, the following protest:

We protest against Federal interference in business under the guise of promoting social reform and economic recovery.

We protest against the indefinite extension of legislation originally designed solely for emergency purposes.

We protest against the passage of legislation without more careful consideration by Congress.

We protest against the increase of bureaus, boards, and commissions, and the delegation of arbitrary powers to such governmental agencies.

We protest extravagant and wasteful expenditure of public funds on unneeded and unproductive projects, thereby creating a constantly mounting national debt.

We are resolved that the individual's rights of private enterprise and its rewards must continue, free from unreasonable interference by the Federal Government, and we demand their preservation at your hands.

Herbert A. Martin; Fred D. Cloyes; George C. McKay; James W. Smith; Arthur N. Maddison; Harold B. Needham; B. Isabel Scott; Edward H. Mara; Margaret P. Fenn; Edward Loren Fenn; Harry W. Litchfield; R. Eliot Marshall; Henry J. Wollrott; Emily B. Preston; Elwyn E. Preston; Randall W. Richards; Sheldon A. Robinson; Henry F. Branch; Archibald R. Guoux; William E. Mulliken; Allen W. Rucker; Albert B. Turney; Alice G. Webster; Lucy A. Butters; Bertha Hutchinson; Christiana B. Jellio; Arthur J. Rocque; Edward L. Child; Harriet L. Child; James A. Peirce; Kathryn C. Clarke; Kenneth P. Clarke; Solgiad Burtch; Robert H. Holt; Hazel Green; George H. B. Green, Jr.; Henry D. Love; Fannie B. Love; Donald H. Love; Marian M.

Kimball; Norman Ellard; Emily G. McLearn; Lillian McLearn; Walter E. Barrett; Irene A. Barrett; Anna M. Fuller; James J. Walsh; Lucy Dorothy Walsh; Edward C. Stone; Elizabeth B. Stevens; Edmund V. Stevens; C. N. Shaffer; Henry C. Davis, Jr.; Lyon Carter; Maud T. Sherburne; Clair Olson; Olaf Peterson; Edward Peterson; Elizabeth J. Nunn; Charles P. Nunn; Philip M. Clark; Marion B. Clark; Harry A. Wheeler; May L. Wheeler; Raymond A. Bond; Doris E. Bond; R. Edward Rowse; Marion C. Rowse; Marjorie S. Emery; Kenneth P. Blake; Elizabeth N. Blake; Elmer L. McCabe; Peter Robertson; Ella M. Robertson; Grace B. Shurtleff; Constance S. Nickerson; Lawrence H. Burnham; Olive T. Burnham; William Lennon; George M. Ross; Rachel M. Ross; William E. Macurda; Georgie A. Macurda; George W. Emery; Fannie S. Wooduff; Anna W. Nichols; Ernest O. Nichols; Howard S. Nichols; Bertha R. Nichols; A. W. Puckey; Richard S. McCabe; Hugh C. Tupper; Robert S. Sturtevant; Lela D. Sturtevant; Edna E. Suter; Richard L. Suter; Ruth M. Stone; Dorothy C. Jackson; Marion P. Wadsworth; Frank E. Clarke; Frances Locke Clarke; Virginia Pearson; William H. Pearson; Ellis W. Tower; Robert C. Merriam; Fletcher W. Taft; Grace H. Emery; Alice H. Locke; Edna L. Crane; Jim B. Fobes; Margaret G. Taft; Marion L. Howe; Ezra F. Taft; Mabel S. Stratton; Edith L. Stratton; Catherine A. McGuinnes; Edith M. Kelley; Susan Gill; Robert D. Mayo; Sherburne Asher Prescott; Mary Gertrude Prescott; Bertha H. Miles; J. Lawrence Miles; Virginia L. Miles; Robert P. Clapp; Mary L. Clapp; Blanche C. Lewis; Robert W. Lewis; James H. Lewis; Herbert L. Kelly; Arthur C. Whitney; Pauline A. Mayo; Fred K. Brown; Sylvia R. Brown; Chas. H. Miles; Louise C. Robinson; Clarence R. Hopkins; Marian T. Hopkins; Lilla C. Dickey; Ruth M. Pettengill; Caroline A. Holt; Charles E. Holt; Edith P. Emery; Helen O. Emery; Wm. D. Milne; Willard D. Brown; Everett L. Emery; Alice G. Cloyes; Lorraine Cloyes; Lorena McLean Milne; Mary E. Craddock; John F. Ballard; Alin M. Ballard; Francis H. Fobes; Elinor W. Locke; Errol H. Locke; Dorothy Dean Sheldon; Frank M. Sheldon; Rollin C. Blake; Lulu M. Blake; Elizabeth Howe; Eunice C. Milne; Emily C. P. Milne; Guy Maynard; Barbara Ballard; Alton H. Hathaway; Phyllis Maynard; Bertha H. Hathaway; George L. Harrington; Harriet Sibyl Collins; Doris Holt Hauman; Annie R. Connors; C. I. Lewis; C. A. White; E. B. Cloyes; Lewis Ballard; Edward H. Sargent; Calvin W. Childs; Mabel R. Houghton; George Hauman; Tracy W. Ames; Beatrice M. Ames; Florence A. Sullivan; Walter J. Trowbridge; Clayton A. Hilliard; Abby E. Stevens; A. C. Kilgour (by T. W. A.); Henry C. Gad; Etta S. Giles; Fred E. Giles; Dr. John E. Murray; J. A. Harding; Gertrude R. Harding; Charles E. Ferguson; Lucy D. Warren; Harry C. Fallis; Alice L. Ashley; G. T. MacAlpine; Oden MacAlpine; Emma B. Wheeler; Marian M. Brown; Helen S. Brown; Constance G. Doty; J. Jeremiel Buck; John P. Keyes; John F. Dalton, Jr.; Alfred W. Nelson; Frank W. Hevrick; W. H. Hannam; C. M. Martin; M. K. Davis; Ralph H. Elvedt; Ina F. Cutter; Roscoe C. Hill; Millicent S. Hill; Moses M. Low; Edith M. Lewis; Louise Kidder; Geo. M. Better; Florence D. Better; Edith B. Nichols; Charles E. Nichols, Jr.; John H. Millican; Jos. Fournier; Adrien Fournier; R. D. Prain; Edna Prain; Thos. Prain; Charles I. Gragg; Mabel T. Gragg; James M. Robinson; Florence H. Robinson; Percy C. Raymond; Carmelo Allia; Rosa Allia; Harry K. Burgess; Madeleine V. Oliver; Frederick H. Tullae; Lillian S. Tullae; Armond Hanonia; Yvonne Kenney; Raymond Kenney; C. U. Arandall; Cora B. Pierce; Dorothy B. Wentworth; Helen E. Muzzey; Rose Whitney Smith; Clarence G. Eaton; Lena E. Fiske; Jessie E. Kimball; Stanley W. White; Fred A. Hoxie; Edwin V. Hill; Laurence D. McIntosh; Charlotte B. McIntosh; Horace M. Howard; Caroline T. Reed; Florence L. Carr; Louise E. Wilkins; Edwin W. Hutchinson; Mary G. Kraetzer; Edward E. Palmer; Lillian V. McPeake; Mary D. Hunt; Hattie F. Burnham; Bertha H. Norris; Philip E. Perry; Flora E. Lawrence; George E. Graves; Henrietta J. Dow; Mabel Dean Johnson; Mina J. Rice; Helen B. Sarano; Ruth M. Sarano; Eunice C. Ellard; Frances W. James; Ida B. Hatch; Stanley L. Hamlin; Hollis Webster; Perley C. Tibbetts; L. P. Tibbetts; Helen R. Fitzgerald; Frederic W. Tower; Harriet R. French; John B. Hill; Mildred G. Tenney; Rockwell C. Tenney; Ruth S. Carter; Mary L. Whipple; Barbara W. Childs; Lucy D. Hutchinson; Joseph Tebalch; Winthrop W. Harrington; Lois I. Harrington; Ruth H. Crone; Ruth H. Davis; Helen M. Sargent; Marion G. Whipple; Virginia C. Hartwell; Lora B. Worthen; Charlotte A. Smith; E. Gertrude Sherburne; Edna L. Hutchinson; Sally I. Sherburne; Audrey B. Hill; Edith D. Bowker; May L. Harrington; Ramona G. Whitney; Grace Lippincott Merriam; Ruth Morey; Evelyn S. Trask; Marcia H. Glidden; Elise M. Rucker; Margaret M. Ross; Lilian Clapp Holt; C. Gordon Peterson; Evelyn B. Peterson; Lillian N. Pearce; George P. Wadsworth; Hiram W. Jackson, Jr.; Franklin W. Coleman; Roswell G. Eldridge; Lillian M. Eldridge; Natalie Eldridge; Augusta L. Patrick; Joy O. Richards; Katie M. Chamberlin; Pearle C. Sprague; Clarence E. Sprague; S. Lewis Barbour; Minnie A. Glynn; Anita Dale Seymour; Sidney U. Robbins; Madeline E. Robbins; Louis W. Bills; Eleanor M. Bills; Jessie C. Corso; Arthur Corso; Harriette S. Kelley; Frederic B. Chase; Genevieve E. Chase; John J. FitzGerald; Isabelle Knight Baker; Ida L. Stevens; Ralph I. Dale; Alexander W. Hammer; Edward Flynn; Joseph G. Kraetz, Jr.; James W. Smith, Jr.; George B. Sargent; Olive S. Sargent; Claude A. Butterfield; Walker L. Chamberlin; Albert W. Emmons; Helen W. Emmons; Sally T. Connell; Gerald B. Litchfield; Clarence A. Small; Olive M. Small; Charles E. Ross; Harold G. Bowen; Thelma F. Bowen; Frank K. Bishop; Luetta L. Bishop; N. P. Barber; Laura M. Barber; Arthur S. Arnold; Grace M. Arnold; Benjamin S. Nickerson; Eleanor B. Litchfield; Marjorie S. Vinson; Minnie C. Soderberg; Elizabeth M. Maynard; Marion C. Spaulding; Ernest E. Wortman; Alice C. Wortman; Mary C. Mortimer; Hazen W. Hamlin; Elizabeth Hamlin; T. D. Ward; Jennie G. Ward; J. Chester Hacker; Albion W. Newell; Cora B. Newell; D. J. Humyson; John H. McCormick; Herbert A. Welington; Alexander J. Truson; Francis E. Lombard; Lester L. Downing; Edward W. Ormond; Armand Cardin; Joseph Valente; Theresa M. Valente; Catherine Valente; Pierre A. Northrup; Leone M. Northrup; Aleph B. Robbins; Russell F. Bailey; Beulah D. Parks; Irene Valente; Frank N. Champlin; Christine M. Champlin; Mary E. Leonard; Madeline T. Mead; Frank W. Turk; Edith F. Turk; John H. McHugh; Ernest C. Martin; Charles M. Blake; Margaret M. Blake, Kathleen Fitzgerald; Helen W. Booker; Ashton G. Little; Mabelle G. Little; Jesse G. Pattee; Julia Pattee; Walter F. Temple; Elsie Temple; Marjorie Temple; Genevieve H. Cullieson; Rena U. Chase; Margaret Collieson; C. E. Collieson; H. E. Stone; Mrs. Bessie M. Brown; Arthur A. Marshall; Lillian G. Marshall; George T. Pumpelly; Katheryne E. Pumpelly; Olive Russell; Gardner Lane Frost; Grace W. Russell; Herbert P. Russell; Edmund F. Bentley; John W. Lyons; Edmund T. Mallett; Audrey M. Firoux; Guy E. Denison; John N. Morse; Sadie May Morse; Helen M. Little; Russell Graves; Mrs. Elmer Graves; Albert I. Carson; Harriett M. Denison; William A. Wilkins; Bradford Giddings; William Greer; Ernest F. Light; Mrs. Edward C. Stone; Francis M. Walsh; Helen T. Chadwick; Elmer A. Chadwick; Standley T. Cobb; Louella V. Cobb; Rhoda A. Kilgom; Mabel E. Adams; Edward W. Sibley; Edna M. Sibley; Wenonah E. Sibley; Charles P. Briggs; Helen H. Hager; Margaret W. Kettell; Ida M. Dean; Christine F. Long; Roger D. Long; Helen B. Parsons; Galt F. Parsons; Marian J. Wrightington; Stanley W. Eldridge; Ellen H. Woods; Beatrice H. Lamont; Grace P. Brown; William I. Brown; Faith Hodges Lamont; Harold B. Lamont; Walter W. Rowse; Fred W. Miller; Lucy A. Miller; Gertrude Miller; F. W. Miller, Jr.; Minnie C. D. Maddison; Raymond Harrington; Edmund S. Lamont; Evelyn Lewis Mills; H. Blair Lamont, Jr.; Mary Leydon; Dora L. Galloupe; Ruth H. Moody; Alice M. Huributt; Lois E. Proctor; Charlotte F. Huributt; Dorothy N. Hatch; Carrie H. Norris; George C. Hatch, Jr.; Dana T. Norris; Edwin B. Worthen; De Witt C. Brewster; Louise H. Brewster; Edwin H. Schmitz; Bertha M. Schmitz; O. E. Selle; Grace M. Murray; Louis E. Yeager; Edith R. Yeager; Edith L. Yeager; John F. Yeager; E. Virginia Lamont; Florence B. Devine; John H. Devine; Austin L. Hunt; Frank Cronin; Howard H. Edgerton; Jededial Edgerton; W. T. Caouette; Lillian R. Caouette; Frederick W. Pierce; Mabel G. Pierce; Emma H. Kinsman; Leon S. Kinsman; Gustaf Lidberg; Arthur H. McLearn; S. R. Wrightington; J. H. Washburn; Bertha M. Nickerson; Louis W. Winchenbach; Everett J. Leavitt; Ralph H. Wells, M.D.; Marion C. Gay; Frederick M. Gay; L. Myrtle Low; Edith H. Wells; Richard S. Low; Charles H. Schofield; Jessie E. Lamont; Edith A. Cutting; Arthur Slingsby; J. J. Gates; A. W. Smith; Eva M. Robinson; Eugene H. Partridge; Adeline B. Stewart; Mary F. Jaynes; Edith M. Harrington; Robt. C. Callahan; Herbert M. Lawrence; Arthur F. Tucker; Joseph H. Fiske; Marian P. Kirkland; Telegrino Ferri; John N. Archibald; Mary E. Archibald; Alice T. Swett; Agnes L. Ross; Adeleine W. Dunckiee; Julius Sells; Clarence Bentley; Eliza Schofield; Ellen H. Schofield; Arthur R. Linfield; Clesson C. Schofield; Florence C. Schofield; Horace S. Dearborn; Helen C. Dearborn; Dorothy I. Linfield; Helen Wiggins; Emily L. F. Wells, Charles W. Allen; Howard A. Fletcher; Susan C. Preston; Roland W. Baldrey; Edna R. Baldrey; James Holt; Martha Holt; Louis J. Reynolds; H. W. Horton; A. B. West; H. A. Flint; Anthony Janusas; Josephine E. Hess; John W. Hess; Frances C. Flint; Bessie B. Coff; H. N. Coff; Earl V. Johnson; Olive M. Johnson; Robert Johnson; G. Ware; George E. Crooks; John J. Sullivan; Donald B. Cameron; Janet L. Cameron; Frank S. Berry; Mabel P. Berry; Mabel F. Berry 2nd, Frank S. Early; Anna E. Early; Janet Kidd; R. Cook; Ethel H. Cook; Hattie N. Swift; Hulda E. Johnson; Amy G. Ware; David Kidd; Oscar Anderson; John Anderson; C. C. Hadley; Wm. G.

Wright; Rose A. Maloney; James van Gemert; F. W. Lloyd; C. D. Hansen; John F. Anderson; Augusta Anderson; John F. Heaney; Lewis Van der Womer; Charlotte E. Hadley; E. L. Frost; M. C. Frost; George L. Chapman; C. F. Chapman; Helen A. Nary; Mildred L. Knisley; C. E. MacPhee; Jessie O. MacPhee; Joseph S. Simon; Elizabeth A. Simon; C. M. Shilliday; S. H. Shilliday; Lina A. Malloch; Charles W. Mallett; H. D. Mallett; F. Louise Mallett; Mary K. McGilliwray; Frank J. Thompson; Mary E. Thompson; Ethel J. Boyce; C. L. Parker; Jennie C. Parker; Frank R. Hadley; Ernest Cutler; Virginia K. Cutler; Mrs. John R. Wilkins; John R. Wilkins; R. G. Spaulding; George F. Harrington; Anastasia Harrington; Chester G. Peck; Genevieve S. Peck; Clarence B. Van Wyck; Cornelia L. Van Wyck; Winthrop F. Potter; Priscilla P. Potter; Edwin B. Ide; Carolyn D. Ide; Dorothy H. Chamberlain; H. Dudley Murphy; Wm. A. Cann.; P. M. Burgess; Lillian Burgess; Jeanne E. LaMay; Edward W. Cummings; Anna P. Cummings; E. W. Martin; Mabel G. Martin; Edward J. Crosby; Flora A. Crosby; Francis Chamberlain; Nelly Littledole Murphy; John F. Enser; Josephine R. Kennedy; Anna H. Mosher; Fred W. Mosher; Richard A. Wasan; Aidian A. Wasan; Martha C. Spaulding; Geo. E. Foster; Alice S. Kennedy; Essala C. Foster; Anna B. Burt; K. Claudine Foster; Mrs. Everett J. Leavitt; Alfred T. Ball; John R. Ball; William M. Crawford; Frank J. Love; Helen E. Love; Mrs. Henry H. Harvey; M. M. English; Helen Hincos; Bertha Burgess; Albert Burgess; Gladys T. Watson; Mrs. George C. Wheaton; Mrs. Vira G. Wheaton; Mrs. Hubert V. Coryell; Ina D. Carter; Roy A. Ferguson; Earl J. Pilkington; William W. Ferguson; Eva M. Ferguson; Lewis M. Reynolds; Royal W. Gilson; Alice Newell; Sarah M. MacKeil; Margaret C. Savage; Winthrop R. Marks; John Marks; Augustus C. Kennedy; Jerome L. Procter; Bertha A. Procter; J. L. Burr; Charlotte M. Ramsdell; Stanley E. Cliff; Alice C. Cliff; Geo. B. Gosbee; Isabelle M. Gosbee; Pauline J. Rupert; W. W. Racant; Gordon B. MacArthur; Richard B. Parker; Robert J. Noonan; Elizabeth Noonan; Ruby S. Parker; John L. Wheatley, 151 Crescent Hill Avenue; Alfred H. Wheatley, 149 Crescent Hill Avenue; William R. Rosenberger, 77 Hancock Street; Beth B. Vienot, 15 Vaille Avenue; Carl G. Vienot, 15 Vaille Avenue; Arthur F. Hutchinson, Blossom Street; W. E. Doran, East Street; Mrs. Clara E. Hutchinson, Blossom Street; Henry C. Packard, Concord Avenue; Emma H. Packard, Concord Avenue; Ernest H. Packard, Concord Avenue; Edith M. Hutchinson, Blossom Street; Emma N. Cox, Blossom Street; Paul Harmon Chapman; Violet L. Chapman; Florence B. Chamberlin; Nell C. Crawford; Andrew Dreselly; Mrs. A. Dreselly; Marjory L. Nelson; Reginald F. Peasee; Molly Moyles; Caroline B. Stone; Joseph E. Anderson; Kelsey G. Reed; Louise W. Reed; William C. Nickerson; Wm. H. Shurtleff; Walter W. McCoubrey; Mary B. McCoubrey; Edith H. Shannon; Myrtle L. Terhune; Frank B. McAllister; Mary W. McAllister; Ina A. Downs; Guy S. Chase; Belle P. Chase; Mary L. Patrick; Martha Walker Jones; Maude S. Smith; William L. Smith; Ruth K. Eichorn; Charles G. Davis; Beulah Locks Sherlinus; Mary E. Winchenbach; Hubert D. Broderic; Guyetta G. Broderic; Carolyn F. Carson; Hattie E. A. Peckham; Ruth B. Jackson; William L. Jackson; Ruth H. Howe; Eugene G. Kraetzer; Helen A. Downing; Elinor H. Downing; Mary E. Kendrick; Wm. D. Hagerty; D. H. Freeman; C. E. Bischoff; V. G. Simon; Harriet P. Simons; R. E. Bourdon; Walter Brintus; Robert D. Clarke; Frank A. Johnson; Charles C. Vessey; Verna M. Vessey; D. W. Colby; Mary Bailey Colby; Hazel M. Barry; Clarence W. Barry; Gladys G. Mills; Virginia M. Harford; A. Stacy Ellis; Carolyn Smith; Geo. F. Smith; Fred E. Andrews; Dorvoice F. Andrews; Kenneth P. Kelley; Mary L. Low; R. Charles Williams; Isadore J. Michelson; E. S. Archibald; John Lamont; Everett Vaughan; G. L. Wallace; Alex Ohlson; H. E. Custance; I. F. Sherwood; Fred W. Stone; Chas. Ettlaekauss; Frank P. Jones; W. I. Burnham; Geo. A. Taylor; Clyde A. Booker; Ernest K. Ballard; Frederick S. Britton; Alex W. Parks; Harold C. Ashley; H. C. Denham; J. A. Moulton; Howard M. Munroe; Gordon B. Leavey; A. R. De Roehn; Manfred W. Warren; John D. Collins; Bertram P. Whipple; J. O. Tilton; Harry F. Howard; David Govan; William A. Morrill; Raymond J. Bradbury; George W. Butters; Ralph P. Webster; C. R. Hardcastle; Geo. C. Hardcastle; Harry C. Boyd; Clem H. Ferguson; Manfred B. Olson; Luther R. Putney; John F. Dailey; James F. Timothy; Jennie E. Burke; Ethel L. Burke; Carl B. Jones; Harry G. Fust; George M. Davis; Chester Lidberg; Henry Lidberg; A. R. Brooks; C. H. Jackson; Leonard Jellis; John E. Hossfield; Harry W. Patterson; Ronald D. Brown; Arthur L. Graves; Geo. W. Bond; Arnold P. Beveridge; John A. Sellars; F. W. Pierce; Arthur L. Hanson; J. L. Smith; G. M. Lockhart; D. A. Cabot; L. F. Willard; Forrest Knopp; William A. Rice; Richard R. Wiggins; Harry C. Sorensen; Arthur E. Whalen; Gordon W. Robinson; Willard T. Hill; John E. Gilcreast; Converse Hill; Alfred A. Adler; George E. Perkins; Clarence Shannon; Roswell S. Eldridge; Norman A. Downs; Ashby W. Partridge; Lester A. Duncklee; Hugh E. Leonard; Lester Andrews; Ralph H. Marshall; Norman C. Hooper; Robert C. Cady; Wm. L. Barnes, M.D.; Matthew Stevenson; Byron C. Earle; Fred C. Earle; Chester E. Earle; Edward D. Hoitt; George W. Nary; Mrs. Harriet A. Rowe; Mrs. George A. Taylor; Mrs. Grace J. Proctor; Hubert C. Grieves; Chester L. Blakely; Whittemore C. Archibald; Collin F. Mac. Gilvray; Manuel J. Ferry; F. Scott Unlen, Jr.; John M. Ray; Herbert W. Johnson; Robert O. Trask; David H. Eaton; Howard L. Kelley; Harvey P. Winlock; James T. McGann; William C. Siano; Wm. Hunt; William A. Flower; George O. Harrington; Lawrence G. Mitchell; H. S. Johnson; Edward J. Lunn; Walter Z. Hyde; Walter J. Rose; Ivy S. Hay, Jr.; Rena B. Heanson, 36 Percy Road; Bertha F. Capen, 37 Percy Road; Addie M. Hastings, 28 Percy Road; Bertha T. Hastings, 28 Percy Road; R. B. Brushmore, 24 Percy Road; Edith R. Sunnider, 7 Washington Street; Agnes C. Tellier, 7 Washington Street; Clifford W. Pierce, 1 Eustis Street; Ellen R. Sherburne, 15 Percy Road; Ada H. Rowe, 17 Winthrop Road; George S. Barton, 15 Bloomfield Street; Florence M. Barton; Charles L. Coburn; Elizabeth Coburn, 31 Percy Road; Geo. C. Sheldon, 16 Percy Road; Richard Whittemore; Geo. M. Fuller; Joseph A. Ross; Ralph F. Dalyrymple; Albert A. Ross; Donald C. Nuhers; Thomas Sullivan; Frank H. Tobin; Katherine E. Maguire; Charles I. Maguire; Helen M. Smith; William A. Hennessy; Julia A. Hennessy; Laura H. Kelly; James H. Russell; Barbara A. Russell; Helen C. Whittemore; Christine M. Ingram; Jessie B. Barker; E. G. Barker, Jr.; Julia A. Syer; Margaret H. Syer; Sally A. Syer; Hugh J. Maguire; Frank H. Maguire; Eleanor M. Maguire; Cecelia C. Maguire; Ernestine E. Crone; Louis L. Crone; Russell M. Little; Eleanor L. Little; Fred S. Piper; Grace J. Piper; Helen N. Webster; Randolph Piper; Walter C. Ballard; Carl B. Sarbell; A. S. Coburn; H. W. Robertson; Mary E. Sarbell; Marian D. Lewis; Michael Hinchey; Mary E. Hinchey; Sara H. Hammer; Priscilla W. Smith; Robert T. Pring; Roland B. Greeley; Clara R. Smith; John E. A. Mulliken; Clarrie H. Mulliken; Theresa F. Ellis; Elizabeth R. Nourse; Edith Mulliken; Jasper A. Lane, 51 Waltham Street, Lexington, Mass.; Foster Osgood, 57 Waltham Street, Lexington, Mass.; Catherine S. Osgood, 57 Waltham Street, Lexington, Mass.; Lester F. Ellis, 52 Waltham Street, Lexington, Mass.; Mary F. H. Ellis, 52 Waltham Street, Lexington, Mass.; Blanche T. Nilson, 19 Vine Brook Road, Lexington, Mass.; Nils W. Nilson, 19 Vine Brook Road, Lexington, Mass.; Mildred P. Groot, 26 Vine Brook Road, Lexington, Mass.; Benjamin F. Groot, 26 Vine Brook Road, Lexington, Mass.; Thacher Jenney, 16 Vine Brook Road, Lexington, Mass.; Phyllis M. Jenney, 16 Vine Brook Road, Lexington, Mass.; Maud G. Mitclue, 16 Waltham Street, Lexington; Freda R. Bond, 29 Waltham Street, Lexington; George A. Jaynes, 31 Waltham Street, Lexington; Geo. H. Peterson, 41 Waltham Street, Lexington; Frank P. Herrick, 49 Waltham Street, Lexington; Elta C. Torsleff, 300 Waltham Street; Louise J. Carter, 292 Waltham Street; Mildred P. Ferguson, 28 Vine Brook Road; Helen F. Lombard, 24 Vine Brook Road; Harold F. Lombard, 24 Vine Brook Road; John J. Rudd, 17 Vine Brook Road; Anne F. Rudd, 17 Vine Brook Road; James G. Robertson; John J. Shanahan; P. J. Shanahan; Frank Mara; Richard H. Aylward; Harold Kew; John Jason; John Kenealy; Roland E. Gorman; Maurice A. Page; James G. Robertson, Jr.; Zylpha C. Allen; T. Russell Kiery; Norman J. MacLeod; William A. Apel; Kathryn MacLeod; Marian W. Cullington; H. Stanley Cullington; L. J. Bartel; N. E. Bartel; Hester Parr Robertson; John F. Turner; William A. Booth; George P. Morley; Geo. W. Sarano; Charles O. Goodwin; J. Chester Hutchinson; Fred B. Hunneman, Jr.; Charles B. Wendell; Basil R. Deering; Elizabeth W. Martin; D. F. Rose; Wm. J. Hughes; James J. Burton, Jr.; Thomas L. Taylor; William C. Gresham; J. A. Nickerson; S. Helen Little; Fred B. Hunneman; Alonzo H. Glass; Arlene O. Lane; Ralph E. Lane; Leslie C. Wheeler; M. L. Dodd; Elton B. McCausland; Ira F. Fuhrmann; Lincoln C. Grush; K. E. Moyle; A. W. Lunt; R. Cornan Sawyer; John T. Cosgrove; Clarence S. Walker; Anna M. Lignob; George H. Woods; Lillian M. Reese; Florence M. Boyd; Martha C. E. Petterson; Arthur W. Hatch; Fred C. Newhall; Roger P. Ingalls; George E. Smith; Vernon C. Page; John E. Penny; Philip A. Neller; Leslie H. Barrett; Mabelle S. Peavy; Mabel P. Kitson; Winnifred A. Barrett; Ilda J. Field; Pearl E. Stoney; Mrs. Franklin R. Kimball; Margaret A. Kimball; Sidney B. Heywood; Margaret Werner Heywood; Hazel L. Brooks; Robert W. Fernald; Barbara F. Pince; Everett M. Mulliken; Sylvia W. Howard; Lucie A. Howard; Ruth M. Gilson; Arthur C. Dodge; Grace A. Wright; Anna C. Breed; Lillian E. Guthrie; Ervin M. Whittaker; Belle M. Whittaker; John M. Whittaker; Ann T. Whittaker; Winslow J. Tower; Dorothy W. Tower; James Phillips; Anna E. Phillips; Christopher W. Collier; Jennie W. Collier; Frederic L. Fischer; Helen P. Wyman; Louise O. Fischer; Waldo F. Slidden; William S. Bramhall; Everett E. Mor-

rill; Leland H. Emery; Lilliam Emery; Leon E. Hatfield; Leona Trafford; Edwin R. Trafford; Frederick C. Hadley; Martha M. Hooper; Raymond E. Hoyt; Marguerite L. McCausland; Ruth B. Hadley; William E. White; Carrie E. White; Irene H. Pring; Amy G. Browne; Edward W. Perkins, Jr.; Marion H. Perkins; Helen Clark Fernald, 2 Washington Street; Homer J. Bartlett; Adeliza T. Kraetzee; Paul Whipple; P. U. Boynson; Elizabeth C. Boynton; Mary E. Newell; Madeleine Newell; Turner C. Kelly; Mabel E. Frap; Charles H. Rudd; Nina M. Simonds; Harry W. Morgan; Alice H. Simonds; Blanche E. Rudd; Ernest B. Iristo; Lester C. Shirley; William P. Wright; Chauncey G. Hubbell; Florence A. Gilcreast; Elizabeth F. McIntosh; Charles W. McIntosh; Dwight F. Kilgour; Walter M. S. Kilgour; Mary H. Stone; Edgar J. Fleming; Annie F. Putney; Enos B. Harrington; Beatrice B. Harrington; Annie E. Harrington; Frederic R. Galloupe; Dora L. Galloupe; Hewlett S. Stone; Irving G. Stone; L. C. Burt, Harding Road; John E. Guesheimer, Harding Road; Florence E. Guesheimer, Harding Road; Mildred C. Vennerbeck, Harding Road; Stanley T. Vennerbeck, Harding Road; Robert C. Treadwell, Harding Road; Wilbur H. Abbott, Harding Road; Robert L. Ryder; Claire S. Ryder; Alan G. Adams; Florence M. Joy; Cunningham Joy; E. Priscilla Rosenberger; E. Ehridge Taylor; Dorothy T. Taylor; Walter E. Miller; Florence E. Miller; Marion T. Howard; Jean A. Miller; Elizabeth T. James; Frederick B. James; Edward Wood; James Ryan; Elizabeth L. Jackson; Leander Wood; John E. Ryan; William A. Johns; Marion W. Jackson; Ina Milne; William J. McDevitt; Catherine E. McDevitt; Georgiana Carmichael; Agatha Johns; Catherine Gibson; Nathan B. Bidwell, 15 Adams Street; Mary H. Bidwell, 15 Adams Street; Walter E. Sands, 103 Meriam Street; Elliot T. Sturgis, Jr., 11 Revere Street; Helen B. Sturgis, 11 Revere Street; Mildred S. Earle, 96 Forest Street; Doris G. Sands, 103 Meriam Street; Richard E. Rowse, 14 Adams Street; Ruth M. Rowse, 14 Adams Street; Angelo Martinelli; Goetano A. Cascia; Helen Harvie; William F. Covil; S. C. Griffiths; C. R. Horton; Bertha H. Horton; F. H. Freeman; Ernestine C. Snow; Clarence H. Tinkham; Eugene R. Sauke; Hilda A. Tinkham; W. B. Porter; Mrs. Wm. Porter; May Porter; Arthur M. Roberts; Ralph W. Taylor; Edmund S. Childs; Ruth S. Lyons; and John A. Lyons.

CHICAGO WORLD'S FAIR

Mr. KELLER. Mr. Speaker, I call up the bill (S. 3235) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, will the gentleman inform us whether or not this is the same as the bill now before the Ways and Means Committee? We have before that committee a bill extending the World's Fair Commission and permitting the importation without tariff charge of exhibits.

Mr. KELLER. This is not that bill. This is simply the bill authorizing the carrying on of governmental activities at the World's Fair in Chicago.

Mr. TREADWAY. Has this bill been before any committee?

Mr. KELLER. It has been before the Committee on the Library. It passed the Senate 3 days ago and the bill has been acted on by the House Library Committee.

Mr. TREADWAY. This bill carries an appropriation of $400,000.

Mr. KELLER. $405,000.

Mr. TREADWAY. Who authorized that?

Mr. KELLER. The authority, of course, should come from the Committee on the Library. It was referred to this committee for that purpose.

Mr. TREADWAY. Mr. Speaker, it seems to me this is too important a matter to take up under such consent as the gentleman from Illinois has asked. It involves the expenditure of $400,000, and should be given proper consideration.

Mr. KELLER. We are not seeking to appropriate at all.

Mr. TREADWAY. But if it is authorized, the Appropriations Committee immediately says they must include this.

Mr. KELLER. I have not found it that way, I am sorry to say.

Mr. TREADWAY. That is practically the attitude of the Appropriations Committee. An authorization means practically an appropriation.

Mr. SNELL. Will the gentleman yield?

Mr. KELLER. I yield to the gentleman from New York.

Mr. SNELL. Do I understand that the Ways and Means Committee has this same bill before that committee?

Mr. TREADWAY. We have a bill before our committee, not making an appropriation but providing for a continuation of the Commission and allowing the importation into this country of exhibits from foreign countries under bond.

Mr. SNELL. I think that is a separate bill.

Mr. TREADWAY. I think it is, too. From the explanation of the gentleman, I assume it is a separate bill; but it seems to me that this is too important a matter to bring up under unanimous consent at this time.

Mr. SNELL. The gentleman should make some explanation of the bill.

Mr. BLANTON. Mr. Speaker, I am going to object to this $405,000 bill at this time, so that settles the matter. What is the use of discussing it any longer?

Mr. KELLER. Will the gentleman withhold his objection?

Mr. BLANTON. We did much for Chicago last year. The C.W.A. and the P.W.A., as instrumentalities of this Government, are doing much for Chicago now. I do not think, after the large sum of money we gave to Chicago for her exposition last year, that we ought to take $405,000 more out of the Treasury of the United States and give it to Chicago. Therefore I must object.

Mr. KELLER. Will the gentleman withhold his objection?

Mr. BLANTON. I will withhold my objection if the distinguished philosopher wishes to philosophize. The Clerk has not yet reported the bill.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Speaker, under my reservation of objection, may I ask how many more centennials we are going to have for Chicago? We had one last year, and all of us were patriotic friends of Chicago and went there and spent our money. They made tremendous profits. Here is an attempt to extend it another year at Government expense for more private profit. Then next year, "Extend it for another year" will be the cry, and first thing you know it will be extended over 5, 6, or 10 years. If Chicago wants to carry this on, let them carry it on on their own bottoms, and at our own expense we will go back and see it again this year, but it is outrageous to ask the Congress of the United States to appropriate $405,000. Eventually I am going to object, but our friend wants to talk, so I withhold my objection.

Mr. RICH. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania.

Mr. RICH. Mr. Speaker, I think it is absolutely wrong for anyone to come in here with a resolution and ask that it be passed without giving the House some opportunity to know what it is all about.

Mr. BLANTON. This one is not going to pass. We are not going to allow this resolution to pass.

Mr. RICH. I do not think we ought to let it come up without giving the House an opportunity to know something about the matter.

Mr. BLANTON. The gentleman from Illinois [Mr. KELLER] wanted to say something about Chicago. He is a loyal Illinoian. Let us hear what he has to say, and then I will object to the measure and we will save this $405,000.

Mr. KELLER. Mr. Speaker, I simply call attention of the House to the facts in the case. The facts are that we went through a year of depression last year, and I think everybody knows that. Nevertheless, the attendance at the Chicago World's Fair was the greatest of any other world's fair in history, quite true; but when President Roosevelt was out there last October, he went over the situation very carefully. He himself suggested that it ought to be continued another year and he extended invitations to the other coun-

tries of the world to participate in the fair, and a number of them have accepted.

Mr. TREADWAY. Will the gentleman yield?

Mr. KELLER. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. In spite of the depression last year, did not the fair meet its expenses?

Mr. KELLER. Yes.

Mr. TREADWAY. Then why ask for this appropriation at this time?

Mr. BLANTON. Every old man there over 70 took in the Streets of Paris at Chicago last year, and he was highly entertained.

Mr. TREADWAY. And some younger ones did, too.

Mr. KELLER. I am glad to have the gentleman from Texas say things, but I should like to have him stay within the facts. There were some men over 70 there. What I am trying to get over is this: It is true that the fair was very successful. It had over a million and a half greater attendance than any other fair in history. It is a well-known fact that the prosperity of the country is on the increase and it is reasonably expected that this will go on. Therefore, we can get more people to attend the fair this year than attended last year. It is purely a question of whether the Congress wants to give or to deny the right to continue the American Government exhibits there.

Mr. BLANTON. They can do this themselves without our appropriating $405,000 out of the Public Treasury, and I object, Mr. Speaker.

Mr. MARTIN of Massachusetts. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. Objection is heard.

PERMISSION TO ADDRESS THE HOUSE

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that after the reading of the Journal on Monday, and the disposition of business on the Speaker's desk that the gentleman from New York [Mr. SIROVICH] may have 1 hour in which to address the House.

Mr. SNELL. I suppose there will be nothing political in that address?

Mr. BYRNS. I do not think so. I have not seen the speech, but it will be a very interesting and instructive one upon the subject he is going to discuss. I do not mind telling the gentleman the title of the address. It is "Yesterday, Today, and Tomorrow."

Mr. SNELL. I am more interested in tomorrow than yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

CROSSING A NEW FRONTIER

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein a speech by the Speaker of the House delivered at an American Legion meeting in Alexandria, Va., Saturday a week ago.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BULWINKLE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following speech of Hon. HENRY T. RAINEY, Speaker of the House of Representatives, at the fourth annual Army Day dinner of the American Legion of Alexandria, Va., broadcast Friday, April 6, over the Columbia Broadcasting System via Station WJSV.

I am glad to have the opportunity of addressing this convention of patriotic citizens.

I believe in an adequate national defense. At the present time the way to keep out of war is to be prepared for it. Republics are never prepared.

When we were irresistibly drawn into the awful vortex of the World War we had the largest peace-time Army in the history of the country, but they had more musicians in the Russian Army than we had officers and men in our own Army. It was necessary for us to prepare after we entered the war, and we were able to do it on account of our incomparable economic strength. In less than 2 years we had an army of 4,000,000 trained men, and 2,000,000 of them were in France.

We expended for war during the first year after our entry four times as much as we had money in existence in the United States—an economic miracle never before accomplished in the history of the world—and our participation in the war cost us perhaps $40,000,000,000.

The entire Nation was regimented. Our declaration of war was unique in the history of the world. We pledged the entire resources of the Government. A peace-loving Nation, anxious always to avoid war, we were able quickly to develop an intense patriotic sentiment which made it possible to crown our war efforts with almost immediate success. It was easy then to get a patriotic response from every section of the United States. The next day after our declaration of war flags were flying from the palaces of the rich and the cottages of the poor. From one end of the country to the other a forest of flags was flying. Then there came news of victories in France; always victories for our armies on every field. It was easy to develop patriotism and obtain cooperation when the bands were playing and khaki-clad soldiers were marching, and when news of victories on the battlefields of France was carried in great headlines in the papers throughout the land.

WAR AGAINST DEPRESSION

We are engaged now in another war, more serious than the World War—a war against depression. It is more difficult now to inspire patriotic cooperation, but the people of the United States have remained orderly, patient, hopeful, and the great mass of people are contributing in their efforts to the success of our recovery program.

On the 4th day of March of last year this Nation was on its way toward an economic collapse; our banks were failing; all the way from Pennsylvania to Utah an agrarian revolt was in progress.

It cost $40,000,000,000 to win the World War. Our plans call for an expenditure of less than $12,000,000,000 to win this war against depression.

Already our plunge toward economic chaos has been halted and we are turned now in the other direction. Evidences of recovery became apparent within 30 days after the inauguration of Franklin D. Roosevelt as President. The new deal, with its objectives, is now in operation.

Two days after the oath of office was administered to President Roosevelt every bank in the country was closed. The examination and reopening of the banks commenced immediately. They are practically all open now, and in the first year of the new deal only seven of the reopened national banks have failed. The number of State banks which have failed after being reopened will not exceed 100. Before the new deal commenced four or five banks failed every day.

Three months ago the deposits in practically every bank in the country were insured to the amount of $2,500. This took care of 97 percent of the depositors in our banks. Attention was called most vigorously to the fact that States had attempted to insure deposits and all of them had failed in the attempt; but since January 1 last, when the insurance of bank deposits went into operation, not a single insured bank has failed, and 54,000,000 depositors enjoy complete protection. Only 3 percent of the depositors in the banks are not fully protected, and these, of course, are the larger depositors. The process of insuring deposits has met with tremendous success.

During the year which has passed the work of reopening unlicensed banks has proceeded, and today over $30,000,000,000 tied up by the bank holiday has been released, and slightly less than a billion dollars remains frozen in banks which have not been licensed. Out of 16,000 banks closed during the holiday, only 1,500 are still unlicensed.

It is not possible to find a single phase of the recovery program that has not been launched for the purpose of helping, directly or indirectly, every class and every group in the United States.

Federal credit has been completely reestablished. Through the Reconstruction Finance Corporation we have advanced money on the securities of closed banks and have paid off depositors up to 50 percent of the total amount of deposits impounded.

We are refinancing home mortgages and farm mortgages. A bill has just been passed guaranteeing both the principal and the interest on Home Owners' Loan Corporation bonds.

The monetary policies of the Government, proceeding along new lines, have already met with tremendous success. The present administration, under a great leader, has been doing in a new way the new things which were necessary in order to start this country on the road back toward better times.

GOLD

A year ago the embargo on gold became an established fact and the country went off the gold standard. Quickly the gold of the United States was impounded, and then followed the revaluation of the gold dollar at just below 60 percent of its former level, and by this revaluation we increased our gold base $2,810,000,000.

RECOVERY EXPENDITURES

Attention is now being called, apparently for partisan purposes, to the alleged enormous increase in our national debt, but the gross public debt of the United States increased in a little over a year of operations under the new deal only $5,223,000,000. On the 31st day of last month our gross public debt amounted to $26,158,000,000, but we had in the Treasury at that time $2,008,000,000. On February 28, 1933, when our national debt was $20,935,000,000, we had in cash in the Treasury only $221,000,000.

Therefore, deducting from our gross public debt as of March 31, 1934, the amount of cash we had in the Treasury on that date, we are face to face with the fact that during the interval from February 28, 1933, to March 31, 1934, we have, as a matter of fact, increased our public debt only $3,436,000,000.

What we have really been doing is to underwrite investments, taking from industries their securities. We have made loans to banks, to insurance companies, to railroads, to building-and-loan associations, to farmers, to joint-stock land banks, to municipalities, to various farm-mortgage corporations, including production-credit corporations, to Federal intermediate-credit banks, regional agricultural-credit associations, and commodity-credit corporations; and in so doing loaned a large amount of money, all of which, when the new deal has succeeded, will come back again. We are simply underwriting these propositions.

There is nothing alarming about the expenditures we are making, and we are preparing in the near future to make still larger expenditures.

A NEW METHOD OF APPROACHING THE NATIONAL DEBT

Using the new method of approaching the national debt, I might call attention to the fact that on February 28, 1933, our public debt, less the cash and securities the Federal Government controlled, amounted to $6,225,000,000. On March 31, 1934, our public debt, less cash and securities, amounted to only $8,264,000,000. It had increased $2,039,000,000, and this is all.

But in giving these figures, I am giving them to you exclusive of the $2,810,000,000 increment on gold we have obtained by revaluing the gold dollar—a perfectly legitimate item to include in this estimate—and when you do include this item you reach the inevitable, startling conclusion, in view of all the unfavorable comment the administration has received from partisan newspapers and magazines, that today our public debt, less cash and securities, is $771,000,000 less than it was at the end of the Hoover administration.

EMERGENCY WORK FOR FIVE MILLION

Five million men have been taken care of in P.W.A. work, in C.C.C. camps, and in the C.W.A. work. We are now entering upon another program of relief which contemplates aiding the destitute in the rural sections by giving them an opportunity to grow their own foodstuffs. Industry in the last year has reemployed over 2,000,000 men.

As compared with the dismal conditions of gloom and depression which prevailed in every section of the country last March, the accomplishments of the recovery program have been marvelous and without a parallel in the history of the world. We have entered now upon the second year of the recovery program. We have been legislating for the debtor class and we expect to continue to do that. We have been pulling down the mountain tops of the very rich and raising the levels of the valleys in our new methods of taxation, and this work still continues.

COMMUNISM

There is no room for communism in the United States. There is no revolution in progress except the revolution which is leading us out of the slough of despondency toward better times. The good old days will never come back again. After all, they were good only for a few. Our capitalistic form of government is not in danger. All talk of a deliberately planned revolution, preparing for a dictator and communism is silly and absurd, and the congressional investigation on that subject which will soon start will fully demonstrate, I predict, in a short time the mean, partisan, unpatriotic motives which inspire statements of that character.

The rule of so-called "captains" of industry and of big bankers is at an end in this country. Heretofore, and under the three administrations following the Wilson administration, we blindly followed the suggestions of this class of leaders, and the result was the conditions in which we found ourselves on the 4th day of last March.

The fact that a few big bankers and a few captains of industry and a few unpatriotic citizens of the United States are, for partisan purposes, now attacking vigorously the recovery program will make not the slightest difference. Back of the administration's efforts to accomplish recovery marches in solid ranks the great mass of the people of the United States, for the first time in recent years looking forward hopefully, patiently, toward the future. The only remedy offered by the few who oppose the recovery program is to suggest that the efforts toward recovery be abandoned, and nobody wants to slip back again into the condition of uncertainty and despair which prevailed before these recovery measures were put into effect.

The intention of the administration is to restore and maintain the 1926 price levels so far as it is possible to do so. We are going so to manage our currency that the value of the dollar, measured in purchasing power, will ultimately reach a reasonable constant point from generation to generation.

A SMALLER AMERICA

For a while we must content ourselves with being a smaller America. We must reduce production until we find markets abroad for our surpluses, and we are starting to do that now.

So far, measuring in the way in which I have measured our recovery expenditures, our recovery up to the present time has cost us nothing at all. We are $771,000,000 better off than we were at the end of the Hoover administration, but we are going to spend some money from now on in our P.W.A. program and in other programs, and we are not afraid to do it. If the new deal succeeds—and it must succeed—it will be worth more than it has cost, and it will bring again happiness and contentment to the homes throughout the land.

This, however, is not the time to rock the boat. We must be permitted to proceed on an even keel. Unpatriotic attempts to create dissension and distrust in the land ought to receive the vigorous condemnation to which they are entitled.

RECOVERY IN FOREIGN MARKETS

The tariff bill which looks toward reciprocal relations with the nations of the world and a restoration of international trade has already passed the House by an enormous majority. All partisan efforts to stop it failed miserably.

We have already established banks for the purpose of encouraging and bringing about a sale of the products of our farms and our factories in other lands, and the reciprocal tariff bill, when it goes into effect, will accomplish ever-increasing favorable results. Our present restriction of production may end sooner than we think.

This is a new road we are traveling; new conditions, new difficulties, present themselves on every hand. The recovery program will succeed—it must succeed. With the patriotic cooperation of 120,000,000 people in the United States, it will be crowned with success. Even now we are standing on the highlands of the morning, witnessing the dawning of a new day, and the United States may soon again assume its position of leadership among the nations of the world. Prosperity here means prosperity throughout the world, and no section of this world can be really prosperous until all sections of the world are prosperous.

Today, after many years, we recognize Russia, and today these two great peace-loving nations, stretching around the world, have clasped hands across the world's great oceans, and although the four awful horses of the Apocalypse seem to be riding, always riding, there are indications that war conditions will not be resumed.

Just a few days ago the representative of the great Empire of Japan and our own great Secretary of State clasped hands here in Washington in friendly, hopeful greeting, pledging the efforts of this country and of Japan toward maintaining the peace which prevails now.

There is no revolution; there will be none. We are moving out of the depression, and we are moving surely toward the better times which are ahead of us.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a petition brought here by the people of Lexington, Mass.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL—1935

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 9061, the District of Columbia appropriation bill, with Mr. SEARS in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

Be it enacted, etc., That in order to defray the expenses of the District of Columbia for the fiscal year ending June 30, 1935, any revenue (not including the proportionate share of the United States in any revenue arising as the result of the expenditure of appropriations made for the fiscal year 1924 and prior fiscal years) now required by law to be credited to the District of Columbia and the United States in the same proportion that each contributed to the activity or source from whence such revenue was derived shall be credited wholly to the District of Columbia, and, in addition, $5,700,000 is appropriated, out of any money in the Treasury not otherwise appropriated, to be advanced July 1, 1934, and all the emainder out of the combined revenues of the District of Columbia, and the tax rate on the full value, and no less, of real estate and tangible personal property subject to taxation in the District of Columbia shall not be more than $1.20 per $100 assessed valuation during the fiscal year 1935, namely.

Mr. DITTER. Mr. Chairman, I make the point of order that so much of the paragraph reading "and the tax rate on the full value, and no less, of real estate and tangible personal property subject to taxation in the District of Columbia shall not be more than $1.20 per $100 assessed valuation during the fiscal year 1935" is a matter of legislation, and therefore subject to a point of order.

In view of the Chairman's suggestion, I shall not indulge myself so far as any remarks on it are concerned, and am willing to commit the matter entirely into the hands of the Chairman for a ruling. I may refer the Chair, however, if the Chair would care to have a reference, to a ruling on a similar question in the last Congress made on February 15, 1933.

Mr. CANNON of Missouri. Mr. Chairman, it is not so much a question of parliamentary procedure as it is a question of giving the House the right to pass upon this important item in the bill. Every expression the committee has had from the taxpayers of the District has been to the effect that the tax rate should be lowered.

And conditions seem to justify that contention. Notwithstanding the lowered rate of assessment we have unprecedented tax delinquencies here, greater delinquencies than we have ever had before in the history of the District.

Mr. Chairman, the gentleman from Pennsylvania is an able and experienced and successful lawyer. I am certain he would not want a case in which he was counsel decided without allowing either of the parties litigant to be heard. And all we are asking in submitting this item is that the taxpayers of the District have their day in court.

With this in view, I ask the gentleman to withhold his point of order and give the Members of the House a chance to pass upon the question.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. DITTER. May I say to the gentleman that I shall be happy if the gentleman or his able colleague from Texas, through the proper legislative committee, will sponsor a bill to bring this matter squarely before the House for determination; but, to my mind, tacking this question of a reduction of the tax rate onto this appropriation bill certainly provides no fair day in court for all parties to be heard.

As I said yesterday, I believe a large part of the hearings was definitely confined to a commitment to the lowering of the tax rate, largely sponsored by the able gentleman from Missouri, and probably encouraged and sponsored as well by the gentleman from Texas, and there were no groups of people coming before the committee who in any way gave voice to the thought that there should be this reduction, which, to my mind, is not warranted.

The gentleman has suggested that we refrain as much as we can from discussion, and I purposely have refrained from it and shall do so, but I insist on the point of order, and if the point of order shall be to the disadvantage of any worthwhile project in the District or the proper functioning of its government, I shall be glad to be corrected, and shall support at the proper legislative time the program which the gentleman has in mind.

Mr. CANNON of Missouri. The gentleman was present at the hearings, or at least he had the opportunity to be present at the hearings, and was never denied——

Mr. DITTER. And I was present at the hearings, if the gentleman will permit.

Mr. CANNON of Missouri. And the gentleman was never denied an opportunity to inquire fully in any phase of the hearings. The gentleman will recall that we invited his cooperation at all times and urged him to participate in the hearings. I am certain the gentleman, as well as all other members of the committee, is in receipt of a very carefully prepared brief from the organized taxpayers of the District, showing the tremendous rise in the cost of all District activities and pleading for a reduction in taxation in order that they may be able to tide them over the period of the depression.

The question is now before the House. We can determine it here on its merits, if the gentleman will consent, and this is all we are asking the gentleman to do—to withdraw his point of order and give us an opportunity to present the case of the taxpayers who are trying to pay for their homes and meet their taxes.

Mr. BLANTON. Mr. Chairman, I ask for recognition on the point of order. I hope our friend from Pennsylvania will not make this point of order, because it is subject to a point of order. He knows it. He has been told that. If he makes the point, the reduction in taxes will be stricken out. Why not give the House an opportunity to pass upon it? I want to say that he went out of his way yesterday to say that this whole hearing for days was on the tax matter, and that the bill ought to be called a tax bill.

Mr. MILLARD. Mr. Chairman, I make the point of order that the gentleman is not talking to the point of order.

Mr. BLANTON. I will discuss the point of order. This is a provision in the bill that will permit the poor home owners of the District to save something to pay for their homes.

Mr. FULLER. Mr. Chairman, I make the point of order that the gentleman from Texas has said that the point of order will be sustained by the Chair. He is not discussing the point of order raised by the gentleman from Pennsylvania.

Mr. BLANTON. Oh, there is some latitude allowed in the discussion of points of order.

Mr. FULLER. Not on a point of order.

Mr. BLANTON. I ask to be heard a moment more.

Mr. DITTER. If the gentleman confines himself to the point of order, I shall not object; but I will object to the gentleman's dissertation bearing on matters not confined to the point of order.

Mr. BLANTON. Mr. Chairman, I want to call the attention of the Chair and the attention of the gentleman from Pennsylvania to the fact that if he makes this point of order it applies to the whole paragraph. This paragraph contains appropriations amounting to $5,700,000, contributions to the District government. If he makes the point of order, the whole paragraph goes out, because I shall insist that it applies to the whole paragraph. When it goes out it cuts the appropriations for the District government $5,700,000.

Mr. DITTER. Mr. Chairman, I would like to be heard on that.

Mr. BLANTON. I am not through yet. The gentleman should know that where any part of a paragraph is subject to a point of order, the whole paragraph is subject to a point of order. If the gentleman is going to insist on his point of order for the benefit of the newspapers of the District, I am going to insist that the whole paragraph goes out, and he will deprive the District of these appropriations amounting to $5,700,000. If he wants to do that, well and good.

Mr. CANNON of Missouri. Mr. Chairman, I have not discussed the point of order, but I hope the gentleman from Pennsylvania will withdraw it and give the House an opportunity to pass on it.

Mr. DITTER. Mr. Chairman, I think I have a right to answer the innuendoes of the gentleman from Texas.

Mr. BLANTON. Mr. Chairman, I make a point of order against the whole paragraph.

Mr. DITTER. I only raised an objection to specific words at the close of the paragraph.

I further say that that of itself will not rule out and make subject to a point of order the entire paragraph, and the onus of dropping $5,700,000 from the bill will rest on the shoulders of the gentleman from Texas [Mr. BLANTON] if he follows my point of order with the proposition that he just made. If he wants the onus of that upon his shoulders, he may have it. May I say further that the innuendo with regard to the newspapers is wholly uncalled for. My friend continually here is disturbed and very much annoyed about the newspapers. What the newspapers may say about me I care not.

Mr. BLANTON. Mr. Chairman, I make the point of order against the whole paragraph.

Mr. SNELL. There is one point of order pending, and you cannot make another until that has been decided.

Mr. BLANTON. I make the point of order on the whole paragraph. It is subject to the point of order.

The CHAIRMAN. The Chair can entertain all points of order affecting a paragraph. It seems to the Chair to be foolish to pass on these points of order separately, when they all will reach the same conclusion. The Chair, there-

fore, holds that the point of order made by the gentleman from Pennsylvania is well taken. On February 15, 1933, the gentleman from New York [Mr. PRALL], who presided over the Committee of the Whole, so held. It is legislation on an appropriation bill, which is subject to the point of order. The gentleman from Texas [Mr. BLANTON] having made the point of order to the whole paragraph, the Chair holds that his point of order is well taken, and the paragraph is ruled out.

Mr. TABER. Mr. Chairman, will the Chair hear me for a moment?

The CHAIRMAN. Yes.

Mr. TABER. Is it not true that after the point of order has been sustained, the language against which the point of order is made has to be considered out of the paragraph, and, therefore, that the question as to whether or not the paragraph is out of order will depend upon whether there remained anything which was subject to the point of order?

The CHAIRMAN. The Chair would say to the gentleman from New York that the Chair ruled on the point of order made by the gentleman from Texas against the entire paragraph, and at the same time, in fairness to the gentleman from Pennsylvania, the Chair also ruled upon his point of order. The Chair sustained the points of order of both gentlemen.

Mr. BLANTON. Part of it being subject to the point of order makes the whole paragraph subject to the point of order.

The CHAIRMAN. The Chair has so ruled.

Mr. CANNON of Missouri. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CANNON of Missouri: Page 1, beginning with the enacting clause, insert "That in order to defray the expenses of the District of Columbia for the fiscal year ending June 30, 1935, any revenue (not including the proportionate share of the United States in any revenue arising as the result of the expenditure of appropriations made for the fiscal year 1924 and prior fiscal years) now required by law to be credited to the District of Columbia and the United States in the same proportion that each contributed to the activity or source from whence such revenue was derived shall be credited wholly to the District of Columbia, and, in addition $2,200,000 is appropriated, out of any money in the Treasury not otherwise appropriated, to be advanced July 1, 1934, and all the remainder out of the combined revenues of the District of Columbia."

Mr. DITTER. Mr. Chairman, I desire to be heard in opposition to the amendment. If the suggested reduction as contemplated by the amendment is made in the Federal contribution, I believe that certain definite municipal operations will be seriously curtailed. The amendment contemplates a reduction of 50 percent in the Federal allotment. In my opinion, there is a distinct obligation on the part of the Federal Government to bear a part of the cost of the operations of the District. I believe that those costs should be equitably divided between the Federal Government and the taxpayers of the District. I am as much opposed to the reduction of the Federal allotment as I was opposed to the effort to reduce the local tax, because if this reduction is made, then a large number of contemplated improvements, necessary improvements, must be stopped, and we shall not have such progress as necessary school building construction, a certain relief program, contemplated work along the line of health service, and child welfare.

A large part of the cost of the municipal operations here can be directly related to the operations of the Federal Government, and the Federal Government very properly should bear its share of those costs; and simply because there was an effort made to void this legislative enactment, to bring along this present program of deducting from the Federal allotment 50 percent of its amount, to my mind, is not warranted. It is not just. It is not equitable to the taxpayers of the District; and when the vote is taken on this amendment, I hope those men here in the House who can feel and understand a sense of obligation to the taxpayers of the District will rise up and oppose the amendment.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word.

Mr. SNELL. Mr. Chairman, I demand that the gentleman's words be taken down. I submit that such statements cannot be made with impunity.

Mr. TABER. Mr. Chairman, I ask that the gentleman's words with reference to the whole statement be taken down.

Mr. SNELL. Mr. Chairman, I ask that the gentleman's entire statement be taken down accusing the gentleman of not being present, of not knowing anything about the work, and his statement with reference to the gentleman not having been in Congress long enough for the papers to know his name; and that portion of his statement calling him names also—all the personal remarks which, in my understanding of the rules of the House, are not permitted.

The CHAIRMAN. The Clerk will report the words objected to.

The Clerk read the words objected to.

Mr. SNELL. Mr. Speaker, I recall that in one of the gentleman's statements he said that the picture of the gentleman from Pennsylvania had appeared in the newspaper so many times that it had gone to his head.

The CHAIRMAN. The Clerk will read all of the statement.

Mr. BLANTON. Here are the pictures.

Mr. SNELL. Mr. Chairman, I want all of that taken down which was a personal attack on the gentleman from Pennsylvania [Mr. DITTER].

The CHAIRMAN. The Reporters will furnish all the words reflecting on the gentleman from Pennsylvania.

Mr. DITTER. Mr. Chairman——

Mr. BANKHEAD. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. The gentleman cannot be heard on anything at this stage of the proceedings.

The CHAIRMAN. The Chair holds that nothing can be considered until we get the statements which the gentleman from New York has asked for. [After a pause.] The Chair will state to the gentleman from New York that he has just been informed by the Reporter that the words just mentioned by the gentleman from New York are in a prior statement made before the gentleman got the floor at this time.

Mr. SNELL. No. The words I had in mind were the words in that general statement. I supposed it was all made in one speech and I thought I would wait to see how far the gentleman was going.

The CHAIRMAN. The Chair will get the entire speech which the gentleman from Texas made under his pro forma amendment, but the Chair holds that we cannot go back of that.

Mr. HASTINGS. Mr. Chairman, what is before the House?

The CHAIRMAN. Under the rules of the Committee of the Whole House on the state of the Union when words are demanded to be taken down, the words must be furnished to the Chair and reported to the House and in the meantime no other business can take place.

Mr. PATMAN. Mr. Chairman, I am authorized to say for the gentleman from Texas [Mr. BLANTON] that he admits saying what the leader on the other side stated.

The CHAIRMAN. The gentleman will refrain from speaking. This cannot be debated. The words objected to will have to be read first.

Mr. SNELL. We will allow the words to be read in the regular order.

Mr. PATMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. PATMAN. The point of order is that the gentleman from Texas [Mr. BLANTON] will admit everything he is charged with saying. Why should the proceedings of the House be delayed until it is verified if he admits it?

The CHAIRMAN. That is not a point of order.

Mr. SNELL. Mr. Chairman, I ask that the words objected to be reported to the House.

The CHAIRMAN. The Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. SEARS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill, H.R. 9061, the District of Columbia appropriation bill, certain words used in debate were objected to, and on request were taken down and read at the Clerk's desk, and he reported the same to the House herewith.

The SPEAKER. The Clerk will report the words objected to in the Committee of the Whole House on the state of the Union.

The Clerk read as follows:

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. You will find in the hearings record of 100 pieces of property in the District on which there are delinquent taxes of $434,000 now due this District. I have here in my envelop 500 pieces of property in the District, some of them owned by multimillionaires, upon which there is $864,000 of taxes due the District, and they will not pay.

Mr. DITTER. Mr. Chairman, I make the point of order that the gentleman is not talking to the question of this amendment.

Mr. BLANTON. Oh, I am talking about the advisability of reducing this $5,700,000, when you raise the tax rate 30 cents.

Mr. DITTER. The gentleman from Texas is going back again to the matter of the reduction of the tax rate, in connection with these delinquent taxes.

Mr. BLANTON. Oh, within the last 2 weeks I have a stack of Washington papers here that have been carrying the gentleman's picture on the front page. That is what is the matter with him.

Mr. DITTER. I make the point of order against that.

Mr. BLANTON. Printing his pictures is going to his head.

Mr. DITTER. Again I make the point of order, and I insist upon it. If the gentleman wants to indulge in personalities I shall open the record of the hearings and I shall delight myself in indulging in personalities.

Mr. BLANTON. If the membership wants to know the truth, the gentleman did not attend the hearings while the bill was being marked up.

Mr. DITTER. Mr. Chairman——

Mr. BLANTON. Mr. Chairman, I ask that the gentleman not interrupt me when I have only 5 minutes.

Mr. Chairman, I want to say again the gentleman would not have made this speech if he had attended our hearings when we marked this bill up, if he had known something about it; but he did not attend a hearing when we were marking the bill up. He did not make a suggestion to the committee; but when they got to calling him "Mr. Ditt" and "Mr. Dittan" and "Mr. Ditton", like the papers have been playing him up—he has not even been here long enough for the newspapers to learn his name, and yet he is dictating here to this committee. And they go on in the paper and refer to him as the G.O.P. leader against this bill. That is not correct.

Mr. DITTER. Mr. Chairman, again I take exception to the gentleman's remarks.

Mr. BLANTON. The G.O.P. is making no fight on this bill.

Mr. SNELL. Mr. Speaker, I demand that the gentleman's words be taken down. I submit that such statements cannot be made with impunity.

Mr. TABER. Mr. Chairman, I ask that the gentleman's words with reference to the whole statement be taken down.

Mr. SNELL. Mr. Chairman, I ask that the gentleman's entire statement be taken down accusing the gentleman of not being present, of not knowing anything about the work, and his statement with reference to the gentleman not having been in Congress long enough for the papers to know his name; and that portion of his statement calling him names also—all the personal remarks; that is not right, according to the rules of the House.

Mr. SNELL. Mr. Speaker, I asked that these words be taken down, because under the rules of the House no Member has the right to make bitter personal attacks upon any other Member of the House and say uncomplimentary things about him in his representative or personal capacity.

The gentleman from Pennsylvania tried to stop the gentleman from Texas making these statements, but the Chairman of the Committee of the Whole House did not seem willing to give attention to the point of order made by the gentleman from Pennsylvania, so in order to stop the tirade the only recourse left to us was to ask to have the words taken down and presented to the House. In my judgment, these words are unbecoming personal attacks, and they are not in order under the rules of the House, and I ask for the ruling of the Speaker.

Mr. CANNON of Missouri. Mr. Speaker, it is never subject to a point of order to state the truth. The statement made by the gentleman from Texas was merely a statement of fact—a statement of fact the accuracy of which is obvious to all who heard the colloquy. He quoted certain definite statements which he said were carried by the newspapers, and he has the material here on the desk to substantiate every statement he made. If anyone has any doubt as to the authenticity of his statement, he is at liberty to consult the papers which I hold in my hand and be convinced. Now, Mr. Speaker, you cannot call a Member to order for stating what is true, especially when the truth of the statement is not disputed; and the truth of the statements made by the gentleman from Texas is not disputed by anyone in the Chamber. He asserted that these newspapers carry certain material. The newspapers which carry exactly the material to which Judge BLANTON referred are here and open to inspection, and his statements to that effect are therefore not subject to a point of order.

Mr. SNELL. Will the gentleman yield for a question there?

Mr. CANNON of Missouri. Certainly.

Mr. SNELL. Does the gentleman say, as a statement of fact, that there is in the newspapers what the gentleman from Texas said, that this publicity in the newspapers had gone to his head and turned it?

Mr. CANNON of Missouri. That is very evident.

Mr. SNELL. I maintain it is a vitriolic, personal attack on the gentleman from Pennsylvania, without any excuse whatever, made because he disagrees with the gentleman from Texas in regard to a matter contained in the appropriation bill.

Mr. CANNON of Missouri. The language objected to by the gentleman was that certain statements were carried in the papers, and those precise statements are carried in the papers.

The SPEAKER. The Chair is ready to rule.

The Chair reads from Jefferson's Manual:

No person, in speaking, is to mention a Member then present by his name, but to describe him by his seat in the House, or who spoke last, or on the other side of the question, nor to digress from the matter to fall upon the person, by speaking reviling, nipping, or unmannerly words against a particular Member. * * *

The consequences of a measure may be reprobated in strong terms, but to arraign the motives of those who propose to advocate it is a personality and against order.

The Chair thinks the language used by the gentleman from Texas [Mr. BLANTON] is objectionable and impugns the motives of the gentleman who advocates this particular measure.

Mr. SNELL. Mr. Speaker, I move that the words be stricken from the RECORD.

The motion was agreed to.

Mr. PATMAN. Mr. Speaker, I move that the gentleman from Texas be allowed to proceed in order.

Mr. TABER. Mr. Speaker, should not that motion be made in the Committee rather than in the House?

Mr. PATMAN. It can be made either in the House or in the Committee.

The motion was agreed to.

The SPEAKER. The Chair has now permitted the gentleman from Texas to proceed in order in the Committee of the Whole House on the state of the Union.

The Committee will resume its session.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 9061, the District of Columbia appropriation bill, with Mr. SEARS in the chair.

The CHAIRMAN. The gentleman from Texas is recognized to proceed in order.

Mr. BANKHEAD. Mr. Chairman, if the gentleman from Texas will yield, in order that there may be no further confusion about the question, what is the matter now pending before the Committee?

The CHAIRMAN. The pro forma amendment offered by the gentleman from Texas to strike out the last word, on which the gentleman had 5 minutes.

Mr. BLANTON. Mr. Chairman, the situation is this: There was a provision in this bill by reason of the fact that the valuation of property in the District of Columbia was reduced last year $80,000,000 and in spite of that fact, with

a tax rate of $1.50 there was over $5,000,000 of surplus in cash, and in order to prevent that surplus from being wasted and to give the people the advantage of it, the committee had provided for a tax rate of $1.20, which was the tax rate here for many years.

There was a point of order against that which would cut it out of the bill. This will leave all this surplus here in cash, subject to being spent extravagantly unless we earmark it. This money will be in the Treasury and they can shift these funds about. The hearings will show you they have used money that we gave for maintenance to raise salaries of certain employees here during the past year. It is to keep them from using the people's money in waste that we put this provision in the bill. When you raised the tax rate back on them 30 cents by reason of the point of order, in order to protect and to save the money in the Treasury, the gentleman from Missouri made a motion here to reduce the Federal contribution.

Why should it not be reduced? Two thirds of the Members of the House do not believe there ought to be any Federal contribution. The Federal Government within the last 20 years has spent $200,000,000 here in Washington beautifying it, and within the last 3 days there have been 200,000 visitors here just to see the cherry blossoms, and every one of them spent from $25 to $50 or $60 apiece. It is a regular mint for the people of Washington and the merchants and the commercial interests here.

The Government has spent millions of dollars for the District in hospitals to which the District does not contribute one cent. For instance, at St. Elizabeths Hospital every dollar is furnished by the Government. Take Howard University, for instance. Every dollar is furnished by the Government, and the District spends nothing on it. I could mention enterprise after enterprise upon which the Government has spent much money. For instance, take the bridges here, the million-dollar bridge on Connecticut Avenue, or the two-and-a-half-million dollar Key Bridge, and the $14,000,000 bridge that spans the river going over to Arlington—every dollar of that has been paid by your taxpayers back home.

Here in the District people do not pay a cent for sewers after they once get connection. They do not pay anything for garbage collection or ash collection. Every tree that has been planted here for 50 years the people have not paid anything toward it. The bill cuts their water rate down here to where a family only pays $6 a year. I hope the committee will agree to the amendment offered by my colleague from Missouri.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to modify my amendment, which was prepared hastily and I got the wrong figures, by substituting $4,364,295, in place of the $2,200,000 carried by my amendment.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Mr. CANNON asks unanimous consent to modify his amendment by striking out the figures $2,200,000 and inserting "$4,364,295."

Mr. WOLCOTT. Mr. Chairman, if that is done, would not that be an amendment in the third degree?

The CHAIRMAN. The Chair thinks it would not be—it is a modification. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, the Public Works Administration has allotted to the District of Columbia during the current fiscal year a total of $11,365,810.98. The greater part of this very substantial sum was given gratis. There were, however, certain allotments for purely municipal purposes which were awarded under the 30–70 terms under which similar allotments were made to the several States. Thirty percent was granted and 70 percent was loaned. In such allocations the Board specifically provided for reimbursement of the Federal Government by the District to the amount of 70 percent.

I quote from the transcript of the minutes of the Special Board of Public Works on page 14:

Resolved further, That the Administrator shall notify this action to the appropriate committees of the Senate and House with a view to the determination by Congress of the appropriate share of the expense to be borne by the District.

Grants to the District of Columbia from the Federal Government may be tabulated as follows:

Relief funds, including Public and Civil Works allocations received by District of Columbia, no part of which is to be repaid:	
Civil Works Administration:	
Federal projects	$1,380,775.22
District of Columbia projects	2,795,275.76
Reformatory at Lorton, Va	136,000.00
Public Works Administration:	
Highway construction	1,918,469.00
Improvement of the Mall:	
Roadway construction, paving, etc	373,500.00
Union Square development	226,500.00
Federal emergency relief:	
Direct aid	2,005,681.00
Food, coal, etc	375,960.00
Transient relief	185,500.00
Total (not to be repaid)	9,397,660.98
Public Works funds for municipal improvements for which it is proposed to require repayment by the District of Columbia of 70 percent:	
Sewer construction	1,759,500.00
National Capital Parks:	
Tree work (feeding, cabling, etc.)	50,000.00
Replacement of bridges, etc., washed out	31,100.00
Replacing water lines and sewers in older parks	54,550.00
Regrading, seeding, planting in Sherman Square	13,000.00
Total (70 percent to be repaid)	1,908,150.00
Total chargeable to Federal Government	572,445.00
Total chargeable to District of Columbia	1,335,705.00
Grand total	11,305,810.98

It will be observed that the Government has been very generous to the District. Out of the total of $11,305,810.98 donated to District purposes it requires the repayment of the customary 70 percent on only $1,908,150. Seventy percent of that sum amounts to $1,335,705. Of the $11,305,810.98 granted the District, the required reimbursement is the comparatively small amount of only $1,335,705.

The purpose of the amendment I am offering is to repay this comparatively insignificant amount accepted by the District as a loan. The bill as originally drawn provides for a Federal contribution of $5,700,000. Subtracting from the Federal contribution of $5,700,000 the $1,335,705 loan, as provided by the specific order of the Board of Public Works, we have $4,364,295, the amount carried by the amendment.

Mr. PALMISANO. Mr. Chairman, I offer the following amendment to the amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PALMISANO to the committee amendment offered by Mr. CANNON of Missouri: Strike out the figures "4,364,295" and insert in lieu thereof the figures "5,700,000."

Mr. CANNON of Missouri. Mr. Chairman, I should like to hear from the gentleman on that amendment. I should like to know upon what theory he bases his amendment.

Mr. PALMISANO. Mr. Chairman, I base my amendment on precedents of this House. In the Seventy-first Congress this House appropriated $9,500,000 toward the District expenses. In the Seventy-second Congress we appropriated $7,775,000, and in the Seventy-third Congress, this Congress, we appropriated $5,700,000, which is the amount that I ask in my amendment to have appropriated at this time. Gentlemen speak about reduction in the assessments in the District. Mr. Chairman, that applies to every city in the United States, and the mere fact that you reduce the assessment implies that you have to raise the taxes instead of reducing them. You certainly cannot reduce assessments and at the same time reduce taxes. In the last two Congresses the District reduced the taxes itself, and the Con-

gress by its act has reduced the District taxes by taking assessable property away from the District of Columbia, on which many of these new buildings have been constructed. You have taken away property which has been bought by the Government, and by virtue of that purchase you have taken away assessments from the District itself. So, with all due respect to the Committee on Appropriations, I say that we should appropriate the same amount that this committee recommended in the present Congress. The committee does not give you any reason why we should be different this year from what we were last year. The same Members of Congress are here today that were here last year. The only reason the committee gives you, as I understand it, is that they want to say to the District Commissioners, "From now on you must listen to us, and you must put on the pay roll whom we say and must repair what streets we say and make what improvements we want you to make and not pay attention to what the people of the District desire and demand."

Mr. Chairman, in view of the unemployment, if you cut down the taxes, you cut down employment. You cannot have employment without money, and so I beg of you to keep this appropriation in at this time. I say to the Democratic Members of the House let the Commissioners, appointed for the first time from Democrats, have a free hand in conducting the affairs of the District. You are slapping them in the face by this amendment, and saying to them, "You shall not; you are not worthy of being Commissioners of the District as were the Republicans." The Republicans were free to make their assessment basis and to fix their taxes. You are saying to the Commissioners, for the first time appointed by your President, that they are not capable of doing the things that you permitted the Republicans to do, even in this present Congress.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. BUCHANAN. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Maryland. The amendment of my colleague from Missouri [Mr. CANNON], the chairman of the subcommittee, is absolutely correct. It is based upon an allowance out of the Federal Treasury for the District government of $5,700,000. His amendment subtracts from the $5,700,000 a sum equal to 70 percent of the $1,759,500 that the Public Works Board has allotted to the District of Columbia for the extension of its sewer system, and 70 percent of $148,650 for some of the parks that have always been supported jointly by the Federal Government and the District government—a total deduction from the $5,700,000 of $1,335,705. In other words, under this bill, with this amendment, we are allowing the same contribution that we allowed last year of $5,700,000. When the Public Works Board made the allotment of $1,759,500 for sewers they entered an order on their minutes that their action be reported to the two appropriation committees of Congress, that Congress might determine what part of these allotments the District should be required to pay. We only ask that the District pay what every other city throughout the Union pays under the National Recovery Act under similar circumstances; and why not? I do not want to do an injustice to the District. If $5,700,000 is right as a contribution, let us stick to it, and we are sticking to it when the Public Works Board makes a grant wherein the District is to get 30 percent free from the United States and pay 70 percent themselves. Let us make the District live up to their proportionate share like every other city. Therefore this amendment is right and should be adopted.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mrs. NORTON. Is it not a fact that this same grant has been given to every city in the country which has asked for it?

Mr. BUCHANAN. Yes.

Mrs. NORTON. And is it not also a fact that taxes have not been reduced in these cities because of such grants? Had the reduction from $1.50 to $1.20 per hundred been retained in this bill the item of $5,700,000 would not be reduced.

Mr. BUCHANAN. The same character of grant has been given to every city that has asked for it where it has been approved, and every city has been made to pay or give security for 70 percent of it, and that is all we ask here.

Mrs. NORTON. The District can be depended upon to live up to its agreement. Why reduce the appropriation when it is the lowest appropriation ever granted to the District, and at a time when it is very necessary to make many improvements in the District? The appropriation should be increased, not reduced.

Mr. BUCHANAN. What appropriation is the gentlewoman talking about?

Mrs. NORTON. About the appropriation of $5,700,000.

Mr. BUCHANAN. We are not curtailing that.

Mrs. NORTON. You are cutting it down to $4,364,295.

Mr. BUCHANAN. Certainly not. We are making them pay to the Federal Government 70 percent of the allotment the Public Works Board made.

Mrs. NORTON. Do you not think they could be trusted to pay without compelling them to do it in this way?

Mr. BUCHANAN. Without giving security? Other cities have to give security or bonds.

Mrs. NORTON. What kind of security? Other cities have the right to determine how their taxes should be spent. This city has not.

Mr. BUCHANAN. The other cities give bonds. This District has received 100 percent of the allotment, and this is the only way to collect the 70 percent they should pay.

Mr. BLANTON. When my colleague says we ought to pass "the amendment", the gentleman, of course, means the Cannon amendment, and not the Palmisano amendment?

Mr. BUCHANAN. The Cannon amendment; yes.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. COLDEN. Why should the Government contribute anything to the District of Columbia? The rate here is but three tenths what it is in my home city, Los Angeles.

Mr. BUCHANAN. That is an old question. The Government has taken so much of the taxable property in the District that it probably ought to contribute something to the support of the District.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. PALMISANO. Is it not true that this year they have taken $10,000,000 of District property from the tax rolls of the District?

Mr. BUCHANAN. I may say to the gentleman from Maryland that I suspect the District of Columbia this year has been the most-favored city in the entire Union. [Applause.] The Federal Government, through the Public Works Board, the Civil Works Administration, and the Emergency Relief Administration, has absolutely given to the people of the District of Columbia, in Federal aid, $9,397,000, without a cent to be returned to the Federal Treasury; and I am not asking that it be returned. We need have, therefore, no sympathy for the District this year. They have a surplus in the Treasury and can well stand to pay this debt. [Applause.]

SUBSIDY TO WASHINGTON, D.C.

Mr. PATMAN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, in regard to the city tax rate in Washington, I was a member of the Mapes committee which studied this question for several months. We got the facts and figures relative to all the cities in the United States of comparable size to Washington City. We also made investigation to determine if any country on earth had adopted the policy of giving a bonus or a subsidy to its capital city. We were unable to find where any country in the world gave to its capital city any sort of a subsidy except the United States of America in the case of Washington, D.C.

NO OTHER PRECEDENT

There is no State in the Union which gives to the capital city of the State a subsidy because the State government uses so much of the taxable property in the capital city. The capital cities are always anxious to get Government activities.

The county seat does not require the county to give the municipality a subsidy because the courthouse and other county buildings are there, because they are anxious to have those public buildings. But in this country it has been the custom to give annually $5,700,000, $9,000,000, $10,000,000, and I believe at one time $12,000,000, as a direct grant from the taxpayers of the United States to the Capital City, Washington, D.C.

LOWEST TAX RATE AND HIGHEST HOTEL RATES—LOWEST TAX RATE AND HIGHEST REAL-ESTATE RENTALS

It is my opinion, after investigating this subject for many months on that committee, that the people of Washington pay not more than 50 percent of the tax rate that is paid in cities of comparable size in America. It is a city where they have the lowest tax rate and the highest hotel rates, the lowest tax rate and the highest rentals of any city in America.

GOOD NEWSPAPERS HELPFUL TO CITY

It has been more favored by the Government of the United States than any city in America. It has many good newspapers, and the owners of the newspapers live here in Washington City.

They have pride in their local city just like we have pride in the cities where we live, and they are always trying to do something to benefit the city and its people. By reason of these great means of communication they have been able to convince Congress to give them many things which ordinarily they probably would not have been given.

TAXABLE PROPERTY REMOVED BY GOVERNMENT

With regard to the question raised by the gentleman from Maryland [Mr. PALMISANO] that the Government has taken taxable property away from the District of Columbia and appropriated it to the use of the Federal Government after paying the owners the value of it, and that for this reason we should pay them taxes each year on that property—that is the conclusion I presume he intended to leave—let us analyze it. The Southern Railway Building at the corner of Pennsylvania Avenue and Thirteenth Street was purchased by the Government of the United States. It is going to be destroyed and another Government building will be erected on that site. The Southern Railway Co. went out on Fifteenth Street and purchased a lot and built a building which will be assessed by the District for several million dollars more than was the building they left on Pennsylvania Avenue. So instead of reducing the tax values, they have been increased. Further, the taxable values of property surrounding these Federal buildings is always increased. So we have not taken anything from the tax rolls of the District. It frequently happens that on property surrounding these Federal buildings, buildings will be constructed just outside the Government reservation which cost several times as much as the Southern Railway Building cost.

RESIDENTS OF DISTRICT CANNOT VOTE

I have studied this problem a great deal. There is one argument made by the people of the District of Columbia that you cannot answer with any logic or reason, and that is the proposition that they are not entitled to vote for President and Vice President; that they are denied the right and privilege of voting in this great country of ours. This argument cannot be answered. I have often wondered how we might solve the question. I believe there is a way by which it can be handled.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

NATION'S CAPITAL MUST BE UNDER CONTROL OF CONGRESS

Mr. PATMAN. I believe this question can be settled. None of us want any city—Washington, D.C., Baltimore, or any other city—to have charge of the Capital of this Nation. This is one spot that the representatives of the people should control in every way. We do not want to be in a postion where there may be a conflict between the jurisdiction of Congress and the jurisdiction of some local municipality.

I do not believe that the people would be willing for us to give up this jurisdiction. I think they expect us to maintain control over the Nation's Capital. At one time the Nation's Capital was 100 square miles; however, subsequently about 31 square miles were given back to Virginia, and we only have 69 square miles in the District of Columbia today.

The people of the District say they cannot vote. There are about four or five hundred thousand of them that make this claim; although they came to the District with the knowledge that they must maintain their residence in the States in order to vote. If you were to give them the right to vote, they would control the Nation's Capital instead of the Nation's Capital controlling them; therefore, we cannot agree with the people of the District.

CONGRESS SHOULD ANNOUNCE POLICY FOR FUTURE

My theory is that this Government should now announce a policy for all time to come that we are going to condemn sufficient property here in the District for the Capital. I would suggest just for the purpose of discussion that we commence at the Congressional Library and the Supreme Court Building, and take in the Capitol of the United States, all the Mall, up to the Arlington Memorial Bridge, including the Lincoln Memorial, and sufficiently wide not only to accommodate the Government business now, but for any time a hundred or two hundred years from now, erect buildings thereon for the Government and allow that to be the Nation's Capital. The Government will have charge of the area. They will do everything in connection with it in the way of furnishing light, water, and everything else. The Government policemen would have charge of the area. Then the people of the District of Columbia can go back to Maryland and there be allowed to vote. It is my understanding that all property released by the Government will automatically go back to Maryland in compliance with agreement made when Maryland granted the land for a National Capital. They can have their own city. They can be in a congressional district. They can have their own Congressmen, and they will have two United States Senators.

Mr. BLANTON. Will the gentleman yield?

Mr. PATMAN. I yield to my colleague from Texas.

Mr. BLANTON. There are 100,000 people in the District of Columbia now who vote. Did my colleague know that?

Mr. PATMAN. Yes. They live in various States and maintain their residence there.

Mr. BLANTON. The original water conduit that partly furnishes water to this city now was built and is owned by the United States Government. It was paid for by this Government.

Mr. PATMAN. I agree with the gentleman that the people here have been treated very nicely by the Government.

Mr. LEE of Missouri. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Missouri.

Mr. LEE of Missouri. In 1871 the Congress gave the people of the District of Columbia the right to vote and conditions became so rotten, in fact, unparalleled in the history of this Nation, that in 1873 what few good people of Washington were left came and begged Congress to take them back.

DISTRICT RESIDENTS WILL BECOME MARYLAND RESIDENTS

Mr. PATMAN. It is my opinion at this time that I would never vote to allow the people of the District of Columbia to control the Nation's Capital, but I am willing for them to

vote. We may have an area cut off and allow the Nation's Capital to be in this area and no one live therein. All people living in the area outside of that may vote. In other words, we will release from the District all of the area we do not need and without anything else being done the people who reside in the released area will become citizens of Maryland.

The intention in the beginning was that the people of the District of Columbia would not have residence here; that they would maintain their residence in their respective States; that they would exercise the rights of citizenship in their respective States; but since so many people live here who do not maintain a residence back in the States every year they put up a clamor for citizenship and for the right to vote. Of course, they should be allowed to vote some place. If they do not have a residence back in one of the States, they should be allowed to vote in some way or some place, it occurs to me. The only way I can figure it out is to have this area set apart and let that area be the Nation's Capital. Let the remainder go to the State of Maryland, and I am sure the people of the District of Columbia would be glad to be in Maryland. It is a great State. They could then be represented by two United States Senators and could have a Congressman of their own.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The question is on the amendment of the gentleman from Maryland [Mr. PALMISANO].

The question was taken; and on a division (demanded by Mr. PALMISANO) there were—ayes 15, noes 37.

So the amendment was rejected.

The CHAIRMAN. The question is now on the amendment offered by the gentleman from Missouri.

The amendment was agreed to.

The Clerk read as follows:

For fuel, light, power, repairs, laundry, and miscellaneous supplies, $28,000.

Mr. HARLAN. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, there is a very pronounced division among a number of citizens as to the advisability of public ownership. This question is debatable, but I am in favor of meeting this question, as we ought to meet every other question, honestly and not under subterfuge.

The Bureau of the Budget allocated approximately $87,000 for the Utilities Commission. In the bill now before the House that amount has been arbitrarily reduced to $50,000. I have gone over the testimony before the committee carefully and I can find no one word of evidence on which such a reduction is based. Every bit of evidence shows the need of $87,000 and even the justification for a larger amount.

I am convinced that such a reduction in the appropriation here for public-utilities supervision, if not intentionally thus designed, is calculated to so disorganize the supervision of utilities in this District as to strengthen the claim for public ownership. This may be all right, except that the District is going to have to suffer a great deal while it is going on.

Mr. CANNON of Missouri. If the gentleman will yield, we have not yet reached that item.

Mr. HARLAN. I understand that item has not been reached. I am talking about the last three words in the pro forma amendment, "supplies for the District." I understand also Mr. COCHRAN will offer an appropriate amendment at the proper time, and I want to talk on that subject now because all available time may be used then, and I do not want my time taken up now, if the gentleman please.

Mr. CANNON of Missouri. Of course, we would like to have the discussion at that time, but we have no objection to the gentleman proceeding now.

Mr. HARLAN. In 1914 the Utilities Commission of the District of Columbia had 19 employees to supervise utilities aggregating $55,000,000 in value. If the committee recommendations are carried through, we shall have barely enough money in this year of 1934 to supply 16 employees at 90 percent of their base salary. In other words, this very drastic provision which is set forth on page 6 of this bill pertaining to the Utilities Commission of the District will reduce our force to supervise taxicabs, railroads, street cars, telephone companies, and electric-light companies with a value three times what it was in 1913, with an income three times what it was in 1913—this Utility Commission will be called upon to act with three less employees than they had in 1913.

The Bureau of the Budget had allowed for salaries of the employees of the Public Utilities Commission at 90 percent of their base pay, which is allowing for a restoration of but 5 percent in the District of Columbia instead of 10 percent which other Federal employees enjoy, but even with this allowance to the disadvantage of the employees of the Utilities Commission, it is utterly hopeless to maintain the force of 31 employees with less than the $87,000 recommended by the Bureau of the Budget.

Manifestly, if this arbitrary reduction is not designed to emasculate this Commission, the natural result of this act will be to emasculate the commission and bring on a very palpable argument for public ownership, and to me this looks like the purpose of it.

The job of the Utilities Commission is to employ expert men—engineers, auditors, and lawyers—to supervise the work. I have not time to go into the many things they have done, but they have saved the citizens of the District many thousands of dollars. Taking just one item, last year there were mistakes in the accounts of the lighting company discovered by the Utilities Commission that produced refunds of $65,000 to the citizens of the District. Now, when you are hamstringing and emasculating the Utilities Commission of this District, you are simply destroying an agency that will mean the saving of a great many thousand dollars in taxes and great savings to the people of the District themselves. As another item, there was $30,000 held by the gas company. When a citizen of the District signs for gas he has to make a deposit and these deposits were held by the gas company here for years.

They paid no interest on this deposit and yet were getting the benefit of interest from its use. The auditor of the Utilities Commission disclosed this and returned this interest to the people making the deposits.

Over the last 11 years there has been a constant reduction in the District of Columbia in electric-light rates, so that we have in Washington probably the cheapest rates of any city east of the Mississippi River. The continual appraisement of the utilities properties in the District, together with the constant audit of their books, is a perpetual protection to the citizens of the District from overcharge and other losses which would unquestionably occur if the citizens had no supervision at all over these agencies.

There has not been one word of reflection against the honesty, integrity, or the ability of this Commission, or any of its employees; nor, so far as the records show, is there any criticism of the amount of salary paid to any of these employees or the experts procured by the Commission. Arbitrarily to cut their appropriation 43 percent, based on no evidence and in the face of the long period of efficient service that this Commission has rendered the District, can carry but one import, and that is that some place there is a wish that supervision over utilities become a complete failure; that these utilities without supervision will so arouse the animosity of the people that public ownership will be the logical step. If you favor public ownership, let us meet the question like legislators and enact an express law for that purpose, or, even if you desire to achieve public ownership by the circuitous route suggested in this bill, let us meet that fairly and take away the entire appropriation. It is utterly absurd to lack the courage of our conviction either

way and waste $50,000 of public money on an impotent Utilities Commission that will be able to accomplish nothing.

Mr. GUEVARA. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to proceed out of order for 5 minutes.

The CHAIRMAN. Is there objection to the request of the Commissioner from the Philippines?

There was no objection.

Mr. GUEVARA. Mr. Chairman, I rise in my place today to ask the Congress of the United States to pause and reflect on a series of contemporary legislative events which affect the Philippines in a manner that should prove disturbing to the conscience of America.

Less than a month ago this Congress did itself proud by disposing of the Philippine problem with the enactment of the Tydings-McDuffie Act, which was hailed as the crowning achievement of years of groping for a solution that shall at once be the most feasible and the least imperfect.

The act presents an elaborate formula which is calculated to meet the varied and complicated phases of a problem that has sprung from 35 years of intimate political and economic association between the Philippines and the sovereign country.

That formula, Mr. Chairman, encompasses in a carefully balanced fashion the diverse elements of time, economics, politics, psychology, national duty, and international policy.

Verily, the Tydings-McDuffie Act is the covenant which the American Government in its might and wisdom has promulgated as defining and governing the Philippine-American relations before complete Philippine independence becomes a reality. Not being a treaty, for a treaty would be a legal paradox under the present political status, the only sanction of that covenant is the majestic force and power of the conscience of the American Nation.

By the inspiring words of the President and of congressional leaders, upheld by American public opinion, and in consonance with the generous policy of this Nation in the Philippines, there exists in the minds and hearts of fair-minded men a solemn understanding that if the terms of the Tydings-McDuffie Act are altered in the future the alterations shall be on the side of more liberalism and greater helpfulness to the Filipino people.

But, Mr. Chairman, sadly, diffidently, but earnestly I am constrained to affirm on the floor of this House that by its action in the case of the coconut-oil excise tax under the revenue bill this Congress has, I like to believe inadvertently, disregarded the terms of the covenant in a manner adverse to the fundamental interests of the people of the Philippines.

I am not at this time setting forth the details of the cause of which I am loyally complaining. Already many Members of Congress know them by heart. They have been frank with their motives and outspoken in their deliverance.

Mr. Chairman, I have been privileged to be in this House for more than a decade. I have learned to admire the sterling character of the American people through my association with the men and women who make the laws of this mighty Nation. Without apology and without exaggeration, I declare that the American character is the paragon of fair play and the epitome of man-to-man integrity.

Therefore, notwithstanding the recent legislative events which are trying our souls, my faith in the essential goodness of the American character remains firm and unshaken, and I am hoping that this Congress will before long rectify and galvanize its attitude toward the Philippines in line with its traditional policy of unselfishness and generosity.

Mr. Chairman, I wish once more to express our gratitude to America, for the American flag has meant to the Filipino people political progress, material welfare, and social amelioration. That sentiment, sir, the Filipino people will cherish passionately throughout the unending procession of the years. [Applause.]

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. GUEVARA. Yes.

Mr. CULKIN. May I state that I am very sympathetic with the gentleman's position, but is there any difference between the imposition of a processing tax on rayon or paper that are substitutes for cotton, which tax is imposed on the American people, and putting a tax on coconut oil, which is used in the manufacture of butter substitutes?

Mr. GUEVARA. There is a great difference.

Mr. CULKIN. I am unable to see it.

Mr. GUEVARA. The tax that is put on cotton or on rayon goes to the American people themselves.

[Here the gavel fell.]

Mr. CULKIN. Mr. Chairman, I move to strike out the last two words.

I will say to the gentleman that I am unable to distinguish between the two. In other words, it is my contention that the American citizen's rights are at least equal to the economic rights of the people of the Philippines. The American people subject themselves to a processing tax on these various substitutes, for cotton and other agricultural products. What is there that binds us in morals or in law not to subject the gentleman's people to the same process?

Mr. GUEVARA. Any excise tax on rayon or any similar commodity raised or produced in the United States to be paid by the American people will go back to the American people themselves in accordance with the provisions of the Agricultural Adjustment Act.

Mr. CULKIN. Let me say to the gentleman in that connection that under the Norris amendment the same thing is true with respect to the Philippines. These funds are to go back to the Filipinos.

Mr. GUEVARA. That is the greatest joker ever put in a bill, because under that provision neither the government of the Philippine Islands nor the Filipino people will get the 3-cent excise tax to be levied on coconut oil. Why? Because the price of coconut oil will be so raised in the United States that I wonder what factories or what industries in the United States will use coconut oil at such prohibitive prices. Therefore, that excise tax will prohibit and prevent the importation of coconut oil into the United States.

Mr. CULKIN. I may say to the gentleman that I have great sympathy and admiration for his splendid people. I voted recently for the Philippine independence measure, and on a former occasion I voted in the same way because of my great sympathy for their ambition to become their own masters. I felt they were entitled to their liberty and to work out their destiny in their own way.

Mr. GUEVARA. I thank the gentleman.

Mr. CULKIN. But I hope the gentleman's people will not believe that America is being oppressive in this instance, because it is merely doing to the gentleman's electorate what it is doing to its own people under the administration of the A.A.A.

Mr. GUEVARA. If the Filipino people are going to be placed on the same level as the American people in the matter of protecting their commodities, then we will be pleased to accept the provisions of the bill.

Mr. CULKIN. This is not a customs duty, I will say to the gentleman, but an excise tax only.

Mr. GUEVARA. I suppose the gentleman from New York knows very well that the so-called "excise tax" on coconut oil is but a way of levying a duty on coconut oil coming from the Philippine Islands.

Mr. CULKIN. It is a processing tax on coconut oil.

Mr. GUEVARA. It is only a way of getting around levying a duty.

Mr. CULKIN. The purpose is to forestall competition with American butter and other domestic fats. Our people are in great distress and they are entitled to at least equal consideration by Congress.

Mr. GUEVARA. Yes; that is true. The object is to prohibit the importation of coconut oil into the United States, because the American people believe it is in competition with farm products. The United States promised independence to the Philippine Islands, and it is committed to help the Philippine people to achieve it.

Mr. CULKIN. Let me say to the gentleman that the British Empire, generally a free-trade nation, taxes in some

instances the importations from its own colonies. We have never done that to the Philippines.

Mr. GUEVARA. But there is this great difference. In England it is reciprocal. England levies a duty on goods coming from the colonies, and the colonies levy a duty on goods coming from England.

Mr. CULKIN. I want to call the gentleman's attention to the fact that we are only doing in this instance what we are doing to our own people.

Mr. WOODRUFF. Will the gentleman yield?

Mr. GUEVARA. I yield.

Mr. WOODRUFF. The gentleman from the Philippines stated a moment ago that no revenue would accrue to the Philippine Treasury because of the Norris amendment. He bases that on the belief that no coconut oil would be used in this country.

The CHAIRMAN. The time of the gentleman from the Philippine Islands has expired.

Mr. WOODRUFF. Mr. Chairman, I move to strike out the last three words, and I shall occupy but a moment or two. The gentleman from the Philippines further stated that the people of this country believe that the coconut oil is in competition with the butter and other vegetable oils produced in this country. Certainly his statement that no revenue will accrue to the Philippine treasury is a confession, or affirmation, of the fact that the belief of the people of the United States is justified, and is it not a confirmation of the belief among many of us that coconut oil is not necessary for certain purposes in this country as we have been led to believe?

Mr. CULKIN. What the gentleman from Michigan states is true. It is my belief that the American dairymen have paid the price for Philippine independence.

Mr. WOODRUFF. That is my belief too.

Mr. CULKIN. That cannot be disguised. We never imposed any tax on the Philippines in any form until we had primarily imposed a similar tax on our own people.

Mr. GUEVARA. If the United States is to grant independence to the Philippine Islands, they are duty bound under moral principles to help the people get that independence. We have been demanding independence for 36 years and time and again the United States Government has denied its grant upon the ground that we are not economically prepared for it, and now that the economic interests of the United States demand the granting of independence to the Philippine Islands, everybody in the House and Senate is saying, "Give them immediate independence, in order to get rid of their competition." I do not believe that is fair. It is a reversal of America's noble policy in the Philippines during the last 35 years.

Mr. CULKIN. We are not a colonizing power, and we have never taxed the Philippines. The balance of trade has been $40,000,000 or $50,000,000 a year in their favor, and we are spending $15,000,000 a year for the upkeep of the Philippines. Incidentally the American farmer has been paying the price for that. Over the whole field of agricultural production a processing tax is being levied, and why should the Philippine people say they are wronged when they are being treated in the same fashion that the American Congress is treating its own people? I see no distinction in the matter.

Mr. GUEVARA. If the Philippine farmers are to receive the same treatment that the American farmers will, that would be all right.

Mr. CULKIN. That depends upon the action of the Philippine Legislature. Under the Norris amendment those funds go back to the Philippine Treasury.

Mr. GUEVARA. Let me stress that there is a world of difference between the position of the American farmer under the A.A.A. and that of the Filipino copra producer under the Norris amendment. The processing tax under the A.A.A. accrues directly to the American farmer while the excise tax that may be collected under the Norris amendment goes to the Philippine Government.

It would be a godsend to the Philippine treasury if that excise tax should materialize. But I am afraid it will exist only in the domain of illusion. The proponents of the excise tax declare that coconut oil is indispensable only in certain technical industries which use perhaps less that 5 percent of the total quantity of coconut oil now consumed. That would mean that our coconut-oil exports to America would be reduced to the indispensable minimum, and that, in turn, would mean piling up the copra surplus in the islands which will have to be disposed of at distress prices in the markets of the world.

Therefore, the net effect of the tax would be to reduce the coconut oil and copra exports of the Philippines to the United States and demoralize the prices of these two commodities, thereby depressing the world's price levels of vegetable oils, a fact which would have an adverse repercussion on the price structures in the United States. While these unwelcome results will ensue, the Philippine Government will not only miss the tax bonanza that the Norris amendment would bring but it will also most likely reduce its present substantial income from the sales tax on copra and coconut oil exports to the United States.

Mr. BLANTON. Mr. Chairman, I offer the following preferential motion, which I send to the desk.

The Clerk read as follows:

Privileged motion by Mr. BLANTON: Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. BLANTON. Mr. Chairman, of course, this motion is pro forma, to give me an opportunity to discuss the entire bill. Possibly, from the view that one minority member of the committee has about it, to strike out the enacting clause might be the best thing to do. In his speech yesterday the gentleman from Pennsylvania [Mr. DITTER], in speaking of the bill, said:

I am not in accord with them, and that I do not accept the bill in the way in which it is framed is in no sense to be construed as a reflection upon them. I think the bill is a misnomer. I believe that instead of calling this the District of Columbia appropriation bill it should be called the District of Columbia tax bill. I believe that the motive—

And here, Mr. Chairman, he is referring to the motive of the gentleman from Missouri [Mr. CANNON] and the Democrats on his subcommittee—

I believe that the motive which prompted the majority group in studying and in preparing the measure was primarily the matter of reduction of taxes for the District of Columbia.

Then later on he speaks about the Public Utilities Commission and says:

Forty-three percent of the amount provided in the Budget has been deducted.

Also, that the Public Utilities Commission has been cast aside as an ineffective instrument of the Government.

I wish the gentleman from Pennsylvania [Mr. DITTER] had been present when we marked up the bill and had made some suggestions to us. We sent him a written notice that the bill was going to be marked up.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No; I am sorry I cannot. We also phoned him that it was going to be marked up, that we were going to mark the bill up, and we wanted him to help us. The clerk of the committee spent lots of his time writing and phoning him, but he did not come around us. He was not with us when we framed a single sentence in this bill, not one, and there are 78 pages in it, I think. Not a suggestion did he make to us. Then he comes on the floor here and, in his speech yesterday, says that the bill is a misnomer. If he wants to, he cannot only charge it with being a misnomer, but he can attempt to wreck it. The provision that was stricken out here, and it was subject to a point of order, was a wise provision, a provision that would help the poor home owners, a provision that reduced the tax rate to $1.20, what it used to be. When he had that stricken out he wrecked that part of the bill and caused the amount that the Federal Government was going to contribute to the District government to be reduced from $5,700,000 to $4,364,295. In other words, he took away from the District more than a million and a quarter dollars.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No; I cannot yield to the gentleman, after the way the gentleman has acted. I should have been glad if he had come in the committee and made some wise suggestions while we were preparing the bill. I should have been glad if he had given us the benefit of his suggestions and his long years of experience in handling municipal affairs. We worked for weeks posting ourselves upon it and then he comes on the floor and criticizes it and seeks now to tear it all to pieces.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

The CHAIRMAN. Is there objection?

Mr. DITTER. Reserving the right to object, if the gentleman will use a part of those 2 minutes to yield to me, I shall not object.

Mr. BLANTON. I will answer the gentleman's questions now while he is reserving the right to object because I don't want to have it taken out of my time.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas. [After a pause.] The Chair hears none and the gentleman is recognized for 2 minutes.

Mr. BLANTON. I want to impress this upon your minds: The year the Public Utilities Commission did their best work for the people of the District of Columbia was 1927, the year when Congress gave them only $46,120, which is less than we are giving them now, as we are giving them $50,000 in this bill, yet they did more that year in an effort to provide relief to the people of the District of Columbia than they have done in any year since.

What have they done? Have they reduced the street-car fares? No; it took an act of Congress to do it; they did not do it. The gentleman from Ohio here, Mr. HARLAN, and others of us here worked several years to force them to reduce street-car fares and to get a 3-cent rate for school children. The Public Utilities Commission did not do it. We did it in Congress; something we have been fighting for for years.

Did they reduce the gas rate? No. They entered into an agreement which reduced the rate by just such amount as the gas company wanted, but the Public Utilities Commission did not go into court and make the gas company give us reduced rates. Did they secure any reduced electric rates? Only to the extent that the power company agreed to reduce them.

The Public Utilities Commission has not made any of the utilities of the District of Columbia do anything. We are paying the highest telephone rate in the United States. Hotels having 800 rooms, even, have to pay 50 cents per month for each room for an extension telephone to this telephone monopoly. The Public Utilities Commission have not made the telephone company do a thing. And it is the biggest monopoly in the United States.

Mr. COCHRAN of Missouri. Will the gentleman tell the House why?

Mr. BLANTON. It is because either they do not know how or do not want to do it.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry, but I really have not time to yield.

I have confidence in Mr. Keech. I believe he will do more with $50,000 than many others could do with $500,000.

Mr. Chairman, I ask unanimous consent to withdraw my pro forma motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. DITTER. Mr. Chairman, I object.

Mr. DITTER and Mr. COCHRAN of Missouri rose.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania, a member of the committee.

Mr. DITTER. Mr. Chairman, I rise in opposition to the motion.

It is not my purpose, Mr. Chairman, to continue this unfortunate affair of the morning. I was sorry that the gentleman from Texas, because I happened to oppose him, felt that his only means of protection was to engage in personalities.

I wish the Members of the House would take the time to examine the committee hearings. I believe that after reading the committee hearings it will be agreed that some contribution was made by the minority side during the hearings. That we were not present when the bill was marked up is, as the Members know, rather beside the point, for marking up a bill is a formal matter which does not take weeks but is usually pretty well finished up when the formal hearings end, and, under the help and guidance of the clerk of the committee, is expedited.

In justice to the Public Utilities Commission of the District, I wish you would examine the hearings to see whether or not anything has been accomplished by that body. To my mind, it has accomplished much; and the fact that the accomplishment came ultimately as the result of stipulation in no sense lessens the value of the activity of the commission. The gentleman from Texas took exception to the work of the commission in that whatever relief has been provided was brought about as the result of agreement. If the gentleman from Texas recalls anything at all of his law practice, he will probably remember that frequently matters of litigation come into the courts and, after the litigation has proceeded and a great deal of testimony has been taken, ultimately there comes a time when as a result of stipulation the parties come to an agreement which avoids the necessity of a decree; and that is what happened here.

I believe that the Public Utilities Commission has tried to do a good job; but if it has not done a good job, if there has been any collusion or fraud or dishonesty or carelessness, if there has been a bartering away of the rights of the people by the commission, then let us bring pressure to bear and investigate to determine that fact, rather than to reduce the amount of the appropriation so that the commission is no longer rendered an effective instrumentality in the District.

The reduction that is made is 43 percent. With its funds so severely cut, the commission will no longer be a protective body, it will no longer provide the means whereby it can have skilled experts to aid it or where the commission can properly function to take care of the gas user, the electricity user, the telephone user, the street-car rider and the user of the other public utilities.

Mr. HARLAN. Mr Chairman, will the gentleman yield?

Mr. DITTER. I yield.

Mr. HARLAN. Is the gentleman aware that right nov the Public Utilities Commission is in the midst of a lot of litigation in regard to which the experts have already done a great deal of work; and that if this appropriation is cut as suggested, and as against the recommendation of the Budget, all this work that we have paid for will be lost, because there will be no money to pay for their further services, which are needed?

Mr. DITTER. I thank the gentleman for that observation. May I add that if the gentleman is acquainted in any way with public-utility litigation, the gentleman will recall that invariably the public utilities have at their command a corps of the best valuation experts in the country and, from the standpoint of accountancy, the best experts of the country usually fortified by a brilliant array of counsel.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DITTER. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. DUNN. Does the gentleman favor a public ownership of the various utilities, such as light, heat, water, gas, and other natural resources?

Mr. DITTER. Personally I do not.

I say that the Commission should have the opportunity of having experts along the line of investigations, whether it is in connection with accountancy, land valuations, or the best in the way of legal ability to contend with the public utilities as they come up for investigation. That is the reason I welcomed the observation of the gentleman a while ago. While this litigation is pending, the Commission should be armed with the best that can be provided and with the necessary money to carry on this litigation. [Applause.]

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that the motion may be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read as follows:

ALCOHOLIC BEVERAGE CONTROL BOARD

For personal services, advertising, printing and binding, streetcar and bus transportation, telephone service, and other necessary contingent and miscellaneous expenses, $28,352.

Mr. DITTER. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. DITTER: Page 5, line 5, strike out $28,352 and insert in lieu thereof, $50,900.

Mr. DITTER. Mr. Chairman, I shall not take the time of the House for any great length of time in reference to this suggestion. This simply restores the Budget amount of $50,900 for the Alcoholic Control Board's operation. I believe if the Alcoholic Control Board is to properly function it should have the amount provided under the Budget estimate. I have nothing further to say except to ask that this suggested amendment receive support at the hands of the committee.

Mr. CANNON of Missouri. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the committee considered this item very carefully. We determined, in the first place, that the staff provided by the bill is ample to take care of the requirements of the Board. We also elicited testimony to the effect that the work of the six inspectors could be as well, if not better, handled by the police department.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in addition to what the chairman of the committee has said, I call attention to the fact that this merely reduces some inspectors that were provided for. These inspectors were taken out of the service here in the District. We have installed traffic lights all over the city, and whenever you do that you do away with a traffic cop at the intersection. I wish you knew just how many traffic cops at intersections with semaphores we have relieved from duty and put back into active service by putting in these traffic lights. They could not get better inspectors than the captains and lieutenants of each precinct to look after this matter. They have already drawn these employees from the District service and called them inspectors, but they are nothing in the world but former employees of the District. We are making use of these men we have instead of paying the six new salaries.

We are allowing them two special inspectors, which is enough. If they want a special inspector to do something in a precinct where they think a captain is not doing his duty, they can have one of these two inspectors do the work.

May I commend the chairman of this committee for the idea. This was his idea. This is his work. I claim no credit for it because he did it himself and he did it righteously and for the benefit of the taxpayers of the District. We will probably get better service by having the police officers, the captains and the lieutenants in the various precincts, superintended by these two special inspectors, do the work.

Mr. COLLINS of Mississippi. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Mississippi.

Mr. COLLINS of Mississippi. When the work was more difficult than it is now it was done by policemen?

Mr. BLANTON. Why, certainly; it has been done all the time by policemen. My colleague on the Appropriations Committee, the gentleman from Mississippi [Mr. COLLINS], knows that it was ridiculous in the first place for them to take a policeman out of the police force and merely shift him and call him an inspector. We are just putting six men back where they belong and giving them two special inspectors. I hope you will follow the distinguished gentleman from Missouri [Mr. CANNON], who has done splendid work on this bill.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there any objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BLACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, when the gentleman from Texas called our attention to the fact that traffic lights had taken the place of traffic cops, I was wondering what effect it might have on the country to have traffic lights also take the place of Congressmen, with no personal reference to the gentleman from Texas.

Mr. BLANTON. Do you mean for them to take the place of Congressmen from New York?

Mr. BLACK. With no reference to the gentleman from Texas, with push buttons back home and having stop-and-go signals.

In connection with the original amendment, and being acquainted with the District work as I am on account of being on the committee, may I say that I really think it would make for better enforcement and at the same time result in a better distribution of money to people willing to work to adopt the amendment of the gentleman from Pennsylvania, whom I am afraid to talk about.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

The Clerk read as follows:

PUBLIC UTILITIES COMMISSION

For two commissioners, people's counsel, and for other personal services, $50,000, of which amount not to exceed $5,000 may be used for the employment of expert services by contract or otherwise and without reference to the Classification Act of 1923, as amended.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 6, line 17, after the word "services", strike out "$50,000" and insert in lieu thereof "$86,823."

Mr. COCHRAN of Missouri. Mr. Chairman, my amendment seeks to restore the recommendation of the Bureau of the Budget.

I cannot find one word in the hearing or in the report that justifies the reduction in the appropriation for the Public Utilities Commission of the District of Columbia. This Commission has saved the people of Washington millions of dollars. It is about to be reorganized. Hon. Raymond Keech, formerly people's counsel, has been named by the President as a member of the Commission. Mr. Keech received his appointment because of his untiring efforts in behalf of the citizens of the District and the record he has made. When he was appointed every civic organization in the District praised the appointment and looked forward to a "new deal." They realized Mr. Keech has the experience, and his past record warranted the prediction that his appointment would mean a further savings in their gas, light, and other bills. Mr. Keech has his eye on the telephone company, and with the cooperation of the Congress I expect a lower telephone rate within 6 months or a year. Now, the committee comes along and reduces the appropriation for the Commission. The recommendation is $32,500 less than was allowed for this year and $37,323 less than the Budget estimate.

In these days when regulation of public utilities is an absolute necessity, why cripple this Commission? I am in favor of restoring the figure to the amount asked for by the Budget, and I hope the Members will vote for the $86,823, the Budget estimate.

Frankly, if there was to be any change it certainly should not have been a reduction but an increase.

Only through effective regulation can the ultimate cost to the consumer be lessened. Opposed to the Commission and the people's counsel will be found the best lawyers that money can employ, as well as the best engineers and accountants. What chance will the Commission have if its force is to be so crippled that it cannot prepare the necessary data; how can you expect any beneficial results? Why not destroy the Commission entirely rather than make it useless?

You will render ineffective the regulation of utilities in Washington if you agree to this cut.

Do we want it to go out to the country that the Congress has so reduced the expenditures of its Public Utilities Commission that its value will be nil for the next fiscal year? That is something that I do not want charged to me.

There is no issue before the people of this country today in which the public is more interested than the regulation of public utilities. The methods adopted by some corporations, disclosed by the Federal Trade Commission, have shocked the people.

Through the efforts of this Commission the people of Washington are enjoying rates lower than other cities of equal size for the gas and electricity consumed; and since putting into effect the weekly pass on the street cars, I think I can say without fear or contradiction that the street-car rates are the lowest in the country.

I note in the hearings that if the Congress will amend the law so as to provide that the regulations of the Interstate Commerce Commission do not supersede the regulations of the Public Utility Commission this Commission can immediately get busy and provide a lower telephone rate in Washington, which is highly desirable. To adopt the amount recommended by the committee means you are placing the Commission at the mercy of the private corporations. There can be no other conclusion. I refuse to be a party to such a proposition. There is no argument that the committee can present that will make me change this view for I have read the hearings and they do not justify the reduction. If the committee is sustained, we will be held up to ridicule by the press of the country.

The amendment restoring the amount suggested by the Bureau of the Budget should be adopted.

Mr. BLANTON. Will the gentleman yield?

Mr. COCHRAN of Missouri. In just a moment.

If the action taken here today were taken by a board of aldermen in a city or by a State legislature, the people of the country would say they had sold out to the utility corporations, and I am not going to stand here and remain silent and let the people of my city think I am in favor of crippling the Utilities Commission of the District of Columbia. They do not want me to do this. They want the utilities commission of our own State to function and function properly, and when they want the utilities commission of my State to function properly I know they want me to do what I can to see that the utilities commission here functions in the same way. I now yield to the gentleman from Texas for a question.

Mr. BLANTON. The gentleman spoke of being able to ride on the street cars for 1 week for $1. Did my friend know that the street-car companies, in order to be allowed to make this $1 rate, had to go to the Commission and beg for this privilege?

Mr. COCHRAN of Missouri. I do not know half as much as the gentleman from Texas seems to know. That hardly sounds reasonable.

Mr. BLANTON. They had to beg for it. The Commission did not cause them to make this $1 rate per week.

Mr. COCHRAN of Missouri. But I do know we should not cut this appropriation from $86,000 down to $50,000 just because some corporation counsel may have paid 25 cents to a chambermaid or 25 cents to a bellboy in a hotel. If that had not been brought out, I really believe this cut would not have occurred. Read the hearings.

Mr. CULKIN. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from New York.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

Mr. BLANTON. Merely not to take it out of the gentleman's time, I reserve the right to object to ask a question.

Mr. COCHRAN of Missouri. And I reserve the right to yield to the gentleman if I get the time. Now, I am either going to get the time without making any promises to the gentleman from Texas or I am not going to get it. If I do not get the time, the gentleman from Texas is not going to get any time during the consideration of this bill if I can stop it.

Mr. BLANTON. I am not asking for any time, and I am asking this under a reservation of objection, because I want to ask a question not to be taken out of the gentleman's time. I want to ask the gentleman if we did not give the Commission only $47,000 in 1927?

Mr. COCHRAN of Missouri. I insist on the regular order.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. I now yield to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. I want to thank the gentleman from Texas for his interruption. I shall not characterize it, but I was querying the gentleman from Missouri at the time. Will the gentleman state, if he can, for the information of the House, what is the approximate amount that this Utilities Commission saves the people of Washington on these rates in the course of the year?

Mr. COCHRAN of Missouri. I do not know the approximate amount——

Mr. HARLAN. Will the gentleman yield to me to answer that question?

Mr. COCHRAN of Missouri. I yield to the gentleman from Ohio for that purpose.

Mr. HARLAN. I will say that from the time of the war up to the present time the aggregate savings to the citizens here have been $11,000,000 in different installments, and every year for the last 11 years there has been a progressive reduction in the electric-light rate as a result of the appraisements and other activities of this Commission.

Mr. CULKIN. The saving, then, would be at the rate of approximately $750,000 a year?

Mr. HARLAN. That is approximately what it would amount to.

Mr. CULKIN. And we are asked to fix this appropriation at approximately $50,000?

Mr. HARLAN. We are asking in the amendment to fix it at $86,000.

Mr. COCHRAN of Missouri. That is what the Bureau of the Budget recommended, and that is all we want. We want to give this new Commission an opportunity to function and function properly. If the committee has any information on which to base this reduction, I want to say it is not in the hearings. You cannot find anything to that effect in the hearings. You will find over 20 pages where an official had to explain in detail small expense account for attending meetings in various States. Because we do not like one Government official, we should not take the appropriation from such a useful agency as our Utilities Commission.

I am not going to be a party to the assassination of this Commission. I want my people back home to know I am fighting to restore this appropriation.

Mr. LEE of Missouri. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. LEE of Missouri. I understood the gentleman to say something about the Missouri Utilities Commission. Does

he say that that commission has ever reduced a rate that the company did not ask for?

Mr. COCHRAN of Missouri. There has been a great deal of criticism of our commission, I will admit. That is not my responsibility.

Mr. LEE of Missouri. Eighty percent of the people would vote to abolish the commission and hang them. [Laughter.]

Mr. COCHRAN of Missouri. The whole trouble in our State, as the gentleman knows, is that the corporations have control, or at least have had their way. Some day that will end. I do not know how the present commission is functioning. I have enough to keep me busy here.

Mr. LEE of Missouri. Absolutely; the corporations have control.

Mr. COCHRAN of Missouri. But the corporations do not have control in the District of Columbia, and will not have control as long as Raymond Keech is there. His past record warrants that statement, so do not put the shackles on him by cutting this appropriation.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. BROWN of Kentucky. I simply want to make an observation. We have a new utility company in my State, and not one man will be appointed on that utility committee unless it is someone the companies want, because the whole thing was organized and directed from the office of the Governor.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this paragraph close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, I not only have a warm affection for my colleague from Missouri, Mr. COCHRAN, but the highest regard for his judgment. However, in this case he apparently has not had an opportunity to study this question. He is not as familiar with the facts as are the members of the committee who have been making a study of it for several years.

In the first place, he is not aware that the reduction in the various utility rates in the District has not been made as the result of the action of the Public Utilities Commission.

Mr. COLLINS of Mississippi. Will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. COLLINS of Mississippi. Has the committee ever told the Utilities Commission to get rid of these horrible plow pits?

Mr. CANNON of Missouri. It is utterly impossible to get the Utilities Commission to instruct the local utilities to do anything they do not want to do.

The acting chairman of the Commission testified on the stand that there had not been a single instance in the history of the Commission in which they had secured a reduction in utility rates in the District, except by agreement, when the utility companies wanted to reduce them.

But this reduction in the Budget estimates is amply justified by a study of the work of the Commission for the last 10 years. In 1923, when the city was still crowded with the aftermath of the war activities, this Commission easily performed all its functions and discharged all the duties devolving upon it with a staff of 18 members, and a pay roll of $31,520. And again in 1927, the year to which the gentleman from Texas has just referred, they operated on a total expenditure of $46,120, and now that we are giving them $50,000 I am convinced that this amount will amply supply any legitimate need of the Commission.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. Yes.

Mr. HARLAN. If this Utilities Commission has been so utterly ineffective as the gentleman has said, and all the work has been done by the committee here in Congress, why waste the $50,000 that is now in the bill?

Mr. CANNON of Missouri. Can the gentleman point to a single instance in which that statement is not justified by the facts?

The CHAIRMAN. The time of the gentleman from Missouri has expired. All time has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 1 minute.

The CHAIRMAN. All time has expired. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. COCHRAN of Missouri) there were—ayes 17, noes 36.

So the amendment was rejected.

The Clerk read as follows:

No part of the appropriations contained in this act shall be used for or in connection with the preparation, issuance, publication, or enforcement of any regulation or order of the Public Utilities Commission requiring the installation of meters in taxicabs until such regulation or order shall have been approved by Congress: *Provided*, That this prohibition shall not be construed to affect any order or part of an order of such Public Utilities Commission other than with respect to the requirement of the installation of such meters.

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word. The gentleman from Missouri [Mr. CANNON], the chairman of the subcommittee, closed the debate on the matter of the Public Utilities Commission before I had an opportunity to ask him a question about his views in reference to the Commission. The gentleman indicated that he knew a great deal about the history of the Commission, about what little work they were doing. The gentleman was in charge of the 1934 appropriation bill, and I call the attention of the House to the fact that with all of that knowledge which the gentleman had last year, still he came in here and reported a bill to the House that carried $82,000 for the Public Utilities Commission. The gentleman had all of that knowledge last year about this Commission and still gave it $82,000. If his argument is sound today, it was sound a year ago. Why did he waste $32,000 a year ago?

I call attention to the fact that there were 53 Members on the floor of the Committee here when my amendment was voted on. I want the Senate to know that, because the Senate is going to put this money back. I want the Senate to know that there were 53 Members present on the floor and that a couple of runners of the gentleman from Texas [Mr. BLANTON] went out to the cloakroom and brought half that number in, and they did not even know what they were voting on. That is how we legislate for the District of Columbia. We treat the District like it was a flag station on the plains of Texas rather than the greatest capital city in the world.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes. The gentleman is a useful Member sometimes, but this is one time he is not making the fight for the people of the United States. You have often heard him making that statement. This is the people's commission.

Mr. BLANTON. Last year, when we allowed $82,000, we did not know about these junkets all over the United States, down to Hot Springs and Boston and New York and Cincinnati and all these other places.

Mr. COCHRAN of Missouri. I do not yield further. I want my time to reply to that statement. I am glad it was made. That is exactly why this appropriation was cut down. The gentleman has let the cat out of the bag. He cut the appropriation down because one of the member's of the corporation counsel's office made a trip to Boston, Hot Springs, New York, and Chicago, and the gentleman did not like his expense account.

Mr. BLANTON. I did not have a thing to do with it. My chairman did it.

Mr. COCHRAN of Missouri. Read the hearings and see how the gentleman from Texas [Mr. BLANTON] took that official and examined him for nearly an hour. It is all in the hearings. I felt that was the reason the appropriation was cut down. I knew all the time that the gentleman from Texas simply got peeved because one man, in order to get information, attended conventions, and as a result of that you cut off $32,000 even below this year's appropriation. I knew why you cut it down. That is no way to legislate. The Senate will put it back; watch and see.

Mr. Chairman, under the leave granted me, I include the letter addressed to the Chairman of the Appropriations Committee.

PUBLIC UTILITIES COMMISSION
OF THE DISTRICT OF COLUMBIA,
Washington, April 11, 1934.

The Honorable JAMES P. BUCHANAN,
Chairman Committee on Appropriations,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN BUCHANAN: The Public Utilities Commission is greatly concerned at the reported action of the Committee on Appropriations in recommending to the House of Representatives an amount $36,823 less than necessary to provide salaries on a 90-percent basis for employees of the Public Utilities Commission during the fiscal year ending June 30, 1935. Such a reduction will restrict the activities of the Public Utilities Commission to a degree which will make its work of regulation almost impotent. It will result in losses to the public aggregating many times that amount.

With such a reduction it will be impossible to keep up our work of checking the accounts of the utilities, one feature of which this past fiscal year alone resulted in the beginning of refunds to patrons of the gas and electric utilities that will amount to more than $65,000. Last year $80,000 of long-term interest on deposits was made available to patrons of the electric company through the activity of our accounting staff.

The commission has never had a staff of accountants adequate to check properly the accounts of the utilities. We have laid plans to investigate the rate base of the power company during the next fiscal year to determine the extent of the property included in the base which is no longer used and useful in furnishing service. Every million and a quarter dollars' worth of such property discovered would alone result in a saving to the people in electric light rates equal to the entire annual appropriation of the commission. We believe that there is a considerable amount of property so included in the rate base, but this can only be discovered by an accurate engineering and accounting check. Such a check cannot be made with the reduced staff contemplated by the Appropriation Committee.

In the matter of the annual accrual of depreciation, amounting to approximately $9 per year per phone through the rates charged users of telephone service, we expected to utilize our engineering and accounting staffs for the purpose of investigating the underlying data and detail to be submitted by the telephone company on the 1st of August of this year. If our judgment of the situation is substantiated by that investigation, we hope to reduce the amount collected from the patrons of the telephone service by at least $350,000 annually. We are firmly of the opinion that telephone rates can be reduced and still yield a fair return to the company.

We will be almost entirely at the mercy of the telephone company with such a staff as provided by the appropriation.

We believe that the street-car riders are entitled to better service at rates of fare lower than at present. Our efforts since the merger act was passed have constantly been directed to that end, and we indicated in one of our decisions early last year that we were dissatisfied with the method of operating the street-car lines, and stated that it was entirely possible under a proper plan of merchandising the car and bus service to offer lower rates at a profit. When the merger was effected the weekly pass was put into effect, as a result of which more than 50,000 patrons daily use passes, at an average cost per ride of less than 5 cents. This has resulted in the company making more money and the public saving more than $1,000,000 annually over the regular rates of fare. We believe that it is possible to have much better transportation service at rates lower for those who do not ride frequently enough to make a pass profitable to them. It was our expectation that after we got the car and bus lines rerouted, with constant engineering checks upon the operations and accounting checks upon the revenues and expenses, we could effectuate a real saving to the people and, at the same time, permit the company to earn a fair return. Such information cannot be secured satisfactorily except through the use of our own independent staff at least of its present size.

The merged street-railway company has attracted so many new customers that the mass-transportation problem of Washington has been greatly intensified.

Close day-by-day study of street-railway operations is essential if the commission is to reroute street cars for greater speed and efficiency, to open new lanes of street-car and bus travel, and to arrange for better and more modern equipment.

The Commission now is making a transportation survey to get the facts necessary to plan a better mass-transportation system for the District. The Commission desires to eliminate, as far as possible, the conditions which resulted in tie-ups and slow street-car service during the heavy snows of last winter.

The legislation providing for the merger of these street railway lines was before Congress for many sessions. The Public Utilities Commission initiated and advocated this legislation because it felt that better street-car service would result. It is certain that cheaper transportation already is a fact. Through the studies now being made by the engineering section of the Commission, better, faster, and more efficient street-car service will result. But the Commission will not be able to complete this work to regulate the street-railway company properly unless it has sufficient funds.

We have in effect a temporary rate of depreciation for the Capital Transit Co. pending an investigation this year into proper rates. This is a matter of exceedingly great importance to the car riders, and our inability to keep within reason the rates of depreciation concerns them greatly.

The patrons of the utilities in the District of Columbia as a whole are now paying lower rates for each and every kind of utility service than are in effect in any comparable community east of the Mississippi River, and there are only a few instances of lower rates in the United States. Our method of reducing electric-light rates year after year for 11 consecutive years is known and envied wherever utilities are regulated throughout the country. We hope to make a similar arrangement with our gas companies after our valuation is completed. To do these things which are beneficial to the public requires a staff at least as great as at present. We would have asked for more money this year if we had not been informed that such a request would not be honored.

Since the World War rate reductions have been effected in the District of Columbia which have resulted in savings to the patrons in the aggregate sum of $11,179,369.

Our engineering staff has never been adequate to attend to the business of this Commission. We have in mind that there should be a considerable enlargement so that greater supervision may be had of the actual construction and maintenance work of the utilities. As it is, we are not prepared to give that supervision which we should to the standards of construction for the utilities engaged in the District of Columbia, nor to investigate the needs from an engineering point of view of those construction expenses. The present appropriation reduces our engineering staff to where it is of little value.

The personnel of this Commission in 1914 consisted of 19 employees. In order to keep within an appropriation of $50,000, it will be necessary to reduce our personnel to not more than 16 employees. In 1914 the valuation placed upon the telephone, gas, electric, and street railway companies for the District of Columbia was slightly more than $55,000,000. An approximate value of these properties for the year 1933 aggregates $147,000,000. The gross revenues of these companies in 1913, when this Commission was created, was $11,440,000. Their gross revenues in 1933 were $33,680,000. Our present personnel comprises 31 employees. To reduce that number to keep within the $50,000 appropriation recommended would put this Commission back to where it was when it was regulating utilities of far less importance to Washington than at present. We believe that the appropriation requested of Congress is in itself inadequate and by no means should be reduced. This is not taking into account the many interstate bus lines which now enter the city and which are subject to our regulation, the licensing of public vehicles, which has been placed under our jurisdiction, and the licensing and supervision of more than 4,000 taxicabs, most of which are individually owned.

The Commission urges with all the force that it can that an amount sufficient to retain the present personnel strength be appropriated, and that an amount not less than $1,500 be appropriated for current expenses.

Very truly yours,

RILEY E. ELGIN, *Chairman.*

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in 7 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BROWN of Kentucky. Mr. Chairman, a moment ago I asked the gentleman from Missouri if he would yield for a question, and I made my observation about the recently created public utilities commission in the State of Kentucky. I want to make it clear for the sake of the RECORD that I meant no reflection on the Public Utilities Commission of the District of Columbia or upon any of its past actions, because I do not know anything about this particular institution. But I do know that in my native State for a great many years the power companies have been trying to have created a public utilities commission for the purpose of destroying municipal ownership.

Two years ago, when I was speaker of the Kentucky House of Representatives, the power company wanted this bill passed. The speaker of the Kentucky House is chairman of the rules committee, and the rules committee has control of all legislation. During the last 15 days of the session of the legislature they were so insistent in their effort to get control of the municipal plants that they fought for 13 days before they got enough votes in the rules committee to get their public utilities bill out; and the last 2 days, when they did have enough votes they forgot that they had to have the speaker to call the committee together, and I refused to call it together. This year they went back to the legislature and got their bill out and got it passed, but they are not content with the Public Utilities Commission to regulate the plant owned by utility companies. So far as I know, Kentucky is

the only State in the Union where municipally owned plants are under the supervision of the public utilities commission.

Mr. BLANCHARD. They are in Wisconsin.

Mr. BROWN of Kentucky. They ought not to be.

[Here the gavel fell.]

Mr. BROWN of Kentucky. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. The gentleman's request is not in order. Under the agreement the Chair recognized the gentleman from Kentucky for 2 minutes and the gentleman from Missouri for 4 minutes.

Mr. CANNON of Missouri. Mr. Chairman, I ask to be recognized and yield 1 minute to the gentleman from Kentucky.

Mr. BROWN of Kentucky. Down in Kentucky I charged on the radio not long ago—and it has not been denied and they cannot deny it—that the plans for the creation of that Commission were laid in the Governor's office by the lobbyists for the power companies; that the plans were directed from that office; and I now stake whatever reputation I may hope to have as a prophet that every member of that Commission will be somebody named, dominated, and controlled by the power companies now doing business in Kentucky. [Applause.]

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. RICH. Is not the gentleman's party in control in Kentucky?

Mr. BROWN of Kentucky. No. My party may be in control but in name only. A combination of interests which controls both Republicans and Democrats is in the saddle in the State of Kentucky.

Mr. CANNON of Missouri. Mr. Chairman, my colleague is usually very fair. He is carried away in this instance by the enthusiasm of the moment.

Any suggestion that the expense accounts to which he refers had anything to do with this reduction of the appropriation is wholly without foundation. It was not considered in this connection at all; and the motion to make this reduction was not made by the gentleman from Texas. As a matter of fact, Mr. Chairman, every utility in this district is opposed to this reduction, and I am sorry to see my good friend from Missouri joining forces with them. It is accounted for by the fact that he has not had an opportunity to investigate the situation, and is not familiar with the facts.

Mr. Chairman, I understand this was a pro forma amendment.

Mr. COCHRAN of Missouri. Yes.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that the pro forma amendment be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent to revise and extend my remarks just made and to include for printing in the RECORD a letter written to the Chairman of the Appropriations Committee upon the subject I discussed.

Mr. CANNON of Missouri. Mr. Chairman, reserving the right to object, I have no objection to the gentleman extending his own remarks, but I did not understand what extraneous matter he desires to include; by whom is the letter written?

Mr. COCHRAN of Missouri. It is written by a man who appeared before the gentleman's committee, Mr. Elgen, the vice chairman of the commission.

Mr. CANNON of Missouri. Mr. Chairman, the member of the commission to whom the gentleman refers——

Mr. COCHRAN of Missouri. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is, Is there objection?

Mr. CANNON of Missouri. Mr. Chairman, I object.

The Clerk read as follows:

SURVEYOR'S OFFICE

For personal services, $72,000.

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word, and I do this for the purpose of asking the chairman of the subcommittee two questions. I realize that probably we shall not be able to read the bill verbatim and complete it within the time the gentleman wishes.

Mr. BLANTON. Oh, yes; we shall.

Mr. TREADWAY. We shall take it for granted, however, that we will not, and I shall ask these questions.

I have looked through the report with some care but do not find any reference to the time of the expected completion of the connection between Rock Creek Park and Potomac Park. This work has been in progress for a good many years. It is completed, I believe, as far as P Street, but the work is still under way below there. I would like some information with regard to the time when it is expected the connection will be made. I think it is a very important one.

The other question I would like to have answered by the chairman of the subcommittee I brought up the other day in the course of the debate. It is relative to the disposal of refuse in the city. I notice in the report there is reference to cutting down appropriations, and of this we all approve; but it does not say that anything is being done with reference to the incineration of the refuse of this great city. So far as I know, not another modern city burns its trash on open dumps as we do here today. I think it is a disgrace to the city of Washington that just across the river there should be this continuous bonfire of Washington city refuse.

It seems strange to me that we have not progressed beyond that stage. Any time there is a wind blowing from the other side of the river in the direction of the city, the whole lower part of Washington is engulfed in that smoke and the odors reach as far as the grounds of the White House. It seems to me that this condition ought to be changed very promptly. Whether there is an item covering this in the bill now, I am unable to say, but I should be glad if the distinguished chairman would give us some information on these two subjects.

Mr. CANNON of Missouri. Answering the questions of the gentleman categorically, in the first place, the connection has not been made between Rock Creek Park and Potomac Park for the reason that it is not possible to construct those avenues until the bridge, which is now in process of construction, is completed.

Mr. TREADWAY. May I locate the bridge the gentleman has reference to?

Mr. CANNON of Missouri. The P Street Bridge. The money has already been provided for the purpose to which the gentleman refers, and just as soon as the bridge is completed the connection will be made. No further action on the part of the House is necessary.

Mr. TREADWAY. May I ask a further question? I notice there is a great deal of work being done below P Street on the Potomac Park side.

Mr. CANNON of Missouri. Yes.

Mr. TREADWAY. Is that being carried on in connection with the work preparatory to the completion of the connection?

Mr. CANNON of Missouri. It is in anticipation of the program of establishing the connection.

Mr. TREADWAY. And the gentleman understands that in the comparatively near future the two parks will be connected?

Mr. CANNON of Missouri. Yes; as soon as the bridge can be completed.

As to the second proposition, the gentleman from Massachusetts observes that we are burning refuse on a dump over on the other side of the river instead of in an incinerator.

We were asked last year for $224,000 to operate these incinerators when we could do the same work for $18,000, as we are doing it now. We had before us a proposition

of spending $224,000 in using these incinerators or of spending $18,000 and burning the refuse on the dumps. The pay rolls which they suggested to us and the estimates presented to us were so exorbitant that we decided to close down the incinerators and burn the refuse on the dump. We saved $209,000 by this action.

We had a close vote here on the floor on the item. On a vote by tellers we carried the proposition to close the incinerators by only half a dozen votes.

It illustrates the mistake of carrying partisanship into the consideration of an appropriation bill. With the $209,000 saved last year and the $285,000 we are saving this year on this item, a change of 3 or 4 votes would have cost the District government approximately half a million dollars, which they now concede would have been entirely unneeded.

The Appropriations Committee is a business committee and politics has no place in its deliberations. The bill that we have brought onto this floor is a well-considered bill and one which is so adjusted as to give the people of the District of Columbia the best government for the least possible outlay of money, and now we are faced with another political fight on items in the bill which mean just as much saving to the District as the half million dollars we saved last year on this one item alone.

Mr. TREADWAY. If the gentleman will permit an interruption, I am sure the gentleman will acquit me of asking the question from any partisan or political viewpoint. I asked the questions purely for information.

Mr. CANNON of Missouri. I am certain that is true in the gentleman's case, and I trust he will not attribute my remarks as a reference to him in any respect.

May I add that we are opening the incinerator this year and running it at a saving of $300,000 on the amount asked by the District officials for its operation last year.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I ask unanimous consent that the gentleman may be given 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. I judge from what the gentleman tells us that it is expected soon that either the incinerator the city now owns or other incinerators will be put into use. I should judge also from what the gentleman says that the present method under which he has made such big savings is temporary; and when we get these things properly adjusted, we may expect the refuse of the city to be cared for through incinerators?

Mr. CANNON of Missouri. That is true. We expect to burn the refuse in incinerators at an expense of $300,000 less than they asked for the same purpose last year. By applying ordinary common-sense business methods we will save approximately $1,000,000 every 3 years on this one item.

Mr. TREADWAY. I thank the gentleman.

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

Mr. CANNON of Missouri. Mr. Chairman, reserving the right to object—and I shall not object——

Mr. BLANTON. I hope that the gentleman from Missouri will allow our colleague to put his letter in. I think he has a right to put it in the RECORD.

Mr. COCHRAN of Missouri. I just want to extend my own remarks.

Mr. CANNON of Missouri. I shall be glad to have the gentleman put it in, but I trust he will permit me to make one statement.

Mr. COCHRAN of Missouri. I have never objected to anything the gentleman ever did.

Mr. CANNON of Missouri. Mr. Chairman, I merely desire to identify the author of the letter which my colleague from Missouri proposes to print in the RECORD. The man who wrote the letter is the Acting Chairman of the Public Utilities Commission. He is the public official to whom has been entrusted the oversight of the public utilities of the District of Columbia. And he is particularly charged with the duty of protecting the public from excessive rates and extortionate charges by the various utilities under his jurisdiction. And yet he published in a recent edition of a public-utilities magazine the best defense and apology for the high rates charged by the local telephone company that could have been written by their own attorneys.

Mr. BLANTON. That is the reason the people will not pay any attention to the letter.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read as follows:

For construction, maintenance, operation, and repair of bridges, including maintenance of nonpassenger-carrying motor vehicles, $65,000.

Mr. SMITH of Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 17 strike out the words on lines 13, 14, and 15 and insert in lieu thereof the following: "For construction, maintenance, operation, and repair of bridges, and not to exceed $10,000 for surveys, engineering investigations, and preparation of structural and architectural plans for a new bridge to replace the present Chain Bridge over the Potomac River, near Little Falls, upon a site to be approved by the National Capital Park and Planning Commission and the Commissioners of the District of Columbia, and including maintenance of nonpassenger-carrying motor vehicles, $75,000.

Mr. BLANTON. Mr. Chairman, I reserve a point of order on the amendment.

Mr. SMITH of Virginia. Mr. Chairman, this amendment, it will be noted, increases this item from $65,000 to $75,000, which means an increase of $10,000, the purpose of which, as provided in the amendment, is to furnish funds for the necessary surveys and plans for a new Chain Bridge at Great Falls in the District of Columbia.

I hope the committee will not see fit to make any objection to this amendment in view of the circumstances connected with it. In the first place, the fund provided comes out of the gasoline tax of the District of Columbia, in which there is already a surplus. In the second place, the Commissioners of the District, recognizing the necessity for this preliminary survey for the location of this bridge, which must and will be built, have asked for this fund in a supplemental estimate from the Bureau of the Budget.

We have appeared before the subcommittee of the Appropriations Committee and, after hearing this item and several other items, those gentlemen were, as usual, kind and courteous and interposed no objection, but they did not include the item in the bill. I think the reason they did not include it in the bill was that no estimate had come from the Budget Bureau on it. I went with the chairman of the Board of Commissioners to the Budget Bureau and they interposed no objection, but the fact is the item has not yet come from the Bureau of the Budget. I have reason to believe, however, that before the bill is reported from the Senate committee certain supplemental estimates, probably including this one, will be sent up by the Budget Bureau. I see no reason why it should not be put in this bill if there is no objection to it being put in by the Senate. Certainly, it is a much-needed work which must be done preliminary to the construction of a bridge that must be constructed. The present bridge is in a dangerous condition and has been for years. The gentlemen of the committee will probably recall that in the last month or so when ice was on the river and the river got high there was very grave danger that the bridge would be carried away, and with it would be carried the water mains conducting water over into Arlington County and serving some 30,000 people.

Mr. BLANTON. Mr. Chairman, I have made a reservation of a point of order so our friend would have the right to make his remarks. I now make the point of order that his amendment is unauthorized legislation. The point of order is good for this reason——

Mr. SMITH of Virginia. Does the gentleman make the point of order?

Mr. BLANTON. I make the point of order that the amendment is legislation unauthorized on an appropriation bill. The gasoline funds are available for any street or bridge improvement within the District of Columbia.

The law does not provide for building bridges for the use of Maryland and Virginia. This Chain Bridge is not a bridge within the District of Columbia. It is a bridge that primarily was for the benefit of the people of the State of Maryland and the State of Virginia. Its western embankment, where one abutment of the bridge will be, is in the State of Virginia, and I make the point of order that it is legislation on an appropriation bill not authorized by law. While this amendment will spend only $10,000, it will later on, if we pass it now, force the Government to spend another $1,500,000 at least.

Mr. SMITH of Virginia. Mr. Chairman, I ask for recognition on the point of order.

In reply to the statement of my good friend from Texas, that this bridge is in the State of Virginia, I am very sorry that his facts are not correct.

There has been a controversy ever since this country was inhabited by white folks as to whether the Potomac River is in Virginia or in Maryland. It has been decided, I think, beyond controversy that certainly the river itself is wholly within the District of Columbia and in Maryland.

Mr. BLANTON. I said the western bank of it is in Virginia, and that one abutment of the bridge would be in Virginia.

Mr. SMITH of Virginia. The abutment, of course, would be in Virginia.

Mr. BLANTON. Yes; the western abutment would be in the State of Virginia.

Mr. SMITH of Virginia. But the bridge is going to be in the District of Columbia, just like all the other bridges built by this Congress, including the Memorial Bridge and the Highway Bridge and the Key Bridge.

Mr. BLANTON. They were built as a result of legislation authorizing their construction.

Mr. SMITH of Virginia. Of course, they have an abutment on the Virginia side of the river, but the bridges themselves are in the District of Columbia, and the same thing is true with respect to this bridge.

I respectfully submit that the point of order is not well taken.

Mr. BLANTON. I insist, Mr. Chairman, on my point of order against the amendment.

The CHAIRMAN. Can the gentleman from Virginia cite the Chair to any authorization for the building of this bridge?

Mr. SMITH of Virginia. This is not an authorization to build the bridge, but an authorization of an appropriation to make the necessary surveys, and so forth.

The CHAIRMAN. Is there any authorization for an appropriation for this specific purpose?

Mr. SMITH of Virginia. No, sir; I have not any in mind.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

Lighting: For purchase, installation, and maintenance of public lamps, lampposts, street designations, lanterns, and fixtures of all kinds on streets, avenues, roads, alleys, and public spaces, part cost of maintenance of airport and airway lights necessary for operation of the air mail, and for all necessary expenses in connection therewith, including rental of storerooms, extra labor, operation, maintenance, and repair of motor trucks, this sum to be expended in accordance with the provisions of sections 7 and 8 of the District of Columbia Appropriation Act for the fiscal year 1912 (36 Stat., pp. 1008–1011, sec. 7), and with the provisions of the District of Columbia Appropriation Act for the fiscal year 1913 (37 Stat., pp. 181–184, sec. 7), and other laws applicable thereto, and including not to exceed $27,000 for operation and maintenance of electric traffic lights, signals, and controls, $700,000: *Provided*, That this appropriation shall not be available for the payment of rates for electric street lighting in excess of those authorized to be paid in the fiscal year 1927, and payment for electric current for new forms of street lighting shall not exceed 2 cents per kilowatt-hour for current consumed: *Provided further*, That no part of this appropriation shall be available for the payment on any contract required by law to be awarded through competitive bidding, which is not awarded to the lowest responsible bidder on specifications, and such specifications shall be so drawn as to admit of fair competition.

Mr. DITTER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 27, line 2, after the word "controlled", strike out the figures "$700,000" and insert "$837,400."

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. DITTER. Mr. Chairman, I simply want to make a suggestion that this is for street lights. I suggest the amount of $837,400 as provided for in the Budget estimate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

For maintenance and instruction of blind children of the District of Columbia, in Maryland, or some other State, under a contract to be entered into by the Commissioners, $10,000: *Provided*, That all expenditures under this appropriation shall be made under the supervision of the Board of Education.

Mr. LEE of Missouri. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 30, after line 24, insert the following: "Hereafter each blind person shall be entitled to receive each year for one dog owned or kept by him a tax tag as required by law, without payment of any tax or fee."

Mr. BLANTON. Mr. Chairman, while I am deeply sympathetic with every blind person and should like to see all of them have this privilege, we must protect this appropriation bill from legislative items; hence I make a point of order that that is legislation on an appropriation bill, and not authorized by law. The first word "hereafter" makes it legislation.

Mr. LEE of Missouri. I simply want to say that there are a number of blind people in the District who have to be led around by a dog, and they ought not to pay a tax.

Mr. BLANTON. Certainly, that is true, and if the gentleman will go to the Legislative Committee, of which the lady from New Jersey [Mrs. NORTON] is chairman, he should have no trouble in getting his proposal approved. But this is not a legislative committee, it is an appropriating committee, and this is an appropriation bill.

Mr. LEE of Missouri. The gentleman from Texas has been here many years. I do not see why he has not got these blind people exempt from paying a dog tax. I am a new Member of the committee, but according to my idea they ought not to pay a tax.

Mr. BLANTON. Mr. Chairman, I insist on my point of order.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

MISCELLANEOUS

Mr. DITTER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DITTER: Page 31, line 23, after the word "miscellaneous", add a new paragraph to read as follows: "For aid in the education of children (between the ages of 16 and 21 years, inclusive, who have had their domicile in the District of Columbia for at least 5 years) of those who lost their lives during the World War as a result of service in the military or naval forces of the United States, including tuition, fees, maintenance, and the purchase of books and supplies, $3,600: *Provided*, That not more than $200 shall be available for any one child during the fiscal year 1935: *Provided further*, That this appropriation shall be expended for such children while attending educational institutions of a secondary or college grade under rules and regulations prescribed by the Board of Education."

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is out of order in that it embraces legislation unauthorized on an appropriation bill, and it is a change of existing law and of the present school regulations of the District of Columbia.

Mr. DITTER. Mr. Chairman, as a matter of expedition, I am glad to submit the decision to the Chair.

Mr. BLANTON. I insist, Mr. Chairman, on my point of order against the amendment.

The CHAIRMAN. The amendment is clearly subject to a point of order, and the Chair sustains the point of order.

The Clerk read as follows:

For fuel, gas, and electric light and power, $225,000.

Mr. DE PRIEST. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DE PRIEST: Page 32, line 12, after the figures "$225,000", insert a new paragraph as follows:

"For the necessary reequipping, including repair and refinishing of suitable existing equipment, of the Shaw Junior High School, $15,000."

Mr. DE PRIEST. Mr. Chairman, I am in hopes that the Committee will accept this amendment. It is for the appropriation of a meager sum to reequip the school on Rhode Island Avenue between Seventh and Eighth Streets. The furniture there has been in existence for about 31 years. It is completely dilapidated, and I hope the chairman will accept the amendment.

Mr. CANNON of Missouri. Mr. Chairman, I regret that the practice of the House does not permit the Member in charge of a bill to accept amendments without authorization of the committee. He is in duty bound to protect the bill at all stages of its consideration.

I will say in answer to the gentleman's suggestion that it is now the policy of the District to maintain a repair department. We provide them with all necessary parts and material and workmen, and they go from school to school repairing the furniture. For that reason we thought it unwise to make an exception in this one instance.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. DITTER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DITTER: Page 32, line 12, after the word "power", strike out "225,000" and insert in lieu thereof "250,000."

Mr. DITTER. Mr. Chairman, I do not wish to be heard upon this amendment. It simply reinstates the amount of the Budget estimate, and in my opinion the District schools will require this amount for fuel, light, and heat.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The question was taken, and the Chair announced himself in doubt.

The Committee divided; and there were—ayes 18, noes 24.

So the amendment was rejected.

The Clerk read as follows:

For repairs and improvements to school buildings, repairing and renewing heating, plumbing, and ventilating apparatus, installation and repair of electric equipment, and installation of sanitary drinking fountains, and maintenance of motor trucks, $375,000, of which amount $100,000 shall be immediately available.

Mr. GOSS. Mr. Chairman, I move to strike out the last word to get some information. Lines 3 to 7, on page 34, exempt the children of Army, Navy, and Marine Corps parents from paying tuition, but on the previous page we find the words:

That no part of the appropriation shall be available for the purchase of such books for the free use of nonresident pupils.

Does that mean that these children are exempted from tuition, but they have to pay for their books?

Mr. CANNON of Missouri. It means that all of those who live outside pay for their books. We give them free tuition. They should provide their own books. If we could eliminate these nonresident pupils who pay no taxes, it would greatly reduce the congestion of the schools and the expense of operation. They certainly cannot with good grace ask the taxpayers of the District to donate also their textbooks.

Mr. GOSS. Of course, the gentleman is aware of the fact that in many of the Army posts we have schools for these children. To give them free tuition here and charge them for books looks like a silly thing to me, with all the bookkeeping involved, and finding out who these children are, and so on. I do not see why they are not exempted from the cost of books as long as they are exempted from the payment of tuition.

Mr. CANNON of Missouri. If they were the only children involved, that might be true; but when you take into consideration the children from Maryland and Virginia——

Mr. GOSS. Are they exempted from the payment of tuition?

Mr. CANNON of Missouri. Yes. All we ask is that they pay for their books.

The Clerk read as follows:

In all, $568,000, to be immediately available and to be disbursed and accounted for as "Buildings and ground, public schools", and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any school building not herein specified.

Mr. WEIDEMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEIDEMAN: Page 35, line 7, after the word "all", strike out "$568,000" and insert "$718,000", and after the word "specified" on line 12, page 35, insert the following: "except $150,000 to be used for the purchase of a site for the Jefferson Junior High School."

Mr. WEIDEMAN. Mr. Chairman, if this amendment is adopted, $150,000 will be added to the bill to cover a prior appropriation that lapsed in 1932, owing to the fact that it was not used to purchase land for the Jefferson Junior High School.

The Jefferson Junior High School is located in the southwest section of the city adjacent to a railroad switchyard. The building itself is about 62 years old. In 1908 it was condemned. And at that time it was recommended that it be not further used for school purposes.

The building is a U-shaped affair; and between the two main wings, space which normally would be used for a corridor is now used for classrooms, and to get from one part of the building to the other one has to go through the classrooms. The playroom of this school is only 20 by 40 feet in size and has to accommodate all these pupils in this junior high school. I have visited this school three times and have seen the effect of the railroad on the school. The windows cannot be opened in the summer because the soot gets in. The pupils cannot study there. The noise is unbearable, and classes are interrupted.

The $150,000 additional asked for will take care of the money necessary for the purchase of approximately 3 acres of land for this school. This amount was once provided, but owing to delay incident to two condemnation suits arising over this land, the appropriation lapsed.

I do not think the House of Representatives could do anything that would be more beneficial to that particular section of the District of Columbia. The school auditorium is on the third floor. The floor bends when one walks across it. I have been in the room; it is not in a good condition. I do not think the addition of this item would harm the bill very much, and I hope the committee can see its way clear to accept this amendment. I feel that it is for a good cause, and it merely makes again available the amount which once before was appropriated for this purpose, but which lapsed because of the facts I have stated.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. BLANTON. Has somebody spoken to the gentleman about this item? Who got the gentleman interested in this item?

Mr. WEIDEMAN. Oh, the citizens' association, parents of children, and so forth, in that district; and in addition I went to all the schools in the District for the purpose of seeing the conditions. The condition of this school is particularly offensive. It is just across the street from a major switching operation of the railroad. We as Democrats should not let this kind of monument to Thomas Jefferson stand over there. It was said yesterday that we have not a memorial to Thomas Jefferson in the District of Columbia. I do not think any more fitting memorial could be erected to his memory or one more in keeping with his

ideals for the youth of this country than a modern school building. [Applause.]

Mr. CANNON of Missouri. Mr. Chairman, no Budget estimate for this school was submitted to the committee. We were therefore not in a position to pass on it. I may say, however, that the gentleman's criticism is not well founded. We have one of the finest school plants to be found in the United States, if not in the world. In the last 10 years we have spent more money per capita on school construction than any other city in the United States. Detroit is the great city in the gentleman's State, and it is a model municipality. And yet in the last 10 years they spent only $16 per capita for school construction, while here in Washington we spent $44 per capita. In other words, for every $16 spent by the people of Detroit in school construction we spent $44 in Washington. The gentleman's suggestion that we are not maintaining school construction is not borne out by the facts.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. WEIDEMAN. We know how to spend our money; we get more for the dollar.

Mr. CANNON of Missouri. One of the prime purposes of this bill is to give the taxpayers of the District 100 cents on the dollar for their expenditures. So far as the present item is concerned, the committee did not feel warranted in providing for construction not endorsed by the Budget Bureau.

The CHAIRMAN. The question is on the amendment of the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. WEIDEMAN) there were—ayes 8, noes 20.

So the amendment was rejected.

The Clerk read as follows:

METROPOLITAN POLICE

SALARIES

For the pay and allowances of officers and members of the Metropolitan Police Force, in accordance with the act entitled "An act to fix the salaries of the Metropolitan Police Force, the United States Park Police Force, and the fire department of the District of Columbia" (43 Stat., pp. 174–175), as amended by the act of July 1, 1930 (46 Stat., pp. 839–841), including compensation at the rate of $2,100 per annum for the present assistant property clerk of the police department, $2,790,000: *Provided*, That no part of this appropriation shall be available for the salary of more than one assistant superintendent.

Mr. CANNON of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CANNON of Missouri: Page 37, line 14, after "$2,790,000", strike out the colon and the rest of line 14 and all of lines 15 and 16 down to and including the word "superintendent."

Mr. GOSS. Mr. Chairman, may we have some information as to the effect of this amendment?

Mr. BLANTON. The language stricken out would have been subject to a point of order anyway, being in the nature of legislation.

Mr. GOSS. The gentleman does not want more than one assistant superintendent?

Mr. BLANTON. We are merely leaving the present law as it is now.

Mr. GOSS. What does the existing law provide?

Mr. BLANTON. It provides for this very officer whose position we started to strike out.

Mr. GOSS. The language reads:

That no part of this appropriation shall be available for the salary of more than one assistant superintendent.

What is the existing law?

Mr. COLLINS of Mississippi. The situation is this: There is but one assistant superintendent as such now. However, my information is that one other official of the police department is now receiving the pay of an assistant superintendent. Whether or not the clause in question could affect such official I am not prepared to say. I think this matter should be given further study.

Mr. BLANTON. We thought perhaps we had made a mistake.

Mr. COLLINS of Mississippi. The striking out of the language does not add one dime to the appropriation.

The CHAIRMAN. The question is on the amendment of the gentleman from Missouri.

The amendment was agreed to.

The Clerk read as follows:

For repairs to apparatus, motor vehicles, and other motor-driven apparatus, fire boat and for new apparatus, new motor vehicles, new appliances, employment of mechanics, helpers, and laborers in the fire department repair shop, and for the purchase of necessary supplies, materials, equipment, and tools, $42,217: *Provided*, That the Commissioners are authorized, in their discretion, to build or construct, in whole or in part, fire-fighting apparatus in the fire department repair shop.

Mr. GOSS. Mr. Chairman, I reserve a point of order on the proviso. Does that mean that the Commissioners are authorized to build or construct, in whole or in part, all kinds of fire-fighting apparatus? Does that permit the repairmen therein to buy all sorts of parts and assemble an automobile, whether it be of an approved type or not?

Mr. CANNON of Missouri. This is merely a precautionary provision.

Mr. GOSS. What is the idea of the proviso?

Mr. CANNON of Missouri. If we can construct it cheaper than we can buy it, then it will be constructed by the District.

Mr. GOSS. You will construct a fire-fighting apparatus. Does it have to be of an approved type already in existence?

Mr. CANNON of Missouri. If we can buy it cheaper, we will buy the apparatus.

Mr. GOSS. Regardless of the efficiency of the apparatus?

Mr. CANNON of Missouri. They must always be of equal efficiency.

Mr. GOSS. I know that. We have a certain number of types of fire apparatus and trucks, like the La France and various others, on the market. If this language remains in the bill, it will permit the repair shops to build any improvised type of fire apparatus. May I ask what the object of the language is? I can see the reason for the repair part of it, but for the District Government to go into the automobile-assembling business seems to me ridiculous.

Mr. CANNON of Missouri. The gentleman is not familiar with the appropriation bills. For many years a similar provision has been carried in the other supply bills. A similar provision is made, for example, for the Navy and the Army.

Mr. GOSS. The Army and Navy where?

Mr. CANNON of Missouri. In the Army and Navy appropriation bills.

Mr. GOSS. Where do they construct their fire-fighting apparatus?

Mr. COLLINS of Mississippi. All, or practically all, of the fire engines used by the Army are built at the depot at Holabird, Md.

Mr. GOSS. The ones for the Army posts?

Mr. COLLINS of Mississippi. Yes; they build magnificent trucks.

Mr. GOSS. But those are only for Army posts?

Mr. COLLINS of Mississippi. They find they can repair and build them by utilizing war-time equipment as much as practicable and save considerable money.

Mr. GOSS. They can rebuild and repair without this proviso's being in the bill.

Mr. CANNON of Missouri. This is just a precautionary proviso which is included in all these bills.

Mr. GOSS. What is it put in there for? In case you get a bid that is too high you can have this threat over them?

Mr. CANNON of Missouri. Bidders who otherwise might be tempted to submit collusive bids know we can avail ourselves of this provision if prices are too high, and we are insured competitive bids and the lowest market price.

Mr. GOSS. Are we using that as a policy or just as a protection to the District?

Mr. CANNON of Missouri. Merely for use in an emergency. As a matter of fact it has never been necessary to invoke the right conferred by the provision.

Mr. GOSS. I am perfectly willing to withdraw my point of order on that basis, but I should hate to see this adopted as a policy, I will say to the gentleman.

The Clerk read as follows:

For contingent expenses, furniture, fixtures, oil, blacksmithing, gas and electric lighting, flags and halyards, medals of award, and other necessary items, $20,000.

Mr. DITTER. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. DITTER: Page 41, line 14, after the figures "$20,000", insert a new paragraph, as follows: "For 3 combination hose wagons and 1 pumping engine, triple combination, all motor driven; in all, $30,000."

Mr. DITTER. Mr. Chairman, I shall not detain the Committee other than to make the observation that this $30,000 is for the purpose of providing new equipment.

Mr. CANNON of Missouri. Will the gentleman yield?

Mr. DITTER. I yield to the gentleman from Missouri.

Mr. CANNON of Missouri. Does the gentleman propose to debate this amendment?

Mr. DITTER. No. I am simply making the statement as to the purpose of the amendment, which is to provide for new equipment.

The amendment was rejected.

The Clerk read as follows:

SUPREME COURT, DISTRICT OF COLUMBIA

Salaries: For the chief justice, 8 associate justices, 9 stenographers (1 for the chief justice and 1 for each associate justice), and other personal services, $112,000.

Mr. CANNON of Missouri. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CANNON of Missouri: Page 47, line 25, strike out "$112,000" and insert in lieu thereof "$125,575."

Mr. CANNON of Missouri. Mr. Chairman, this amendment is offered for the purpose of remedying an error occasioned by a misapprehension upon the part of the committee, due to an erroneous impression inadvertently given us by the witnesses. The auditor of the District, Chief Justice Wheat, of the District Supreme Court, and the secretary representing the Supreme Court, informed us that this increase was merely a salary restoration item. It developed subsequently that it was due to the decision by the Supreme Court exempting the District court salaries from the operation of the Economy Act.

The amendment was agreed to.

The Clerk read as follows:

For board and care of all children committed to the guardianship of said board by the courts of the District, and for temporary care of children pending investigation or while being transferred from place to place, with authority to pay not more than $1,500 each to institutions under sectarian control and not more than $400 for burial of children dying while under charge of the board, $230,000.

Mr. DITTER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DITTER: Page 51, line 21, after the word "board", strike out "$230,000" and insert in lieu thereof "$270,000."

Mr. DITTER. Mr. Chairman, this is the sum that is provided in the Budget estimate, and I believe the conditions which the welfare organizations face warrant and demand the increase I have suggested.

Mr. GOSS. Will the gentleman yield?

Mr. DITTER. I yield to the gentleman from Connecticut.

Mr. GOSS. May I ask a question in reference to the $400 allowance for the burial of children? May I say to the gentleman that in some of the appropriation bills we are trying to bury veterans of the United States for $75, which includes a complete funeral? This does not give them as good a funeral as the ordinary pauper would have. What does this item allow for each funeral for these children; can the gentleman tell us?

Mr. DITTER. The amount provided is $400.

Mr. GOSS. For the whole business?

Mr. DITTER. No; for each individual burial.

Mr. GOSS. For each individual burial there is allowed $400?

Mr. DITTER. Yes.

Mr. BLANTON. No. That is not correct.

Mr. GOSS. I am trying to find out.

Mr. DITTER. Four hundred dollars in all for children who are wards of the District.

Mr. GOSS. I want to find out how much is allowed for each individual burial on the average?

Mr. DITTER. There is no restriction.

Mr. GOSS. But there is a restriction here to not more than $400. Maybe it is ample and maybe it is not.

Mr. CANNON of Missouri. The amount provided is more than ample. We have always had a surplus at the end of the fiscal year.

Mr. GOSS. What is allowed for each individual burial?

Mr. CANNON of Missouri. It is sufficient. There have been no complaints as to the amount or the service provided.

Mr. GOSS. I think we ought to get the information. In the independent offices appropriation bill the burial expense was cut down to $75 a person so far as concerned the veterans.

Mr. BLANTON. The $400 is not for one funeral. It is the total. It is the same as the regular Government funeral which comes within that provision.

Mr. GOSS. The $75?

Mr. BLANTON. Yes. The Government has established a regular rule, and I think this is embraced in the rule, and the Government gets the same kind of a funeral for $75 that some people get for double that sum.

Mr. GOSS. I see the gentleman here from South Carolina, and he is interested in the matter. We had testimony come before us that they could not even bury these veterans for $75.

I have had $75 cases in my district, I will say to the gentleman, where the body was not even embalmed and the casket was falling apart, and, as I recall it, this amount was built up at one time from $75 to $100.

Mr. BLANTON. Does the gentleman know what the Government gets for $75?

Mr. GOSS. We get very little, I may say to the gentleman.

Mr. BLANTON. I admit the amount is too small; but the Government gets the body embalmed——

Mr. GOSS. Maybe, I will say to the gentleman.

Mr. BLANTON. No, it is embalmed; and it gets a burial suit of clothes, a shroud, a coffin that has what are called "standard handles", not the handles that break off, but standard handles that are secure in every way, and the usual burial box.

Mr. GOSS. I am sure the paupers in the gentleman's district are treated better than the ones who are provided for under this provision of $75.

Mr. BLANTON. Unfortunately, I do not think they are.

Mr. GOSS. They are in my home town, and I hope the Government sometime will provide these children, as well as the veterans, a decent burial.

Mr. BLANTON. I am in favor of granting more, and I am in favor of granting our veterans more, but this is what the Government has been doing for years.

Mr. GOSS. We had it at $100 until this Executive order was issued cutting down the amount. I hope the President will change that order and restore the amount to $100.

Mr. CANNON of Missouri. I will say to the gentleman from Connecticut that, fortunately, we have very few deaths to be cared for under this item. This provision has always been found ample, and we have had a surplus. There has never been any complaint whatever about the manner in which this has been administered.

Mr. GOSS. I hope the committee will look into the matter like we did with regard to veterans.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

REWARD OF $25,000 FOR CRIMINALS

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

We have just read the paragraph relating to pursuing escaped convicts and rewards for their recapture in the District of Columbia.

I would like to have permission to insert in the RECORD, Mr. Chairman, a copy of a bill which I have introduced along this line. It was suggested to me by a constituent, Mr. C. C. Crump, of De Kalb, Tex., a gentleman who has served on grand juries and knows much about criminals.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The matter referred to follows:

H.R. 9138

A bill to appropriate money to facilitate the apprehension of certain persons charged with crime

Be it enacted, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, as a reward or rewards for the capture, dead or alive, of anyone who is charged with violation of criminal laws of the United States or of more than one State or of the District of Columbia who is designated by the Attorney General of the United States as a public enemy, the sum of $25,000 to be apportioned and expended in the discretion of, and upon such conditions as may be imposed by, the Attorney General of the United States. That there is also hereby appropriated, out of any money in the Treasury not otherwise appropriated, as a reward or rewards for information leading to the arrest of any such person who has been designated by the Attorney General of the United States as a public enemy the sum of $25,000 to be apportioned and expended in the discretion of, and upon such conditions as may be imposed by, the Attorney General of the United States: *Provided*, That not more than $25,000 shall be expended for information or capture of any one person.

If the said persons or any of them shall be killed in resisting lawful arrest, the Attorney General may pay any part of the reward or rewards in his discretion to the person or persons whom he shall adjudge to be entitled thereto: *Provided*, That no part of the money appropriated by this act shall be paid to any official or employee of the Department of Justice of the United States.

NEGLIGENCE OF ANOTHER OFFICER

Mr. PATMAN. This bill provides that the Attorney General of the United States may pay up to $25,000 for the arrest, dead or alive, of anyone whom he has designated as a public enemy. Most of these criminals are at large by reason of the negligence of some officer.

I cannot see why the local peace officers should unduly run the risk of their lives to apprehend these criminals when they know it is a life-or-death proposition, when the criminals have not violated any law in their jurisdiction and are at liberty by reason of the negligence of some other officer. For instance, take this man Clyde Barrow, who is going around over the country killing various people, or "Pretty Boy" Floyd down in Oklahoma, Texas, and Arkansas, and other States, or this man Dillinger—all of them are out by reason of the negligence of some other officer.

If the United States Government will offer a proper and a suitable reward for the apprehension of these criminals, dead or alive, then these local peace officers will go to work and try to find them. They will try to capture them. They will be captured in 3 days' time.

REWARD FOR INFORMATION

The Attorney General under this bill will have permission to use a part of this money for securing information. A reward for information may be paid in addition to paying a reward for their capture dead or alive.

One of these criminals at one time had 80 Department of Justice agents after him. Think of this tremendous expense, whereas if we just had one good-sized reward for him local peace officers and local people where they are located would pick him up very quickly and save the Government a lot of money. Their associates will give them up for a good reward. You would receive the cooperation and assistance and sympathy of all the local peace officers.

PEACE OFFICERS OUR HEROES IN TIME OF PEACE

As it is now there is not much incentive for a local peace officer to run the risk of his life in order to capture some criminal who is at liberty by reason of the gross negligence of some other peace officer in some other section of the country. I have never known more patriotic, unselfish, daring, and useful citizens than the constables, rangers, deputy sheriffs, sheriffs, and other peace officers of this country. I have served with them, been guarded and protected by them when I was a district attorney in Texas and know something about their nerve, courage, and devotion to duty. Too little is said and too little is known about the great contribution the peace officers of this country make toward organized society and government. It is not unusual for one of them to give up his life without a murmur in performance of his duty, and about whom little will be said and a very few lines written. They are our heroes in time of peace.

I asked for this time in order to call this to your attention and I am hoping this bill will receive the approval of the Judiciary Committee and will become a law.

Mr. HENNEY. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HENNEY. Is the Attorney General asking for this legislation?

Mr. PATMAN. I am not authorized to quote the Attorney General, I will say to the gentleman, but I am quite sure the Attorney General will not oppose the legislation.

Mr. HENNEY. I am very much in sympathy with it myself, I may say to the gentleman.

Mr. PATMAN. I thank the gentleman from Wisconsin.

The Clerk read as follows:

Salaries: For personal services, $68,823.

Mrs. JENCKES of Indiana. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 53, line 8, strike out the figures "$68,823" and insert in lieu thereof "$77,823."

Mrs. JENCKES of Indiana. Mr. Chairman, this amendment which I have offered increases the appropriation for the District jail by $9,000 in order to eliminate the 7-day week which the employees of the jail are now forced to work.

The $9,000 will provide 4 additional guards at $1,500 per annum, 1 additional assistant engineer at $1,680 per annum, and 1 additional matron at $1,320 per annum.

Rather extensive information concerning this matter can be found on pages 701 to 718 of the hearings of the subcommittee.

When I first came to Washington as a Member of Congress my interest was immediately challenged by conditions under which certain employees of the District of Columbia were forced to work. You will recall the system which was then in effect with respect to the firemen in the District of Columbia. That, I am happy to say, has been given rather serious attention, and there are two other items which I would like to ask the indulgence of the committee to discuss very briefly this afternoon.

We all realize, of course, that the correction of these situations in the District of Columbia can be of very slight import, if they have any importance at all, in our relationships with our constituents back home, who are, of course, unfamiliar with specific conditions here in the Nation's Capital. I have, however, taken my assignment as a member of the District of Columbia Committee seriously, and whatever may be the outcome of my efforts this afternoon, I do feel that it is my duty to call to your attention very briefly these matters for which we are responsible.

The District of Columbia jail and its operation are discussed by Mr. Thomas M. Reeves, its superintendent, on pages 474–478 of the hearings. These pertinent statements are made by the superintendent:

Under present conditions it is necessary to employ prisoner help on types of work which it would be advisable for them not

to handle. * * * The first 6 months of the fiscal year 1934 showed a marked increase in the commitments. * * * Recommendations showing the need for additional guards have been frequently made without favorable results. * * * The number of guards on duty in this institution is such that all are required to work regularly 7 days a week; they are allowed time off only for a limited space of time. * * * The proper performance of duties of guard personnel requires strictest attention to duty; they must be constantly vigilant and on the alert. Having to work under such conditions, it is difficult for them to maintain the necessary standard of efficiency without having 1 day a week off, as they should have.

In the face of these statements, Mr. Reeves also made the following statement:

The fact that additional employees are not requested is no indication that more employees are not needed.

No one can advance a single reason why workers for the District of Columbia government should be required to work every day without any day of rest and without a reasonable opportunity to absent themselves for even limited periods. The new deal certainly should hold forth some encouragement for these men.

The employees at the jail, organized in the American Federation of Government Employees, have respectfully petitioned for a day of rest a week. They are not asking anything excessive and their plea must arouse sympathy in the heart of any person who gives it the time to consider it.

I ask you now to stop a moment and consider this situation. Here are men and women required to work every day without any stop. What can be their home life? What can be their participation in the good things of life? Theirs is a fate very little better than the fate of the delinquents who are sent to the jail. After all, are not these people behind the bars, too? Are not they behind the bars every day? These men and women should have an opportunity to get out into the sunlight. We might forget for a moment the guards themselves and think of the effects of this system on the people sent to the jail for correction. It is my own belief that society at large would profit by having the guards and other people working in the jail conscious of the fact that we up here have not forgotten them, that we have not consigned them to a humdrum day in and day out everyday contact with prisoners, that we regard them as people. Let us not forget that these are our employees in a sense. Let us not forget that we owe them a responsibility. They have no voice or vote. No one can be said to represent them any place on this floor.

It may be said by opponents that it is the custom in jails in certain parts of the country to require that the guards actually live all the time in jails and work 7 days a week. While it is true that this is done in many places, we cannot clear our consciences by following such an example.

In the final analysis, what is involved? Just $9,000; $9,000 which the people of Washington will pay in taxation; $9,000 which will give all of the people at the jail 1 day a week in which to live as free citizens.

Just a few days ago we very proudly voted to put more than 50,000 of the Government's employees on a 5-day week. These were employees living out in the States. Today I am asking you to place a few politically unimportant employees, whose lives are confined behind bars for our service, on a 6-day week.

Every righteous instinct in me makes me plead with you to grant this small measure of justice and make this change and adopt this amendment. [Applause.]

Mr. CANNON of Missouri. Mr. Chairman, we have provided in the bill the full Budget estimate. We gave them every dollar they asked, and I regret that I must oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the lady from Indiana.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

For personal services, $280,000.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 53, line 18, strike out the figures "$280,000" and insert in lieu thereof "$324,000."

Mr. SMITH of Virginia. Mr. Chairman, this amendment relates to the pay of the personnel at Lorton Reformatory. The purpose of the amendment is to restore the amount which, I understand, was approved by the Budget Committee, $324,000.

I made some observations on yesterday with respect to the conditions at the Lorton Reformatory. I want the committee to realize that you have down there approximately 2,000 prisoners, sent there from the District of Columbia, convicted of every offense from bootlegging to murder—all kinds of criminals.

There is no jail there. There is no wall around the place. There is no method of confining the prisoners, except with the use of guards put there for that purpose.

I want the committee to know, so they may vote deliberately on the amendment, what the result of voting down this amendment will be. It will require the discharge of 20 of the prison guards that are there now. It means that they will be discharged unless the Senate—which I think it will do—restores the increase allowed by the Budget.

Now, I have two other amendments which will follow immediately. One of them is in line with this. There is a wall partly completed at this reformatory. I will offer the amendment at the proper time for a sufficient amount of money to complete the wall. I hope the committee will realize that conditions at that institution are dangerous to the public, because the prisoners are not adequately guarded.

Mr. CANNON of Missouri. Mr. Chairman, we provided the same amount for next year that we are spending this year. We are giving them every dollar next year that we gave this year. We are not reducing the appropriation. We have had one of the most strenuous years down there that we may reasonably expect to have in the next 50 years to come, and if this amount has been sufficient for this year it will certainly be sufficient for the next year.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

For maintenance, care, and support of inmates, rewards for fugitives, discharge gratuities provided by law, medical supplies, newspapers, books, books of reference, and periodicals, farm implements, tools, equipment, transportation expenses, purchase and maintenance of livestock and horses, purchase, exchange, maintenance, operation, and repair of nonpassenger-carrying vehicles and motor bus; fuel for heating, lighting, and power, and all other necessary items, $320,000.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: Page 54, line 3, strike out "$320,000" and insert in lieu thereof "$378,000."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Virginia.

The amendment was rejected.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. SMITH of Virginia: Page 54, line 4, strike out the paragraph and insert in lieu thereof the following:

"For continuing construction of walled inclosure, permanent buildings therein, and other permanent buildings, including sewers, water mains, roads, and other necessary utilities, and for equipment for new buildings, $402,800."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

The Clerk read as follows:

For provisions, fuel, forage, harness, and vehicles, and repairs to same, gas, ice, shoes, clothing, dry goods, tailoring, drugs and medical supplies, furniture and bedding, kitchen utensils, medical books, books of reference, and periodicals, not to exceed $200, temporary services not to exceed $1,000, maintenance of motor truck, and other necessary items, $60,000.

Mrs. NORTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mrs. NORTON: Page 57, line 15, strike out "$60,000" and insert in lieu thereof "$63,744."

Mrs. NORTON. Mr. Chairman, I shall not take much time of the committee. This will restore the original amount of $63,744. I addressed the House yesterday upon the great necessity for many items in this tuberculosis hospital which have been neglected, and I sincerely hope the committee will accept the amendment.

Mr. CANNON of Missouri. Mr. Chairman, as I understand the lady's amendment, it refers to the personal-service item.

Mrs. NORTON. No; it is on page 57, line 15, striking out $60,000 and inserting in lieu thereof $63,744. It merely restores the original amount.

Mr. CANNON of Missouri. But $60,000 is the full Budget estimate.

Mrs. NORTON. Is it not true that $63,744 was the amount in the bill last year?

Mr. CANNON of Missouri. No.

Mrs. NORTON. That was my understanding.

Mr. CANNON of Missouri. The gentlewoman from New Jersey has confused that with the item for personal services. The $60,000 on line 15 is the full Budget estimate. We gave them every dollar they asked.

Mrs. NORTON. I understood it was that item. I am glad to have the gentleman correct me. My amendment refers to line 8, page 57.

Mr. CANNON of Missouri. I am very sorry, but we have already passed that item.

Mrs. NORTON. My understanding was that we were on that item.

Mr. CANNON of Missouri. No; this $60,000 is the full Budget estimate.

Mr. BLANTON. The personal service estimate is on line 8.

Mr. KELLER. It is in the same section, is it not?

Mr. BLANTON. But we are reading the bill by paragraphs. That is the rule respecting all appropriation bills.

Mrs. NORTON. Mr. Chairman, I withdraw the amendment and ask unanimous consent to return to line 8, page 57, for the purpose of offering the amendment at that point.

The CHAIRMAN. The gentlewoman from New Jersey asks unanimous consent to return to line 8, page 57. Is there objection?

Mr. BLANTON. I am sorry, but we must pass along with the bill. I object.

Mr. KELLER. Then, Mr. Chairman, I desire to offer an amendment to the $60,000 if the gentlewoman from New Jersey does not and I offer the amendment now.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. KELLER: Page 57, line 15, strike out "$60,000" and insert in lieu thereof "$63,744."

Mr. KELLER. Mr. Chairman, I desire to be heard upon that amendment.

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes.

Mr. KELLER. Mr. Chairman, I am sorry I got in a little bit late. It seems to me that when the Chairman of the Committee on the District of Columbia asks to go back to line 8 we ought to go there. I see no justification for making objections like that. It seems to me that out of decency to the lady and other people interested in this House we ought to go back to line 8, and I should like to ask whether the gentleman is not willing to do that.

Mr. BLANTON. Mr. Chairman, we have here a bill consisting of 78 pages which we must read and pass today. It is the business of the Nation. We are operating under certain rules and regulations, and this item of $60,000 is the full Budget estimate——

Mr. KELLER. I understand that.

Mr. BLANTON. And we cannot waste time to return to paragraphs already passed.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mrs. NORTON. Does the gentleman think it quite fair to pass an appropriation bill of this size with only 28 Members on the floor? Does the gentleman think this the proper method of transacting the business of the Nation?

Mr. KELLER. We will just call them in if they are not here.

Mr. BLANTON. Oh, this House has been doing that for 18 years, ever since I have been here.

Mrs. NORTON. It is the first time that I have ever seen such discourtesy shown a Member.

Mr. BLANTON. Oh, I have seen this House pass two-billion-dollar bills with not many more Members present.

Mr. KELLER. Mr. Chairman, I make the point of order that there is no quorum present.

Mr. BLANTON. If the gentleman wants to interrupt the public business, all right.

The CHAIRMAN. The gentleman from Illinois makes the point of order that there is no quorum present. The Chair will count.

Mr. KELLER (interrupting the count). Mr. Chairman, I withdraw the point of order that there is no quorum present and shall continue my time. I want to say that the lady is quite right in saying that this is a piece of discourtesy, and any man ought to be ashamed of it.

Mr. BLANTON. Mr. Chairman, I do not intend to have the gentleman lecture me. The philosopher can lecture himself but not me.

The CHAIRMAN. The gentleman will desist. Gentlemen in debate will please not refer to others in offensive language.

Mr. BLANTON. Let him be decent, then.

Mr. KELLER. Be what?

Mr. BLANTON. Be decent.

The CHAIRMAN. Gentlemen should first address the Chair. The gentleman from Illinois will proceed in order.

Mr. KELLER. I have never heard of a thing like that being done before; and I hope I never hear it done again. We have under consideration a bill of the utmost importance; the people suffering in this city. To pass this bill a few minutes quicker ought not to be more important than the consideration of a proposal to prevent suffering. We are transacting the Nation's business today and we ought to do it right. We should not transact it by refusing to return to the preceding section; and we should treat one another courteously.

In this instance we are cutting out something like $3,000. If you will question a single one of the physicians in this House, Dr. LARRABEE, Dr. HENNEY, Dr. SIROVICH, or any of the others, he will tell you that to compel one nurse to take care of 34 patients is a disgrace.

Mr. Chairman, we ought to go back to line 8; and I hope the chairman of the subcommittee will permit that to be done and give the committee an opportunity to say whether it will accept or reject the amendment.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. CANNON of Missouri. We are not eliminating any employees; that is an entirely new item. And these are new employees. No additional appropriation was included in the Budget estimate.

Mr. KELLER. It was included in the Budget, according to my recollection.

Mr. CANNON of Missouri. The Budget estimate was $60,000, and we provided $60,000.

Mr. KELLER. But I am referring to line 8. That amount originally was $80,000.

Mr. CANNON of Missouri. That relates entirely to new employees who have never been on the rolls.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mrs. NORTON. There is very grave need for new employees. They are greatly undermanned in that hospital. It is pathetic to see the neglect these patients are obliged to endure purely because of the undermanning of the hospital staff.

Mr. KELLER. I thank the lady for her contribution. I think it is a shame to pass bills in this way; and I am ashamed to see it done.

The CHAIRMAN. The question is on the amendment of the gentleman from Illinois.

The amendment was rejected.

The Clerk read as follows:

GALLINGER MUNICIPAL HOSPITAL

Salaries: For personal services, including not to exceed $2,000 for temporary labor, $323,928.

Mrs. JENCKES of Indiana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. JENCKES of Indiana: Page 58, line 7, strike out "$323,928" and insert in lieu thereof "$372,528."

Mrs. JENCKES of Indiana. Mr. Chairman, this amendment increases the appropriation for the Gallinger Hospital by $48,600. It will provide 10 additional graduate nurses at $1,620 per annum, and 30 additional attendants at $1,080 per annum gross salary.

Members of the committee are respectively referred to pages 510–517 and pages 701–718 of the committee hearings, where the needs for these additional employees are discussed by the Superintendent of Gallinger Hospital, Dr. Edgar A. Bocock, and the president of the American Federation of Government Employees.

The official testimony shows that the patient load has increased from 167 in 1923 to 662 in 1934. This is the daily average.

The committee, in its report and in the pending bill, has made provision for an increase in the personnel at the hospital. This increase consists of 31 additional employees, 20 of whom are to be student nurses, 4 internes, 4 attendants, 2 graduate nurses, and 1 associate medical officer.

This increase was accorded in order to partially accommodate for the increased number of patients.

My amendment has for a purpose an amelioration of the condition at the hospital.

The growth of the patient load has been extraordinary. The increase in personnel has been insufficient to take care of that increased load without resorting to hospital hours which are downright cruel.

If you passed my amendment, you will permit the hospital to go on an 8-hour day. It is now on a 12-hour-day basis.

The nursing profession is one which is exceedingly trying. We have come to look on our nurse when we are really ill as an intimate and personal helper; one who is safeguarding us against the evils which we often do not even realize.

The profession at large has been retained on the highest ethical basis. It is not unusual for nurses to work hours which for any other person would be considered as nervous-breakdown hours and they do not complain. I think it can be said that throughout the Nation the nursing profession has never received the attention which it merits, and I believe that this is true because nurses have been so unselfishly taking care of the rest of us that they have not taken the time to think of themselves. This very factor makes it our duty to think of them.

I do not believe that we should pay any attention to an objection to this amendment based on the false theory that it is the custom to work nurses 12 hours a day.

I suppose that some of you are familiar with the work being done at Gallinger Hospital in our Nation's Capital. It includes for the nurses and ward attendants some of the most difficult work that falls to the lot of hospital workers. Without desiring to reflect in any way upon anyone, I must not fail to call to your attention the fact that the nurses and attendants at the hospital are called on to handle cases of mental disabilities and cases of moral disintegration. I do not mean that this is all that is done at Gallinger Hospital, but it is true that it is a part of the load and it is the part of the load which is particularly nerve wracking. If you have spent any time in the inspection of hospitals where nervous patients are treated, as I have done, I am sure you will agree with me that 12 hours a day is too long for a nurse or an attendant to carry these responsibilities.

My individual contacts with individual nurses at Gallinger Hospital convinced me that we are not giving them a fair deal. I do not believe that there are many Members of this body who would be willing to vote against my amendment after spending just 1 hour within the walls of the Gallinger Municipal Hospital.

I have not time now, but I hope you will stop and think yourself of the effects, particularly on women employees, of a daily 12-hour tour of duty in relationship to their homes. We must not adopt the attitude that nurses are not entitled to homes. We must go ahead until they have a reasonable benefit from life. The new deal promised that, and I hope the new deal will heed the appeal of these forgotten men and forgotten women.

Some of the members of the committee may think that $48,600 is a large sum. I should like to have you think of that sum, not so much in terms of pennies as in terms of human lives and human values.

The nurses and attendants need a reduction from the 12-hour basis. The patients, our wards, need a reduction of the 12-hour day for their nurses and attendants. Better care of the sick, a higher humane attitude, simple human compassion, all speak to you in favor of my amendment. The amendment will permit placing the hospital on an 8-hour basis. I personally believe that this is still too high, but I ask you to go at least this far. Now, if you do so you will not be doing it for votes. You will be doing it because it is the right thing to do. When we are thinking in terms of ameliorations of buildings and building construction, let me ask you to think for just a moment in terms of these people. People who are giving their lives for the satisfaction of doing this job, this social job, and who are paid low wages and carry on, and who will continue to carry on in spite of what you may do to my amendment. These nurses are now being paid $28.03 per week after years of preparation to serve us. We are requiring them to take care of mentally sick people for 12 hours every day.

In the name of the new deal I am asking you to adopt this amendment and reduce their hours to 8 a day.

It seems to me that this is worthy of consideration by the House: The nurses there are worked 12 hours a day in many cases; and to my knowledge the families of some of these nurses take eggs and milk into those women who are giving their lives that the babies coming into the world may have a better start.

In this hospital one nurse was responsible for 27 maternity cases. In other words, one nurse had to take care of 27 beds, 27 bassinettes, and give 54 baths a day.

Mr. KVALE. Mr. Chairman, will the gentlewoman yield?

Mrs. JENCKES of Indiana. I yield.

Mr. KVALE. Did I understand the gentlewoman correctly to say that this one nurse was responsible for the care of 27 mothers and 27 infants?

Mrs. JENCKES of Indiana. Investigation was made this year and that was the report.

Mr. CANNON of Missouri. Mr. Chairman, we gave Gallinger this year 31 additional employees. We have given Gallinger Hospital in this bill the greatest number of employees, the largest staff, and the largest appropriation in the history of the institution. It is rendering exceptional service and is entitled to these added facilities.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Indiana.

The question was taken; and on a division (demanded by Mrs. NORTON) there were—ayes 12, noes 25.

So the amendment was rejected.

The Clerk read as follows:

EMERGENCY RELIEF

For the purpose of affording relief to residents of the District of Columbia who are unemployed or otherwise in distress because of the existing emergency, to be expended by the Board of Public Welfare of the District of Columbia by employment and/or direct

relief, in the discretion of the Board of Commissioners and under rules and regulations to be prescribed by the Board and without regard to the provisions of any other law, payable from the revenues of the District of Columbia, $1,300,000, to be immediately available: *Provided*, That not to exceed 8 percent of such amount shall be available for administrative expenses, including necessary personal services.

Mr. GOSS. Mr. Chairman, will the chairman of the subcommittee inform us whether this amount is for the full fiscal year or for a 6 months' period? As I recall it, a year or two ago when this item was up the amount was double that carried in the pending bill, and, as I recall, there was some arrangement made that the relief was for a 3 months' period.

Mr. CANNON of Missouri. This is the amount requested. Should there be any deficiency, a deficiency appropriation will be requested later.

Mr. GOSS. Was it not last year that we appropriated $2,000,000?

Mr. CANNON of Missouri. This is the same amount we appropriated last year.

Mr. GOSS. But was that not for a 3 months' period only?

Mr. CANNON of Missouri. That was for the entire year. This is the same amount that was carried in the bill last year; the same amount covering the same period of time.

The Clerk read as follows:

SEC. 5. That the Commissioners and other responsible officials, in expending appropriations contained in this act, so far as possible, shall purchase material, supplies, including food supplies and equipment, when needed and funds are available, in accordance with the regulations and schedules of the Procurement Division of the Treasury Department or from the various services of the Government of the United States possessing material, supplies, passenger-carrying, and other motor vehicles, and equipment no longer required. Surplus articles purchased from the Government, if the same have not been used, shall be paid for at a reasonable price, not to exceed actual cost, and if the same have been used, at a reasonable price based upon length of usage. The various services of the Government of the United States are authorized to sell such surplus articles to the municipal government under the conditions specified, and the proceeds of such sales shall be covered into the Treasury as miscellaneous receipts: *Provided*, That this section shall not be construed to amend, alter, or repeal the Executive order of December 3, 1918, concerning the transfer of office materials, supplies, and equipment in the District of Columbia falling into disuse because of the cessation of war activities.

Mr. GOSS. Mr. Chairman, I reserve a point of order against the proviso on page 77, lines 5 to 9. What is the purpose of the proviso?

Mr. CANNON of Missouri. There is an Executive order under which one department may transfer to another department material which is deteriorating, or which may become obsolete, or which may be better utilized by the other department. We desired to reserve that right.

Mr. GOSS. The gentleman is exempting it here?

Mr. CANNON of Missouri. Yes; in order not to interfere with its operation.

The Clerk concluded the reading of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SEARS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 9061, the District of Columbia appropriation bill, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? [After a pause.] If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. CANNON of Missouri, a motion to reconsider the vote by which the bill was passed was laid on the table.

TENLEY SCHOOL

Mrs. JENCKES of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mrs. JENCKES of Indiana. Mr. Speaker, in supporting the bill which I introduced Tuesday authorizing the Commissioners of the District of Columbia to sell to the accredited agent of St. Ann's Parish in the District of Columbia the Tenley School on Wisconsin Avenue, I desire to put on record the following information:

On April 2, 1902, parcel 35/130 was sold by St. Ann's Parish to the District of Columbia through James Cardinal Gibbons, Archbishop of Baltimore. On August 31, 1881, parcel 35/131 was sold to the District of Columbia by Mary J. Foertsch and her husband. Upon this property the District erected a public school, and this building, so erected, known as the "Tenley Public School", was used for that purpose until approximately 3 years ago, when a much larger and more commodious building was purchased and is known as the "Janney School."

When the Janney School was built the old Tenley School was entirely dismantled and abandoned. The heating and lighting apparatus were removed and in all likelihood sold by the District of Columbia. It had no custodian, and the boys in the neighborhood practically romped through it at random. Every windowpane in the building was smashed. It was practically worthless, and eventually the Commissioners were advised by the Board of Education that—

It had no further use for the Tenley School building; that it was without a heating apparatus and that it could not be reasonably put into condition for school purposes without the expenditure of more money than seems justified.

As reported in a letter from Mr. Frank W. Ballou, superintendent of schools, on April 5, 1933, to the Board of Education and now on file in its archives.

The board, according to Dr. Ballou, thereupon recommended that the Commissioners demolish the building. It was said by Mr. Ballou, and coincided in by the board, that the cost of putting the building into proper use for public-school purposes would be so much that it would appear undesirable to expend public funds for that purpose.

After the sale of this property by St. Ann's Parish to the District of Columbia, the parish erected on parcel 35/126, now lots 800 and 801 in square 1774, a parochial school. The exact date when this building was erected is not ascertainable, but it is safe to say that it was at least 20 years ago. The territory by which this parish was covered was very large and very sparsely settled. This frame building was quite ample for the purposes for which it was intended. In the meantime, Wisconsin Avenue has been widened to its present magnificent boulevard proportions. Yuma Street and Nebraska Avenue and Albemarle Street, all encircling these particular properties, have been cut through and improved. In fact, the territory now occupied by this parish has become one of the most beautiful and interesting sections in Washington. Consequently, the parochial school became more and more important, until now approximately 250 children attend. The old building became impossible. It was old, it lacked modern improvements, it was frame; in fact, it was dangerous. It is remarkable that the District government permitted its use for the 225 to 250 children who were housed in it for several years prior to October 16, 1933.

It was the purpose and intention of the parish to erect a new school, and the matter was considered for perhaps a

year or more before the above-named date, October 16, 1933. But the economic conditions and the world-wide financial depression hit this locality as badly as any other, if not perhaps worse than many. The result was that it was impossible to erect a new parochial school, the estimated cost of which would have been not less than $100,000. So the idea was conceived of purchasing from the Government parcels 35/130 and 35/131, together with the old Tenley School building. The parish was met, however, with the difficulty that the Commissioners of the District of Columbia, by law, are not permitted to sell real estate without the consent of Congress. But after some negotiations it was finally agreed by the Commissioners, upon the recommendation of the Board of Education, that the old Tenley School building be rented, or leased, to St. Ann's Parish for a period of 2 years at the rental of $500 a year. This lease was duly and properly executed, effective on the 16th day of October 1933, and the parish is now in possession of the school.

To put the school back into usable condition, it cost the parish approximately $10,000. As a matter of fact, there was nothing there but the shell. When this lease was made to the parish by the District Commissioners, their course in doing so was approved by both of the citizens organizations represented by a delegation from each. The citizens organizations in this neighborhood are the North Cleveland Park Citizens Association and the Friendship Height Citizens Association.

Among other things, it was demonstrated to the District of Columbia that maintenance of this parochial school was a saving to the District of $14,735.55 per annum, merely for the estimated salaries of teachers and supplies. These figures were furnished by the District government. This estimate does not include costs of maintenance, or any kind of overhead, and the request that the lease be granted was signed by 21 Members of the House of Representatives District Committee, and by Senator CAPPER, then Chairman of the Senate District Committee.

I feel it would be good business practice on the part of the Government to sell this property, as the Government has no further use for it, and it could be put to useful purposes and the Treasury of the United States would have the use of money which our Government needs so urgently at the present time.

Therefore, I trust that my colleagues will give this measure every consideration when it is reported to you.

I thank you!

POSTAL SUBSTITUTES

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7483) to provide minimum pay for postal substitutes, with Senate amendment, and agree to the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 1, line 7, strike out all after "paid" down to and including "law", in line 10, and insert "for a minimum of 100 hours of service in each calendar month at the rates fixed by law. Where the needs of the service require the employment of such substitutes in excess of 100 hours in each calendar month, they shall be paid for the number of hours they have been actually employed at the rates now fixed by law: *Provided*, That nothing in this section shall be construed to prevent the reinstatement of former employees to regular positions in the Postal Service."

Mr. SNELL. Reserving the right to object, will the gentleman tell us what this is?

Mr. MEAD. I may say to the gentleman and to the Members of the House that this is the postal substitute bill that was passed by the House sometime ago guaranteeing a minimum wage of $15 a week to postal substitutes. It was amended in the Senate at the suggestion of the Department and 100 hours a month were prescribed instead of the $15 a week.

Mr. SNELL. This applies merely to substitutes in the Post Office Department?

Mr. MEAD. Yes. The amendment suggested by the Department was for bookkeeping purposes only. The bill otherwise remains practically the same.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was agreed to.

BRIDGE ACROSS THE TOMBIGBEE RIVER AT NAHEOLA, ALA.

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3296) to revive and reenact the act entitled "An act granting the consent of Congress to Meridian & Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927.

This is a bridge bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, has this been reported out by the committee and agreed to?

Mr. COLLINS of Mississippi. The gentleman from Missouri [Mr. MILLIGAN] and the gentleman from Kentucky [Mr. CHAPMAN] said they considered it and found the bill satisfactory to them.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved January 15, 1927, granting the consent of Congress to the Meridian & Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 2 years and completed within 4 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

CONTESTED-ELECTION CASE—CHANDLER *v.* BURNHAM

Mr. GAVIGAN, from the Committee on Elections No. 2, submitted a report in the contested election case of *Claude Chandler* v. *George Burnham*, from the Twentieth District of California (Rept. No. 1278), which was referred to the House Calendar and ordered printed.

UNEMPLOYMENT RELIEF

Mr. SWICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a set of resolutions from some C.W.A. workers.

The SPEAKER. Is there objection?

There was no objection.

Mr. SWICK. Mr. Speaker, it has been my purpose during the present session of Congress to do everything in my power as a Member of Congress to support legislation intended to extend aid and assistance to the millions of unemployed workers and at the same time support legislation that will make it possible for industry and agriculture to resume normal activities, thereby making it possible to look forward to the day when men will again resume their places in the field of gainful employment.

Through the channels of the Civil Works Administration thousands of unemployed men in my district were given an opportunity to earn the necessities of life for their families during the past winter; their faith in government was restored. It is true this activity did not provide relief for all who were entitled to it, but it was a step in the right direction and, in my opinion, should be continued on an even larger scale so long as there is need for it.

I have just recently had an investigation made of the situation prevailing in one of the counties of my district, in order that I might know the conditions under which the unemployed are laboring at present and, if possible, to determine what steps might be taken to solve their problem.

Lawrence County, Pa., is truly representative of our country as a whole, being divided almost equally between industry and agriculture. It has a population of about 98,000 people. At the time the C.W.A. was inaugurated last November about 12,000 men were on relief rolls or were eligible for same. The maximum quota of the C.W.A. was 3,600; at

the time of the discontinuance of C.W.A. there were about 3,400 employed; under the R.W.D. a maximum quota of 1,840 is allowed, but I am informed that at the present time little more than 1,400 are at work. This has resulted in a great increase in the number of families thrown back on the relief rolls. Under the regulations governing R.W.D. a man must have been on the relief prior to November 21, 1933, in order to be given employment.

Considerable difficulty has been experienced since R.W.D. began in securing pay for the men, due apparently to poor management on the part of the disbursing machinery of the organization. It became necessary therefore for the men whose pay was delayed to apply for relief orders to provide food for their families, which in many instances presented another problem for them to solve.

The Federal Emergency Relief, having taken over the local relief work, is managed by one who is a total stranger in the community, does not know the local situation, and, even though he might have the best intentions, is handicapped by the lack of such understanding. That this is so is borne out in the statements that will appear as part of these remarks and which are authentic cases.

The men who are on relief and on R.W.D. represent a cross section of every American community; they come from every walk of life—bankers, business men, salesmen, executives, artisans, farmers, and laborers. No task is too difficult or too menial for them to perform. They are good citizens and represent the backbone of our social structure. For the purpose of presenting their case to Congress and the President they have perfected an organization, which will undoubtedly become a force that must be heeded. I am in full accord with their purpose. They are first of all American and will repel all efforts of those opposed to our Government to exploit the sufferings of the unemployed for un-American purposes. They deserve the utmost consideration from Congress. I find that it sometimes costs more to maintain an unemployed man with his family on the relief roll than it would to continue him on C.W.A. as was formerly done. Certainly it is better for the morale of the country to have men at work than idle.

We will do well to consider this situation seriously; let us not make a mistake. I am certain if each Member of this House will investigate the situation in his district, Congress will appropriate necessary funds to carry on the C.W.A., even at the expense of less important recovery projects.

In order that you may understand the situation as described by the men most vitally affected, I present herewith a resolution recently forwarded to the President, Members of the House and Senate, Governor of Pennsylvania, and the local, State, and National administrators, also a letter from one who has been selected to represent the unemployed and R.W.D. workers in this action. I believe the situation described is typical of the state of affairs throughout the country. Let us correct this deplorable condition before we adjourn this Congress.

(Copy of protest to be sent to the President of the United States, United States Senators from Pennsylvania, Congressmen from said district, Governor of Pennsylvania, Federal C.W.A. Administrator, State C.W.A. administrator, local C.W.A. administrator)

Resolved, That we, as C.W.A. workers, prospective C.W.A. workers, and unemployed workers of Lawrence County, Pa., now organized as a body of honest, determined citizens for the purpose of self-preservation, do, as a body and individually, commend President Roosevelt for inaugurating the Civil Works Administration, the only direct aid to the unemployed and a great act of humanity; and be it further

Resolved, That the new plan, the R.W.D., is an outrage against the man who has, by forced economy, self-denial, and sacrifice, remained off the relief rolls. The man who has weathered the storm has, under the new plan, little or no opportunity to secure paid employment; his only hope is to follow his less fortunate brothers and go on relief. It compels the complete destruction of individual morale, and places him in the last deep ditch of discouragement; and be it further

Resolved, That in order to retain our self-respect and hold our places in the various communities in which we live, we demand that the work plan as under the C.W.A. be continued until industry shall have absorbed the majority of the unemployed. We demand the right to earn an honest living and to receive a more substantial return for our labors. The new plan, the R.W.D., offers little except pauperism. We will not permit this burlesque to prevail. We demand our constitutionally guaranteed heritage, which has been despoiled by political corruption and international financiers. We demand the right to work and live as Americans should live. We are awake to the issues. This colossal outrage, the R.W.D., has awakened not only the unemployed but the merchant, the lawyer, the doctor—everyone. And the time has come when a travesty cannot be foisted upon us. We have been patient and have backed up every move of the administration, but we will not stand idly by and see this farce enacted. The plan must be changed. We demand that it be changed to include all, and not favor those alone who were forced to the lowest depths of poverty and onto the relief rolls. The majority of us have lost or have been legally robbed of our homes, businesses, and savings, and if we accept these damnable conditions, without protest, we would be admitting that we had lost our self-respect. This must not be. We represent every walk of life—workers, business men, professional men. We make these demands not as hotheads but as radical, thinking men.

NEW CASTLE, PA., *April 17, 1934.*

Hon. J. H. SWICK,
House of Representatives, Washington, D.C.

DEAR SIR: In compliance with the request of Mr. Howard C. Hunter, we are presenting a copy of statements of persons having occasion to call upon the emergency relief office for assistance. In connection therewith we attach notes of other cases in lieu of signed statements. The above-mentioned signed statements are in our possession, having been typed and read to those concerned.

Statement of Oscar Heath (no. 1995), employed at Ray Street quarry: "I sent to the emergency relief office and asked for a grocery order Saturday, April 7, 1934. I received it Tuesday morning, April 10, through the mail. The envelop was marked '5:30 p.m., April 9.' I was in need of this order Saturday when I asked for it."

Statement of James Robinson (no. 3936), employed at Ray Street quarry: "I arrived at the relief office Tuesday evening, April 10, shortly after 5 p.m., and asked for a grocery order. I was asked how many more were coming and I replied I did not know. I was then asked if I could not wait until Wednesday morning, and I said I could if necessary. I returned Wednesday morning and I was told that it would take some time to make up orders, and, as I had to come to work, I could not wait. I have received no pay and no grocery order as yet."

Statement of Nick DeRosa (no. 100) and E. Daltorio (no. 1827) of Ray Street quarry: "We, the undersigned, arrived at the emergency relief office Saturday night (Apr. 7) at approximately 7:10 p.m. and were informed by the people there that the office was closed and we could not get our order. We had been informed by the R.W.D. office, through our timekeeper, that the relief office as well as the auditorium would remain open until midnight. We returned to the relief office Monday morning at 9 a.m. and were kept waiting, cooling our heels, until 10:30 a.m. before we received our orders."

Statement of Ralph DiMuccio (no. 3655), employed at Ray Street quarry: "I arrived at 107 N. Mill Street at approximately 1:30 p.m. (Apr. 9). I was put in a line of other men in order to secure a number, which I did, and was given no. 142 and then was compelled to wait until 4:45 p.m. before being given an order."

Statement of L. J. Morgan, no. 2026, and Thomas A. Kelly, no. 2029, Norman Hanna, no. 65, and Guiseppe Magno, no. 2021: "We, the undersigned, were compelled to wait from 2 to 4 hours in order to secure our orders."

Statement of Frank Patterson (no. 1337), and Patsy Magno (no. 2025): "We, the undersigned, were compelled to wait approximately 3 hours, after which we were informed that our order would be mailed to us. At this writing same has not been received." (Notation: Patterson order received Apr. 14.)

Statement of Mr. Frank Henry, employed at Snakes' Rest project: "Mr. Henry states that he applied at the Emergency Relief office this morning (Apr. 16) and asked for assistance in having a prescription filled, due to the fact that he had not received a pay since the inauguration of the R.W.D. program. The nurse at the Emergency Relief office told him that he would have to wait until Wednesday, April 18, which is the day he is to receive his pay, to have this prescription filled. Mr. Henry is physically in bad condition."

Statement of Doc Mahone: "I have been employed on C.W.A. and R.W.D. for some time, and, due to the failure of R.W.D. to pay me on the regular pay day, I applied to the relief office for a food order on Saturday morning, April 14, 1934. I had 2 days' pay ($5) coming that day, which I must spend for coal and medicine and milk, as my baby is sick with pneumonia. I talked to Mr. Hall, and, after explaining these things to him, he absolutely refused to give me a food order, saying I would be paid Monday or Tuesday, and I would have to get along until then."

Statement of Mr. John Vonderau, first-aid man at Ray Street Quarry: "Edward Gardner, who works on this project, came to me on Wednesday, the 11th of April, and asked me to make him a request for a coal order. I wrote this request, which was approved by Mr. Tyler and Mr. Doerr, and it was then taken by Gardner to the C.E.R.B. office. When I went to that office about 2 hours later, Gardner was still standing there, and he then told me that his wife was in the last stages of pregnancy and was at home in bed, and two young children were in the house with no one to care for them. Mrs. Gardner expected her baby that afternoon, and there was no fire in the house, and Gardner had no money for medicine or doctor."

"With Gardner I approached Mr. Hall and was told by him after some argument that he would send coal but could not give a medical order. I asked him why, and he said that the committee of the Lawrence County Medical Board would not approve the order and that it could not be paid. He [Mr. Hall] asked Gardner whether it was not just as well that he [Mr. Gardner] run a bill with the doctor and not pay as it was for the C.E.R.B. to do the same thing. I called Dr. J. D. Crawford, president of the Lawrence County Medical Society, and explained the case to him. He said that the rules would not permit the order, but because of the circumstances he could see no reason why Gardner could not get an order. He referred me to Dr. Womer, the chairman of the committee, which passes on the relief's medical orders. Dr. Womer could not be reached that day, but late the next afternoon Gardner received the medical order in the mail."

The following are notes or parts of verbal statements of others who came in contact with the local executive director while in quest of relief orders:

John Hogue: Told to wait a few days.

Harry Welsh: Told the State could not furnish coal. Advised to go to a dealer and get some on credit or borrow from neighbors.

James Ginnocchi: No coal for C.W.A. or R.W.D. men this week.

Carl Hawkey (two children sick at home): Was told no coal at present.

Notation: Six others who applied for coal were refused.

H. C. Mattheys: Applied for relief groceries April 10. Received an order by mail April 16.

Emidio Dettore, no. 1441: Laid off in the transfer from C.W.A. to R.W.D. Applied for relief April 3. Secured same April 12.

We could proceed indefinitely, reciting cases of need which were refused or delayed, for no apparent reason, from 3 to 9 days. Further, the curtness of the office is anything but a credit to our much-vaunted civilization.

As if it were not sufficient humiliation to be forced to beg for provisions to keep body and soul together, these men are compelled to wait submissively at the relief office from 2 to 5 hours in order to be interviewed, with the possibility of being delayed or refused.

We are of the opinion that a great amount of this difficulty could be eliminated were the personnel of the Emergency Relief Office persons of mature mentality, endowed with enough humanitarian instinct to visualize some of the problems of these men and the ability to fully appreciate the responsibilities of their positions.

We also wish to protest against the substitution of the R.W.D., with its many imperfections, for the C.W.A., which had been perfected from a vision to a real benefit to a great number of people. Why our statesmen would permit an organization functioning as smoothly and performing a service as C.W.A. did to the millions of persons depending on that service as a means of keeping body and soul together and substituting the confusions to and interruption of that service is beyond our understanding.

Under the C.W.A. men from all walks of life were generally assigned as common laborers for 30 hours per week at the rate of 50 cents per hour for the defined purpose of providing them with the necessities of life for themselves and families. To further please (?) and aid (?) us, we were reduced from 30 hours to 24 hours per week. Was it because $15 per week is too much for a family of 4, 6, or 8? Was it for the reason that any of these men could possibly be banking money, buying homes, automobiles, or living on the fat of the land? Apparently it was only for the purpose of further pauperizing, humiliating, and dissatisfying these citizens.

Does the administration, and legislators of these United States of America, realize the dissatisfaction and unrest prevalent in every home and every individual outside of the special-privileged class? Do they realize this constantly changing program, for the worse, is a breeding ground for further unrest; leading to riot and possible revolution with its attendant horrors?

We wonder if our statesmen can visualize the men and women of tomorrow who, being born of parents lacking in the very necessities of life, are even denied the privilege of being born normal. Our mothers of today delivering and nursing their offspring from undernourished bodies and worried, tortured minds cannot tend to reproduce a physically and mentally normal race.

In conclusion, we call your attention to the appended copy of statements of Mr. Albert Colucci and W. V. Tyler. We wonder, Dr. Swick, what your reactions and the reactions of your colleagues are to the plight of this man, or rather these men, as these and similar cases are more than numerous.

We trust that these statements of facts will enable you to more clearly understand the tense situation which exists here in Lawrence County and that something may be done to alleviate same in the interest of all.

Very truly yours,

H. E. Doerr,
Timekeeper, Pro. 37–1003.
W. V. Tyler,
Supervisor, Pro. 37–1003.

STATEMENT OF ALBERT COLUCCI, NO. 3523, EMPLOYED AT RAY STREET QUARRY PROJECT, NO. 37–1003

New Castle, Pa., *April 17, 1934.*

Not having received pay since April 2, 1934, at which time I received $4, which was the last of the C.W.A. money due me, I applied to the emergency relief office for an order on April 9 for a family of four persons. On April 10 I received a commissary order, for which they supplied the following: 2 cans peas, 2 cans corn, 1 pound coffee, 2 pounds sugar, 1 box salt, 4 oranges, 1 sack flour, 2 cans salmon, 1 can Karo sirup, 2 bars soap, 1 peck potatoes, 1 soup bone, 2 cans tomatoes, 1 pound rice, 1 pound macaroni, 2 bars laundry soap, two 1-cent boxes matches, 1 small jar peanut butter, 1 small jar apple butter.

On April 14, 1934, I went to the relief office for the purpose of getting another order, only having drawn 1 day's pay, amounting to $2.50, from the R.W.D.

The man preceding me was so treated by the young lady attendant I chose to not ask for an order rather than be humiliated as he was. He was told he was working and asked what more did he want.

Albert Colucci.

Witnessed by—
H. E. Doerr.

STATEMENT OF W. V. TYLER, SUPERVISOR RAY STREET QUARRY PROJECT 37–1003

April 17, 1934.

On April 16, 1934, at approximately 9.30 a.m., Mr. Albert Colucci was injured by having a finger pinched between stones. During first-aid treatment he fainted and was revived and taken to Dr. James Crawford for treatment. I, personally, when he had been revived, spoke to him about the accident causing him to faint, and he told me that he had eaten no breakfast, owing to having no food at home, which statement brings about this statement and presentation of facts.

W. V. Tyler, *Supervisor.*

LEAVE OF ABSENCE

Leave of absence was granted to Mr. Wood of Georgia, for a few days, on account of serious illness in his family.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. DONDERO. Mr. Speaker, I object.

Mr. BLANTON. Then we will just have to meet tomorrow and adjourn. The gentleman will not accomplish anything by that. There will just be a perfunctory meeting tomorrow.

Mr. BYRNS. I may say to the gentleman that the House is far ahead of its business on the calendar. The Senate has a number of bills that will have to be considered and if we meet tomorrow we will only have to meet to adjourn. Many Members want to get away and some of them wish to leave tonight.

Mr. SNELL. I had supposed that we had met at 11 o'clock during most of the week for the purpose of rushing the work so we could get a little time off.

Mr. BYRNS. Yes; we have had several sessions this week beginning at 11 o'clock and have also sat rather late, with the understanding on the part of most of the Members that we adjourn over until Monday. Of course, if the gentleman wants to bring us back tomorrow that is his privilege.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. WOLCOTT. Mr. Speaker, I object.

Mr. BLANTON. It is understood that when we meet tomorrow we will just be in session a few moments and then adjourn?

Mr. BYRNS. The gentleman from Michigan is so anxious to come back I would not want to make that statement until I see what they want to propose for consideration tomorrow.

Mr. BLANTON. The gentleman is going to make the promise that we will attend to no business tomorrow?

Mr. SNELL. They cannot make that promise if they insist on meeting tomorrow.

Mr. BLANTON. If the majority leader makes that statement, I feel sure that is what will happen.

Mr. WOLCOTT. It will be up to the majority leader whether we transact any business or not.

Mr. UMSTEAD. Mr. Speaker, I make the point of order that objection came too late. The Chair had called for objection and had stated that the Chair heard no objection prior to the time the objection was made by the gentleman from Michigan.

The SPEAKER. The Chair thinks the gentleman was entitled to make the objection. Does the gentleman object?

Mr. WOLCOTT. The gentleman from Michigan insists upon his objection, Mr. Speaker.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 828. An act to authorize boxing in the District of Columbia, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following titles:

On April 18, 1934:

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes; and

H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

On April 19, 1934:

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p.m.) the House adjourned until tomorrow, Friday, April 20, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

413. A letter from the Secretary of the Interior, transmitting lists submitted by the Division of Appointments, Mails and Files, Purchasing Office, and Solicitor, of the Office of the Secretary; General Land Office; Office of Indian Affairs; Office of Education; National Park Service; Geological Survey; and Freedmen's Hospital, showing papers which are no longer needed or useful in the transaction of the business of the Department; to the Committee on Disposition of Useless Executive Papers.

414. A communication from the President of the United States, transmitting herewith for the consideration of Congress a supplemental estimate of appropriation for the fiscal year ending June 30, 1935, for the War Department, for flood control, Mississippi River and tributaries, amounting to $29,000,000 (H.Doc. No. 309); to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FADDIS: Committee on Military Affairs. H.R. 8567. A bill to amend the laws relating to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes; without amendment (Rept. No. 1275). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. H.R. 8918. A bill to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1933, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; without amendment (Rept. No. 1276). Referred to the Committee of the Whole House on the state of the Union.

Mr. McDUFFIE: Committee on Insular Affairs. H.R. 5330. A bill to amend the act of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes"; with amendment (Rept. No. 1277). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H.R. 5763) for the relief of Frederick E. Dixon, and the same was referred to the Committee on the Post Office and Post Roads.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H.R. 9223) to amend section 27 of the Merchant Marine Act, 1920; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. EDMONDS: A bill (H.R. 9224) to amend section 608 of part 2, title 1, of the act of May 12, 1933, known as the "Agricultural Adjustment Act"; to the Committee on Agriculture.

By Mr. DISNEY: A bill (H.R. 9225) to enable certain Indians to use tribal funds for employment of counsel; to the Committee on Indian Affairs.

By Mr. DIMOND: A bill (H.R. 9226) to amend section 5296 of the Revised Statutes of the United States; to the Committee on the Judiciary.

By Mr. LEWIS of Maryland (by request): A bill (H.R. 9227) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. GREEN: A bill (H.R. 9228) to provide old-age compensation for the citizens of the United States; to the Committee on Labor.

By Mr. CARMICHAEL: A bill (H.R. 9229) to appropriate $2,500,000 to construct and pave that part of Federal Highway No. 72, known as the "Lee Highway", not already paved, between Bridgeport, Ala., and the Mississippi State line; to the Committee on Roads.

By Mr. CARTER of California: A bill (H.R. 9230) to amend section 30, title III, veterans' provisions of Public Law No. 141, Seventy-third Congress, to give the benefits thereof to veterans who enlisted in the United States forces after August 12, 1898, and who served in Cuba; to the Committee on Pensions.

By Mr. BROWN of Michigan: A bill (H.R. 9231) authorizing the State of Michigan by and through the Mackinac Straits Bridge Authority, its successors and assigns, to construct, maintain, and operate a bridge or series of bridges across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan; to the Committee on Interstate and Foreign Commerce.

By Mr. DIES: A bill (H.R. 9232) creating the Port Arthur Bridge Commission; authorizing said commission and its successors to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex.; and repealing an act entitled "An act authorizing H. L. McKee, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Sabine at or near Port Arthur, Tex."; to the Committee on Interstate and Foreign Commerce.

By Mr. BLAND: A bill (H.R. 9233) authorizing associations of producers of aquatic products; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. DIRKSEN: A bill (H.R. 9234) to amend section 601 (c) (2) of the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. HOWARD (by departmental request): A bill (H.R. 9235) to cover the handling of Osage Indian alcoholics and narcotics; to the Committee on Indian Affairs.

By Mr. PALMISANO: A bill (H.R. 9236) to provide for the construction of an office building in the city of Washington, D.C.; to the Committee on Public Buildings and Grounds.

By Mr. DIMOND: A bill (H.R. 9237) to amend section 4311 of the Revised Statutes of the United States; to the Committee on the Judiciary.

By Mr. CELLER: A bill (H.R. 9238) to amend section 304 (a) of the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. BAILEY (by request): A bill (H.R. 9239) repealing all laws, Executive orders, rules, and regulations fixing maximum age for entering examinations or for appointments in the civilian service of the United States; to the Committee on the Civil Service.

By Mr. CELLER: A bill (H.R. 9240) repealing section 213 of the Legislative Appropriation Act for the fiscal year ending June 30, 1933, relating to the dismissal and appointment of married persons; to the Committee on Expenditures in the Executive Departments.

By Mr. MEAD: A bill (H.R. 9241) to authorize the Postmaster General to award 1-year contracts for carrying air mail, to establish a commission to report a national aviation policy, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. BUSBY: A bill (H.R. 9242) to provide for the purchase of silver, issue legal tender certificates thereon, and to buy and sell silver so as to keep the purchasing power of 371¼ grains of pure silver equal to the purchasing power of 23.22 grains of pure gold, and to increase the metallic monetary base; to the Committee on Banking and Currency.

By Mr. BEITER: Resolution (H.Res. 342) for the consideration of S. 1694, a bill for the relief of the city of New York; to the Committee on Rules.

By Mr. McFADDEN: Resolution (H.Res. 343) authorizing the appointment of a special committee to investigate the activities of general contractors engaged in Federal construction work in the District of Columbia; to the Committee on Rules.

By Mr. KELLER: Joint resolution (H.J.Res. 327) authorizing the appointment of a planning committee in connection with the United States Botanic Garden, and for other purposes; to the Committee on the Library.

By Mr. STOKES: Joint resolution (H.J.Res. 328) to include natural gas in interstate pipe lines under the control of the Interstate Commerce Commission, and for other purposes; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARTER of California: A bill (H.R. 9243) for the relief of Adolph Charles Parrott; to the Committee on Military Affairs.

By Mr. CONNOLLY: A bill (H.R. 9244) for the relief of John Hutchinson; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H.R. 9245) securing memorial for Col. Thomas M. Huling and the Logan Guards; to the Committee on the Library.

By Mr. GREEN: A bill (H.R. 9246) granting a pension to Cornelious Spilliane; to the Committee on Pensions.

Also, a bill (H.R. 9247) granting a pension to David Malcolm Wills; to the Committee on Pensions.

By Mr. HEALEY: A bill (H.R. 9248) for the relief of Daniel Joseph Barrett; to the Committee on Naval Affairs.

By Mr. IMHOFF: A bill (H.R. 9249) granting an increase of pension to Margaret Lloyd; to the Committee on Invalid Pensions.

By Mr. McCANDLESS: A bill (H.R. 9250) for the relief of Ralph E. Wooley; to the Committee on Claims.

By Mr. MALONEY of Louisiana: A bill (H.R. 9251) for the relief of Thomas C. Smith and others; to the Committee on Claims.

By Mr. SECREST: A bill (H.R. 9252) granting a pension to Louisa J. Humphrey; to the Committee on Pensions.

Also, a bill (H.R. 9253) granting a pension to Ida A. Evans; to the Committee on Pensions.

By Mr. VINSON of Kentucky: A bill (H.R. 9254) directing the Secretary of the Treasury to pay the sum of $10,000 to Mr. and Mrs. Bruce Lee; to the Committee on Claims.

By Mr. TABER: Resolution (H.Res. 341) for the relief of Eva B. French; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4040. By Mr. BACON: Memorial of the Legislature of the State of New York, favoring additional Federal appropriations for highway construction; to the Committee on Appropriations.

4041. By Mr. BERLIN: Petition of 298 members of Local Union No. 2025, of the United Mine Workers of America, and citizens of the community of Babbing, Pa., and vicinity, seeking the enactment of pending bills to create a national labor board, and for other purposes; to the Committee on Labor.

4042. By Mr. BOYLAN: Letter from the Central Trades and Labor Council of Greater New York and Vicinity, New York City, N.Y., unanimously endorsing the Wagner-Lewis bill designed to advance and promote the enactment of unemployment-insurance legislation in the different States, etc.; to the Committee on Labor.

4043. Also, letter from the Central Union Labor Council of Greater New York, representing over 200,000 organized workers in what is known as the "union label trades", unanimously endorsing the Wagner-Lewis unemployment insurance bill and the Wagner-Connery Disputes Act; to the Committee on Labor.

4044. Also, letter from the International Union of Operating Engineers, Local Union No. 184, New York City, unanimously endorsing the Wagner-Lewis insurance bill; to the Committee on Labor.

4045. Also, letter from the President of the New York branch of National Customs Service Association, Customhouse, New York City, in behalf of 2,000 custom employees at the Port of New York, favoring the passage of House bill 7866 and Senate bill 2831, which would permit Government employees to designate their own beneficiaries to whom all unpaid moneys in the retirement fund to the employees' credit is to be paid after their death; to the Committee on the Civil Service.

4046. Also, resolution adopted by the Senate of the State of New York and by the Assembly of the State of New York, petitioning the Congress to amend the Securities Act of 1933 by eliminating all of its civil-liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Interstate and Foreign Commerce.

4047. Also, letter from the United Upholsterers' Union, Local No. 44, New York City, N.Y., favoring the Wagner-Connery Disputes Act; to the Committee on Labor.

4048. By Mr. BROWN of Michigan: Petition of 120 residents of Fulton, Mich., favoring the Brown bill relating to deposits in closed banks; to the Committee on Banking and Currency.

4049. Also, petition of 750 residents of Vicksburg, Mich., favoring the Brown bill relating to deposits in closed banks; to the Committee on Banking and Currency.

4050. Also, petition of 120 citizens of Schoolcraft, Mich., favoring the Brown bill relating to relief of depositors in closed banks; to the Committee on Banking and Currency.

4051. By Mr. CADY: Petition signed by Lloyd Hanel and 35 other residents of Lansing, Mich., expressing approval of the McLeod 100-percent pay-off bill; to the Committee on Banking and Currency.

4052. By Mr. CONNERY: Petition of the Commonwealth of Massachusetts, favoring direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

4053. By Mrs. CLARKE of New York: Petition from the membership of St. Joseph's Roman Catholic Parish, of Endi-

cott, N.Y., supporting the amendment to section 301 of Senate bill 2910; to the Committee on Interstate and Foreign Commerce.

4054. By Mr. FITZPATRICK: Petition of St. Mary's Junior League, of St. Mary's Church, Yonkers, N.Y., signed by Thomas X. Keefe, president, advocating the passage of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4055. Also, petition signed by Theo. J. Mercuri, of 2 Fero Street, Yonkers, N.Y., and a number of other residents of the city of Yonkers, N.Y., advocating the passage of the McLeod banking bill; to the Committee on Banking and Currency.

4056. Also, petition signed by Henry Mandell, of 30 Locust Hill Avenue, Yonkers, N.Y., and a number of other residents of the city of Yonkers, N.Y., advocating the passage of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4057. Also, resolution adopted by St. Raymond's Council, No. 811, Knights of Columbus, signed by John W. Reynolds, grand knight, urging the passage of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4058. By Mr. GOODWIN: Petition of New York State Senate, Albany, N.Y., that the Congress of the United States be, and the same hereby is, respectfully memorialized to amend the Securities Act of 1933 by eliminating all of its civil-liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Banking and Currency.

4059. Also, petition of members of the faculty of Mount St. Alphonsus, Esopus, Ulster County, N.Y., urging support of amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for education, religious, labor, agricultural, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4060. Also, petition of Coxsackie Council, No. 548, Knights of Columbus, of the village of Coxsackie, Greene County, N.Y., urging the support of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4061. Also, petition of members of the Blessed Virgin Mary Sodality of St. Mary's Parish, of the village of Coxsackie, Greene County, N.Y., urging the support of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4062. Also, petition of Holy Name Society of St. Mary's Parish, village of Coxsackie, Greene County, N.Y., urging support of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4063. Also, petition of members of St. Mary's Parish, of the village of Coxsackie, Greene County, N.Y., urging the support of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4064. By Mr. GRIFFIN: Resolution of the Legislature of the State of New York, urging Congress to amend the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

4065. By Mr. HILDEBRANDT: Resolutions of various organizations of Mitchell, S.Dak., urging support of House bill 6097, known as the "Patman bill", regarding supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

4066. Also, resolution of the members of the St. Patricks parish of the city of Lead, S.Dak., urging support of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4067. Also, resolution of the First Lutheran Church of Mitchell, S.Dak., urging support of House bill 6097 for supervision of motion pictures, known as the "Patman bill" and House Resolution No. 144; to the Committee on Interstate and Foreign Commerce.

4068. By Mr. HOIDALE: Resolution of the Graceville Council, Knights of Columbus, of Graceville, Minn., urging support of Senate bill 2910, providing equality of opportunity for non-profit-making associations in allotment of radio facilities; to the Committee on Merchant Marine, Radio, and Fisheries.

4069. Also, resolution by the executive council of the Independent Bankers Association of Minnesota, protesting against the policy of the Farm Credit Administration in seeking to have creditors of those who make loans from the Farm Credit Administration discount the amount of their claims; to the Committee on Banking and Currency.

4070. By Mr. LINDSAY: Petition of the M. H. Renken Dairy Co., Brooklyn, N.Y., opposing the Connery 30-hour week bill (H.R. 7202), the Wagner labor disputes bill (S. 2926), and the unemployment reserves (S. 2616); to the Committee on Labor.

4071. By Mr. RUDD: Petition of the Central Trades and Labor Council of Greater New York and Vicinity, favoring the passage of the Wagner-Lewis unemployment insurance bill; to the Committee on Labor.

4072. By Mr. LINDSAY: Petition of Mary C. Martin, of Brooklyn, N.Y., and 40 others, urging support of the proposed amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4073. Also, petition of the Central Trades and Labor Council of Greater New York and Vicinity, favoring the Wagner-Lewis bill; to the Committee on Labor.

4074. Also, petition of the Shoe Manufacturers Board of Trade of New York, Inc., Brooklyn, N.Y., opposing Senate bill 2926; to the Committee on Labor.

4075. Also, petition of Eastern States Association of Professional Schools for Teachers, New York City, concerning proposal for borrowing Federal funds to establish a loan fund for teachers in service; to the Committee on Education.

4076. Also, petition of the executives of 11 life-insurance companies, opposing the National Securities Exchange Act

of 1934 in its present form; to the Committee on Interstate and Foreign Commerce.

4077. By Mr. RUDD: Petition of the Shoe Manufacturers' Board of Trade of New York, Inc., Brooklyn, N.Y., opposing the passage of the labor disputes bill; to the Committee on Labor.

4078. Also, petition of M. H. Renken Dairy Co., Brooklyn, N.Y., opposing the passage of the Connery 30 hour bill, the Wagner labor disputes bill, and the unemployment reserves bill; to the Committee on Labor.

4079. Also, petition of Mary C. G. Martin, 1331 Sterling Place, Brooklyn, N.Y., and 45 other citizens of Brooklyn, N.Y., favoring the proposed amendment to section 301 of Senate bill 2910, as contained in House bill 8977; to the Committee on Merchant Marine, Radio, and Fisheries.

4080. Also, petition of the Central Union Label Council of Greater New York, favoring the passage of the Wagner-Lewis unemployment bill; to the Committee on Labor.

4081. Also, petition of Eastern States Association of Professional Schools for Teachers, favoring a proposal for borrowing Federal funds to establish a loan fund for teachers in service; to the Committee on Education.

4082. Also, petition of executives of 11 life-insurance companies, opposing the Securities Act in its present form; to the Committee on Interstate and Foreign Commerce.

4083. By Mrs. ROGERS of Massachusetts: Petition of the citizens of Lexington, Mass., calling attention to their constitutional rights and demanding freedom from unreasonable interference by the Federal Government in the rights of individuals to manage their private enterprises and to be secure in the receipt of its rewards; to the Committee on the Judiciary.

4084. By Mr. THOMAS: Petition in the nature of a resolution that the Congress of the United States be, and the same hereby is, respectfully memorialized to amend the Securities Act of 1933 by eliminating all of its civil-liability provisions to the end that business by being permitted to finance itself may be thereby in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Interstate and Foreign Commerce.

4085. By Mr. WHITTINGTON: Petition of the Legislature of the State of Mississippi, memorializing the United States to maintain a sea-food inspector at Biloxi, Miss.; to the Committee on Appropriations.

4086. Also, petition of the Legislature of Mississippi, commending the work of the McNeill experiment, located at McNeill, Miss., and memorializing the Congress to make suitable appropriations for its maintenance; to the Committee on Appropriations.

4087. By the SPEAKER: Petition of Elizabeth Chamber of Commerce, Elizabeth, N.J., urging abolition of the Federal gasoline tax; to the Committee on Ways and Means.

4088. Also, petition of the National Woman's Christian Temperance Union, urging passage of House bill 6097; to the Committee on Interstate and Foreign Commerce.

4089. Also, petition of the Woman's Home Missionary Society of San Jose, Ill., urging passage of House bill 6097; to the Committee on Interstate and Foreign Commerce.

4090. Also, petition of Eleanor Dolan and others, endorsing the McLeod bill; to the Committee on Banking and Currency.

4091. Also, petition of St. Monica's Branch, Holy Name Society, No. 6, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

4092. Also, petition of Rapid City Council, No. 1489, Knights of Columbus; to the Committee on Merchant Marine, Radio, and Fisheries.

4093. Also, petition of Ave Maria Parish, of Wheaton, Minn.; to the Committee on Merchant Marine, Radio, and Fisheries.

4094. Also, petition of St. Joseph's Parish, of Star City, Ind.; to the Committee on Merchant Marine, Radio, and Fisheries.

4095. Also, petition of Marquette Council, No. 815, Knights of Columbus, Sioux Falls, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4096. Also, petition of St. Matthew's Parish, of Clare, Iowa, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4097. Also, petition of St. Matthew's Study Club, Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4098. Also, petition of Rosary Society and Archconfraternity of the Immaculate Heart of Mary, Newark, N.J., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4099. Also, petition of the Holy Trinity Catholic Church, of Kinston, N.C., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4100. Also, petition of St. Mary's Congregation, of Menomonee Falls, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4101. Also, petition of the Holy Name Society of Bronx, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4102. Also, petition of St. Francis de Sales Parish, of Herkimer, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4103. Also, petition of New Rochelle Council, No. 339, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4104. Also, petition of St. Patrick's Parish, of Collis, Minn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

FRIDAY, APRIL 20, 1934

(Legislative day of Tuesday, Apr. 17, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Thursday, April 19, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 3296) to revive and reenact the act entitled "An act granting the consent of Congress to Meridian and Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 7483) to provide minimum pay for postal substitutes.

The message further announced that the House had passed a bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 828. An act to authorize boxing in the District of Columbia, and for other purposes; and

H.R. 7483. An act to provide minimum pay for postal substitutes.

CALL OF THE ROLL

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hebert	Pope
Ashurst	Couzens	Johnson	Reed
Austin	Cutting	Kean	Reynolds
Bachman	Davis	Keyes	Robinson, Ind.
Bailey	Dickinson	King	Schall
Bankhead	Dieterich	Lewis	Sheppard
Black	Duffy	Logan	Shipstead
Bone	Erickson	Lonergan	Steiwer
Borah	Fess	Long	Stephens
Bulkley	Fletcher	McCarran	Thomas, Okla.
Bulow	Frazier	McGill	Thomas, Utah
Byrd	George	McKellar	Thompson
Byrnes	Gibson	McNary	Townsend
Capper	Goldsborough	Murphy	Vandenberg
Caraway	Gore	Neely	Van Nuys
Carey	Hale	Norris	Wagner
Clark	Harrison	O'Mahoney	Walsh
Connally	Hastings	Overton	White
Coolidge	Hatch	Patterson	
Copeland	Hayden	Pittman	

Mr. HARRISON. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] is absent from the Senate on account of a death in his family; that the Senator from California [Mr. MCADOO] is absent on account of illness, and that the Senator from Washington [Mr. DILL], the Senator from Maryland [Mr. TYDINGS], the Senator from Florida [Mr. TRAMMELL], the Senator from Kentucky [Mr. BARKLEY], the Senator from South Carolina [Mr. SMITH], the Senator from Georgia [Mr. RUSSELL], the Senator from New Hampshire [Mr. BROWN], and the Senator from Virginia [Mr. GLASS] are necessarily detained from the Senate.

Mr. HEBERT. I wish the announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from West Virginia [Mr. HATFIELD], the Senator from Connecticut [Mr. WALCOTT], and the Senator from North Dakota [Mr. NYE] are necessarily absent from the Senate.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

RECEIPTS AND EXPENDITURES OF AGRICULTURAL ADJUSTMENT ADMINISTRATION

Mr. MCKELLAR. Mr. President, 2 or 3 days ago the Senator from Iowa [Mr. DICKINSON] submitted certain figures from the Agricultural Department and the Treasury Department with reference to receipts and expenditures under the Agricultural Adjustment Administration. I promised him and the Senate to procure the exact figures. I now have a letter from the Secretary of Agriculture, Mr. Wallace, together with a statement from Mr. Howell, the financial expert of the Agricultural Adjustment Administration, which sets forth the facts.

Before submitting the letter and statement I wish to make a brief reference to the remarks of the Senator from Iowa. He stated, among other things:

> The Treasury, prior to April 10, 1934, has already advanced to the Secretary of Agriculture $455,885,000, which in addition to the amount already appropriated of $100,000,000 makes a total of $555,885,000.

That statement is correct, but it should be clearly understood as shown by the figures I am about to submit that, while this amount has been made available to the Secretary of Agriculture, only $239,816,732.51 of the total had been expended on April 10, 1934. The balance of $316,068,267.49 was on that date and still is in the Treasury and available for future expenditure. In other words, there was not a deficit, but that surplus remains in the Treasury for the use of the Department under the act.

I now ask unanimous consent to have printed in the RECORD as a part of my remarks the letter and statement to which I have referred.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 20, 1934.

Hon. KENNETH MCKELLAR,
United States Senate.

DEAR SENATOR MCKELLAR: I am sending you herewith a statement prepared in the Agricultural Adjustment Administration giving the true situation regarding receipts from processing taxes and expenditures on the various adjustment programs to which we are committed. If there is any other information you desire on this matter, I shall be glad to furnish it.

Appreciating your interest, I am,

Sincerely yours,

H. A. WALLACE, *Secretary.*

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT ADMINISTRATION,
Washington, D.C., April 19, 1934.

FINANCIAL STATUS OF THE AGRICULTURAL ADJUSTMENT ADMINISTRATION

The following information is submitted for the purpose of clarifying the apparent misunderstanding which Senator DICKINSON has with regard to the present and prospective financial status of the Agricultural Adjustment Administration:

A BRIEF STATEMENT OF THE ACTUAL SITUATION

1. Summary of entire program as now approved: Total anticipated expenditures for all production control and removal of surplus programs which have been adopted to date by the Agricultural Adjustment Administration are estimated at $1,003,602,714.

This total includes all rental and benefit payments, all purchases of surplus products, all tax refunds, and all administrative expenses which have already been made or which it is estimated will be made during the life of the programs now in effect.

Total anticipated revenues for meeting the above expenditures are estimated at $1,007,722,850. This total of estimated receipts consists of $970,722,850 from processing taxes and related sources and of $37,000,000 allocated from funds appropriated by the National Industrial Recovery Act by the President for the specific purpose of supplementing processing tax collections in financing the corn-hog program.

Total receipts as estimated above will exceed total estimated expenditures by $4,120,136.

Expenditures for purposes other than for control of basic agricultural commodities, consisting exclusively of general administration, are not included in the above estimate. They are charged directly against the $100,000,000 appropriated in the Agricultural Adjustment Act. It is estimated that the total of such expenditures for the fiscal year ending June 30, 1934, will not exceed $3,251,205, and for the fiscal year ending June 30, 1935, will approximate $5,123,323. Thus it is anticipated that on June 30, 1935, only $8,374,528 will have been expended from this fund.

The above estimates include all of the anticipated expenditures by the Agricultural Adjustment Administration, either from funds directly appropriated, from processing and related taxes, or other sources. If our estimates are correct, when all our present programs are completed we will have a balance on hand from processing taxes of $4,120,136 and will still have approximately $90,000,000 available of the $100,000,000 appropriated in the Agricultural Adjustment Act.

2. A summary of actual receipts and expenditures to April 14, 1934: Expenditures by the Agricultural Adjustment Administration to April 14, 1934, according to the daily statement of the United States Treasury for that date, to which Senator DICKINSON referred in the Senate on April 18, consisted of two items, as follows:

General expenditures	$234,578,421.54
Emergency expenditures	60,574,167.69

The first item is correct and reflects expenditures to that date charged against processing-tax collections.

The second item is misleading, as will be seen from the following statement of items making up the total:

(1) Department of Agriculture	$4,749,677.69
(2) Department of Agriculture (special deposits)	[1] 6,863,110.56
(3) Farm Credit Administration	60,000,000.00
(4) Commodity Credit Corporation	2,716,010.21
(5) Undistributed adjustments	[1] 23,409.65
Total	60,574,167.69

The first item of $4,749,677.69 represents expenditures actually made by the Agricultural Adjustment Administration for rental and benefit payments, removal of surplus, or administration. None of the other items are actually expenditures by the Agricultural Adjustment Administration.

The second item is not an expenditure at all but a credit balance in the special-deposit account through which payments and receipts in connection with cotton options are cleared. These payments are not financed by Government funds but rather through the sales value of optioned cotton.

The third item represents the expenditure of funds by the Farm Credit Administration allocated to it by the President in accordance with provisions of the National Industrial Recovery Act.

The fourth item represents funds made available in the same way for financing the Commodity Credit Corporation.

Therefore, when the daily Treasury statement for April 14 is properly analyzed, it will be seen that total expenditures reported

[1] Credit balances.

to that date by the Agricultural Adjustment Administration were as follows:

(1) General expenditures	$234,578,421.54
(2) Emergency expenditures	4,749,677.69
Total	239,328,099.23

In addition to these expenditures, refunds of processing taxes had been made in the amount of $488,633.28, making total expenditures plus refunds of $239,816,732.51.

The same statement shows that total processing-tax collections to that date were $265,758,881.85.

Thus, on April 14, receipts exceeded expenditures plus refunds by $25,942,149.34.

3. Summary of anticipated receipts and expenditures during the fiscal year 1934: Although tax collections to date have exceeded expenditures, it is anticipated that as a result of heavy rental and benefit payments soon to go out total expenditures by the end of June 1934 will exceed collections to that date by approximately $100,000,000. It is expected that this excess of expenditures will be offset by an excess of collections in later periods during the life of the programs now in effect.

A brief summary of anticipated collections and expenditures involved in these programs, by fiscal years, will serve to indicate this situation:

	Fiscal years			
	1934[1]	1935	1936	Total
Basic commodity programs:[2]				
Estimated collections	$409,019,450	$416,402,300	$145,301,100	$970,722,850
Allotted under N.I.R. Act	37,000,000			37,000,000
Total available for expenditure	446,019,450	416,402,300	145,301,100	1,007,722,850
Estimated expenditures	542,910,441	386,629,383	74,062,920	1,003,602,714
Surplus or deficit	[3] 96,890,991	29,772,917	71,238,180	4,120,136
Administrative expenses chargeable to $100,000,000 appropriation	3,251,205	5,123,323	(4)	8,374,528

[1] Includes receipts and expenditures made to date.
[2] All present programs will be completed before or during the fiscal year 1936.
[3] Deficit.
[4] No estimate made as to fiscal year 1936.

4. Analysis of Budget statements as printed in the CONGRESSIONAL RECORD of April 18, 1934: The Budget statements printed in the RECORD are taken from the Budget for 1935 sent to Congress on January 3, 1934, and reflect estimates made early in December 1933. To properly interpret these statements, it is necessary to understand the basis on which they were prepared, and what they are intended to reflect.

In the first place, these estimates are estimates of obligations and not of expenditures. Obligations incurred, or to be incurred, in the fiscal year 1934 will far exceed expenditures during the same year for when contracts involving rental and benefit payments are signed by the Secretary, all payments to be made under those contracts then become obligations, whereas the actual expenditure of funds in payment of those rentals or benefits may occur a year later. Hence, although there have been some changes of a relatively minor character in our estimates since the Budget was prepared, the figure of estimated obligations for the fiscal year 1934 of $555,379,811, referred to by Senator DICKINSON, still fairly accurately reflects the true situation and is not out of harmony with the estimates of expenditures already set forth herein.

The estimates of obligations for the fiscal year 1935, as shown in the Budget, frankly are not closely in harmony with our current estimates of receipts and expenditures because the basis used in preparing the two statements was necessarily different.

The current statement is based upon the various programs (cotton, wheat, corn-hogs, tobacco, and dairy surplus removal) now approved and in effect. It reflects estimates of receipts from taxes now being levied and expenditures in connection with contracts now offered producers. It does not reflect receipts from additional taxes which may be levied or payments on new contracts which may be offered producers.

In preparing the Budget estimates for 1935 it was necessary to look ahead and try to reflect the results of future activities not yet entered into. We, therefore, assumed that current production control programs would be repeated. This would involve additional obligations as indicated in the 1935 estimates. It should be understood, however, that as yet there has been no definite decision to actually repeat the present programs, and if they are repeated the period of tax collections will be correspondingly extended. In that event these additional expenditures will be financed by additional tax collections, just as the current programs are being financed.

5. Analysis of advances from the Treasury: Senator DICKINSON has stated that "* * * the Treasury, prior to April 10, 1934, has already advanced to the Secretary of Agriculture $455,885,000, which, in addition to the amount already appropriated of $100,000,000, makes a total of $555,885,000." This is correct, but it should be clearly understood that, while this amount has been made available to the Secretary of Agriculture, only $239,816,732.51 of the total has been expended on April 10, 1934, and the balance of $316,068,267.49 was on that date still in the Treasury and available for future expenditure.

J. C. HOWELL,
Budget Section, Finance Division.

REPORT OF CHICAGO WORLD'S FAIR CENTENNIAL COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Secretaries of State, Agriculture, and Commerce, submitting, pursuant to law, a detailed statement of expenditures, together with other reports concerning the character and extent of Federal participation in A Century of Progress Exposition in Chicago during 1933, and stating "In view of the fact that Federal participation in this exposition is contemplated during the year 1934, the attached report is necessarily not final", which, with the accompanying papers, was referred to the Committee on Commerce.

PETITIONS AND MEMORIALS

Mr. CAPPER presented the petition of Local Union No. 1445, Brotherhood of Carpenters and Joiners, of Topeka, Kans., praying for the passage of the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which was referred to the Committee on Finance.

Mr. METCALF presented a memorial of citizens, being employees of the Valley Lace Co., Inc., of Riverpoint, R.I., remonstrating against the passage of the bill (H.R. 8687) to amend the Tariff Act of 1930, particularly as it might affect the tariff duty on imported laces, which was referred to the Committee on Finance.

Mr. LEWIS (for Mr. TYDINGS) presented a resolution adopted by the Old Town Merchants and Manufacturers Association of Baltimore, Md., favoring the passage of legislation granting, in the interest of national recovery, substantial extension of credit to small manufacturers and business men, which was referred to the Committee on Banking and Currency.

He also (for Mr. TYDINGS) presented a memorial of citizens of Baltimore, Md., remonstrating against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

REPORTS OF COMMITTEES

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 358. An act to authorize the Court of Claims of the United States to hear and determine the claim of Samuel W. Carter (Rept. No. 784); and

S. 2744. An act for the relief of Anna Carroll Taussig (Rept. No. 785).

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 2871) giving jurisdiction to the Court of Claims to hear and determine the claim of the Cherokee Fuel Co., reported it without amendment and submitted a report (No. 786) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 1585. An act for the relief of the Black Hardware Co. (Rept. No. 787); and

S. 1803. An act for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake Bottom in Marshall County in the State of Minnesota (Rept. No. 788).

Mr. WHITE also, from the Committee on Claims, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 1161. An act for the relief of Alice E. Broas (Rept. No. 789);

S. 1162. An act for the relief of Virginia Houghton (Rept. No. 790); and

S. 1163. An act for the relief of Mary V. Spear (Rept. No. 791).

MOTHER'S DAY

Mr. WALSH. Mr. President, from the Committee on Education and Labor I report back favorably without amendment the resolution (S.Res. 218) favoring an expression on Mother's Day of our love and reverence for motherhood.

In brief, the resolution authorizes and requests the President of the United States to issue a proclamation calling upon our citizens to express on Mother's Day this year our love and reverence for motherhood.

The PRESIDENT pro tempore. The resolution will be placed on the calendar.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 19th instant that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to undertake certain municipal public works, including regrading and paving streets and sidewalks, installation of sewer and water pipes, bridge construction and replacement, construction of concrete bulkheads, and construction of refuse incinerator, and for such purposes to issue bonds in any sum not exceeding $103,000;

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to construct, reconstruct, replace, and install a water-distribution system, and for such purpose to issue bonds in any sum not exceeding $40,000;

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; construction of a retaining wall and to backfill behind same to make a permanent street; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $51,000; and

S.J.Res. 70. Joint resolution to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BACHMAN:

A bill (S. 3418) to provide for the protection and preservation of domestic sources of tin; to the Committee on Military Affairs.

Br. Mr. LEWIS (for Mr. TYDINGS):

A bill (S. 3419) to exempt articles of machinery belting from the tax on floor stocks imposed by the Agricultural Adjustment Act; to the Committee on Agriculture and Forestry.

(Mr. FLETCHER introduced Senate bill 3420, which appears under a separate heading.)

By Mr. MURPHY:

A bill (S. 3421) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

REGULATION OF SECURITIES EXCHANGES

Mr. FLETCHER introduced a bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, which was read twice by its title and referred to the Committee on Banking and Currency.

Mr. FLETCHER subsequently, from the Committee on Banking and Currency, to which Senate bill 3420 was referred, reported it without amendment and submitted a report (No. 792) thereon.

HOUSE BILL REFERRED

The bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

MANAGEMENT OF SHILOH NATIONAL PARK, TENN.—CHANGE OF REFERENCE

Mr. McKELLAR. Mr. President, some days ago there was referred to the Committee on Military Affairs Senate Resolution 198, submitted by me on February 27 last, referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and then that committee was discharged from its further consideration and the resolution was referred to the Committee on Military Affairs. It provides for the appointment of a committee to examine into certain charges with reference to the management of the Shiloh National Park at Pittsburg Landing, Tenn. The Committee on Military Affairs holds that it has no jurisdiction of this particular resolution and suggests that it should have gone to the Committee on Public Lands and Surveys. I ask unanimous consent that the Committee on Military Affairs may be discharged from the further consideration of the resolution and that it be referred to the Committee on Public Lands and Surveys.

Mr. SHEPPARD. Mr. President, the Committee on Military Affairs joins in the request made by the Senator from Tennessee.

The PRESIDENT pro tempore. Without objection, the Committee on Military Affairs is discharged from the further consideration of the resolution, and it will be referred to the Committee on Public Lands and Surveys.

ENLARGEMENT OF SCOPE OF INVESTIGATION OF RACKETS AND RACKETEERING

Mr. BYRNES. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 196.

There being no objection, the resolution (submitted by Mr. COPELAND on Feb. 20, 1934), which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate without amendment, was read, considered, and agreed to, as follows:

Resolved, That in addition to the authority conferred by Senate Resolution No. 74, Seventy-third Congress, first session, agreed to June 12, 1933, upon the Committee on Commerce, or any duly authorized subcommittee thereof, to investigate so-called "rackets" and "racketeering" practiced in the United States, the committee, or any duly authorized subcommittee thereof, shall have authority to investigate criminal practices and crimes generally, and all the powers of the committee or any duly authorized subcommittee thereof, under such resolution as thus extended shall continue in force until the expiration of the Seventy-fourth Congress.

Resolved further, That the limit of expenditures under such resolution is hereby increased by $25,000.

EXPENSES OF INVESTIGATION OF BANKING AND SECURITIES EXCHANGES

Mr. BYRNES. I also ask unanimous consent for the present consideration of Senate Resolution 208.

There being no objection, the Senate proceeded to consider the resolution (submitted by Mr. FLETCHER on Mar. 14, 1934), which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment: In line 7, to strike out "$50,000" and insert "$40,000."

The amendment was agreed to.

The resolution as amended was agreed to, as follows:

Resolved, That the Committee on Banking and Currency, or any subcommittee thereof, authorized by Senate Resolution 84, agreed to March 4, 1932, and extended by subsequent resolutions, to investigate dealings in securities, effects of same, the business of banking, and the practices of securities exchanges, hereby is authorized to expend from the contingent fund of the Senate $40,000 in addition to the amount heretofore authorized for such purpose.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On April 17, 1934:

S. 163. An act for the relief of Capt. Guy M. Kinman.

On April 18, 1934:

S. 1091. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus;

S. 2315. An act to provide for the settlement of damage claims arising from the construction of the Petrolia-Fort Worth gas-pipe line;

S. 1934. An act conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the four-masted auxiliary bark *Quevilly* against the United States, and for other purposes; and

S. 1935. An act to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the S.S. *W. I. Radcliffe* against the United States, and for other purposes.

On April 19, 1934:

S. 1075. An act for the relief of Walter Thomas Foreman.

REGULATION OF FOODS AND DRUGS

Mr. FESS obtained the floor.

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from New York?

Mr. FESS. I yield.

Mr. COPELAND. Mr. President, I hope sometime next week, or very soon thereafter, to call up the so-called "food and drug bill." We have had long hearings before a subcommittee and afterwards by the full committee. A number of Senators have spoken to me about amendments which they have in mind. I and the subcommittee would appreciate it very much if those amendments might be formulated so that we could give them consideration before bringing the bill to the floor of the Senate. My thought is that, by reason of the long hearings and many conferences held, it may be possible, if the bill can be passed at all, to pass it within the brief space of an hour or so, but that would not be possible unless the amendments contemplated are brought to us in advance. We would appreciate it greatly if they might be presented and printed and referred to the committee for its consideration.

EXTENSION OF NATIONAL MOTOR VEHICLE THEFT ACT

Mr. ASHURST. Mr. President, will the Senator from Ohio yield to me to enable me to call up a bill which may be passed without delay, and I am sure it will lead to no debate.

Mr. FESS. I have no objection, if it will not lead to any debate.

Mr. ASHURST. Mr. President, among the so-called "antigangster and antiracketeering bills" reported favorably from the Committee on the Judiciary is a bill to extend the provisions of the National Motor Vehicle Theft Act to other stolen property. I ask unanimous consent that the bill be now considered; the Senator who once objected has withdrawn his objection. Gangsters who now convey stolen property, except vehicles, across the State line, with that immemorial gesture of derision, thumb their nose at the officers. This bill extends the provisions of the National Motor Vehicle Theft Act to other stolen property described in the bill.

Mr. FESS. Mr. President, I have had to decline a request from my own colleague who wanted to submit a conference report——

Mr. ASHURST. Very well; I withdraw my request.

Mr. FESS. If it does not lead to any debate, I shall not object to granting the Senator's request.

Mr. ASHURST. I thank the Senator. I am sure it will lead to no debate.

The PRESIDENT pro tempore. Does the Senator from Ohio object?

Mr. FESS. I have no objection provided the bill does not lead to debate.

The PRESIDENT pro tempore. The Senator from Ohio has the right to object at any time. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2345) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property, which had been reported from the Committee on the Judiciary with amendments, on page 2, line 1, after the word "stock", to insert the word "certificate"; in line 2, to strike out the words "Treasury stock"; in line 3, to strike out the words "order, money order"; in line 4, to strike out the words "bill of sale"; in line 24, after the words "value of", to insert the numerals "$1,000"; on page 3, line 5, after the words "value of", to insert "$1,000"; and after line 13, to insert the following new section:

SEC. 6. Nothing herein shall be construed to repeal, modify, or amend any part of the act of October 29, 1929 (ch. 89), cited as the "National Motor Vehicle Theft Act."

So as to make the bill read:

Be it enacted, etc., That this act may be cited as the "National Stolen Property Act."

SEC. 2. That when used in this act—

(a) The term "interstate or foreign commerce" shall mean transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia.

(b) The term "security" shall mean any note, stock certificate, bond, debenture, check, draft, warrant, traveler's check, letter of credit, warehouse receipt, negotiable bill of lading, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate; certificate of interest in property, tangible or intangible; instrument or document or writing evidencing ownership of goods, wares, and merchandise; or transferring or assigning any right, title, or interest in or to goods, wares, and merchandise, or, in general, any instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, warrant, or right to subscribe to or purchase any of the foregoing, or any forged, counterfeited, or spurious representation of any of the foregoing.

(c) The term "money" shall mean the legal tender of the United States or of any foreign country, or any counterfeit thereof.

SEC. 3. Whoever shall transport or cause to be transported in interstate or foreign commerce any goods, wares, or merchandise of the value of $1,000 or more, or any security or money, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

SEC. 4. Whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise of the value of $1,000 or more, or any security or money, moving as, or which is a part of, or which constitutes interstate or foreign commerce, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

SEC. 5. Any person violating this act may be punished in any district into or through which such goods, wares, or merchandise, or such security or money, has been transported or removed.

SEC. 6. Nothing herein shall be construed to repeal, modify, or amend any part of the act of October 29, 1929 (ch. 89), cited as the "National Motor Vehicle Theft Act."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ASHURST. Mr. President, I cannot let this incident pass without thanking the able Senator from Ohio, who has been so gracious, and telling him he has performed a distinct public service in permitting this bill to pass.

OCEAN-MAIL CONTRACTS

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me?

Mr. FESS. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, a few days ago a very startling article was published in the syndicated column prepared by Drew Pearson and Robert S. Allen, under the date line of Washington, April 14. It is very brief, and because of its importance and its bearing on a number of matters now before the Senate, and one in particular about which the able Senator from Ohio [Mr. FESS] is to speak this afternoon, I should like to read the article. It reads as follows:

By Drew Pearson and Robert S. Allen

WASHINGTON, April 14.—This may be the last trip Roosevelt takes on the yacht *Nourmahal* if his close friends have anything to say about it. There are three reasons for their violent aversion to Presidential cruising with Vincent Astor:

1. The ground lost by the new deal while Roosevelt had his hand off the helm.

2. On the yacht were polo-playing socialities—George St. George, from Tuxedo; Lyle Hull; and William Rhineland Stewart, who bicycles in Bermuda. A President of the United States associates better politically with earthy folks than with horsey folks.

3. Finally, the yacht *Nourmahal* is going to figure big in the forthcoming Senate shipping investigation of the International Mercantile Marine.

This is what really worries Roosevelt's advisers. Vincent Astor is director and big shareholder in the I.M.M. Kermit Roosevelt, cousin of F. D. R., is vice president. The I.M.M. holds enormous Government mail contracts; has received other Government favors.

Senator BLACK's committee has unearthed copies of radiograms sent by P. A. S. Franklin, head of the I.M.M., to Kermit Roosevelt, its vice president, aboard the *Nourmahal*.

These radios instructed Kermit what he should tell his cousin, the President, regarding the I.M.M. Whether Kermit carried out instructions is not known.

The committee has a number of such radios sent during previous voyages of the *Nourmahal* when Kermit was aboard with his cousin. Unless some have been obtained within the past few days the committee has none from the trip just closed.

In any case, the messages play directly into the hands of the Republican opposition. And unless terrific restraining pressure is brought on the Black committee they will be made public soon.

Mr. President, that is a startling statement. Since it has been given wide circulation over all the United States, I think it only fair for the chairman of the investigating committee to tell the Senate whether or not the statements made in the article are true.

I should like to ask the Senator from Alabama [Mr. BLACK], who is now in his seat, if it is true that his committee has unearthed copies of radiograms sent by P. A. S. Franklin, head of the International Mercantile Marine, to Kermit Roosevelt, its vice president, aboard the *Nourmahal?*

Mr. BLACK. Mr. President, does the Senator from Ohio desire to yield to me long enough to enable me to make a statement in reply to what the Senator from Indiana has said?

Mr. FESS. I yield to the Senator.

Mr. BLACK. I shall be very glad to make the statement.

Mr. President, I stated a few days ago that the attempt to divert the Senate committee from its investigation of ocean- and air-mail activities in order to convert it into a semipolitical committee was for the express purpose of protecting ocean- and air-mail contractors. I stated then that so long as the committee could be kept from investigating the real facts with reference to ocean- and air-mail activities by going off on a trail that led to nowhere, the ocean- and air-mail contractors would be happy. I state further now that had it not been for the fact that the committee has been diverted from the real purposes of the investigation, the officers of the International Mercantile Marine would already have been called before the committee. I will state to the Senator further that the International Mercantile Marine will be investigated by the committee.

The committee's funds are getting low; and I stated several days ago that I did not intend to permit any more delay than I could help on extraneous matters for the benefit of ocean- and air-mail contractors, including the International Mercantile Marine.

I will state to the Senator from Indiana that just so soon as we have examined the witnesses whom the Senator from Vermont [Mr. AUSTIN] has asked to have present, it is my express purpose, if the committee will concur with me, to summon the shipping interests rather than to take any chance of delay and of not getting the additional appropriations needed.

I hope to be able to do that next week. At that time I expect first to summon the officers of the International Mercantile Marine. I shall be very glad, indeed, as the chairman of the committee, to accord the Senator from Indiana the privilege of coming to the sessions of the committee and asking Kermit Roosevelt or Theodore Roosevelt, Jr., or any other person he desires, any questions he may wish to ask.

Mr. ROBINSON of Indiana. Will Vincent Astor be called?

Mr. BLACK. I shall be very glad, indeed, to call him at the Senator's request, and permit the Senator to come and ask him questions.

Mr. ROBINSON of Indiana. Does not the Senator believe that Mr. Vincent Astor ought to be called?

Mr. BLACK. I will state to the Senator that never since I became chairman of the committee have I announced in advance those whom I expect to call and those whom I do not expect to call. I have found out that for several reasons it was not wise to let the various people who are interested in concealing facts, instead of bringing out and exposing fraud, have the names of the witnesses. I will state to the Senator again, so far as I am concerned, that I shall be very glad to have him present at the committee hearings, and with his adroitness and his skill I shall be very glad to join the other members of the committee in permitting him to ask any witness any question deemed to be pertinent or relevant to the issue.

Mr. ROBINSON of Indiana. That answers the question, Mr. President. I am very glad the Senator intends to investigate the International Mercantile Marine, and I assume that the hearings will be held as soon as possible.

Mr. BLACK. May I state to the Senator further that the reason of my going back, if I get the committee to do so, into the shipping question so soon as the witnesses who have been presently summoned have been interrogated, is because, as I stated, the funds of the committee are getting low, and I do not want any of those interested in any air-mail or ocean-mail contracts to divert us from the real issue, which is to find out what has been done, and whether or not fraud has been committed by anybody, of any party or of any group. They all look alike to me, so far as I am concerned. I wish I could say that for some others.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. FESS. I think I had better not, Mr. President.

Mr. LONG. Will not the Senator permit me to ask just one question before we get away from this subject?

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. FESS. I will yield for a question.

Mr. LONG. I wanted to find out from the Senator from Alabama——

Mr. FESS. Mr. President, I think I will not yield for that purpose.

The PRESIDENT pro tempore. The Senator declines to yield.

Mr. ROBINSON of Indiana. I am very grateful to the Senator from Ohio for permitting me to occupy this much of his time.

MESSAGE FROM THE HOUSE

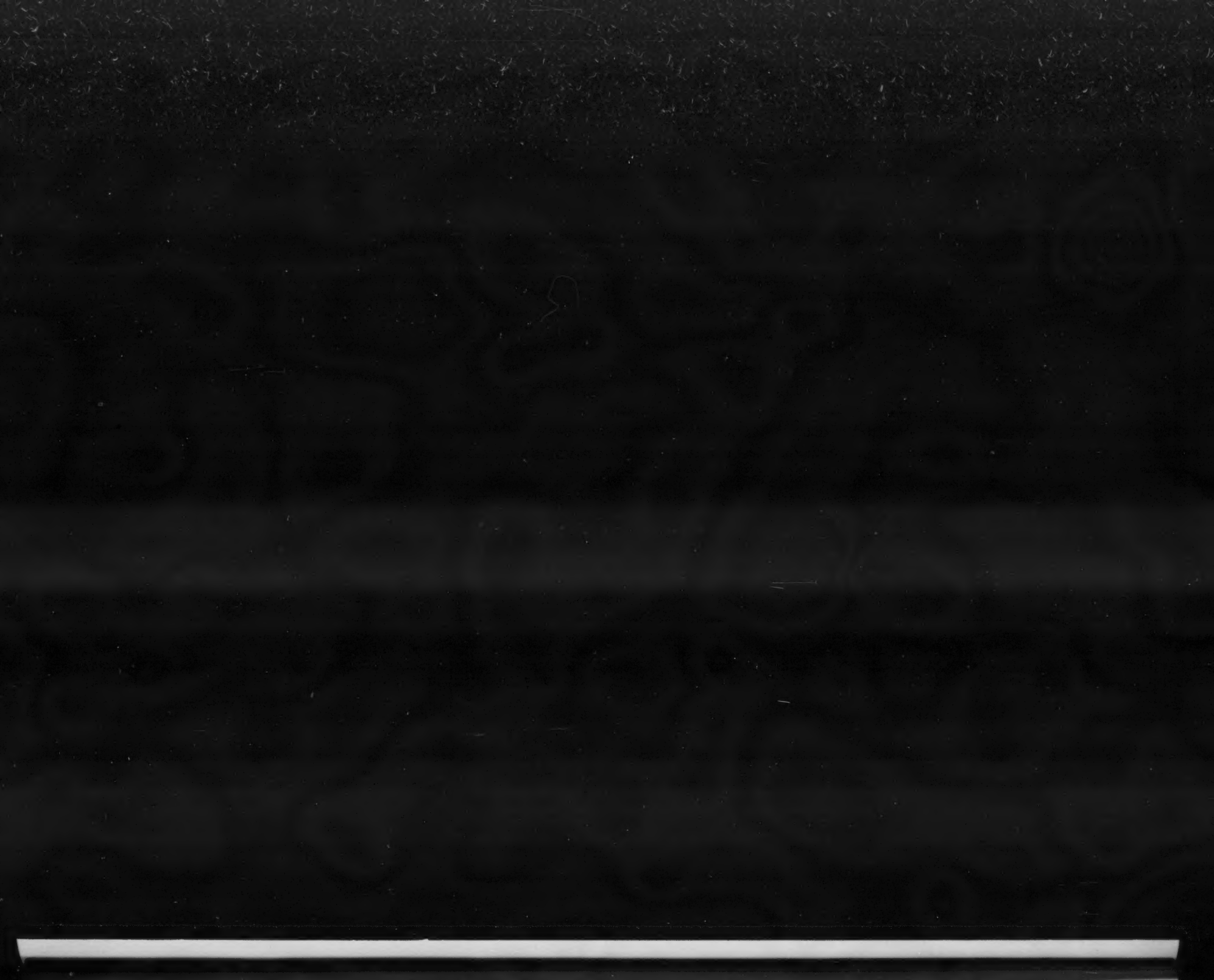
A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. PULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2084. An act granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes; and

S. 3296. An act to revive and reenact the act entitled "An act granting the consent of Congress to Meridian & Bigbee



River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. FESS. Mr. President, I very freely yielded to the many interruptions, largely because they were rather important, especially some of the legislation that was acted upon, and also because discussion of the subject upon which I am about to enter is bound to consume a good deal of time.

I desire to have it understood at the outset that the interest I have in this matter is not in the consumption of time. That is a practice in which I have never indulged, either in the Senate or in the House. While I can understand the background of what is sometimes called the filibuster, and while I do not condemn it except as a general practice, I hope no one will regard me as entering upon that practice, or of speaking because of a desire to consume time.

Rightly or wrongly, I regard the issue which occasions this debate as involving the most important single incident since the days of the Civil War. The cancelation of the air-mail contracts in the wanton manner in which it was done, with the background of accumulated events, and with the fatalities involved in the result, constitutes a very important subject of discussion. For that reason I am going to have to ask the indulgence of my colleagues as well as their patience, especially those who from time to time find themselves in their seats, in order to discuss the subject from rather a broad fundamental basis.

I can fully understand the degree of intensity displayed by some of those who were active in securing the cancelation of the air-mail contracts.

I can fully understand and appreciate, I think, the attitude of the Senator from Tennessee [Mr. McKELLAR]. I was intimately associated with him while we were Members of the other body, and also have been in this body, having a very close relationship with him in work on committees and otherwise, and I want to exculpate the Senator from Tennessee from any motive other than a desire to correct what he believes to be a wrong. Whatever we might say of the Senator, we must admit that he is intense in his zeal for and against certain things. One of the things which is exceedingly offensive to him is the payment of subsidies by the Government. He has been an outstanding opponent of that policy ever since he has been a Member of either House of Congress. If I may be permitted to say so, I think the Senator is somewhat prejudiced in the matter, but, be that as it may, his opposition to the principle of subsidy payments is the chief motive in his unusually militant action on the issue we now have before us.

I have always believed that, under certain circumstances, we would either have to abandon an industry or would have to subsidize it. I have supported the principle of subsidy with a good deal of trepidation. I know it does involve objectionable features which all of us wish could be avoided. But when it comes, for example, to competing on the sea, over which we have no control, our laws not extending to the control over the seas as they do over the land within our boundaries, when we are in open competition with countries where not only are wages lower, but where conditions of labor are not as desirable as they are here, and where other governments subsidize their own services, it is not possible for the United States to compete under those circumstances, on the open sea, without laws granting assistance to our shipping.

All of us recall that when we entered the Great War we heard the cry, "Ships, ships, and yet more ships." Everybody who remembers those days will recall what a campaign of shipbuilding was inaugurated. That was justified, I think, but it was a very expensive performance.

When the war ended, we had a fleet of ships of various characters, and the question was what was to be done with them. Some people thought they ought to be junked; others thought, in view of the very great importance of the merchant marine, that we ought to operate them as a Government agency, while still others thought that it would be better for the Government to make some sort of an adjustment whereby these Government-owned ships could be utilized in the merchant marine, the difference in cost to be made up by the Government.

We recall our experience prior to what is known as the "Jones-White Act." When that measure was discussed on the floor of the Senate, I openly made the statement that, while I was much opposed to the Government operating a merchant marine, yet the importance of a merchant marine as an adjunct to national defense was so great that rather than have the merchant marine abandoned, I would vote for the Government to operate it as well as to own it. Prior to the Jones-White Act we tried that experiment, with a result with which everyone is conversant, namely, great losses.

We were faced by these alternatives: If we were to follow the course of maintaining a merchant marine, it had to be done in one of two ways, the Government must either operate it and pay the losses due to the increased cost of operation in competition with foreign countries, or we would have to resort to subsidies. After some experience, we decided on the latter.

The question was as to what form the subsidy should take. I felt that the thing to do was to call it a direct subsidy, and not in any way to cover up the fact that it was a subsidy. But there was so much popular opposition to the word "subsidy" that it was decided to call it a mail subvention. It was a subsidy, and should have been so called from the beginning.

It seemed to me that it was very unwise to enter upon a policy of paying subsidies under the name "mail subventions", for the simple reason that if a subsidy is paid to a company, and it is stated that it is payment for service in carrying the mail, and the subsidy amounts to $100,000, and the mail carried amounts to a hundred pounds, the cost per pound is so exorbitant that a Senator, as has been done by the Senator from Tennessee, can hold up to criticism the exorbitant pay for carrying mail on the ocean, until it appears simply ridiculous.

The Senator from Tennessee never lost an opportunity to comment on the disparity between the amounts received by the shipping companies and the number of pounds of mail carried. I have heard him speak here about the thousands of dollars that were paid for carrying 4 pounds of mail. He was right, except that it was not a mere mail subvention; it was a subsidy paid in order to make up the difference between the cost of operation of the American merchant marine and the foreign, with which we were in competition. The Senator from Tennessee has waged a consistent warfare against the policy of paying subsidies. He assailed it with tremendous power in the last Congress, and he exposed it in the way I have suggested.

Mr. President, we shall either have to abandon the idea of having an American merchant marine, which action, in my judgment, would be indefensible, because of the need of such a service in national defense, or we will have to resort to subsidy of some form or other.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Ohio yield to the Senator from Missouri?

Mr. FESS. I yield.

Mr. CLARK. I should like to ask the distinguished Senator from Ohio if it is not a fact that it has long been disclosed that about half of the shipping lines which are receiving subsidies from the United States Government are owned in England?

Mr. FESS. Mr. President, I cannot answer directly the question of the Senator, as I have not looked up the matter. I assume he has the facts to support the implication he makes, or he would not ask the question. I do not know.

Mr. CLARK. The Senator is familiar with the fact that the International Mercantile Marine controls almost all the

lines running between the United States and Europe and is owned largely in England?

Mr. WHITE. Mr. President, will the Senator yield to me?

Mr. FESS. I yield.

Mr. WHITE. I rise for the purpose of correcting the statement just made by the Senator from Missouri. The International Mercantile Marine is owned by citizens of the United States, with the exception of a very small percentage of the stock.

Mr. CLARK. It sails under two flags and receives subsidies from two nations, does it not?

Mr. FESS. Mr. President, I am of opinion that the idea of the Senator from Missouri is a laudable one, that if we pay a Government subsidy it ought to go to American citizens. I sympathize with that. I also wholly sympathize with the idea that if we pay subsidies, there ought to be a very rigid regulation of the expenditure of such subsidies; that is, I should not want them wasted on bonuses, or high salaries, or items of that sort. In other words, I am of opinion that there are abuses in connection with the payment of subsidies which must be corrected; but I am just as certain as that we are in this Chamber that we must either adhere to the principle of subsidies or we will have no merchant marine on the high seas.

As evidence of that, Mr. President, I desire to call the attention of the Senate to a statement by a man whom I regard as a very outspoken as well as outstanding citizen, who is a member of the present administration. I refer to the Secretary of Commerce, Mr. Roper. In a recent article, which was given wide publicity, he makes this statement:

> As an economic necessity, the foreign-trade development of the United States depends largely upon the use of American ships for carrying American goods. It is essential that we maintain an American flag tonnage on important trade routes, to serve the needs of our commerce and to safeguard against war and other emergencies which might disturb the normal flow of American commerce.

I think that is a sound statement. It cannot be successfully controverted. Then he proceeds further:

> But it is not alone from the competitive and essential economic standpoint that we must view the development of our merchant marine. The merchant marine is an important and, we may safely say, an indispensable factor in our national defense.

That statement, in my judgment, cannot be successfully contradicted. Then the Secretary of Commerce, speaking officially, makes this statement:

> The practical question in view of these conditions, which early arose and is still before us, is the way in which the labor and other extra-cost inequalities, as previously described, can be met or equalized so as to permit the building and sustaining of a requisite merchant marine. An equally important aspect of this question is the necessity of fixing the amount of the subsidy at a point where it will equalize these differentials and stimulate rather than discourage private initiative.

Mr. President, that is in my judgment a sound statement. What the Secretary of Commerce there advocates is fundamentally necessary if we are to maintain a merchant marine, and at the same time maintain in that service our standard of living.

Mr. President, the last statement I read is worthy of repetition:

> An equally important aspect of this question is the necessity of fixing the amount of the subsidy at a point where it will equalize these differentials and stimulate rather than discourage private initiative.

I desire to say to my good friend from Tennessee, who has been assailing the methods pursued with regard to aviation, the present issue before us, largely, if not entirely, on the ground that there is a subsidy provided, that he is bound to subscribe to the principles of his own administration, or else he will be compelled to abandon wholly the merchant marine.

The Secretary of Commerce says further in his statement:

> We all insist that we must maintain our standard of living as against the lower living standards of other countries, and, by so doing, we automatically impose a handicap upon American shipowners. The best answer that Congress has worked out to this problem of meeting differential costs and expenses is to have the Federal Government supplement the larger costs for our country with money from the Federal Treasury.
>
> * * * * * * *
>
> Even with the much lower costs existing in other maritime nations, our chief competitors have found subsidies necessary in order to build and maintain their merchant marines. Great Britain, France, and Japan, with their much lower costs, have found subsidies necessary to maintain their commercial fleets for both economic and national-defense purposes. It should not be difficult to understand, therefore, that a subsidy policy is essential in the building and maintenance of our merchant marine, at least until a better method is developed.
>
> When we have accepted the necessity for a merchant-marine subsidy, we then face the question of how this money is to be most wisely spent, how the Treasury is to be safeguarded in these expenditures, and just what form these subsidies should take.
>
> * * * * * * *
>
> When these requirements are determined, Government aid should be given to ship lines necessary to fulfill these requirements and aid should be withheld from any other domestic operators seeking to enter into direct competition with the line already receiving Government aid.
>
> * * * * * * *
>
> It seems to me that the present system of aid in the form of compensation for the carrying of ocean mails might properly be replaced by specific subsidies granted for the maintenance of essential services. The subsidies granted should be based on differentials in building and operating costs but should be flexible enough to permit adjustments as changes in conditions and circumstances may warrant. Furthermore, subsidies should not be granted to more than one line competing in the same trade route.
>
> In order to facilitate the proper handling of subsidies, two broad classifications of subsidies might be made: First, a subsidy to cover the differences in shipbuilding costs so long as governmental policy provides for compensation for this differential; and, second, a subsidy to offset the difference in operating costs with competing foreign companies.
>
> * * * * * * *
>
> Since the war, rapid strides have been made in ship construction, particularly with regard to more economic propulsion, coupled with a definite trend toward increased speed. For instance, when compared with the general run of machinery installed during the war period, a modern high-pressure, superheated-steam-engine installation would operate, if at the same speed, on 35 to 40 percent less fuel.

Mr. President, I have called attention to the particular item which has formed the basis of the opposition of the Senator from Tennessee to air-mail subsidies, or air-mail contracts which recognized subsidies; but I want to state to him that the subsidy principle must either be embraced, or else, as it applies to the merchant marine, we shall have to go off the sea, which, in my judgment, is unthinkable.

Mr. President, there was a special committee appointed by the House of Representatives in 1932 to study the subject of air-mail subsidies. That special committee was presided over by our distinguished and much-beloved Presiding Officer of the Senate, the Vice President. That special committee made a survey of the whole air-mail situation. After months of consideration it made its report and later submitted a proposed bill. That bill included the principle of subsidy. I do not wish the fact to be overlooked that that action was taken by a committee of the House of Representatives, the House being adverse to the administration which was then in power.

Mr. President, not only was that true, but the bill which is now pending before the Senate does not deny subsidy, but permits subsidy, so that the basis of the terrific opposition on the part of the Senator from Tennessee against both the air-mail subvention and the ocean-mail subvention is bound to fall, because in his own bill he permits such subventions, and necessarily so, of course. The air-mail business has not sufficiently progressed to the point where we can avoid assistance being given the industry by the Federal Government.

I admit, Mr. President, that there might be a question of whether the Government would be justified in giving a subsidy in the case of a domestic industry such as the air-transportation industry, which does not operate on the sea, over which we have control by law, and can determine the cost of labor, and so on, not embarrassed by the competition of a country which has a different rate of wage. In such a case there might be a question of whether we ought to exercise the principle of subsidy, but I think there is no doubt that we must do it. We are justified in doing it. It was done under the Watres Act. It was started even before the passage of the Watres Act. That principle is recognized, and, I think, justifiably so, in the pending bill, which is in-

tended to amend the Watres Act or to be a substitute for it. It must be so.

Every Senator will recall the interest that was manifested in the possible development of aviation in its early days. I addressed the Senate some days ago, at which time I gave the genesis of the interest in aviation. I called attention to the National Aircraft Board headed by Dwight Morrow. I indicated at that time the purpose as well as the importance of building up a great aviation industry in the United States first as a means of national defense, the importance of which is unquestioned; and second, as a domestic industry for the employment of labor and the investment of capital.

I do not care to go over that phase of the subject at this time; but, the industry being quite young, when it was realized that it was important to build it up the Government followed the recommendation of the Aircraft Board and began to encourage the development of a great aviation industry in the United States, and I think very properly so.

At first the prospects for the industry of aviation were somewhat uncertain because of the concomitant hazards. Flying by airplane seemed to involve the almost absolute revocation of natural laws. The flying of a heavier-than-air vehicle involved the accomplishment of a feat which many people thought was absolutely impossible. Most of us have been amazed at what has been achieved in the face not only of adverse legislation but also of the opposition of natural laws. Aviation, however, is here, and it is here to stay. I know of no industry which has aroused so much enthusiasm on the part of those who were building it up as has this industry. I myself recall most distinctly the conferences which I personally enjoyed with my good friend Orville Wright, who only last fall spent an afternoon at my home talking over the possibilities of aviation. He recognizes, of course, that there still are hazards in connection with the operation of the industry; in fact, he said to me, "I would not fly over the Allegheny Mountains too often until at least there shall be greater safety in the operation of airplanes." Although he is the man who knows more about aviation, and especially the beginning of the industry, than does any other living man, he still has some doubt as to its safety under all circumstances.

I want it understood from the beginning that, while I have been interested in aviation, that interest has been only because it is an American achievement. It has not been because I have any interest of any character whatsoever in any aviation company of any kind. Outside of my acquaintanceship with Orville Wright and a casual acquaintance with Col. Paul Henderson, I do not know the persons about whom we are talking in connection with aviation. I have no acquaintance either with the president or with any member of the board of any of these aviation companies, so far as I recall.

Certainly I have no financial interest of any character in them, nor have I a dollar of stock in any kind of aviation company. I am not interested in them personally in any way, otherwise than that I have an ardent desire for the uninterrupted growth of the industry of aviation, of which we all ought to be proud. Therefore my interest in aviation, as displayed in the discussion of this question, has no personal element in it.

I regret that when my good friend, the leader of the majority in this body, in speaking on the subject some days ago, referred to a person who bears my name, it was the only time my name has been brought into the discussion in connection with aviation matters. I regret it was done, because I know the Senator from Arkansas and I know his motives; or, at least, I think I do. It seems to be rather a far-fetched conclusion that the strength of an argument in this body can be weakened or broken down by injecting anything personal into the debate. It so happens that the young man whose name was brought in has lived most of his life on the edge of Wilbur Wright Field. Nobody could live in that atmosphere without being interested in aviation. It so happens also that he is at the head of the aviation division of the Ohio Bar Association. It likewise happens that he is a student of aviation; and when a friend of his, associated with an aviation company, was flying a route that crossed the State of Ohio and needed legal advice, it was natural that he should employ the firm a member of which was the head of the aviation division of the Ohio Bar Association. If that is to be dragged in here, in order to weaken either the argument against the un-American act of canceling the air-mail contracts or to bolster up a contention that cannot be supported, it can only reflect upon the one who employs it and not upon the one against whom it is employed.

Mr. President, aviation, especially in its rights or in the conflict of its rights, presents a new problem. For instance, the important question is involved as to just what rights any company may have in flying over a man's farm. It used to be that the owner of a farm in America was regarded as the owner not only of the surface of the land but also of all above it as far as the sky and of all below it down to the center of the earth. Aviation involves that principle.

The question finally reached the courts, and the first comprehensive decision involving a discussion of these rights to be rendered by a Federal judge was delivered from the bench in Ohio 4 years ago. That decision is, by all odds, the most comprehensive statement of the rights of citizens of the country involved in a subject of this kind. I ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks a copy of that decision. It is headed "Rights of owners of property adjoining aviation field are defined by decision. Injunction against airport company sought on grounds of trespasses and maintenance of nuisance denied. Certain restrictions favoring complainants imposed." In view of the fact that this is such a comprehensive discussion in the form of a judicial opinion handed down from the bench, it becomes very important.

The PRESIDING OFFICER (Mr. OVERTON in the chair). Is there objection to the request of the Senator from Ohio? Without objection, the decision will be printed in the RECORD.

(See exhibit A at the conclusion of Mr. FESS' remarks.)

Mr. FESS. Mr. President, my only interest in connection with this controversy is as to how far the Government shall be permitted to go in breaking down the contractual relations between citizen and Government. The circumstances surrounding the cancelation of the air-mail contracts, as detailed not only in the testimony before the special committee but also by the press, make it very important that all the facts be brought to the attention of the country. I know of nothing ever occurring in our history that has done such violence to American ideals, not only as those ideals are written in the law but also as they are embodied in judicial decisions, until they have become axiomatic of the rights of American citizens. Every one of those rights has been violated and wantonly violated. To me that is the most serious aspect of the entire situation.

All those who are acquainted with the beginning of American history will know upon what basis two parties developed in America. There were two schools of thought, and those two schools found their expression first in the Constitutional Convention. One school wanted to put the emphasis upon the rights of the citizens and the States. The other school wanted to emphasize the authority of the Federal Government. The central idea of those two philosophies may be expressed, in the first instance, by the word "liberty", which was the biggest thing in the minds of some of the members of that Convention, while the other may be expressed by the word "power", which was the biggest thing in the minds of certain other members of the Convention representing a different school of thought.

Based upon that difference a debate was waged in which the finest talent in the world was engaged. It is true that Jefferson was not in the convention. He was in France, but his great representative, James Madison, was there. George Mason, the author of the first civil rights bill in America, was there. George Mason better exemplified the principle of liberty than did Madison, because Madison did have a modified conviction on the question of order as

against liberty; so that Madison, coming between as sort of a mollifier of the two ideas, not in the degree that Washington was, became known as the "Father of the Constitution", and rightly so.

Mr. President, as all students of our political history know, that conflict took two forms. One demanded a bill of rights, the other refused to accept the bill of rights. After a conference the Bill of Rights was omitted. The leading advocates against putting the bill of rights in the Constitution were Hamilton and men who thought like him. He reasoned in this way: A bill of rights is a decree of certain rights of the sovereign power to the people, but in the United States the sovereign power is in the people and if the sovereign power should grant to the people certain rights, it would be the people granting to themselves those rights. That argument was sustained by Madison, by Marshall, and men of that type prevailed, but not until they agreed that each State legislature, which was to act upon the ratification of the Constitution, should be permitted to submit, if it wanted to do so, amendments in the form of a bill of rights.

While it is true that this question was discussed in the Constitutional Convention as if it had never been up to that time discussed anywhere, the debate in Philadelphia on the Constitution does not compare with the debate in the Virginia Legislature when they came to ratify the Constitution. It will not be found in the Madison Papers, which are the minutes of the Constitutional Convention, but it will be found in Elliott's Debates, which record the debates in the various legislatures on the ratification of the Constitution. There is where we get the real contest between the idea of liberty, on the one hand, represented by a bill of rights, and authority, on the other hand, as represented by the Constitution itself.

Senators will recall that there were couriers running back and forth from Virginia to New York carrying news relating to the question of ratification. Three States had ratified in 1787, but in 1788 came the fight. The two pivotal States were New York and Virginia. The great voice in New York was Hamilton. The great voice in Virginia was not alone Madison, but was John Marshall as well, who afterwards came to be Chief Justice of the United States. As fast as events in the Virginia meeting took place, they would be carried to New York, and vice versa, and, as the Presiding Officer will recall, the action of the two conventions came pretty close together.

It is stated by biographers that probably no single achievement on the part of one individual in arguments ever surpassed that of Hamilton in New York where he had two thirds of the delegation against him led by the famous Melancthon Smith. Mr. Hamilton, with James Madison and John Jay, had written a series of manuscripts, taking individual articles of the Constitution and commenting upon them to the number of 85, which later have been published under the title of "The Federalist." The Federalist is regarded today as one of the three great authorities of all history on constitutional law or political science, the first being Plato's Republic, the second being Montesquieu's Spirit of the Laws, and the third being the arguments of Hamilton, Madison, and John Jay, published under the title of "The Federalist."

That same argument was carried into the ratifying meeting at New York, and it reached the point that Mr. Melancthon Smith, representing two thirds of the delegation against the Constitution, rose and admitted that Hamilton's argument was unanswerable and that he would vote for the ratification. He was the leader of the opposition. That led to favorable action in New York, but the great fight was in Virginia.

I hold in my hand a copy of Elliott's Debates, the volume that deals with Virginia. The great argument against the Constitution was made by Patrick Henry. That is very easily understood. Anyone who knows the background, the spirit, and the character of Henry, knows why he would oppose it. He was afraid first that the States were entirely eliminated, and that was very offensive to him. Secondly, he was afraid the liberty of the individual was entirely suppressed, and that likewise was very offensive to him. Thirdly, he believed there was too much authority given to the Executive rather than to the legislative. That was also very offensive to him. So we have what appears to be the anomalous fact that the father of the Revolution, the natural orator of the Republic to whom we owe more for the success of independence than probably to any other orator, found himself the bitter enemy of the Constitution and the leader in the Virginia convention against its ratification.

I have here some of Mr. Henry's objections. He speaks of the axioms of liberty. He calls for the adoption of the Bill of Rights. He demands assurance that there shall be no interference with religious freedom, or the freedom of the press, or the right to assemble and petition for the redress of grievances. He demands that every person shall be free from unreasonable searches and seizures. He makes a demand that excessive bail shall not be required. He states that no man is secure in his property rights under the Constitution as it is written without the Bill of Rights. He demands that there be a trial by a jury of peers. He demands that no person shall be charged with an offense without first being confronted with the charge in the form of an indictment, and that he shall not only have the privilege of having witnesses but shall have compulsory process to compel them to attend. He demands that every poor man unable to employ counsel shall have counsel provided for him at public expense, so that he may be assured that his rights shall not be jeopardized, and that he shall not, under a sham process, be denied a hearing.

It would be interesting to every American citizen to reread this argument of Patrick Henry on behalf of the Bill of Rights, in which he refused to vote for the ratification of the Constitution until the Bill of Rights was written into it, stating that that was more important than the mere authority of the Government to maintain order.

I shall not take the time of the Senate to read these statements. Mr. Henry mentions them in the form of axioms. Please note that this is the man who made the astonishing speech in Richmond on the famous occasion when he wrote the resolution and asked for its adoption, and then used the expression:

> As for me, give me liberty, or give me death!

In other words, the great word in the vocabulary of Patrick Henry was "liberty", as expressive of human rights.

Mr. Henry was followed by James Madison. Madison conceded all that Henry had said about the importance of the Bill of Rights; but he maintained that the rights of individuals would not be in jeopardy if the Constitution should be ratified, and I think he made a very strong argument in reply to Mr. Henry.

Madison was followed by the famous Randolph, who in many ways was next in oratorical ability to Mr. Henry. Randolph, in his debate in answer to Henry, made this statement.

> It has too often happened that powers delegated for the purpose of promoting the happiness of a community have been perverted to the advancement of the personal emoluments of the agents of the people; but the powers of the President are too well guarded and checked to warrant this illiberal aspersion.

Referring to the assertion made by Mr. Henry in his argument that the Constitution, unmodified and unaffected by a bill of rights, would lead to denial of the rights of the citizen.

Randolph continued:

> Let us candidly consider the consequences of the favorite plan of requisitions, and see whether, instead of imaginary or problematical, there be not real, palpable dangers.

Mr. President, the fact ought not to be overlooked that Mr. Randolph was one of the few men who refused to sign the Constitution when the convention adjourned; but, notwithstanding the fact that he refused to sign it, he undertook to refute the argument of Mr. Henry, and, I think, did a good job.

I think, however, that the greatest speech in reply to Henry was made by John Marshall. He employed a talent with which at that time the country was not familiar, but which later on it recognized when he became the Chief Justice of the United States.

Mr. President, here is the volume including the words of the famous members of that convention in Virginia, arguing pro and con on the ratification of the Constitution. The only objection which had been made to it was that it did not include a bill of rights to protect the citizen against the incursions of his Government. The argument to indicate the danger was made by great thinkers. The argument to refute the danger was made, I think, by greater thinkers.

Among that group were such men as George Wythe, a professor of law in the College of William and Mary, and, by the way, the teacher of James Madison, Thomas Jefferson, and later, Henry Clay. George Wythe took the position that the fears of Mr. Henry were not well founded; that under the Constitution these rights would be preserved.

The debate went on. It lasted for months, and finally the question came to a vote. The significant thing is that the vote was taken upon the question whether the convention would require the incorporation in the Constitution of a bill of rights as a condition of ratification. Patrick Henry forced a vote on the question, and while the proposal did not carry, it lost by only 8 votes.

A convention of the ablest group of men in America debated whether the State of Virginia should refuse to ratify the Constitution unless there was an agreement that a bill of rights should be incorporated in it as a condition of its ratification. The fact ought not to be overlooked that while the members of the convention voted down making the inclusion of a bill of rights a condition of ratification, they did endorse the submission of the Bill of Rights in the form of amendments to the Constitution.

So while Virginia did not refuse to ratify unless the Bill of Rights was incorporated as a part of the body of the Constitution, it placed its ratification on the basis that amendments involving the Bill of Rights would be offered to the Constitution.

So the first Congress which met under the new Constitution submitted to the various State legislatures amendments embodying a bill of rights; and those amendments, coming from various States—very largely copies of George Mason's bill of rights for Virginia of 1772, the first draft of such an instrument in America—were taken up by the various States, and were ratified at once. So the first 10 amendments to the Constitution of the United States were recommended by the first Congress which met under the Constitution, submitted at once to the legislatures, and ratified by three fourths of the legislatures without hesitancy and without delay, so that they became virtually a part of the Constitution; but they are in the form of amendments.

Mr. President, we must not overlook what those amendments are. They are our Bill of Rights, for which this fight was made. The fight was started in the Constitutional Convention. It was not ended until the amendments were added to the Constitution as an addendum. Let us see how they differed from what was demanded in Virginia.

No. 1:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

I think I am within the bounds of accuracy when I say that while sometimes we have come very close to infringing upon that amendment, it may be said as a fact that it is a part of the Constitution that has not been broken down. On the question of freedom of the press there has been bitter controversy now and then; but we have always held that it is better to permit anybody, whether by voice or press, to speak his own convictions and be responsible for any offense that may grow out of the statement, than to interfere in any degree with the freedom of speech or the freedom of the press.

I mean by that that not only do we pass laws limiting the freedom of the press, but we do not permit any practice looking to a limitation of the press.

I thought at one time that the adoption of codes for the regulation of business would lead to interference with the freedom of the press, and I suggested that we write an amendment to the National Recovery Act specifically exempting from the operation of any code the right to print whatever was thought wise or of importance. I had that in mind because, if codes were to operate on industries, of course the mechanics of getting out a newspaper, the employment of the staff, and so on, would fall under a code. But such regulation should never extend to interfering in the slightest degree with the utmost freedom of the press to express any opinion an editor might entertain. I am convinced that freedom of the press, even under the rigidity of any applicable code, will not be interfered with. If interference were attempted, it would not be very long-lived, I am certain.

When I speak of freedom of action as long as it is within the law, I refer to the fact that every man in the Senate and out of the Senate ought to be perfectly free to express himself without any effort toward duress, or any threat of vengeance or threat of being called to order merely because he might say something not in accordance with a program that is regarded as emergent. I do not care whether it is in the press or on the screen or over the radio; all of these facilities must be open to the men and women who do not believe that everything that is said and recommended is wise. The way ought to be open to citizens to fearlessly and courageously call attention to proposals which are unwise. That freedom is written in the very organic law and the make-up of our people.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. BONE in the chair). Does the Senator from Ohio yield to the Senator from Illinois?

Mr. FESS. I yield.

Mr. LEWIS. May I ask the able Senator from Ohio whether he has in his mind at this time the thought that there has been any violation, where, under the assumption of a code, or for any other reason, there has been any action by the administration or its officers that has tended to restrain the press or restrain speech? I notice the able Senator said that he feared such could be done, and was on the eve of tendering an amendment. I should like to ask my able friend whether anything happened to justify his fears.

Mr. FESS. The matter arose when we talked about how far the code could extend toward regulating newspapers.

Mr. LEWIS. I asked the Senator whether he had noted any action on the part of the administration tending to violate the right to which he has referred.

Mr. FESS. I have heard fugitive statements, but nothing official.

Mr. LEWIS. I am glad to have the Senator's viewpoint, because, if there were anything in it, I would join with him in protesting against it.

Mr. FESS. I know the Senator would.

Another particular of the bill of rights refers to the maintenance of a militia for each State. That was one of the subjects that was fearlessly discussed by Henry, who claimed that the President, under the Constitution, was the Chief of the Army and Navy and, as such, could make the local militia of no value. Of course there is not much force in that statement, although we have it here.

> No soldier shall, in time of peace, be quartered in any house without the consent of the owner, nor in time of war but in a manner to be prescribed by law.

All of our citizens who are familiar with that particular period of history know why that was put in. It was because the British Government had quartered its soldiers in the homes of citizens in many places in New England and in other sections of the country. That was one of the objectives that was very bitterly discussed.

Next comes an amendment I want the country to note:

The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated; and no warrants shall issue, but upon probable cause, supported by oath or affirmation and particularly describing the place to be searched and the persons or things to be seized.

That provision looks not only to securing the citizen against unreasonable seizures and searches but especially to arm the officers to secure the evidence necessary for the purpose for which he wants to employ it.

The fifth amendment is the one that is the most important:

No person shall be held to answer for a capital or otherwise infamous crime unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia—

Which is a purely military matter, and there is another provision to cover that—

when in actual service in time of war or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property—

With special emphasis in this time on the words "or property"—

without due process of law; nor shall private property be taken for public use without just compensation.

Mr. President, that is as instinctive in American life as the instincts of the human being. It is an inalienable right, that no person can be deprived of his property without due process of law. Property does not mean merely physical property, but it includes rights. Whether these are political rights, natural rights, or civil rights, it matters not.

In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation.

He is—

To be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense.

Mr. President, the lowest criminal in the lowest level of human existence, if he is under the American flag, knows that he cannot be found guilty without a trial. There can be no such thing as a court rendering a decision against him without opportunity being afforded to refute the charges made against him. There is no violation of an American right that is so poignant as finding a man guilty without giving him a right to appear to reply to the charges that are made against him.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. LOGAN. The very interesting argument the Senator is making ought to be accurate as to the law which he states. The law which he is reading, of course, has no application to civil matters; it applies to criminal matters. I do not understand that the Senator wants to take the position that a man is always entitled to a trial before the cancelation of a contract.

Mr. FESS. Mr. President, I do take the position that no contract can be canceled on the ground of fraud unless the fraud is first established.

Mr. LOGAN. Then what is the remedy given by the Constitution in the event a contract should be canceled improperly? Do not the Constitution and the laws afford a plain and adequate remedy for such a wrong as that?

Mr. FESS. One could recover damages provided the party canceling the contract could be brought into court; but the Senator knows that no person can sue the United States without its consent.

Mr. LOGAN. Let me ask, if the Senator will be so kind, because I know he is always careful about accuracy in his statements, is he unaware of the fact that the bill now under consideration particularly and specifically confers upon the Court of Claims the authority to hear any claim any of these air-mail companies may have against the Government and authorizes them to go into court and recover damages for any injury that may have been done them?

Mr. FESS. Mr. President, that is a feeble attempt to redress a wrong which has been committed, which should never have been committed, and I feel sure the Senator from Kentucky agrees with me.

Mr. LOGAN. I am not arguing the point about whether it was proper to cancel or not without notice. That is a matter in the past. But since it has already been done, and the Senator says there is but one remedy left, I want to point out the fact that that remedy is made available if this bill shall be passed; and if any wrong was done, then the wrong may be remedied.

Mr. FESS. Mr. President, I agree with the position stated by the Senator. The thing is done. It ought to be undone. The Senator will not make that statement, but I know he believes that it ought to be undone. But since it is not undone, then the only thing left is to go to the courts for damages. The pending bill proposes to give authority to sue the United States. In that degree it is of value.

Mr. LOGAN. We are agreed on that, but I should like to call to the Senator's attention the contracts themselves. When the airline companies signed the contracts, they agreed, without any requirement that they should have notice, that the contracts might be canceled upon the happening of certain contingencies. Therefore, is not the Senator of the opinion that the companies perhaps waived any right of notice of hearing?

Mr. FESS. No, Mr. President; I do not agree to that proposition. I do agree to the proposition which the Senator stated a moment ago, that the court is open under the authority given in this bill, if it shall pass. That much is an effort to cure a wrong that has been committed.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. CLARK. The Senator, of course, as a former professor of law, is familiar with the proposition that when fraud is discovered by one party to a contract, that party has the right to cancel the contract; and that if cancelation is not made by the party after knowledge has come to him of fraud in the initiation of the contract, that may be considered as a waiver.

Mr. FESS. Mr. President, the Senator does not mean what he stated. If a fraud in a contract is discovered, the party who is harmed is not held to the contract. It does not mean that such party can cancel the contract without a hearing, but he can refuse to abide by the contract, and then if there is a damage resulting, the other party can be brought into court.

Mr. CLARK. Mr. President, will the Senator further yield?

Mr. FESS. I yield.

Mr. CLARK. I used the wrong term. I used the word "cancelation" instead of "rescission." There is an undoubted rule which every lawyer recognizes, and which every court from time immemorial has recognized, that where there is fraud in the initiation of a contract the party defrauded has the right to rescind the contract and throw the burden on the other party to go into court and ask for damages. By the terms of the bill which is now before the Senate for consideration, the right is guaranteed to the contracting parties with the Government, if they feel that they have any claim which they can sustain in court, of going into court and sustaining their claim.

Mr. FESS. Mr. President, I agree with what the Senator meant to say. There are two kinds of contracts.

Mr. CLARK. Mr. President, I am perfectly willing to stand on what I say, and not on what the Senator from Ohio thinks I mean to say.

Mr. FESS. It is what I think the Senator means to say. There are two kinds of contracts. The void contract can be abruptly ended because it is void, in that it never was legal; it is void because it was not legal from the beginning. And any contract that is voidable, as the Senator knows,

stands until it is voided, but it cannot be voided without establishing that it is a fraudulent contract.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. FESS. I yield.

Mr. CLARK. Of course the Senator is perfectly familiar with the principle that the ordinary weapon of a party who has been defrauded is to rescind the contract, to refuse to conform to it, and then to throw on the other party the burden of going into court and establishing his damages, a right which is guaranteed by this very bill in the interest of the principle contended for by the Senator.

Mr. FESS. Mr. President, the proposed legislation is an effort to cushion the injury which has been committed by a government which cannot be sued except upon its own consent, and which ought to be the first and last to see that no man's rights are denied him. There is not a Senator on the other side of the Chamber who is free from bias who would agree to the committing of such a wrong. I know that if we could strip this whole performance of what lies back of it, there is not a Senator in this Chamber who would justify what has been done. It would be undone at once if it were not so embarrassing to undo it. The only reason why I feel hurt at the President of the United States is that whereas at any moment he could have redressed this wrong, he has not done so, and for that reason we will have to hold him responsible for the wrong which has been committed. If it were out of his hands so he could not rectify it, that would be an entirely different matter, but it never has been out of his hands. He could have rectified it at any moment.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. McCARRAN. I rise only to observe that, in my judgment, there is little or nothing added to the law by the proposed bill insofar as concerns the right and opportunity for one aggrieved to go into the Court of Claims. It is my position that that right already exists, and that nothing more is offered by the terms of this bill than the right already existing.

Mr. FESS. Mr. President, I am impressed with the statement of the Senator from Nevada—not only because it seems perfectly clear to me but also because of the background of a judicial mind of recognized ability.

I have taken the time, Mr. President, to call attention to the importance of the Bill of Rights from the very beginning of our Government. The only justification that I could possibly have in taking the time of the Senate is to indicate with all the emphasis that I can command that the thing that was done, and the way it was done, will never admit of any justification, and I am afraid it will become a precedent which ultimately might deny the very principles that were adopted in the Constitutional Convention, which principles the great State of Virginia, before she would ratify, provided must be written into the Constitution.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. McKELLAR. The Senator speaks of the action with respect to the air-mail contracts becoming a precedent. From the beginning of our Government, I am told, contracts conceived by a department as being fraudulent have uniformly been abrogated and the contractor left to such remedies as the law would give him. That it has been done constantly not only in one department but in every department of the Government, and even in the Post Office Department, and even about the very matter under discussion, air mail, and even by a Republican Postmaster General, Mr. Harry New, who used to serve in the Senate with us before he became Postmaster General, who canceled an air-mail contract because he conceived that it was fraudulent.

Mr. FESS. Mr. President, the Senator from Tennessee in attempting to weaken or dilute or lessen the intense feeling of resentment of the American people over the death of 10 of our Army pilots rose in the Senate and referred to the great number of boys who had been in training in the aviation fields for the Army and Navy, as well as commercially, and then stated that concerning them I had never raised my voice in protest; that I had no feeling whatever about the lives of those poor boys.

One can understand the extremity that anyone is in who undertakes to break down the effect of such a wrong committed by our Government by making such citations. The Senator undertakes to defend an indefensible act, a wanton wrong, conceded to be a wrong by everybody, and undertakes to make it seem less reprehensible by stating that some other Postmaster General has done the same thing. Of course, that is not true. No Postmaster General ever committed any such wrong as that which the present Postmaster General has committed.

All I need, Mr. President, is to ask the Senator from Tennessee to read the editorials, Nation-wide, from every locality in America commenting upon this performance, editorials written by men who have no interest and who are in no way influenced by any particular interest. I think, Mr. President, there is no better way for us to get a general cross section of opinion on a question of this kind than by the editorials which are written on the subject we are now discussing. For that reason I am going to ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks some editorials from newspapers throughout the Nation in regard to the cancelation of the air-mail contracts.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BONE in the chair). Does the Senator from Ohio yield to the Senator from Missouri?

Mr. FESS. I yield.

Mr. CLARK. Of course, Mr. President, I have no intention of objecting to the request of the Senator from Ohio.

Mr. FESS. I do not want the Senator to object, because if he does, and they are not ordered printed in the RECORD, I will have to read them.

Mr. CLARK. I have, of course, no intention of objecting to the Senator from Ohio putting anything he pleases in the RECORD in the way of editorials, but the Senator has been making an argument here, claiming that there has been a violation of the Bill of Rights of the Constitution and a violation of the universal law of contracts, and when the Senator from Tennessee asked him a specific question as to where that violation lies the Senator from Ohio attempts to put a lot of editorials in the RECORD.

Mr. FESS. No.

Mr. CLARK. As I say, I have no intention of objecting to his doing so, but I should like to have the Senator from Ohio come back to his proposition of demonstrating wherein a violation of the Constitution, or of any recognized law of contract, lies in the rescission of the air-mail contracts.

Mr. FESS. Mr. President, I will do that now. On loose testimony, assumed to be conclusive proof, without any chance to refute it, without a hearing, the Postmaster General cancels these contracts and breaks or destroys an industry that cannot be built up at once. I am not so much concerned about the industry that is broken down, for it can, in time, build up again, if conditions are made so that it may rebuild, but what I am complaining about is the procedure based upon testimony—I assume that was it, because that is what Postmaster General Farley said—that was from the very beginning made up of loose utterances that could be refuted, but to refute which no opportunity has been afforded. Now, when we talk about taking time to bring in witnesses to refute these allegations we are charged with killing time and going outside the realm of the investigation. I will admit that that is not within the realm of the investigation as it is being carried on, but it would be within the realm of an investigating committee whose business was to get the facts on both sides as well as on one side.

Mr. CLARK. Mr. President, if the Senator will permit me, the Senator speaks of "loose testimony" before the committee. I am frank to say that I have not read the whole record of the testimony before the committee, but I have listened to a good deal of loose argument here today from my distinguished friend from Ohio. The Senator is talking about the Bill of Rights and the law of contracts. I should

like the Senator specifically to point out the provision in the Bill of Rights that is violated by the rescission of the air-mail contracts by the Postmaster General of the United States or the principles of the law of contracts well recognized by all the courts of the United States and England which are violated by that action. If the Senator wants to attack the advisability of the action, that is one thing, but he cannot interweave, to any logical mind, the advisability and the legality of the action of the Postmaster General.

Mr. FESS. Mr. President, it is perfectly obvious that the conduct of the Postmaster General will be approved by those who are interested in preventing breaking down the morale of the administration. The Postmaster General will have advocates on the floor of the Senate no matter what his conduct may be. I need no further evidence than what is now demonstrated here.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. CLARK. Mr. President, I think it is perfectly apparent, what has been apparent in the Senate for several weeks, that, so far from there being any political motive for support of the action taken by the Postmaster General of the United States, there is a very determined drive on the part of certain Senators on the other side of the aisle—and I do not include the whole Membership on the other side of the aisle—to undertake to use this matter as a political leverage to restore purely political prestige which has been very well and very long lost. There has been an attempt in the Senate to take advantage of certain unfortunate accidents which have occurred outside the ordinary operations of the Army aviation service but to no greater extent than in ordinary course to make a political condemnation of the President of the United States and the Postmaster General.

Mr. AUSTIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Vermont?

Mr. FESS. I yield.

Mr. AUSTIN. Mr. President, I do not intend to interrupt the Senator from Ohio for more than a passing comment. The remarks of the Senator from Missouri certainly invite the reply, that we on this side of the aisle undertook to postpone the consideration of the pending legislation in order that it might be dealt with nonpolitically and on the facts and on evidence, not as yet completely taken. When that position was overridden by a vote, thereupon I stated that I thought the most recent suggestion in reference to this matter was that of the President, to the effect that a commission be created by legislation for the purpose of making a broad study of all features, civil as well as military, of aeronautics. I then announced that I favored that procedure, and would try to submit here a resolution which would embody that plan but which would in the meantime prevent any prejudgment of the issue by simply leaving the situation in the status it was before the cancelation. Mr. President, did I get any reaction from any Democratic Senator on that subject? I have to confess that I did not. In view of that circumstance, I wonder whether it will be possible for me to submit a resolution without being charged with putting the gentlemen on the other side of the aisle in an embarrassing position and doing it for political purposes, when, God knows, that my objective is in some way to save the institution of aviation.

Unfortunately, there can be no discussion, apparently, of this matter without a keen political feeling being aroused over it; and there are many of us in a state of mind where we believe that, instead of now enacting sound, constructive legislation, we are likely to make a hasty judgment in this matter and come to a wrong conclusion, whereas if we will retain the status quo and put it over until the next session, as suggested by the President, we may make some real contribution to the legislation on the subject. That is what I should like to see done.

I should like to see the day come when the committee which has been investigating this question will talk things over with reference to some legislation. Have we done that? Not at all. Not one word about legislation has passed in our committee. Why? Because we have not finished our study. We commenced only a few days ago upon the contribution of evidence to this subject by the minority. There is more of it to go into the record involving very constructive information. There is no evidence whatever upon which any Senator may tell the Senate today exactly what the net effect of the cancelation of the air-mail contracts was upon the public service. I think we are having that material all gathered together in form so that perhaps in a week's time it can go into the record. There is no evidence upon which we can argue to the Senate what the institution was before the cancelation took place. I think we have that material all gathered together by the Department of Commerce and ready to be introduced in evidence, and it will in due season be introduced, as soon as we can possibly arrive at it. Yet we are about to try to enact some permanent air-mail legislation. Is it not possible we may arrive at a temporary adjustment of this matter which will not prejudge anything and which will enable us to follow the suggestions of the President, in which I believe?

Mr. CLARK. Mr. President, I do not desire to detain the Senator from Ohio in the pursuance of his speech, but will he yield to me for the purpose of asking the Senator from Vermont a question?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. FESS. I yield.

Mr. CLARK. I happen to know the Senator from Vermont is an excellent lawyer. I should like to ask him if he knows of any violation of the Bill of Rights or the Constitution or the well-recognized law of contract by the rescission on the part of the United States Government of the air-mail contracts. If so, I should like him to point it out.

Mr. AUSTIN. On the record I am obliged to answer "yes" to that question. On the evidence as I have heard it there is not a diffused suggestion of collusion or fraud or any other cause that would justify a private person or a sovereignty in cancelation or rescission.

Mr. CLARK. Mr. President, will the Senator from Ohio yield further?

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Missouri?

Mr. FESS. I yield.

Mr. CLARK. The Senator from Vermont of course knows that this is a matter of the adjudication of private rights which can be adjudicated in damages in exactly the same way as an individual who felt himself damaged by rescission of a contract.

Mr. AUSTIN. Mr. President, will the Senator from Ohio yield to enable me to make a comment about the last statement of the Senator from Missouri?

Mr. FESS. I yield.

Mr. AUSTIN. Has the time come when a contract has no other sacredness, no other binding effect, except to furnish an action at law for damages? If it has, then the Bill of Rights might just as well be scrapped, and if that doctrine were applied, it would be scrapped.

Mr. CLARK. That has been the rule from the earliest dawn of Anglo-Saxon jurisprudence.

Mr. AUSTIN. That is a remedy, of course, but the idea that contractors enter upon their contracts with the notion that they have a right to breach the contracts is entirely in conflict with our theory of justice.

Mr. CLARK. It has been my understanding of the theory of Anglo-Saxon jurisprudence that a party who felt himself aggrieved or defrauded, as the Government of the United States had the right to feel in this case, could rescind his contract, and that the other party, if he felt himself aggrieved by the rescission, had the right to go into court and maintain his rights, which, with one exception, the complainants in these cases have notably failed to do.

Mr. AUSTIN. The situation described by the Senator from Missouri is not the situation of the parties here involved. Here was a sovereign power which stepped in,

which could not be sued like a private individual who violates a contract——

Mr. CLARK. The Senator from Vermont will not deny that there has not been any complaint?

Mr. AUSTIN. May I finish? I trust I am not taking too much time in answering the claim made by the Senator from Missouri, but I should like to finish my statement.

The right to bring a suit to recover monetary damages in the Court of Claims is an imperfect remedy and is not an adequate one. These parties have tried the equitable remedy, and what has happened? They have been excluded from it under the claim that they were suing the United States Government when they undertook to enjoin the official who went outside of his authority and undertook to perform an act which the law did not authorize him to perform, under the guise of his office and under the guise of an ancient statute. That is the situation according to the facts.

Mr. CLARK. Mr. President, will the Senator from Ohio yield to enable me to answer that suggestion as a legal proposition?

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Missouri?

Mr. FESS. I yield.

Mr. CLARK. In response to what the Senator from Vermont said, I should like to place in the RECORD section 250 of the Judicial Code, title 28, United States Code, which reads:

> The Court of Claims shall have jurisdiction to hear and determine the following matters:
>
> Claims against the United States. All claims (except for pensions) founded upon the Constitution of the United States or any law of Congress, upon any regulation of the executive department, upon any contract, express or implied, of the Government of the United States, or for damages, liquidated or unliquidated, in cases not sounding in tort, in respect of which claims the party would be entitled to redress against the United States either in a court of law, equity, or admiralty, if the United States were suable.

Mr. President, the answer to what the Senator from Vermont has said is not that there is not a court in which the complainants may have a fair presentation of their claims but the fact that they do not wish to go into a court of competent jurisdiction and have adjudicated the actions of Postmaster General Brown and some of the air-mail companies in arriving at the contracts.

Mr. AUSTIN. Mr. President, will the Senator from Ohio yield further?

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Vermont?

Mr. FESS. I yield.

Mr. AUSTIN. The situation presented by that statute is that all these parties can recover, if they elect to proceed under that statute, is monetary damages, and that is entirely inadequate. It does not meet the situation. It does not prevent the destruction of this great institution. It does not restore the good will. No litigant ever would be able to recover monetary damages in the Court of Claims that would remedy the great havoc and destruction that was created by this breach of contract.

Mr. CLARK. The proposition just advanced by the Senator from Vermont amounts to this, that having claimed they had no tribunal of adequate jurisdiction into which the companies could go, he now shifts ground and says there is no adequate measure of damages which they could establish in that court. The fact is they are afraid to go into court for very obvious reasons.

Mr. AUSTIN. I think the Senator from Missouri did not understand my previous remarks. I have never claimed there was no tribunal. I pointed out to him there was that very tribunal under that very statute, and made the claim originally that it was an inadequate remedy. The Senator from Vermont has not shifted his position. He stands right where he did at the start.

The contractors whose contracts were canceled have no adequate remedy. The amendment proposed in the nature of a substitute for the pending bill provides such a remedy, for it enables them to go into the district courts of the United States in the usual way and as other contractors may, as well as to seek the benefits of section 250. It is obvious to any lawyer that if they elect one of these remedies they are probably barred from the other, and therefore we have the explanation why these parties have not sought a remedy under section 250.

Mr. CLARK. I should like to have the Senator from Vermont explain why the aviation companies or the airline companies of the United States should be placed in a different position than any other corporation or any other individual in the United States, having a special remedy created for them and a special right to elect the tribunal in which they desire to try their cases.

Mr. AUSTIN. It is because they are the first citizens of the country since the days of George III and his oppressive governing of the colonials who have ever been so treated. They have been singled out. They need some special legislation, and it is for this purpose that such legislation is offered.

Mr. FESS. Mr. President, the colloquy initiated by the Senator from Missouri indicates the very unfortunate position into which the Government of the United States has gotten itself. He defends an indefensible wrong, a violation of the most instinctive right in America; and he undertakes to soften that offense by saying that those who have been injured can go into the Court of Claims seeking damages by authority of the pending legislation. He entirely ignores the unfairness of a sovereign power, acting as its own prosecutor, court, and dictator, by its own ipse dixit committing a wrong against its citizen, knowing that the citizen cannot have redress except by the assent of the Government through the slow process of the Court of Claims; and the Senator undertakes to palliate an offense that never before has been committed against American citizens up to this good hour by making that sort of a rejoinder. To me it is pitiable that our Government—the promoter of rights among men, the defender of the liberty of its citizens—is itself taking advantage by its own dictum, knowing there is no redress except by the consent of the Government committing the offense or the wrong. It is a pitiable situation.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. McKELLAR. I asked the Senator a while ago if the rescission of these contracts was not in exact accord with the precedent set by Postmaster General New.

Mr. FESS. No; it is not.

Mr. McKELLAR. Will the Senator permit me to give him the exact case?

Mr. FESS. The Senator may do that in his own time.

Mr. McKELLAR. The Senator declines to let me state the exact facts with reference to what was done by Harry New as Postmaster General?

Mr. FESS. The Senator may do that in his own time.

Mr. McKELLAR. I will do it in my own time; but I should think the Senator in fairness, when he makes the assertion that this never had been done before, and that it was unfair, ought to be willing to have the precedent in the case of Postmaster General New set forth.

Mr. FESS. The Senator can have all the time he wishes when he takes the floor.

The PRESIDING OFFICER (Mr. KING in the chair). The Senator declines to yield.

Mr. FESS. I have been an observer of the methods employed by the special committee in the examination of witnesses—police methods. That sort of thing can be done in a committee, but it cannot be done in the United States Senate; at least not with a Senator. Senators may take what time they need, but they cannot put another Senator on the witness stand and conduct a controversy with him as if the Senate were a divorce court or a police court.

I state again, and nobody is going to contradict the assertion, that there never has been such a performance—arrogant, wanton, and indefensible—as the cancelation of 34 contracts on the allegation of fraud on the part of a Postmaster General who let only 2 or 3 of the 34 contracts.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. FESS. There never has been such a performance in our Government as that indefensible transaction; and no amount of defense or argument in the Senate or elsewhere

in commendation of that indefensible act will be able to convince the American people that it was just.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BLACK. I desire to state to the Senator that it is not my intention to interrupt him during his speech, and I would not have done so now had he not made the statement—as I understood him—that no one would deny that there had never before been such action as the Postmaster General took. That is what I understood the Senator to say. I desire to state to him that I shall show later that contracts have been canceled in exactly that way by the Post Office Department since the formation of the Government, many of the cases having gone to the Supreme Court of the United States.

Mr. FESS. Mr. President, the Senator from Alabama has a chore before him. I shall be glad to be present when he performs it. This colloquy indicates the extremes to which apologists for an act for which there can be no apology are willing to go in order to escape the contempt of the American people for such conduct. It is pitiable to me.

We have been told that this performance was due to fraud and illegality; that fraud was charged against the companies. If fraud had been charged against them in the proper way, and the statement had been made, "You will be given time to show why your contract should not be canceled", so that the companies could have been heard in court, nobody would have raised any question about it.

The distinguished leader of the Senate took occasion to speak on this subject, confining himself entirely to one of these companies which he charged was the chief offender. I have examined for the second time the testimony given about that company under adverse examiners. I have no interest in that or any other company except to see that it has fair play. I have taken the time to get the facts about the company which was the subject of indictment by the Senator from Arkansas [Mr. ROBINSON]. I mention him only because he made the address, and confined his speech to that company. Since he is the leader of this body, anything he says of course is regarded with great weight.

I propose to take the time to give the facts about that company, and we will see whether or not the charges that were made are sustained. Those charges were based upon what the Senator called documentary evidence which had been secured by the Special Investigating Committee.

The Pittsburgh Aviation Industries Corporation was organized in December 1928 as a result of months of effort on the part of a few civic-minded Pittsburghers to enlist local support for a substantial aviation company. The primary purpose of the proposed company was to secure for Pittsburgh the position on the air transportation map which its importance as a commercial center justified, and further to foster and develop such allied aviation activities as would benefit the community. This purpose may be summed up by the phrase which was adopted by the company at its inception: "To make Pittsburgh an aviation center."

This company was organized not alone for the purpose of using the air, but for the purpose of creating subsidiaries upon which a successful air service could be built, including not only airports but training schools and other units upon which an aviation industry must depend.

Preliminary efforts to secure local support were, for a number of reasons, drawn out over a considerable period of time. First, because of the inherent difficulties of weather and terrain, western Pennsylvania was far behind many other localities in aviation development. Consequently, there were no real activities from which the public could derive an impression of the possibilities of this new industry. There was also an attendant and apathetic ignorance of what was developing nationally in the aviation field.

That was true not only with reference to Pittsburgh but generally.

In order to demonstrate that the business held promise of a definite future, and that Pittsburgh should get busy at once, an aviation party was personally financed by five individuals to visit some of the airports and the aircraft- and engine-manufacturing plants in the East. Over 100 of the leading citizens in business, financial, and civic life took the week-end trip in the early summer of 1928. The character and purpose of this trip, and its importance to the Pittsburgh district, are evidenced by the following statement and resolution, as reported in the proceedings of the Council of the City of Pittsburgh (Municipal Record, Monday, July 16, 1928; vol. LXII, no. 29—Mr. Winters):

Mr. McCARRAN. Mr. President, will not the Senator advise me as to the record from which he is now reading? I did not catch the reference, if the Senator informed us before.

Mr. FESS. I am reading largely from the testimony of Mr. Monroe before the Committee on Post Offices and Post Roads only a few days ago. Information on certain points of doubt was secured from him upon my request. As I recall, he is the secretary of the association.

What I am reading is an extract from the minutes of the council of Pittsburgh. What I desire to show is that it was a community interest which made possible the company, a contract which was arraigned here by the distinguished leader on the other side. I read:

Mr. President, I desire to make a report and record concerning the trip some of the members of council, City Clerk Robert Clark, Director Edward G. Lang, and Chief Engineer Charles M. Reppert, of the department of public works, made last week as the guests of a party sponsored by Messrs. Taylor, Allderdice, William G. Costin, W. L. Monro, Norman Allderdice, and George R. Hann, who had invited the entire membership of council to accompany their party to New York in the interest of aviation. It was one of the finest-arranged trips I have every enjoyed, and I am sure that my colleagues, Herron, McArdle, and Little, Mr. Clark, Mr. Lang, and Mr. Reppert will join me in saying that we were very much pleased with the same. This trip was made for the purpose of advertising Pittsburgh and her interest and purpose of being fully informed with the up-to-date questions of aviation and flying fields.

The delegation, made up of 110 representative Pittsburghers in the city's activities, visited three flying fields—Curtiss Field, Mitchel Field, and Roosevelt Field—and also met a number of the most famous flyers of the present day, among them Commander Byrd, Clarence Chamberlain, Colonel Goebel, and several others.

The party left Pittsburgh on Thursday evening, had breakfast at the Pennsylvania Hotel in New York on Friday morning at 8 o'clock, and at 9 o'clock they went to Curtiss Field, where an inspection of the workshop and the field was made. At noon we had luncheon at the Garden City Hotel as the guests of the Curtiss Co. After lunch the party left for Farmingdale, some in busses and some taking the ride in an airplane, of which the speaker was one, and enjoyed it immensely. Here the party inspected the Fairchild works and field.

Colonel Goebel, the winner of the $25,000 prize for the flight from San Francisco to Honolulu, did some exciting and interesting stunts for the entertainment of the party. * * *

All of the city representatives had a ride in an airplane and seaplane, and I am sure came home very enthusiastic.

On the question of aviation and its future as it affects Pittsburgh taking her proper place as one of the great cities of the world, we should lose no time in putting all force of public opinion and our business men behind a concerted effort to secure results as speedily as possible, lest we find ourselves in the same position that we did with the automobile industry. Pittsburgh, making the material and everything used in the automobile, has not a single plant making automobiles, and, as I have been informed, through lack of interest of the proper sort, allowed the industry to get away from our city.

Mr. President, I again want to repeat that the sponsors of this trip treated us royally and advertised Pittsburgh tremendously; and I move you that a vote of thanks be tendered to the committee sponsoring this trip for their kindness in inviting the members of council and city officials to accompany them and to congratulate them on the success of the venture.

Which motion prevailed.

From the interest resulting, finances to the amount of something in excess of $1,000,000 were raised for a company which was entirely in the nature of a community enterprise. This financing was a long-drawn-out, difficult task, civic pride being appealed to rather than dividend possibilities. The final result, however, was the first really constructive and businesslike move for aviation development in western Pennsylvania—a company composed of more than 200 stockholders, all of whom were residents of the Pittsburgh district and representing a cross section of the community.

The nature of the enterprise and its freedom from control by any individual or group interests is evidenced by the fact that of the 46,312 shares of stock issued and outstanding,

the largest holding of any individual or corporation is 1,200 shares, or 2.58 percent of the total. Also, the directors of Pittsburgh Aviation Industries Corporation and its wholly owned subsidiary companies which carried out its different activities totaled 58. The board was made purposely large in order to assure the cooperation of every possible branch of business and commercial life.

In connection with the formation of Pittsburgh Aviation Industries Corporation, it should also be pointed out that the Pittsburgh Chamber of Commerce played a most important part, by arousing public interest, and by seeking to bring together all those who could be of help in this project. When the company started business, the chamber of commerce gave its public endorsement, printed in the chamber's official magazine under date of January 12, 1929, and reading as follows:

Endorsement of Pittsburgh Aviation Industries Corporation by the board of directors of the Pittsburgh Chamber of Commerce at their meeting on Thursday, January 10, 1929:

Whereas the Pittsburgh Chamber of Commerce has been deeply interested and especially active for the last several years in the development of aeronautics and of the airplane industry in the Pittsburgh district; and

Whereas the industrial expansion committee of the Pittsburgh chamber has for the last 2 years devoted considerable effort investigating the possibilities of this industry, looking to the establishment of plants manufacturing airplanes, airplane engines, parts and accessories thereof in the Pittsburgh district—

I wish that the breadth of the activities of this company, as represented in this resolution of the Pittsburgh Chamber of Commerce, might be observed. It was not a flying company simply, it was to establish for the region around Pittsburgh plants for "manufacturing airplanes, airplane engines, parts, and accessories."

I continue the reading:

Whereas this committee of the chamber, as a result of such investigation, is convinced of the need of some effective and coordinated plan providing for financial assistance and business guidance to this new and rapidly developing industry in all its phases; and

Whereas the Pittsburgh Aviation Industries Corporation has recently been organized by a group of business leaders, counseling with the industrial expansion committee, and the purpose of this organization is to lend such financial assistance and business guidance, and also to encourage all forms of aviation activities in the Pittsburgh district, with the view to make Pittsburgh an aviation center: Therefore be it

Resolved, That the Pittsburgh Chamber of Commerce commends the public-spirited enterprise which has promoted the organization of this corporation and heartily endorses the Pittsburgh Aviation Industries Corporation;

Further, that the chamber of commerce tenders its services, especially that of the committee on industrial expansion and of all other interested committees and divisions of the chamber, in the promotion of the work of this corporation.

So spoke the official business organization of the city of Pittsburgh when it was endorsing the efforts to make Pittsburgh an aviation center.

This sponsorship has been continued to date purely with the desire of aiding a public-spirited enterprise which has contributed materially to the growth and progress of the community.

Prior to the formation of Pittsburgh Aviation Industries Corporation, and ever since the first day business started, every effort was and has been made to bring into the company such projects as were proved, upon careful analysis, to be soundly conceived, businesslike in nature, and with promise of future expansion and success. This was not done with the purpose of creating a monopoly, but, as was stated in the president's report at the meeting of the board of directors on Wednesday, April 29, 1929, for the following reasons:

Aviation being in the initial stages of its development, that industry in Pittsburgh could have been permitted to evolve along one of two lines, either through the medium of a dozen or more small and frequently unsound projects, some of which of necessity would duplicate operations and inevitably work at cross-purposes, or it could be directed from the standpoint of the benefit to the community as a whole. To accomplish the latter purpose a large consolidated company was formed with ample capital to cover the same operations as would a dozen smaller companies but in a businesslike, progressive, and cooperative manner.

Thus was the purpose stated by the president of the company. Unfortunately, the majority of proposals considered could not qualify under close scrutiny. Quoting from the minutes of the meeting of the directors on January 16, 1929:

It was the sense of the board that the general policy of the company, as outlined by the president, in refusing to cooperate with unsound aviation projects was the only policy the company could take.

The principal idea of these projects seemed to be the establishment of an air line with a few thousand dollars, without regard to the tremendous amount of development work and the capital necessary before the air line could begin to be successful. Pittsburgh Aviation Industries Corporation has always held, and this contention has been universally proved, that from 80 to 90 percent of the work of an air-transport company is on the ground, in the establishment of adequate airports, airways, and airway facilities, in the training of an organization to carry on the service safely and efficiently, in the education of the public to use air mail and air express, and to accept the airplane as a necessity to modern business and social life. Anyone can buy an airplane or a number of airplanes and have them flown from point to point. No public-service business of this character, however, can be properly conducted without the groundwork essential to the safety of the traveling public, the protection of both private and Government property, and the safeguarding of the investor.

Mr. President, I should like to know what we are to expect under the legislation now pending, which restricts a company flying the mail to doing nothing else but flying passengers and the mail. What is needed is not simply flying; that is only from 10 to 20 percent of the work. The main work is on the ground, and that requires adequate airports and adequate airways and airway facilities, training of the organization to carry on the service, and so on; all of which, or at least most of which, is specifically denied in the legislation we are now discussing.

It was with that understanding of the problems ahead that the Pittsburgh Aviation Industries Corporation started business as a holding company, with five wholly owned subsidiary corporations covering all phases of the aviation activities, the name indicating the purpose of each organization. These five organizations were:

First. Pittsburgh Air Transport Corporation. That is the one operating in the air.

Second. Pittsburgh Management Corporation. That is the one operating at headquarters.

Third. Pittsburgh Aviation Securities Corporation. That is the one dealing with the issuance and management of securities to secure the necessary capital.

Fourth. Pittsburgh Aerial Survey Corporation. That deals with airways and airway facilities.

Fifth. Pittsburgh Aircraft Agency Corporation.

Mr. President, I digress long enough to say that the bitterness with which holding companies have been attacked in the last 2 years has increased, and they are receiving the maximum of criticism and attack at the present hour. I do not defend such companies when they are organized for the purpose of evading the law or avoiding taxation; but a holding company which is within the law ought not to come in for such a terrific indictment as we have heard made in the Senate. Where there is one company which manufactures airplanes, and another company which manufactures parts for airplanes, and another company which manufactures something else that must be used, I see no legitimate opposition to permitting a holding company to become the director of the three companies, if it is necessary to effect a successful aviation transport company. If there is any effort to evade any law, let us make the law such as to prevent evasion. I will join in doing that; but it is not common sense to say that none but an operating company can have anything to do with the air-mail business.

As of December 31, 1930, these subsidiary companies, with the exception of the Pittsburgh Air Transport Corporation—that is the one operating in the air—were dissolved, and their assets taken over by the parent concern. This was done in order to simplify the corporate structure, and to eliminate unnecessary bookkeeping and other expense.

Pittsburgh Air Transport Corporation maintained its identity, since it held a certificate of public convenience from the Public Service Commission of Pennsylvania for intrastate and freight operations. The first step taken by the company was to secure the services of a technical staff.

Mr. President, the report of the Aircraft Board, which is always regarded or referred to as the last word in recommendations in the building-up of an aviation industry, states that one of the essential things for an aviation company, and without which it should not be given a contract, is the maintenance of a technical staff. When a plane is coming into an airport the pilot may be embarrassed by reason of some engine trouble.

There ought to be someone on the ground who can immediately rectify the trouble. Not only that, but if an industry such as aviation—which is new, which is only in its infancy—is ever to grow, the only way in which it can grow is by the maintenance of a technical staff which is up to the minute concerning the last thing in the improvement of the craft.

We all recognize how often great industrial plants go down in the race of competition because they do not keep up with the progress of a competitor. Take, for example, the manufacturer of electric fans. In my town we had a plant which was regarded as one of the best in the land. It maintained contracts with such organizations as Henry Ford and the General Electric Co. The plant was in competition with the Westinghouse Co. The Westinghouse organization has kept on its technical staff the best experts money can procure from any place in the world. They bring them from Germany, and from every other center of research. The result was that the company in my town, not maintaining a technical staff of that nature, fell back in the race for improvement in electrical appliances; and its first notice of the fact was loss of the contract with Henry Ford, which was transferred to a company better equipped, because it had utilized a better technical staff. The result was that the Ohio company, which was the largest employer of labor in my community, went into the hands of the receiver, wholly because it had not maintained a sufficient technical staff to keep up with the inventions and improvements that are essential in a new industry engaged in a new field such as that of the application of electricity to modern life.

The same thing, but of many times greater importance, applies with respect to the technical staff in aviation. Aviation is a new field; it is not fully developed. We have not arrived at the fulfillment of its development.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. HARRISON. I should like to submit a unanimous-consent request, which I send to the desk and ask to have read.

The PRESIDING OFFICER (Mr. HATCH in the chair). The clerk will read the proposed agreement.

The legislative clerk read as follows:

Ordered by unanimous consent, That after the hour of 5 p.m. on the calendar day of Thursday, April 26, 1934, no Senator shall speak more than once or longer than 30 minutes upon the pending bill (S. 3170) to revise air-mail laws, or upon any amendment that may be proposed, or motion relating thereto.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. FESS. When is the time set for limiting debate?

Mr. HARRISON. Five p.m. on next Thursday.

Mr. FESS. After which hour debate is limited to what time?

Mr. HARRISON. After which hour no Senator shall speak more than once or longer than 30 minutes upon the pending bill, or upon any amendment that may be proposed, or motion relating thereto. That will give any Senator an hour after that time. I may say also, Mr. President, that it is thought that between now and then the time should be divided equally between the proponents and the opponents of this proposed legislation; but, of course, that is not contained in the unanimous-consent request.

Mr. McNARY. But, Mr. President, that is a part of the understanding in proposing the unanimous-consent agreement; and I assume also that the unanimous-consent agreement would forbid a vote prior to 5 o'clock on Thursday.

Mr. HARRISON. I should think so; but it would not forbid the bill being temporarily laid aside and any other matter being taken up in the meantime.

Mr. McNARY. No; but I want it to be understood that there shall be no precipitate vote as a result of default between now and that time. Any other business may be transacted, however, during a lull in the consideration of the unfinished business.

Mr. JOHNSON. Mr. President, merely as a matter of information, may I inquire if it is expected that the debate upon this measure will last until 5 o'clock next Thursday?

Mr. FESS. Yes; it will.

Mr. HARRISON. Mr. President, I may say to the Senator from California that there is quite a demand for time for debate. We have had numerous conferences, and some Senators say that there is such a voluminous record in this case that they expect to make quite long speeches. What we feared was that the wheels of time might go around, and next Friday we might be no further advanced than we are now, unless some unanimous-consent agreement were entered into at this time.

Mr. JOHNSON. I asked the question because when I heard the request for unanimous consent read I thought a mistake was made by the clerk reading Thursday instead of Monday or Tuesday.

Mr. HARRISON. No; there was no mistake made, I will say to the Senator.

Mr. McKELLAR. Mr. President, I had hoped very much that we could have an earlier vote, but Thursday seems to be about the best we can do, and I hope the request will be agreed to.

Mr. McNARY. Mr. President, one other observation. The request is submitted upon the theory that the Senate will take a recess from today until Monday?

Mr. HARRISON. There is a tremendous demand for a recess from today until Monday, I will say to the Senator.

Mr. McNARY. I say the request is submitted on that basis, that we will recess until Monday, in order that we may occupy tomorrow working in our offices on our correspondence?

Mr. HARRISON. That is agreeable.

Mr. FESS. Mr. President, I am disposed always to cooperate with the leaders in trying to reach a definite time to end debate. This is the only question on which I want to speak without limit of time. I desire to cooperate with the two Senators, and I am not going to object, but I want to inform them now that I am not going to get through today.

Mr. HARRISON. Does the Senator prefer to go on with his speech tomorrow?

Mr. FESS. No.

Mr. HARRISON. It would be perfectly agreeable, if the Senator wanted to do so, for him to go on tomorrow.

Mr. JOHNSON. Mr. President, may I ask if there is going to be a session on Tuesday next?

Mr. HARRISON. It is hoped that there will be, I may say to the Senator.

Mr. JOHNSON. The Senator means, it is hoped that there will not be. [Laughter.]

Mr. FESS. On what day?

Mr. JOHNSON. On Tuesday.

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. FESS. Mr. President, I am not going to object, but I want to state now that there is not going to be any business done which will necessitate laying aside the air mail bill between now and next Thursday. I want that understood.

The PRESIDING OFFICER. Is there objection to the request for unanimous consent submitted by the Senator from Mississippi?

Mr. FESS. I do not object.

The PRESIDING OFFICER. The Chair hears no objection, and the agreement is entered into.

Mr. LEWIS subsequently said: Mr. President, I ask unanimous consent that when the Senate concludes its business today, it take a recess until 12 o'clock noon on Monday.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. FESS. Mr. President, I was commenting on the necessity of requiring the company to maintain its technical staff. I think that ought to be required before a company can secure a contract from the Government, first, because of the necessity for safety in connection with a new and hazardous undertaking, and, secondly, because, aviation being a growing industry, there is hardly a limit to its possibilities. For that reason evidently the bill which is now pending should not be passed without that provision being written into it, which, I think, is forbidden by the terms of the bill.

I continue with a discussion of the development of this company that was subjected to castigation on the part of the Senator from Arkansas. The first step taken by the company was to secure the services of a technical staff, all men with long experience either as pilots or as aeronautical engineers, most of whom had received their training in the United States Army Air Corps. Their preliminary duty was to select an adequate base for flying activities.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. FESS. I yield.

Mr. McCARRAN. I interrupt simply to say that there are some—and I am one—who want to listen as much as possible to the Senator from Ohio. I respectfully ask that there be as much order in the Chamber as is possible.

The PRESIDING OFFICER. The point of order is well taken.

Mr. LEWIS. Mr. President, the point of order is not only well taken but it is to be regretted that it is made necessary at this particular time.

The PRESIDING OFFICER. The occupants of the gallery will remember that they are here by courtesy of the Senate, and that courtesy will be extended just so long as proper order shall be maintained. The occupants of the gallery will please observe the rule of order and decorum. The Senator from Ohio will proceed.

Mr. FESS. Mr. President, it is not an easy thing to make an address in the Senate; it never is, for reasons that are obvious not only to every Senator but to every individual who happens to be in the gallery. I have often said the Senate is the most difficult place in the world in which to make an address. I need not state why. I recognized that when I started at noon. I then made it perfectly clear to all who spoke to me that there would be no other speeches this afternoon. I did that in order that they might go to their offices and do anything else they wanted to do. With me, it is not a matter of merely killing time; I am impelled by a desire to make the record for the country. I am not making it for Senators, because I will not change a vote here; minds are made up; I am not making it for anybody who is listening to me; I am making it for the country. I want the country to know what has been done, the background of the action taken, and the results of that action.

A complete survey was made of the existing fields: Rogers, Bettis, Mayer, and Hiland. It was the unanimous opinion of these men that none of these fields were adequate for flying operations, even in a most restricted sense. It was felt that only one of them, Bettis Field, was capable of development of any sort and then only at enormous expense. Bettis Field comprised a landing area of less than 40 acres. The Senate will recall that one of the requirements of the Army, with respect to landing fields, is that no field shall be less in area than 200 acres. Bettis Field had precipitous banks at the sides, uneven surface, and with dangerous surrounding terrain. It was offered to the Pittsburgh company on at least two occasions, but was turned down flatly. The judgment of the company in refusing to undertake this project was borne out by later developments, for after an outside company spent nearly 2 million dollars on the purchase and development of the field, it was still inadequate for safe air-transport operations. Because of its proximity to the city it was, after the $2,000,000 had been spent, used by the air lines until the Allegheny County Municipal Airport was finished in May 1932. Despite the improvements, at least two major accidents, due principally to its small size, occurred on Bettis Field, involving planes flown by transport companies and carrying passengers and mail on scheduled service.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oregon?

Mr. FESS. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hebert	Pittman
Ashurst	Couzens	Johnson	Pope
Austin	Cutting	Kean	Reed
Bachman	Davis	Keyes	Reynolds
Bailey	Dickinson	King	Robinson, Ind.
Bankhead	Dieterich	Lewis	Schall
Black	Duffy	Logan	Sheppard
Bone	Erickson	Lonergan	Shipstead
Borah	Fess	Long	Steiwer
Bulkley	Fletcher	McCarran	Stephens
Bulow	Frazier	McGill	Thomas, Okla.
Byrd	George	McKellar	Thomas, Utah
Byrnes	Gibson	McNary	Thompson
Capper	Goldsborough	Metcalf	Townsend
Caraway	Gore	Murphy	Vandenberg
Carey	Hale	Neely	Van Nuys
Clark	Harrison	Norris	Wagner
Connally	Hastings	O'Mahoney	Walsh
Coolidge	Hatch	Overton	White
Copeland	Hayden	Patterson	

Mr. LEWIS. I beg to reannounce the absence of several Senators as announced this morning, and for the same causes, and beg that the announcement may remain for the day.

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. FESS. Mr. President, I want to make a correction of the statement I made when we were reaching the unanimous-consent agreement to limit debate. By my announcement that there would not be anything else taken up before Thursday next except the air mail bill I do not mean that I am going to object to the consideration of conference reports, for example, such as the one my colleague [Mr. BULKLEY] has submitted today. He wanted to take it up today, but I told him I regretted that I could not permit it to come up because it would involve debate. What I mean is that we are not to take up any new measure except the one that is now before us.

I continue with the history of the corporation which is the basis of assault and the activities of which seem to be regarded as proof of the allegation of fraud which appears to be one of the alleged pieces of evidence in support of the action resulting in the cancelation of the contracts.

The survey of the technical staff for an adequate base of operations consequently was extended to cover the entire Pittsburgh district and it was finally decided to locate north of the city, the airport now known as Pittsburgh-Butler Airport. Approximately 640 acres of property were acquired and a landing area cleared and graded. Two modern brick and steel hangars were constructed and buildings available on the property were remodeled to serve as an administration building, restaurant, and student barracks. Complete lighting equipment was installed. The total cost of this project, which resulted in one of the largest and best-equipped airports in the country, was slightly in excess of $500,000.

With the Pittsburgh-Butler Airport completed as a base of operations various aviation activities were instituted, such as carrying passengers on charter service, the establishing of Penn School of Aviation for flying, ground and mechanics training, the inauguration of an aerial photograph and survey business, sales of aircraft, engines and accessories, and the servicing, maintenance, and overhaul of airplanes and engines.

With regard to the passenger-carrying activities, it is a matter of official record that in the years of 1929 and 1930 alone approximately 10,000 passengers were carried on sightseeing and cross-country flights.

It is also worthy of note that the Penn School of Aviation has a record equaled by few other aviation training institutions in the country. Over 11,000 hours, equivalent to over a million miles, have been flown without a major mishap, either to students or personnel. Since ratings were established it had held the highest approval from the United States Department of Commerce as a transport school, not a single graduate ever having failed the Government flight tests. Over 530 students, including 23 transports, were given flight instruction. Instruction was also given to 783 ground, mechanics, and aviation business-course students. In connection with the ground school a cooperative arrangement was entered into with the University of Pittsburgh for the training of students in the university's aeronautical engineering department.

Although the school is still very active, over 45 flying students and 25 ground and mechanics students now being enrolled, the peak of the business was reached in 1930 before general business conditions became so acute.

I mention these facts because the pending bill omits any provision for a training school supported by any company which gets an air-mail contract. If I read the bill aright, it forbids companies to maintain schools for training their own personnel, which certainly is, if not a blunder, at least an oversight.

In connection with its aerial photograph activities, P.A.I.C. was engaged by dozens of firms in Pennsylvania, Ohio, and West Virginia for industrial air surveys. Building owners, real-estate corporations, and many other companies and individuals in all lines of business endeavor, made use of these highly specialized services, with the result that a library of about 2,500 aerial photographs and surveys was built up in this work.

Mr. President, this could not be done overnight. It would require at least 2 years to complete the plans which this company started to carry out.

Pittsburgh Aviation Industries Corporation, through its wholly owned subsidiaries, was also distributor and dealer for various types of aircraft and aircraft accessories, including Fleet, Fairchild, Keystone-Loening, Stinson, and Buhl airplanes; Kinner engines; Irving parachutes; B-G spark plugs; Goodyear Tire & Rubber Co. airwheels; and Elgin instruments. The wide diversification of representation definitely indicates that there was not the slightest control or influence by any one manufacturing interest. Although many thousands of dollars in aircraft and other equipment were sold by this company both prior and subsequent to 1929, that year marked the peak of this activity.

Apparently the only interest the people of Pittsburgh generally had in this matter was in building or backing a corporation, for an aviation industry should be based upon all these auxiliaries which are at the very foundation of the industry.

Undoubtedly the most essential activity of the entire aviation industry is the maintenance, repair, and overhaul of aircraft and engines; for upon this work depend the lives of the public and of air transport employees, the safety of private property, and the efficiency and continuity of air-transport operations.

The pending bill not only fails to include this facility, but it forbids it. I cannot imagine why the Government should consider making an air-mail contract with any company which is not required to maintain the facilities maintained by this company which has come in for such an attack.

Pittsburgh Aviation Industries Corporation recognized this fact by equipping an overhaul shop, modern in every particular, at an approximate cost of $20,000, and by developing an organization of from 15 to 20 skilled mechanics, each a specialist in his line of work. This overhaul shop was just one division of the $500,000 Pittsburgh-Butler Airport. When the United States Department of Commerce in 1930 initiated the practice of issuing certificates of approval for overhaul and repair stations which complied with the most rigid requirements as to equipment and quality of work, the Pittsburgh-Butler Airport received such a certificate.

From the very beginning a large volume of business has passed through this shop, involving a gross of from $12,000 to $15,000 per month. That the quality of work received early recognition by other companies may be seen from the fact that in 1930 Universal Airlines Corporation had two of its trimotored planes given complete overhauls by our corporation.

I am of opinion that very few people realize the requirements of modern aviation.

Coming from Chicago some time ago, the plane stopped for 35 minutes in Cleveland. The sky was overcast. I was not sure whether or not it would be safe for me to continue in the plane from Cleveland to Washington. I went up in the airport and asked the operator. He said, "Wait a minute; I will find out."

It was not long before I heard him asking questions, and I could understand the answers. He was asking what was the condition between Washington and Pittsburgh. The reply was, "A low ceiling and bad visibility. Conditions west of Pittsburgh are splendid." Then the question was asked, "Would it be safe to take off for Washington?" The reply came, "Perfectly."

I asked the operator to whom he was talking. He said, "I am talking to the pilot in the plane which is coming to Cleveland from Washington." I asked, "Where is he?" He said, "Somewhere between Pittsburgh and Cleveland. He will be in here pretty soon." It was not long before he again got into communication with the pilot, and I heard him say, "Approach the field from such and such a direction. The way is open." The operator gave the character of the wind. He said the field was clear; and I, standing up there, looking out into the open space, after a while saw the plane approach. The pilot came in following the direction of the man who had been talking to him from the airport.

It was an uncanny situation, as it appeared to me; and yet that is only the beginning of what aviation will be able to do. This Government is interested in omitting nothing which will permit, stage after stage, the improvement and development of this method of travel until it becomes perfectly safe.

I have often wondered what people unfamiliar with airplane travel would think if they should be in a plane at night. If the night is beautiful, there is not anything finer in the world. The lights can be easily seen for 30 miles or more. These are the lights of the airways maintained by the Federal Government, under the direction of the Department of Commerce. The lights are of different colors, like the lights on a railroad track. If the night is beautiful, there is no finer experience; but if the night is overcast, if the ground cannot be clearly seen, if everything is shrouded in fog, if the long shadows as they appear to those in the rapidly moving plane obscure the vision until it is impossible to be certain of anything, it is natural for the passenger to feel some fear and trepidation; but he remembers that the pilot is flying in accordance with instruments. He is not looking at the ground. He is scientifically trained, and the plane lands in perfect safety; but there is a terrible feeling of insecurity until the plane lands on the ground, especially at such a time.

When we say that a company which has a contract for mail carrying is to be denied the facilities upon which its service must depend we are going pretty far in visiting vengeance upon a company because perhaps it is a holding company rather than an operating company. The company that is doing the carrying is an operating company.

Apart from these directly operated phases of the aviation industry, during the first part of 1929 this company brought to Pittsburgh the first and only aircraft-manufacturing company of that district, which was known as the Pittsburgh Metal Airplane Co. Considerable development work was done by the company in metal airplane construction, and two ships were built embodying the latest design in this

field. Because of the low ebb of the commercial sales market in 1930, however, it was decided that further activities in this connection were inadvisable. Consequently the assets of the Pittsburgh Metal Airplane Co. were sold to the General Aviation Corporation, which had a large organization, and sufficient capital to incur losses which were believed inevitable over the period of the next few years.

P.A.I.C.'s participation in the Pittsburgh Metal Airplane Co., a $320,000 concern, totaled $100,000, of which only $75,000 was called for payment. Upon completion of liquidation of the assets all stockholders received approximately 45 percent of the amount paid in, P.A.I.C.'s loss on this investment therefore totaling about $40,000. As circumstances governing the aircraft market later proved, if the airplane-manufacturing company had not been sold, there would have been little or no money returnable to its stockholders.

During the spring and summer of 1929, careful studies and analyses were made of various other aviation enterprises, in line with the announced policy of the company to encourage and develop aviation activities for the benefit of the community. These studies and analyses included the airports of Mayer Field, Hiland Field, Rodgers Field, and Bettis Field. Other projects given careful attention involved the American Moth Airplane Co., the Ohio River Valley Air Express, Aircraft and Airways of America, Inc., and Pittsburgh Airways.

With respect to the last company, the records show that at least three separate attempts were made by Pittsburgh Aviation Industries Corporation to effect a consolidation which would be to the benefit of the stockholders of both companies. The final attempt fell through only because the officers of Pittsburgh Airways insisted on being given employment contracts at figures higher than were being paid to the executive officers of Pittsburgh Aviation Industries Corporation, none of whom had ever been granted employment contracts. Although presumably looking out for the best interests of its stockholders, the Airways company management refused the consolidation on any other terms, and later went into bankruptcy. From the resultant liquidation the stockholders received nothing, and the employees were paid only a portion of the salaries due them over a period of from 4 to 6 weeks.

Mr. President, I wish to take the time to indicate the facts here, because it was stated by the Senator from Arkansas that the company which operated the route from Cleveland to Pittsburgh was unfairly treated. I desire to give the facts as to that.

The final attempt fell through only because the officers of Pittsburgh Airways insisted on being given employment contracts at figures higher than those being paid the executive officers, none of whom had ever been granted an employment contract. That was when there was an effort on the part of the Pittsburgh corporation to purchase this line, which ran from Cleveland to Pittsburgh, and desired to continue on to Washington.

In addition to these projects, surveys were made of a possible passenger service from Pittsburgh to Erie and from Pittsburgh to Parkersburg and Charleston, W.Va.

Chief among the concerns given serious consideration as a result of the studies made was the Thomas Morse Aircraft Corporation. As was stated in the minutes of the executive committee meeting of July 5, 1929:

> An extensive report was then made by George R. Hann, supplemented by Richard W. Robbins, on the Thomas Morse Aircraft Corporation, and the possibility of relocating this aircraft-manufacturing business in Pittsburgh. The committee decided that, in view of the excellent prospects of the Thomas Morse Aircraft Corporation, immediate steps should be taken to go into this matter further, and that a committee of three, of which George R. Hann should be chairman, be appointed to investigate locations for a factory building.

Although the company was not successful in relocating this aircraft manufacturing concern in the Pittsburgh district, the record is submitted as an illustration of Pittsburgh Aviation Industries Corporation's efforts in the best interests of the community.

Coincident with the establishment of the Pittsburgh-Butler Airport and the carrying out of the activities mentioned, a large part of the time of the organization was devoted to educational work on aviation, through talks, lectures, published articles, and direct advertising. It was obvious that before any real results could be obtained, some progress had to be made toward increasing the air-mindedness of the people in the community.

In addition, Pittsburgh Aviation Industries Corporation advised and counseled with the city and county officials and the special airport committee appointed by the Pittsburgh Chamber of Commerce in locating a site for the Allegheny County Municipal Airport. After the site was located, our pilots and technical staff frequently consulted with the engineers and other county officials in charge of the development.

At the same time, our company was spending thousands of dollars and flying thousands of miles making surveys both by air and on the ground of the possibilities for scheduled air services between Pittsburgh and Washington and from Columbus to New York via Pittsburgh, Harrisburg, and Philadelphia.

As airlines could not properly be operated until airways were established, contacts were made with Government and State officials to further airway development; and on such projects as were pending, to offer cooperation and the experience of P.A.I.C. pilots who for many months had been constantly flying and studying the terrain and weather conditions of the Allegheny Mountains. In this connection a definite proposal for a system of State airways was submitted to the Pennsylvania State Legislature, which resulted in an appropriation of some $200,000 for the purpose mentioned. No State had theretofore appropriated any such sum for aviation.

In a speech made before the Senate on Tuesday, March 20, 1934, by the distinguished leader on the other side, definite criticism was attached to the part played by Pittsburgh Aviation Industries Corporation in encouraging the establishment of a system of State airways. He made the charge that the company was political in character. Purely selfish, political motives were attributed to such efforts on the part of the company. The fundamental facts, however, were completely disregarded. An airway is properly classed with such projects as roads, parks, waterways, and harbors. Its establishment is in the public, not private, interest. Without airways, the whole system of air transportation could not function. Accordingly, the individual or concern which spends its money and devotes its principal efforts to laying this all-important, in fact, this basic groundwork, is doing a real service to the public. Particularly in Pennsylvania, with its rugged and mountainous terrain, there could have been no real air-transport operations had these airways not been constructed. The carrying of passengers on scheduled service prior to the establishment of these airways demonstrated a rank disregard for the value of human lives, and the people who were responsible for such rank disregard should be condemned, not applauded, at this time by the United States Government.

Pittsburgh Aviation Industries Corporation does not make the least apology for its efforts to enlist the interest of the Pennsylvania Legislature in such important and fundamental development work. To the contrary, the company points with pride to the results attained.

I quote now from the Bulletin on the Legislative History of the Air Commerce Act of 1926, approved May 20, 1926 (revision of the 1923 edition of Law Memoranda upon Civil Aeronautics, corrected to Aug. 1, 1928, p. 37):

> In water commerce terminal facilities, such as docks, piers, warehouses, are usually provided by municipalities or private enterprise. While the House amendment permits the Secretary of Commerce, if appropriations are made available, to establish and maintain airports and other terminal facilities, nevertheless, it is to be presumed that in the exercise of this power the Secretary of Commerce will have due regard to his duty under section 1 to encourage the establishment of air-navigation facilities, and in particular, airports, by municipal or private enterprise in order that municipal and private enterprise may take the same place in the field of air transportation as it has taken in the field of water transportation.

To the best of our knowledge this had always been the policy of Congress and was so stated on numerous occasions to Pittsburgh Aviation Industries Corporation officials by the Assistant Secretary of Commerce for Aeronautics, the Chief of the Airways Division, the Second Assistant Postmaster General in charge of air mail, and the superintendent of air mail.

The tenor of the remarks, almost in the nature of an order, was as follows. This was the voice not only of these subofficers, but it was the voice of the Postmaster General when the proponents of this company were trying to secure a contract:

> Show us that your own communities are interested and willing to do their share. The Government alone cannot carry the burden. Until we are assured of such cooperation we cannot do anything for the advancement of aeronautics in your section of the country.

The Government undergoes the expense of surveys and the establishment of the airways, depending upon companies to procure facilities. The Government undertakes to protect life by requiring certain conditions looking to safety. While the Government is anxious to build up the industry, it is not going to do it in the interest of some locality unless that locality will show that it is willing to do its part. That was said over and over by the officers of the Government in charge of the air-mail business.

I do not think that policy has been changed. If it has been, I do not know when it was changed. It seems to me to be true that the same policy was announced by the present administration in connection with all the relief work now going on, requiring localities to do their part if they depend upon any Federal aid.

In view of these facts, there is no fair basis for the criticism of this company for bringing the importance of aeronautical development to the attention of the Pennsylvania Legislature to the end that an appropriation was made for the common good. The Senator from Arkansas denounced this organization as a political body, and cited as evidence of that the fact that they had lobbied with the Pennsylvania Legislature in order to secure appropriations.

Efforts were also made to indicate to Government officials the necessity of Pittsburgh having adequate air-mail and passenger services, the only line then in existence being the Cleveland-Pittsburgh air-mail line. It was only logical and inevitable for Pittsburgh to have a service into Washington, and in addition to have a service eastward into New York and westward to Columbus and other cities on the present midtranscontinental line. It was not conceivable that a trade channel served by one of the largest and most important railroads in the country should permanently be deprived of the advantages of air transportation. To this end the chamber of commerce was again called upon and aid was likewise enlisted from every person in Pittsburgh who was interested in the growth and development of the community to further the construction of airways and to bring the time nearer when Government-sponsored air-transportation lines should commence operations.

With Federal and State agencies cooperating and with the officials, pilots, and technical staff of P.A.I.C. conferring day in and day out with both groups, there were finally surveyed and constructed the New York-Philadelphia-Harrisburg-Pittsburgh-Columbus airway and the Pittsburgh-Washington airway.

Mr. President, this was the beginning of the organization of the company. It became a bidder for an air-mail contract, which contract is charged on this floor as having been obtained in fraud, and it is stated, as a basis of that charge, that the company was a mere political body. There can be no inference drawn from that statement other than that this group of men were sufficiently influential to secure from the Postmaster General a contract which without that influence they would not have secured. That is the inference that is made with reference to this company by that charge; and it is because of that, and only that, that I am taking the time to indicate the background of the organization of this company.

It is very well understood, Mr. President, that for a long time the Government felt doubtful about its ability to induce any company to carry passengers over the Allegheny Mountains from Pittsburgh to New York, especially because of the character of the terrain between Harrisburg and Pittsburgh. Anyone familiar with the route traveled by the Pennsylvania Railroad will understand the meaning of the hesitancy.

Back in 1929 Pittsburgh Aviation Industries Corporation recognized the necessity of some kind of an airport in the neighborhood of Harrisburg. From the point of view of safety, efficiency, and continuity of service a strategic airport close to the eastern edge of the Allegheny Mountains was essential for westbound flights. Here, weather information could be studied, planes refueled, and other necessary preparations made before crossing the ridges in uncertain atmospheric conditions.

I think that on the occasion of the first flight I made from my home to Washington there was some uncertainty about weather conditions. Before we took off we had a report from Uniontown, where there is an airport, that everything was all right; yet by the time we reached Uniontown the clouds and fugitive storms were rising. In traveling from Philadelphia to Pittsburgh a plane flies over a perfectly level country until the Susquehanna River is reached, just west of Harrisburg. Then the mountains are entered. While certain valleys can be selected over which to fly, there are almost continuous mountains beyond Altoona and then on beyond Cresson and Johnstown. Finally, at a point about 30 miles this side of Pittsburgh, another level stretch is reached.

Such men as Lindbergh argued against undertaking to carry passengers over a route of that kind. Naturally, if the Government should induce any company to begin that transport business, including especially the carriage of passengers, one requirement would be that before entering the area of the mountains there should be an airport where the planes could be conditioned in case anything should happen before the mountains were reached. Especially is an airport necessary near the mountains should the condition of the atmosphere become such that it would be necessary to elevate the plane, for it is on such occasions that the engine might stop because of unusual pressure suddenly being put upon it.

The officers of the Pittsburgh Aviation Industries Corporation succeeded in arousing the interest of the Harrisburg Chamber of Commerce in this connection; and after several months of intensive effort, with Pittsburgh Aviation Industries Corporation and the Harrisburg Chamber of Commerce working together, the people of Harrisburg agreed to raise approximately $200,000 for the purchase and development of a municipal airport.

Senators will recall that Harrisburg is only about 7 miles east of the beginning of the mountains, and this airport lies between the mountains and the city.

The money was raised and the project started with the understanding that P.A.I.C. should assume the management and operation for a period of 3 years.

The Harrisburg Airport was officially opened in the early summer of 1930, and immediately established its strategic importance as a stop on the midtranscontinental line when service began in October of the same year. Without this airport the midtranscontinental line which immediately supplied a long-needed mail and passenger service over a logical trade channel from coast to coast would have been greatly delayed, at least insofar as continuity of scheduled operations east of Pittsburgh was concerned. During the operation of the airport for 3 years, until May 1, 1933, P.A.I.C. incurred losses aggregating $24,916.26.

In the Harrisburg Airport, P.A.I.C. claims a very definite and valuable contribution to the air-transport development in the eastern section of the United States.

Mr. President, the only reason why I am taking the time to indicate the expense involved in building this airway across this dangerous terrain is to reply to the charge of the Senator from Arkansas [Mr. ROBINSON] that this company

labored with the legislature at Harrisburg and with the people of Harrisburg as a political agency. They labored with the people all along the line; and what they demanded or requested from the State of Pennsylvania was to aid in building an air route from Philadelphia to Pittsburgh over the most dangerous terrain in the country, and one of the most expensive requirements was this airport before they entered the mountains.

Mr. President, in summarizing the accomplishments of the Pittsburgh Aviation Industries Corporation, the company which has been the target for so many charges during the first two years of business, namely 1929 and 1930, the following is noted:

First. Construction and development of Pittsburgh-Butler Airport, one of the largest and best equipped airports in the country, at a cost slightly in excess of $500,000.

Second. Establishment on a large scale of passenger-carrying activities, resulting in the transportation during the 2-year period of over 10,000 passengers on sightseeing and cross-country flights. Please note, Mr. President, that this was 2 years before the company was given a contract.

Third. Establishment of a Government-approved flying and ground school at which instruction has been given to over 1,300 students in a period of 5 years.

Fourth. Development of an aerial photography and survey business involving the production of approximately 2,500 photographs and surveys.

If one did not know the purpose of aerial photography, one would wonder why anything of that sort is required. Mr. President, in the great aviation center of Dayton—by all comparison the greatest research center of aviation in the world—one of the chief units is that of aerial photography. A picture can be taken at a height of 10,000 feet with as good results as if the plane had been only a short distance from the ground.

Fifth. Development of an aircraft, aircraft engine, and aircraft accessory sales business, involving a broad diversification of aircraft and equipment.

Sixth. Establishment of a Government-approved overhaul and repair station, with the consequent building up of a highly skilled organization to handle aircraft, engine, propeller, and instrument repair and overhaul.

Seventh. The location in Pittsburgh of the city's first aircraft manufacturing plant, the Pittsburgh Metal Airplane Co.

Eighth. The study and analysis of numerous airport and other aviation projects with a view to developing a cooperative interest to the benefit of the community.

Ninth. The promotion, development, and operation of the Harrisburg Airport, an essential and strategic link in the mid-transcontinental line.

Tenth. Carrying on of ground and air surveys in cooperation with the State of Pennsylvania and the United States Department of Commerce, directed to the establishment of the Pittsburgh-Washington and New York-Columbus airways in accordance with the announced policy of Congress.

Eleventh. Appropriation of funds by the State of Pennsylvania for the regulation of aeronautics and for the development of a system of State airways to the common good. And that is the basis of the charge that the company was political in character.

Twelfth. Aid given to the authorities of the city of Pittsburgh and the county of Allegheny toward the location and development of the Allegheny County Airport.

Thirteenth. Aviation educational work in Pennsylvania through lectures, articles, radio broadcasts, and many thousands of dollars in paid advertising.

It should be noted that these activities and accomplishments cost this company, according to the figures submitted to me, over $600,000 in capital expenditures and in addition thereto a net loss of approximately $200,000.

All this groundwork was merely planning for the future, and as stated previously, was directed toward the establishment of adequate air-mail and passenger operations serving the Pittsburgh district, in which it was anticipated that this company would merit a participation because of the experience it had acquired.

Mr. President, it might appear to those who do not fully understand the purpose of occupying the floor to give these facts, that it is a waste of time to do so, but I am doing this for one purpose and one purpose only. This company has been the target of those who sought to secure the cancelation of the contracts on the allegation that they were fraudulent, and this is one of the companies against which that charge is made.

Mr. President, if air transportation is to amount to anything in the United States, the cities of New York, Philadelphia, Harrisburg, St. Louis, Kansas City, Wichita, and Los Angeles must be kept in mind. I mention those cities because they are touched by the route in which this company is interested. They are on the midcontinent trade channel.

The officials of this company, prior to the conferences called in May and June 1930, by former Postmaster General Brown, were fully conversant with the Post Office Department's views with regard to the air-mail situation. Those views or policies were definitely expressed in an address by Mr. Brown himself, delivered before the Cleveland Chamber of Commerce on January 14, 1930, entitled "Commercial Aviation and the Air Mail."

I quote one statement from Mr. Brown's Cleveland speech:

> The experience of all passenger-transportation operators in 1929 was substantially the same, with a pay load of only 16- to 40-percent capacity. All closed the year with operation deficits so great that the very life of the passenger-transport industry is in the balance.

Mr. President, that is the basis on which Mr. Brown acted. It seemed to him there was no possibility of maintaining an adequate air service if it depended wholly on passenger service, and that it could not be maintained on air-mail allowance alone without a wasteful and exorbitant expenditure by the Government. He had it in mind if we ever built up a great aviation industry that all the mail companies must be required to recoup their expenses by passenger service insofar as possible; and he also stated that as to the companies then limited to passenger service, most of them operating in the red, he would be willing, where it could be done in the interest of the public, to give them air-mail contracts. He decided that there was no possible way of building a great aviation industry either on an exclusive mail service or upon an exclusive passenger service; that each should supplement the other. It was that idea which was in his mind when he called this conference together.

Mr. McCARRAN. Mr. President, will the Senator yield to enable me to ask him a question for enlightenment?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. FESS. I yield.

Mr. McCARRAN. I think the Senator from Ohio is referring to an address delivered by the former Postmaster General. Am I right as to that?

Mr. FESS. That is correct.

Mr. McCARRAN. I should like to ask whether or not that address was delivered prior or subsequent to the passage of the McNary-Watres Act.

Mr. FESS. It was prior to the passage of that act. The McNary-Watres Act was passed in April 1930, and this address was delivered in January 1930.

Mr. McCARRAN. That is what I thought.

Mr. FESS. The Postmaster General in that address referred to the passenger-transportation companies never carrying more than about 16 to 40 percent of a load.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Nevada?

Mr. FESS. I yield.

Mr. McCARRAN. First of all, I want the senior Senator from Ohio to know that I am in nowise attempting a heckling procedure. I do not engage in that kind of debate.

Mr. FESS. I know the Senator does not do that.

Mr. McCARRAN. But the thought struck me that there is a history subsequent to that address delivered by the former Postmaster General from which, as I recall from the record produced before the special committee of the Senate, it was disclosed that the former Postmaster General was opposed to the Kelly bill because it provided for competitive bidding, but, nevertheless, as I recall, the bill was passed containing a competitive-bidding provision.

Mr. FESS. That is correct.

Mr. McCARRAN. Then, I recall that the former Postmaster General came before the special committee—I do not want to quote him too far, but I think I quote him correctly—and made a statement wherein, inferentially, at least, he admitted he was opposed to the bidding system. I may be wrong as to that, and I do not want to misquote him.

Mr. FESS. I think the Senator is not wrong. The former Postmaster General never believed that there was much value in the competitive-bidding system.

Mr. McCARRAN. I am going to say something later on that will run along the same line; but, I think, following the passage of the McNary-Watres Act the former Postmaster General carried into his administration of the act which was passed his ideas of what was right rather than giving effect to the provisions of the law itself; in other words, he laid aside the specific provisions of the bill in order to carry out what he thought should have been in the bill in the first instance. I hope I do not misrepresent him, and I do not think I do.

Mr. AUSTIN. Mr. President, will the Senator from Ohio yield?

Mr. FESS. I yield.

Mr. AUSTIN. I have always felt that there was a little misunderstanding about the testimony of the Postmaster General before our special committee regarding that particular point. I recently looked it up and found that, in trying to clear up that question, he referred ultimately to his testimony before the House Committee on Post Offices and Post Roads and quoted a little paragraph therefrom—of which, of course, I cannot remember the exact language, but will try to refer to it later and put it in the RECORD—in which he said to that committee, when asked by a member of it——

Mr. McCARRAN. That is, the House Committee on Post Office and Post Roads?

Mr. AUSTIN. Yes; the House Committee on Post Office and Post Roads. When asked by a member of the committee what use he would make of section 6 of the McNary-Watres Act, he replied, in effect, that he intended to try to revamp the entire air-mail system by using the power of extensions and consolidations.

I call that to the attention of the Senators who are engaged in this colloquy, and I promise to put the extract in the RECORD later on, because I think it affords very strong evidence supporting the action which the Postmaster General ultimately took.

Mr. AUSTIN subsequently said: Mr. President, with the permission of the Senator from Ohio, I should like now to present and have incorporated in the RECORD the extract from the testimony of former Postmaster General Brown to which I referred a few moments ago.

The PRESIDING OFFICER. Without objection, permission is granted.

[From testimony of former Postmaster General Brown before the Special Committee on Investigation of Air Mail and Ocean Mail Contracts]

The CHAIRMAN. Did he not in that opinion refer to the fact that you had talked about extensions in your evidence? Did he not quote it, that you referred to them as "flight extensions", and, therefore, it would not be justifiable to go——

Mr. BROWN. Let me see if I did. I think we have had enough about this assuming of things.

The CHAIRMAN. All right. Let me have the opinion of the Comptroller General.

Mr. BROWN. I am not interested in the opinion. I am interested in what I said.

The CHAIRMAN. We will find it.

Mr. BROWN. I will help you find it.

The CHAIRMAN. That will be very pleasing.

Mr. BROWN. That is what I said about extensions, in dealing with the subject before the committee that was preparing the bill. At the bottom of page 27 of the hearings on amending the Air Mail Act (reading):

"Section 6 authorizes extensions and consolidations when the public interest will be promoted thereby. The purpose of that is to enable us to revamp the air-mail plan of the country and make it a logical one, so far as we have the wisdom to do so."

Mr. McCARRAN. Mr. President, will the Senator from Ohio yield for just another expression?

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Nevada?

Mr. FESS. I yield.

Mr. McCARRAN. My inquiries of the Senator from Ohio and my thought runs along this line, that the former Postmaster General was wedded to a certain idea which he tried to enact into law and from which he could not divorce himself after the law was enacted contrary to his views. Thereafter he carried out as best he could the ideas he had prior to the enactment of the McNary-Watres law. That may be condemnable or it may not. It may be that a public official having certain defined ideas in his mind would try to have those ideas enacted into law. Then the Congress refused to conform to his ideas. The thought strikes me that he should have relinquished his ideas and adapted himself to the law as it was written.

I do not want to interrupt the remarks of the learned Senator from Ohio unduly, but I do wish to express myself so that he may exploit my views as I have expressed them.

Mr. FESS. Mr. President, there is some basis for the conclusion the Senator has reached. I do not mean that the former Postmaster General acted in the way the Senator feels he did, but I can understand the basis on which the Senator has reached that conclusion. All through the hearings, when the Postmaster General was before the committee in reference to the legislation, he expressed his doubt as to the efficacy of the general principle of competitive bidding in the air-mail business in the stage it had reached. He said there was not much in it, notwithstanding the fact that the transcontinental contracts were let by competitive bidding.

Whether he had felt it was unwise and, therefore, he should follow the plan because it was the law as to the new contracts, or what should be the program, he did follow the competitive-bidding plan on new contracts. I think I ought to say that I do not believe he ever felt that was the best way to do. I would not want to be understood as saying that he violated the law in order to carry out his own views. I do not think that is true.

Mr. McCARRAN. Mr. President, if I may interrupt the Senator further——

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Nevada?

Mr. FESS. I yield.

Mr. McCARRAN. I want to say to the Senator that I do not interrupt for the purpose of distorting or interfering with his line of thought.

The whole matter has impressed itself upon me in this wise: Here was a public official who had a certain idea about how a certain matter should be carried out. He expressed himself before various committees; in fact, he expressed himself, I think I may say, before our special committee of the Senate. That idea was so impelling that after the McNary-Watres Act was passed he sought to carry out his idea even in the face of the law as it was written. That is my view of it.

Mr. FESS. I think the Senator goes too far when he infers that the Postmaster General was so set on doing a thing in a certain way that had not been written in the law that he proceeded to do it anyway in spite of the law. I do not think that is true. All the new contracts were let by competitive bidding. The old contracts were surrendered for route certificates and the route certificates gave almost plenary authority to the Postmaster General in dealing with rates, conditions, and so forth. That was essential. It was on the surrender of the contract for the route certificate, on the one hand, and the provision requiring or permitting extensions, on the other hand, that the Postmaster General

operated directly under the law in all the cases except those of the new contracts, I believe. May I ask the Senator from Vermont if I am correct?

Mr. AUSTIN. The new contracts were subsequently changed to route certificates.

Mr. FESS. Yes; as authorized by the law. I can understand why the Senator from Nevada may have gotten that view. Whatever we might say about the temperament of the preceding Postmaster General, he was a man of his own mind, and very often after conferences people would go from his presence not pleased, because they could make no particular headway with him. I recognize that was a condition which might lead some persons to believe that he went too far.

Mr. McCARRAN. Mr. President, will the Senator yield again?

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Ohio yield to the Senator from Nevada?

Mr. FESS. I yield.

Mr. McCARRAN. I want to concur with the learned senior Senator from Ohio in his statement that the former Postmaster General was a man of his own mind. I am perfectly willing to concur in that statement.

Mr. FESS. There is no doubt about that. In fact, he was of his own mind to such a degree that he frequently left people in an unfriendly attitude toward him. In other words, he was not always mild mannered and suave, but at times he was pretty abrupt.

Mr. President, the Postmaster General then recommended an amendment of the act of June 3, 1926, whereby he could contract for the transportation of mail at fixed rates per mile for definite weight spaces, this being analogous to the present practice in regard to railroads. To quote him further:

> This would enable the Post Office Department to give immediate assistance to air-passenger carriers on such routes as were deemed essential, by paying for carrying the mails a substantial sum based upon a definite weight-space preempted. * * *

Pittsburgh Aviation Industries Corporation naturally took the position that its efforts and concrete accomplishments and its willingness to spend large sums of money in preparing for the future over a period of more than 2 years entitled it at least to an opportunity, whether by competitive bidding or otherwise, to seek a permanent and recognized position in the air transport field, certainly insofar as the State of Pennsylvania was concerned. By this time, also, from a company starting with only 5 employees, a well-organized personnel of more than 40 individuals had been built up, including 11 experienced pilots, 18 skilled and well-trained mechanics, and other carefully selected individuals for the business management.

It was stated, as shown in the report of proceedings of the Special Senate Investigating Committee on February 19, 1934, page 5747, that Pittsburgh Aviation Industries Corporation had not had any flying experience. Testimony and comment to this effect was also given on other occasions. The real facts of the matter, however, are shown in the company's official records, which reveal that the company, prior to the time it became financially interested in any air-mail operation, was flying during the year 1930 on an average of 30,000 miles per month, an amount greater than the mileage flown on many of the air-mail routes. Such flying included charter and sight-seeing service, aerial surveys, and flight instruction, and afforded vastly more experience than the simple flying then done in scheduled operations. It must be understood that in flying 30,000 miles per month there was involved the overhaul, maintenance, and repair experience which constitutes the basic groundwork far more essential to a permanent air-transport system than the average intermittent scheduled operation then being conducted. As stated previously, it is also a matter of the company's official record that during the years 1929 and 1930, 10,000 passengers were carried by its 11 pilots in 11 airplanes owned and operated by Pittsburgh Aviation Industries Corporation. In other words, far from being unacquainted with flight problems and with the more important intricate mechanical and repair phases essential to safety, when the company finally participated in air-mail operations, it had a comprehensive background of experience and a knowledge of weather and terrain difficulties second to none in that section of the country.

There has also been some criticism of Pittsburgh Aviation Industries Corporation, at least by inference, that it had not operated a scheduled air transport service prior to its participation in the carrying of air mail by the purchase of Pennsylvania Airlines, Inc., in November 1930. I again state most emphatically that from 80 to 90 percent of the work of an air transport company is on the ground, in the establishment of adequate airports, airways, and airway facilities, in the training of an organization to carry on the service safely and efficiently, and that no public-service business of this character can be properly conducted without the groundwork essential to the safety of the traveling public, the protection of both private and Government property, and the safeguarding of the investor. That this position was eminently sound and in accordance with both the recommendations and the regulations of the United States Department of Commerce is demonstrated in the correspondence between Mr. Richard W. Robbins, executive vice president of P.A.I.C. and Col. Clarence M. Young, Assistant Secretary of Commerce, under dates of May 23 and May 26, 1930. On May 23, 1930, Mr. Robbins wrote a letter to Colonel Young, requesting advice as to the progress of construction of the Philadelphia-Pittsburgh Airway. In this letter is the following paragraph:

> For over a year this company (P.A.I.C.) has been ready with equipment and personnel to begin scheduled passenger service between Pittsburgh and New York. We have delayed the commencement of this operation until the airway is completed and we can carry it on with the authority of the Department of Commerce.

And from Colonel Young's reply of May 26, I quote:

> However, the operating experience across the State of Pennsylvania has been such as to indicate that a certificate of authority to operate a scheduled air-passenger service would be in order only in the event suitable airway facilities were available for either day or night service, or both, as the case might be.

This airway was not completed until the late summer of 1930 and such companies as were operating over the route prior to that date, specifically Pittsburgh Airways (using single-motored airplanes) were doing so in direct disregard of the expressed policy of the Department of Commerce and in inexcusable disregard of the safety of human lives. In addition, it is also true that many of the then air-mail contractors, with years of operating experience back of them, would not embark on the grave responsibility of carrying passengers by air on scheduled operation over the Allegheny Mountains, until so directed in 1930 and 1931 by Postmaster General Brown.

Mr. Monroe states:

> Our 2 years of pioneering activities and accomplishments had cost P.A.I.C. over $600,000 in capital expenditures, and in addition thereto an operating and development loss of over $200,000. Following the passage of the Watres Act in April 1930, our company was, of course, vitally concerned when the Post Office Department in May 1930 called a conference of the air-mail and air-passenger operators. Mr. George R. Hann, president Pittsburgh Aviation Industries Corporation, and Mr. R. W. Robbins, executive vice-president, attended this conference. It is a matter of record that neither P.A.I.C., nor any of its subsidiary companies, held an air-mail contract prior to this conference. It is a matter of record that following the final meeting on June 4, 1930, we still did not have an air-mail contract. Nor did we have a promise, direct, indirect, or by inference, of a contract from the Post Office Department.

It was not until the announcement was made by the Post Office Department in August 1930, that bids were to be advertised for air-mail service on the new midtranscontinental line that P.A.I.C. was afforded any opportunity of participating in air-line operations.

When Transcontinental & Western Air, Inc., was formed through the combination of Transcontinental Air Transport and Western Air Express to bid on the route to be advertised, P.A.I.C. insisted, and justifiably so, that neither T.A.T. nor W.A.E. had contributed anything to the territory east of Columbus. It was pointed out that the company's pio-

neering accomplishments should be recognized. Development of the important Columbus-to-New York section had been entirely neglected except for P.A.I.C.'s efforts, and the company had up to this time spent hundreds of thousands of dollars to render it eligible to bid for any governmental air-mail aid which might involve the so-called "Pennsylvania area."

At that time there was, in addition, no safe landing field in the Pittsburgh district with the exception of the Pittsburgh-Butler Airport. This airport was located away from the fog area peculiar to this community and was equipped for handling, repairing, and overhauling all types of aircraft and engines. These facilities were believed to be of inestimable value to the safe operation of the proposed line.

Also, it is of the deepest significance that long prior to the meetings of May and June 1930 in Washington, and consequently prior to the formation of T.W.A. in August 1930, conferences and negotiations had been carried on between George R. Hann, R. W. Robbins, and Norman Allderdice of Pittsburgh Aviation Industries Corporation and D. M. Shaeffer of Transcontinental Air Transport with a view to the consolidation of interests for the operation of a passenger service between New York and Columbus, to connect at Columbus with T.A.T.'s air-rail transcontinental run. Largely as the result of these prior conferences and negotiations, a tentative contract was drawn up in June 1930, including P.A.I.C., T.A.T., and Clifford Ball, who then held a mail contract for service between Cleveland and Pittsburgh. It was the purpose of this proposed consolidation, which was never consummated, to conduct flying operations between Cleveland and Norfolk via Pittsburgh and Washington and between Columbus and New York via Philadelphia, Harrisburg, and Pittsburgh.

All these facts, as well as our organization and financial status, were taken into account when P.A.I.C. was given a participation in the Transcontinental & Western Air System. The terms of this participation were as follows:

Pittsburgh Aviation Industries Corporation received 29,488 shares ($294,850) of the capital stock of Transcontinental & Western Air, Inc., or approximately 5 percent of the total stock issued and outstanding. T.W.A. received a 50-percent interest in the Pittsburgh-Butler Airport, the purchase, construction, and development of which involved a cash outlay of over a half million dollars.

In order to make this exchange, the assets of the airport were sold by P.A.I.C. to a new corporation, called Pittsburgh-Butler Airport, Inc., and 50 percent of the stock was given to T.W.A. and 50 percent to P.A.I.C.

Thus, P.A.I.C.'s interest in T.W.A. was based both on business conferences held long prior to May 1930 and on the merits of the situation as shown above. Mr. Monroe further stated that although his company believed it was entitled to a larger participation it was anxious to see real transport operations started through the Pittsburgh community and finally agreed to the terms stated. Its consolidation of interests with T.A.T. and W.A.E. was for the purpose of entering into competitive bidding for the contract on the midtranscontinental line. This consolidation was not the result of any favor from the Post Office Department.

It is decidedly pertinent at this point, as an indication of the attitude of the city government toward Transcontinental & Western Air, Inc., and the Pittsburgh Aviation Industries Corporation to quote the following from the proceedings of the council of the city of Pittsburgh (Municipal Record, Monday, Oct. 20, 1930, vol. LXIV, no. 45, pp. 611 and 612):

MOTIONS AND RESOLUTIONS

Mr. Garland presented no. 2014.

Whereas on Saturday, October 25, 1930, the new mid-transcontinental air route from New York to San Francisco via Pittsburgh, St. Louis, Kansas City, and Los Angeles, will be inaugurated, which, by affording an expeditious daily mail and passenger service, will render a distinct benefit not only to the business and financial interests but to the people of the community as a whole, increasing its importance as a transportation center, so that Saturday, October 25, may be recorded as a historical day in the annals of the history of Pittsburgh, making another milestone in our progress;

Whereas Bancroft, America's greatest historian, dubbed Pittsburgh the "Gateway of the West." Located as we are at the most important headwater of the Mississippi, he based his prophecy particularly on waterway commerce. On next Saturday we may well assume the additional title of "Air Gateway to the West."

Whereas on this auspicious occasion we pay another tribute to that eminent Pittsburgher, the first man in the world who succeeded in building a successful heavier-than-air flying machine—Samuel P. Langley, in whose honor Langley Field has been named, and for whom the Pittsburgh Board of Education has named one of our high schools as a memorial to his genius. We record our tribute to the memory of that gallant young airman, a Pittsburgher, Calbraith Perry Rodgers, first to make a transcontinental flight, and who gave his life to the cause.

Whereas our State of Pennsylvania, through its appropriation of $250,000, is largely responsible for the inauguration of this new midtranscontinental air route. The State legislature is hereby accorded our thanks.

Whereas the council also places itself on record as being thankful to the commissioners of Allegheny County for their very generous appropriations to aid the city in the construction of a wonderful A–1 municipal airport, recognizing the fact that when the port is completed the three principal cities of our great State, Philadelphia, Harrisburg, and Pittsburgh, will have outstanding airport facilities.

Whereas this auspicious starting of airway services is but the forerunner of hydroplane development, our city being fortunate in having three great and important waterway arteries connecting this industrial empire with the great distributing cities of the South, Southwest, and Northwest.

Whereas hearty thanks are due at this time to all of our people whose activities have contributed to the inauguration of this wonderful service by helping to make our people air-minded. Among these might be recorded: The Aero Club of Pittsburgh; the Pittsburgh Chamber of Commerce, through its special committee on airport development, Arthur E. Braun, chairman; the Aeronautics Committee of the chamber, Raymond M. Marlier, chairman; Pittsburgh-Butler Airport; Pittsburgh-Greensburg Airport of the Main Aeronautics Corporation; Bettis Airport of the Curtiss-Wright interests; and to those pioneers, Col. Harry Fry, Col. William Thaw, and Casper Mayer, who were in at the beginning, blazing the way.

Whereas it is fitting that there should be special mention and official recognition by this council of the splendid work accomplished by the Pittsburgh Aviation Industries Corporation, organized by a group of Pittsburgh business leaders, with George R. Hann, as the able, energetic, and tireless president, in lending its financial and business guidance in encouraging and stimulating all forms of aeronautic activities in the Pittsburgh district. And the Transcontinental & Western Air, Inc., is hereby heartily commended for its work in fulfilling the need of the Pittsburgh district with these additional transportation facilities: Therefore, be it

Resolved, That the mayor and the council of the city of Pittsburgh do hereby extend to the Pittsburgh Aviation Industries Corporation their most sincere felicitations upon the accomplishments of that organization in the advancement of aviation transportation in general, and the resultant distinction brought to the city through the zeal of that corporation in the selection of our city as a terminal on this important transcontinental route; and, be it further

Resolved, That these resolutions be spread upon the councilmanic records in full, and that a copy of same be forwarded to the proper officers of the Pittsburgh Aviation Industries Corporation, the United States Department of Commerce, the Pennsylvania State Aeronautics Commission, the United States Post Office Department, and to the officials of Transcontinental & Western Air, Inc., and to those other activities mentioned herein as now engaged in aircraft development.

Which was read.

Mr. Garland moved the adoption of the resolution, which motion prevailed.

The second air-line interest developed by P.A.I.C. involved the Cleveland-Pittsburgh air-mail route, which was later extended to Washington, D.C. It is of interest to note that upon the formation of P.A.I.C. in 1928 the first negotiations carried on by the officers of the company were for the purchase of the Cleveland-Pittsburgh line, with the belief that that operation was a nucleus upon which a permanent air-transport structure for Pittsburgh might be built. The owner, Mr. Ball, was offered either stock in the Pittsburgh company, together with the position of vice president, or total payment in cash, but at that time he was not inclined to dispose of his holdings.

In the effort to obtain Government-recognized air-transport operation between Pittsburgh and Washington, deemed so important for the Pittsburgh community, negotiations with Clifford Ball were continued at various other times in 1929 and in 1930. An agreement was finally reached, to take effect November 1, 1930, whereby P.A.I.C. purchased the controlling interest in the Cleveland-Pittsburgh air-mail and passenger operation as well as the pioneer passenger-carrying operation between Pittsburgh and Washington.

As the result of erroneous if not deliberately false testimony given at the hearings before the Senate investigating committee, distorted conclusions were drawn to the effect that Clifford Ball was forced to sell to Pittsburgh Aviation Industries Corporation as the result of a plan worked out in cooperation with former Postmaster General Brown. Definite accusations on this score have followed. In the CONGRESSIONAL RECORD, page 4905, we find this statement by the Senator from Arkansas [Mr. ROBINSON]:

The proof shows that Mr. Ball, who was being pressed, sold out under protest to the Pittsburgh Aviation Industries Corporation. * * *

Such conclusions and accusations are in direct variance with actual fact.

All that P.A.I.C. knew of Clifford Ball's operation was that the Cleveland-Pittsburgh route had developed to the point of earning a small profit after an initial struggle against the obstacles encountered through lack of adequate capital; that this lack of capital had delayed the start of service for practically a year after the award of the initial contract, or from April 27, 1926, to April 21, 1927; that a strong organization with ample financial backing was essential for further expansion in the best interests of the United States Government and of the public.

Accordingly a few days prior to the expiration of the contract in October 1930 a proposal of purchase was again made by P.A.I.C., and this time accepted by Mr. Ball. This proposal was accepted only because it was the most favorable of three offered to him at that time—the other two being offered by the Aviation Corporation of Delaware and by the Thompson Aeronautical Corporation. The deal met with the approval of Mr. Brown, not for the reason of granting P.A.I.C. a favor or of forcing out Clifford Ball, but for the reasons established in the following testimony—Report of Procedure, pages 5743 and 5744:

The CHAIRMAN. Did you call up Mr. Orgill over long-distance telephone and tell him that he could tell Mr. Ball he had just as well give the option to the Pittsburgh Aviation Corporation, because you were not going to give him a contract?

Mr. BROWN. I don't recall that conversation. I know this, that Mr. Orgill had two or three set-ups for the Ball transaction, for Ball to sell out, and they either looked like stock-jobbing operations or they looked as though Ball would ultimately get control of the stock, and we would be back right where we were before with Ball in charge of the company, and I was unwilling to be hoodwinked in any such way if I could help it, and I insisted that we would not give a certificate to Ball until we knew the property was going to pass into the hands of people who were responsible, who were not stock jobbers, and who would do a fairly decent job out of the National Capital, where I wanted the finest operation in the whole country if I could get it.

P.A.I.C. had apparently demonstrated to Mr. Brown that it was responsible and that it could supply the type of operation desired.

The authorized capital stock of Pennsylvania Airlines was 20,000 shares, without par value, in the total sum of $200,000. Following out the preliminary agreement under which the purchase was made, P.A.I.C. paid to Clifford Ball $80,000 for 8,000 shares of stock and put into the airline company $62,500 as working capital, for which it received 6,250 shares of stock, making a total of 14,250 of the 20,000 shares authorized and issued. The remaining 5,750 shares were held by Clifford Ball under an escrow agreement with P.A.I.C. In August 1932, 750 of these shares were acquired by P.A.I.C. upon payment of $7,500 to Clifford Ball, and on October 1, 1933, the remaining 5,000 shares were acquired upon payment of $50,000. Thus on October 1, 1933, Pennsylvania Airlines was 100 percent owned by the Pittsburgh Aviation Industries Corporation.

Following the terms of the purchase agreement, Mr. Ball was elected vice president of Pennsylvania Airlines, to which the air-mail route certificate had been sublet, at a salary of $1,000 per month. He also received the total sum of $137,500 for his company, of which only $73,658.19 was represented by physical assets. As was stated in the minutes of the meeting of the P.A.I.C. executive committee on October 24, 1930, $137,500 was considered too much to pay for the assets and operations because the overhead would be entirely disproportionate to the small mileage flown. It was stated at the same meeting, however, that there were certain equities involving extensions to Washington and Norfolk under the intent and provisions of the Watres bill. In view of the pioneering operation between Pittsburgh and Washington, conducted since August 1929, these equities were definitely in favor of Pennsylvania Airlines being granted an extension to Washington and to Norfolk. Under the circumstances the officers of P.A.I.C. were empowered by the executive committee to consummate the purchase at the terms stated above. Up to November 1, 1933, the date when Mr. Ball resigned, he had never indicated in any way to the officers and employees that he was anything but well pleased with those terms.

In November 1930, the date of the purchase, Pennsylvania Airlines was not properly organized or equipped for any such major mail and passenger operation as the Post Office Department required, assuming the Cleveland-Pittsburgh service would be extended. The airline company was accordingly reorganized, proper methods of accounting and fiscal control introduced, multi-motored equipment capable of carrying mail and passengers in safety across the mountains was purchased, and the operations and maintenance thoroughly standardized. Also in recognition of the desire of the Post Office Department to build up passenger revenue so that mail appropriations could be gradually reduced over a term of years to the point where the service could finally be self-sustaining, intensive traffic solicitation efforts were instituted.

With reference to the extension from Pittsburgh to Washington, this extension had always been considered logical and essential both to the Air Mail Service and to western Pennsylvania. At that time, for example, Washington mail for Chicago and points west was routed via New York and Cleveland, requiring just twice the time as against routing via Pittsburgh. Congress had already recognized the need of this connecting service in two ways:

First. Funds had been appropriated by Congress for the construction of the Washington-Pittsburgh airway—construction was already under way.

Second. Funds had been appropriated by Congress for the service between Pittsburgh and Norfolk via Washington—the Norfolk-Washington section was never authorized.

It was not until June 8, 1931, however, that the extension to Washington of the Cleveland-Pittsburgh air mail service was granted. It is a matter of record that this was the last of eight extensions granted under the terms of the Watres Act from January 1 to June 8, 1931. The value of this extension and the way in which it was viewed by the community could not be better expressed than in the following editorial from the June 8 edition of the Pittsburgh Post Gazette:

NEW AIR-LINE INAUGURATION

The importance of the Pittsburgh-Washington air mail and passenger service, to start today, is impressed by the fact that Rear Admiral Byrd, Postmaster General Brown, and other prominent figures will participate in the opening ceremonies at Bettis Field.

One of the most significant features is that the realization of the service at this date represents the Pittsburgh spirit itself. With the need and desirability of the line—an extension of the Pittsburgh-Cleveland route and to be continued later to Norfolk—never in question, there yet was the prospect of a long delay in its establishment. Pittsburgh business leaders and the representatives of this district in Washington immediately became active in protest. While there has been some delay, it is nothing to what it would have been if Pittsburgh had not given a demonstration of its airmindedness.

The entire plan, which also calls for an extension of the route from Cleveland to Detroit, will make Pittsburgh a hub for air-mail transportation. The value of the service in affording a saving in time and the promise eventually of direct air-mail connection with our South Atlantic States, Cuba, Puerto Rico, Jamaica, and Central and South American countries needs no description.

It is noteworthy that the only slightly jarring comment had reference to the delay in granting this essential service.

That the acquisition of this airline by the Pittsburgh Aviation Industries Corporation was definitely in the public interest is demonstrated by the following figures comparing the service, mail carried, and cost to the Post Office Depart-

ment of air-mail route no. 11 as operated by Clifford Ball and as operated by the Pittsburgh company:

	AM-11, operated by Clifford Ball	AM-11, operated by our company
Miles flown with mail (monthly average)	10,705	49,713
Mail pounds carried (monthly average)	5,598	11,446
Cost to Post Office Department (monthly average)	$16,821.00	$20,662.09
Cost per pound	3.00	1.75
Cost per mile	1.57	0.41

As may be seen from the figures, the operation of AM-11 by the Pittsburgh company resulted in an increase of 359 percent in service to the Government and to the public, and in an increase of 104 percent in mail pounds carried, while the cost to the Post Office Department increased by only 19 percent. At the same time cost per pound decreased 42 percent, and cost per mile 74 percent.

If all these facts are carefully and impartially considered they will demonstrate beyond doubt the character of the Pittsburgh Aviation Industries Corporation and of Pennsylvania Airlines, Inc., one company in reality, a civic enterprise, organized and operated not for any special interests but for the common good. They will demonstrate that the development of these companies resulted from the exercise of sound business enterprise and initiative and in accordance with the highest business ethics. They will demonstrate beyond dispute that there was not the slightest taint of fraud or collusion in the acquiring of Pennsylvania Airlines' air-mail contract or in carrying out its terms.

With reference to the all-inclusive charge of fraud and collusion in obtaining air-mail contracts, let us view the facts as concerns this particular company. Quoting from the text of Postmaster General Farley's letter to Senator BLACK explaining the cancelation of all domestic air-mail contracts:

> I am convinced that before any of the air-mail contracts were awarded those interested held meetings for the purpose of dividing territory and contracts among themselves. * * * These conferences were held during May and June 1930.

Quoting further:

> It is incontrovertible that the 1930 meeting was held, that it was confined to those who subsequently obtained the contracts, that the provision of the law calling for competition in bidding was not carried out, and that all the present domestic air-mail carriers secured contracts based on conspiracy or collusion * * *.

Just how do the facts bear out these statements? Representatives of the Pittsburgh Aviation Industries Corporation attended the meetings called by former Postmaster General Brown. Although P.A.I.C. had not been operating a scheduled air transport service, the evidence proves that more miles were being flown per month by that company's airplanes than were being flown on many of the air-mail routes then in existence. The evidence also proves that it was not in the public interest and was actually contrary to Department of Commerce regulations to operate a scheduled service over such rugged terrain as the Allegheny Mountains until the airway facilities were completed. They were not completed until the summer of 1930.

In 18 months of pioneering effort P.A.I.C. had expended in capital items more than $600,000, while the operating and development loss totaled over $200,000. At the time of the meetings in Washington this company felt that it was qualified to bid on such routes through Pittsburgh as were then contemplated. The officers of P.A.I.C. would have been most derelict in their obligation to their community, their employees, and their stockholders had they not attended the conferences called by former Postmaster General Brown.

Pittsburgh Aviation Industries Corporation went into this meeting on the basis as stated. At that time the company had no mail contract or any interest in a company holding a mail contract. In answer to the general request made by Mr. Brown, it stated, because of its pioneering groundwork and actual flying experience, its great interest in the proposed routes between Pittsburgh and Washington and between St. Louis, Pittsburgh, and New York. These statements were the net result of the meeting as far as P.A.I.C. was concerned. In other words, this company went into the conferences with nothing and came out with nothing.

How did P.A.I.C. secure participation in any air-mail operations? First, by exchanging, in dollar-for-dollar value, physical assets worth $294,850 for $294,850 of the stock of a company that had been formed to bid on the midtranscontinental route, namely, Transcontinental & Western Air, Inc. As stated previously, P.A.I.C., several months prior to the 1930 meetings in Washington, had had negotiations with T.A.T., one of the constituent companies forming T.W.A., for the consolidation of interests. The negotiations subsequent to the Washington conferences were merely the continuation of consolidative attempts instituted in the late fall of 1929. T.W.A. was the lowest responsible bidder on the midtranscontinental route and consequently was awarded the contract. Only distortion of facts could designate such participation by the Pittsburgh company as the fruits of a conspiracy entered into during the May and June meetings.

Then in November 1930 P.A.I.C. purchased the controlling interest in the Cleveland-Pittsburgh air-mail line. Despite charges of connivance and pressure on the part of Post Office Department officials, the evidence clearly proves that this purchase resulted from P.A.I.C.'s having made to the owner, Mr. Ball, the best proposal offered at that time, and in addition having demonstrated to Postmaster General Brown its responsibility to assume charge of the lives of citizens and the safety of private and Government property.

It was not until 8 months later, and it should also be pointed out, more than a year after the 1930 conferences, that the Cleveland-Pittsburgh line was extended to Washington in accordance with the provisions of the Watres Act and through funds specifically authorized by Congress—Treasury and Post Office Departments appropriation bill, fiscal year 1932, Seventy-first Congress, third session, House of Representatives Report No. 2068, page 18. In other words, this extension was granted according to a law passed by Congress, and the funds were specifically authorized by Congress. Again only through an intent to destroy can a fraudulent motive be attributed to a transaction that was so obviously in the public interest.

Such are the facts in connection with the participation of the Pittsburgh Aviation Industries Corporation in the air-mail business. And despite such facts the contract for the Air Mail Service on the route operated by Pennsylvania Airlines—between Cleveland, Akron, Pittsburgh, and Washington—was summarily annulled.

Apart from the general charges of fraud and collusion, on which the cancelation of Pennsylvania Airlines' mail contract, as well as those of all other domestic air-mail operators, was based, frequent references were made to Pennsylvania Airlines and its parent company, Pittsburgh Aviation Industries Corporation, in the hearings before the Senate investigating committee. Although no specific accusations were made, certain erroneous inferences and conclusions were drawn, which resulted in the creation of a false impression as to these companies and which were contrary to demonstrable facts. Such distorted inferences and conclusions could easily have been avoided had the Senate investigating committee, through its agents, availed itself of certain pertinent material from the company records and files, which had been made available last January to the agents of that committee.

One of the first conclusions resulting from the hearings was that the Pittsburgh company was controlled by a certain group, the Mellon family, to be exact. The true facts, however, are incontrovertible. Of the 46,312 shares of P.A.I.C. stock issued and outstanding the three members of the Mellon family owned only 2,400 shares, or about 5 percent. Also, it has been clearly demonstrated that the Mellons made an investment in this company only after they had been assured of its civic nature and that it was to be representative of all the leading business and financial

interests. In addition, testimony has been given before the Post Office and Post Roads Committee of the Senate that the late Mr. R. B. Mellon resigned his position as a director shortly after he was elected, that Mr. W. L. Mellon never attended a meeting of the directors, and that of the 61 meetings held in the past 5 years Mr. R. K. Mellon attended only 14. Testimony was also given before the same Senate committee that the Mellons had never in any way attempted to control the policies or activities of P.A.I.C.

Another conclusion resulting from the hearings conducted by the Senate investigating committee was that unreasonable profits were earned by the air-mail operators by virtue of their contracts with the Post Office Department. The records available in the files of the Post Office Department show that from November 1, 1930, to December 31, 1933, a net loss of $72,866.92 was shown by Pennsylvania Airlines. Although this may not seem a substantial sum, it should be noted that it represents 36.43 percent of the total capital of $200,000. These losses were incurred despite a most exacting economy in every department. As the Post Office records will also show, P.A.L.'s operating expenses were 7.3 percent lower than those of the majority of air-mail contractors. For example, for the 38 months of its operating history, costs totaled $0.63 per mile as against $0.68, the cost per mile as shown by the Post Office records for all operators. These figures may be broken down as follows:

	Pennsylvania Airlines	All companies
Maintenance: Cost per revenue-mile	$0.2397	$0.2615
Conducting transportation: Cost per revenue-mile	.2881	.3092
Traffic and advertising: Cost per revenue-mile	.0423	.0515
General and administrative: Cost per revenue-mile	.0600	.0576
Total cost per revenue mile	.6301	.6798

Also attention is invited to the fact that the rates of air-mail pay granted to Pennsylvania Airlines, Inc., were 28.7 percent lower than the average granted to all operators. The periods covered are arranged according to changes in rate authorizations:

Period	Pennsylvania Airlines	All companies
	Cents	*Cents*
Nov. 1 to Dec. 31, 1930	63.9	81.6
Jan. 1 to June 30, 1931	53.8	75.1
July 1 to Dec. 31, 1931	39.9	66.7
Jan. 1 to June 30, 1932	36.0	57.0
July 1 to Dec. 31, 1932	43.1	57.4
Jan. 1 to June 30, 1933	48.5	52.8
July 1 to Dec. 31, 1933	33.5	37.9
Nov. 1, 1930, to Dec. 31, 1933, average	40.8	57.2

As the table indicates, for a period of 38 months, or from November 1, 1930, to December 31, 1933, inclusive, Pennsylvania Airlines, Inc., has been paid by the Post Office Department an average of 16.4 cents per mile less than the average paid to all operators. It was not until November 1, 1932, that a formula was put into effect bringing these rates more nearly on a parity with those paid other operators. It can, therefore, be seen that this company has never been permitted to earn its proportionate share of the air-mail appropriation. It also may readily be seen that no unreasonable profits were earned by the company. Where, then, is the undue political influence alleged to have been used in connection with securing a so-called "fat" air-mail contract? The actual facts point to definite discrimination rather than special favor.

With further reference to the alleged undue profits, it should be pointed out that as the result of the corporate changes and developments as previously outlined, Pittsburgh Aviation Industries Corporation evolved as both a holding and operating company with interests in the following concerns in the amounts indicated:

	Number of shares	Percentage of total
		Percent
Pennsylvania Airlines, Inc.	20,000	100
Pittsburgh-Butler Airport, Inc.	2,807.5	50
Transcontinental & Western Air, Inc.	29,485	4.73

With regard to the three Pittsburgh companies alone, namely, Pittsburgh Aviation Industries Corporation, Pennsylvania Airlines, Inc., and Pittsburgh-Butler Airport, Inc., the net loss of these companies, including only 50 percent of that of Pittsburgh-Butler Airport, Inc., totals $445,951.35 from date of December 1928 to December 31, 1933. Presuming that the stockholders are entitled to a reasonable return on their investment, such return at the rate of 6 percent would have resulted in this 5-year period in a net income of over $300,000. As opposed to this, there is a net loss of $446,000, or a difference of $746,000.

The figures given do not include P.A.I.C.'s percentage of T.W.A.'s net loss of $1,254,000 to December 31, 1933. Such a share as represented by the 5-percent stock interest is an additional $62,700.

Another point stressed by the special Senate committee was the matter of exorbitant salaries and bonuses paid to officers of the companies carrying the mail. Up to December 31, 1933, Pennsylvania Airlines, Inc., was in existence 38 months; and the records for that period show that the highest salary paid to any officer in any one year was $12,000, that the average salary paid to executive officers is $555 per month, and that no bonus was ever paid to any officer or employee. It is also a matter of record that the president of the parent company, P.A.I.C., who was largely instrumental in the formation of the company and who devoted a substantial amount of his time to this enterprise, has never received 1 cent of compensation.

With further reference to the undue political influence alleged to have been used by the Pittsburgh Aviation Industries Corporation to further its own selfish interests, the history, as given, of P.A.I.C.'s development and of its activities could not be a better refutation of this accusation. Even disregarding the history, these facts alone are sufficient evidence that such an accusation was ungrounded in truth:

First. Pennsylvania Airlines, Inc., during the 38 months of its existence, received a rate of mail pay 16.4 cents per mile less than was given to the average of all operators during this same period.

Second. Despite operating costs of 5 cents per mile lower than the average, Pennsylvania Airlines, Inc., because of the low rate of mail pay, suffered net losses of $72,866.92 for the 38 months' period.

Third. The net losses to December 31, 1933, of Pittsburgh Aviation Industries Corporation, Pennsylvania Airlines, Inc., and Pittsburgh-Butler Airport, Inc. (50 percent), totaled $445,951.35.

These are the facts, irrefutable against any attempts of deliberate distortion. The cry has been raised, and may be raised again, that P.A.I.C. wrote to Senators and Congressmen, to legislators at Harrisburg, and to Government officials with reference to various matters, including the construction of the airways, the mail contract held by Pennsylvania Airlines, the extension of the route from Pittsburgh to Washington. The company readily concedes using every proper avenue of approach to impress upon these people the importance of their weighing carefully the merit, or lack of merit, of the matters in question.

Since when has it become a crime for the people to acquaint their duly elected representatives with projects conceived for the common good and to ask their support of such projects? If that is a crime, then every Senator, Representative in Congress, and member of a State legislature now in office is equally guilty.

Let me summarize the principal points proven by the evidence offered:

First. That Pittsburgh Aviation Industries Corporation was organized and operated as a community enterprise to promote the development of aviation in the Pittsburgh district. It was representative of the entire community, was controlled by no group interest, and it carried out its announced purpose and conducted its affairs in accordance with the highest business ethics.

Second. That Pittsburgh Aviation Industries Corporation acquired in August 1930 its stock interest in Transcontinental & Western Air, Inc., entirely as a result of business conferences held long prior to May 1930 and as a result of the pioneering work done in its territory, and that the then Post Office Department officials had nothing whatsoever to do with Pittsburgh Aviation Industries Corporation's acquisition of Transcontinental & Western Air, Inc.,'s stock.

Third. That Pittsburgh Aviation Industries Corporation dealt honestly and fairly with Mr. Clifford Ball, in a thoroughly businesslike transaction involving the acquirement of the assets of his company, and that the purchase of these assets was influenced in no way by any Post Office Department official.

Fourth. That the acquisition of the air-mail contract from Mr. Clifford Ball was in the best interests both of the Government and of the public, as demonstrated by the comparative figures, which proved that AM–11 operated by the company resulted in an increase over the operation by Mr. Ball of 359 percent in service to the Government and to the public and in an increase of 104 percent in mail pounds carried, while the cost to the Post Office Department increased by only 19 percent.

Fifth. That there was no fraud or collusion, either specific or general, between the then officials of the Post Office Department and the officials of P.A.I.C. which resulted in the securing of an air-mail contract.

Sixth. That certain testimony before the Senate investigating committee pertaining to P.A.I.C. and Pennsylvania Airlines was erroneous, if not intentionally false.

Seventh. That P.A.I.C. and Pennsylvania Airlines, throughout their history, deliberately refrained from lobbying or the attempted improper use of political influence.

Eighth. That the general imputation that high salaries were paid to executive officers of air-mail operations is directly in conflict with both the policy and practice of P.A.I.C. and P.A.L.

Ninth. That the air-mail contract held by Pennsylvania Airlines, despite low operating costs, resulted in no profit to the company but in substantial losses because of the low mail pay granted.

In the light of these facts how can the cancelation of the air-mail contract held by Pennsylvania Airlines be justified?

Mr. President, I was notified a moment ago by one of the official reporters that when I asked unanimous consent to have printed in the RECORD certain editorials indicating the general feeling of the country, debate ensued, the request was not put and therefore, not granted. I now renew the request.

The PRESIDING OFFICER. Without objection, the request of the Senator from Ohio is granted.

(See exhibit B.)

Mr. FESS. I have asked for a statement of information in the way of development of the companies to which these contracts were let by competitive bidding. I had intended to read that material into the RECORD, but if the Senate will permit me to insert in the RECORD without reading, I should be glad to do it in that way. I ask unanimous consent that that may be done.

The PRESIDING OFFICER. Without objection, leave is granted.

(See exhibit C.)

Mr. McCARRAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. FESS. I yield for a question.

Mr. McCARRAN. The Senator just submitted an offer of a document to be inserted in the RECORD, and then I saw the learned senior Senator from Ohio move a bound volume, with which I am entirely familiar. I wonder if that is the written matter which he proposes to have inserted in the RECORD?

Mr. FESS. Oh, no!

Mr. McCARRAN. If it is, the Senate might be in session for many months if Senators undertook to digest everything that is in that volume. There is much in the volume with which I desire to concur.

Mr. FESS. Mr. President, I will state to my friend that I would not ask to have anything in a book printed in the RECORD.

There came to my desk today, from the Brookings Institution, a volume called "The Economics of Air Mail Transportation", from the pen of Paul T. David—by the way, a graduate of the college of which I was once president. In this book there is much that is of immediate importance. I can refer to only a few of the paragraphs.

Mr. McCARRAN. Mr. President, may I interrupt again? I hope this will be the last time.

Mr. FESS. I am glad to yield to my friend.

Mr. McCARRAN. In view of the fact that the learned senior Senator from Ohio is about to read from the book he has before him, and in view of the fact that I stated just a moment ago that there are in that volume many things with which I concur, I desire to bring back to the attention of the Senate of the United States my statement, made here just a few days ago, that this whole matter is so much in the making, there is so much of a future to the science of aviation, and so much of that future is written within the volume which the senior Senator from Ohio now holds in his hands, that it is worthy of the study and careful consideration of every Member of the Senate.

Mr. AUSTIN. Mr. President, will the Senator from Ohio yield to me for a moment?

Mr. FESS. I yield to my friend.

Mr. AUSTIN. I beg to suggest that some of the conclusions drawn by the author of that book since writing the original text ought to be considered with knowledge of the fact that the information upon which they are based came largely, at least, from Solicitor Crowley, the significance of which I shall try to point out later.

Mr. FESS. Mr. President, I concur in the suggestion made by the Senator from Nevada [Mr. McCARRAN] that we ought not to rush through a matter of this kind. So many inconsistencies are involved in what has been stated at different times, when read in the light not only of recent recommendations of the Postmaster General but also in the light of the pending bill, that we ought not to rush a measure such as that now pending, and ought not to dispose of it until it has been thoroughly discussed.

For example, here is the report of the investigation of the United States Postal Air Mail Service authorized on June 21, 1932, by the House of Representatives, which is based largely upon the findings of the special investigator, Prof. John B. Crane, of Harvard University, who flew nearly all the routes, studied them at first hand, and then laid before the committee his conclusions. Many of these conclusions are in direct opposition to what is proposed by the pending bill.

For example, Professor Crane claims that the air-mail map was too rapidly made, and that too many contracts were let where the service would not justify it, and therefore that it probably would be wise to discontinue some of the service. That, of course, has been done. That was done in many cases under Postmaster General Brown.

Professor Crane also states that it would be unwise to make any further extensions, with the two exceptions of the route from North Dakota across Montana into Spokane, and the one in the Hawaiian Islands. The route into Spokane is the fourth transcontinental route, which from the very inception of this service has been in the making. It was one which the former Postmaster General thought ought to be let, but not until the airways were established, just as in letting a Government contract for air-mail service from New York to Chicago, it would not do to let a contract over the terrain of mountains without first having the airway

established, the lights, the beacons, and all the necessary facilities; and it took 2 years to get them ready.

That is the reason why the route out in the Northwest has not been established. There is a link between Mandan, N.Dak., and Spokane, Wash., which is uncompleted. The link cannot be completed until the airways are established. They have been in process of construction for a considerable time, and I understand they are just about ready to be completed, if not entirely completed. That route, of course, does not fall within the inhibition of the special committee's report.

The other route is in Hawaii, where it is stated that an enlargement of the air service would be justified; but, in the face of that recommendation as to refraining from making further extensions, there have been extensions by this administration, and extensions are proposed under the pending bill in direct opposition to the specific findings of the special investigator and surveyor appointed by the special committee.

Not only that, but Professor Crane questions and, in fact, advises against the creation of a commission to supervise and regulate the operation of the Air Mail Service. The pending bill refers to commissions. I am not especially opposed to the creation of commissions, particularly if the purpose of the commissions is to conduct investigations. I do not know whether we need any commission to regulate the operation of this service. I have my doubts about it. The pending bill transfers the power and duty of regulation of this service to the Interstate Commerce Commission.

It is questionable whether or not that is wise. Everybody who is connected with the Interstate Commerce Commission or is at all conversant with its work knows that it is away behind in the performance of its particular functions; and not only that, but we have from time to time increased the number of its members because of the multiplication of their duties. The matter has worked itself into a situation where the Commission now is made up of subcommissions, and everything which is being regulated is regulated not by the full Commission but by a fraction of the Commission.

It is true that the subcommissions submit their findings to the full Commission; but Senators can understand what that means. The Commission is now so overburdened that all its work is done by divisions; and while I do not want to criticize the Commission—for it is one of the most important bodies in the country and, I think, its personnel is beyond criticism, at least in the main—unfortunately most of its work is referred to examiners and investigators who make their recommendations to the various subcommissions; and the subcommissions refer their findings back to the full Commission, which usually in a routine manner approves or disapproves those findings.

Mr. WHITE. Mr. President, will the Senator yield at that point?

Mr. FESS. I yield.

Mr. WHITE. The Senator has referred to the burdens imposed on the Interstate Commerce Commission, and the delegation of the Commission's duties to examiners, and so forth. I call his attention to a fact which, of course, he knows. The Committee on Interstate Commerce of the Senate has just reported to this body a bill transferring the obligations of the Commission with respect to communications by wire and cable to a new body, in an effort to relieve the Interstate Commerce Commission of that burden of work and obligation.

Mr. FESS. Precisely. That is an observation pertinent to the very matter before us.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. McKELLAR. The Senator knows, however, that parcel-post rates—and the parcel post is quite a considerable part of the Post Office business—are now fixed by the Interstate Commerce Commission, under a law passed by the Congress.

Mr. FESS. Yes, Mr. President; but the question naturally arises as to whether it is wise to impose this additional duty upon a Commission originally composed of only a limited number of members, and whose numbers have been constantly increased by act of Congress to meet the additional duties we have imposed upon the Commission, until now it has gotten to be quite a large body, and yet its work is of such complication that it has had to be done in divisions. This bill proposes to impose upon an overburdened Commission a new duty which, from the nature of the case, will simply be referred to some one of the members; and that, in my judgment, raises a question involving not only the interests of the country, but as well the interests of the Commission itself.

The special investigator objects to that particular course. This is the finding of the special committee:

> It has been suggested that a new commission, committee, or agency be formed to handle this added payment problem. This is not necessary. There is only needed the establishment of a proper rate principle such as is suggested herein, and through the field audit control by the Department the rates of subsidy payments can be determined from time to time through the analysis of the contractor's account.

In other words, here is the finding of a special committee appointed to make particular investigations of the air mail with reference to whether there should be any new legislation, and it specifically objects to certain proposals; and, I regret to say, those very proposals are in the pending bill. That is an indication to me that there is some ground for the demand that we should not rush through a measure of this sort.

Mr. President, I now enter upon a particular field upon which I have been deciding to enter for a long time; that is, to read some of the important testimony before the special committee. I do this because there is some of it which never got to the country. I am not criticizing the press in a matter of that kind, because the press prints only news.

I do not think there ever was a public official who came before a committee who made such a case as did Walter Brown. I think every fair-minded man or woman will agree with that statement. There was no hesitancy. He knew the problem, and he stated it withou any hesiancy. Even under an adverse examination, under which the average witness would have been tremendously embarrassed, Mr. Brown told his story in such a way as to impress everybody with the fact that he was telling the truth, and led those who know him to resent the allegations of fraudulent conduct.

I need not go over Mr. Brown's testimony in reference to the competitive bids. That matter has been fully developed. I read from the testimony as follows:

> Senator AUSTIN. Now, when that meeting occurred, about which so much testimony has been taken, that conference in pursuance of the letter of invitation which has been referred to some time in May or June, what part or plan included in that McNary-Watres Act were you intending to operate under?
>
> Mr. BROWN. Well, to be very frank about it, I had very little faith in our ability to work out any plan under the provisions of the law that would save the passenger operators who had no mail contracts. However, they were pressing us to try to do it, and there had been some talk among them that I had not been sufficiently vigorous in defending the provision which was in the original draft in their interest, and I wanted to get them together and explain that to them, and I stated to them, after explaining in detail what had happened before the committee and before the steering committee of the House, in Mr. Longworth's office, I stated to them a plan had been suggested by someone of their number that relief for them could be gotten by two ways—those that were paralleling air-mail operators might get relief by our giving an additional day mail schedule to the mail operators and having the mail operators sublet that to the passenger carrier who had no mail operation; and the other way was to make extensions of existing routes and sublet those extensions to the passenger operators who had no mail contracts. I made that statement to them without any approval, because my own belief was—and I have always adhered to it—that any extension, to be justifiable, must be in the public interest, that it could not be justified merely to keep some fellow out of bankruptcy; and, second, that any subletting ought also to be in the public interest.

Mr. President, that deals with the question of how we are to protect the rights of persons who are already maintaining service in the air and who have built up their institutions at expense to themselves. Mr. Brown did not want to destroy them. Yet, at the same time, he did not

want to contract for a route from the Atlantic to the Pacific made up of seven or eight links, none of the companies being capable of equipping a route such as a growing aviation industry looking to passenger service would require.

How could he secure the development of the art of flying, and at the same time serve the Government, by making contracts with half a dozen short lines? It could not be done. To do it in spite of the interests of these people, thus destroying them, did not appeal to him. So the question was, How can we get a real service for the Government in the matter of carrying the mail and at the same time not destroy a small route which could not make a contract? The method of subletting was the one he thought would be required. I now read from the testimony further:

However, I stated it to the meeting, believing that they could not reconcile their views with respect to that. I did not want them to reconcile their views. I was looking for an easy way out of the situation. I did not think they could reconcile their views on the subletting of additional mail schedules, because I knew N.A.T. had the prize mail contracts of the country, or the big volume that was flown, and they were paralleled by passenger operators, and I did not believe they would be willing to sublet a mail schedule to them. I put that problem up to them, which I did not believe they could solve, and then I put another one up to them, which was to see if they could agree among themselves as to whom the equities properly belonged, the pioneers' prescriptive claims, based upon having done the pioneering in the territory—put that problem up to them, believing they could not agree on that, and they did not, and then I thought I would be relieved from pursuing the matter, as I finally was.

Mr. President, some people were inclined to criticize that statement. The Postmaster General desired to respect the pioneer rights of the various companies. If they could agree among hemselves as to which had the pioneer rights and, especially, if two companies were flying the same route, which it was that flew the route first, and which it was that had been put to the greatest expense in the way of airports and airways, he wanted them to do so. He stated all along, however, that he did not believe they could decide these questions; and the press, including the Aviation Magazine, in reporting this meeting, stated that the operators were in a controversy among themselves as to which had the pioneer right here and which had it there.

I read further from the testimony:

Senator AUSTIN. Then in this effort, you were acting, as I understand your direct examination, under the provisions of section 7—that is to say, "The Postmaster General, when in his judgment, public interests will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established"—were you not?

Mr. BROWN. That is what they depended on in the major way. Most of the things that we ultimately did, they hoped could be accomplished by extensions. They hoped both of the transcontinental operations could be worked out by extensions. That is what they wanted done.

Mr. President, of course these big companies wanted to avoid competitive bidding. They preferred to have the operations worked out by extension. Mr. Brown refused, however; and the routes were let by competitive bidding, against the urging of many of these companies, as is evidenced by the report in the aviation magazine which reported the doings of this particular meeting:

Senator AUSTIN. Is it not true that the discussion there about passenger carriers and mail carriers alike was consistently based upon this principle involved in section 7?

That is the one the Senator had read.

Mr. BROWN. It was, except to the extent there had been a proposal to sublet some additional mail schedules that had not been authorized on the mail lines to some of the passenger carriers that were paralleling those lines.

Senator AUSTIN. Now, then, have you made it clear that all of that effort under section 7 came to naught?

Mr. BROWN. The effort under section 7 broke down entirely, because I decided that it was not in the public interest to issue extensions for transcontinental service, to build up a transcontinental line—

This is the very thing with which Mr. Brown is being charged—that he built up the service by extensions. The companies wanted that done, but he refused to do it, and stated the reasons why he refused to do it. He said his refusal was—

because I decided that it was not in the public interest to issue extensions for transcontinental service, to build up a transcontinental line by extensions, and those two operations we believed were necessary, the one from New York to Los Angeles by way of St. Louis and Kansas City, and the one from Atlanta by way of Dallas to Los Angeles ought to be let by competitive bidding.

And they were so let.

Senator AUSTIN. I call your attention to a letter by the present Postmaster General, addressed to the chairman of this subcommittee, dated February 14, in which statements are made to excuse the breaking-up of this fine organizaztion that you created, and in which he refers to the awarding of contracts by agreement. Now, I want to ask you whether there was any contract awarded as the result of any agreement arrived at in those conferences?

Mr. BROWN. There was no contract ever awarded by reason of any agreement, or any extension of any contract ever awarded by reason of any agreement.

Senators who do not know Mr. Brown as I do might think he lacked detailed knowledge on this subject and, therefore, is mistaken. The fact is, however, that no Senator will ever face an individual who is more clear-headed in his knowledge than the former Postmaster General.

Senator AUSTIN. He also alleges that Second Assistant Postmaster General W. Irving Glover extended contracts for a period of 6 months so as to make them terminate May 7, 1930, and that he is satisfied that the extension of those contracts for that period of 6 months was illegal. I want you to state, if you will, please, under what authority those contracts were extended, if any such were extended.

Mr. BROWN. Under a general statute applying to all mail contracts. The reference is section 1308 in the Postal Laws and Regulations, Compilation of 1932, and in the margin the reference is 39 U.S.C., 434. The text is as follows:

"Except as otherwise provided by law, no contract for carrying the mail shall be made for a longer term than 4 years. In all cases of regular contracts the contract may in the discretion of the Postmaster General, be continued in force beyond its express terms for a period not exceeding 6 months until a new contract with the same or other contractor shall be made by the Postmaster General."

It was under the provisions of that section Mr. Glover acted.

Mr. President, the extension for 6 months of the contracts of the five companies was pronounced illegal by the present Postmaster General; yet here is the law, in as specific terms as the English language can employ. Mr. Brown says it was under the provisions of this section that the action was taken.

Senator AUSTIN. What necessity under the law was there for advertising these lines or having them rebid upon?

Mr. BROWN. There was none.

Senator AUSTIN. Acting under that basic law that you have read, what was necessary for the Postmaster General to decide in order to make these extensions?

Mr. BROWN. You mean the extensions in point of time?

Senator AUSTIN. In point of time.

Mr. BROWN. All we had to do was to decide that was the best thing for the Postal Service to make that extension, because what we had in mind was issuing a route certificate under the air mail law, and we did not want to issue the route certificate until we got the Watres Act through, because under the old law we believed if we issued the certificate we would have a poundage system of pay fastened on us for the rest of the 10 years, as well as a number of other features that pertained to that law.

Why should any man interested in the welfare of the Government criticize the Postmaster General for refusing, in the case of a contract which had expired under the old law, to let in its place a new contract which would have continued for 10 years, on a poundage basis, with the limit of pay $3 a pound? Mr. Brown would not do it. He exercised the authority to extend these contracts for 6 months, within which time a law would be passed under which he could avoid the $3-a-pound payment, and make the contracts under the new terms by which there would be an enormous saving to the Government. He is criticized, however, because he took advantage of the law and refused to fasten upon the country for the next 10 years the poundage basis of pay.

Senator AUSTIN. Did this transaction involve the exercise of any authority contained in the first part of section 6 of the Watres Act, namely:

"The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air-mail cantract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air-mail route for a period of not less than 2 years."

Mr. BROWN. That was the provision of law under which we intended to act, as soon as we acted.

Senator AUSTIN. I am trying to ascertain whether this provision of law affected in any way the extension of time?

Mr. BROWN. The provision you have just read for route certificates? That did cover the extension of time for a total of 10 years from the date of the original contract.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Ohio yield to the Senator from Utah?

Mr. FESS. I yield.

Mr. KING. May I inquire of the Senator whether he intends to occupy the floor for some considerable time yet?

Mr. FESS. Yes; I do.

Mr. KING. The Senator could not conclude this evening?

Mr. FESS. No; I cannot possibly do that.

Mr. KING. May I ask the Senator from Tennessee [Mr. McKELLAR] whether at this hour we might not relieve the Senator?

Mr. McKELLAR. It depends on the wishes of the Senator from Ohio. If he wishes to proceed, it will be all right for him to do so.

Mr. FESS. The only concern I have is that I dislike to keep Senators here. I recognize the fact that somebody has to stay here so long as the Senate is in session. I am not nearly through. I am perfectly willing to proceed, but I do not want to punish the Members who have to remain here. The Senator knows I am not doing anything except trying to make the record.

Mr. McKELLAR. I understand that. What we shall do this afternoon depends on the Senator's pleasure. Whatever he wishes to do will be all right with me.

Mr. FESS. If it would be satisfactory to the Senator from Tennessee that I should have the floor on Monday when we convene, I should be very glad to yield at this time.

Mr. McKELLAR. I see no reason why the Senator should not have the floor at that time.

Mr. FESS. Then I am glad to yield the floor with that understanding.

EXHIBIT A

[From the United States Daily, July 11, 1930]

RIGHTS OF OWNERS OF PROPERTY ADJOINING AVIATION FIELD ARE DEFINED BY DECISION—INJUNCTION AGAINST AIRPORT COMPANY SOUGHT ON GROUNDS OF TRESPASSES AND MAINTENANCE OF NUISANCE DENIED; CERTAIN RESTRICTIONS FAVORING COMPLAINANTS IMPOSED

TOLEDO, OHIO.

FREDERICK L. SWETLAND AND RAYMOND H. SWETLAND *v.* CURTISS AIRPORTS CORPORATION, OHIO AIR TERMINALS, INC., AND CURTISS FLYING SERVICE, INC.; DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, EQUITY NO. 3023

(The full text of the court's opinion, delivered July 7, follows:)

Hahn, District Judge: This is an action for an injunction because of alleged trespasses and the alleged maintenance of a nuisance by one or more of the defendants.

Plaintiffs are the owners of a tract of 135 acres located on the west side of Richmond Road in the village of Richmond Heights, Ohio. The defendant, Ohio Air Terminals, Inc., a subsidiary of the defendant Curtiss-Wright Corporation, owns a tract of about 272 acres immediately opposite on the east side of Richmond Road. The westerly half of the defendants' property is located in the village of Richmond Heights, Ohio, and the easterly half is located in the village of Mayfield.

NATURE OF NEIGHBORHOOD IS SHOWN BY COURT

Defendants acquired their property for and intend to use it as an airport and flying school.

Plaintiffs' property constitutes the west boundary of defendants' property for 1,434 feet. It extends beyond the defendants' property on the north for 812.59 feet, while defendants' property extends beyond plaintiffs' property to the south 267.68 feet.

Plaintiffs acquired their property about 25 years ago. A few years after its acquisition, a substantial country residence and other buildings and conveniences were erected and constructed, so that the property may properly be described as a high-grade, self-contained country estate; the value of the buildings and other improvements, according to the testimony of R. H. Swetland, being approximately $115,000.

At the time when the property was acquired and until the construction of defendants' airport, the entire neighborhood was devoted to farming and residence purposes. There are as yet no railroads, street cars, factories, stores, gasoline stations, or other enterprises of any sort, other than defendants' airport, which create noise or attract crowds in the vicinity. The nearest business, with the exception of defendants' airport, is a gasoline station located at the corner of Richmond and Chardon Heights, about two thirds of a mile away. The neighborhood is very sparsely settled. For a distance of 3 miles north and south of the airport on Richmond Road there are only 12 dwellings, some of which are occupied by tenant farmers, and others by the owners of the property; and the airport and aviation school are so located as to be a minimum annoyance and inconvenience to residents located on the east side of the city of Cleveland, while servicing that city. Most of the property is in a more or less uncultivated condition. The owners seem to be awaiting the time when the growth of the city will absorb their properties.

EXTENSIVE OPERATIONS PLANNED BY COMPANY

The main residences upon the Swetland property are located at approximately 250 and 300 feet from the center of Richmond Road, and opposite the center of defendants' airport. A repair shop of the defendants will be located a quarter of a mile from the nearest Swetland residence. The warming-up of the engines of the airplanes prior to taking off, as required by the regulations of the Secretary of Commerce, will take place on the completed airport at a distance of a quarter of a mile from the nearest Swetland residence.

As the crow flies, the properties in question are located 11 miles east of the city of Cleveland, but the distance over improved roads from the properties to the center of the city of Cleveland is between 14 and 15 miles.

Defendants acquired the main tracts of the property which now constitute the airport by deeds dated May 23, 1929, recorded May 28, 1929. On May 27 plaintiff wrote defendants Curtiss Airports Corporation a letter of protest against the proposed use of the property for airport purposes. That letter was acknowledged by Curtiss Airports Corporation by letter dated May 2, 1929. This action was begun on June 1, 1929.

Immediately after acquiring the property, defendants commenced to improve the same for use as an aviation field, and, as soon as temporary runways were installed, some flying was done from this airport. About the middle of December Curtiss Flying Service commenced the operation of a flying school on the property; not, however, upon an extensive scale. In November 1929, defendants commenced the erection of a hangar having a capacity of approximately 20 planes. They plan to erect on the property 3 other similar hangars, 1 of which will include a service station for airplanes. They will also erect a station for the use of passenger airplanes taking off from the field, or transport planes, and a grandstand for the accommodation of spectators attending exhibitions which the defendants contemplate conducting on the property; also a gasoline and service station for automobiles. Defendants' plans include a parking space for 460 automobiles. One of these parking spaces is designed to accommodate 250 automobiles, and is located along a strip of land immediately adjacent to Richmond road and opposite the F. L. Swetland residence.

NO OBJECTION FROM OTHER ADJOINING RESIDENTS

Without going into an analysis of the evidence, the court finds that some flying has been done by the employees of the defendants in altitudes lower than 500 feet.

The various defendant corporations are all subsidiaries of the so-called "Curtiss-Wright Corporation", and the defendant, Curtiss Flying Service, Inc., which has been and will be in charge of the flying at defendants' airport, is well equipped, organized, and financed to conduct flying operations from the field in a safe manner; and its disposition is to be of as little annoyance as possible to the plaintiffs. It is the disposition of the defendants to conduct the airport and flying school with the most modern equipment and appliances. Those in charge of the operation of the airport and the pilots flying therefrom have the highest qualifications. Residents on three sides of the plaintiff's property have no objection to the operations of the defendants. On the other hand they seem to welcome the presence of defendants' airport and flying school. Accordingly it is possible, and the defendants have testified that it is their intention to conduct none or only a small part of their operations over the property of the plaintiffs.

The fact that defendants' property extends 267.68 feet farther south than plaintiffs' makes this in a measure possible.

From the testimony of G. H. Noyes, in charge of the weather bureau at Cleveland, it appears that a small percentage of the winds prevailing in the airport are due east or west; that in April and May the prevailing winds are from the northeast; and in June, July, August, September, and October, in the south.

Further facts will be stated later on in this opinion.

LEGISLATIVE POLICY TO ENCOURAGE AVIATION

A determination of this case requires a decision upon the following points:

1. Is a private airport and flying school a nuisance per se?

2. Has the application of the maxim—Cujus est solum ejus est usque ad coelum—fixed or established such property rights in a landowner as to make flights over his lands a trespass or a nuisance?

3. What is the effect of legislation, both National and State, and is it, as applied to this case, a reasonable exercise of the police power?

(1) Because of the inventions and activities of the Wright brothers, at Dayton, Ohio, Ohio regards itself as the mother State of aviation. In the report to the joint legislative committee on aviation for 1928, eight manufacturers of aircraft in Ohio reported combined capitalization of $5,504,805, employment of 1,655 persons, and production of 987 planes, valued at $4,000,803.

(Report of the Ohio director of aeronautics, 1929, p. 41.)

The Legislature of Ohio has made adequate provision for municipal airports by providing for the appropriation of real estate within or without the corporate limits of any Ohio municipality (Ohio General Code, sec. 3677; *Chandler* v. *Jackson* (Ohio),

167 N.E. 396). And the issuance of bonds for that purpose (Ohio General Code, sec. 3939; *State* v. *City of Cleveland*, 160 N.E. 241). As will hereinafter appear, the Legislature of the State of Ohio, in 1929, passed a comprehensive act regulating aviation, and the Ohio Legislature is said to have passed the first mandatory act requiring every municipality in the State to be marked for aeronautical purposes (General Code, secs. 6310–6344). It is clearly the legislative policy to encourage aviation.

In view of this declared legislative policy, we have no difficulty in arriving at the conclusion that a private airport, flying school, or landing field such as the defendants propose to operate is not a nuisance per se. It is obvious that, although aviation is still to some extent in the experimental stage, it is of great utility in times of peace, and will be a great protection to the Nation in times of war.

NOISE OF PLANES IS OBJECTED TO

In fact, it is indispensable to the safety of the Nation that airports and flying schools such as contemplated by the defendants be encouraged in every reasonable respect. An airport, landing field, or flying school can be regarded as a nuisance only if located in an unsuitable location (*Euclid* v. *Ambler*, 272 U.S. 365, 388; 20 R.C.L. 440; 46 C.J. 666) or if operated so as to interfere unreasonably with the comfort of adjoining property owners. The airport of the defendant here is suitably located; that its location is suitable is evidenced by its surroundings, which we have already set forth, and the almost unanimous consent of the adjoining property owners. There has been no protest as to its location except by the plaintiffs and, perhaps, two other persons who testified in their behalf.

It is claimed that certain obnoxious features arise out of the operation of the airport, and it is necessary that we consider them in detail. Complaint is made that there is certain noise arising from the warming-up of airplanes and in their operation over the property of the plaintiffs; and noise may be of such a character as to constitute a nuisance (46 C.J. 683 et seq.; 20 R.C.L. 445). But we are of the opinion that the noise from the operation of the airport, as the evidence shows the defendants will operate it, and the noise of the airplanes when flying at proper altitudes, are not of such a degree as to annoy persons of ordinary sensibilities (*Gas Co.* v. *Freeland*, 12 O.S. 392). The noises are less than plaintiffs might be compelled to endure from industrial plants which might properly locate in this locality (Annotation, 23 A.L.R. 1407).

INJUNCTION AGAINST DUST NUISANCE PROPER

Plaintiffs complain of dust which is blown from the defendants' lands, especially when airplanes are warming up and taking off from the landing field (46 C.J. 686). It is clear from the evidence that it is not necessary, in the proper conduct of the airport, that any dust shall arise therefrom. The evidence shows that the necessity of raising dust may be obviated by having concrete runways or runways having a sufficient amount of grass thereon; and the defendants should be required to take these precautions. Plaintiffs are entitled to an injunction enjoining the defendants from permitting dust in substantial and annoying quantities to be blown in the direction of their buildings and grounds.

Complaint is also made on the part of the plaintiffs that at various times, particularly on Sundays and holidays, crowds will be attracted to the grounds of the defendants, either at times of exhibitions or on business or as a matter of curiosity. It is, of course, probable that at times crowds will come to the defendants' airport, and it may be, to some extent, annoying to the plaintiffs; but it seems to us that the court would not be justified in enjoining the conduct of the airport on that ground. Courts have refused to do so in similar situations.

In this respect the airport comes, to a limited extent, into the same category as places of amusement, which the courts have refused to enjoin merely upon the ground that they may attract crowds of persons (46 C.J. 690, 692, note 15, 699). In *Burroughs* v. *City of Dallas* (C.C.A. 5, 276 Fed. 812), the court refused to restrain the operation of a scenic railway as a nuisance. No doubt it attracted crowds, at least to the extent to which the defendants' airport will attract crowds. It is, of course, altogether likely that after the novelty of aviation has worn off curiosity seekers will not so often be attracted to the airport of the defendants.

OBJECTION AGAINST DROPPING CIRCULARS IS SUSTAINED

The evidence shows that at one time airplanes of the defendants distributed circulars, many of which fell upon the grounds of the plaintiffs, to their very great annoyance. Such distribution of circulars was an interference with the property rights of the plaintiffs, and they are entitled to an injunction, to prevent a repetition of such distribution of circulars.

It appears from the evidence that after the airport has become established, the defendants expect to put in some kind of a lighting system for the purpose of enabling aviators to safely land at their airport during the night season. Depending upon the kind of a lighting system used, and the manner of its use, the same may or may not constitute a nuisance as against which the plaintiffs may be entitled to relief (Cornell Law Review Quarterly, vol. 15, p. 303, February 1930).

However, as to this matter, as with many other matters which may arise in the operation of this airport, any action of the court at this time and in the present stage of this case would be premature. Plaintiffs have brought this action as promptly as possible, and they have the advantages which result from the earliest possible application to a court of equity. On the other hand, they suffer a disadvantage in that the practices which will prevail in the operation of this airport have not yet become established, and the court is, therefore, in some respects, not justified in granting injunctive relief upon the theory that the defendants will not operate their airport with the most modern appliances and with the least possible annoyance and injury to the plaintiffs (*Hazlett* v. *Marland Refining Co.* (C.C.A. 8, 30 F. (2d) 808, 809). On the contrary, the evidence justifies the conclusion that the attitude of the defendants is such that they will undertake to so operate their airport as to subject the plaintiffs to the least possible inconvenience and annoyance.

DECREASE IN VALUE CALLED AN IMMATERIAL POINT

Evidence has been offered upon the issue as to whether or not the property of the plaintiffs will decrease in value if the location of the airport upon the adjoining property is not enjoined. We find it unnecessary to determine this issue, for if it be conceded that the property of the plaintiffs will decrease in value if the airport is permitted to operate, that alone would not entitle the plaintiffs to an injunction (*Hazlett* v. *Marland Refining Co.*, supra; 46 C.J. 682, note 25). If the airport is not a nuisance, its operation may not be enjoined because to some extent the value of the plaintiff's property will be decreased for the purpose to which it is now devoted. It is a matter of conjecture and speculation whether the property of the plaintiffs will increase in value for other purposes, and whether the plaintiffs will ultimately sustain actual financial loss because of the operation of the airport.

It may be conceded that the property of the plaintiffs will be less desirable for the purposes of a country estate. No one will contend that the plaintiffs will have the same enjoyment of peace and quiet which they have had in this locality for nearly a quarter of a century. This they have been able to have because of the use to which the adjoining property was devoted, but they at no time had a right to prevent the adjoining owner from using this property for any reasonable purpose. They have been fortunate in that they have been able to enjoy their country estate as they have for so long a time. They of the times.

RIGHTS OF LANDOWNER IN AIR SPACE UNDECIDED

(2) In the legislation hereinafter considered it is clear that both Congress and the State legislatures proceeded upon the theory that a landowner has no exclusive property in the higher air spaces. There is nothing in that legislation to indicate that either legislative body, in establishing the regulations regarding air navigation therein set forth, considered that there was involved the taking of any new property. Both the Constitution of the United States and the constitution of this State in broad terms protect rights of property, but neither contains any classification or definition of property, any more than they reveal the content of the word "liberty" (*Munn* v. *Illinois*, 94 U.S. 113). The determination of what the term "property" includes is a judicial function (and, within constitutional powers, a legislative function).

An owner's rights in land in this State are amply protected by constitutional guaranties; but what those rights are, so far as air space above the land is concerned, have not been declared by legislation, nor have such rights been fixed by the courts. That the landowner's rights are not limited to the surface of the earth, but extend into the space above it, is settled by many well-considered cases. A number of those cases will be referred to later on in this opinion. The plaintiffs rely strongly upon the ancient maxim, "Cujus est solum ejus est usque ad coelum", which has been frequently quoted and reiterated in the opinion of the courts and in legal literature generally for many generations. Certainly the possible rights of the landowner as to the air spaces over his land could not be more broadly asserted. The venerability of this maxim, its frequent repetition, and the high standing of many of those who have relied upon it not only warrant but call for a careful consideration of its origin and application in adjudicated cases.

The first reference to the maxim in English law is Lord Coke's statement, in Liber 1, section 1, page 4, where, in writing on the subject "Terra", he says:

"And lastly the earth hath in law a great extent upward, not only of water, as hath been said, but of aire, and all other things even up to heaven, for cujus est solum ejus est usque ad coelum, as it is holden."

In support of his text Lord Coke cites three cases from the Year Book: 22 H. VI, 59; 10 Edward IV, 14; 14 Henry VIII, 12. The first case is a dispute as to the ownership of six young goshawks as between landlord and tenant under a lease. The second case relates to the theft of muniments of title, in which the case of the goshawks is referred to. The latest one discusses the right of the Bishop of London as landlord to certain herons and shovelers nesting in trees on land which the bishop had leased.

As to the origin of the maxim itself, an examination shows that the words are attributable to Accursius, a glossator or commentator on the code, who flourished in Bologna about the year 1200. Mr. Bouve, in a very interesting discussion on this same subject, finds evidence that the son of Accursius was taken to England by Edward I, on his return from the Holy Land, and there lectured on subjects of Roman law at the University of Oxford. It is suggested that this was the reason that the maxim gained currency, as stated in *Bury* v. *Pope* (1588) (1 Cro. Elizabeth, 118), as early as Edward I, who reigned from 1239 to 1307. But the phrase as used by its author, Accursius, was employed by him in a discussion of rights under the code to have burial plots or tombs free from the interference of an overhanging building.

EARLY CASES ON POINT DISCUSSED

After Coke's commentaries there are two contemporaneous cases which should be noted; the earliest is Penruddock's case (1597) (3 Coke's Reports, 205). In that case the defendant's building overhung plaintiff's land in such a way that rain water fell upon it. The court held that the plaintiff had made out a case of nuisance and was entitled to abate the same.

The other case was Baten's case (1611) (9 Coke's Reports, 54 (b)). Here, again, the defendant's house projected over the plaintiff's freehold. The court held that such projection constituted a nuisance and ordered an abatement thereof.

The next case after 1611 is that of *Fay* v. *Prentice* (1845) (1 C.B. 827). Here the defendant's cornice projected over the plaintiff's garden and precipitated rain water thereon. Judge Maule cited Penruddock's case and Baten's case and held that the facts alleged constituted a nuisance.

The next case is *Corbett* v. *Hill* (1874) (9 L.R.Eq. 671). The plaintiff owned two contiguous houses in London, one of which was sold to the defendant by a conveyance correctly describing the ground site of the house conveyed. One of the first-floor rooms in the house which the plaintiff retained projected over the site and was supported by a house which the plaintiff had conveyed to the defendant. The vice chancellor, Sir W. M. James, held that the plaintiff's house could not overhang the defendant's site, and, by way of dictum, stated that the defendant had a property right in the column of air over his entire property site and that the intrusion or overhanging of the plaintiff's house was a trespass thereto.

The next in order is the case of *Ellis* v. *Loftus* (1874) (L.R. 10, C.P. 10). This was an action for injuries suffered by the plaintiff's horse as a result of being kicked by a horse belonging to the defendant. The defendant's horse did its kicking through an iron fence separating the property of the litigants. Three of the four judges indicated that the defendant was negligent in not more securely guarding its horse. There was also an agreement that some of the horse's body must have trespassed by invading the plaintiff's property. Mr. Justice Denman, in considering this phase of the case, quoted the familiar maxim, "Cujus est solum ejus est usque ad coelum."

In *Clifton* v. *Burry* (1887, 4 L.T.R. 8), the court held that target practice across the plaintiff's property constituted a nuisance with reference to the bullets that actually struck on the property, but not with respect to those that passed across the property without touching it.

Side by side with these cases we have the familiar remark of Lord Ellenborough in *Pickering* v. *Rudd* (1815) (4 Camp. 219), in which he said:

"I do not think it is a trespass to interfere with the column of air superincumbent on the close * * *. But I am by no means prepared to say that firing across a field in vacuo, no part of the contents touching it, amounts to a clausum fregit. Nay, if this board overhanging the plaintiff's garden be a trespass, it would follow that an aeronaut is liable to an action of trespass quare clausum fregit at the suit of the occupier of every field over which his balloon passes in the course of his voyage."

These are the principal English cases from the time of Lord Coke to date, or at least beyond the date of the adoption of the Constitution of the United States in 1787, and to these cases we must look for an interpretation of the English common-law rights in air space. (This résumé of the English cases is a summary from an able brief filed in this case by Henry G. Hotchkiss, author of Hotchkiss on Aviation Law.)

AMERICAN DECISIONS GIVEN IN QUOTATIONS

The decisions of the American courts have often been collected. It is sufficient for our purpose here to quote from the pamphlet prepared by Frederick P. Lee, legislative counsel of the United States Senate, page 87, as follows:

"It has been held to be a trespass to thrust one's arm into the space over a neighbor's land (*Hannabalson* v. *Sessions*, 116 Iowa, 457 (1902)), or to shoot over another's land (*Whittaker* v. *Stangvick*, 100 Minn. 386 (1907)), * * *. Overhanging branches constitute a legal wrong, either a trespass or a nuisance (*Grandona* v. *Lovdal*, 70 Calif. 161 (1886); *Tanner* v. *Wallbrun*, 77 Mo. App. 262 (1898); *Ackerman* v. *Ellis*, 81 N.J.L. 1 (1911); *Countryman* v. *Lighthill*, 24 Hun. (N.Y.) 405 (1881)). A board attached to defendant's building and overhanging plaintiff's land constitutes a trespass (*Puorto* v. *Chieppa*, 78 Conn. 401 (1905)).

"So also projecting eaves (*Harrington* v. *McCarthy*, 169 Mass. 492 (1897); *Aiken* v. *Benedict*, 39 Barb. (N.Y.) 400 (1863); *Huber* v. *Stark*, 124 Wis. 359 (1905)), cornices (*Wilmarth* v. *Woodcock*, 58 Mich. 482 (1885); *Lawrence* v. *Hough*, 35 N.J.Eq. 371 (1882); *Crocker* v. *Manhattan Life Ins. Co.* 61 App. Div. (N.Y.), 226 (1901)); roofs (*Murphy* v. *Bolger*, 60 Vt. 723 (1888)) and walls (*Barnes* v. *Berrendes*, 139 Calif. 32 (1903); *Norwalk Heating & Lighting Co.* v. *Vernan*, 75 Conn. 662 (1903); *Langfeldt* v. *McGrath*, 33 Ill. App. 158 (1889); *Codman* v. *Evans*, 7 Allen (Mass.), 431 (1863); *Lyle* v. *Littel*, 83 Hun. (N.Y.) 532 (1895)) have been held to be wrongful and to give rise to an action of some sort. In *Butler* v. *Frontier Telephone Co.* (186 N.Y. 486 (1906)), it was held that ejectment would lie for the space occupied by a telephone wire strung across plaintiff's land at a height varying from 20 to 30 feet. Vann, J., expressed himself as follows:

"The surface of the ground is a guide, but not the full measure, for within reasonable limitations land includes not only the surface but also the space above and the part beneath * * *. 'Usque ad coelum' is the upper boundary, and while this may not be taken too literally, there is no limitation within the bounds of any structure yet erected by man. So far as the case before us is concerned, the plaintiff as the owner of the soil owned upward to an indefinite extent * * *. According to fundamental principles and within the limitations mentioned, space above land is real estate the same as the land itself * * *. Unless the principle of usque ad coelum is abandoned, any physical, exclusive, and permanent occupation of space above land is an occupation of the land itself and a disseisin of the owner to the extent."

AUTHORITY AS TO SPACE USED BY AVIATOR LACKING

Mr. Lee has quoted the article of George C. Bogert, at one time dean of the Cornell University School of Law and chairman on the committee on uniform aviation act and the conference of commissioners on uniform State laws (6 Cornell Law Review Quarterly, 271, 296, 297). (See also Hotchkiss on Aviation Law, p. 16, and the very excellent survey of the cases in an annotation, 42 A.L.R. 945.)

In the cases of *Peabody* v. *United States* (231 U.S. 530), *Portsmouth Harbor Land & Hotel Co.* v. *United States* (250 U.S. 1), and *Portsmouth Harbor Land & Hotel Co.* v. *United States* (260 U.S. 327), the Supreme Court of the United States held, in effect, that the shooting of guns across the land of an adjoining owner from forts within 200 feet of a corner of the adjoining owner's property constituted trespasses. It is fairly inferable from the location of the forts that the shots fired were at low altitudes. These cases do not determine the rights of a landowner to the superincumbent air space, certainly not as to land situated in the State of Ohio.

The maxim relied upon was referred to in the cases of *Winton* v. *Cornish* (1931) (5 Ohio 478), *Frazier* v. *Brown* (12 Ohio Stat. 294, 304), and *Winslow* v. *Fuhrman* (25 Ohio Stat. 639, 651), but in none of these cases was the court attempting to determine rights to air space in the higher altitudes normally traversed by the aviator.

The cases above referred to are those usually cited in support of the proposition that a landowner has the exclusive right to occupy all of the air space above his property to an indefinite extent. There doubtless are other cases along the same line, but the cited cases fairly show the trend of the decisions in the aspect here involved. It is safe to say that there are no cases which involve an adjudication of property rights as appurtenant to land in the air space which would normally be used by an aviator.

MAXIM HELD NOT TO CONSTITUTE LAW

It is true that in many of them the maxim is quoted and, seemingly, is used by the courts as a basis for their decisions; but it is the points actually decided in the cases, not the maxim, which establish the law. In other words, it can be said that the maxim is the law only to the extent that it has been applied in the adjudicated cases. Maxims are but attempted general statements of rules of law. The judicial process is the continuous effort on the part of the courts to state accurately these general rules, with their proper and necessary limitations and exceptions. A maxim, said Sir Frederick Pollock, "is a symbol of vehicle of the law, so far as it goes; it is not the law itself, still less the whole of the law, even on its own ground."

And in *Yarmouth* v. *France* (19 Q.B.D. 647, 653, 17 E.R.C. 217), Lord Esher said:

"I need hardly repeat that I detest the attempt to fetter the law by maxims. They are almost invariably misleading; they are for the most part so large and general in their language that they always include something which really is not intended to be included in them."

The claims of the plaintiffs in invoking the maxim amount to an invocation of the doctrine of stare decisis, also called the doctrine of precedents (19 C.J. 382, note 86). But this doctrine contemplates only such points as are actually involved and determined in a case (7 R.C.L., pp. 1003 and 1004); *Kentucky Coal Lands Co.* v. *Mineral Development Co.* (C.C.A. 6; 219 Fed. 45, 56); *C. F. Medaris Co.* v. *Commissioner of Internal Revenue* (C.C.A. 6; 38 F. (2d) 812, 813); and *Hill* v. *Atlantic & N.C.R. Co.* (143 N.C. 539; 9 L.R.A. (N.S.) 606, 622, 623); also, *Losse* v. *Buchanan* (51 N.Y. 476, 484).

RULE FOR MEASURING EXTENT OF CONTROL IS SUGGESTED

So far we have considered the maxim as if there were no question as to its real meaning. Its meaning has never received critical examination and discusion by the courts, and there is a grave question as to whether or not the proponents of the maxim make any real progress by advancing it as a basis for the claim that an owner of land has exclusive proprietary rights to an indefinite extent in the superincumbent air space. This point has received careful consideration in a learned article by Hiram L. Jome, in 62 American Law Review (November–December 1928, pp. 894 and 895), from which we quote:

"The common law maxim states that the landowner owns up to but not including the caelum. What, then, was the caelum? Though the word was loosely used by Latin writers, it was commonly employed to refer to the lower air space, the area in which the birds fly and the clouds drift and from which the rain falls and the lightning strikes. Occasionally it meant God, 'heaven the home of the happy dead', and the resting place of the stars. Birds fly near the ground, storm clouds sometimes hover at an altitude of a few hundred or 1,000 feet. It is only up to the beginning of this coelum which the landowner owns. Virgil refers to a 'machina aequata coelo'—a derrick equal in height to the coelum. The machine of which he sings stood on top of a wall. The entire distance probably did not exceed 100 feet. Apparently, therefore, according to good Latin usage, the coelum was a space which began only a short distance above the surface of the earth. One Latin scholar described it as the space lying

only a little above the highest tree tops and buildings. The area below this caelum belongs to the owner of the surface."

See, further, pages 894 to 897 of the foregoing article."

In a field in which the courts still are pioneering, we may also consult with profit the opinions of legal text writers, which are usually learned and impartial. *The Paquete Habana* (175 U.S. 677, 700, 701). Pollick, in his work on Torts, 13th edition, page 362, says, in part:

"It does not seem possible on the principles of the common law to assign any reason why an entry above the surface should not also be a trespass, unless indeed it can be said that the scope of possible trespass is limited by that of possible effective possession, which might be the most reasonable rule." * * *

This author is much quoted as announcing the rule that a landowner has an exclusive right to the air space above his land only to the extent that such ownership is necessary to and for effective possession (32 Harvard Law Review, 569; 30 Columbia Law Review, 579).

Sir John Salmond, in his work on the law of torts, 7th edition, page 237, after discussing the maxim, "Cujus est solum ejus est usque ad coelum", comes to the conclusion:

ENTRY ALONE SAID NOT TO BE OBJECTIONABLE

"It does not follow from this, however, that an entry above the surface is in itself an actionable trespass; nor is there any sufficient authority that this is so. Such an extension of the rights of a landowner would be an unreasonable restriction of the right of the public to the use of the atmospheric space above the earth's surface. It would make it an actionable wrong to fly a kite, or send a message by a carrier pigeon, or ascend in an aeroplane, or fire artillery, or even in cases where no actual or probable damage, danger, or inconvenience could be proved by the subjacent landowners. The state of the authorities is such that it is impossible to say with any confidence what the law on this point really is. It is submitted, however, that there can be no trespass without some physical contact with the land (including, of course, buildings, trees, and other things attached to the soil), and that a mere entry into the air space above the land is not an actionable wrong unless it causes some harm, danger, or inconvenience to the occupier of the surface. When any such harm, danger, or inconvenience does exist, there is a cause of action in the nature of a nuisance.

"In respect of airplanes and other aircraft this matter is now dealt with by statute. By section 9 of the Air Navigation Act, 1920, it is provided that 'no action shall lie in respect of trespass or in respect of nuisance by reason only of the flight of aircraft over any property at a height above the ground which, having regard to wind, weather, and all the circumstances of the cases, is reasonable, or the ordinary incidents of such flight, so long as the provisions of this act and any order made thereunder and of the convention are duly complied with.'"

LEGISLATION LIMITING BUILDING HEIGHTS APPROVED

Prof. Francis M. Burdick, in his Law of Torts, fourth edition, at page 406, after discussing intrusions upon land at low altitudes, states:

"So, it is submitted, throwing or firing a missile or sending a balloon or driving an airplane through the air over the land of another sufficiently low to invade that space which the owner of the soil may effectively possess amounts to a legal breaking of his close. But it is reasonable to believe that passage through the air space superjacent to land at a height beyond that at which the owner of the soil can exercise effective possession will not be treated as a trespass, though dropping objects onto the land or falling onto the land would constitute such trespass."

And see the Jural Nature of Land, by Stuart S. Ball, 23 Illinois Law Review, 45 (1928–29).

The decisions have not fixed the altitude to which a landowner may extend his rights. On the other hand, legislation which, however, does not purport to regulate the right to use air space, but which limits the height of buildings in cities, has been sustained as being constitutional. *Welch* v. *Swasey* (193 Mass. 364; 79 N.E. 745; 23 L.R.A. (N.S.) 1160; 118 A.S.R. 523), affirmed in *Welch* v. *Swasey* (214 U.S. 91; 53 L.ed. 923 (1909)).

It appears from these authorities that the maximum has never been applied in cases which fix rights in air space normally traversed by the aviator. There are no precedents or decisions which establish rules of property as to such air space. The courts have never critically analyzed the meaning of the maximum, and there is much doubt whether a strict and careful translation of the maximum would leave it so broad in its signification as to include the higher altitudes of space. No constitutional or legislative provisions or statutes have heretofore established any exclusive proprietary rights in a landowner to the superincumbent air space normally traversed by the aviator. Constitutional provisions guaranteeing the right of property do not, in our opinion, forbid legislation which has for its purpose the regulation and adjustment of the conflicting rights and interests of the landowner and the public. Any regulatory legislation not unreasonable or arbitrary would be constitutional, it seems to us, as against the constitutional guaranties protecting property.

(3) We come now to a consideration of the legislation affecting aviation. For some years prior to 1926 there was extended discussion by committees of the American Bar Association and writers in legal magazines as to the power of Congress and the State legislature to enact regulatory legislation relating to aviation. At first the view was expressed that, because of the supposed rights of a landowner under the maxim, "Cujus est solum ejus est usque ad coelum", the use of the air space for aviation could, unless with the consent of the landowner, be obtained only through the exercise of the right of eminent domain; but soon the consensus of opinion was that Congress and the State legislatures had the power to enact reasonable regulations to adjust private rights and harmonize conflicting interests relating to aviation, and that landowners, at most, did not have exclusive rights in the superincumbent air space.

LEGISLATION AFFECTING ACTIVITY CONSIDERED

The power of Congress was considered from the point of view of different grants of power to Congress, including the war power, the maritime power, power to make treaties, and the power to regulate commerce among the various States and foreign countries (Hotchkiss, on aviaion law, secs. 54–57; Zollman, Law of the Air, sec. 54 et seq.). It may be assumed in this case that in enacting the Air Commerce Act of 1926 Congress has legislated under the latter grant of power (*Neiswonger* v. *Goodyear Tire & Rubber Co.*, 35 F. (2d) 761, 763; the Air Commerce Act of 1926, by Frederick P. Lee, American Bar Association Journal, June 1926, and 78 University of Pennsylvania Law Review 663; "Federal Aeronautics Legislation", 76 University of Pennsylvania Law Review 798), within the field of which power Congress exercises police power (2 Willoughby, on the Constitution of the United States, sec. 476, p. 780; the *Lottery cases*, 188 U.S. 321, 47 L.ed. 492; *Brooks* v. *United States*, 267 U.S. 432, 436, 437, 69 L.ed. 699, 37 A.L.R. 1407).

The provisions of the Air Commerce Act of 1926 which it is necessary to consider in arriving at a conclusion in this case are:

"SEC. 10. Navigable air space: As used in this act, the term navigable air space means air space above the minimum safe altitudes of flight prescribed by the Secretary of Commerce under section 3, and such navigable air space shall be subject to a public right of freedom of interstate and foreign air navigation in conformity with the requirements of this act."

Section 3 (e) of the act provides:

"Regulatory powers: The Secretary of Commerce shall by regulation establish air traffic rules for the navigation, protection, and identification of aircraft, including rules as to safe altitudes of flight and rules for the prevention of collisions between vessels and aircraft."

There can be no doubt of the power of Congress to authorize the Secretary of Commerce to promulgate regulations which are not violative of constitutional rights, and such regulations have the force of law (*United States* v. *Grimaud*, 220 U.S. 506, 31 S.Ct. 480, 55 L.ed. 536; *McKinley* v. *United States*, 249 U.S. 397, 39 S.Ct. 324, 63 L.ed. 668; *Avent* v. *United States*, 266 U.S. 127, 45 S.Ct. 34, 69 L.ed. 202; *United States* v. *Michigan Portland Cement Co.*, 270 U.S. 521, 525, 46 S.Ct. 395, 70 L.ed. 713; *Commonwealth* v. *Slocum*, 230 Mass. 180, 119 N.E. 687).

Pursuant to the power vested in him, the Secretary of Commerce promulgated the air commerce regulations, and among these chapter 7, section 74 (G), provides:

"Height over congested and other areas: Exclusive of taking off from or landing on an established landing field, airport, or on property designated for that purpose by the owners, and except as otherwise permitted by section 79 (the provisions of sec. 79 are not pertinent here), aircraft shall not be flown—

"(1) Over the congested parts of cities, towns, or settlements, except at a height sufficient to permit of a reasonably safe emergency landing, which in no case shall be less than 1,000 feet.

"(2) Elsewhere at a height less than 500 feet, except where indispensable to an industrial flying operation."

This regulation, insofar as it designates 1,000 feet over congested areas and 500 feet elsewhere, has been construed generally by the officials of the Department of Commerce of the United States as a prescription of minimum safe altitudes of flight, as the Secretary of Commerce was empowered to do under sections 3 and 10 of the Air Commerce Act of 1926 (*Brewster* v. *Gage*, 280 U.S. 327). Counsel for the defendants assert that under the above regulations they have a right to fly over the property of the plaintiffs at altitudes in excess of 500 feet, and at lesser altitudes in taking off from or landing on the landing field established by them. We shall hereinafter in this opinion consider the validity of their claim.

The Air Commerce Act of 1926 having been passed by Congress, the Legislature of the State of Ohio, which had not theretofore passed any regulatory legislation, enacted a general act relative to aeronautics. This act became effective June 26, 1929. Certain provisions of that act are set out at the close of this opinion.

The act provides for the creation of a Bureau of Aeronautics, to be administered by a Director of Aeronautics (sec. 6310–29, General Code). It is made his duty to administer and to enforce the provisions of the act. He is authorized to make and enforce necessary regulations, and the act provides that such regulations shall conform to and coincide with, so far as possible, the provisions of the Air Commerce Act of 1926, and amendments thereto, passed by the Congress of the United States, and the air commerce regulations issued pursuant thereto.

While the act of Congress is very broad in scope and attempts to cover every phase of avigation, the act enacted by the Ohio Legislature contains only seven sections. It was passed with an intention upon the part of the Ohio Legislature that avigation in the State of Ohio should be, insofar as possible, subject to regulation by the Air Commerce Act of 1926.

PROVISIONS OF 1926 ACT ADOPTED BY STATE

The act manifests an intention on the part of the legislature to take advantage of the extensive administrative machinery which

had been established by the Department of Commerce under the enabling provisions of the air commerce act of 1926. Pursuant to this policy, the Ohio act does not provide for a method or system for the licensing of persons engaged in operating aircraft in intrastate commerce. It provides that if "a license to operate aircraft issued by the United States Government would then be required if such avigation were interstate", an aviator to engage in intrastate avigation must procure the license required by the national act (General Code, sec. 6310–40).

The act does not provide for the registration of aircraft except that aircraft within the State shall conform, with respect to design, construction, and airworthiness, to standards prescribed by the United States Government with respect to avigation of aircraft subject to its jurisdiction (sec. 6310–42, General Code). Both of the provisions of the Ohio act just referred to recognize, and in express language state, that the provisions of the Federal act are adopted because the public safety requires it, and the advantages of uniform regulation make it desirable in the interest of aeronautical progress.

This review has been made necessary because the Ohio act, while recognizing the existing public right of avigation, does not in express terms, as other acts do (*Smith* v. *New England Aircraft Co.* (Mass.), 170 N.E. 385, 391), fix the altitude at which such avigation must lawfully take place. But we think it is clear from the foregoing review that it was the intention of the Ohio Legislature to acquiesce in and to adopt the provisions of the air-commerce act of 1926, so far as the proper altitudes of flight are concerned.

LICENSES UNDER NATIONAL LAW REQUIRED OF FLYERS

The legislature recognized that the regulation of avigation is largely a national problem; that there should be uniformity of regulation as between the State and the Nation; and that if the necessities of the situation required it the act of Congress might in many respects be paramount. It seems to us that many of the regulatory measures and traffic rules promulgated under the air-commerce act of 1926 would be very difficult to enforce if the State were permitted to adopt different regulations and different traffic rules for intrastate commerce; and while some doubt has been expressed upon the subject (*Neiswonger* v. *Goodyear Tire & Rubber Co.*, supra, we think it would be extremely difficult to enforce the minimum altitude rule of the national act if the State established a lower minimum altitude than that established by the national act.

The conclusion that this was recognized by the Legislature of the State of Ohio, and that by its silence upon that point it intended to acquiesce in and to adopt the minimum altitudes prescribed by the national act, is strengthened by the consideration that the Ohio act, as we have seen, compels aviators to obtain licenses under the national act, which makes them subject in all respects to the provisions of the national act, and requires them to fly above the minimum altitudes prescribed by the national act.

All of the aviators, whether engaged in interstate or intrastate commerce, operating from the airport of the defendants, or elsewhere in this State, will be required to procure licenses issued by the United States Government (General Code, sec. 6310–40). They will be be compelled to comply with the air-traffic rules promulgated by the Secretary of Commerce under sections 10 and 3 (e) of the Air Commerce Act of 1926. Unless they comply with these air-traffic rules their licenses are subject to suspension or revocation (Regulations, sec. 62–F); and they will perhaps be subject to civil penalties in the event of their violation of the air-traffic rules (Regulations, sec. 71, 72). The application of the above provisions is recognized by sections 6310–6343 of the General Code which makes it a misdemeanor, punishable by fine or imprisonment, to violate the Ohio act; and further provides that the "acts or omissions made unlawful by this act shall not be deemed to include any act or omission which violates the law or lawful regulations of the United States."

ESTABLISHING OF MINIMUM ALTITUDE NOT UNREASONABLE

It is our conclusion, therefore, that, insofar as the minimum altitudes of flight are legally prescribed by section 74 (G) of the national air-traffic rules, they are applicable alike to interstate commerce and intrastate commerce; and that since the property of the plaintiffs is not situated in congested parts of cities, towns, or settlements, the minimum altitude rule of 500 feet is applicable to all aviators flying over their property, whether engaged in interstate or intrastate commerce.

We cannot agree with the contention that this establishment of a 500-foot minimum-altitude rule is an unreasonable or arbitrary exercise of the police power in that it denies effective possession of their property to plaintiffs and amounts to an unlawful taking of plaintiffs' property without due process of law.

The power to announce general rules was by the act of Congress vested in the Secretary of Commerce. The exigencies of government often require in the enactment of proper legislation the expert and continuing experience of a department of the Government; and what was said by Mr. Justice Harlan in *Field* v. *Clarke* (143 U.S. 694, 36 L.ed. 310), is applicable here:

"The legislature cannot delegate its power to make a law; but it can make a law to delegate a power to determine some fact or state of things upon which the law makes, or intends to make, its own action depend. To deny this would be to stop the wheels of government. There are many things upon which wise and useful legislation must depend which cannot be known to the lawmaking power, and, must, therefore, be a subject of inquiry and determination outside the halls of legislation."

PRESCRIBING RULES PROPERLY LEFT TO DEPARTMENT

A fixing of the proper altitude rules requires a knowledge of conditions generally throughout the country, a general knowledge of the ability to safely operate airplanes, their ability to take off or to land without injury to others, and many other matters, in an industry which is still new and to some extent in an experimental stage. The law requires that the Secretary of Commerce keep himself advised of all matters pertaining to aviation, and we have before us many pamphlets and compilations issued by the Department of Commerce which indicate the broad and extensive knowledge of that Department as to matters pertaining to aviation. We think the prescribing of general rules was appropriately left with this Department.

It is better equipped than any other governmental agency to arrive at a correct and equitable solution of the problem involved in announcing minimum safe altitudes of flight (the Air Commerce Act of 1926, 27 Columbia Law Review, 989). It is to be presumed that if further knowledge as to aviation suggests or dictates such a course, the Secretary of Commerce will change the rules prescribing minimum safe altitudes of flight, having in mind both the interests and rights of the aviator and those of the landowner. The power of the courts to declare a regulation of the kind here involved to be unreasonable or arbitrary should be sparingly exercised, and especially so in a new and partly untried field. A regulation, like a rate, should not be condemned until it has had a fair and adequate trial (*Northern Pacific Railway* v. *North Dakota*, 216 U.S. 579; *Georgia* v. *Tennessee Copper Co.*, 260 U.S. 230, 239).

OWNERSHIP SUBJECT TO LIMITATIONS

It is well to have in mind in this connection also that while the modern conception of the ownership or possession of a chattel, land, or space imports wide freedom in use and control thereof, there is no such thing as absolute and complete freedom under our law. There are many limitations, sometimes in the interest of neighbors, and sometimes in the public interest, which are placed upon the owner's freedom. As was said in *Hibbard* v. *Halliday* (Okla.) (158 Pac. 1158, L.R.A. 1916F 903):

"Property in land must be considered for many purposes not as an absolute, unrestricted dominion, but as an aggregation of qualified privileges, the limits of which are prescribed by the equality of rights and the correlation of rights and obligations necessary for the highest enjoyment of land by the entire community of proprietors."

See also *Campbell* v. *Seaman* (63 N.Y. 568) and *Middlesex Co.* v. *McCue* (149 Mass. 103).

These authorities announce rules as to the limitations upon the property rights in the interest of adjoining property owners, and in re *Opinion of the Justices* (103 Me. 506, 69 Atl. 627) is one of many cases holding that many limitations may be imposed upon the rights of property for the benefit of the public. It was held in that case that it was for the legislature to determine from time to time the occasion and what laws and regulations were necessary or expedient for the defense and benefit of the people; and that—

"Legislation to restrict or regulate the cutting of trees on wild or uncultivated land by the owner thereof, etc., without compensation therefor to such owner, in order to prevent or diminish injurious droughts and freshets, and to protect, preserve, and maintain the natural water supply of springs, streams, ponds, and lakes, etc., and to prevent or diminish injurious erosion of the land and the filling up of the rivers, ponds, and lakes, etc., would not operate to 'take' private property within the inhibition of the Constitution."

And see *Hudson Water Co.* v. *McCarter* (209 U.S. 349, 355) and *Miller* v. *Schoene* (1928) (276 U.S. 272).

PUBLIC NEEDS SAID TO JUSTIFY INTERFERENCE

In most instances of limitations upon the freedom of the landowner in furtherance of the public interest the purpose is effected by merely denying to the former the exercise of certain privileges of use. The common law, however, furnishes examples of permitted encroachments by the public upon what is otherwise private territory. The duty of the land occupant to permit entries by members of the public in navigating navigable waters, though the beds thereof are privately owned, is outstanding and of general recognition. (See *Schulte* v. *Warren*, 218 Ill. 108; *Lumber Co.* v. *Olcott Co.*, 65 N.H. 290; *Hutton* v. *Webb*, 124 N.C. 749; *State* v. *Shannon*, 36 O.S. 423; *Willow River Club* v. *Wade*, 100 Wis. 86.) It has even been held that in such waters the public may fish (*Collins* v. *Gerhardt*, 237 Mich. 38, 211 N.W. 115). There is an obvious analogy between the public rights of aviation and navigation, particularly when the latter is in waters over land considered to be in private ownership. There are, of course, differences, and it may well be productive of difficulty to press the analogy too far.

Here the right of avigation necessary in times of peace, and for adequate defense in time of war, is involved, and the absolute ownership of private property may to some extent be limited and curtailed in a great public interest. It might justly be limited even for a seemingly private use, for "it is established by a series of cases that an ulterior public advantage may justify a comparatively insignificant taking of private property for what, in its immediate purpose, is a private use." (Mr. Justice Holmes in *Noble State Bank* v. *Haskell*, 219 U.S. 104, 110.)

The property of plaintiffs, its location and surroundings, presents no unusual situation, and does not show that any rule which would be appropriate and reasonable for uncongested areas generally would be unreasonable as applied to the property of

the plaintiffs. Counsel for the plaintiffs have offered no evidence which would indicate that flying at 500 feet or at lesser altitudes would interfere with the comfortable enjoyment of their country estate by the plaintiffs. There is no evidence, for instance, that the flying should be at 600 feet or at higher altitudes. Counsel for both parties have agreed that the court should make observations at airports and other places to determine whether the altitude line of 500 feet protects the property rights of the plaintiffs. From such observations and a study of the question, if this court were called upon to designate the upper limit of effective possession under the facts of this case, it would, in the first instance, fix it at an altitude of 500 feet. We say, in the first instance, because such upper limit is now being designated in view of the probabilities of the situation. It may be that when the practices of the defendants become fixed, it will be necessary, upon the application of the plaintiffs, to designate a higher altitude for defendants' flights. The probabilities of the situation now indicate that the plaintiffs will be amply protected if the flights of the defendants are made at minimum altitudes of 500 feet.

The further contention of defendants' counsel that they may under the regulations, without violating the property rights of the plaintiffs, in taking off and in landing, fly at lower altitudes, however, presents a different question. We cannot agree with their contention. The regulations relied upon, chapter 7, section 74 (G) (1) and (2), are a part of the Air Commerce Regulations (Aeronautics Bulletin No. 7, effective as amended Sept. 1, 1929) which were intended and classified by the Secretary of Commerce as air-traffic rules.

These rules, except as they prescribe 1,000 feet over congested areas and 500 feet elsewhere, were not intended as prescriptions of minimum safe altitudes for the purpose of fixing navigable air space pursuant to authority vested in the Secretary of Commerce by sections 10 and 3 (e) of the Air Commerce Act of 1926. The exceptions in the air traffic rules permitting flights at less than 1,000 feet and less than 500 feet in taking off and landing were promulgated only to relieve avigators from the penalties prescribed by the air-traffic rules.

FLYING AT LOW ELEVATION TO BE CONSIDERED TRESPASS

The act of 1926 and the regulations prescribe the minimum altitures at which flight may take place and by clear implication, if not expressly, they deny the right to fly at lesser altitudes, when not authorized to do so, over the lands of owners, and especially over lands adjoining an airport. The right to fly at lower altitudes (save in exceptional cases which might not be regarded as trespasses) must be legally obtained by the aviator. The air-traffic rules relied upon by defendants are applicable to this case only insofar as they may be construed as establishing minimum safe altitudes of flight. To construe them as permitting a doubtful invasion of the superincumbent air space over plaintiffs' lands at low altitudes would be to make them, to say the least, of doubtful validity, and such a construction should not be adopted unless the words of the air-traffic rules permit of no other construction—which is not the situation.

Until the progress of aerial navigation has reached a point of development where airplanes can readily reach an altitude of 500 feet before crossing the property of an adjoining owner, owners of airports must acquire landing fields of sufficient area to accomplish that result. To fly over the lands of an adjoining owner at lower altitudes, the owners of airports must secure the consent of adjoining property owners, or acquire such right by condemnation when appropriate enabling statutes are enacted (*Smith* v. *New England Aircraft Co.* (170 N.E. 385, 391, 393). (See an able article by Charles P. Hine, of counsel in this case, Home Versus Aeroplane. American Bar Association Journal, April 1930.)

With counsel for the parties the court has viewed plaintiffs' premises, has observed the flight of airplanes there, and, at the suggestion of counsel, has observed the flight of airplanes at other places. In the opinion of the court, if defendants were permitted, in taking off and landing, to fly at altitudes lower than 500 feet, plaintiffs' enjoyment of their property would be unreasonably interfered with, and their right of privacy unreasonably invaded. Extensive flying, in taking off and in landing at lower altitudes than 500 feet, would, in this instance, constitute trespasses or the maintenance of a nuisance.

As we have seen, the legislation of this State pertaining to aeronautics is different from that of other States; it acquiesces in and, in a measure, adopts the legislation of Congress. It is complementary to the legislation of Congress to the end that interstate and intrastate commerce may, so far as possible under present constitutional provisions, be a unit regardless of State lines. No doubt, also, the State legislature of this State acquiesced in the view attributed to Congress that it had the power to enact and that it enacted the Air Commerce Act of 1926 under its express grant of power to regulate interstate and foreign commerce.

It is unnecessary, therefore, for us to decide whether the State owns the air space above lands in this State in its sovereign capacity, so far as capable of ownership (*Geer* v. *Connecticut*, 161 U.S. 519; *Lacoste* v. *Department of Conservation*, 263 U.S. 545; *Beech* v. *Hayner*, 207 Mich. 93, 5 A.L.R. 1052; *State* v. *Sawyer*, 113 Maine, 458; L.R.A. 1915A, p. 1031; 11 R.C.L. 1014); or whether it has the power to regulate the use of air space in analogy to its power to regulate the taking of ferae naturae (*Missouri* v. *Holland*, 252 U.S. 416, 64 L.ed. 641; *Foster-Fountain Packing Co.* v. *Haydel*, 278 U.S. 1, 73 L.ed. 147; *Geer* v. *Connecticut*, *supra*, 3 C.J. 18–22; 25 C.J., p. 596, sec. 8); or the reduction to possession of oil and gas (*Oklahoma* v. *Kansas Natural Gas Co.*, 221 U.S. 229, 55 L.ed. 716; *Lindley* v. *Raydure*, 239 Fed. 928, 933; *Ohio Oil Co.* v. *Indiana*, 177 U.S. 190, 208); or the use and enjoyment of running water (*Hudson County Water Co.* v. *McCarter*, 209 U.S. 349, 52 L.ed. 828; Thompson on Real Property, vol. 1, sec. 67, p. 66; 2 Blackstone's Commentaries, p. 18; *City of Syracuse* v. *Stacey*, 169 N.Y. 231, 245; 22 Harv. Law Rev. 190; 40 Cyc. 559); or the enjoyment of light and air (19 Am. & Eng. Enc., 112, 113; *Keiper* v. *Klein*, 51 Ind. 316; *Stein* v. *Hauck*, 56 Inc. 65, 26 Am. Rep. 10; *Mulker* v. *New York & H. R. Co.*, 197 U.S. 544, 49 L.ed. 872).

POWERS AS EXERCISED BY CONGRESS UPHELD

It is unnecessary also, in view of the character of the legislation of this State, to decide whether Congress has the power to regulate the use of such air space for the purposes of interstate and foreign commerce in analogy to its right to regulate the use of navigable waters, in accordance with the rule announced in *New Jersey* v. *Sargent* (269 U.S. 328, 337), where reference is made to the doctrine, firmly settled, "that the power to regulate interstate and foreign commerce, which the Constitution vests in Congress, includes the power to control, for the purposes of such commerce, all navigable waters which are accessible to it and within the United States, whether within or without the limits of a State, and to that end to adopt all appropriate measures to free such waters from obstructions to navigation and to preserve and even enlarge their navigable capacity; and that the authority and rights of a State in respect to such waters within its limits and in respect to the lands under them are subordinate to this power of Congress."

And see the extended discussion of the cases in Civil Aeronautics, by Frederick P. Lee, legislative counsel United States Senate (1928), pages 42–45.

And it is unnecessary to decide whether Congress has, in the exercise of this paramount power to regulate interstate and foreign commerce, the power also, if necessary, to effectively regulate the latter, to regulate also incidentally intrastate commerce, in analogy to the doctrine announced by Mr. Chief Justice Taft in *Railroad Commission* v. *Chicago, B. & Q. R. Co.* (257 U.S. 563, 588), as follows:

"Commerce is a unit and does not regard State lines, and, while under the Constitution interstate and intrastate commerce are ordinarily subject to regulation by different sovereignties, yet when they are so mingled together that the supreme authority, the Nation, cannot exercise complete effective control over interstate commerce without incidental regulation of intrastate commerce, such incidental regulation is not an invasion of State authority." * * *

RESTRICTIONS IN USE OF PROPERTY IMPOSED

And see: *Minnesota Rate case* (230 U.S. 390); *Wisconsin Rate case* (257 U.S. 563); *Dayton-Goose Creek Ry. Co.* v. *United States* (263 U.S. 456); *Stafford* v. *Wallace* (258 U.S. 495); *Chicago Board of Trade* v. *Olson* (262 U.S. 1); *United States* v. *Reading Co.* (226 U.S. 324); *New York* v. *United States* (257 U.S. 591; 66 L.ed. 385); *The Minnesota Rate cases* (27 Harv. Law Rev., 14); and *Federal Control of Interstate Railroad Rates* (35 Harv. Law Rev., 864).

Accordingly, it is our conclusion that the plaintiffs at this time are entitled to an injunction restraining the defendants—

(a) From permitting dust from their operations to fly or drift in substantial and annoying quantities over the property of the plaintiffs;

(b) From permitting the dropping or distributing of circulars from airplanes as they pass over plaintiffs' property or in proximity thereto; and

(c) From avigating over the property of plaintiffs or any part thereof unless at altitudes of 500 feet or in excess thereof. The plaintiffs' lands are highly improved and are not merely lands covered by dense brush and woods, as in *Smith* v. *New England Aircraft Co.* (170 N.E. 385, 393).

If the court has the power and authority to retain this cause upon the docket (*Georgia* v. *Tennessee Copper Co.*, 240 U.S. 650, 651; *Kansas* v. *Colorado*, 206 U.S. 46, at pp. 117, 118), and either party makes a request for such retention, the cause may be so retained for the purpose of granting other or further relief when the practices of the defendants become more definitely settled and established. Costs will be assessed when the latter matter has been determined.

An order may be drawn accordingly.

EXHIBIT B

[Editorial from the New York Times, Tuesday, Feb. 20, 1934]

ABOVE THE COURTS

In the decision of Judge Knox last week in the air-mail case, he said, in effect, that no court in the United States has any power to compel the Government to carry out a contract which it has made. This we suppose to be the unquestioned law in America. The Federal attorney, Mr. Conboy, who argued the case for the Government before Judge Knox, cited several decisions of the United States Supreme Court going to show that the Government is beyond the reach of the courts in many matters where private citizens and corporations are subject to their jurisdiction. This was substantially the ground taken by Federal Judge Woolsey in his decision in the gold-hoarding case last November. He did, indeed, point out that when the Government took private property in the exercise of a power that could not be challenged, the question of just compensation for it was a matter for judicial determination in each case. Yet he did not fail to add that, even so,

compensation could not be legally enforced, and could be secured only through an act of grace by the Government. But the history of such acts of grace shows that they are not often consented to by the Government, and even when they are that reparation under them may be delayed for many years.

It is doubtless of high importance that the Government, especially in times of war or great domestic emergency, should not be liable to be sued as would be an ordinary person. We understand that the law in England is, in this respect, closely similar to our own. Without its consent the Government cannot be sued in court. Thus it can do many things, such as violating a contract, selling securities under dubious or false representations, or rigging the market for its own obligations, which if done by a private citizen, would make him liable to fine and imprisonment. Of course, we can't put the Government in jail, and ought not to be able to. But would it not conduce to a sense of even-handed justice if the Government would more often consent to permit a judge or judges to decide whether its course in a given matter had been such as to conform not only to the general law but to the dictates of the good conscience of the whole community? It might stoutly maintain that its conduct had been legally correct, and still be willing to leave it to a judicial decision.

[Editorial appearing in the New York Herald Tribune Feb. 20, 1934]

SMEAR AMERICA

The President's extraordinary language in approving, with conditions, the newspaper code accords, in our judgment, neither with the dignity of his office nor with principles of ordinary fairness. It cannot hurt the press of the country, which has a long and courageous record of public service behind it, lasting far beyond the span of any one man's life, to say nothing of any one administration. If only an attack upon the newspaper industry were involved, it would be fitting to pass by the outburst in silence.

Here is, however, the first time that the President has publicly given support to the Smear America campaign in which so many of his aids have participated. America has been made familiar with government by edict. Is it now to be subjected to government by insult? The episode is of importance in relation to the constantly growing tendencies of the Roosevelt administration to resent criticism, however fair, and to slander all who dare cross the path of its policies.

The air-mail edict is still fresh in mind. The development of aviation was the outstanding recent achievement of American imagination and American courage and American skill in organization. To compare either the intelligence or the ideals of its personnel—whether directing officials or flyers—with the equipment of a very practical politician like Mr. Farley would be to commit a gross insult to the former. Yet this politically minded Postmaster General is permitted to accuse this entire industry of "fraud and corruption", to cancel its contracts, and to debar its major companies from bidding on Government contracts for 5 years.

The administration, using all the vast power of its official position, sought to smear this great industry precisely as other large groups of Americans have been attacked. It did so without offering any opportunity for defense and without attempting to discriminate between the few malefactors and the general run of honest, upright, American business men.

The President's fling at the newspapers of America presents an exact parallel. That the newspapers of the country, by general consent, lead the world in enterprise, in public spirit, in fairness, in decency—that they use their constitutional freedom with a high sense of loyalty and integrity—is passed by. By making no distinction between the few exceptions and the many that prove the rule, the President slurs the whole institution.

We hope that Mr. Roosevelt will see fit to apologize to the press of the Nation for this gross insult. It makes no great difference to anyone that an egregious obstacle to progress like Mr. Ickes takes the rostrum, assumes a holier-than-thou attitude, and damns most of America for its benightedness. The millennium is Mr. Ickes' private property, and he is welcome to keep anybody out of it that he likes. But when the President of the United States—the executive head not of any party or section but of the whole Nation—joins in such attacks, the situation is far different.

It is so different that the whole problem of the freedom of the press takes on a new and unexpected aspect. The lip service that an administration pays to this fundamental security of democracy recedes into the background when it is offset by high-handed attacks upon whole industries. Such actions speak far more loudly than any words.

We hope that Mr. Roosevelt will expand and explain his unfortunate and regrettable utterance. He has permitted Mr. Farley with a stroke of the pen to wreck one great industry. The airplane industry has its constitutional rights—whatever they may be worth in a difficult, uphill, business struggle. The newspaper industry is in a far better position, thanks to its old establishment and its preferred status under the Constitution. But the threat is unmistakable—not so much to the large and strong newspapers as to the small and protesting organs. The question is plainly raised whether under such an administration any code, with its connotation of a compulsory licensing system to which the President makes an unmistakable reference in his citation of the obligations of the nonconsentor under the National Industrial Recovery Act—does not in effect destroy that freedom of speech guaranteed by the Bill of Rights in the first amendments to the Constitution.

[Merryle Stanley Rukeyser's article in New York American, Feb. 20, 1934]

PUBLIC REACTION TO AIR-MAIL EPISODE FAVORS CARRIERS

An interesting byproduct of the cancelation of air-mail contracts is the public reaction, which raises the question whether business baiting has not ceased to be a sure-fire road to popularity.

During the downward march of prices during the depression the general public was stunned and shocked—naturally felt resentful toward captains of industry and finance.

But with recovery showing that our economic institutions can function efficiently again, there is discernible a changing popular attitude toward business.

Politicians should not forget that there are more capitalists in the United States now than ever before. After the war the wider diffusion of ownership of corporate stock, which Thomas N. Carver, Harvard economist, characterized as the present economic revolution in the United States, got under way. The process continued even during the depression, when numerous overextended big speculators sold their stock to small outright investors.

In judging economic questions, politicians can ignore only to their own peril the trend toward wider and better distribution of wealth and income in the United States. Though much remains to be accomplished in this direction, partial results since Karl Marx's time have been extremely striking.

Of course punishment for graft and bribery in connection with public contracts has nothing to do with business baiting. The public will be intolerant of specific wrongdoing, but it seemed to resent the indiscriminate prosecution of all without due process.

There is one other angle. In letting new contracts, which constitute the basis for making air-passenger travel feasible during the promotional period, the only test should not be cheapness. The Government, acting for the public, ought to give due weight to other elements, such as evidence of technological skill, experience, and ability to continue the remarkable record already made for speed and safety.

If some of the financiers or promoters behind the infant industry were guilty of fraud or collusion, they and their helpers who were inside the Government service should be vigorously prosecuted. But, irrespective of such regrettable excrescences, I for one am proud of the remarkable achievements of this new industry. Its safety record is one of the wonders of the world, and no bureaucrats should be permitted to play fast and loose with an industry on which the lives of numerous American citizens depend.

The tragic prospect is that heroic young Army flyers may be the chief sufferers from Washington's hasty action. Army planes, aviation experts avow, weren't built to fly at night, to fly in fog, to make blind landings, or to enjoy other advantages possessed by the most modern commercial ships. Oftener than once, it is said, Army planes have sent an SOS to mail-carrying companies to send ships to pilot them to safe landings.

From every point of view, including that of national defense, it is earnestly to be hoped that every honest aviation company will promptly be restored to the status quo, so that further progress may be made in the art, or science, of flying without undue interruption. Admittedly, commercial companies had led in raising the United States to absolute leadership in achievements in the air.

[William Randolph Hearst's letter in the New York American, Tuesday, Feb. 20, 1934]

STUFF AND NONSENSE AT WASHINGTON

There is a certain insincerity, a certain bias, a certain extravagance of statement and looseness of innuendo about the utterances of the committee investigating the commercial airplane contracts which do not reflect any particular credit upon the committee or inspire any particular confidence in the minds of the public.

Take the charges against Mr. Lindbergh as an example.

Here is a man who is a credit to the country and an idol of the public, and who should not be defamed or idly accused.

The inference has been drawn from the utterances of the committee—the intention has been apparently that these inferences should be drawn—that Mr. Lindbergh had made, in some manner open to criticism, $2,000,000 in airplane stock and stock speculation.

A careful investigation of the facts proves that this is in no sense true.

Mr. Lindbergh received $250,000 as a bonus for signing the contract, and as compensation for services and for the value of his knowledge and experience.

He immediately invested this amount in stock of the company.

There is obviously nothing excessive in the amount or at all improper in the method of compensation.

The process of Mr. Lindbergh's detractors is to assume that Mr. Lindbergh might have held the stock until it reached the highest peak of its value in 1929, and might have sold out at that highest peak, and might have in consequence realized something like $2,000,000.

But no one has brought forward any evidence that he did proceed in this manner and did realize $2,000,000.

But even if he did, what of it?

Every intelligent human being in the United States realizes that if people had had wisdom enough to sell their possessions at the very summit of peak prices in 1929, they would have realized many times what they were worth before the peak of inflation.

But, unfortunately, most people did not sell their possessions at that time, and if they had done so would not have committed any crime by so doing.

Everybody realizes that the prices at that time reflected merely paper profits.

The sad fact is that no one actually received those profits.

The situation reminds one of the small boy during the Florida land boom who wanted to sell his dog for a thousand dollars.

"You will never get that", said a visitor from a saner section.

"Oh, yes, I will", said the youngster, and pretty soon he came back all smiles and remarked proudly, "I got a thousand dollars and 50 cents for him."

"You did?" said the visitor. "How come?"

And the boy said, "Well, I got 50 cents in cash and a thousand-dollar cat."

Nobody but a Democratic Congressman is ingenuous enough, or, rather, disingenuous enough, to imagine that values can be estimated by the prices temporarily reached at the height of an inflation boom before the boom burst. These allegations about immense profits illicitly obtained are nonsense and not very nice nonsense.

I know something about Mr. Lindbergh's scrupulous regard for ethics and amazing disregard for money.

After he had made his heroic flight across the ocean alone in his little whippet of an airplane, I was filled with admiration for his courage and daring and with gratitude for the honors he had won for our Nation.

I wanted to do something substantial for him.

I felt that many who had won fame for glorious deeds have not won fortune.

I wanted to see if I could not do something for this young man to make him independent for life.

My moving-picture company was associated with the Metro-Goldwyn-Mayer at the time, and together these companies made a proposition to Mr. Lindbergh that he make on the screen the story of his interesting and inspiring young life.

The compensation was to be $500,000 cash and a percentage of the profits of this picture.

When Mr. Lindbergh came to my house in New York I brought out the contract, all signed and sealed and ready to deliver, except for his signature, and presented it to him.

He smiled pleasantly as he read it, and then said: "That is very fine, and I appreciate it, but I cannot do it."

I naturally asked why, and he said: "You know, I said I did not intend to go into moving pictures."

I tried to argue with him. I said: "This is not a moving picture in the ordinary sense of the word. It is not a fiction story. It is a real story of your life, a thing that the President of the United States ought to be glad to have done for him.

"It is an historical record of fine life and a great achievement to be preserved in pictures for others to see in years to come.

"Do not consider it as a benefit to yourself but as an inspiration to others."

Young Mr. Lindbergh shook his head and said:

"I wish I could do it if it would please you; but I cannot, because I said I would not go into pictures."

I said:

"All right—but you tear up the contract; I have not the heart to do it."

And he stood there in front of the fireplace in my room and tore up a half million dollars and threw it into the fire.

Now, you cannot tell me that that young man is money hungry or that he would do anything improper or unethical through a desire for money, or that he is animated by a craving for publicity in his public actions, as the spokesman of the administration so generously implied.

Here was an opportunity for publicity of the highest and most dignified type, and for a lump payment of half a million dollars plus a percentage of the profits of the pictorial life.

He turned it down, rather foolishly I thought, but magnificently.

When Mr. Lindbergh speaks in behalf of the commercial airplane business of the United States I know that he does it honestly and sincerely, and because of his sense of justice, and because he believes he is doing his duty to the public.

Moreover, he makes this statement in a dignified and proper manner, and does not intimate that the administration is playing politics—so the administration has no right to imply that Mr. Lindbergh is seeking publicity.

The spokesman of the administration can at least be as dignified and as courteous as Mr. Lindbergh has been—and as honest.

The trouble with some of the politicians who are accusing other people of speculating is that they themselves speculated and got burnt, and are trying to vent their spite on somebody or something in reprisal. That is the reason for most of the punitive legislation and taxation with which the country is afflicted today.

Personally, I think the Nation would be better off if it had more Lindberghs and fewer politicians.

WILLIAM RANDOLPH HEARST.

[Editorial from the San Francisco Chronicle, Tuesday, Feb. 20, 1934]

DONE FOR THE FIRST TIME AND PERHAPS THE LAST

The performance of the Transcontinental & Western Air Line in carrying the air mail from coast to coast in 13 hours and 5 minutes was both an impressive demonstration and a challenge to public attention.

For this feat on the last transcontinental mail flight under the canceled Post Office contracts was not a stunt, but was done on schedule. Even with a one-pilot plane built for speed the record would be notable. But in this instance the T.W.A. used standard equipment, a two-pilot ship with full passenger accommodations.

This stage of development in aviation has been reached under the sharpest kind of competition under the Government policies now thrown into the scrap heap. The cross-country time has been steadily cut down, and the comfort of air travel increased, since the days when 36 hours was good time and passenger travel was more of a hardy adventure than a journey.

The Boeing Co., now absorbed in United, cut the time to 33 hours. The T.W.A. came into the field with a 24-hour service from Los Angeles, or 27 hours from San Francisco. The United promptly met this with a service making the flight in 20 or 21 hours. The new ship that has made the present all-time transport record of 13 hours and 5 minutes is the first of a fleet ordered by T.W.A. to put on an 18- or 19-hour schedule.

Whatever may be said of the financial set-up, the practical results certainly measure up to what the public expects in the progress of air transport. Whether the Post Office compensation has been too much or too little, the development of air transport that has gone so far cannot be maintained if the companies are deprived of reasonable revenue from this source.

What will be the comparative cost to the Government of running its own air-mail transport remains to be seen, and since it is involved with the Army, the proportions of cost allocated between the post office and the national defense are likely to be subjects for sharp actuarial controversy.

In any event the removal of the commercial companies from the air-mail carrying business strikes a destructive blow at a transport development that has been a pride of the American people. It is a melancholy thought that Sunday night's performance by T.W.A. is not only the first but is likely to be the last time that the air mail has been carried at this speed in a plane available to civilian passengers.

[Editorial from the Washington Post, Wednesday, Feb. 21, 1934]

ALONG THE POTOMAC WITH CARLISLE BARGERON

The big air-mail scandal and all of its attendant ballyhoo may have excited our Government and our people, may have caused some of us to become almost as indignant as the French got over their pawnshop scandal, but so far it has not ruffled Mr. Walter Brown, our former Postmaster General, one bit. He is either innocent as the proverbial new-born babe or he is the most thick-skinned gentleman we have ever had in American politics.

While the Democrats have been getting red in the face, sometimes slightly hysterical and doing such silly things as rebuking Mr. Lindbergh, this gentleman's inner or outward consciousness has not been touched. Before the Senate investigating committee he is as placid as a clear, still pool. He appears, indeed, the only cool spot in the heat that has been worked up. To say that he is aggravating to the crusading Senator BLACK is but to state an obvious fact.

He isn't handling the committee by the familiar lapse-of-memory method, either. He answers the questions put to him. His "I don't recall" responses, insofar as they apply to pertinent questions, are few and far between. What he is doing is following the course he followed when he appeared before committees during his term of office. He is being plausible. Right or wrong, he will go down as the most plausible gentleman we have had here for a long time.

It is impossible to say how it will all come out, of course. It strikes me that while the committee so far is not worrying Mr. Brown in the slightest degree, he is not getting the favorable headlines which the Republicans and the air-mail operators, more than he, very badly need. After all, there is the administration blast of collusion out against them. Before either the operators or the Republicans will get anywhere against the administration they must get from under that.

We could all get at the facts in this great drama better if we realized that at the bottom it is, first, a conflict in policy, and, secondly, the hunger of the Democrats to get the air-mail contracts, or conversely. While out of office they coveted them as they coveted nothing else. They constitute one of the greatest bonanzas of governmental favor. Under the Republican policy, the Democrats claim, the subsidies flowed right back into the hands of a wealthy few. Under the Democrats, as they talk now, at least, they would have given the bounties to the small, courageous operators, in most instances admittedly operating on a shoestring, but who, I suppose, under the Democrats' plan would have become rich. There was certainly money to be made in the business.

One must never forget that in this country we have two political parties—the Republicans "for the rich" and the Democrats "for the poor." A Democratic subsidy will, I take it, be to make some poor men rich. They probably won't make them so rich because they will probably cut the size of the bounty down.

This, in brief, is what all of the fanfare and trumpeting is about. The burning of papers, the citing of men for con-

tempt—all of this is incidental but highly important in keeping the matter on the front pages. And, of course, the Democrats, in order to get control of the contracts to carry out their policy, better or worse than the Republican one, had to have some justification. This they professed to find in "collusion" at a meeting the operators had here with Mr. Brown in 1930. It will be well to bear in mind that they have not proved this yet. And seriously I am beginning to have my doubts about it.

[Article by B. C. Forbes in the New York American, Feb. 21, 1934]

MODERN FLYING NO CHILD'S PLAY, FACTS REVEAL—STOCKHOLDERS HAVE LOST; ONE SPORTING OFFER

By B. C. Forbes

Eddie Rickenbacker's record-breaking flight (13 hours) from the Pacific to the Atlantic wasn't a stunt, but the result of painstaking development of airplanes, aviation equipment on ships and on land, the investment of millions of dollars in new inventions, airports, amazing scientific instruments to make flying safe during the night and during fog, to make "blind landings" safe, to establish meteorological service far ahead of the Government's, etc.

Up-to-date commercial aviation isn't child's play. It isn't a picayune business. It savors nothing of what Wall Street calls "fly-by-night" ventures.

Eddie Rickenbacker's company, for example, sponsored by General Motors, has invested more money than it has ever collected from the Government for carrying air mail and from all other sources combined. It cost $300,000 to create the Douglas ship America's premier ace flew. The company, never dreaming that its air-mail contract would be annulled without even opportunity to present the facts, placed orders for $3,500,000 worth of these ultra-modern eagles.

One responsible aircraft executive cites these figures to me:

"It costs $5,000 to install an automatic pilot on each ship. It costs $3,000 to train a pilot for blind flying and $7,500 for the necessary instruments on each ship. Two-way radio costs $3,600 a ship, while ground radios have cost our company $140,000. It costs $5,000 for equipment to insure safe landings in a fog. Our pilots average $7,000 a year for an average of 73 hours' work a month.

"Stamps sold for mail carried by our company fell only a few thousand dollars short of the total amount paid the company by the Government. Stockholders supplied $7,900,000 capital to give the country all these aviation facilities, and one half of that total has been lost to date."

This company promptly offered to continue fulfilling its post-office contracts for a month on the sporting offer that if inquiry revealed that there had been anything in the slightest measure questionable in the procuring and awarding of its contract, it wouldn't charge the Government one cent for the whole month's service, so sure was it that it had been guiltless of wrongdoing. But the ax fell on it as on every other air-mail-carrying company, without its getting its day in court to prove its innocence.

But there is more to it than the feeling of approval it inspires.

HERE IS THE NOTE OF TRUE LEADERSHIP

The gallant flying record, the simplicity and modesty that won our hearts, the thrilling exploits which have drawn the homage of the world are apparently only a part of "Lindy."

There is a maturing man in his young head and breast. The physical and moral courage of the youthful aviator is passing into a finer, perhaps a rarer, courage—the courage of the fearless and high-minded citizen.

Such a man has great tasks ahead of him—rich possibilities of service to his country.

[Article from the Queen Anne's Record, Centreville, Md., Thursday, Feb. 22, 1934]

CASUALTY LISTS BEGIN

We put an air-mail stamp on an envelop and drop our letter into a mail box. Next day that letter is being read in San Francisco.

Of the grave peril that may attend its passage the average letter writer is wholly unconscious.

We hear that now the Army will carry the mail. "Well, what of it?" says the average letter writer.

But veteran airmen gravely shake their heads.

It is not because they think that Army flyers are inferior pilots, but because they are unfamiliar with those treacherous sky routes that took such ghastly toll in young life in the beginning of the service.

Three brave young lieutenants were killed last Saturday making practice flights through mountain blizzards.

The news was buried in last Sunday's papers, but it did not escape the eyes of the oldtimers, who say that the casualty lists have just started to come in.

Of course, death will not stop the Army. Death is a partner in that profession, and the mails must go through regardless.

Meantime, the whole country is waiting anxiously to hear all the facts in the aviation scandal.

That there must have been grave cause for the precipitous Government action which terminated all private air-mail contracts and threatened the whole aviation industry with ruin, no thinking person can doubt.

But whether or not all companies were equally guilty and deserved such extreme penalty is the question to be answered with all dispatch.

It was unfortunate that Colonel Lindbergh, whose other public acts have always been timed with nicety, should have erred in giving his letter to the press before the President himself had received it. On the other hand, it is not difficult to understand his hasty action when we realize that the institution which he has served so superbly, many times at the risk of his own life, seems threatened with destruction.

We are inclined to the belief that his error was one of impulse rather than of intent and should be condoned.

And the fact remains that he asked the one question that the whole American public is still asking. And that question should be answered frankly, without evading the issue, by showing how much money Colonel Lindbergh might have made had he sold out his aviation stocks in 1929 before the stock market crashed.

If Mr. Farley's disclosures make it apparent that the whole body and structure of the aviation industry of this country is rotten with corruption and graft, then the whole public will stand stanchly behind the Government's action.

On the other hand, if only a few are guilty and the innocent have been made to share their just punishment, then Mr. Roosevelt will add to his laurels by admitting the mistake frankly and making speedy restitution.

Surely a Nation that can pay men to rake up the leaves in the forest and hire artists to paint murals for country post offices can also find the necessary dollars to encourage and advance so vital an industry as aviation.

We have had the finest air-transport system in the world. But those great air lines cannot fly unless Uncle Sam helps to buy the gasoline. And that, of course, was the reason for the subsidy.

Aviation cannot stand still. It must be nourished and developed—for there are black war clouds on the world horizon.

[Editorial from the Kansas City Times, Saturday, Feb. 24, 1934]

A CALL FOR AIR-MAIL ACTION

Whether the President's action in canceling all the air-mail contracts was unwisely and unfairly drastic and sweeping, as the Star believes, or whether it was justified, as administration defenders contend, it is water over the dam. The big problem now is how to restore the demoralized air-mail and passenger service as speedily as possible for the benefit of the public in general, and also to provide employment for the many skilled workers who, through no fault of their own, suddenly are to be deprived of their livelihood.

From the standpoint of the progress of the aviation industry, as well as for the most efficient public service, the air-mail business should be restored to private control, with its initiative and resourcefulness. Otherwise there will be stagnation. The Army Air Corps is trained as a combat service and not as a business transportation unit.

Under an old law enacted after the star-mail route scandals in the early seventies, if a contract is annulled, as the air-mail contracts have been annulled, the company holding the contract may not bid on Government business for 5 years. Obviously this law is a sort of dragnet method of punishing presumed wrongdoers who should be reached directly by legal action.

From the disclosures so far made, it is a fair inference that some of the air carriers took unfair advantage of the Government's policy to develop the aviation industry by helping the companies that seemed to have the necessary resources for experimentation. There is evidence of squeezing of competitors by companies in a favored position and of excessive prices charged the Government when more favorable terms might have been obtained.

The situation calls for a thorough investigation, with punishment for any officials found guilty of wrongdoing. It distinctly does not call for barring most of the competent and well-organized companies from bidding under revised contracts for carrying the air mail. The sweeping exclusion of the old star routes law would punish chiefly the public and the most experienced and able aviation staffs in the country.

It is the urgent duty of Congress to change this law and to make provision for the resumption of the Air Mail Service at a reasonable price to the Government at the earliest possible moment.

[Editorial from the Columbus Dispatch, Saturday Feb. 24, 1934]

THE NEW MAIL CONTRACTS

Plans now in the making to hand the air mail back to private companies on a new basis doubtless will be completed soon, but if the guiding principle in making new contracts or reletting old ones is economy instead of Federal aid for the aviation industry, there is a chance that they may fall through.

Even under the old system scrapped by the administration as extravagant and costly, many of the commercial air companies were only breaking even, and some were losing money. Without the Government subsidies, which constituted anywhere up to 60 percent of the aviation companies' incomes, practically all commercial air lines are losing heavily at present, and unless the new mail contracts carry enough compensation with them to make up all or a major part of the loss, many of the companies may be unable to accept them and not a few might be forced to make even further cuts in their service.

In that event the Army probably will find itself faced with the necessity of carrying the mail permanently. If it is, better equipment for the job is a crying need. The Army has lost five flyers and more ships in less than a week of routine all-weather flying, and in at least one instance the blame for an accident was placed upon an inadequate radio with a reception range of only 15 miles.

If the present rate of loss were to continue for very long the Army soon would find itself without enough equipment or men to transport the more than 7,000,000 pounds of mail that has been carried annually during the last 2 years.

[Editorial from the Leader Press, Springfield, Mo., Feb. 24, 1934]

AIR-MAIL FLYERS FREE FROM SCANDAL

The mess which centers about the air-mail contracts throws a bright light on one of the most vital problems of modern times—the way in which all manner of skill, devotion, and efficiency can be short-circuited if a few men at the top of the heap get to thinking too much about the clink of dollars.

In the cancelation of air-mail contracts there has not been a shadow of a reflection upon the men who actually have been doing the work.

The pilots themselves have made one of the finest records in the history of aviation. They have been good, superlatively good, at a job calling for skill, coolness, and devotion.

From the standpoint of physical service, they have made the American air-mail network one of the finest things of its kind in all the world—if not the very finest.

Similarly, the technicians, the designers, the men who built the planes and fabricated the engines, the operating officials who arrange schedules and hand out assignments, the repair men and service men, and radio and weather men—all these have filled their difficult jobs with distinction.

The troubles that led to wholesale cancelation of contracts were in no way due to the men who actually were doing the work of flying the mails. From a purely physical viewpoint, the air-mail set-up is and has been a thing of which the whole country could be proud.

Where, then, was the trouble? It arose solely from the fact that this magnificent edifice of service rested on the wrong kind of financial base.

In some cases—not in all, by any means—the men at the very top were less concerned with doing an important job in an efficient manner than with making two dollars grow where one had grown before.

To put it more simply, the fact that a few men were greedy was enough to nullify all the skill, the courage, and the devotion to duty which the great mass of employees put into their jobs.

There has been a lot of talk, this last year, about the necessity for curbing the profit motive. The air-mail situation is a striking example of it.

Because a few men let the lust for profit run away with them, an entire industry has had to suffer.

[Editorials from the Dallas Journal, Saturday, Feb. 24, 1934]

AS TO SUBSIDIES

What has been proved against Postmaster General Brown is that he used the law to give the air-mail companies something for nothing. He did that. Whenever any government does that it's what we call a subsidy.

The Journal doesn't like subsidies. It doesn't like them when you call them bonuses to soldiers. It doesn't like them when you call them C.W.A. grants to cities. It doesn't like them when they are rent paid to farmers by the Government for not using farm land. It doesn't like them when they are dumped here, there, and yonder. But we have come to depend upon things we ordinarily don't like. We have to.

Now, Postmaster General Brown was depressioneering back yonder in 1930 with a group of crippled airlines, the same as the new deal is depressioneering with cities and farmers and home owners and mural artists and the rest of us. Hoover was passing it out of the Treasury with a short-handled shovel. Roosevelt is passing it out with a long-handled scoop. The principle is exactly the same. Maybe the technic has improved. Certainly the rate has been stepped up and the spread increased. Then thousands of people were getting their part of millions of dollars. Now millions of people are getting their share of billions of dollars. The new deal can afford to admit the facts.

STRAIGHT THINKING

Why not think straight about this air-mail business? Associated Press says that the companies whose contracts were annulled on the theory that they had participated in fraud are to be allowed to bid on new contracts.

Either they were defrauders of the Government or they were not. Any argument about that? If they were defrauders, they ought not to carry the mail. Any rebuttal to that? If they were not defrauders, they shouldn't have been denounced as grafters and thieves. Does anybody think they should?

Take a walk all the way around these propositions and see what you find. The chances are you will come to the conclusion—if these companies are allowed to bid again—that Colonel Lindbergh was not the gentleman who acted in too big a hurry.

BELOW THE BELT

There is something in the claim of former Postmaster General Brown that the Democrats are hitting at him below the belt. First they complain that he tried to violate the McNary-Watres air subsidy law and now they switch the accusation so as to charge him with having lobbied to get a subsidy law through so he could give away money to the air companies in compliance with it.

But that is answered in kind by the Republicans who now charge the President with murder because he sent the Army aviators unprepared into the carrying of the mail with the loss of a distressing number of lives. The Army has made a poor record, though surely not a cowardly one. And the record shows that civilian air-mail flyers were doing something in the way of service and skill for their money. But there is no fair and reasonable way in which to arrive at the conclusion that the President has sent Army men to their death.

It is a pity that this matter could not have been threshed out fairly after a full investigation. That is what Colonel Lindbergh asked for in the first place. It would have been better if it had been so handled.

[Editorial from the Chicago Journal of Commerce, Monday, Feb. 26, 1934]

LET THE FACTS SHOW

The air-mail deliberations are now reaching the state of a tragic farce, farcical in that they have taken on an unwanted political-party flavor and tragic in that in the first week of carrying the mails in Army planes six Army pilots lost their lives and there were several injuries. Yet thus far no afterthought has come to plague Postmaster General Farley, nor, apparently, the President, at whose order the wholesale annulment of private air-mail contracts was made. After a bitter partisan harangue in the House Saturday, authorization was voted for 1 year of Army air-mail service. The vote stood at 248 to 81.

Up to this time, however, none of the great quantity of evidence of fraud and collusion in closing these contracts has been forthcoming from Mr. Farley. One is left to trust him and the committee implicitly.

If there were fraud and collusion the evidence should be brought brazenly before the Senate on the floor when that body begins its consideration of authorization of Army flying. It is a patent fact that the Army pilots who have been risking their lives in strictly combat planes are at a terrific disadvantage in the present weather and later, when March winds blow. It is of the greatest importance that, if the evidence of "fraud and collusion" is only a political creation or a bogey for the persecution of the Postmaster General of Hoover times, the lives of American Air Service men be not sacrificed in the sickly and cruel sham battle.

Not only is this of importance from the viewpoint of the lives of innocent combat flyers, but it is necessary at this time—especially that the Army Air Corps be not made a tragic show of in trying to use combat officers and combat planes for purposes they are not fitted to render. Let the Senate demand the facts.

[Article from the United States Daily, Feb. 26, 1934]

NATIONAL OPINION ON CANCELLATION OF AIR CONTRACTS

Many uncertainties that exist in the public disclosures concerning the canceled air-mail contracts are conspicuous in the press comments on the position that was occupied by former Postmaster General Walter F. Brown.

A substantial number of newspapers, representing all shades of political affiliation, showed a fairly even distribution into three classes. First are those who condemn the air-mail awards on the ground that there was collusion among the air companies, with approval of the former Postmaster General. Others believe that the Postmaster General was acting in accordance with the desire of Congress to build up a strong, reliable air service. A third class takes the position that the controversy is between two administrations. These hold that because political action is involved, the public should await full explanation of all the moves in the controversy.

AN EVEN DIVISION

In definite figures the printed opinion divides rather evenly. Those editors who hold out for the correctness of Postmaster General Brown's actions comprised 34 percent; against were 30 percent. Those awaiting more conclusive evidence made up 36 percent.

Two thirds of the supporters of Mr. Farley are Democratic, with 10 percent Republican, and 23 percent independent in politics. Similar division is shown in the opposition.

Critics of the former administration argue that the records show that the former Postmaster General invited representatives of the principal air lines to a conference which, with his aproval, agreed on a division of routes and contracts. It is charged further that this method was adopted to avoid "competitive bidding", which would be contrary to their "community of interests."

The statement by Mr. Brown in the course of the investigation, while waiving immunity, raises the question of the legality of the meetings of which it is charged that mail routes were divided up, but the opposition contends that there is "no explanation as to why contracts were awarded to high bidders."

"If the President has been convinced that the air-mail contracts under Mr. Brown were tainted with fraud", says the Chicago Tribune (Republican), "the abrupt cancelation may be salutary. Fraud is the probability or possibility in the most carefully guarded

Government contracts in normal times, and the contingency grows in probability as the amounts of money increase and as haste is made an essential.

QUESTION OF LEGALITY

"The public cannot be well informed as to the charges which are held to taint the air-mail contracts. A congressional committee proceeds by well-established methods to give the widest play to such inferences and intimations as it wishes to spring from its inquiry. A clouded if not a false picture is produced by this and general opinion is led to desired conclusions. Fair judgment often is misled and congressional inquiries become suspect of special rather than public interest.

"It must be assumed, however, that President Roosevelt has sufficient information to convince him that here again is an instance of Government money flowing out not for public benefit but for private profit."

"The only reasonable assumption", in the opinion of the Toledo (Ohio) Blade (Republican), "is that more complete and damaging facts are in the hands of the President and Postmaster General."

In defense of Mr. Brown, writers deny that attendance at the meeting he called for discussion of the air-mail situation was evidence of irregularities. The Youngstown (Ohio) Vindicator (Democratic) argues for the defense with the statements: "Mr. Farley says that attendance at that meeting constituted collusion, even though the experienced legal advisers of the Government at the time saw nothing wrong in it.

"It is unfortunate that in this case the Government acted as accuser, prosecutor, judge, and jury. In these days when the old ideas of freedom and individual rights and parliamentary government are breaking down, one expects this sort of procedure of foreign countries, but it is not pleasant to see it gain a foothold in the United States."

POLICY QUESTIONED

Recalling the development and unification of railroads in the United States, part of the press questions the wisdom of destroying the private aviation service, with the incidental banishment for 5 years, and the Boston (Mass.) Transcript (Republican) asks:

"Is such retribution worth while? Is there not some other form of punishment which could discipline the companies and at the same time save the taxpayers' money by bringing to pass still more equitable payments for the air mail? Certainly any long continuation of the temporary plan to have the Army fly the mail will be both difficult and extremely costly."

On the ethical side of the question, it is argued that events of the 4 years since the contracts were made have shown that a selected group of companies was able and competent to carry out the spirit of the subsidy, which was to establish, with Government aid, a system of airways.

Many advise that judgment be suspended and that the aviation business be permitted to "put its house in order." The Hartford (Conn.) Daily Times (Democratic) argues: "It seems almost incredible that a very large number of reputable men could have sat in conference with a Postmaster General of the United States, making permanent record of their doings, and aware that concealment must be impossible, to conspire against the laws of the land, exploit the public funds, and steal unjust advantage. With such intent they would be not only criminals but fools."

[Editorial from the Ohio State Journal, Tuesday, Feb. 27, 1934]

FLYING BLIND

Those who listened to Will Rogers' broadcast Sunday night must have sensed the utter distress and bewilderment of the men as he discussed the aviation situation.

Now, Rogers is a shrewd, penetrating, critical observer with a keen ability for getting below the surface of things. Yet there he was, after long talks with the best-informed men on both sides of the controversy, groping in the dark and admitting that he could make neither head nor tail of the matter.

Is it any wonder then that the man in the street is baffled? He reads of fledgling pilots, with 10 hours of night flying to their credit, going out with brave smiles to meet death in blizzards, and finds only obscure circumlocutions answering why this is necessary.

One of the principles of law is that the plaintiff must hand the weight of evidence against the defendant. Thus far the Senate investigation of the air mail has fallen short of producing anything convincing.

There has been a plethora of innuendo and questioning of motives, but a paucity of tangible proof.

In all the hullabaloo about costs of commercial air mail—in dollars, not lives—sight has been lost of the tremendous development in aviation since the air mail began. There has been a consistent increase in efficiency, expansion of service, and constant progress in reducing flying time between points through the use of improved equipment.

Figures are convincing. In 1929 the air mail flew 10,212,511 miles at a cost to the Government of $1.09 per mile. In 1933, for the 34,909,811 miles the air mail was flown, the Government paid only 54 cents a mile.

More impressive still is that it was estimated the cost would be reduced for the fiscal year 1934 to 38 cents a mile for 36,500,000 miles.

It is worthy to note that the air transport lines spend a large portion of their revenues in developing improved aircraft aids to flying. The object is safety.

As Will Rogers remarked, folks will continue to fly regardless of what happens. Having known that means of travel they need it. But they are entitled to the greatest safety possible.

It will take a more convincing answer than has yet been produced to remove the popular impression that the sudden reversal in air-mail policy was a mistake.

[Copy of Telegram to President Roosevelt from the Philadelphia Board of Trade]

FEBRUARY 27, 1934.

To the PRESIDENT OF THE UNITED STATES,
Washington, D.C.:

It is acknowledged in all circles that the companies which have been operating air-mail passenger and express lines have developed a service second to none in the world. Through press reports we learn that the administration is considering new legislation which will again allow commercial companies to carry the air mail. We believe this is the proper procedure and we request that in drawing up this legislation due consideration be given to companies which have expended millions of dollars in development of service and which have obligated themselves to expenditures of many more millions of dollars for development purposes upon the strength of contract promises by the Government of the United States.

THE PHILADELPHIA BOARD OF TRADE,
PHILIP GODLEY, *President.*

[From the New York Journal, Wednesday, Feb. 28, 1934]

FARLEY ADMITS IGNORANCE, HASTE IN AIR-MAIL ACTION

By James T. Williams, Jr.

As a witness before the Senate's special committee on investigation of air-mail and ocean-mail contracts, Postmaster General Farley gave sensational testimony last Saturday afternoon which appears to have been almost wholly overlooked by many, if not most, of the Sunday newspapers of the country.

Many Senators in Congress did not hear of this testimony until they were told by several members of the committee within the last day or two that it had been given. Even now some Senators are still ignorant of this testimony for the following reasons:

The up-to-date report of the proceedings of this special committee, of which Senator HUGO LAFAYETTE BLACK, of Alabama, is chairman, are not yet available in printed form either to the Senate or the House of Representatives, much less to the press and the people of the United States.

Although the so-called "Black committee", which began investigating ocean-mail contracts last September, did not reach air-mail contracts until after Christmas, the printed copies of the hearing available at this writing cover only the testimony given up to and including January 18 of this year.

MANY ADMISSIONS

This means that neither the Senate nor the House can base any legislation regarding domestic air-mail contracts on the testimony given on that subject before the so-called "Black committee", because none of the testimony since January 18 is yet in print. And the mimeographed copies of the testimony are distributed only to the members of the Senate's special committee.

It is from one of these mimeographed copies that the admissions of Mr. Farley of Saturday last, listed below, are taken.

Mr. Farley admitted that up to the 30th of January last he had ratified and confirmed domestic air-mail contracts as entirely legal.

Mr. Farley admitted that he did not change his judgment regarding the legality of these contracts until sometime between January 30 and February 6.

Mr. Farley admitted that he did not write the letter which he signed on February 14 last, notifying Senator BLACK, as chairman of the special Senate committee, of his intention to cancel all domestic air-mail contracts upon the ground that they were illegal.

Mr. Farley admitted that this letter which he signed was prepared by the Solicitor of the Department, Mr. Crowley, "with Mr. Ristine and with the Attorney General of the United States."

Mr. Farley admitted that the following section of the Postal Laws and Regulations had never been specifically called to his attention:

"In all cases of regular contract the contract may, in the discretion of the Postmaster General, be continued in force beyond its express terms for a period not exceeding 6 months, until a new contract with the same or other contractors shall be made by the Postmaster General."

PRINT TESTIMONY

Had this procedure been followed, the six heroes of the Army Air Corps who were sent to an unnecessary death last week would still be flying the colors; the airline pilots would still be flying the mails; no American citizen would have been convicted as guilty without a hearing; American air transport would not now be shattered by a crippling blow; and the Army Air Corps would not now be paralyzed as a vital arm of the national defense.

The sensational admissions by Mr. Farley as a witness before the so-called "Black committee" last Saturday afternoon would seem to have merited more attention around the Sunday morning breakfast table of the American people than they got, due to the

fact that so few of those admissions have yet seen the light of the print.

In view of this fact the Senate may go to the rescue of the American people in their eagerness for the truth, and order the insertion hereafter in the CONGRESSIONAL RECORD of each day's proceedings of all testimony taken at the hearings before the special committee of which Senator HUGO LAFAYETTE BLACK is the chairman and chief pilot.

[From the Pittsburgh Sun Telegraph, Apr. 1, 1934]

RICKENBACKER PROTESTS AIR-MAIL FAVORITISM

LOS ANGELES, March 31.—The following telegram from Edward V. Rickenbacker has been received by William Randolph Hearst. In it the World War ace discusses the administration's air-mail policy.

NEW YORK, *March 31, 1934.*

W. R. HEARST,
Los Angeles, Calif.:

The call for temporary bids by private companies to carry the air mail represents the eighth distinct and conflicting policy adopted by the Post Office Department within the short period of 6 weeks in relation to the vast and vital aviation industry.

First came the startling cancelation of every existing air-mail contract.

Then the ill-considered use of the Army to fly the mail.

Then the frantic retreat from that ghastly blunder.

Then the resumption by the Army of a curtailed service.

Then, after it had been doing it for some time, the passage queerly enough of a law authorizing the Army to fly the mail.

Then the introduction of a biased bill to restore the air mail on a permanent basis to private companies.

And, after that measure was demolished by the withering criticism of every expert called by the Senate committee, the introduction of a different bill, but equally unfair, to accomplish the same purpose.

And, now, the invitation to certain favored private companies to bid for temporary contracts.

What a crazy quilt of policy, with each new patch more ludicrous than the last.

What a laughable comedy of public error and maladministration all this confusion and incompetence would be were it not such a tragic crippling of the Air Mail Service, and the aviation service and wanton destruction of one of the greatest achievements of American genius.

If this sorry mess is an indication of what may be expected from state socialistic management of public service enterprises, there can be no better illustration of the superior advantage of the American system of individualism.

EDWARD V. RICKENBACKER.

[From the New York Herald Tribune, Mar. 30, 1934]

COMMISSAR FARLEY'S UNJUST DECREE

Piling injustice on insult, Dictator Farley has decreed that no company which has had experience in carrying the air mails may bid for new contracts unless that company rids itself of a few individuals whose only proved crime to date is that they obeyed the summons of the previous Postmaster General to come to Washington to discuss mail contracts. If this be a high misdemeanor for which the corporation of which they are members should be punished, then in a few years all those who obeyed the summons of the fiery General Johnson to come to Washington may be liable to reprisals at the hands of his successor.

This utterly arbitrary action is in line with Mr. Farley's earlier blunders about the air mail. What are the facts?

That up to date no single bit of evidence has been adduced proving the loose charges of corruption and collusion.

That in spite of this the contracts have been canceled and the reputations of high-minded individuals and of efficient public-service corporations have been publicly and officially besmirched without a hearing.

That hundreds of competent employees of these corporations have been threatened with the loss of their jobs or drastic reductions of their incomes.

That the air-using public of the country has been seriously inconvenienced as the result of curtailed air services.

That the arbitrary and thoughtless insistence on forcing an unprepared Army Aviation Corps to perform services for which they were neither trained nor equipped resulted in the death of splendid young Army flyers and the destruction of Army planes.

As if this shameful record were not enough, Mr. Farley now seeks to club the aviation companies into acts that he rightly suspects even a subservient Congress will be unwilling to force upon free citizens. With his original charges still unproved, he is trying to reach the individuals on whom he is determined to vent his personal animosity by forcing their corporations to repudiate them. He is seeking by decree to impose the unjust discrimination against the holders of the old contracts which revolted even Democratic supporters of the McKellar-Black bill. This is commissar government with a vengeance—self-willed imposition of rank injustice such as warrants the growing distrust of the Roosevelt administration. What began as an ill-considered and isolated act of bad-tempered autocracy is being transformed into a precedent for government by prejudice and violence.

If Mr. Roosevelt continues to tolerate his Farley the national good nature which has been prone to exonerate him from personal responsibility will give way to the realization that Mr. Farley acts in Mr. Roosevelt's name, and that even though the President may divest himself of blame for an isolated Farley blunder he cannot wash his hands of a permanent Farley policy of oppression.

[Editorial in the Herald Tribune, Mar. 24, 1934]

END TO CHAOS

The President, it is reported from Washington, is contemplating turning the air mail back to the private companies, even without waiting for the pending permanent legislation. To do so would be to confess the failure of the whole cancelation move; that failure, however, is already apparent to everyone, even the President's most ardent supporters. To admit it now would be to restore a somewhat waning confidence in the President's own promise that his method is a genuinely experimental one, permitting the withdrawal of those experiments which prove by their results to have been mistaken.

The whole air-mail business has been handled with a stupidity strangely out of character for an administration previously distinguished above all else for its adroitness. The result is that the rush order remaking of the aviation industry to any satisfactory end has become next to impossible. The Nation does not even know what the President really intended to accomplish when the contracts were canceled; even less does it have any clear idea of the kind of aviation system that he is now trying to create. The only competent aviation organizations in the country have been filled with a sense of bitter grievance, while those sections of the public which do not condemn the cancelation as rank injustice are utterly confused by the whole affair.

A major reconstruction of an important and complicated industry simply cannot be achieved quickly against passionate resistance in the industry and in face of a public opinion either hostile or uncertain. The result of such an attempt is bound to be a long period of dislocation, with perhaps many more accidents, ending in a bad compromise. The contracts should be restored pending legal proof of any collusion warranting cancelation. With that done, the administration can then marshal whatever evidence it has, from the congressional inquiries or other sources, explain what it believes to be wrong, and present in a way that the Nation can understand it a considered plan for any reorganization that it thinks legal and necessary.

[Editorial from the Carondelet (Mo.) News, Mar. 23, 1934]

THE AIR-MAIL MESS

We believe that we are expressing a widespread feeling of indignation in saying that it was a serious blunder on the part of the Federal Government to take the physical work of air-mail carrying away from the trained, experienced men who have built up this magnificent system, and put it into the hands of young Army officers who have had no experience in that sort of flying. It was worse than a blunder to entrust the mails, which must be carried on schedule, through whatever danger, to the inadequate equipment of the Army. Even the metropolitan press is wondering, in print, which stunt the administration regrets the most—Wallace's pig-killing spree or Farley's air-mail mess.

Army planes are built for war; they are not designed for the high-speed flying required in the Air Mail Service; their pilots are not sheltered from the weather; they are not equipped for "blind" flying and night work. And in the first few days after the Army took over the mail service six lieutenants met their death in trying to carry out orders which never should have been given to them in the first place.

They did what they were ordered to do. That is the rule of the Army. We have not heard of a single Army officer, ordered to fly with the mails, who balked or complained that he was being ordered to take risks such as no man should be called upon to take except in time of war. These young West Point and Kelly Field graduates are the stuff of which heroes are made. But they have not been trained and educated at the expense of the taxpayers to become mail carriers. They have been trained as fighting men to protect their country in case of war.

Why should these brave gallant young officers be sacrificed in the name of politics without first having been trained for the task demanded? For it is difficult to see any motive but a political one in the sudden, arbitrary cancelation of all air-mail contracts but one, merely because somebody in Washington believed, without proof having been offered, that some contracts had been illegally awarded. Suppose they had been; assume that there was guilt and corruption of the gravest character; what excuse is that for "grounding" the veterans of the service and the planes which alone are equipped for the work and sending these gallant boys of the Army to their deaths?

The responsibility must rest among Mr. Roosevelt's advisers in the Army Air Corps who convinced him that its aviators could temporarily come to the Government's aid in his effort to clean up this branch of the Postal Service. They are responsible not only for the deaths which have followed in the wake of their error, but they have seriously embarrassed our President.

Fortunately, Mr. Roosevelt is big enough and courageous enough to acknowledge error, even in Presidential policies. The country will think all the more of him for having done as he did.

[Editorial from Pittsburgh Post-Gazette, Mar. 9, 1934]

BACK TO PRIVATE LINES

President Roosevelt's letter to the Chairmen of House and Senate Post Office Committees urging return of air mail to commercial

lines was undoubtedly intended to speed up action. It has been evident for some time that the legislation required would be passed eventually; Chairman MEAD of the House committee declared some days ago that a bill was being drawn. The President is apparently anxious that the matter should not be permitted to drag on.

Postmaster General Farley's hasty action in ordering the cancelations met with a far different reaction from that he probably anticipated. While public sentiment would have supported fully any measures that might have been taken to penalize companies definitely shown to have secured contracts by fraudulent means, the administration had no adequate answer to the criticism that it had acted without affording the accused a chance to testify in their own defense. It was a blanket order which failed to discriminate between those companies which may have been guilty of everything charged and those which could have proved "clean hands." The old tradition in this country that nobody should be condemned without a hearing is still very strong.

In addition to that fundamental issue, however, the Post Office Department immediately encountered major difficulties in handling the air mail. The Army was given only a week to prepare for the job. This was not enough to permit the flyers to familiarise themselves with their routes or even to install proper equipment in the planes. Lacking a sufficient number of ships of the proper type for the work, others had to be pressed into service, despite the warnings of Army officers that they were not adapted to it. Service was drastically cut because of lack of sufficient equipment, and following a series of tragic accidents the first week strict orders were given not to attempt to maintain service in bad weather.

Having acted overhastily, however, the best thing that can be done now is to move as quickly as possible to correct the situation. This is what President Roosevelt now asks Congress to do. He recognizes the value of commercial aviation to the country, but wants any abuses that may have existed eliminated. There will be general approval of that policy. The only criticism has been that the same objective could have been accomplished just as surely and speedily without denying anyone a fair hearing and without disorganization of the service and undue sacrifices on the part of the Army flyers.

AIR-MAIL RESOLUTION PASSED BY THE ASSEMBLY OF THE STATE OF NEW YORK ON MARCH 5, 1934

FEBRUARY 23, 1934.

Whereas the air-mail system of the United States is the greatest in the world; and

Whereas the commercial air lines of this country are fully equipped in every department to fly the mail in all kinds of weather; and

Whereas the United States Army Air Corps is physically unable to carry out the air-mail assignments, due to the fact that their planes are deficient in number, in capacity, and in blind-flying equipment; that they have inadequate ground-station facilities, and that the pilots have not had the necessary special training; and

Whereas due to these deficiencies, several men of the Air Corps have already been killed, and several planes demolished, constituting a needless loss of life and valuable Government equipment: Therefore be it

Resolved (*if the senate concur*), That the President of the United States, the Postmaster General, and Congress of the United States are hereby most earnestly and respectfully memorialized to take immediate steps to restore the air-mail contracts to the aforesaid commercial companies, at least until such time as they have been proved guilty of improper action; and, be it further

Resolved, That a copy of this resolution be sent to the President of the United States, the Postmaster General, the clerk of the United States Senate, the Clerk of the House of Representatives, the Chief of the Army Air Corps, and the Chief of the Bureau of Aeronautics, Department of Commerce.

[Editorial from the Winslow Mail, Mar. 2, 1934, Winslow, Ariz.]

THE MOST IMPORTANT QUESTION

Nearly every newspaper in the country has editorialized on the action of Postmaster Farley in canceling the air-mail contracts and sending youthful Army flyers to their deaths. All of the editorials which came to our attention spoke with disfavor upon what was generally termed too-hasty action of the President and his Cabinet head. The consensus of opinion was that the alienable rights of Americans to be proven guilty before they are punished were violated.

In none of the editorials did we see brought out the real crux of the situation—the question that will decide whether or not mail contracts were handed out illegally or through collusion.

At the start of the era that saw private concerns taking over mail contracts from the Army there was a tendency to hand out these subsidies to concerns that were in political favor and which did not even have adequate equipment or experience. Congress saw what was happening and passed a bill making it mandatory that only those aviation concerns that had flown a 250-mile route for 6 months were eligible to bid.

When Postmaster General Brown called together the concerns in 1930 in a widely advertised meeting, he sent invitations only to those who could qualify under this act. Whether collusion or political favor entered into the subsequent negotiations only a court can determine, but since those represented at the meeting were the only ones eligible to receive contracts it would seem that the Postmaster General was within his legal rights to discuss air-mail extensions with them. However, we reiterate, this is a matter that only courts can determine, and the wholesale cancelation appears to have been unjust to the companies which had reason to believe that they had obtained their contracts legally, and had spent many millions of dollars developing the most efficient air-mail service in the world.

[Editorial from the Iola Daily Register]

AS AN ARMY FLIER SEES IT

The more information comes to light the more incredible it seems that the Army Air Corps officials should have given the President assurance that the Army could handle the air mail. Here are some paragraphs from a personal letter written under date of March 13, from Cleveland, by one of the Army fliers to a friend in Iola:

"This mail racket is going to be pretty tough for us until we get some decent blind-flying instruments and some training in using them.

"All but one of our runs in and out of here (Cleveland) are at night, and at this time of year that's a problem.

"We had been doing quite a lot of night flying at Selfridge Field—almost unlimited personal cross-countries with permission to come back at night—but very little of the night part of it was done in bad weather.

"We have found out that weather that's tough but perfectly safe in daylight is pure blind flying at night, especially after midnight when most of the lights go out in the smaller towns and there is absolutely nothing to give you a clue as to where the ground might, or might not, be.

"At this time of year we are having lots of vicious snow squalls, that materialize out of nothing, with a good weather report, and last for only an hour or less. Often there is lots of ice in them. That is what got Dud (a mutual friend killed in a recent crash), the two recent commercial airline ships, and almost all the rest of our fatal crashes.

"We have learned that almost all the commercial lines' blind-flying instruments are motor operated and so won't freeze up. Our gyros, horizons, bank and turn and climb indicators are still operated by the old Venturi system, that are regular ice machines, with the result that they go out often—and at the worst times.

"These commercial lines really fly terrible weather now. They have gotten their instruments, pilot training, and two-way, two-frequency radio down to a point where they can fly in practically anything provided there isn't too much ice in it. I give them lots of credit."

That letter makes it clear that it was little less than criminal for these Army flyers to be ordered to carry the mails under the conditions existing when the order was given. Read that first paragraph again:

"This mail racket is going to be pretty tough for us until we get some decent blind-flying instruments and some training in using them."

That is to say, these men were ordered to make night flights when their ships were not properly equipped for such service and when the men had not been trained in the use of proper instruments even if they had had them. * * *

In a later paragraph it is shown that even such instruments as the Army ships have are old, out of date, liable to become useless just when they are needed most, while the instruments used by the commercial lines are efficient in all kinds of weather.

The name of the writer of the foregoing letter, of course, will not be disclosed. He is a lieutenant in the Air Corps, writing to a personal friend who had served with him in the Army. He makes no complaint, it will be noticed. He merely describes what he and the other Air Corps men are up against in trying to obey their orders. But what an indictment his letter is of those who gave the orders!

[Editorial from the Chicago Tribune]

MAYBE THIS MAKES SENSE

Two transportation systems are being dealt with in proposed or pending legislation at Washington. Mr. Roper, the Secretary of Commerce, has some recommendations for the encouragement of the American merchant marine. Mr. Farley, the Postmaster General, is concerned with the reconstruction of the air transport, particularly as related to the post office and the carrying of mails. Mr. Roper favors a subsidy to the shipping interest which will cover differences here and abroad in the building of ships and differences in operating costs in competition with foreign companies, along with an optional subsidy to promote the development of foreign trade.

Mr. Farley's contention, supported by the Democratic politicians in the Senate, is that the commercial air-mail contracts were so outrageous as to indicate fraud and collusion on their face. The contracts have been canceled, the air mail brought to a standstill, and reconstruction along lean, stern lines proposed.

In spite of all the expense and all the scandal in the Government fostering of the merchant marine, that transport has an almost perfect record of failure. Some of the mails under the subsidy system have been carried on ridiculous terms and at ridiculous loss. The merchant marine seldoms shows any life and seldom offers any encouragement that it will produce the compensations

sought as justification of the Government expenditures. In spite of this it remains an object of Government solicitude and is seldom rebuffed in Washington.

On the contrary, the American commercial air transport was rapidly putting itself in the lead of world aviation when the Government gave it a stunning set-back by arbitrary cancelation of its mail contracts. Although the mistake is now freely admitted under the pressure of facts, the attitude of the Government toward the successful American transport enterprise remains cold and hostile, and toward pitiful shipping efforts warm and sympathetic.

Is it the explanation that Government dearly loves a failure and instinctively hates a success?

THE AIR-LINES CASE INDICATES THE NEW DEAL NEEDS A FENCING OFF

From Chicago, world center of aviation, little comment was forthcoming on the sudden blighting blow to the commercial air lines in the summary action of Postmaster General Farley when he annulled the air-mail contracts and called out the Army to do the job. If the new deal expects to go so far as to make mail men out of the officers of its defense system, telegraph boys out of its bureaucrats, hello girls from the office forces of the seething Government office buildings and otherwise put the Government into control of all forms of national service, it is time to dig some trenches. Business men need to scratch a mark and say that Government can go no further.

The cancelation of the air-mail contracts was an injustice. It is impossible for the Army to perform the same service and immediately the schedule became effective, service became bad. Speed was slower; fewer routes covered. The truth is the Army does not possess the planes and personnel to do the job.

Unfortunately the Chicago airlines officials did not tell the story they could have told. One company, which carries 42 percent of the mail at 32 percent of the revenue, could have offered boldly to carry the mail at the same price as the Army, and could have made an additional profit on the deal.

If the facts about star routes and contracts of various types maneuvered by insiders at Washington covering the regular land carriage of the mail were revealed, the so-called "subsidy" of the air lines would become trivial by comparison. Post-office inspectors and district superintendents have their lips sealed concerning these deals.

The cover-up system in Washington is as much responsible for the present moves of the Government as any other factor. The mere fact that air-line operators got together and discussed extensions did not constitute dishonesty of motive. The stability of air-line operation, achieved in so brief a time, is a remarkable tribute to the men operating the aviation companies and they know the directions in which they wish to expand. An examination of the air map of the United States does not indicate that any one company is illogically extending its routes but rather confirms the opinion that routing has been well planned.

The new deal will drop sympathizers at a rapidly accelerating rate if it continues to step out of character in the manner of the air lines' treatment. Business will have enough of it soon. Chicago and the Middle West have been damaged and can rise to make the point of limitations. (From the official publication of the Chicago Chamber of Commerce, March 1934.)

[Article from the New York Times, Sunday, Mar. 4, 1934]

POLITICS AND THE AIR MAIL

To the EDITOR OF THE NEW YORK TIMES:

It appears that some radio artists and newspaper columnists are playing the part of propagandists and political sycophants. When their activity is directed to a matter of such vital national consequence as carrying the air mail it is fitting that the man on the street be heard.

Every concept of Anglo-Saxon jurisprudence precludes condemnation without fair trial. And yet from high places in the Government is flaunted before the Nation just such condemnation of a great industry.

The bitter, unwarranted attack on Colonel Lindbergh and unworthy imputation show far more of the spirit of the real Bourbon regime than of sportsmanship and fair play.

Examination of the record of events for the first week of Government operation reveals the following facts:

Mail schedules disrupted.

The finest air-transport system in the world hurtled by the Government toward disintegration—nonpolitical public sentiment outraged—all this with a mental blindness and obtuseness that fails to distinguish the intimate relation between property rights and human rights.

Senatorial investigation has brought no criticism against 31 of 34 canceled contracts.

Five Army pilots sacrificed.

After one has penetrated the political miasma enveloping the issue, and considered it in its legal, economic, and moral aspects, he finds no reason to justify the peremptory cancelation of the air-mail contracts. But, on the other hand, he finds much that savors of political opportunism.

Shall this matter be adjudicated by a court of unbiased public opinion or by the persons whose opinions are colored?

J. WILLIAM TAYLOR, Jr.

CLAIRTON, PA., *February 28, 1934.*

[Article from the Kansas City Star, Mar. 5, 1934]

GREAT NEWS FOR TAILSKID, IS THIS ABOUT A NEW AIRLINE

DEAR TAILSKID: T'aint very frequent that I get a chance to write you some good news, so here goes for some more.

Of course, you heard about the Post Office turning the air-mail business of the country back to the civilized air lines. They said they wanted to keep some of our Army Air Corps for possible future reference, so they decided to give the mail routes back to the civilians, just like somebody wanted to give Manhattan Island back to the Indians. The Indians didn't want Manhattan back, but that don't mean the civilians don't want air mail.

Well, we have been given an air-mail line. We were not only the lowest responsible bidder, the Post Office said, but we were the only bidder, so why worry about responsibility? Anyhow, the old line's got an air-mail contract and we don't care who knows it, and there won't never be any sartorial investigation of it, either.

At 9 o'clock next week the first ship is to leave the Kansas City Airport. This is to be an east-west line, with one terminal at Kansas City and the other at Sugar Creek, Mo. Now Sugar Creek is 10 miles hence. There ain't going to be any intermediate stops, although a committee waited on us—for a long while—from Budd Park, but we found we can't land there because there's an arc light in the town square.

IN WITH TEX LA GRUNT

Anyhow, Tex La Grunt and I have bought a couple of clipped-wing Standards, equipped with robust pilots, and four-way radios—up and down and back and forth. One of our ships is going to be christened "Collusion" and the other "Fraud." So old Partial Transcontinental & Disturbed Air, Unlighted, is all set to carry the mails hither and yon.

Those "robust" pilots are great things. All you do is set a couple of knobs and then set your alarm clock and then go to sleep. If the alarm clock don't ring when you run out of gasoline, you get your name in the newspapers, but it won't make any difference to you. Anyhow, the robust pilots have got some kind of "scopes" inside that help the human pilot at the job of holding the standards in the air. You set the knobs where you want the ship to fly and then you pray that the thing works.

Phil Salzman, who's got more blood relations than any other guy at the Kansas City Airport, and who is a hair-line inspector for the Department of Commerce, has given P. T. & D. A., Unlighted, full and official approval. His only stipulation is that we keep our ships on the ground, so maybe we'll have to taxi to and from Sugar Creek. Oh, well, we got a lot of fine county roads now, anyhow! The certificate of approval he gave us says:

"You can start this line if you want to, but remember that all cells ain't padded, and it's a long line that has no crack-up."

AND THE SAME TO YOU

"O. K., Phillip", says we. "And the same to you!"

Yeah, and to all his blood relations, too! Ever hear how he got those relations, Tailskid? He had six transfusions once at a hospital here and now he goes into hibernation every Christmas and every time one of the transfusioners has a birthday. He sends 'em New Year greetings by putting a notice in the personals and he says he hopes to live long enough to use the Forty Years Ago column, 'cause it won't cost so much.

So we've got the full disapproval of the department of interference, and now we're busy putting unicers on our ships. If you don't know what an unicer is, it's something a whole lot like the deicers the airlines used to use B.C. (before cancelation). The difference is the unicers are better. The deicers tried to get rid of ice by shimmying, but the unicers do get rid of ice by hammering on the wings.

An ice company here worked it out for us, and the invention consists of a series of small hammers, each suspended at its center along the front edges of the wing. I bet Jack Frye wishes he had thought of something like this. Anyhow, in normal flight, the air pressure holds handles down and the hammer heads up off the wings. But when ice piles up on the wings, it also piles up on the hammer heads. Finally the weight of ice on the hammers becomes so great, the hammer falls. The fall of the hammer breaks the ice. Simple, ain't it? Perfectly!

THE THEORY OF THE THING

Now, as the hammer hits the wing and breaks the ice, the ice also is broken off the hammer. Air pressure thereupon forces the handle down again and the hammer flies up, ready for the next innocent little hunk of ice. Now, whatever the ice company has spent in developing this unicer, it is going to get back for this reason:

As our clipped-wing Standards prowl along with compartments full of mail and wings full of ice, the company's ice wagons are going to run along under the ships, catching the ice as it falls. The ice company then peddles the ice and P. T. & D. A., unlighted, peddles the mail. Clever, eh? Now the company is working on different-sized hammers so they'll knock off 10-cent pieces of ice, 25-cent pieces, and so on.

As for our mail compartments, we've hollowed out the struts. So old P. T. & D. A., unlighted, is all set to go, and neither rain, nor hail, nor snow, nor sleet, nor anything else shall keep these swift Standards from the completion of their appointed runs—or something. Anyhow, it reminds me of that old poms:

"Shoot, if you must, this old gray head, but use air mail—it floats", she said.

Yours till we turn on the robust pilot.

R. S. K.

[Article from the Ohio State Journal, Mar. 6, 1934]

WHO'LL BE MADE GOAT? CAPITAL ASKS AS BLACK FIASCO EXONERATES BROWN

By Carl D. Ruth

Now that the special Senate committee's examination of former Postmaster General Walter F. Brown on air-mail contracts has proved a gigantic "bust", speculation is keen as to who the "goat" is going to be.

Before Brown took the witness stand, Senator HUGO L. BLACK, the energetic and ambitious Alabama chairman, had been doing a pretty good job of making things look black for Brown. By carefully chosen ex parte testimony, all from witnesses consulted privately in advance, he had built up an elaborate case calculated to prove that Brown had been guilty of conspiracy, collusion, fraud, and other high crimes and misdemeanors in connection with the awarding of air-mail contracts.

Daily he fed to eager reporters behind the scenes delectable tidbits of rumor and innuendo which whetted their appetites for scandal. "Another Teapot Dome" was darkly hinted. "But we haven't scratched the surface yet. Just wait, just wait!"

WELTER OF INSINUATION

The great event to be waited for, BLACK led the gullible to believe, was the appearance of President Hoover's Postmaster General on the witness stand. But in spite of Brown's repeated announcements that he was anxious and ready to testify concerning every detail of the contracts, BLACK displayed no particular eagerness to have the great event take place.

Instead, by sly insinuations, the chairman created the impression that Brown did not really want to testify, in fact, that he was trying to avoid that because he would be required to waive immunity from prosecution on account of anything he might say.

When Brown promptly scotched all that by a telegram to Ohio's Senator, SIMEON D. FESS, insisting on a chance to be heard and declaring that he would gladly concede the right of BLACK to use his testimony against him in any court in the land, there was nothing for BLACK to do but agree to Brown's appearance the following Monday.

FLOP MAKES HISTORY

Then, with a showdown forced, BLACK executed the biggest flop in modern congressional history. Face to face with Brown at the inquisition table, he failed to make good any of his insinuated charges. Brown spoiled it all. With perfect poise, inperturbable self-control, and inexhaustible patience, he answered every question and explained fully and frankly his reason for every act.

From his own records, his own amazing memory, and even from the documents which BLACK submitted to him, he completely shattered the elaborate structure of suspicion and insinuation which BLACK had so carefully constructed.

The conferences at the Post Office Department which BLACK had tried to make appear "conclusive", secret, and sinister, all arranged for the purpose of dividing up the "spoils" with those selected in advance as contractors, he showed conclusively were nothing of the sort. Instead of being secret, they had been announced in advance through departmental press releases, together with the names of those attending.

HEARING DRAGS ON

Their purpose, as stated before, during and after the conferences, was to arrive at some common understanding under the Watres air-mail law as to the equities, rights, and responsibilities of the companies operating the commercial air routes which the Post Office Department had been authorized to place under contract.

The hearing dragged along for more than a week while BLACK turned it into a "fishing expedition" in hope of turning up some clew or ramification which would justify his flambuoyant advance notices and save his probe from becoming the joke of the Capital.

When the examination of Brown finally was ended and it was realized that BLACK had failed to make his case, the full significance of that failure began to dawn upon administration leaders.

EVIDENCE IS FAILURE

They realized that so far as the country was concerned no evidence had been deduced to support BLACK'S charges. But, more important still, the President had been left in the exceedingly embarrassing position of appearing to have acted without sufficient cause or justification in his drastic order canceling all air-mail contracts.

The President, it seems, had relied upon the advice of BLACK, as chairman of the investigating committee, and Senator KENNETH MCKELLAR, of Tennessee, Chairman of the Senate Post Office Committee, both of whom assured him that there were sufficient legal grounds for such action. The contracts had been obtained by collusion, if not fraud, they said, and there was not the slightest doubt that the whole rotten business would be revealed in connection with Brown's testimony.

Attorney General Homer B. Cummings gave a hasty curbstone opinion assenting, and the President signed his name to the order. The contracts were canceled, and the Army took over the carrying of the air mail, with results that shocked and aroused the country.

PROTESTS POUR IN

Expressions of amazement and disapproval poured into Washington from every section. Members of Congress expressed their protests in both the House and Senate.

It was then that speculation as to the "goat" began. Would it be Black? Or would it be Farley? Or would it be Major General Foulois, Chief of the Army Air Corps, who had said the Army flyers were sufficiently experienced and equipped to carry the mails safely?

No one seems to know the answer, although there is general agreement that someone will be made to suffer.

[Article from the Wall Street Journal, Tuesday, Mar. 6, 1934]

ROGERS ANSWERS PELLEY'S CHARGE

Leighton W. Rogers, executive vice president of the Aeronautical Chamber of Commerce of America, Inc., takes issue with a statement by John J. Pelley, president of the New Haven Railroad, that under the system which has been in force the taxpayers have been required "to contribute an average of $100 for each passenger that travels by air, to pay for the mail subsidy, lighted airways, radiobeacons, radio service, and airports."

Mr. Rogers said: "That statement is not supported by the facts. There is no reason why the money spent on general aviation should be termed a subsidy for airline-passenger traffic. Airline operations represent only a very small fraction of the total flying activities, both military and commercial, which have been fostered by appropriations of public funds.

"To account for $64 of the $100, which the statement purports to show as coming from the taxpayers for every air-line passenger, there are listed four of the Federal Government expenditures for the fiscal year 1932.

"The first figure quoted is $19,938,120, which the Post Office Department paid the air lines for carrying mail during that fiscal period. That amount does not represent a net outlay as implied, because the Department received from the sale of air-mail postage a sum estimated to be in excess of $7,000,000.

"In return for the difference of about $12,000,000, the people of the United States received for their money the following:

"1. The service of 32,202,710 miles of flying with mail in the United States by the fastest means of transport yet devised.

"2. The quickest possible delivery of 6,845,967 pounds of air mail during that fiscal year, the equivalent of about 260,000,000 letters, which were important enough to demand the fastest speed possible.

"3. The air-mail contracts helped to defray part of the cost of development on the air lines, so that during the fiscal year 1932 they were able to fly not only mail but also passengers and express, from coast to coast in 24 hours and 42 minutes, less than one third of the time required by train. Those contracts also encouraged the lines to continue development work, so that this year coast-to-coast time will be about 18 hours.

"4. The air-mail expenditures also permitted the airlines to spend money developing aircraft and aids to safe flying, such as 2-way plane and ground-radio telephone, the directive radio beam, radio airport localizers, and the radio-landing beam.

"5. The air-mail expenditures permitted the airlines to fly millions of miles in all kinds of weather, thus testing new equipment, so that higher speeds of from 150 to 200 miles an hour now distinguished four new types of air liners.

"6. The air-mail expenditures permitted the airlines to develop a transportation service which would become absolutely essential to national defense.

MAIL PAY NOT A SUBSIDY

"In view of these facts, application of the term 'subsidy' and charging it to air-passenger traffic alone can hardly be recognized as the result of sound reasoning. Obviously, the air-mail item is not a subsidy to air-passenger traffic.

"The other three items of Federal expenditures in Mr. Pelley's statement, as published, include:

"Department of Commerce	
"Airplane-inspection service	$1,369,660
"Airways and radio service	8,992,600
"Weather Bureau	
"Weather service for airplanes	1,709,340

"Combining those figures, adding the result to the gross air-mail expenditures, and dividing the sum by the 504,575 passengers flown on the airlines gives the average of $64 per passenger subsidy, as quoted in the statement.

"Those three important functions of the Government should not be set down as a subsidy for air-passenger traffic when they were created for all flying. There are only about 475 airplanes in operation on our airlines within the borders of the United States, forming only a small percentage of the 9,344 civilian airplanes officially licensed and otherwise authorized to fly in the United States. The Federal Government aeronautics activities, inspection, radio, weather service, and the Federal airways system have been created for everybody.

"Instead of being a subsidy for air-line passenger traffic, as asserted in Mr. Pelley's critical statement, the expenditures, as listed, render to the people of the United States the following services:

SYSTEM CREATED BY CONGRESS

"1. The Federal airways system was created by Congress to provide for all flying a service similar to that provided by the Light-

house Service, harbor development, coast patrol, and the Interstate Commerce Commission, which deals with railroads.

"2. It now permits our Army and Navy air forces to be mobilized quickly.

"3. Quite unlike the railroad rights-of-way, it is free to all, including private, military, and commercial flyers.

"4. The airways are the only means of providing facilities for cross-country flight training and development of all flying equipment.

"5. The airplane inspection service under the law examines and licenses all flying equipment which is flown beyond State borders. This service, of course, is also performed for the airlines in the same manner that Federal inspectors examine locomotives and other railroad equipment as a measure of protection to the traveling public.

"6. Likewise the radio and Weather Bureau services are maintained for not only commercial but also military aviation. None at all familiar with the purposes and operations of the Federal aeronautics branches would charge their expenditures to the relatively few passenger planes at present flying on the airlines.

"Of course, air transportation has been developing so rapidly and the service it renders is becoming so popular that the number of airliners in day and night service has increased steadily and should increase rapidly from now on, provided that the companies which have pioneered in this development are not put out of business by unwise legislation.

AIRPORT DEVELOPMENT DISCUSSED

"Airports and their development are included in Mr. Pelley's statement as contributing $36 to the so-called '$100 passenger subsidy', the investment in airports, interest on bonds, and loss of taxes on publicly owned airports, combined with 'operating deficits' being added together and the result divided by the number of passengers carried.

"First of all, as with the Federal Airways System, the critic has taken the money invested in original capital equipment and permanent development of airports and considers it as if it were money spent on temporary benefits during the 1 year of record. That is like charging each railroad passenger carried in 1932 with the original cost of railroad depots, roundhouses, and repair shops.

"Secondly, the airports, being publicly owned, are open to all and the air lines are tenants of the airport management. They pay their way, unless, like the railroads, they have received concessions in return for the services rendered the Government, State, or municipality, or which promise to be rendered in future. None would question the desirability of helping the railroads in their magnificent task of supplying surface transportation.

"Mr. Pelley, being a railroad man, is familiar with the fact that Federal land grants made to railroads in the early years of their development, beginning in 1850 and extending, in the case of State grants to railroads, to 1918, totaled 123,711,975 acres, or 11.08 percent of the available land area in continental United States. In 1872 the directors of the Northern Pacific Railroad, to mention only one, estimates its 58,000,000 acres to be worth $10 an acre, or $580,000,000.

BELIEVES EXPENSES JUSTIFIED

"We believe that everything done to promote the growth of railroad transportation was justified because of enhanced service to the public.

"At the same time the people are entitled to the best transportation that can be developed; and air transport, even with its present limitations, is providing upward of 3-miles-a-minute service, the airlines having station stops in 178 communities, which are trading areas for 60 percent of the population and which contain 90 percent of the industrial facilities of the Nation.

"Third, in Mr. Pelley's critical discussion of airport deficits, one or two examples are taken to support the contention that all airports have an income sufficient only to cover 'about 10 percent of the out-of-pocket cost of operations'. Even assuming this to be true, it is hardly fair to condemn a relatively new enterprise because it showed a deficit in 1932, of all years.

"Fourth. The airports are used by all. They are the stations of the airways. If the airports were not available and an emergency should warrant sending a military air force into any part of the country to ward off an attack, that air force would be helpless.

"Fifth. The relatively few planes operated by the airlines use the available public airports because the municipalities have urged the operators to come there, just as the railroads were invited to come into and through the towns.

NO COMPETITION WITH WIRES

"The further criticism in Mr. Pelley's statement is that 'the airplane lines are not only carrying passengers and express in competition with the railroads, but the Air Mail Service is in competition with the telegraph and telephone companies, which are private facilities.' That is an extremely complimentary statement, although not quite justified, because air transport as yet makes little more than 3-miles-a-minute speed with the latest equipment available, and the telegraph companies, like many railroad companies, are cooperating whole-heartedly with air transportation.

"Air-transport operators do not consider themselves competitors of the telegraph or telephone; nor do they believe the railroads are competitors of air transportation, because the airlines offer such high speed that they provide a service distinctly their own.

"The criticism that during the fiscal year of 1932, which ended, incidentally, on June 30 of that year, the airline between New York and Boston carried only an average of 40 pounds of mail a day is not justified. It must be borne in mind that this was a service created at the direct request of the business people of New England, who wanted air transportation.

SURVEY SHOWS VALUE

"To be able to form an accurate opinion of the service during that early pioneering period of operations one would have to know what kind of mail formed that average 40-pound load each day. If periodic surveys are of any value, then we can say with assurance that this air mail was urgent mail, which the senders wanted delivered with the utmost rapidity, to save time, money, or trouble. When the air mail reduces delivery to a few hours, or if across the continent, to a day and a night, the time saved means money earned for the increasing number of banks and business houses now mailing by air. The amount of money thus earned by the public is many times greater than the relatively small sum spent on the Air Mail Service.

"Air transport has demonstrated repeatedly that it can take its rightful place in the Nation's communication system only when it has become a complement to the slower surface agencies. In that respect, I quote paragraph 31 on page 118 of the Security Owners Association report, A Study of Transportation by Airway as Related to Competition with Rail Carriers in Continental United States, November 1, 1932.

"It is in the interests of the Nation, both economically and from the standpoint of national defense, that a strong air transport be developed. The rail carriers have much to gain by undertaking to stimulate this service in conjunction with their own."

[Article from the Chicago Herald-Examiner, Mar. 7, 1934]

FAIR INVESTIGATIONS

By Richard Washburn Child

WASHINGTON, March 6.—Investigation!

Scandal or inquisition?

These are subjects, at the moment, compelling in the minds of Washington observers.

People and press of the country are unanimous in support of the exposure of real scandal—whether it be cold meat from a former administration, or hot dishes, such as the eternal whispering gallery of Washington prophecies, on their way up from Hell's Kitchen.

Everyone of decency in the United States wants its Government clean. Especially in a period when the taxpayer's money faucet is wide open is there reason for the closest inspection to see that this river of money may reach the harbor of public welfare and the dry fields of unemployment, its waters free of pollution.

But unfair rumor and unjust implication and hints and bullying by investigators, whether these be congressional committees or grand jurors or so-called "secret agents" of various departments, are almost as loathsome as corruption itself.

Not all congressional committees are unfair in spirit, but Washington is beginning to believe that the temptation to be unfair, where witnesses are summoned and when they can be put on a skewer and roasted, is great indeed.

It takes a peculiarly fair chairman of committee, or Senator, or Congressman, not to find his own political capital is served by turning a hearing into an inquisition.

The investigator who really serves the public is the one who does not hint and gibe so that the public receives an impression of guilt hung on the necks of decent and innocent men, but the one who can produce the evidence to convict, as Senator Walsh of Montana used to do.

There are men, of course, whose convictions cannot be obtained of touching the jam pot, but those fingers are covered with jam in the eyes of almost everyone.

There may be men who are guilty and can be found guilty.

But injustice of the rankest kind may be heaped by those who swing for their little day in the limelight, the power of politics and of bureaucracy, upon innocent men who have served the public good.

Every time that is done, whether by a congressional hearing or by investigators, of whom we now have a bumper crop, or by some political figure who can release a slimy hint of authority to the press, there is intolerable tyranny.

This tyranny is not only intolerable because it is in itself almost always inspired by selfish aims and sadistic egotistical outrage.

It is also intolerable because it ruins the effectiveness of those who, in a better atmosphere, can put ferrets on the trail of real corruption and wring its neck.

It is also intolerable because it is sometimes used for the very purpose of a smoke screen to hide the places where corpses are really buried.

And every reporter in Washington knows it.

[Article from the Chicago American, Wednesday, Mar. 7, 1934]

CHAPERON FLIES TO NEW YORK IN 3 HOURS 10 MINUTES IN NEWEST AIR YACHT

By the Chaperon

Last night at 6 o'clock I was in Chicago and 3 hours and 10 minutes later I was in Newark, N.J., having been a passenger in the huge Douglas air liner with which the Transcontinental & Western Air, Inc., in the person of Capt. Eddie Rickenbacker, broke the existing speed record for transport planes between Chicago and New York by 7 minutes.

I had varied the customary routine of a society reporter by attending the Wynekoop trial to hear Prosecutor Dougherty make his closing plea to the jury, and at 5:30 I left, somewhat reluctantly, for the municipal airport to catch the plane which was to take a load of newspaper men and women to New York in an effort to break the existing record. And at 9:30, just 4 hours later, I was telling Dougherty's sister about the trial in New York.

It was a breath-taking flight. For the first thrill we clicked off the first 140 miles in 28 minutes. Fifty-eight minutes after our take-off from the Municipal Airport in Chicago we were passing over Toledo—220 miles.

An hour and twenty-five minutes after leaving Chicago we were over Cleveland. Then the Alleghenies, looking from 13,500 feet like the Irish hills of Michigan lighted by a million stars in a sapphire sky, to which we seemed closer than to earth, and then, almost before we knew it, the lights of New York. A hundred and ninety minutes from Chicago to New York, a distance of 724 miles as the crow flies!

As the crow flies, did I say?

No crow ever flew as fast as that huge silver plane flew last night.

TRIP A THRILL

The only planes that ever covered that distance in shorter time than we made were the streamlined, stripped-for-speed, "flying gasoline tanks", with which Jimmy Doolittle and Frank Hawks set transcontinental records. No transport plane, built to accommodate pay passengers, carrying two pilots, a steward, and 10 passengers ever flew it, and it was a thrill to be among those present when a new world's record was hung up.

And that brings me to the point of my story and the point of the flight. This huge Douglas plane—to call it an air yacht would be to better describe its comfort and elegance—cost $360,000 to build. It was ordered from the Douglas factory by the Transcontinental & Western Air, Inc., which held at that time a contract with the Post Office Department to carry air mail between New York and California.

It was the plan of Richard W. Robbins, president of the air line, and of the officers of North American Aviation Corporation (of which T.W.A. is a subsidiary) to place 41 of these magnificent air liners in service between New York and California.

Capt. Eddie Rickenbacker, the "ace of aces", whose war-time record marks him a loyal Army man, now vice president of North American Aviation, took charge of the plans for this fleet that was to shorten flying time between the coasts to 15 hours on a regular schedule of passenger and mail planes.

He personally supervised the building of this first huge metal plane; the installation of its two 700-horsepower Wright Cyclone motors that were to clip off the extra hours now consumed in transcontinental flying.

He watched with pride the many safety factors incorporated in its construction; the added comforts that would characterize the "new deal" in luxury flying—such as its cabin ceilings, so high a six-footer like himself can stand up in it with his hat on; steam heat in the cabin, regulated by a thermostat; individual funnels placed above each seat so that a passenger desiring a breath of fresh air has only to reach up and twist the tiny gadget to feel a cool breeze blowing on him (and only on him); increased visibility from its windows; a coat rack in the back of the cabin on which the passengers' coats hang on hangers, eliminating the annoyance of mussed and wrinkled wraps at a journey's end.

MANY IMPROVEMENTS

I mention these first because they are the improvements which impress the passenger. As a forward step in the industry in which Douglas has always been a leader the mechanical improvements are more impressive.

A week before the first of the 41 planes ordered and already under construction was delivered, President Roosevelt's sudden and entirely unexpected cancelation of their air-mail contract fell with stunning force upon their heads.

Without the revenue from their air-mail contract they could not afford to carry passengers, even in their present equipment—at the rates now in force. Certainly they couldn't afford to place these costly new planes in service.

Now, Captain Rickenbacker is a shrewd man, and he knows the value of the dramatic, even in business; and besides, being the ace of aces, he likes the "Beau Geste." So he decides to christen the first of the great silver fleet by carrying T.W.A.'s last load of United States mail from California to New York—and set a new transcontinental record at the same time.

He succeeded, as you all remember, last week when he flew the *Douglas*, in which he set yesterday's record, from Los Angeles to New York in 13 hours 2 minutes and 20 seconds through some of the toughest weather that ever put gray hair in an air-mail pilot's head.

He wanted the public to know that T.W.A. had been planning to give them the fastest, safest plane service possible to give, and that they would be prevented from doing so if President Roosevelt persisted in his cancelation of their air-mail contract.

And he wanted President Roosevelt to be impressed with the sincerity of a company which would spend huge sums of money and such ingenuity of mind to accomplish such a forward step in aviation.

[Article from the Chicago Daily News, Mar. 7, 1934]

NEW MARK SET AFTER PLANE BATTLES STORM

Coming into the home stretch like Man o' War, at the rate of 228 miles an hour, the T.W.A. two-motored plane, in charge of Capt. Eddie Rickenbacker, established a new record today for the flight of an air-transport plane from Chicago to New York.

The flight, which took off at the municipal field in Chicago, ended at the Newark airport 3 hours and 10 minutes later. The previous record was 3 hours and 17 minutes.

The eastern voyage was in direct contrast with that which left New York yesterday morning. Buffeted by terrific head winds, the plane fought its way bravely across Ohio, making a sort of cross-word puzzle map.

It did not seem important at the time. For crises seldom are recognized as they happen, and a casual event of today may well be a vital part of tomorrow's history. Yet it is undoubtedly true that the flight yesterday from New York to Chicago and back again of Eddie Rickenbacker, America's famous war ace, in his new semistratosphere plane definitely turned the page on a new chapter in aviation history.

A plane equipped with supercharged engines, guided 90 percent of the time by a robot pilot, and traveling at an altitude never before attained by a passenger ship, was flown with perfect safety through a windstorm of greater ferocity than ever was encountered before by any airship.

During 4 hours of strenuous flying on the westward trip from Pittsburgh to Chicago, with the wind tearing into the ship at a velocity estimated by D. W. Tomlinson, the pilot, at between 125 and 150 miles an hour, the robot pilot held steadily to the prescribed course, and there was hardly a tremor noticed by the passengers except when altitude was purposely being gained or lost. There was not even a gasp from the evenly running motors and the ship kept an even keel.

PACKED WITH THRILLS

Despite the safety, however, it was a ride packed with thrills for the newspaper men who were carried as guests of Captain Rickenbacker. Hardly had the ship left the Wayne County airport at Pittsburgh when it ran head on into a driving snowstorm. Captain Rickenbacker ordered more altitude, and the plane began a steady climb. It climbed for a full hour before the top of the storm clouds was finally reached.

By that time the huge Douglas ship was riding along at between 20,000 and 22,000 feet—almost 4 miles above the earth—and even then it was only 500 feet above the top of the clouds.

Later—almost 3 hours later—when the worst of the storm had been cut through and there was no further trace of danger, the newspaper men learned that during the first hour, with the twin motors wide open, a distance less than 30 miles had been covered.

When it is realized that the ship has an ordinary cruising speed of from 200 to 240 miles an hour under normal weather conditions, it can be imagined just how hard the wind must have been blowing.

And cold? The ship thermometer outside on its blunt nose registered 20 degrees below zero. That was as far as it would register. It must have been at least 30 or 40 degrees below. In the steam-heated cabin, however, all was snug and warm. The temperature never went below 72 degrees, and the only sign of the cold outside was the frost which formed on the windows fully one eighth of an inch thick.

There was plenty of indication of height, however. It was not necessary to use the oxygen tanks, but breathing became a labor. Light a cigarette and the flame of the match was ruby-colored and half its normal spurt. Trying to keep the cigarette lighted was too much work. Puff and no smoke came out. It went out.

After 2 hours of this, however, the rare air became sort of a habit. You did not notice it if you did not move. And when the plane continued its steady progress, with nothing alarming happening, the scenery came in for its proper share of admiration.

No transport passengers had seen anything like this before, and the fact that a peephole had to be scraped in the thick frost added to the kick. Mammoth billows of swiftly moving clouds, looking like giant Alpine crags, and here and there a giant canyon 2 miles deep through which a fleeting glimpse of the earth was possible.

The "sightseeing", though, also made it possible to see the ice formed on the edge of the wings. Everyone pretended not to be nervous but everyone was. Cups of coffee served by the steward were overturned, although the ship was perfectly steady. And hands shook a bit as magazine pages were turned by the more nonchalant ones. The sky, meanwhile, with all the storm in progress beneath, was a brilliant aquamarine, and the sun, reflected from the metal of the broad wing of the ship, dazzled the eyes even though looking at it through a small hole.

Probably the greatest sight of all was around 2 o'clock when the plane descended to 17,000 feet. Immediately behind could be seen the clouds just passed over, rising, it seemed, in a vertical pile like a giant cliff 3 miles high. That marked the end of the storm, although the wind velocity was still around 90 miles an hour. But ground could be seen through the clouds of dust below.

"Now that the danger, if any, is all passed", Captain Rickenbacker was asked, "what did you really think of that flight over the clouds?"

"I didn't like it so well myself for a while", he admitted. He maintained, however, that at no time was the ship in real dan-

ger. The robot pilot had maintained an even keel and an even course, which would have been impossible with the control in human hands.

[Article from the Washington Daily News, Mar. 7, 1934]

BRITISH WRITER SUPPORTS AMERICAN AIR-MAIL SYSTEM

Frequently foreign opinion of our domestic troubles is more interesting—and sometimes more enlightening—than the editorial comments of American writers.

In the latest issue of the Aeroplane, leading British aviation publication, Editor C. G. Grey appended to a résumé of recent United States air-mail events the following comment:

"We, in this country, await with interest the answers of the air-mail contractors to those charges. The craze for competitive bidding, from which all Government departments seem to suffer, may lead, and has led, to all kinds of evils.

"The Air Mail Service of the United States has been the envy of the world. No other country can show as high a standard of speed, regularity, and safety combined, or such perfect ground organization.

"Our Imperial Airways can compete with American on safety and regularity, and financially is much nearer flying by itself, but does not pretend to compete on speed or ground equipment.

HITS COMPETITION

"If the American mail contracts had been given to the lowest bidders, there would have been no such sums to be spent on organization, experimental ships, or sheer speed.

"And throat-cutting competition would have meant cheaper planes, poor equipment on the ground, and many lost mails and dead passengers.

"The British Post Office buys from our steamship lines far more space than is ever used; and if it did not, we should not have the finest sea-going ships.

MERIT, NOT PRICE

"Government contracts must be awarded on merit and not on price if a country is to get the best value for its money.

"And the people who got the American air-mail contracts were better fitted to have them than anybody else, by reason of their experience of the design, construction, and operation of their planes and engines."

[Article from the Kansas City Star, Mar. 8, 1934]

AIR-MAIL MUDDLE

By David Lawrence

The air-mail situation is far from clarified, even though the President has asked Congress to give the job back to the commercial carriers.

No information is available as to what mail is being delivered by air and what is going by trains. Delays are numerous and complaints of irregular service are continuing, notwithstanding the improvement in weather conditions.

Meanwhile the private air companies are laying off employees right and left. Some of the pilots are being hired by the Army, but many of the other kinds of workers are joining the ranks of the unemployed.

The cry that all this punishment is justified because the aviation companies made a lot of money is still heard among the thick-and-thin supporters of administration policy, but a check-up of stock holdings shows that the Wall Street crowd sold out its securities early in the game and it is the small investor who is suffering today.

NO PROOF OF SABOTAGE

Charges of sabotage in handling Army planes have not been proved, and the airplane companies have caused investigations to be made to determine the source of such rumors, which may have been started as a smoke screen behind the tragic deaths of Army flyers.

While there have been suggestions as to new air-mail legislation, the truth is, the power to restore normal service rests in the Post Office Department. Emergency contracts can be granted pending a determination of air-mail policy. The Postmaster General has the right to fix the rates to be paid for carrying air mail.

The possibility that the new laws would specify ways and means of reopening bids, based upon financial reorganizations of the airplane companies which previously had contracts, is being voiced in congressional circles. It would mean delay in getting air-mail service unless temporary arrangements are made, because any financial reorganization of air-mail companies would take months and possibly a year or more. In the interim, with few exceptions, the only companies that are responsible and can meet schedules are those now in business. Hence the return of the service to private hands on the basis of 60-day contracts, which could be extended from time to time and cancelable whenever the provisions of the new law could be made operative, is the only thing that can be done at the moment to save the thousands of employees who are losing their jobs.

BLOW TO COMMERCIAL FLYING

It has been estimated that about $100,000,000 has been invested in airports in different parts of the country. Many of the airport companies have indicated that the mail situation is affecting them adversely. Indeed, commercial aviation has received a body blow from which it will not soon recover. The prospect of getting extra capital, which is needed from time to time in any growing industry, also may have been diminished by the erratic policy followed by the Government in first stimulating the development of commercial aviation and then taking its principal support away and transferring the job to the Army.

Not all the aviation companies have made money. Many of the officers and corporations who originally built routes and acquired contracts are no longer the same as in the beginning. Also there has been no proof adduced that all the companies were guilty of collusion and fraud. Nevertheless, all companies are being treated alike—the innocent and the guilty.

The important thing from the public standpoint is the efficiency of the service and the saving of human life. Many air-mail schedules have been canceled to prevent accidents to the Army flyers. It will take a long time for the Army to be able to operate air-mail schedules efficiently. The training in night flying is something which it took the private pilots a long time to acquire, and it has not been a part of the Army routine.

[Article from the New York World-Telegram, Friday, Mar. 9, 1934]

RICKENBACKER SEES PROFIT IN TRANSPORT OF AIR MAIL IF POLITICS IS ELIMINATED

By George Daws

Air transportation, given a fair opportunity and not burdened with political control, would return a profit on operations within a maximum of 3 years, Capt. Eddie Rickenbacker declared today.

"I know what I'm talking about", he insisted. "It is not guesswork, optimism, or bluff. All we ask is the same chance the railroads were given. That and freedom from political control."

He paused, smiled, then added: "Politicians and airplanes do not mix well."

Aviation once meant flaming death, splitting bullets, and daily gambles with life to America's ace of aces. Now it is a problem of cold figures, charts, and reports. The strong, sun-browned hands that aimed the guns which downed 25 German planes moved swiftly through a stack of reports on his desk. He lifted a paper, studied it, then spoke slowly.

SAYS COST HAS BEEN CUT

"The cost to the Government of carrying the air mail has gone down", he said. "The revenue has increased. The gap between income and expenditure has thus been sharply reduced. It is inevitable that aviation, given a fair chance, will soon return a profit."

Rickenbacker, vice president of North American Aviation Corporation, the General Motors subsidiary that owns control of three great air lines, carefully chose his words as he commented upon previous Government operation of transportation systems.

"The Government, you know, has not done so well in the transportation field", he said. "After the war it was mighty glad to relinquish control of the railroads. The Shipping Board now is trying to get out of the steamship business. I don't know why I should expect any better luck with the transportation of air mail."

INDUSTRY NEEDS REVENUE

An air-transport system, he pointed out, must have revenue from every possible source the same as railroads or shipping.

"A rail company would have a difficult struggle if it had to exist solely on the revenue from passengers or freight or mail", he said. "Why, then, expect the younger and relatively weaker air-transport system to exist without the aid of the mail payments?

"We must not make-believe; we must face the realities. If the Government permanently assigns the mail job to the Army, our air transportation system will be wrecked. A few lines might struggle along for a brief time, with infrequent schedules and almost prohibitive rates. Hundreds of millions of dollars invested in air-line securities would be swept away. Hundreds of men, who have risked their lives to pioneer a new industry, would lose their jobs."

SHOWS DECREASE IN PAYMENTS

Rickenbacker produced a table showing the decrease in annual payment by the Post Office Department for every mile flown with mail in the United States. The table, by fiscal years, follows:

1929	$1.09
1930	.98
1931	.79
1932	.62
1933	.54
1934	.38

During the same period, he said, the annual mileage increased from 10,212,511 to almost 36,000,000.

With the assistance of technical experts, Rickenbacker has prepared a proposal, "how the transportation of air mail can be made to return a profit to the Government and the air-transport industry." It is a long, detailed study, bristling with columns of figures and estimates.

OPPOSED TO "STIGMA"

It recommends, first, the elimination of "the stigma of 'subsidy'" in referring to air-mail appropriations, charging that "it is unjustly assumed that the air-mail operators are being subsidized, whereas it is the general public which is being subsidized in view of the fact that without passenger and express revenue, the so-called 'air-mail subsidy' would not equal the cost of the transportation of the present volume of air mail over the vast mileage and the number of schedules and at present speeds."

Rickenbacker recommends reduction of air-mail rates to stimulate use of the service. The letter rate, he believes, should be 5 cents an ounce, a postcard 2 cents and a lettergram—a single sheet that folds into an envelope—3 cents.

Also, he recommends "a method of payment that will penalize those not carrying profitable loads and reward the others."

The schedule of minimum rates he recommends would begin with 40 cents an airplane-mile this year and gradually be reduced until the rate would be only 25 cents at the end of 5 years.

SEES PROFIT TO POST OFFICE

"I estimate conservatively that the Post Office Department would be making an annual profit of more than $2,000,000 at the end of the third year and a profit of almost $5,500,000 in the fifth year", he said.

"Operators of the long, heavy lines can make a profit for the Government almost immediately. The lines that extend into sparsely settled areas, where the mail loads are light, must be aided for a few years.

"The Government should tackle this air-mail problem in a sensible businesslike way with a disregard of politics. Operators of the busy lines should be paid a low rate per pound-mile. They are willing to work for that low rate today, too."

Rickenbacker finds one bright ray of sunshine in the present Army operation of the mail.

"It may result in having a lot of obsolete, dangerous equipment washed out", he said. "The Army is loaded up with junk planes. The way things were going, it had no chance to get rid of the obsolete equipment. If the boys wreck some planes, then Congress may give them the money to buy some badly needed new ones."

KNOWS ARMY CONDITIONS

Rickenbacker, on the morning after the death of three Army pilots a few weeks ago, termed the Army operation of the mail "legalized murder." The phrase since has been widely quoted.

"Perhaps I should not have said that", he commented today. "But I was angry at the time. Remember I am a former Army flyer, and I have a sincere regard and affection for the military men. I know what they're up against. That, perhaps, is why I spoke bluntly and why I have such an earnest hope that this controversy will be ended before more men are killed.

"I repeat now what I said before: I believe that any individual or company guilty of collusion in obtaining air-mail contracts should be punished, and severely punished, but I still am waiting to see the proof."

[Editorial from the Chicago Tribune, Mar. 9, 1934]

BACK TO CIVILIAN AIR MAIL

The tragic experiment which suddenly dumped the air mail into the lap of the Army has come to an abrupt end. It has cost five officers' lives and some serious injuries, to say nothing of expense to the Public Treasury.

Nothing charged against the preceding administration, even if the charges are verified, which they have not yet been in any respectable sense, is more discreditable than the exhibition of unscrupulous politics given by this proceeding, including the favoritism shown to two lines which were immune from administration discipline and naively illustrated in free rides to influential individuals among the powers that be.

The proceeding, for all its pretense of moral indignation and devotion to public service, was obviously intended to be a dramatic political coup. It has fallen flat. The public has seen through it and has resented it. The only public benefit that can be hoped from it is an improvement in Army aviation equipment and methods because of the glaring deficiencies in both exposed in this tragic proceeding.

[Article from the New York Sun, Saturday, Mar. 10, 1934]

ARMY FLYERS TIRE OF MAIL JOB

By Sherman B. Altick

Army flyers who have been shoving the air mail along the Nation's skyways are "fed up" with the job. They are eager for the commercial transport lines to take over the task that has been bitter and costly for the military.

These khaki-clad pilots, who have been pushing the air mail from city to city in planes ill fitted for the job, all tell the same story. The equipment they are using, in the main, was not developed for air-mail flying; the pilots were not trained for the special type of weather flying that goes with mail transports, and the instrument and radio equipment in the military planes is antiquated and impractical.

Most of them are highly critical of the administration's action in handing them, practically, overnight, a job that the commercial lines have been specializing in for years. They do not blame the higher-ups in the flying service.

ARMY MEN EXPRESS VIEWS

"Everyone knows that the 'brass hats' in the War Department not associated with the flying arm of the military are responsible for the President's action in handing us the job with 10 days' notice", said an oldtimer as he chatted with others in the military Air Service at Chicago.

"It's a shame to send some of these kids out in crates like that in the weather we've been flying", chimed up another officer as he pointed his finger in the direction of half a dozen antiquated observation planes that could be used for a long time in training military aviators, but which are of little practical use today as air-mail carriers.

"We're all fatalists in the Air Corps. We entered the air branch of the service with the idea of sacrificing our lives", a youngster spoke up, but he quickly was taken back by an older officer, who said:

"Quite so; but I, for one, do not want to give mine for a couple of mail bags."

Almost to man they were loud in their condemnation of the radio equipment they were forced to use, and nearly every one of them believes that if no other good comes out of the abrogation of the contracts, the Army Air Corps will get good radio equipment and the military pilots will get training in blind flying.

RADIO SETS LIMITED IN RANGE

"Do you know that the transmitting sets we have in the planes today have a range of about 15 miles and are practically worthless for cross-country flight?" said a lieutenant, who cited failures he had with the equipment during some recent flights.

"Boy, we certainly are ready to chuck up the whole job and go back to our military training", he continued. "Some of the kids (recent graduates from the air training schools) were anxious to take their fling at the mail job in order to get some time in the air, but they're fed up on the thing now.

"It's been pretty costly in lives, but we should be getting some good equipment out of the experiment. The commercial lines, because they are run by business men instead of politicians, have spent all the money they could make in new instruments and the betterment of flying equipment. All we've gotten has been a lot of slashes in budgets. The flying corps is a sort of stepchild in the War Department anyway; and whenever the pruning knife starts working, you can bet your last dollar that military aviation gets the worst end of the deal."

Meanwhile, the big airlines that have spent fortunes setting up airports, building communication systems, and developing passenger and express business, are reluctant to enter the competitive bidding with lines that have expended nothing and therefore could put in a low figure.

ADMINISTRATION PLAN ATTACKED

Airline officials in all parts of the country have attacked the administration's plan for reestablishing the commercial air mail, and in discussing the action most of the Army mail flyers seemingly are in agreement with the commercial operators.

"The airlines took it on the chin just when they were getting some place with passenger and express business", a veteran in the Army flying service said. "Nearly all of the promoters got out when the market started downward after the 1929 bubble, and the operators today are showing a business hand.

"Take a look at the new equipment. For instance, there's the new Douglas, which was developed for Transcontinental & Western Air, and the new Boeing that United is using. They tell me that the Douglas is the last word in transport. Do you think a promoter would spend $5,000 for an automatic pilot? And if you think the Army could get any appropriations out of Congress for equipment like that, you're just balmy.

"A lot of people do not understand this whole mess and, believe me, it is a mess. I don't think the Army will be relieved from air-mail duty in the very near future unless public sentiment over recent deaths forces Congress to act. Unless the public is aroused to the pitch where legislation must be enacted before the last of April, then the Army will be flying the mail late next fall, and, believe me, the air lines will certainly be in a wrecked condition by that time."

[From the Kansas City Star, Mar. 12, 1934]

THE ARMY AND THE AIR MAIL

The Air Corps of the United States Army has failed at the task set for it of flying the air mail. Even worse, it has failed in the face of assurance to the President by the Secretary of War that the Air Corps was capable of doing the job.

Air mail service today in the United States exists in name only, and, as it now is constituted, it is not worthy of the name. Why? In effect, it is because oil and water do not mix. It is a simple case of being trained for a highly specialized work as against not being trained for that work.

The fact that Army pilots have been killed and injured in their efforts to get the mails through; that thousands of dollars in aircraft have been wasted; that a hitherto unheard-of number of air-mail schedule cancelations have occurred since February 19—is not the fault of the pilot-officers. It goes back to the Army authority which, following the cancelations of all domestic air-mail contracts, assured President Roosevelt that the Army Air Corps could carry the mail. The Army officers failed utterly to recognize there is a vital difference between military and commercial flying.

So today we find the sad picture of a group of fine young fellows, unskilled at the task to which they have been assigned and with flying equipment not built for the assignment, attempting to carry on with the efficiency which has become the proud record, collectively, of the flyers of American air transport systems. The picture is sad, if for no other reason than that the Army pilots, most of them young and ambitious second lieutenants with courage to waste, have started out with the idea that they must rival the record of the others.

Never has it been shown more strikingly than right now that the best insurance any air-line operator could have lies in the

experience of his pilots and their familiarity with the routes they fly. They get so they know every landmark. It is that experience which the flyers of our Army Air Corps lack today as they go about the job of flying over unknown territory through weather which the transport flyers of the country have been taught to cope with by months of patient exacting training. Yet it was not without sacrifice of human life that the air-line pilots learned their many lessons, and even now those same civilian pilots understand that to tempt weather is to tempt fate.

It is true that the civilian flyers would have equal difficulty in many of the air maneuvers in which the Army pilots are trained. The two are widely different sorts of airplane piloting. But today it is a case only of the Army men trying unsuccessfully to carry on according to the standard of their brother flyyers of the air lines.

That Army, Navy, and Marine Corps pilots will receive training similar to that afforded the transport flyers seems assured through the suggestion of President Roosevelt that service pilots be taken on as copilots by the air-mail lines of the future.

Indeed, why should not the aviators of our Army, Navy, and Marine Corps be trained in instrument (blind) flying, as well as the pilots of transport lines? Certainly, equipped with such knowledge and with service craft fitted with the necessary instruments, the Air Corps, whose pilots were capable of flying under extremely adverse weather conditions, would have a decided advantage over the Air Corps whose pilots were compelled to remain on the ground.

But today, because our Army Air Corps does not have the benefit of that special flight training and because the Air Corps, despite official announcements to the contrary, is not capable of flying the mails, precious lives have been lost in a brave but useless effort to do a job of which the United States Army Air Corps could not be capable for months to come.

[Editorial from the World Telegram, New York City, Thursday, Apr. 12, 1934]

It is a tradition that the chief political leader of a party shall become Postmaster General when that party goes into power. For example, Walter Brown, Republican; Jim Farley, Democrat.

Into the hands of those two men falls the task of handling such a highly technical problem as air mail.

Now, skill in one line doesn't by any means make a man skillful in another. The best surgeon in the world couldn't run the Twentieth Century Limited.

Backing away from the whole mess and getting a perspective, we believe the situation in which commercial aviation finds itself today is due to the fact that skilled politicians were put in charge of the operation and development of something in which they were not skilled.

The policies of the Republican, Walter Brown, were challenged and upset by the Democrat, Jim Farley. Apart from all the issues involved, the charges and countercharges, one conclusion is obvious: Neither was equipped by training or experience to make final decisions about so complicated a matter as aviation and air mail.

Looking, therefore, to the future of what is certain to be—when the whole tangle is straightened out—a great and growing industry, a sensible course seems clear.

Take this highly technical task out of its political environment and turn it over to men whose business it shall be to run it as the Interstate Commerce Commission runs the railroads.

That course is provided in several measures that have already been proposed. It should be included in any final measure by which the future of commercial aviation shall be guided.

[Editorial from New York Herald Tribune, Tuesday, Mar. 13, 1934]

THE SCANDAL OF FARLEY

The political blunders of Postmaster General Farley are primarily the concern of his political chief, President Roosevelt. Insofar as they affect the integrity and efficiency of government—National, State, and city—they touch the life, property, and happiness of everyone. They cannot be passed by as a matter of partisan concern.

The list is now a considerable one. It was Mr. Farley who last October, by promises of Federal office, sought to defeat fusion in New York City. The President officially detached himself from the endeavor by a statement announcing his indifference to local political disputes. Yet it was Federal patronage and nothing else—appointments by the President himself—which made possible the strength of the McKee candidacy. Thanks to the able campaign of Mr. LaGuardia, the Farley maneuver failed. But it was no thanks either to the Postmaster General or to the President that Tammany did not once again defeat reform and remain in charge of the metropolis, which Tammany corruption had bankrupted.

The appalling air-mail blunder ranks second on the list in point of time. Its end is not yet. A brave and loyal arm of national defense was asked to fly the mail with inferior equipment and inadequate training. Every expert in the country, from Colonel Lindbergh down, understood the risks involved. Mr. Farley could have known for the asking. Yet, because politics called for a sweeping gesture, a great American industry was wrecked, a vital service of business communication was halted, and 10 Army flyers were ordered to their death.

A relatively minor blunder in respect to conspicuous individuals, but extraordinarily vital in respect to business efficiency, is Mr. Farley's latest cut of the Postal Delivery Service. Here is a loyal, intelligent, and underpaid branch of public service. Politics has never controlled its rank and file. Its salaries, never large, have been cut along with the salaries of other public employees. Now it is Mr. Farley's ingenious idea to procure further small post-office economies by cutting the number of deliveries. Only one Saturday delivery is to be made in the future, and the personnel of the Department is to be cut accordingly.

Already the protests of business men are pouring in. Orders and deliveries are alike delayed. Confusion mounts. At a moment when all hands are straining every energy to revive American business, this vital organ of communication is cut to pieces by cheese-paring economies. The tragedy of the reduction in personnel is the inhuman consequence of this Farley policy. But what shall be said of this new handicap to recovery which the Roosevelt administration thus tosses into the wheels of industry? Only that it is wholly consonant with the general muddle of the new deal, which strikes down confidence as fast as it builds it up.

A third item in the Farley scandal is of even more vital import to New Yorkers. That is the slippery fashion in which the Roosevelt administration has failed to support fusion at Albany. There is no need of recounting the history of the weeks of evasion and pretense. The bald fact is that Mr. Farley, political aide-de-camp and spokesman for Franklin D. Roosevelt, has failed the city of New York in its most critical hour. With all the huge power of Federal patronage at his command, Mr. Farley has permitted the cheap politics of the Flynn stripe to prevail at Albany. An honest and courageous mayor of New York City finds himself in a crucial issue of economy opposed by the political right hand of President Roosevelt. An administration which stands ready to starve non-political post-office employees, to the grievous handicapping of all business, refuses to lift a finger to permit the reduction of pay rolls so padded by a corrupt organization as to threaten the credit of the greatest city in the Nation.

It is not a pleasant spectacle for any American to contemplate. This politician become Postmaster General would hamstring reform of the appallingly corrupt Tammany administration in New York City. He would wreck a great industry and a fine Air Mail Service and risk brave lives in order to score a political victory. He cares more for his cheap political associates than for the possibility of retrieving the city of New York from bankruptcy, waste, and graft.

Here is a grave national scandal. Before it the services of Mr. Farley as an aid to the nomination and election of President Roosevelt are irrelevant and immaterial. Whether the cause is a blundering incompetence or a blindness to the higher standards of public service is of small importance. Mr. Farley stands an obstacle to efficient and honest government, alike in Washington and in the State of New York. His holding of the three offices of Postmaster General, chairman of the Democratic National Committee and chairman of the Democratic State committee has long been a public scandal. His political craftsmanship remains a matter for his fellow Democrats to estimate. We can see no possible excuse for his retention in a public office serving the whole Nation.

[From "Shot in the Back" column on editorial page of the New York Herald Tribune of Mar. 13, 1934]

To the NEW YORK HERALD TRIBUNE:

How easily it could have been avoided.

If the administration had only allowed the air mail to carry on while quietly investigating ugly rumors, punishing the guilty and protecting the innocent.

Instead, what has happened? Cancelation of all air-mail contracts (with the exception of a favored one), placing a stigma upon the names of those who were honest and faithful, denying them a chance to prove themselves above reproach, while completely disrupting American aviation, which was fast outstripping its contemporaries in other countries.

Furthermore, 10 petals of the flower of our Army have been ruthlessly destroyed by answering, without a question, the call to duty.

Never has the United States Army failed to answer the call to duty.

Never has the United States Army shown the white feather.

Never, until the new deal administration, has the United States Army been virtually shot in the back, as a result of political expediency, only to be answered by the outrageous misconstruction of the time-honored slogan: "Pro bono publico." If this be treason, make the most of it.

GEORGE WILLARD BONTE.

NEW YORK, *March 10, 1934.*

[From "Shot in the Back" column on editorial page of the New York Herald Tribune of Tuesday, Mar. 13, 1934]

To the NEW YORK HERALD TRIBUNE:

How long is the patience of the American people going to tolerate the bungling tactics in Washington in the handling of our Air Mail Service? What has transpired in the last 3 weeks ought to cause those who are responsible to blush with shame. Stop and think it over, Americans. Ten brave young men of the finest Army Air Corps in the world sacrificed on that damnable altar of politics and to the lust for headlines to besmirch some one in order to make political capital. And when criticized for this chaotic state of affairs they charge those who care to criticize with playing politics while they play with the lives of men.

I maintain that the officers and men of our Army Air Corps are second to none in the world, either in bravery or skill. I have seen them in actual warfare, and know what they can do even under the most hazardous conditions. However, the training required for the Army air forces is so entirely different from that required for the Air Mail Service that it is unreasonable to expect the Army flyer to be prepared to have thrust upon him demands in flying in which he has not had the necessary training, such as night flying over long stretches and in all kinds of atmospheric conditions. Furthermore, ships of the Army air forces are not adapted for the Air Mail Service.

The courage of these young men can never be questioned. They would take off with their ship even though they knew it would be their last flight and would do it without a murmur. "Orders must be obeyed." Apparently, common sense is to be used only as the last resort. It is high time that we had some common sense injected into the air-mail muddle.

J. S. THOMPSON.

MEDINA, N.Y., *March 10, 1934.*

STATEMENT OF RICHARD W. ROBBINS, PRESIDENT TRANSCONTINENTAL & WESTERN AIR, INC.

Transcontinental & Western Air, Inc., today filed in the United States District Court for the Southern District of New York its appeal to the United States District Court of Appeals for the Second Circuit, from the order of Judge Knox denying jurisdiction of the suit brought by Transcontinental & Western Air, Inc., against James A. Farley and John J. Kiely to enjoin interference from its air-mail route certificate.

Transcontinental & Western Air, Inc., deferred filing the appeal in the hope that the air-mail situation would be cleared up and readjusted with due regard to the rights of all the parties. The McKellar-Black bill, however, demolishes any such expectation. It is a hastily devised and ill-conceived measure and fails miserably to deal with this immense problem in an intelligent manner. It is vindictive and punitive rather than constructive. It is a product of minds bent on wrecking an industry that had attained an enviable success and was performing a notable service for the American people. It is the climax of a most discreditable display of recklessness and irresponsibility which has marked the fierce and unwarranted assault on the aviation industry and which carried in its train not only the disruption of the air mail and commercial air transportation but the callous sacrifice of human life.

If a group of men had purposely set out to wreck an industry through drastic legislation they would find it most difficult to compete with the framers of the McKellar-Black air mail bill. One clause alone condemns the entire measure and brands it with the badge of injustice. This amazing provision declares that no company "shall be eligible to bid or hold an air-mail contract if it or its predecessor is asserting or has any claims against the United States because of a prior annulment of any contract by the Postmaster General."

Since when has it become a qualification of a bidder for a Government contract that he forego his right to enter a court of justice?

Since when has it become the policy of a civilized government to penalize its citizens because they dare to assert what they honestly believe to be their rights?

Since when has it become an element of dishonor to submit to a court the differences which emerge from commercial relations?

Apparently it is the policy of the Government of the United States to prevent contracts from being submitted to courts for interpretation, a policy which suspiciously suggests a lack of confidence in its ability successfully to defend its position.

Transcontinental & Western Air, Inc., believes implicitly that it has been wrongfully deprived of its rights and property by the cancelation of its contract. It asserts and is ready to prove that the Postmaster General had neither the statutory authority nor the constitutional power nor any justification whatever to issue this order of annulment. We are ready to meet our accusers in a court of justice and to combat and to demonstrate the unmitigated falsehood of any charge of collusion, combination, or corruption in the procuring or performance of our contract to carry the mail. We stand ready to subject the minutest details of our relations with the Government to the most rigorous scrutiny of the most discerning court. We welcome a judicial investigation of an impartial tribunal.

Transcontinental & Western Air, Inc., had hoped that a more sober consideration might bring about a policy to the support of which all elements might rally. We have now become convinced, however, that our only recourse lies in pursuing our suit to prevent by means of an injunction the Postmaster General from unlawfully interfering with our established rights. Having failed to receive fair treatment elsewhere we are now determined to vindicate our conduct in court. We shall pursue this course relentlessly until we have shattered every charge made against us.

KANSAS CITY, MO., *March 13, 1934.*

[Editorial from the Wilmington (N.C.) Star, Feb. 13, 1934]

THE CASE FOR E. A. T.

Insofar as North Carolina is concerned, the most immediate effect of the air-mail contracts cancelation may be as it reacts on the Eastern Air Transport, the only line serving the eastern end of the State, and affording lowlanders their nearest access to air travel when and if they are inclined to fly.

As we have observed, there has been no mention made of the slightest irregularity on the part of officials of this company in the gaining of contracts, nor have they been summoned, either singularly or severally before the Senate inquiry.

Presumably, the Government has looked into all contracts, but it does not necessarily follow that each individual company has been stigmatized. Most probably, the Government found evidences of irregularities in many cases and decided to wipe the slate clean and begin anew.

Even so, we are in agreement with the other newspapers, notably the Greensboro Daily News, in holding that the E.A.T. should at least be permitted to demand a bill of particulars and if its record is clear to be allowed to continue its air-mail service over the Washington-Florida route.

Particularly pertinent is this part of the News' reference:

"The attitude of E.A.T. officials, in the wake of Washington's cancelation, has been commendable and offers another point in this company's favor. It is magnanimous, aside from the pragmatic aspects of such a policy, to forward assurances of cooperation, the offer of its personnel and facilities to prevent disruption of service and aid Army fliers if and when they consummate the presidential orders. The matter comes back to clarification. Are all 12 of the companies whose contracts have been canceled guilty of obnoxious practices? Are there degrees of obnoxiousness? Have any clean hands? Answers to these questions are essential to retributive prescriptions."

Certainly, the straightening of the record to this extent would be entirely fair and equitable.

[Editorial from the Charlotte (N.C.) Observer, Feb. 13, 1934]

THE EASTERN AIR TRANSPORT

Movement has been started in Charlotte to secure exemption for the Eastern Air Transport, Inc., which serves this city, from the contract cancelation order for the good reason that this company is not involved in the scandal which moved the President to action. The fact that the Eastern Corporation is not included in the routes to be immediately taken over by the War Department leads to hope that some measure of relief, temporary, if not permanent, may be arranged for that company. At any rate, there is prospect that the Department may feel inclined to look into the matter and, if the skirts of this corporation should be cleared, it should receive the reward that comes from honest constructural record and efficient service.

[Article from Christian Science Monitor, Mar. 14, 1934]

GOVERNMENT BY HEADLINE

Secretary Dern's appointment of the Lindbergh-Wright-Chamberlin board to investigate the Army's handling of the air mail may be a clever political move. It appears to aline several of the highest names in aviation with the Government in an effort to salvage whatever there may be of value from a most tragic experience. However, if the move is to be effective, even politically, it must be much more than a gesture.

There has been altogether too much politics, too much trying to play on popular feelings, about this whole controversy. Possibly the President's dramatic action in canceling all the air-mail contracts was necessary to clear the ground and arouse support for the Government in dealing with powerful companies. Present indications are that better arrangements—fairer to the Government and more conducive to the development of aviation—will result.

Yet the move also had a political aura. It was just the kind of thing to evoke unthinking cheers: "Hurray! Here's a fellow in the White House who can tell those Wall Street schemers where to get off." The President may not have intended to profit by such a reaction. He may have had no part in the effort to use the accompanying Senate investigation as an opportunity to expose the sins of a Republican administration. But the action was so spectacular as to leave the impression that it was in part a political gesture.

If so, it proved a boomerang. For without approving the attempt of some Republicans to make political capital out of cries of "legalized murder", most Americans have decided that the President was a bit hasty. They are not likely to feel that the present move really clears up the situation. Everyone will be interested to learn what is the trouble with the Army flying—for even wars are not fought in good weather—and to see recommendations for better training and equipment. But there should be no attempt now to turn the blame on the Army.

There should be a settlement of the original question. The air-mail contracts were canceled on charges of collusion. The charges have never been proved, unless in headlines. No one has been tried, except by the Senate—and for contempt of that body. No new investigation—however useful it may prove in improving Army flying—will meet the Government's obligation to substantiate the charges on which the original action was based. Until that is done the taint of political gesturing will cling to a tragic experience.

Something of the same thing can be said of the remarkably timed and unexplained suits for income-tax evasion against Andrew Mellon, "Jimmy" Walker, and Thomas Lamont. Unless these actions are promptly and successfully prosecuted, they will be put down as just another gesture. And there will be a public reaction which the Government may not relish.

It is true that the American memory is notably short and that the American people are addicted to trial by newspaper. But, fundamentally they like fair play. And they do not like being fooled. The Government enjoys a great advantage—especially in times like the present—in obtaining good publicity. For that reason it needs to be the more careful not to abuse its opportunity. Unscrupulous or even partisan efforts to mold opinion, to establish government by headline, will sooner or later rebound unpleasantly.

[Editorial from the New York Herald Tribune, Wednesday, Feb. 14, 1934]

THE SHRINKING VIOLETS OF THE WHITE HOUSE

One headline among the many reporting the air-mail edicts will especially delight the whole Nation. That is the one which reads: "White House Rebukes Lindy for Seeking Publicity."

What, from any angle viewed, could be lovelier than that? For Colonel Lindbergh has not, like the politicians, made his fame as a publicity hound. Rather has he been conspicuous for his efforts to avoid the front page. He is more likely to be in the air than on the air. Mr. Early, of the White House secretariat, administered a truly side-shaking rebuke when he characterized the colonel's message as sent for publicity purposes.

For another aspect, who could possibly be better entitled to insist upon the dignities of reticence than a shrinking violet of the present administration staff? Do its members go upon the air? Never! What, never? Well, hardly ever. Or can one, by diligent searching, occasionally glean a human-interest tale, of this or that, respecting the White House residents, their sisters, their cousins, and their aunts? Well, yes.

But Mr. Early did slip badly in one respect. In ignoring Colonel Lindbergh's criticism and sternly rebuking him for his bad manners in making public a message after it had been dispatched to the White House but before it was made public there, he forgot one important precedent. That occurred on November 14, 1932. President Hoover had invited Governor Roosevelt to confer with him, it will be recalled. The Governor spent the day at Albany composing his telegram in reply. At nightfall he gave it to the press, having just put it on the wire to the President, who was at the moment in Kansas. When Mr. Hoover later received the message, he expressed no vexation at the publication of the telegram. He merely welcomed the substance of the reply.

But that was, of course, before the new deal changed everything, from manners to the Constitution.

[From Letters from Readers, New York Herald Tribune, Thursday, Feb. 15, 1934]

COMMENT ON THE AIR-MAIL EDICT

To the NEW YORK HERALD TRIBUNE:

May I express to you my gratification upon reading in today's Herald Tribune your editorial, dignified but incisive, entitled the "Raw Deal"? It is worthy of standing among the great editorials of the Tribune, which I began to read in Lincoln's first campaign for the Presidency. If I remember correctly, in New England it was called in those days "Greeley's Bible."

Near the close of the last Presidential campaign, when Roosevelt was needing every possible ballot, four times he, on the radio, assured the country that he would not disturb the American dollar, yet within 2 months after he took the oath of office he was seeking control of it from Congress.

Today he is the greatest speculator in the money market of the world, unquestionably, and with other people's money. He is an astute politician, but not a statesman.

W.

NEW YORK, *February 13, 1934.*

To the NEW YORK HERALD TRIBUNE:

May I take this opportunity to congratulate Col. Charles Lindbergh for his courageous, fair criticism of the arbitrary, unjust action of the administration; also your good selves for your editorial comment.

The recent frequent arrogant actions of the administration call for the gravest alarm on the part of voters opposed to socialism. Under the cloak of a new deal we are being forced without any mandate whatsoever into a socialistic bureaucracy. It is time the Senate and Congress rubbed some sand on their spine and protected us from a reckless administration guided by theoretic, impracticable professors. Why does every Democratic administration always try to reform the world?

GEORGE MURFITT
(A Lamenting Roosevelt Supporter.)

VALHALLA, N.Y., *February 13, 1934.*

To the NEW YORK HERALD TRIBUNE:

Our Army air lieutenants are not, and never should be, commercially air trained. Must this country suffer, lying down, the dictates of James Farley, or will the public fight for our glorious air mail, built up by the bold efforts of the air companies to a perfection that makes it the first and greatest in the world? Is this great record to be destroyed by Jim Farley?

ALICE ROBBINS.

NEW YORK, *February 13, 1934.*

[From Letters from Readers, New York Herald Tribune, Thursday, Feb. 15, 1934]

COMMENT OF THE AIR-MAIL EDICT

To the NEW YORK HERALD TRIBUNE:

I know nothing about the merits of the fundamental issues involved in the discussion of the air-mail contracts. But I do know that there is no man who can successfully question the disinterested motives and service of Colonel Lindbergh toward the prestige of the United States in aviation.

I had the rare privilege of standing at the flying field of LeBourget, near Paris, the night that "Lindy" arrived on schedule, with tens of thousands of frantic people crashing through the fences of the field. I saw him brought by Ambassador Herrick to the American Embassy and proudly put to sleep in what Myron Herrick called "Uncle Sam's bed for his boy." I saw him the following morning walking down the stairs of the Embassy in Parmelee Herrick's clothes and modestly describe to the press correspondents of all the countries the details of his amazing achievement.

Hundreds of contracts to make money out of his flight were offered to Colonel Lindbergh at that time, and even I myself brought to Colonel Lindbergh the president of the then leading motion-picture company of the United States who offered him a contract for $1,000,000 for one motion picture, the money to be deposited in the bank forthwith, but Colonel Lindbergh, after serious consideration of all proposals, told Ambassador Herrick that he would sign no contract of any kind for any sum with anybody, because he had made his flight in the interest of aviation and not for profit.

After all the valiant service that this amazing young American along with his lovely wife has given to brave flights the world over, laying out with scientific precision air courses everywhere, it is little short of a tragedy that any statement should be made by anyone in high authority questioning Colonel Lindbergh's motives in his leadership for aviation.

DUDLEY FIELD MALONE.

WASHINGTON, D.C., *February 13, 1934.*

[From Letters from Readers, New York Herald Tribune, Thursday, Feb. 15, 1934]

COMMENT ON THE AIR-MAIL EDICT

To the NEW YORK HERALD TRIBUNE:

I want to congratulate you upon the sane but vigorous editorial which appeared in the Herald Tribune this morning. I am in no way interested in aviation stocks, never having bought a share of any of the companies in my life, but I heartily disapprove of the high-handed and unfair way in which the matter has been handled by the President and his advisers. I have, over the course of the last few years had occasion to use the Air Mail Service many times, and I have always marveled at its efficiency. I am afraid that a little experience under the proposed plan of handling air mail will show a considerable decrease in the efficiency of that department. But this is beside the point.

What I do heartily disagree with, as an American citizen and a taxpayer, is the present procedure of conviction before trial in the matter of the air-mail contracts. I think the administration's handling of the Lindbergh telegram was unnecessarily harsh. It would seem that temporarily, at least, some of the high officials in Washington are slightly drunk with power and abusing it.

I hope you will continue, when occasion arises, to show the courage and good common sense exemplified in the editorial in this morning's issue of your paper. As a constant reader of your paper, I thank you for it.

CITIZEN.

NEW YORK, *February 13, 1934.*

To the NEW YORK HERALD TRIBUNE:

It is shocking to read that the message from Colonel Lindbergh to President Roosevelt asking for justice in the air-mail affair is to be dishonored and belittled by public officials in the service of the Nation. Colonel Lindbergh is this generation's symbol of honor, valor, achievement, and dignity. He has consistently acted in accord with this ideal. It is a serious act to belittle or rob our youth of its hero, whom every boy in the land longs to emulate in character as well as achievement.

Surely our gallant President Franklin Roosevelt, who numbers among his ancestors Ann Hutchinson, heroine of pioneer days, will give publicity to the truth of the matter, and no way to do this would be better than Colonel Lindbergh's personal statement, which will be believed by the Nation. The President will do well to accept the truth correctly presented to him and to the Nation by Colonel Lindbergh.

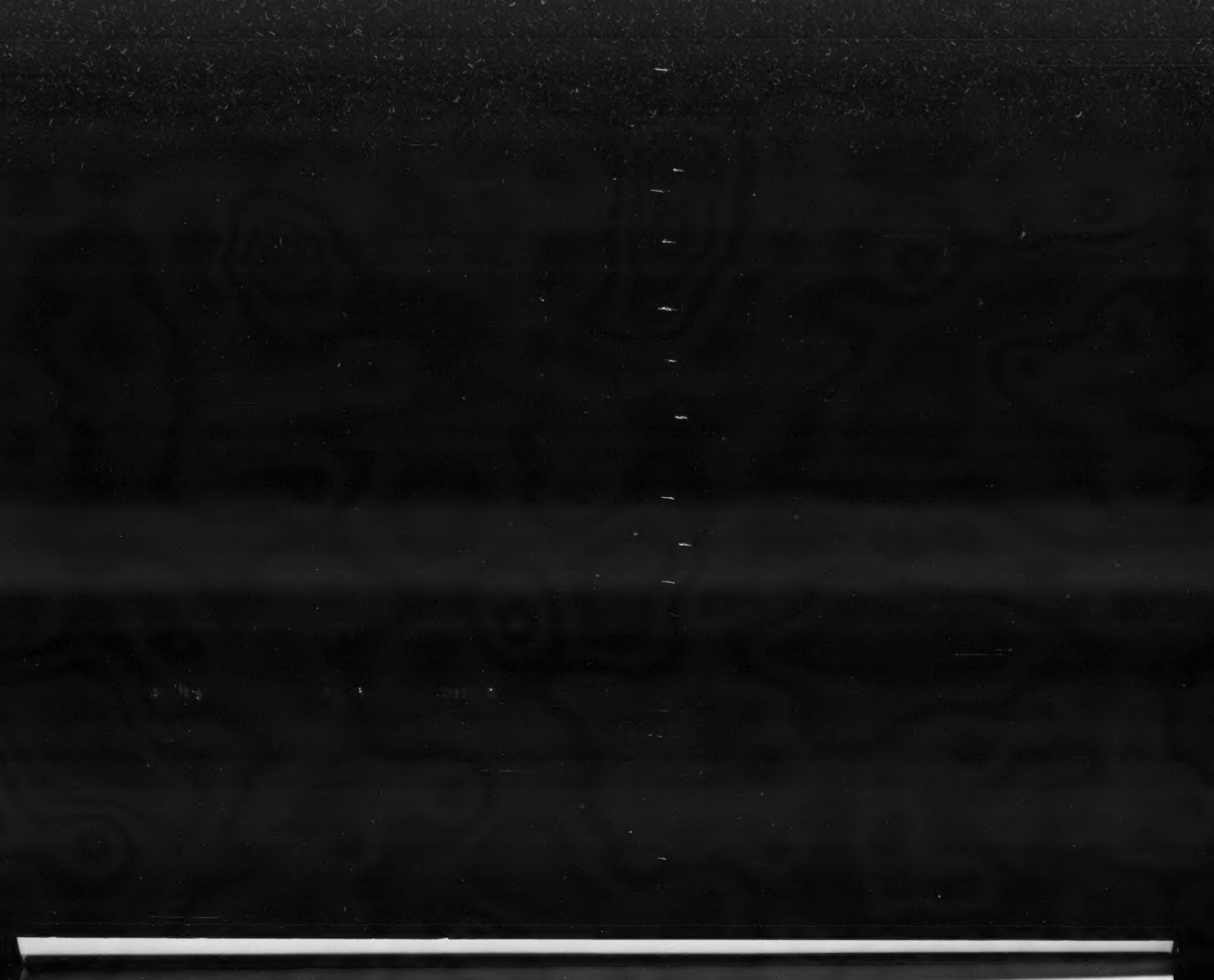
SARAH THOMPSON PELL.

NEW YORK, *February 12, 1934.*

[Editorial from the Kansas City Journal-Post, Mar. 16, 1934]

No CAT'S-PAW

Col. Charles Lindbergh persists in his refusal to accept Secretary Dern's invitation to serve on a committee of noted aviators to investigate the Army's flying of the air mail. He gives as his reason his belief that the sudden transfer of the mail was unfair to both the commercial companies and the Army pilots.



Supporters of the administration in this affair said that Lindbergh was used as a cat's-paw by the commercial companies. Perhaps he feels that the Dern invitation was an attempt to use him as a cat's-paw for the President and the Postmaster General.

The handling of the air-mail contracts was a blunder. It was inconsistent to cancel them without canceling the ocean-mail contracts. It was unfair to make no distinction between the companies. It was foolish for the secretary of a President, who prides himself on ignoring formalities, to argue that Lindbergh should have submitted his protest to the White House before making it public. It was disastrous to turn the mail over to the Army pilots in the wintertime and when they had neither the training nor the equipment for flying the mail.

This gesture was the first unpopular thing that the President has done. It was unpopular when he first made it and became more so after the death of 10 Army pilots. The administration is obviously trying hard to get out of the mess with as little blame as possible. The appointment of a committee to investigate the Army Air Corps would make it seem that the fault lies with the Army instead of with the order assigning its pilots to a type of flying for which neither they nor the military aviators of any other nation are prepared.

Of course, a committee composed of Lindbergh, Chamberlain, and some other famous fliers might eventually bring in a report that the blame lay with the administration rather than the Army. But while they were making their survey the mail could be returned to the private companies and the public would have time to become less critical of the blunder.

However, Lindbergh has refused the invitation. Meanwhile, he has agreed to testify before the Senate Post Office Committee in its hearings on permanent air-mail legislation. In this capacity he can be useful without condoning the mistake which was made in the abrupt and inclusive cancelation of the air-mail contracts which, though they should have been reopened, could have been rewritten or reawarded without loss of life and disruption of postal service.

[Editorial from the Iola Daily Register, Iola, Kans., Friday, Feb. 16, 1934]

WRECKING THE AIR MAIL

Beginning next Monday, instead of privately owned mail planes serving 27,079 miles of air routes, Army planes will attempt to carry mail over 11,100 miles, reducing the Air Mail Service by 60 percent, throwing scores of men out of employment, probably bankrupting several firms whose stock is held by several thousand individuals, and demoralizing a commercial aviation which no less an authority than Col. Charles A. Lindbergh declared is the best in the world.

The reason given for the drastic order which, with only a week's notice, canceled all the air-mail contracts, is that evidence was discovered of collusion and fraud in the letting of those contracts.

The country does not know what that evidence was. It was not brought out by any court procedure, but seems to have been wholly the result of investigations carried on at Washington by a Senate committee, and possibly by the Post Office Department. Apparently, also, the companies against whom action was taken were not given a hearing. At any rate the president of the Transcontinental & Western Airways declares his company was given no opportunity to appear, and he offers to continue to carry the mails for a month with the understanding that unless he can completely prove his company's innocence, he will make no charge for that service—clearly implying that he has had no opportunity up to this time to make a defense. Colonel Lindbergh enters his most emphatic protest, also insisting that the Government's drastic action was unfair and unjust. The people of this country have a lot of confidence in Charles A. Lindbergh, and they think what he says about anything relating to aviation is entitled to careful consideration, even of the President. And then there is Will Rogers, unswerving partisan of the administration as he is, making his protest over the air and through the newspapers.

Of course nobody wants the Government to be fleeced through mail contracts, particularly if they were obtained by collusion and fraud. But remembering the orgy of spending that is now upon us as a part of the deliberate program of this administration one cannot help wondering if the waste of public money through extravagant mail contracts is really what is motivating the present order, or whether the possibility of bringing discredit upon the administration under which the contracts were let may not have something to do with this sudden zeal for economy. Or may it not be possible that a desire to socialize the mail-carrying business by turning it over to Government planes may be in the back of somebody's mind?

In any event it certainly would seem that to correct any evil that may exist a better way might have been found than the demoralization of a great mail service to which the people have become accustomed and which they are using more and more, and the wrecking of a great and growing industry. The method the administration has taken is too much like burning the barn to get rid of the rats.

[From the News Sentinel, Fort Wayne, Ind., Mar. 17, 1934]

IT IS UP TO CONGRESS

We would not deny to Secretary of War Dern full credit for his efforts to make the best of a difficult situation. There is very evident sincerity in his undertaking to guard against future airplane accidents by organizing a committee of aeronautic experts to advise the Army with regard to transportation of the air mail.

The administration is properly concerned for the safety of Air Corps pilots, thereby manifesting a welcome change of attitude to coincide with the attitude long taken by the rank and file of the American people generally.

Still, it is the conviction of many well-versed authorities on the subject that the prospective investigation under the War Department's auspices will not produce any satisfactory results so far as the reestablishment of a sound, permanent, and equitable air-mail system is concerned.

There is, at present, very substantial agreement that the controversy cannot be well settled until private operators are once more carrying the mail. Indeed, this view was taken by the administration itself when it submitted to Congress a bill providing that contracts should once more be awarded on the basis of competitive bidding.

But even if that measure shall become law, it may be many months—it may be a year—before there can be a return to real efficiency in the operation of the air-mail system.

This bill, drafted before President Roosevelt temporarily grounded all mail planes and postal officials worked out a plan for curtailed operations to avoid unnecessary hazards, does not meet the readily obvious emergency now challenging the country.

Postmaster General Farley has not kept pace with Secretary of War Dern in moving to deal with the problem which developed when Mr. Farley voluntarily consigned the air-mail system to a bewildering bog.

Over the last decade the Government has developed at great cost a vast network of airlines. That network is rapidly falling apart, with the result that the public can no longer have reliance upon expeditious transportation of mails by plane. Passage of the administration's bill now under consideration would initiate another era of pioneering to develop an efficient air-transport system. We should be simply starting all over.

This is seen to be especially true in view of the provisions designed to prevent future bidding by any company which makes claims, however well founded, against the Government as a result of Mr. Farley's sweeping ukase of cancelation.

Yet, in spite of this discouraging outlook, Mr. Farley has not, as these lines are written, advanced any constructive plan to save the air-mail system from collapse. And so, we should say it is up to Congress to resolve to get along without the Postmaster General's assistance.

[From the Washington Post, Washington, D.C., Mar. 18, 1934]

A FUNDAMENTAL ISSUE

Testimony before the Senate Post Office Committee, which is studying the administration's new air mail bill, strongly confirms the general public opinion that cancelation of the air-mail contracts was arbitrary and unreasonable. Senators have tried in vain to confine the testimony to provisions of the bill. But the more fundamental question is thrust forward by every witness: Why did the administration strike a vicious blow at the aviation industry without revealing conclusive evidence of illegal conduct on the part of the air-mail carriers?

Administration leaders on Capitol Hill take the attitude that the past is a closed book; that the question now before Congress is the enactment of a new law that will reestablish an air-mail system. But Congress cannot pass legislation that will rectify this blunder so long as the unproved charges of fraud and collusion against the former carriers merely float about in the confused atmosphere where Postmaster General Farley left them. Colonel Lindbergh is unquestionably right when he says:

"This bill leaves untouched the most fundamental question involved, and that is whether the lines whose contracts were canceled were entitled to a fair trial before they are convicted."

Until the status of these companies is determined it will be impossible to legislate intelligently upon the subject.

It is significant that most of the witnesses have advocated transfer of jurisdiction over the air mail away from the Post Office Department. Some favor a separate regulatory body and others are willing to have the Interstate Commerce Commission pass upon questions of public convenience and necessity. There appears to be a general and certainly not unnatural distrust of the Post Office Department, where politics are in the saddle.

[From the Washington Herald, Mar. 19, 1934]

LINDY MERITS PRAISE

Well done, Lindy!

This is the country's verdict on Colonel Lindbergh's voluntary appearance before the Senate Post Office Committee and on his lucid, straightforward, and manly replies to the questions addressed to him.

It was a Lindbergh day.

The largest room in the Senate Office Building was chosen for the hearing, as it was safely assumed that the appearance of America's super ace, the foremost flier in the world, would stir great public interest.

His inquisitors were Senate politicians who are trying to pull the administration out of a bad hole. Like politicians, these Senators feel that the best way out of a blunder is never to admit it. Realizing that the civil aviation companies have been condemned without a hearing, the administration Senators are trying to make it appear that the companies were not entitled to a hearing

They are trying to build the uncorrected injustice of such treatment into disabling conditions affecting the established companies as bidders under the new contracts, proposed in substitution for the old, which were canceled without inquiry, examination, or trial.

An American of the Lindbergh type naturally will not be a party to such a scheme.

"I feel that these charges", said he, "should have been definitely established before these contracts were canceled. I feel it was the right of my companies, the public, and my own right to have them definitely established.

"I say this only in the interest of what I most deeply believe to be right."

These words express the opinion of every right-thinking American. What else could be the opinion of a right-thinking man?

Referring to the provision of the proposed new legislation prohibiting operators whose contracts were thus unfairly annulled from bidding on new contracts unless they waived any claims against the Government, Colonel Lindbergh called it the most "unjust act ever placed into American legislation."

* * * * * * *

It is refreshing and invigorating when a man of such captivating type as Colonel Lindbergh, of so distinguished a record of valor and achievement, thus gives voice in ringing and forthright speech to the feelings of his countrymen.

STATEMENT OF PILOT HARLAN HULL, OF KANSAS CITY, MO., PRESIDENT OF THE T.W.A. PILOTS' ASSOCIATION, MADE ON BEHALF OF THE PILOTS AND EMPLOYEES OF TRANSCONTINENTAL & WESTERN AIR, INC., BEFORE THE SENATE COMMITTEE ON POST OFFICES AND POST ROADS ON SENATE BILL S. 3012 TO REVISE AIR-MAIL LAWS, MARCH 19, 1934

Gentlemen, I appreciate this opportunity of appearing before your committee on behalf of the pilots and employees of Transcontinental & Western Air, Inc.

As a representative of the employees, I want first to give you a few facts concerning the general distribution of jobs in an air line.

In December of last year, T. & W. A.'s total pay roll amounted to $125,803, and was distributed among 718 individuals. Only two of the officers of the company received higher salaries than those of us who are pilots.

Sixty-seven employees were in the administrative or financial departments of the company.

The traffic department employed 58 men and women.

Supervisory, clerical, and like ground tasks occupied 86 members of the operations department. Ninety-four of us were pilots or copilots.

The communications department employed 76 individuals while 19 were engaged in meteorological tasks. Finally, 307 people were employed as supervisors and mechanics in the maintenance department.

I have mentioned only the distribution of jobs of T. & W. A.'s personnel and should like to add that there were more than 5,000 other employees in the air transportation business at the time when our companies' contracts were canceled.

I might also say that the 6,000 individuals employed by the air-mail contractors represent the only thoroughly trained group of air-transport employees in this country.

Having given you the general set-up as to T.W.A.'s personnel—and the other companies are roughly the same—I want, at this point, to explain to you what any legislation which would destroy our present companies would mean to us.

It means, obviously, a total disruption of our lives at this point. That disruption comes at a time when the country is still suffering from plenty of unrest and apprehension without the need of adding more to what already exists.

It comes at a time when we were all feeling confidence and hope for the future—feeling that way because of the phenomenal mechanical advances that have recently been accomplished in our business and because of the greatly increased public patronage which we were enjoying until operations were curtailed by the cancelation of the air-mail contracts.

It means that all of us will be faced with the necessity of finding new jobs. The morale and esprit de corps that now exist in all our organizations—and are responsible in no small degree for our operating efficiency—will be completely scrapped.

Some of the present air transport employees will, of course, find new jobs with new companies, but they will be faced with the necessity of starting all over again, proving themselves to new employers and carving new niches for themselves in the new organizations.

At best we shall probably be retarded in our business development by at least 2 years. That comes at a time in our lives—our average age is about 30—when we have a right to expect steadiness.

Some, maybe many, of our members will be faced with the necessity of turning to new lines of business.

Finally, specifically for pilots, I want to point out that one of the most important possessions of a pilot is his seniority or record with his employer.

This is determined by his length of service, his record for completed schedules, and his hours in the air without mishap or damage, by his loyalty, general demeanor, intelligence, and consummate background. It is comparable to the prestige obtained by a doctor or lawyer through long years of practice in his profession.

Under the terms of this bill, it would be possible for all of the 614 scheduled air transport pilots in the country to lose their seniority, the thing they have spent the greater part of their adult life in building up, and be compelled to start all over again from scratch.

I take it that this is not the intent of the legislation, but it is nevertheless very likely to be the result.

I feel that any legislation which would tend to destroy those organizations which, until February 19, made up the greatest air transport system in the world, would cause untold hardship on 6,000 of us who have given and are giving the best years of our lives to the air transportation business.

If there are any individuals against whom illegal acts can be proven by fair trial, we want to see justice done. However, we cannot believe that the committee could wish to see 6,000 of us suffer for the acts of a very few individuals.

I have spoken of the probable general results on the personnel of any legislation which might destroy our present organizations. I should like to tell you a little of how we shall be affected in the actual performance of our jobs.

Competitive bidding—especially for short lines—will really mean cutthroat bidding. Air lines can be and have been operated at per-mile costs lower than Transcontinental & Western Air's costs. However, I have seen those low-cost operations, and that is just why I am opposed to any legislation which will encourage them.

Pilots' pay under low-cost operations is usually about half the salaries paid by our organizations. However, our salaries have been approved by many authorities as commensurate with our jobs.

We would be forced into flying with passengers at night, over bad terrain, with single-motored equipment.

We would not have terminal facilities of our own where we could be comfortable ourselves and be certain of the maintenance of our ships. Instead we would be using public facilities. The maintenance of our ships would undoubtedly be done by outside organizations rather than by an organization of which we were a part.

We would probably be forced to forego the many advantages of two-way radio.

We would be forced to fly with the least possible number of instruments and safety devices.

The organizations that would be set up would not be financially able to foster experimental work. Thus we would have no chance to put our experience to use in developing new equipment, as we have in the case of T.W.A.'s new Douglas.

We would not have the security in flying in bad weather that we now have through the knowledge that our own meteorological staff is constantly checking and studying the weather for us.

In short, unrestricted competitive bidding will mean low-cost operations, and low-cost operations will mean that we shall have to work under the conditions I have just outlined. Such conditions would not make for sure and efficient operations.

We think that the main-line transcontinental routes should be let as one route and to one contractor. Our reasons for this are:

Due to weather conditions, it would be impossible to fly efficiently and safely a very high percentage of completed schedules, because the type of equipment that would be furnished would have a cruising range comparable with the length of the route.

This would force pilots to land at stations where weather conditions of low ceilings and poor visibility existed.

Most fatal airplane crashes occur when pilots are attempting to get in or out of stations where bad weather exists. Only a very few accidents occur on an air line when the pilot is not forced to come in close contact to the ground in bad weather.

On the other hand, if a pilot had an airplane of a high cruising range, he would be able to pass up the station where bad weather existed and fly farther along the line to a station where clear weather or ample ceiling existed. In this way the bulk of the mail would be kept moving in a way that would be far more efficient and safe.

On this same subject, I might say that it is very seldom that a storm track cannot be crossed in a thousand miles and in most cases far less. The best aid a pilot can have in flying bad weather is an airplane that has a high altitude performance and a long cruising range that will enable him to fly over, around, or through storm areas at high altitudes. Every development in the last few years has been toward this ultimate goal. If the routes are chopped up into short jumps, all of this effort will be wasted and further development along this line will be retarded.

This is further borne out by the fact that the performance of the short feeder lines into the main lines has not been nearly so good during the last 2 years as along the main lines where equipment is in use that enables us to pass up stations with low ceilings.

We now have airplanes developed that will enable us to fly 1,500 miles without landing and still carry enough cargo to make them efficient from an operating standpoint. The speed and range of these airplanes will enable us to fly an overnight mail and passenger service from coast to coast.

As to breaking up the air-mail system into short lines, a clearer understanding may be had by comparing the time taken on T. & W. A.'s transcontinental run with the Douglas airplane with the train time from Washington, D.C., to Columbus, Ohio. The absurdity of having several railroads covering only a portion of that distance is obvious.

At least 1 hour is lost when a mail load is landed and transferred from one company's plane to another.

At least half an hour is lost when a mail plane lands, as that much time is taken up in circling the airport, taxiing to the station, as well as through the reduced speed an airplane has in climbing back to a favorable flying level.

In passing, I should like to state that a pilot's major interest is in the airplane that he flies.

In reference to section 11 of Senate bill S. 3012, it is our recommendation that the rates of pay for pilots and maximum flying hours be subject to arbitration by whatever Federal regulatory board is empowered to govern the air-mail contractors.

In reference to section 13, we do not think it is advisable from a practical standpoint to place pilots of the Army, Navy, and Marine Corps on the air lines as copilots.

The only way of developing airline pilots is in training them ourselves.

It takes about 2 years flying as a copilot for the average pilot employed to make a first-line pilot.

It also takes several months to develop a good copilot. A copilot's duties are many and varied—all the way from a bookkeeper to a diplomat in handling the traveling public. The traveling public comes in contact with the flying personnel more than with anyone else.

We think it would be more advisable for the military services to place some observers on the air lines to become familiar with our methods and conduct the specialized training within their own branches.

With reference to section 15, we suggest all air-line pilots be given commissions in either the Army, Navy, or Marine Corps Reserves and approve the provision in this bill that gives them the opportunity for 2 weeks' military training each year.

In conclusion, it is, therefore, our recommendation that as a termporary measure the assignment of carrying the air mail be restored to the original operators as of February 19, 1934, for the balance of the current fiscal year. It is suggested that this be done, applying a rate of 40 cents per mile or if greater economy demands it, at the postage return rate, calculated by the House and Senate Post Office Committees, to be 2 mills per pound-mile. This would restore immediately order in the industry and return many hundreds to work, who have been furloughed, as a result of the cancelations. Then sufficient time would be available to consider and enact permanent legislation.

[From the United States News, Mar. 19, 1934]

"YES, MR. PRESIDENT"

By David Lawrence

INADEQUATE DEBATE ON MAJOR POLICIES INSIDE ADMINISTRATION SHOWN IN AIR-MAIL DECISION

One day last month, the President of the United States, surrounded by a group of his Cabinet officers and advisers, decided to approve the cancelation of all air-mail contracts. The President asked if the Army could carry the mails. Somebody answered "Yes, Mr. President."

Today we mourn the loss of 10 Army flyers killed in line of duty.

Today the Air Mail Service, which took 16 years to build, has been disrupted.

The few millions of dollars alleged to have fraudulently enriched the pockets of air-mail speculators would, if they could be recovered, never offset the loss of life. For human rights supersede property rights.

Who then killed the 10 Army flyers. Bureaucracy and sycophancy at its worst.

Even a smattering knowledge of commercial aviation and the air-mail problem was bound to have included information on the hazards of night flying and the fact that the Army was not trained to the task.

But more important is this question: What emergency required such an abrupt cancelation and the issuance of orders to the Army to take up the air-mail task in midwinter, without preparation?

Why could not the Army have been ordered to take over the job in 60 or 90 days? At least milder weather would then have been encountered and there would have been opportunity to enlist the services of trained pilots.

Several of the commercial companies offered to lend their pilots to the Army. Why were not such offers accepted?

The Post Office appropriation law provided that before any cancelation of a contract, the interested parties could be given a hearing. Why was not such a hearing granted?

COSTLY LESSON FOUND IN AIR-MAIL EPISODE

The air-mail episode marks the worst administrative blunder we have seen in a decade. The public is today deprived of efficient service. The courts and grand juries have not yet been given evidence of "collusion and fraud." Why the delay?

Government officials called upon to advise the President should hereafter take time to investigate the facts before they recommend a course of action. The protection of the President against mistakes, the future of his whole administration whose success is so universally desired from one end of the country to the other, depends on whether when summoned to the White House the advisers of the Chief Executive speak their minds or suppress their convictions with a mistaken concept of harmony.

It should be "Yes, Mr. President" only when dissent has been expressed and overruled, and when the entire Cabinet has been given an opportunity to formulate administration policy.

[Editorial from the Indianapolis Star, Mar. 22, 1934]

FARLEY'S AIR-MAIL DEFENSE

Chairman Farley, of the Democratic National Committee, sounded a discordant note for the coming congressional campaign when he elected to discuss the air-mail issue at a Delaware political rally. He was speaking at a Jackson Day dinner at Wilmington. The abrupt cancelation of air-mail contracts and the imposition of a task on the Army flying corps, for which it was untrained and poorly equipped, have been recognized as a blunder. Farley himself must bear the responsibility for that error. He may have been ill-advised, but, as Postmaster General, he gave the word that resulted in the unfortunate Presidential decree.

The Democratic chairman asserted that the air-mail contracts "were given and obtained through collusion and fraud." He added that a few favored companies had obtained many millions of dollars to build up monopolies through a Government subsidy. Farley may continue to bluster about collusion and fraud, but those charges have not been proved, although administration politicians made every effort to discredit the former regime through protestations of irregular practices. The chairman should give the public some basis for the charges which he continues to hurl at concerns that were doing a most efficient job of carrying the mail.

No one denies that the cost was high, perhaps greater than conditions now justify. Government subsidies are usually expensive. The mail contracts were awarded to responsible companies, leaders in aviation developments. Much of the criticism has come from firms denied contracts because they seemed to lack the required stability. The wisdom of creating an adequate reserve flying corps for national defense was not ignored in the Government's subsidy to aviation corporations. The country welcomes any reduction in operating costs if that can be achieved without loss of efficiency, but it has little patience with Mr. Farley's preferring unproved charges in an effort to excuse a serious blunder.

[Editorial from the News-Sentinel, Fort Wayne, Ind., Mar. 23, 1934]

Mr. Farley's failure to substantiate charges that all the domestic air-mail contracts were rendered illegal by fraud and collusion would seem to disqualify him from further administration of the air-mail system. We trust the President is not losing sight of the fact that he is committed to a policy of candid recognition of mistakes and prompt action to remedy them. If the Government has been defrauded, then most assuredly every guilty individual or corporation should be punished in accordance with the law. But all such charges should by all means first be proved in accordance with American tradition.

[Article from New York Herald Tribune, Mar. 23, 1934]

"FORGOTTEN MAN" IN AIR CASE

To the NEW YORK HERALD TRIBUNE:

Will Rogers, with his keen insight and sound philosophy, remarked early in the discussion of the mail contracts that "if some of the railroad officers were in the wrong all the railroads would not be stopped."

The "forgotten man" in this case seems to be the stockholders of the aircraft companies and the public. The promised revelation of crookedness in the air-mail contracts has not been revealed; but suppose it had, would that excuse the injury to the stockholders and the depriving of the public of the service? I own no aircraft stock, but I believe that none of the companies even with the mail contracts have yet made any profit on their service and were looking to the future to make returns on their large investment. Is Mr. Farley to be allowed to play politics with a great industry and wreck it in the process?

We have a fearless President and we have faith to believe that he will yet do what may be done to right a serious wrong before worse chaos results.

WALTER L. CLARK.

NEW YORK, *March 20, 1934.*

[Editorial from the Pittsburgh Post-Gazette, Mar. 24, 1934]

NOT WAITING FOR CONGRESS

Administration circles are apparently fully aware of the fact that the present air-mail set-up is utterly inadequate, representing not more than 25 percent of the service available prior to February 9.

When President Roosevelt was moved to take corrective action following a succession of deaths in the Army Air Corps, he emphasized two things: First, that the military pilots should not be exposed to needless risks, and, second, that Congress should act quickly to restore the service to commercial lines.

The Army has obeyed the order of its Commander in Chief. All planes were grounded for 10 days, a number of routes, including those passing through Pittsburgh, were abandoned, and when service was resumed strict instructions were given that flyers should not be permitted to start on a trip unless weather conditions were favorable with a reported ceiling of 3,000 feet.

But Congress has not moved so quickly. Committees in both House and Senate opened hearings, which have brought forth considerable information of value. The bill drawn and sponsored by the Post Office Department has been under severe attack and will unquestionably be changed materially. It is possible that it may be definitely sidetracked in favor of an entirely new basis of

recompense for the commercial lines, as proposed in a bill offered by Senator O'MAHONEY, of Wyoming, a Democrat, and until recently an Assistant Postmaster General.

Congress will undoubtedly reach a decision at this session, but there may be further delays of a week, or a month, or even longer. In the meantime the air mail is but a shadow of its former self. It is very much like any other transportation service in that its schedules must be fast, frequent, and dependable to build up volume. Many individuals and business concerns who used it regularly and paid the extra premium gladly have stopped doing so now because its time advantage over regular mail has been rendered so uncertain.

Following a White House conference Thursday, Attorney General Cummings indicated that a plan might be developed for restoring the service to private carriers on a temporary basis without waiting for Congress to act. This might not leave Postmaster General Farley in a particularly happy position, but it should be done. The country needs the service, and it would put back to work thousands of employees of the commercial lines. A permanent policy could follow, and if the Post Office Department believes it has any real evidence of collusion or fraud, it can prosecute those involved in the courts.

STATEMENT OF RICHARD W. ROBBINS, PRESIDENT OF TRANSCONTINENTAL & WESTERN AIR, INC.

The latest McKellar-Black bill designed to revise the air-mail laws completely disregards the mass of evidence presented in the last 10 days by a score of experts, including Col. Charles A. Lindbergh and Capt. Eddie Rickenbacker, against the former bill introduced by the same Senators, and clearly indicates by the revengeful spirit in which it is drawn that these sponsors will go to any length to complete the wrecking of an industry which they have so well started on its way to complete disintegration and collapse.

Not since the days of the Civil War when, after 4 years of bitter strife hatreds still flamed to white heat on slight provocation, has the Nation seen such a display of partisan envy and jealousy on the part of those in power in their desire to pass vindictive legislation such as is embodied in the McKellar-Black air mail bill.

The sponsors of this latest bill are either woefully ignorant of the most elementary principles of justice and rights guaranteed our citizens, as expressed in the Constitution of the United States, or else are determined to ignore the Constitution completely in their efforts to throw a smoke screen over the air-mail cancelation bungle. Instead of rewriting their proposed legislation to meet the severe criticisms of every witness other than Government officials this redraft is even more vindictive and punitive than the original measure. The only provision which has been eliminated in the revised bill is the clause preventing an air-mail contractor from bidding on a new contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General. This provision was so obviously unconstitutional to every Member of Congress that its passage was impossible.

It is purely an extension of the effort so clearly apparent in the original bill to disrupt an essential transportation service that had attained a notable success and was performing a necessary and important function for the American people in expediting the rapid transportation of passengers, air mail, and merchandise. Instead of fostering and encouraging commercial aviation the present policy seems to be to treat those who have put our commercial transport industry in the position of world leadership as though they were traitors to their country.

Before this country was settled the English Parliament frequently voted what were known as "bills of attainder" or of pains and penalties against people who were charged by the Crown with being traitors or who had lost favor with their monarchy. The sentiment against these practices had become so strong in the Colonies that the Constitution of the United States prohibited both the Congress and the State legislatures from passing bills of attainder. Following the close of the Civil War the Missouri State Legislature adopted an act prohibiting persons from voting who had ever been in armed hostility to the United States or to the lawful authorities thereof or to the government of the State of Missouri. This same statute provided that any person suffering from the disabilities indicated should never act as professor or teacher in any educational institution. In September 1865 the Reverend Mr. Cummings was indicted and convicted in the circuit court of Pike County, Mo., "of the crime of teaching and preaching in that month, as a priest and minister of that religious denomination, without having first taken the oath prescribed by the constitution of the State."

On appeal to the Supreme Court of the United States, Justice Field, delivering the opinion, reversed the finding of the supreme court of the State, holding that the law in question was in the nature of a bill of attainder. Justice Field defined a bill of attainder, as follows:

"A bill of attainder is a legislative act which inflicts punishment without a judicial trial."

Without judicial trial, the framers of this air-mail legislation now write into this bill that no company shall be eligible to bid for or hold an air-mail contract if at the time of the bidding it has an officer who was a representative at or in any meeting held for the purpose of discussing the development of air-mail and air transportation situation in the United States following the passage of the McNary-Watres law in April 1930. That provision in the bill is intended to exclude from the air-transport industry the managerial experience which has been developed in this country over a period of years.

The fact is that a group of air-line operating officials accepted an invitation extended by the former Postmaster General to attend a meeting in Washington to discuss the provisions of the Watres Act. The Postmaster General invited a study of the problems created by the new law and the making of a report to give the Postmaster General the benefit of the operators' ideas as to how the Air Mail Service could best be furnished to a larger section of the population than had been served by air mail prior to 1930. The operators were not able to agree on any important phase of the report and the only agreement reached was that an opinion should be sought from Comptroller General McCarl as to the extent of the Postmaster General's powers, under the recently enacted legislation; that this was the only agreement reached is evidenced by the memoranda kept by the Post Office officials, which memoranda were attached to Mr. Farley's letter to Senator BLACK of February 14, 1934, and also to former Postmaster General Brown's statement in reply, dated the following day.

The air-line officials met in the Postmaster General's office by his invitation. The meeting was no different from meetings of like character which have been held from time to time with Post Office officials to discuss improvements in the Air Mail Service, and the development of air transportation in this country.

As recently as August 1933 representatives of the air-mail carriers were summoned to Washington by Assistant Postmaster General Howes and met with him and other Post Office officials of the present administration to discuss certain plans of the present administration with reference to the Air Mail Service.

Can any better method be found for the Post Office Department to advise the air-mail carriers as to policy and plans than by conference with the principal officials of the air lines affected? Is it a crime to confer with a Cabinet officer by his invitation?

An exclusion of these air-line officials from their profession for past conduct can be regarded in no other light than as punishment without trial for such conduct. All enactments of this kind partake of the nature of bills of pains and penalties and are subject to the constitutional inhibition against the passage of bills of attainder.

There is only one solution to the present air-mail problem and that is to return the mail to the private carriers under temporary contracts, which are specifically provided for in existing Postal Statutes, and to give the parties charged with collusion a prompt hearing before a disinterested tribunal composed of men who have the complete confidence of the public. If the decision of such a tribunal is in favor of the contractors, the annulment order of February 9, 1934, should be rescinded.

TRANSCONTINENTAL & WESTERN AIR, INC.,
10 Richards Road, Municipal Airport, Kansas City, Mo.
MARCH 25, 1934.

[From the Washington (D.C.) Post, Mar. 26, 1934]

STILL SEEKING A WAY OUT

Reports that the administration is still seeking a means whereby transportation of the air mail may be turned back to private companies within a few weeks indicate dissatisfaction with the revised McKellar bill. Some of the President's advisers, if not the President himself, are looking for a more expeditious way out of the air-mail controversy than this measure would provide. Their attitude stands out in contrast to that of congressional leaders who seem to regard the air transport business as a political football.

The most important change in the McKellar bill is that permitting the former carriers to prosecute their claims against the Government without waiving their right to bid again for air-mail contracts. After a prolonged controversy the former contractors have won the privilege of asserting constitutional rights, which never should have been questioned.

On the other hand, a definite attempt is made to penalize all representatives of air-transport companies who participated in the 1930 conferences with Postmaster General Brown. No company having an officer attending any of those meetings would be eligible to bid for a new contract. This gross discrimination, without any specific move to determine whether these company officials acted in any manner fraudulently, is akin to the previous effort to preclude petitions for redress. No bill which presumes that all of the former carriers are guilty of collusion, and fails to provide for proper adjudication of charges against them, can be considered satisfactory.

Moreover, this measure would not permit early restoration of the air-transport system as a private enterprise. A week ago it appeared that the President was so exercised over the loss of life in the Army Air Corps that some emergency steps might be taken to return this service to private companies. But the new bill would leave the status of the former carriers in a tangle, and would give new bidders 6 months to prepare for actual flying. Under this arrangement the curtailed service provided by the Army might continue for the next 8 or 9 months, or, if there should be another epidemic of fatalities, it might be stopped altogether. In either event continued disintegration of the air-transport business for a considerable period would be the probable result.

[Editorial from the New York Herald Tribune, Mar. 28, 1934]

A DANGEROUS TREND

In Today and Tomorrow, Walter Lippmann writes of the Air Mail Fiasco. * * * The News would like for all its readers to digest carefully what Mr. Lippmann says in conclusion. It is for the purpose of doing justice to a man to whom the American people owe a great deal. Colonel Lindbergh has been severely criticized for speaking his mind on a subject about which he knows as much as any other man in the country and more than the great majority of us. He has been criticized for expressing his convictions because those convictions were contrary to those of the servant of all the people. He has been criticized for standing up for his own property rights, as if that were not the inalienable right of every man, as if none should ask equity save for another and should never ask it for himself. * * *

As Mr. Lippmann says, the public should be shocked at this performance and should have been shocked even had the man attacked been some other than Lindbergh, one with no special claim upon the gratitude of the Nation. And further:

"The notion that you must not answer a critic, but must discredit him, is bad medicine anywhere at any time in any cause, however noble and however righteous."

Yet it is a notion that is widely held and widely acted upon, especially by partisans. Ever since the President denounced as Tories those whose independence of judgment was such that they could not follow his college professors' monetary and currency vagaries, there has been a growing tendency to denounce critics rather than to answer them. Sprague, who criticized the gold-purchase plan, was called a foreigner, and it was intimated that his interests were with Great Britain rather than the United States. Others were accused of throwing dead cats. Every Member of Congress who dared vote his own convictions was denounced as a politician and sometimes as a traitor. All bankers were crooks. The stock exchange was a den of thieves. Newspapers fighting for the freedom of the press wanted to work children and do business in firetraps. Lindbergh was discourteous and looking out for his pocket. There has never been any real pretense of attempting to answer him to discredit what he said. The effort has been to discredit him.

The whole thing is bad medicine—the worst. It is shocking—and worse. It is dangerous—a menace to free government, to free speech, to the right to an opinion even. It is time for a reaction for reestablishment of the right of every man to have his own views and profess them, to criticize his Government as freely as he desires, subject only to the limitation that he give reason for his criticism and is to be removed from the scene by a full answer to his criticism, complete controversion of his arguments.

[From the New York Evening Journal, Mar. 30, 1934]

"BIG FOUR'S" LATEST BLUNDER IN AIR-MAIL CONTRACTS

By James T. Williams, Jr.

It must be a welcome relief to President Roosevelt to get even a fortnight's respite from the company of those costly advisers who misled his administration into the tragic blunder that dates from the Postmaster General Farley edict of the 9th of last February. This was the edict in which the Postmaster General proclaimed his cancelation of all domestic air-mail contracts.

He canceled them without due process of law. He gave the holders of those contracts no chance to be heard in their defense. He condemned and convicted them and their companies and he punished not only these companies and their officials, but nearly a half million stockholders, without giving to the stockholders, the companies, or their officials that day in court which is the due of every citizen under the flag.

This edict of Mr. Farley appears to have been issued at the instigation of Senator MCKELLAR, of Tennessee, and Senator BLACK, of Alabama. These two Senators are old-time enemies of American air transport.

They have been fighting for a long time to deprive it of that Federal aid without which it could not have become the eighth wonder of the world. For that is what it was until the edict of Mr. Farley shook the foundations of this magnificent American achievement.

THE "BIG FOUR"

But this edict of Mr. Farley, instigated as it appears to have been by Senators MCKELLAR and BLACK, was not issued until it had been approved by Attorney General Cummings.

This is why Senator McKellar, Senator Black, Postmaster General Farley and Attorney General Cummings are known today as the "big four" in the wrecking of the Federal air mail, the crippling of American air transport, and the paralyzing of the Army Air Corps.

Since that first edict was issued the administration has stumbled from one blunder into another in the twofold effort to save the political reputation of the "big four", among the President's advisers in this ill-starred adventure, and to revive the Federal air mail.

After canceling all domestic air-mail contracts without due process of law the "big four's" next step was to hatch the scheme of having the Army Air Corps fly the mail. This decision was arrived at without any consultation with the Secretary of War or any opportunity by the General Staff to study the problem.

After 11 officers of the Army Air Corps had been sent to an unnecessary death because they were ordered to fly the mail before they could familiarize themselves with the route or without being supplied with suitable planes and equipment.

TO BAR COMPANIES

The third step taken was to suspend the Federal air mail altogether in an effort to stop the slaughter in the skies and to improvise suitable equipment for the Army fliers to perform the nonmilitary mission of carrying the mail.

Senator MCKELLAR and Senator BLACK then led off with the fourth step by sponsoring legislation to restore the Federal air mail to private operation upon condition that the companies and officials blacklisted by the "big four" should be barred from bidding if they attempted to prove their innocence in any court of the allegations of fraud and collusion brought against them.

When an outraged public sentiment forced Senatorial protests against this tyrannical proposal there was another series of secret consultations in which the "big four" participated.

Now comes another edict from Postmaster General Farley, in which he undertakes to do by Executive order that which Senator MCKELLAR and Senator BLACK have shown their inability to do by legislation.

The latest Farley edict calls for new bids for temporary contracts to carry the mails but bars from bidding for these contracts the companies and officials whom Postmaster General Farley in his edict of last February condemned, convicted, and punished without a hearing.

Until President Roosevelt returns from his vacation the "big four" among his air-mail advisers will apparently be supreme in the skies unless Congress clips their wings. How long the Congress and the country will permit the power of the "big four's" misrule to go uncurbed only time will tell.

[Article from the Los Angeles Times, Mar. 30, 1934]

ANOTHER AIR-MAIL PLAN

Further administration attempts at face-saving in the air-mail blunder now take the form of an invitation by Postmaster General Farley to companies to bid for 3-month contracts under temporary legislation, and in face of a blacklist of individuals who have not even been accused of crime, except in vague, indirect fashion, much less convicted of it.

Since the unofficial list of names on the blacklist contains those of most of the prominent and experienced airplane company executives in the country, successful bidders for the contracts will have to divest themselves of their best men in what amounts to an extorted confession of guilt. Such a thing would be unheard of. If these men are guilty, why are they not prosecuted?

And why are the men alone held responsible, when in every case they were acting merely as representatives of their companies and what they did was the action of companies and not of individuals? And which men participated in the conference of their own free will and which were summoned by Postmaster General Brown, and what basis is there for a distinction?

The whole set-up is illogical, inconsistent, and merits the caustic comment of President Robbins, of Transcontinental & Western Air, that it constitutes the "eighth distinct and conflicting policy" of the Post Office Department in 6 weeks.

If the plan is not intended to disqualify the experienced and equipped companies in order to give plums to concerns favored by Postmaster General and Patronage Dispenser Farley and Senator BLACK, it has every appearance of being just that.

[Article from the Pittsburgh Post Gazette, Mar. 31, 1934]

AIR-MAIL CONFUSION

When it was announced that President Roosevelt intended to return air-mail operations to private carriers without waiting for Congress to act, satisfaction was widely expressed that the administration appeared ready to admit the mistake that had been made and move promptly to correct it. That may have been the Chief Executive's desire, but Postmaster Farley clings tenaciously to his own idea of how it should be done.

According to the regulations which he has announced, the principal companies would still be barred from the bidding. The fundamental weakness of the original cancelation order is stubbornly retained—the air-mail operators are condemned without a hearing or a chance to defend themselves. That the Postmaster General is not very sure of his legal grounds seems evident from his desire to forestall court action by arbitrarily refusing consideration to any company which sees fit to contest his rulings.

It was evident some days ago that Congress would not approve the Farley recommendations for arriving at a new basis of air-mail awards. The original McKellar-Black bill, representing the administration view, was scheduled for drastic revision, including elimination of Mr. Farley's pet clause to bar companies that appealed to the courts to determine their rights under the old contracts. The question has now been raised as to whether the Post Office Department hopes to put into effect by Executive order restrictive conditions which Congress would not authorize. Representative CLYDE KELLY, from this county, a recognized authority on postal legislation, brands the whole procedure as absolutely illegal.

Instead of clarifying the situation and returning it promptly to a normal basis, Mr. Farley seems to have succeeded only in adding to the confusion and uncertainty.

[Article from the Pittsburgh Sun-Telegraph, Apr. 1, 1934]

WILL ROGERS COMMENTS ON NUMEROUS CRISES PREVALENT THROUGHOUT THE LAND

Well all I know is just what I read in the papers and I tell you we have been scanning the papers mighty close here lately, for there has been what is known as a crisis a-hanging over our heads. Course not any one just great big crisis, but a lot of little crisises that all added together would build up into what might be called a good garden-sized crisis.

Take the air mail. That fits right snugly into its little niche in the crisis cloud. They keep saying they got a lot on all these various companies, but they haven't told as much of it to the people as they ought to. I can accuse you and it makes awful big headlines, but if you don't start getting up in front of a bona fide judge and start delivering some testimony why the general public is going to lose some of its hilarity for my charges.

[Editorial from the Philadelphia Inquirer, Apr. 2, 1934]

THE PRESIDENT GETS HIS MAIL

An airplane flies out to sea from Miami, drops a bag of mail on the deck of Vincent Astor's yacht and hurries right back to Miami. Thus President Roosevelt, on a fishing expedition, gets his mail practically on time.

It is a comfort to know that somebody gets his mail on time. Perhaps this instance has not been called to Postmaster General Farley's attention. Surely loyalty to President and party would not prevent Mr. Farley from abolishing the shore-to-ship service as an economy measure, or at least substituting a rowboat for the costly airplane.

[Editorial from the News-Sentinel, Fort Wayne, Ind., Monday, Apr. 9, 1934]

The efforts of Postmaster General Farley to save the air-mail system from further disintegration, while at the same time saving his own face, have got him into some pretty hot water. The aviation companies have quite properly demurred from a proposed settlement which would impugn their own integrity. The Constitution forbids Congress to pass bills of attainder, which have been described by the Supreme Court as legislative acts that inflict punishment without a judicial trial. Is the Postmaster General willing to submit his accusations against air-transport officials to the courts—with the understanding that discrimination against operators who are not convicted will be dropped? Probably no act of the Roosevelt administration has aroused so much well-justified indignation and unrest as Mr. Farley's insistence that individuals be punished without trial.

A STATEMENT FROM THE PILOTS OF TRANSCONTINENTAL & WESTERN AIR, INC.

The following brief was prepared by and for the 56 pilots and 26 copilots of Transcontinental & Western Air, Inc. It is upon our own responsibility that we make and present the representations contained herein. We speak for no other group, individual, or corporation.

1. We have noted considerable confusion in the minds of the average person as to the difference between an air-line pilot and any other pilot. Likewise, there is not sufficient understanding of or differentiation between an air-line pilot and a military pilot. To obtain a comprehensive idea of what goes into the making of an air-line pilot, it is necessary to point out the rigorous training and effort involved. Preliminary and elementary training must be had either in the Army or Navy flying schools or in private flying schools at a cost in the latter case of not less than $4,000 per man. The most conservative estimates of the cost to the Government of training one pilot is $8,000, and during the war was calculated at $10,000 per pilot. It should be borne in mind that this equips a pilot only for military flying or ordinary fair-weather flying, and is only one step toward the making of a finished and competent air-line pilot. It will be noted that to this stage the cost has nevertheless been equivalent to that of a complete college course in the professions, such as engineering or law, for example, and the time required is also about the same. From that point the pilot must accumulate solo hours in the air to the total of 1,200 or more before he can qualify as a first pilot on an airline. He must also learn instrument flying, more commonly referred to as blind flying, which means that he must be able to fly without visual reference to the ground or sky. He must also master the technique of orientation and navigation over the airways on the radio directional beam and be able to fly his course with this and other modern aids to aerial navigation through fog, sleet, snow, rain, or other weather conditions which obscure the ground or sky and reduce or eliminate altogether visibility and ceiling. This training in our own case was provided by the company employing us, in special equipment with seasoned instructors, at a cost of more than $50,000. Without such training and experience, no regularity of scheduled operations can be carried on. Many hundreds of schedules have thus been completed which under the old order of things, or prior to 1933, would have been canceled. This specialized training has been had by very few pilots other than the 600 airline pilots. Those acquiring it did so only after much time and effort, after which they were examined by Department of Commerce pilot-inspectors in writing and in air work before obtaining the certificate of scheduled air transport rating. This is a special rating which must be held by all transport pilots carrying passengers for hire on scheduled operations. It is immediately obvious what a tremendously valuable adjunct these seasoned and highly skilled pilots would be to the country in time of a national emergency. They would, in fact, constitute a special arm of defense hardly comparable to any existing agency.

2. Another phase of an air-line pilot's training, the importance of which cannot be overemphasized, is the science of meteorology. This necessitates a thorough course in meteorology and related subjects, and the result is that most airline pilots are expert weather men.

3. Other elements in a pilot's make-up require a thorough knowledge of instruments, motors, aerodynamics, radio, laws and Post Office regulations pertaining to the handling of United States mail, terrain over which his routes are operated, airways and Department of Commerce regulations, facilities, beacons, emergency fields, etc.

4. An air-line pilot, by the nature of his work and night flying, is forced into habits of living and irregular hours of sleep, eating, and recreation, the sum total of which combine to make his life an arduous one. Yet in order to pass the physical examinations required by the Department of Commerce every 6 months for the renewal of his license, he must keep himself in good physical condition at all times. These exactions contribute to the limitation of his years of productivity. Hence we contend that his compensation during his earning period—estimated to be about 15 years—should be adequate to enable him to create a nominal estate for old age and liquidate the investment made for his training, as is the aim of any other professional man.

Pilots in the group we represent have an average of more than 4,000 hours in the air; many over 6,000; all more than 5 years of flying, and a large proportion 10 to 17 years. The combined number of years of flying of the 12 pilots and 7 copilots stationed in Los Angeles alone represent more than 300 years, and their total hours exceed 90,000, or more than 10 years off the ground. These (T.W.A.) pilots are less than 20 percent of the 600 air-line pilots now flying the scheduled operations.

5. Thus far we have been paid salaries which comport with the above cited conditions, have had congenial relations with our employers, and have enjoyed being identified with an industry which has made such astounding progress and built the commercial air-lines of America, the envy of all other nations and the pride of our own.

As aforesaid, we represent only a portion of the air-line pilots, but our interests are all identical. We are vitally concerned with whatever fate the future holds for us. To be specific, we are more interested in the aircraft we are to fly and the rate of compensation for our services than in any other considerations.

In this connection, may we cite that our company has recently developed two new airplanes, one for mail, which will make possible an overnight mail service from coast to coast, and one for passengers and mail, which recently flew from Los Angeles to New York in 12 hours and 19 minutes. This type, if development is continued, will undoubtedly revolutionize the air-transport industry. Its specifications were written by pilots, engineers, mechanics, and other employees of our company, their combined knowledge and experience being responsible for its high performance, comfort, safety ratio, cruising range, and highly efficient aerodynamic characteristics. The air forces of our Army and Navy will benefit directly from these developments, and have already placed orders for certain types of the mail planes, with minor modifications to fit them to military uses. Hence the Government is profiting directly, as the cost of all this experimentation (already more than half a million dollars) has been borne by our company. It should also be remembered that besides the financial outlay, many lives have been lost in obtaining the knowledge that made these airplanes possible.

The company is now committed to the purchase of 41 of these and 6 other craft and equipment at a cost of $3,048,100. If equitable adjustment is not made of our air-mail contract, it is highly probable that this order will not be filled or the airplanes built at all. Our company's books show a total investment of more than $6,000,000 and losses of $1,250,000. No dividends have been paid, nor net profits realized.

Any fair-minded person familiar with the progress and development of the industry will concede that T.W.A. is one of the pioneers in the business, and has contributed its full share in the building of the imposing structure of airlines. We cite that the tremendous investments of the four major airlines are deserving of profound consideration in the reawarding of contracts; that the pioneers have certain constitutional, ethical, and inalienable priorities over stock-promotional or shoestring operators, who would have neither the equipment, finances, experience, vision, nor concern with the future of the industry that the major operators possess.

The accomplishments of American aviation excel those of any other nation, and we as pilots are proud indeed to have had a small part in the development. We are patriotically and enthusiastically inclined to go on and contribute our bit, despite the yearly toll of lives lost from our ranks.

We perceive, however, that if nondescript and mushroom operators are now given these contracts, as may be the case, those 600 of us who have devoted most of our adult lives to the profession of piloting will be relegated to standards of pay, equipment, and service incompatible with the best interests of public safety.

We are not unmindful of the tremendous burdens resting upon the President and this administration, and therefore would consider this appeal as untoward if not accompanied by some con-

structive suggestions looking toward a solution of the immediate situation in the aviation industry.

It is therefore our recommendation that as a temporary measure the assignment of carrying the air mail be restored to the original operators as of February 19, 1934, for the balance of the current fiscal year. It is suggested that this be done, applying a rate of 40 cents per mile, or, if greater economy demands it, at the postage return rate, calculated by the House and Senate Post Office Committees, to be 2 mills per pound-mile. This would restore immediate order in the industry and return many hundreds to work who have been furloughed as a result of the cancelations.

The interim between now and June 30, 1934, would provide time for the following vital considerations:

1. The formulation of new legislation that will place the air mail under regulation by a Federal body under which suitable rules can be laid down for the negotiation and granting of contracts, for the regulation of operating companies, and the elimination and prevention of abuses alleged to have occurred in the past.

2. To give adequate study to the terms of contracts to be awarded (with specifications advantageous to the Government and acceptable to the operators) after which it is suggested that the present contractors be allowed to qualify under the new laws, and that if they are unwilling or unable to qualify, throw open said route to rebidding; but if able to qualify and comply with all Federal requirements, their contracts be restored, with such amendments or reservations as required under the new legislation.

3. In the meantime, make specific charges against those who have been alleged to be guilty of fraud or collusion in connection with air-mail contracts, grant hearings with right of counsel; convict and punish the guilty and make equitable redemption to the innocent.

4. Finally, and perhaps of most vital importance in the intervening period to hundreds of businesses throughout the country and the public at large, the Nation would again be provided with efficient, expeditious, and extensive air mail service.

PILOTS' SENIORITY

A pilot's seniority is one of his most valuable possessions, earned after long years of effort and hazard. It is comparable to the prestige built up by a doctor or lawyer, whose clientele is profitable only after many years of practice. A pilot's record for service, safety, schedules completed, general and technical knowledge of his profession, therefore constitute his stock in trade. If we are now to be divorced from the companies we have grown up with, and forced into a melee of seeking employment with operators who have little or no experience and who will doubtless have little regard for anything other than immediate returns on their money (under the 3-year contracts this would be but natural) it is easy to see what the result would be.

EXHIBIT C

THE CHAMBER OF COMMERCE,
Pittsburgh, January 26, 1934.

Hon. HUGO BLACK,
Chairman Senate Air Mail and
Ocean Mail Investigation Committee,
Washington, D.C.

DEAR SIR: During the course of your committee's investigation of air-mail contracts there have been frequent references to the Pittsburgh Aviation Industries Corporation. In newspapers and elsewhere there have been wide-spread inferences and implications as to the origin and management of the corporation which are not in harmony with certain verifiable facts, and as your honorable committee is seeking the facts the Pittsburgh Chamber of Commerce, which is conversant with some of them that we believe will impress you as highly relevant, deems itself under obligation to communicate them to you.

Far from having been brought into existence by any special group or interest, the Pittsburgh Aviation Industries Corporation was organized in December 1928 purely as a community enterprise, with the active support and sponsorship of the Pittsburgh Chamber of Commerce, and with no other purpose than to make Pittsburgh an aviation center. The stock was subscribed by over 200 of our business and civic leaders embracing virtually every civic interest and form of industrial enterprise. Of the 46,412 shares of stock issued, no group owned more than 2,400, or approximately 5 percent of the total, which became merely a quarter of 1 percent interest in T. & W. A.

As further evidence of the diversified support of the enterprise and its freedom from the domination of any one particular individual or group, we take the liberty to submit herewith a list of the board of directors elected at the date of organization in December 1928. As may be seen, the board was constituted of 58 persons selected from all types of commercial, industrial, and financial endeavor.

The Pittsburgh Chamber of Commerce played a large part in the formation of the Pittsburgh Aviation Industries Corporation by carrying on a campaign to rouse public opinion in regard to the necessity of an energetic community effort to secure for the city its proper share of the new and rapidly developing industry. Accordingly, at a meeting on Thursday, January 10, 1929, the board of directors of the chamber of commerce unanimously adopted the following resolution:

"Whereas the Pittsburgh Chamber of Commerce has been deeply interested and active for several years in the development of aeronautics and of the airplane industry in the Pittsburgh district; and

"Whereas the industrial-expansion committee of the Pittsburgh chamber has for the last 2 years carried on an investigation of the possibilities of this industry, looking to the establishment of plants manufacturing airplanes, airplane engines, parts and accessories thereto in the Pittsburgh district; and

"Whereas this committee of the chamber, as a result of such investigation, is convinced of the need of some effective and coordinated plan to provide for financial assistance and business guidance to aviation in all its phases; and

"Whereas the Pittsburgh Aviation Industries Corporation has recently been organized by a group of business leaders, counseling with our industrial-expansion committee, and the purpose of this organization is to lend such financial assistance and business guidance, and also to encourage all forms of aviation activity in the Pittsburgh district, in a determination 'to make Pittsburgh an aviation center': Therefore be it

"*Resolved*, That the Pittsburgh Chamber of Commerce commend the public-spirited enterprise which has promoted the organization of the corporation and heartily endorses the Pittsburgh Aviation Industries Corporation. Furthermore, that the chamber of commerce tender its services, especially that of the committee on industrial expansion, and of all other interested committees and divisions of the chamber, in the promotion of the work of the said corporation."

Reviewing the growth and development of the Pittsburgh Aviation Industries Corporation from December 1928 to the present time, we are convinced that the commendable purposes which prompted its organization as a public-spirited community enterprise have been loyally and effectively kept in mind and fulfilled. The Pittsburgh Chamber of Commerce did not lose its concern in aviation development after sponsoring the organization of the Pittsburgh Aviation Industries Corporation, but has at every opportunity cooperated in the successive stages of the development of air-transport facilities for Pittsburgh and the great industrial region of which it is the metropolis. Airports had to be constructed, airway systems established, the necessity of adequate air mail and passenger service impressed upon the public, and proper coordination with transcontinental aviation services secured. At every step the dominant purpose, not only of the Pittsburgh Chamber of Commerce, but of the Pittsburgh Aviation Industries Corporation, was community service.

The Pittsburgh Chamber of Commerce would be pleased to appear before your committee by its proper representatives if it is your judgment that they might aid you in any way.

Respectfully yours,

PITTSBURGH CHAMBER OF COMMERCE,
FRANK C. HARPER, *Secretary.*

EXHIBIT D

MAY 23, 1930.

Col. CLARENCE M. YOUNG,
Assistant Secretary for Aeronautics,
Department of Commerce, Washington, D.C.

DEAR SIR: Will you kindly advise us the present status of construction of the Philadelphia-Pittsburgh airway, which we understand is being built jointly by the Department of Commerce and the Pennsylvania State Aeronautics Commission, and when you consider it will be ready for scheduled passenger flying operation? We have in mind particularly the portion of the airway across the Allegheny Mountains.

We presume that the Department of Commerce will require adequate airways, including the necessary aids to navigation, to be available before it will issue a certificate of safety to an operator for a scheduled passenger service over a given route.

For over a year this company has been ready with equipment and personnel to begin scheduled passenger service between Pittsburgh and New York. We have delayed the commencement of this operation until the airway is completed and we can carry it on with the authority of the Department of Commerce.

Your early advices regarding this matter will be appreciated.

Very respectfully,

RICHARD W. ROBBINS,
Executive Vice President.

EXHIBIT E

DEPARTMENT OF COMMERCE,
OFFICE OF THE ASSISTANT SECRETARY FOR AERONAUTICS,
Washington, May 26, 1930.

Mr. RICHARD W. ROBBINS,
Pittsburgh Aviation Industries Corporation,
Pittsburgh, Pa.

DEAR SIR: The following responds to the queries raised in your letter of May 23, concerning the proposed airway between Pittsburgh and Philadelphia, which is a part of the new airway between Columbus and New York via Pittsburgh, Harrisburg, and Philadelphia.

Bids for the construction work on this route are scheduled to be opened June 6. In the absence of complications in the matter of bids, bond, etc., an award should be made and contract signed in time for work to be undertaken between July 1 and 15.

It seems probable that bidders will estimate 120 days for a completion of the lighting equipment. Delays usually encountered may add an extra 30 days. Therefore, December 1 could probably be considered as a date for completion. No doubt the

intermediate field facilities will be completed prior to that time—say September 1. This would make the route acceptable for day operation if suitable weather information was available.

As to the specific question concerning a certificate of authority: The Department has not yet had an opportunity to analyze the various phases of passenger air transportation for the purpose of giving practical effect to the new regulations. However, the operating experience across the State of Pennsylvania has been such as to indicate that a certificate of authority to operate a scheduled air-passenger service would be in order only in the event suitable airways facilities were available for either day or night service, or both, as the case might be.

Sincerely yours,

CLARENCE M. YOUNG,
Assistant Secretary of Commerce.

P.S.—A copy of the new regulations is enclosed.

[Regulation]

United Air Lines was formed in 1931 as an operating company and to include under one management the following holders of air-mail contracts: Boeing Air Transport, route no. 18, operating between Chicago and San Francisco; National Air Transport, which held routes nos. 3 and 17, route no. 3 operating between Chicago, Fort Worth, and Dallas, and route no. 17 operating between New York City and Chicago; Pacific Air Transport, route no. 8, operating between Seattle and Los Angeles; and Varney Air Lines, route no. 5, operating between Salt Lake City, Pasco, Spokane, Portland, and Seattle.

The contract held by Boeing Air Transport, route 18, resulted from bids which were requested on November 15, 1926, the openings for which were held at noon on January 15, 1927. Under the bid invitation the maximum rate per pound that could be bid was $3 for the first 1,000 miles, plus 30 cents per pound for each additional 100 miles or fraction thereof. The route was to extend from Chicago to San Francisco. The successful bidder was the joint bid by the Boeing Airplane Co. and Edward Hubbard, which bid was for $1.50 per pound for 1,000 miles and 15 cents per pound for each additional 100 miles. The other bidders were: The Columbia Air Liners, Inc., New York City; Stout Air Services, Inc., Detroit; and Western Air Express, Los Angeles. The contract was awarded February 1, 1927, and the route certificate was issued October 21, 1930, good until April 5, 1936. Route 18 was the recipient of one extension, i.e., Omaha to Watertown, 259 miles in length, said extension authority was dated January 16, 1932.

The contract held by National Air Transport, route 3, operating from Chicago to Fort Worth and Dallas, was the result of invitations to bid dated July 15, 1925, which bids were opened on September 15, 1925. The contract was awarded November 27, 1925, and subsequently on November 6, 1929, a 6 months' continuance of life was given this contract under section 1808 of the postal regulations in force on the latter date. Before the expiration of this 6 months' period, specifically, May 3, 1930, the route certificate was issued. There was one other bidder on route 3 at the time bids were opened, i.e., General Airways System, Inc., New York City. National Air Transport's other air-mail contract, i.e., route 17, between New York and Chicago, was the result of bid invitations dated March 8, 1927, which bids were opened at noon on March 24, 1927. The contract was awarded on April 2, 1927, and the route certificate, provided for under the McNary-Watres Act approved April 28, 1930, was issued on October 22, 1930. There were three other bidders on this particular route, i.e., Colonial Air Transport, Inc., New York City; American Airways, Inc., Cleveland, Ohio; and Earl F. Stewart, New York City.

Pacific Air Transport, operating route 8 between Seattle and Los Angeles, received its air-mail contract as a result of bids requested under date of July 15, 1925, which bids were opened on September 15, 1925. Vern C. Gorst was awarded the contract on January 27, 1926, and subsequently the contract was sublet to Pacific Air Transport on March 19, 1926. A 6 months' continuance of life covering route 8 operation was authorized under date of January 23, 1930, in accordance with section 1808 of the postal regulations then in force. Prior to the expiration of this 6 months' period the route certificate, by law provided, was issued on May 27, 1930, good until April 5, 1936. Route 8 received one extension, i.e., from Los Angeles to San Diego, authorized on June 7, 1930, to become effective on July 1, 1930. There were two other bidders on route 8, i.e., Wiley F. Crist, San Francisco, and Western Air Express, Inc., Los Angeles.

Varney Air Lines was awarded the contract on route 5 between Salt Lake City and Pasco as a result of bid invitations dated July 15, 1925, the bid opening date being September 15, 1925. The contract was awarded on November 7, 1925, and on November 6, 1929, a 6 months' continuation of life, in accordance with section 1808 of the postal regulations then in force, was granted. Prior to the expiration of this temporary 6 months' continuance of life, specifically on May 3, 1930, the route certificate was issued.

Varney Air Lines also had received an award on route 32, which operation extended from Pasco to Spokane to Portland to Seattle under bid invitations requested on June 15, 1929, which opening occurred at noon on August 15, 1929. The date of the contract award was September 23, 1929. The other bidders on this contract were Boeing Air Transport, National Parks Airways, and Robert E. Smith, of Portland, Oreg. Under an order dated May 27, 1930, contract air-mail route, C.A.M. 32, was canceled and the service consolidated with route 5; such consolidation was made effective according to the order on July 1, 1930.

The above information regarding dates of bid invitations, bid openings, contract awards, consolidations, etc., together with information not included in the above, may be found in Senate Document 70, Seventy-second Congress, first session.

WESTERN AIR EXPRESS CORPORATION—HISTORY AND OUTLINE OF MAIL OPERATIONS

Western Air Express, Inc., which up to the recent past was operator of C.A.M. 4 (Los Angeles to Salt Lake City), C.A.M. 12 (Cheyenne-Denver-Albuquerque), and a portion of C.A.M. 33 (Albuquerque-El Paso), is one of the original pioneers of air mail, passenger, and express transportation. In 1925 when it was determined that the Post Office Department, then operating experimental transcontinental air-mail service, would turn over to private operators the transportation of United States air mail, Western Air Express was organized for the purpose of bidding for and securing a portion of these pioneering routes.

In July 1925 Western Air Express, Inc., a California corporation, was organized and incorporated for this purpose. In September 1925, in compliance with United States Post Office Department advertisements, Western Air Express placed its bid for the operation of that portion of the transcontinental route between Los Angeles and Salt Lake City via Las Vegas, Nev. The contract was executed on November 7, 1925, and operation of a single schedule each way began on April 17, 1926.

The original operating company was capitalized for 5,000 shares of common stock of $100 par value. The full amount authorized was never issued, there being only 4,283 shares outstanding in January 1929. The proceeds from the sale of the stock were used to purchase flying equipment, to construct hangars and terminal facilities, and to survey and prepare for adequate operation of an efficient, dependable air-mail service between the two terminals. In the first 8½ months of operation, completed December 31, 1926, 66,592 pounds of mail were transported over this route.

Being the first air transport line in the United States to carry passengers between two designated points on regular schedule, Western Air Express began transporting passengers, with the mail, in the late spring of 1926. In the limited space available in the mail planes 209 passengers were carried in this pioneering operation during the remainder of 1926.

In September 1927 a bid was placed for C.A.M. 12, to transport mail between Cheyenne, Wyo., and Pueblo, Colo., via Denver and Colorado Springs. The contract for this route was awarded October 4, 1927, and operation began December 10 of the same year.

In May 1928 Western Air Express, in cooperation with the Daniel Guggenheim Fund for the Promotion of Aeronautics, opened a model passenger airway between Los Angeles and San Francisco, using the first trimotor Fokker airplanes. This route was operated for passengers and express only. In June of the same year Pacific Marine Airways was purchased and a service was inaugurated between Wilmington, Calif., and Avalon, Santa Catalina Island. Although no mail contracts were obtained for these routes and their operation resulted in considerable loss, nevertheless their operation was warranted by the development of additional air transportation service which gained for Western Air Express an unexcelled reputation for service, and which further provided experience and data necessary for the future expansion of passenger and air-mail operations. In the year 1928 Western Air Express carried 456,231 pounds of mail and over 6,000 passengers.

The routes established during these first 3 years of operation provided the experience and data necessary for inaugurating new services in 1929. The Post Office Department, in its role of sponsor of commercial air transportation development, established the policy of desiring and aiding the expansion of efficient, safe, economical air passenger transportation. In all of the many future routes inaugurated by Western Air Express, this policy of the Post Office Department was the guiding power behind the expansion. During 1929 the company expanded its operations at a rapid pace to meet the requirements of a growing public demand for air passenger service and for increased frequency of air-mail dispatch. On May 1, 1929, a second service for mail was instituted between Los Angeles and Salt Lake City.

On May 15, 1929, Western Air Express inaugurated a passenger and express service between Los Angeles and Kansas City via Albuquerque, Amarillo, and Wichita, with a view to establishing and developing a more rapid transcontinental transport service and thereby being in a position to bid on future mail contracts that might be let for a central transcontinental route. This was the first concrete experiment in extended air passenger transportation, being the longest operation of its kind attempted so far. A great deal of time and expense was necessary to provide proper surveys and to locate the various landing fields.

In the summer of 1929 a growing demand for additional air-mail and passenger service in the Rocky Mountain States was presented to the officers of Western Air Express. In compliance with this demand and with the knowledge that a definite needed service could be rendered to the cities throughout the Rocky Mountain region, between which rail transportation was none too direct, Harris M. Hanshue, president of Western Air Express, organized a new company, known as "Mid-Continent Air Express Corporation". Equipment for this line was furnished by the Fokker Aircraft Corporation of America, and operating capital was advanced by Western Air Express. Passenger and express service between Denver, Colo., and El Paso, Tex., via Pueblo, Santa Fe, and Albuquerque, began in September 1929. In November of this year the

same company connected Denver with Kansas City on a direct air route via Dodge City and Topeka.

Stock in Mid-Continent Air Express was never offered to the public. The company was entirely financed by Western Air Express and General Aviation Corporation, successor to Fokker Aircraft. The operations on these two pioneer routes definitely established them as feasible and necessary to the districts served and, although operated at a considerable loss, it was believed that eventually it would be possible to acquire mail contracts which would materially aid in building up a service of vital importance to the districts affected. In the fall of 1930 Mid-Continent Air Express took over from Western Air Express the operation of the latter's Amarillo to Dallas run and inaugurated a direct service between Pueblo and Dallas, Tex. via Amarillo. At the same time the operation between Denver and Kansas City was discontinued. When the decision was made to discontinue this run it was made with the knowledge that a new operating company, known as "United States Airways", would continue to offer direct air transportation service between Denver and Kansas City. Mid-Continent Air Express, at this time, did not have the necessary equipment to maintain both routes and since the Denver-Kansas City route would be served and it was believed that the already established service between Amarillo and Dallas should be continued, it was therefore felt that it was for the company's best interests and for the best interests of the communities served to make this change.

On August 1, 1931, the Post Office Department granted Western Air Express an extension of C.A.M. 12, from Pueblo, Colo., to Albuquerque, N.Mex., and from Pueblo, Colo., to Amarillo, Tex., The route between Albuquerque, N.Mex., and El Paso, Tex., was granted as an air-mail extension of C.A.M. 33, a contract held by American Airways. This route had been fully pioneered by Western Air Express and its affiliate, Mid-Continent Air Express. Eventually the extension granted American Airways, between Albuquerque, N.Mex., and El Paso, Tex., was subleased to Western Air Express for operation.

During the period from September 1929 to July 31, 1931, Mid-Continent Air Express Corporation suffered a loss in excess of $400,000. Since this company was financed by Western Air Express and General Aviation, this loss was actually sustained by them. Upon the granting of the mail-contract extensions mentioned above, Western Air Express Corporation purchased the assets of Mid-Continent Air Express Corporation at their book value plus $244,000 for the "going value" of Mid-Continent Air Express operations.

In the spring of 1929 the financial structure of Western Air Express, Inc., had been changed to accommodate the expansion program planned. Western Air Express Corporation, incorporated under a Delaware charter, with capitalization of $5,000,000, was organized. The stock of Western Air Express, Inc., was acquired by the new corporation in exchange for its own stock. Western Air Express, Inc., continued as the operating company. Stock in the new corporation was offered to the public and working capital was thereby replenished.

With the additional financing Western Air Express was better equipped for the program of expansion on the Kansas City-Los Angeles route and the pioneering of the Rocky Mountain operations. Furthermore, an additional round-trip schedule was inaugurated between San Francisco and Los Angeles.

The operations of the company had outgrown the terminal facilities occupied in Los Angeles. It was decided to acquire property and construct an airport commensurate with the requirements of rapidly increasing traffic in and out of Los Angeles. For this purpose land was purchased in Alhambra and construction of the Alhambra terminal commenced. When completed early in 1930, at a cost of approximately one and a quarter million dollars, it represented the most complete and up-to-date terminal of its kind in the country. It had been entirely planned, financed, and constructed by Western Air Express for the benefit of the air-minded public of southern California.

May 1, 1930, Western Air Express Corporation acquired all of the common stock of Aero Corporation of California, Inc., and purchased from Aero Corporation the assets and franchises of Standard Airlines, an air transportation company operating between Los Angeles and El Paso via Phoenix, Tucson, and Douglas. It immediately extended this service from El Paso to Dallas, Tex., the operation of which meant large monthly losses, as it was solely a passenger and express operation.

Earlier in 1930 two extensions had been made to the Los Angeles-Kansas City run, namely from Amarillo to Tulsa, Okla., and from Amarillo to Dallas, Tex., which extensions furnished to southern California an extremely efficient and rapid air passenger and express service to all major points between Los Angeles and Kansas City and the territory south to Dallas, Tex.

The plans of Western Air Express, to provide to the entire southwest United States the most complete and unexcelled air transport service in the country, were rapidly crystallizing into definite accomplishment. Although the two mail contracts operated by the company were providing a fair profit, the losses on passenger and express routes and their development were far greater. To allow these several services to continue and fully develop, it was necessary that Government mail contracts be granted on one or all of these operations. Such aid would be necessary for a number of years to span the interval of time and development until commercial air transport could become self-sustaining on its passenger and express revenue.

On May 5, 1930, the original mail contract granted Western Air on the Salt Lake City-Los Angeles run was superseded by a route certificate in line with the provision of the Watres bill. The contract on C.A.M. 12 was superseded by a route certificate in October of the same year. The effect of this change was to reduce the revenue for carrying the mail by about 66⅔ percent, thereby further curtailing development of passenger and express services.

In the early spring of 1930 the Post Office Department called for bids on the transcontinental route between Los Angeles and New York via Kansas City, the so-called "central route", and on the southern route from Los Angeles to Atlanta, Ga., via El Paso and Dallas.

Western Air Express had pioneered the western end of both of these routes, having originated the service between Kansas City and Los Angeles in 1929, and from Dallas to Los Angeles in May 1930.

During the period from May 15, 1929, to October 1, 1930, this company had operated the Kansas City-Los Angeles route at a loss of approximately $1,100,000. This loss was considered justifiable as the cost of pioneering the line and preparing it for future development of air-mail, passenger, and express service. Subsequent to the time this operation was started, Transcontinental Air Transport originated an air-rail service between Los Angeles and New York paralleling Western Air operations much of the way west of Kansas City.

The Post Office Department advertised for bids for the operation of a complete line from New York to Los Angeles, with a "cut-off" from St. Louis to Amarillo via Tulsa. W.A.E. and T.A.T., jointly, after public bidding, were found to be the lowest responsible bidders and were granted C.A.M. 34 for carrying the mail between Los Angeles and New York via the mid-transcontinental route and from Amarillo to St. Louis via Tulsa, Okla. Whereupon, a consolidation of Western Air Express' Los Angeles-Kansas City and Amarillo-Tulsa operations was consummated with T.A.T. operations, forming Transcontinental & Western Air, Inc., to which company were transferred all the operating facilities and equipment of both organizations on this route, and to which company was sublet the contract for carrying the mail. T.A.T. and W.A.E. each received 47½ percent of the common stock of T. & W. A., and Pittsburgh Aviation Industries Corporation the remaining 5 percent.

American Airways, operators of the line between Dallas, Tex., and El Paso, Tex., were awarded the contract to carry the air mail between Atlanta and Los Angeles. As a result of this, Western Air Express disposed of its operations and equipment along this route to that company. Besides the losses sustained by the Standard Air Lines in pioneering and developing the route between Los Angeles and El Paso, Western Air Express took an additional loss of over $300,000 in originating and operating the extension between El Paso and Dallas, Tex., and maintaining the high standard of Western Air service over the entire route from Los Angeles for the period from May 1, 1930, to October 9, 1930.

In the period from May 26, 1928, when the Los Angeles-San Francisco passenger service was inaugurated, to October 1930, when T. & W. A. had been formed and taken over the Kansas City operations, and the Los Angeles-El Paso-Dallas route had been sold, Western Air Express had diverted over $2,000,000 of their revenue to the pioneering and developing of these de luxe passenger services. This amount is in addition to the $400,000 loss sustained by Mid-Continent in developing the Rocky Mountain service.

Gradually the vast network of air-mail, passenger, and express lines which Western Air Express had originated and developed throughout the southwest United States had been either sold or consolidated, as in the case of T. & W. A., so that in the winter of 1930 there remained but two operations to Western Air Express, one being the original mail contract, C.A.M. 4, between Salt Lake City and San Diego via Los Angeles, extension to the original route into San Diego having been granted June 1, 1930; and the other, C.A.M. 12, between Cheyenne, Wyo., and Pueblo, Colo. No further changes were made in W.A.E. operations until the extension on C.A.M. 12 and 33 in August 1931, at which time this company took over the operations of Mid-Continent Air Express. In January 1932 the Post Office Department discontinued the night flight between Los Angeles and Salt Lake. At the same time, through unfavorable departure schedules and connections, the mail poundage was reduced on the remaining schedule to the point where it was placed in class B operations. During this period W.A.E. continued to offer the trimotor de luxe passenger service on the route, receiving therefor on their mail contract the minimum rate paid for air-mail service. During the first 6 months of 1932 business men and chambers of commerce throughout the Southwest complained bitterly to the Post Office Department of the curtailed air-mail operations from Los Angeles to the Northeast and East via Salt Lake City. The result of this demand by the public brought about a resumption of the service on August 15, 1932.

At that time C.A.M. 4 authorized a service which filled a very vital and economical need of the Southwest and the west slope of the Rocky Mountains. In the beginning of air-mail service the Post Office Department recognized the importance of a service connecting Los Angeles with the Rocky Mountain region and the industrial centers of Chicago and the East. The intermediate stop at Las Vegas, Nev., permits an outlet for the vast amount of Government and private business correspondence and traffic originating from the huge construction work at Boulder Dam, at

the same time furnishing rapid air passenger transportation between Los Angeles and Boulder Dam, and east to Denver, Chicago, Washington, D.C., and New York.

A change in departure time and connections instituted by the Post Office Department on June 12, 1933, had practically doubled the mail poundage of C.A.M. 4, the Los Angeles-Salt Lake route. With the continued betterment of business and general economic conditions, it is believed the present poundage could again be doubled. Even during the year 1933 the number of passengers carried by Western Air Express, Inc., had increased about 50 percent over the previous year, and the pounds of mail carried had exceeded the previous year's poundage by over 50 percent.

There can be no doubt as to the vital need of this service, not only to Los Angeles, Las Vegas, and all of the southwestern territory but also to Salt Lake and eastern business and banking houses. The importance of this need was well demonstrated at the time the service was cut in half by discontinuing the night schedule in January 1932. Los Angeles business requires a direct outlet for both mail, passengers, and express to all points east and north of Salt Lake City served by this route.

Although the mail poundage on C.A.M. 12, the mid-continent route, has never been exceedingly high in comparison with C.A.M. 4, nevertheless it has served a territory whose needs have well warranted the expense. The rich mining and agricultural districts of Colorado have never been situated on a direct transcontinental rail service with either the East or the West. The operation of this air-mail route has filled a gap in the transportation needs of a rapidly developing community and district. The trade intercourse between principal Texas communities and Denver and the Northwest has been great, but direct through transportation has never been adequately developed until the present Air Mail Service. The operation of the El Paso-Albuquerque-Denver-Cheyenne and the Amarillo-Pueblo routes provide direct, rapid transportation for passengers and mail into the Northwest and from the Northwest into these territories and Mexico. These Rocky Mountain operations were instituted only after a very careful survey was made of the requirements and needs of the territory served and after heavy pressure had been brought to bear by the various communities involved. Being satisfied that this need existed and that the potential growth of this territory well warranted the expense of developing such a route, Western Air Express felt that the several hundred thousand dollars expended in this development was exceedingly worth-while. It was only after prolonged review of these needs and requirements that the Post Office Department granted the extensions south of Pueblo. The Post Office Department had recognized the essential need of the Cheyenne-Pueblo route when they specified this as one of their first original 12 contractural routes.

Since 1926 Western Air Express, in its pioneering development of commercial air transportation, has seen fit to invest over $4,500,000 in planes, engines, radio, airports, and miscellaneous ground and flying equipment, much of which has become obsolete or worn out in service. In the 7 years of Western Air Express operations, ending December 31, 1932, this company has paid out slightly over $2,750,000 in salaries to employees. It is impossible to state over this period the average number of employees, due to the fact that each year up to the summer of 1930 there was a rapid expansion, with ever-increasing pay roll and number of employees, many of whom were transferred in the fall of 1930 from Western Air pay rolls to T. & W. A. and American Airways. On the basis of the operations of Western Air Express prior to the cancelation of air-mail contracts, pay rolls approximated $350,000 a year for 133 employees. The extent of these pay rolls clearly sets forth the large and important element in the industrial and economic structure of the community played by this company.

During 5 years of the Western Air operations dividends were paid to stockholders, the total amount of which for the 8 years the company has been operating represents approximately 10 percent of the profits derived from the air-mail contracts. Slightly more than 50 percent of all profits on C.A.M. nos. 4, 12, and 33 have been turned back into the development of additional passenger and express services.

It has been felt advisable to conserve our cash as much as possible for the replacement of flying equipment with modern high-speed planes which are now being developed for the company, and any curtailment of revenues from air mail will seriously retard this program, which, if allowed to be completed, will furnish needed employment and business to airplane factories.

It is a significant coincidence that Western Air Express holds both first- and second-place records for reliability on the Operating Efficiency Percentage List of Air Mail Contracts. According to Post Office Department statistics, C.A.M. 4 has had the highest operating efficiency percentage over a period of several years, while C.A.M. 12 has been next.

This company also holds the world's record for safety, having operated for about 8 years, carried about 80,000 passengers, and flown more than 15,000,000 miles without causing a fatality or serious injury to a passenger.

During the past 8 years of aggressive development of the air transportation industry, in which development Western Air Express has played an exceedingly vital part, American business and industry has increased its tempo to the point where the rapid transportation furnished by air transport operators is an exceedingly necessary part of its life. During the past 3 years of depression, when all other forms of transportation have shown a marked decrease in passenger traffic, the recognized air transport units of the United States have shown a very healthy increase in passenger business and revenue each year. Nineteen hundred and thirty-three showed this increase to a marked degree. American business and the American people cannot now do without the advantages of fast air transportation, both from a passenger standpoint and from a mail and express angle. In developing this industry to the point where it will become self-sustaining, at the same time during this period of development offering a maximum of safe, efficient service, there have been many obstacles to overcome. The greatest obstacle of all was the familiarizing of the traveling public and the average business man with the advantages and safety of air transportation. It has not been possible for the industry to develop all sides of its many-sided nature simultaneously. Gradually, the expansion of passenger and express traffic has been developing toward the definite and that eventually revenue from these sources will financially sustain the operators. It is believed that extremely rapid progress has been made in the 8 years that commercial air transportation has existed, and that if the temporary assistance recently received from the Government through mail contracts is continued in diminishing quantities for the next few years, the development of these other sources of revenue will make the industry self-sustaining.

Because of the great expense of originating and developing these routes now operated by Western Air Express, both by Post Office Department and by this company, and because of the vital need of the services as detailed in the foregoing, it is firmly believed the curtailment of these operations has been a most damaging blow to the economic and commercial advance of the districts affected.

HISTORY OF TRANSCONTINENTAL & WESTERN AIR, INC.

The last recorded major item in the history of Transcontinental & Western Air, generally known as T.W.A., is that its air-mail contract has been canceled by Postmaster General Farley for fraud and collusion. Insofar as it represents the temporary and possibly permanent frustration of all that has gone before in Transcontinental & Western Air's history, that last item is here brought out so that it may be borne in mind when considering what has gone before.

The first definition given in Funk & Wagnalls' Dictionary for "fraud" is: "Deception with the object of gaining by another's loss." Just how far from applying to Transcontinental & Western Air that definition is will become more and more apparent as the details of the company's history are unfolded. However, at this point it is desired to make brief comment on the application of that definition to Transcontinental & Western Air. That company has deceived no one. It was awarded its mail contract because, in free and open competitive bidding, it was ruled by the Comptroller General of the United States as the only eligible bidder. The second part of the definition of "fraud" is "with the object of gaining." Transcontinental & Western Air from the date that it was awarded its air-mail contract down to February 28, 1934, lost a total of $1,345,000. Finally, fraud connotes "gain by another's loss." The president of the other bidder, who was declared ineligible, on Transcontinental & Western Air's route, declared before a Senate committee that if Postmaster General Brown had wished to punish him, the worst thing he could have done would have been to award him the contract and require performance under the specifications of the contract or forfeiture of the $250,000 bond that had been posted.

Certainly no one can truthfully say that United Avigation, the low bidder, lost by being declared ineligible. The only other person who could have sustained a loss was the Government. Had United Avigation been forced to attempt compliance with their bid, the Government might have been able to collect from the sureties on the bond. But that was not the objective of the Post Office Department, nor of Congress. Congress, when it enacted the McNary-Watres bill, was desirous of securing the best possible air-mail service at a reasonable cost. It was the intention of Congress that air-mail operations should be adjusted to keep abreast of the advance in the art of flying and passenger transportation. The record of Transcontinental & Western Air clearly demonstrates to any fair-minded person that the Government did not lose, but rather received full value for its money, and received a service which cost the contractor $1,345,000 more than the total revenues received from all sources. At the same time the postal users were given the benefit of the fastest mail transportation service in the world. "Collusion" is defined as "an agreement between two or more persons to defraud a person of his rights." There is nothing in the history of Transcontinental & Western Air which shows that they entered into any agreements of this character.

On the contrary, the foregoing shows just how far from being literally fraudulent T.W.A. is. The ensuing history of the company will show how, as diametrically opposed to fraudulent, all of the company's policies have been 100 percent honest and constructive, with but one aim in view: the development of an air service on the central transcontinental route that would present the best possible service for the transportation by air of mail, passengers, and express.

Transcontinental & Western Air is the direct descendant of the two companies to which T.W.A.'s air-mail contract was originally awarded, Transcontinental Air Transport and Western Air Express. Therefore, T.W.A.'s history commences with the start of transcontinental plans and operations by those two companies.

Before Colonel Lindbergh took off from New York for Paris he flew the *Spirit of St. Louis* from San Diego, Calif., to St. Louis, and then from St. Louis to New York. Little did he dream in

1927 that 2 years later practically this same route would be flown with passenger and express service known as "the Lindbergh Line." Among Colonel Lindbergh's backers on his flight to Paris were Messrs. Bixby and Knight, of St. Louis. These men had not put up their money for purely promotional purposes. They were backing that flight first because of their confidence in Colonel Lindbergh's ability to complete it, and secondly, because they believed it would be a most desirable impetus to stimulate the interest of the American public in aviation generally, and in air travel in particular. As they bid Colonel Lindbergh Godspeed, they were even then thinking of the day when their native St. Louis would be less than 12 hours' travel, by scheduled air transport planes, from either coast.

These Missourians, who did not need to be shown, were not alone in their dreams of a transcontinental air service for this country. Any new enterprise needs financial backing, and the first important investment banker to place a stake on the future of air transportation had been Mr. C. M. Keys. He had already taken an important part in the founding of the New York-Chicago air-mail service, but he was not content with that. He, too, was thinking along the lines of a single air service that would link the Atlantic and Pacific seaboards. Finally, the Pennsylvania Railroad had already envisaged the possibilities of giving its passengers a better service by a combined air and rail service.

The public acclaim of Colonel Lindbergh's flight and its awakened recognition of the possibilities of the airplane as a carrier convinced this group that the time for action had arrived. Therefore, the formation by the parties just named of Transcontinental Air Transport on May 12, 1928, and the employment of Colonel Lindbergh as technical adviser of the line were but the first concrete steps to be taken on plans that had been brewing for more than a year.

This company had a paid-in cash capital of $5,000,000. There was not one cent of commission paid to underwriters, no dividends have ever been paid on the stock, and its market value today is less than one third of the amount of cash which the original stockholders put in the company.

Transcontinental Air Transport was organized with a feeling of deep responsibility toward the company's prospective patrons. No transcontinental passenger service had ever been flown before. Consequently there was only one method of approach, and that was the expenditure of all time and money necessary for the establishment of a firm foundation on which to build a real transportation system. Therefore Colonel Lindbergh and other officials of the company were told to proceed along these lines.

During the remainder of 1928 and during the first part of 1929 Colonel Lindbergh and his colleagues and assistants gave all their time and effort to the study of the problems involved. Colonel Lindbergh himself had not been employed for the purpose of lending glamor to the undertaking. He had been employed for his actual technical knowledge gained as a pilot on the second contract air-mail route to be flown in this country. He spent many hours in the air trying out all possible routes, choosing landing fields, gathering meteorological data, testing equipment, and selecting pilots.

In the spring of 1929 Colonel Lindbergh finished a complete detailed report of the results of a year's study with the statement that "In consideration of these facts I have the honor to recommend that the inauguration of the transcontinental air-rail service take place on July 8."

Over a million dollars had been spent for equipment and in perfecting a ground organization before the first ticket was sold. Such expenditures and efforts are clearly indicative of the fact that the guiding spirits were interested in building a permanent organization and not merely engaged in stock jobbing. The route, and all facilities had been thoroughly tested—the decision to combine air and rail facilities, the former for travel by day and the latter for travel at night, had been reached. The stage was set for the inauguration of a service whereby a passenger could travel from coast to coast in 48 hours. Thus, on July 8, 1929, with Colonel Lindbergh at the controls, a trimotored airplane, the *City of Los Angeles*, took off from the city whose name it bore, with th first planeload of transcontinental passengers.

During the remainder of 1929 and on into 1930, the planes of Transcontinental Air Transport continued to fly back and forth across the central transcontinental route, carrying passengers and express. They were not making money. As a matter of fact, they had not expected to. There could be no question but that operations were still in a pioneering stage and the fact that considerable development loss had been anticipated is shown by the reserve of $2,000,000 that was set up in the original capital structure as a provision for development and contingencies.

If they had been promoters, the line's officials might have ordered a cessation of operations as soon as it was apparent that there would be no dividends to be paid out. They might have become discouraged and quit when they had their first accident, in which the lives of several passengers and two pilots were lost in a crash caused by bad weather conditions on Mount Taylor, N.Mex., in September 1929. But money and lives have been lost in the pioneering of practically every major enterprise known to man—particularly in the field of transportation.

Transcontinental Air Transport carried on. It trained personnel; it developed its own airway system; it made detailed studies of meteorological conditions; it conducted extensive surveys in the field of communications; it developed terminal facilities along the route; and it convinced an ever-increasing number of people that air travel was here to stay. Transcontinental Air Transport was not alone in developing the central transcontinental route. Shortly before their operations were started Western Air Express began flying express and passengers between Los Angeles and Kansas City.

Western Air Express was a real pioneer in every sense of the word, having flown mail between Salt Lake City and Los Angeles since 1926, and having been the first line in the country to operate a scheduled air service for passengers without mail (Los Angeles to San Francisco).

During the latter part of 1929 and first part of 1930 these two lines vied with each other for all the passenger and express business that was available. The financial result was, of course, that the two lines had to split the available traffic revenue and consequently lost more money than they might have otherwise. However, one constructive result of this duplication of effort was that twice as much experience and knowledge of operations along the central route was gained as might have been otherwise.

With operating backgrounds as described in the foregoing, representatives of Transcontinental Air Transport and Western Air went to what in reality was one of the most constructive conferences ever held as far as the development of air transportation in the United States is concerned. This is true notwithstanding the fact that it has been used as a smoke screen behind which our domestic air-mail system has been crucified, together with those who were responsible for making it the best in the world. These representatives went, just as they did to a conference called last August by Mr. Farley, because they had been invited by the Postmaster General for the purpose of discussing mutual problems. They were informed at that meeting that it was the intention of the Postmaster General to provide two new transcontinental routes to be known as the "central transcontinental" and the "southern transcontinental." They were also advised that these two routes were to be competitive with each other and with the original transcontinental route, which was already in operation.

Transcontinental Air Transport and Western Air Express already had substantial investments in portions of the central route. Neither one of them had sufficient equipment or personnel to operate the entire route alone, and it was both logical and in the public interest that they should use their combined resources and experience in this new undertaking. At the time they made their agreement it was not known to their representatives whether the route would be established by the Postmaster General under his power to make extensions and consolidations, or whether it would be put up for competitive bidding. When the Postmaster General subsequently decided to call for bids, these two companies submitted a joint bid for that route. By so pooling their resources, all the experience and pioneering efforts of both companies were utilized in the further development of the air-rail transcontinental service over the central transcontinental route into an all-air service.

Transcontinental Air Transport and Western Air Express further decided that it would be necessary that they purchase from Aviation Corporation stock which that company owned in Western Air. The reason for this was that Aviation Corporation intended to bid on the southern transcontinental, and the holding of a controlling interest in Western Air would be a violation of the Clayton Act, as well as of the announced principle of the Postmaster General that he desired all three of the transcontinental routes to be competitive. They further decided that it would be advantageous to purchase from Aviation Corporation certain hangar properties in Tulsa, through which the central route would go. These are the simple facts of the so-called "Halliburton deal", to which some individuals in the Senate have been able, by great overtaxing of their imaginations, to ascribe wrongful motives.

As already stated Transcontinental Air Transport and Western Air Express were awarded the contract for the central transcontinental route for the reason that they submitted the only responsible bid. It was then in order to form a new operating company to take over the assets of the two companies that would be used in the operation of the entire transcontinental route. Thus Transcontinental & Western Air was formed with 47½ percent of the assets being contributed each by Transcontinental Air Transport and Western Air, and the remaining 5 percent by Pittsburgh Aviation Industries Corporation. This latter company had done a considerable amount of pioneering work over the Allegheny portion of the route and owned what was, at that time, the best available airport in the Pittsburgh district.

A point to be noted here is that not one of the three stockholders of Transcontinental & Western Air charged the new company one cent for the developing and pioneering efforts they had already expended on the central transcontinental route. Thus, Transcontinental & Western Air started operations with a virtual gift of about $4,000,000, which was the combined operating loss that had already been incurred in pioneering the route over which the company was to fly. Transcontinental & Western Air was not the only beneficiary of the pioneering efforts of its predecessor companies. The Government also benefited. It had had to do its own pioneering on the northern transcontinental and many other routes. In this case, however, all the pioneering losses had been assumed by private capital, and, as a matter of fact, certain airway facilities which had, at the time, a book value of $279,000, were ultimately turned over to the Government by Transcontinental & Western Air for $1.

On October 25, 1930, the first regular scheduled flight was made by Transcontinental & Western Air over air-mail route no. 34. That flight represented a very important milestone in the development of air transport. For the first time, mail could be hauled

from coast to coast under one contract, which was a highly desirable step forward from the Government's point of view.

For the first time a passenger could span the entire breadth of the country by air. Likewise, in so doing passengers were being flown over the Alleghanies for the first time in multimotored, radio-equipped airplanes. That flight, in short, represented a tremendous amount of progress from Colonel Lindbergh's first survey flight over the route only 2 short years previously. To illustrate just how great that progress was, the question might be asked those gentlemen who are intent on destroying this great line and forcing its devoted patrons back to the railroads: "How long was it from the time when the first surveying parties went out until the first transcontinental Pullman passenger bought his ticket?"

With a mail contract in hand, Transcontinental & Western Air could have ceased its pioneering efforts. It could have refused to spend any money for experimental work; it could have carried on operations in a manner so as just to meet the minimum requirements of the Post Office Department. It could, in short, have chiseled. If it had done so it might have made money. It chose the harder alternative—it chose to continue spending money for every purpose which might legitimately enable it to provide, ultimately, the acme in air transportation. Therefore Transcontinental & Western Air took up where Transcontinental Air Transport & Western Air had left off.

First of all Transcontinental & Western Air was faced with the necessity of making original installation of most of the necessary ground facilities east of Columbus, since none of the three companies had previously operated over that territory. This meant the equipping of terminals, installation of communications facilities, obtaining of hangar space, and kindred tasks. All of this work required effort and money, but the company went forward, convinced that all efforts expended in building firm foundations would some day be rewarded.

The response of passengers to the new service was most gratifying and about 5,000 were carried on the transcontinental line during the 3 months of operations in 1930. That was big volume at that time and was due purely and simply to the type of service that was being furnished. Practically all operations were in trimotored equipment, manned by two pilots, and in two-way radio communication with the ground at all times. In addition, on some portions of the route, rather than go without, Transcontinental & Western Air was supplying its own airway facilities, pending the time when the Department of Commerce could complete the airway all the way across the country. Such operations were expensive, but they were the best that money could buy, and that was the policy to which the company's officials were committed.

As a result of the foregoing policy, Transcontinental & Western Air's loss for the period from October 1 to the end of 1930 amounted to $680,919. Total operating expenses per mile flown amounted to $1.27, while revenue from mail amounted to only 39 cents per mile flown with mail, and averaged only 16 cents per mile for all mileage flown by Transcontinental & Western Air, while during the same period the Post Office Department paid an average of 90 cents a mile to all operators, including Transcontinental & Western Air. Certainly no relation of revenues to expenses such as that can be considered as a plundering of the Government such as some of our Senators have spoken recently.

Almost simultaneously with the inauguration of the new service the company was met with a further pioneering problem of night flying over the route. Under authority of the Department of Commerce, early in 1931 night operations were commenced west of Kansas City, and a little later were inaugurated east of Kansas City. With the inauguration of night service, another milestone was reached, along the route which Colonel Lindbergh had first blazed back in 1928. This was a 24-hour mail service between Los Angeles and New York—the fastest mail service available, between two points as far apart, anywhere in the world at that time.

However, these milestones that were reached with great regularity were milestones on the road to progress—not on the road to the financial bed of roses in which some individuals have implied all the air lines were lying. The inauguration of night flying meant the necessity of maintaining 24-hour shifts at some stations and further increased communications expenses. Thus, although expenses were reduced from $1.27 a mile to 85 cents a mile, they were still operating at a loss and it amounted to $1,058,000 for the year 1931.

One reason for that loss being so great was that Transcontinental & Western Air—far from being overpaid, as the present Postmaster General would have us believe—was underpaid in 1931 by almost $300,000. That amount represents the difference between what the Post Office Department paid Transcontinental & Western Air and what they should have paid if they had paid rates in accordance with the actual service performed.

Although it was not yet sufficient to offset the difference between mail revenue and operating expenses, which amounted to $2,160,000 in 1931, the response of the public to Transcontinental & Western Air's services was truly remarkable. During 1931 passenger and express revenues were paid to Transcontinental & Western Air in a total of $1,228,000, which was the highest annual figure for commercial revenue that had ever been attained by any air line up to that time. Certainly no stronger evidence of the quality and type of service that was being performed by Transcontinental & Western Air could be asked than that dollars-and-cents stamp of approval by the American public.

Nineteen hundred and thirty-two was in many respects a period of transition for Transcontinental & Western Air. Most of the definitely pioneering work had been completed. What remained was the smoothing off of rough edges, the establishment of permanent operating procedures, and the general coordination of effort. However, this meant no halt in the progress that always had and always has characterized Transcontinental & Western Air as a company and its officials as individuals. The transition, rather, was from pioneering to experimentation. In other words, the basic principles regarding conduct of operations had been established and the order of the day was now the development, expansion, and improvement of those basic principles.

Several notable advances along these lines were made by Transcontinental & Western Air in 1932. The most notable and general was a decided reduction of operating expenses to about 65 cents per mile, the reduction amounting to almost 20 cents per mile, or about 25 percent of the per-mile expenses in 1931. This was due to the full utilization of the company's maintenance base which had been completed at Kansas City in the latter part of 1931. This base is probably the most completely equipped and efficiently operated air transport maintenance and overhaul base to be found anywhere in the world. The efficiency of the base itself and of the men in charge is responsible for the reduction in expenses and successful experimental projects that have been carried on by Transcontinental & Western Air during the last few years.

In addition to bringing about generally more efficient operations, with a consequent reduction of expenses, Transcontinental & Western Air made many other notable steps forward in 1932. A great deal of progress was made in perfecting radio communications. The line led all others in the perfection of devices for the prevention of ice formation on the wings, a situation that had previously been one of the greatest hazards to bad-weather flying. Finally, specifications were drawn up for new equipment and submitted to various manufacturers that they might go ahead with the development of new equipment.

In 1932 the Post Office Department finally recognized the fact that Transcontinental & Western Air was offering the fastest coast-to-coast mail service and started placing through transcontinental mail on Transcontinental & Western Air's ships for the first time. This resulted in a tremendous increase in the volume of mail service rendered by Transcontinental & Western Air, and a total of more than 1,539,000,000 pound-miles were flown at an average cost to the Government of just 2 mills per pound-mile. The latter is the figure which is generally recognized as being the amount of revenue which the Government receives from air mail. The density of mail traffic in 1932 was greater over Transcontinental & Western Air's route than over any other contract mail route in the country.

In spite of the foregoing, Transcontinental & Western Air had its difficulties. Approximately $94,000 in mail revenue was earned in June of 1932, but not paid due to insufficient appropriations. A further handicap under which Transcontinental & Western Air was operating in 1932 was the fact that, although its mail loads were greater than those of any other route, only one through round trip per day with mail and passengers was authorized by the Post Office Department, whereas three through transcontinental trips were authorized for its major competitor, with even more on parts of the line.

The foregoing situation had its effect on 1932 commercial revenues. The line could not afford to operate additional through transcontinental trips without mail revenues, and consequently was forced to see much passenger and express traffic that might have come its way go to its competitor. The result was that revenues from commercial sources declined about $330,000 from the levels of 1931.

The result of the decline in commercial revenues was such that, although per-mile expenses had been reduced by 25 percent, the company was able to reduce its deficit, which had amounted to more than $1,719,000 at the end of 1931, by less than $335,000.

The final major achievement of 1932 was the inauguration of night passenger service on the transcontinental route. This made possible the fastest coast-to-coast passenger service that had ever been offered up to that time.

In 1933 Transcontinental & Western Air continued to reduce its per-mile expenses and thus place itself in a position of being able to make further headway in the reduction of the deficit that had been incurred in its pioneering efforts. In the further reduction of costs the line was eminently successful. Total costs were reduced to 54 cents per total mile flown from 65 cents in the preceding year. This was in spite of the fact that the use of more expensive multimotored equipment was increased as compared with the preceding year.

From a revenue point of view 1933 presented, at the start, hopeful prospects for Transcontinental & Western Air. The 24-hour passenger service was bound to bring increases from that source. Transcontinental & Western Air's leadership in the development of air express was sure to mean some, even though slight in comparison to the total, revenue, and there was every reason to hope that mail revenue would at least equal that of the preceding year.

It was the last hope—concerning reasonable payments from the Post Office Department—that failed to materialize. The first setback came when Transcontinental & Western Air was required by the Post Office Department to surrender its contract and accept a route certificate. This meant an actual cash loss of postal revenue of about 10 cents per mile flown with mail.

The policy of continuing to authorize more mail schedules on the competitive transcontinental line continued in effect in 1933 in spite of the amazing record that Transcontinental & Western Air had made in the preceding year. In addition there was another deficit in June and Transcontinental & Western Air failed to receive more than $53,000 which it had justly earned. Finally, the total appropriation for the fiscal year starting June 1, 1933, was cut to $14,000,000. The combination of the foregoing factors resulted in a decrease in mail revenue from 1932 which amounted to $350,000, for which more service was rendered to the Government.

Although the Post Office Department continued to refuse authorization of additional schedules with mail, Transcontinental & Western Air went ahead and flew additional schedules without mail compensation, but in many cases carried mail gratuitously on those schedules. The result was a response from passenger and express traffic that made possible an increase of $400,000 over the preceding year.

Nevertheless, in spite of the increases in commercial revenue, the offsetting decrease in mail revenues, coupled with the increase in the cost of the additional mileage, resulted in a negligible profit for the year. This profit amounted to less than $130,000, and still left the accumulated deficit at the end of 1933 of $1,254,000.

Two of Transcontinental & Western Air's 1933 accomplishments are particularly noteworthy, in that they stood out above all others and represented entirely new achievements, never before attained by any other air transport company. The most important was the flying, for the first time, of T.W.A.'s Douglas air liner. This airplane, developed by the Douglas Aircraft Co. in conjunction with Transcontinental & Western Air's technical committee, of which Colonel Lindbergh is chairman, showed a performance that astonished even its designers.

The Douglas is capable of handling almost two tons of pay load. It can cruise with that load at 195 miles per hour, using only 75 percent of full throttle. If need be, it can show a top speed of 217 miles per hour. Using just one of its two 700 horsepower motors, it took off from Winslow, Ariz., and flew over the Continental Divide to Albuquerque, N.Mex. Such performance has never yet been equaled and it is doubtful if it soon will be.

The other outstanding achievement of the year was the development of the polar front theory of weather forecasting. This achievement is perhaps somewhat less dramatic and spectacular than the performance of the Douglas, but none the less important to the future of efficient air transport operations. The technical details will not be dwelt upon here. Suffice to say that it has been adopted by the Government and enables pilots to have an infinitely more complete knowledge of what to expect from the weather than ever before.

Before concluding this history of Transcontinental & Western Air, it is felt that a review of some of the phases of its operations over the entire 39-month period from October 1930 through December 1933 will be in order.

During those 39 months Transcontinental & Western Air received slightly less than $7,770,000 in mail revenue. In return for that amount, T.W.A. flew more than 3,451,000,000 pound-miles for the Post Office Department. Thus, its mail service was performed for the Government at the rate of 2 mills per pound-mile, which is the estimated revenue which the Government receives from air mail. No other contract air-mail route in the country has rendered, over the entire period of its contract, as cheap a service and no possible distortion of the facts could describe such a relation between a contractor and the Post Office Department as graft, subsidy, or any of the other libelous adjectives that have been bandied about recently.

More than 100,000 passengers have been carried, along with hundreds of thousands of pounds of express. From these commercial sources, approximately $3,783,000 have been received in revenue, representing a public confidence and patronage enjoyed by few other air lines.

However, the foregoing revenues, coupled with those received from the carrying of the mail, were not sufficient to offset the expenses of a company committed to the rendering of the best available air transport service. The company's officials, looking toward the future, could afford to sacrifice dollars but not progress nor the public demand for progress. Consequently, expenses for the 39 months' period totaled $12,477,000, which, when added to charges not directly applicable to operations, was $1,254,000 in excess of total revenues. A few of the major items that went to make up those total expenses are of interest at this point.

Total salaries and wages paid out during the 39 months' period amounted to almost $5,000,000, which was alone equivalent to more than 60 percent of total mail revenues. However, this large pay roll was not due to any exorbitant salaries paid to officers. As a matter of fact, the highest salary ever paid was $20,000, and that was in 1 year only. In all other years the highest salary paid any individual has been $18,000 and, during 1933, only two officers received higher salaries than those paid the pilots

Oil companies benefited, during the 39 months of operations, to the extent of $1,400,000, which were expended by Transcontinental & Western Air for gas and oil. Almost $700,000 was paid out for insurance, while more than $1,000,000 was paid for communications expenses. Those are just a few of the major items of expense that must be incurred in the operation of a major transcontinental air line.

No dividends have ever been paid Transcontinental & Western Air's stockholders, nor have any bonuses nor exorbitant salaries been paid its officers. Instead, every cent has been expended in the operation of an air line whose efficiency is second to none. Moreover, every effort has been made to reduce expenses to the lowest possible point that is commensurate with safety, and that Transcontinental & Western Air has made phenomenal progress along such lines is amply illustrated by the fact that total operating expenses were reduced from $1.27 per total mile flown in 1930 to 54 cents in 1933. The fact that Transcontinental & Western Air's deficit at the end of 1933 stood at more than $1,000,000 in spite of that progress in the reduction of costs hardly bears out any charges of plundering the public Treasury.

As for collusion, and as for receiving favors from Postmaster General Brown, the 39 months' record hardly substantiates such accusations. Rather, the record reveals that Transcontinental & Western Air was constantly asking for recognition of what it considered to be its just rights, and more often than not failing to get them. Transcontinental & Western Air asked for through transcontinental mail—and failed to get it until 1932. As many schedules as were flown by the competing transcontinental line were desired, but never obtained. Payment for weight-space actually used in the hauling of mail was claimed, but disallowed. Authorization of service to Chicago and San Francisco was early demanded, but not granted until 1933. Finally, the company was forced to surrender that contract about which so much has been said, and accept a route certificate which meant an immediate reduction in rates amounting to more than 10 percent. That is the summary of Transcontinental & Western Air's actual dealings with Postmaster General Brown, and to any fair mind it must represent a far cry from collusion or connivance.

Two questions remain to be answered before drawing this history to its close: What had Transcontinental & Western Air and its predecessor companies accomplished from their inception down to February 19, 1934? And, what was its position on that day when the last load of mail was flown?

Instead of going into the whole list of Transcontinental & Western Air's accomplishments, it is felt that a list of the company's firsts will be sufficient to impress even the most skeptical with the progress that has been made. Transcontinental & Western Air and its predecessor companies were—

1. The first to fly passengers by air on schedule.
2. The first to offer an air-rail transcontinental passenger service.
3. The first to offer an all-air transcontinetal passenger service.
4. The first to offer a 24-hour coast-to-coast mail service.
5. The first to offer a 24-hour coast-to-coast passenger service.
6. The first to order an entire fleet of transport airplanes completely equipped with the latest of all safety devices.
7. The first to fly, on regular schedule, a transport airplane capable of cruising at approximately 200 miles per hour.

It is a company with a background such as that which certain members of the administration and Congress seem intent on destroying. That they could have such thoughts and intentions is no more reasonable than if they were suddenly to put for naught all the accomplishments of the great transcontinental railroad systems and decide that there should be a reorganization and revamping of those systems. In place of companies such as Transcontinental & Western Air, the gentlemen who have caused the cancelation of the air-mail contracts and sponsored ruinous and vindictive new legislation would set up in the air transport business promoters who have done no pioneering and had no previous experience in this most technical of all forms of transportation.

On February 19, 1934, when Transcontinental & Western Air ceased to carry the mail, it was being run by a group of practical operating men, whose names read like a list of "Who's Who in Aviation." Its president is Richard W. Robbins, who is one of the individuals most responsible for obtaining for his native Pittsburgh the place on the air map of the Nation which that great city deserved. It was his leadership which has led his company to the achievements listed above.

As Mr. Robbins' assistants are two of the country's most famous former service pilots. One is Lt. Com. D. W. Tomlinson, leader of the original Sea Hawks, famous naval air squadron. The other is Lt. Leslie Arnold, one of the Army's round-the-world pilots.

Chairman, and actively so, of the line's technical committee is Col. Charles A. Lindbergh. Supervising public relations is Capt. E. V. Rickenbacker, America's ace of aces during the World War.

In charge of operations is Jack Frye, who has been flying ever since the barnstorming days of the Jennys.

Under these men on February 19 were about 700 other individuals whose business lives were being devoted to the development of a great air transport system. There were about 95 pilots and copilots, the best in the country, all of them veterans, and many of them dating their flying experience back to the war or even before. Caring for the ships of those pilots in every last-minute detail were about 250 skilled mechanics. Keeping communications open, moving, and up to the minute for the pilots and the supervisory personnel were about 75 members of the communications department. Devoted to selling the public the benefits of air travel were about 60 members of the traffic department.

In addition to the foregoing there were clerks, stenographers, and the like, all intent on the operation of what they wished to be the finest air transport system in this country. These 700 individuals were functioning at the time of cancelation as a smooth-running machine with an esprit de corps and morale that could be duplicated nowhere. And then somebody threw the proverbial monkey wrench into the machinery. More than half of the group above described have been necessarily placed on indefinite furlough. Some have added, at a time when reemployment was supposed to be the order of the day, to the ranks of the

unemployed. Others, luckier in one sense, perhaps, have been forced into new businesses.

Through the efforts, guidance, and skill of those 700 individuals, the company had averaged more than half a million miles per month in 1933, most of those miles with United States mail. There were 22 ground stations. Twenty radio stations were operated, and the company's own meteorological staff was constantly furnishing up-to-the-minute weather information. The final steps toward the solving of the blind or bad-weather flying problem, were being taken. In short, a major transportation system was functioning with an efficiency and precision that defied duplication.

For the future the stage was set for an even greater efficiency for the rendering of a service which its potential operators had hardly dared dream of a few short years before. Forty-one of Transcontinental & Western Air's Douglas air liners had been contracted for at a total cost of about three and one half million dollars. These ships were to be equipped with the latest of every safety and comfort device known to aeronautics. Before the end of 1934 an overnight coast-to-coast mail and passenger service was to be inaugurated. The public and the aircraft industry was voicing its approval.

Back in July 1929 a trimotored Ford known as the *City of Los Angeles* had stood ready to be taken off by Colonel Lindbergh on the first transcontinental flight with passengers. Those first passengers arrived in New York about 48 hours later; operations over the central transcontinental route had started.

Less than 5 years after that first flight, on February 18, 1934, to be exact, Capt. E. V. Rickenbacker, in Los Angeles, put in a telephone call for New York. Another *City of Los Angeles* was fueled and ready to take off for the transcontinental flight, with mail, passengers, and express. "What's the weather?" was the captain's question to Mr. Clover, chief meteorologist for Transcontinental & Western Air. The latter gave his forecast in detail, but the chief point was that a landing must be made at Newark before 3 o'clock of the following afternoon, due to fog and snow conditions that would exist after that time. That left only 15 hours from the scheduled time of departure, and no transport airplane had ever crossed the continent in such time. Captain Rickenbacker made his decision. The *City of Los Angeles* to be used this time was the first of the new Douglases.

As Transcontinental & Western Air's 700 employees heard, or were told, of the Los Angeles dispatcher's laconic radio message that flight no. 4 was out at 8:56 p.m. Pacific time, ship *No. 300*, Pilot Frye, Rickenbacker in charge, they saw a dream coming true. All of their efforts, thought, and labor were to reach a climax in this flight. The humblest station porter went home and told his family with all the pride of participation, "The Douglas is on her way."

At 12:58 p.m. eastern time, on February 19, exactly 13 hours 2 minutes and 5 seconds after its take-off, the Douglas settled down on the cinders of Newark Airport. Two hours later the weather at Newark was unflyable, as Meteorologist Clover had predicted, but a dream had been realized.

The climax of Transcontinental & Western Air's history—the climax of operations of that company and its predecessor companies which had resulted in financial losses of more than $5,000,000—had been reached. A new era might have dawned, an era of overnight, coast-to-coast passenger and mail service and an era of recouping the losses on which such progress had been built. However, such was not to be the case, for the mail that came across the continent in but slightly more than half a day was the last transcontinental mail to be carried by Transcontinental & Western Air. It represented an achievement in which the entire operating personnel of the company, as well as the hundreds of thousands of stockholders whose investments are in the companies directly interested in Transcontinental & Western Air might justly be proud, but it was an achievement which our Government ruthlessly ridiculed and condemned.

The foregoing recitation of Transcontinental & Western Air's history leaves just two questions to be asked: Are Congress and the administration going to force the disorganization, disbanding, and disruption of the organization that has compiled such a record of progress? and, Are they going to see Transcontinental & Western Air forced out of business and so faced with the necessity of disposing of the 40 sister ships of the record-breaking Douglas to foreign countries who were quick to take advantage of the wholesale wrecking of the air transport system of this country and at once offered to purchase those ships?

The answers to those questions will tell the American public whether the present administration and Congress are going to continue to use aviation as a political football to be kicked about for the edification of political publicity and favor seekers, or whether it is committed to a sponsorship of that type of progress which has been shown by Transcontinental & Western Air and other major air-mail lines.

CHRONOLOGY AND ANNUAL SUMMARIES OF EASTERN AIR TRANSPORT, INC., 1928–33, INCLUSIVE

Eastern Air Transport, Inc., was required to relinquish the financial considerations of its contracts for A.M. 19 and A.M. 25, and to accept in lieu of the revenue so provided lower and diminishing compensation, as detailed by the chronology here presented.

Under the contracts, compensation averaged $2.612 per pound of mail. Under the Watres Act, the average compensation was reduced nearly one fourth, to $2.008 per pound. Applied to the poundage transported since November 30, 1930, the loss imposed on the company by the lower rates amounted to $1,378,309.

CHRONOLOGY AND ANNUAL SUMMARY, 1928

February 28, 1927: Contract for C.A.M. 19 between New York (Hadley Field, N.J.) and Atlanta, Ga., was awarded to Pitcairn Aviation, Inc., upon competitive bidding and pursuant to official advertisement dated December 23, 1926.

The contract rate of pay was $3 per pound, and the distance 792 miles. Service was to be inaugurated not later than 6 months after date of contract.

November 23, 1927: Contract for C.A.M. 25 between Atlanta, Ga., and Miami and Tampa, Fla., was awarded to Pitcairn Aviation, Inc., pursuant to official advertisement dated October 18, 1927.

The contract rate of pay was $1.46 per pound, and the distance 619 miles.

May 1, 1928: Service was inaugurated over C.A.M. 19, a delay having occurred awaiting completion of airway by Department of Commerce.

August 1928: Larger mail planes placed in service, due to reduction of postage rate and consequent increase of cargo.

September 1, 1928: A shuttle service operating between New York and Philadelphia was established.

December 21, 1928: Service was inaugurated on C.A.M. 25 between Atlanta, Ga., and Miami, Fla.

Summary for 1928

Miles flown	432,743
Mail poundage	111,426
Mail revenue	$326,814
Other revenue	$8,248
Mail revenue per plane-mile	$0.7552
Operating expenses	$302,936
Profit	$32,126
Salaries of general officers	$10,064
Above salaries per mile flown	$0.0233
Expenses of general officers	$1,153
Above expenses per mile flown	$0.0027
Bonuses to officers	None

CHRONOLOGY AND ANNUAL SUMMARY, 1929

March 1, 1929: Service was inaugurated on C.A.M. 25 between Daytona Beach and Tampa, having been delayed awaiting completion of the airway by the Department of Commerce.

May 1, 1929: New York-Philadelphia shuttle service on C.A.M. 19 was expanded to include Baltimore and Washington.

May 1, 1929: On the first anniversary of service, operations had increased from 1,582 miles flown daily to 3,472 miles a day.

May 5, 1929: Sunday service was established over C.A.M. 19, providing daily service between New York and Atlanta.

July 10, 1929: Pitcairn Aviation, Inc., was purchased by North American Aviation, Inc.

August 4, 1929: Sunday service was inaugurated over C.A.M. 25.

December 14, 1929: C.A.M. 25 was extended from Tampa to St. Petersburg, Fla., a distance of 18 miles.

Summary for 1929

Miles flown	1,236,766
Mail poundage	462,534
Mail revenue	$1,203,681
Other revenue	$19,320
Mail revenue per plane-mile	$0.9354
Operating expenses	$837,094
Profit	$305,650
Salaries of general officers	$37,320
Above salaries per mile flown	$0.0290
Expenses of general officers	$4,719
Above expenses per mile flown	$0.0037
Bonuses to officers	None

Eastern Air Transport, Inc.

CHRONOLOGY AND ANNUAL SUMMARY, 1930

January 1, 1930: The corporate name was changed from Pitcairn Aviation, Inc., to Eastern Air Transport, Inc.

March 1930: Newark Airport was designated as the New York air-mail terminal, succeeding Hadley Field.

April 1, 1930: A double schedule was established on C.A.M. 19. On the same date, night flying was started on C.A.M. 25.

May 1, 1930: On the second anniversary of service, operations had increased from 3,472 miles flown daily to 4,120 miles daily.

August 18, 1930: Daily passenger service was inaugurated between New York (North Beach Airport, L.I.), and Camden, N.J., Baltimore, Md., Washington, D.C., and Richmond, Va.

November 3, 1930: New York passenger terminal was transferred from North Beach to Newark Airport.

December 1, 1930: Route certificates issued under the Watres Act, and providing compensation on a space-rate basis, became effective on C.A.M. 19 and C.A.M. 25, as follows:

Trips 1 and 6, New York-Washington, 200 miles, 25 cubic feet, 400 pounds, 85½ cents per mile.

Trip 3, New York-Atlanta, 803 miles, 25 cubic feet, 400 pounds, 72½ cents per mile.

Trips 4 and 5, New York-Atlanta, 794 miles, 47 cubic feet, 750 pounds, 97½ cents per mile.

Trip 2, Atlanta-New York, 803 miles, 47 cubic feet, 750 pounds, 97½ cents per mile.

Trips 13 and 14, Atlanta-Miami, 619 miles, 47 cubic feet, 750 pounds, 93 cents per mile.

Trips 13 and 14, Daytona Beach-St. Petersburg, 158 miles, 12½ cubic feet, 200 pounds, 56 cents per mile.

December 10, 1930. Daily passenger service both ways was inaugurated between New York and Atlanta, Ga., the trips being

numbered 7 and 8, and providing the third round-trip schedule between these cities. Mail rates on trips 7 and 8 were fixed as follows:

New York-Washington, 200 miles, 25 cubic feet, 400 pounds, 50 cents per mile.

Washington-Atlanta, 603 miles, 12½ cubic feet, 200 pounds, 50 cents per mile.

Summary for 1930

Miles flown	1,918,028
Mail poundage	649,994
Mail revenue	$1,623,715
Other revenue	$30,096
Mail revenue per plane mile	$0.8465
Operating expenses	$1,043,317
Profit	$536,452
Salaries of general officers	$43,139
Above salaries per mile flown	$0.0225
Expenses of general officers	$8,563
Above expenses per mile flown	$0.0045
Bonuses to officers	None

CHRONOLOGY AND ANNUAL SUMMARY, 1931

January 1. Passenger service was launched between Atlanta and Miami, Daytona Beach and St. Petersburg, the trips being numbered 15 and 16. Following mail rates were fixed:

Atlanta-Miami, 619 miles, 12½ cubic feet, 200 pounds, 43 cents per mile.

Daytona Beach-St. Petersburg, 158 miles, 12½ cubic feet, 200 pounds, 43 cents per mile.

April 1. A.M.–19 and A.M.–25 were consolidated under the number A.M.–19. At this time, rates of pay on all trips were reduced as follows:

Trips 1 and 6, New York-Washington, from 85½ cents to 75 cents per mile; trip 3, New York-Atlanta, from 75½ cents to 62 cents per mile; trips 4 and 5, Atlanta-New York, from 97½ cents to 84 cents per mile; trip 2, Atlanta-New York, from 97½ to 84 cents per mile; trips 13 and 14, Miami-Atlanta, from 93 cents to 65 cents per mile; trips 13 and 14, Daytona Beach-St. Petersburg, from 56 cents to 51 cents per mile.

On this date, mail and passenger service was inaugurated between Richmond, Va., and Jacksonville, Fla., via Raleigh, N.C., Florence, S.C., Charleston, S.C., and Savannah, Ga., 531 miles, 12 cubic feet, 200 pounds, 40 cents per mile.

May 1: This third anniversary of service presented a comparison of scheduled mileage 10,270 against 1,582 at the beginning, 41 airplanes in use against 8, and 280 employees against 41.

July 10: Mail and passenger service was inaugurated on two round trips daily between New York, N.Y., and Atlantic City, N.J., trips 9, 10, 11, and 12, 93 miles, 12½ cubic feet, 200 pounds, 40 cents per mile.

July 15: Mail and passenger service was inaugurated between Philadelphia, Pa., and Atlantic City, N.J., 51 miles, 12½ cubic feet, 200 pounds, 40 cents per mile.

July 15: Local passenger service was inaugurated between Greensboro, N.C., and Washington, D.C.

July 20: Mail and passenger service was inaugurated between Washington, D.C., and Atlantic City, N.J., 147 miles, 12½ cubic feet, 200 pounds, 40 cents per mile.

October 1: Rates were again reduced as follows:

Trips 1 and 6, New York-Washington, from 75 cents to 70 cents per mile; trip 4, Atlanta-New York, from 84 cents to 77 cents per mile; trips 13 and 14, Atlanta-Miami, from 65 cents to 58 cents per mile; trips 7 and 8, New York-Atlanta, from 50 cents to 25 cents per mile; trips 17 and 18, Richmond-New York, from 40 cents to 25 cents per mile. Trips 29 and 30, Philadelphia-Atlanta City, 40 cents per mile, were discontinued. Local passenger service between Greensboro and Washington was discontinued.

October 23: Passenger service was inaugurated between Richmond and Norfolk, Va., two round trips daily.

December 1: Passenger service was inaugurated between Atlanta and Charleston and Atlanta and Savannah, via Augusta, Ga.

Summary for 1931

Miles flown	3,946,896
Mail poundage	934,700
Mail revenue	$1,975,109
Other revenue[1]	$430,308
Mail revenue per plane-mile	$0.5004
Operating expenses	$2,258,122
Profit	$172,997
Salaries of general officers	$105,525
Above salaries per mile flown	$0.0267
Expenses of general officers	$14,257
Above expenses per mile flown	$0.0036
Bonuses to officers	None
Net increase in real property and equipment	$1,037,311

CHRONOLOGY AND ANNUAL SUMMARY, 1932

January 1: Mail rates were further reduced as follows: Trips 1 and 6, New York-Washington, from 70 cents to 55 cents per mile; trips 2 and 5, New York-Atlanta, from 84 cents to 63 cents per mile; trip 3, New York-Atlanta, from 62 cents to 43 cents per mile; trip 4, Atlanta-New York, from 84 cents to 58 cents per mile; trips 7 and 8, New York-Atlanta, from 50 cents to 43 cents per mile; trips 13 and 14, Atlanta-Miami, from 58 cents to 57 cents per mile; trips 19 and 20, Daytona Beach-St. Petersburg, from 51 cents to 39 cents per mile.

[1] Passenger revenue included.

April 1: Passenger service was added to mail—only trip between New York and Richmond.

April 15: Passenger service between Atlanta and Charleston and Atlanta and Savannah was discontinued.

June 1: Trips 3 and 4, New York-Atlanta, were rerouted to Miami, via Richmond and Jacksonville.

June 5: Trips 1 and 6, New York-Washington, were discontinued.

August 8: Air-express service was inaugurated on all trips.

November 1: Mail rates were readjusted as follows: Trip 17, New York-Richmond, increased from 43 cents to 58 cents per mile; trip 17, Richmond to Jacksonville, increased from 48 cents to 55 cents per mile; trip 18, Jacksonville-Richmond, increased from 43 cents to 55 cents per mile; trips 7 and 8, Newark-Richmond, increased from 43 cents to 48 cents per mile and from Richmond to Atlanta, increased to 56 cents per mile; trip 3, New York-Richmond, increased from 43 cents to 51 cents per mile; trip 4, Richmond-New York, decreased fom 53 cents to 51 cents per mile; trip 3, Richmond-Miami, increased from 43 cents to 48 cents per mile; trip 4, Richmond-Miami, decreased from 53 cents to 48 cents per mile; trips 2 and 5, New York-Atlanta, decreased from 63 cents to 49 cents per mile; trips 15 and 16, Atlanta-Miami, increased from 43 cents to 50½ cents per mile; trips 13 and 14, Atlanta-Jacksonville, decreased from 57 cents to 43 cents per mile; trips 19 and 20, Daytona Beach-St. Petersburg, increased from 39 cents to 46 cents per mile.

December 1: Mail and passenger service was inaugurated between Charlotte, N.C., and Augusta, Ga., 172 miles, 6¼ cubic feet, 100 pounds, 45 cents per mile.

Summary for 1932

Miles flown	3,961,359
Mail poundage	818,246
Mail revenue	$1,746,654
Mail revenue per plane-mile	$0.4414
Other revenue	$472,541
Operating expenses	$2,298,013
Loss	$76,027
Salaries of general officers	$37,550
Above salaries per mile flown	$0.0095
Expenses of general officers	$11,030
Above expenses per mile flown	$0.0028
Bonuses to officers	None
Net increase in real property and equipment	$119,964

CHRONOLOGY AND ANNUAL SUMMARY, 1933

January 1: Passenger and express service between Jacksonville and Miami was added to trips 17 and 18, thus providing through daily accommodations between New York and Miami.

February 16: Ludington Airlines was purchased, the operations of this company having consisted of passenger and express service between New York and Washington.

March 11: Mail rate for trips 7 and 8, New York-Atlanta, was increased from 48 cents to 52 cents per mile.

July 1: All mail compensation over entire system was reduced 25 percent.

September 5: Trips 21 and 22, Daytona Beach-St. Petersburg, were discontinued.

September 9: Service between Charlotte and Augusta was discontinued.

September 15: Trips 10 and 25, New York-Washington, were designated to carry mail gratis.

September 15: Service between New York and Atlantic City and between Dayton Beach and St. Petersburg, Fla., was discontinued.

December 31: Mail was now being transported on the following trips gratis: Trips 7 and 8, New York-Richmond; trips 10 and 25, New York-Washington; trips 15 and 16, Atlanta-Jacksonville.

Summary for 1933

Miles flown	4,533,229
Mail poundage	793,121
Mail revenue	$1,591,226
Other revenue	$984,599
Mail revenue per plane-mile	$0.3510
Operating expenses	$2,702,507
Loss	$174,247
Salaries of general officers	$43,871
Above salaries per mile flown	$0.0097
Expenses of general officers	$19,675
Above expenses per mile flown	$0.0043
Bonuses to officers	None
Net increase in real property and equipment	$281,637

Mr. McKELLAR. Mr. President, I desire to make a very brief statement.

I read from the Evening Star of this afternoon:

BIDS ON AIR MAIL STARTLINGLY LOW—LESS THAN FIFTH OF RATES FORMERLY PAID BY POSTAL DEPARTMENT

The lowest bids ever received for carrying air mail in the United States started postal officials and the Nation's air transport operators today as the Post Office Department began opening bids for 3 months' temporary air-mail contracts.

There were exclamations and whistles of surprise from a jammed crowd of aviation leaders as the bidding dropped below 20 cents per airplane mile, less than a fifth of rates formerly paid and far below the minimum amount on which it was thought a few months ago that an air line could exist.

PICTURE BEING REDRAWN

It became apparent on the face of the early bids that a complete redrawing of the Nation's air-mail picture was in progress, with many of the old air transport lines going down to defeat before "unknowns" in a savage battle for the new air-mail contracts.

The scene as the bids were opened was one of the most dramatic in recent air-mail history. More than 100 representatives of competing companies, some of which were destined to go into oblivion and others to rise to power under the new Post Office Department procedure, occupied every inch of space in the big office of Stephen A. Cisler, general superintendent of the railway- and air-mail services.

Then there is a further statement showing those who were present and the remarkable submission of bids under the advertisement for temporary contracts.

I ask unanimous consent that the remainder of the article be printed in the RECORD, without reading, for the information of Senators tomorrow.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star of Friday, Apr. 20, 1934]

COMPANIES REPRESENTED

Among those present, in addition to Postmaster General Farley and all the heads of the Post Office Department, were representatives of all the present air transport companies in the country, a number of hastily organized new companies, flying schools which have been reorganized into air lines, and former aviation officials who have sought in vain in the past to get air-mail contracts.

Col. L. H. Britten, who passed out of the air-mail picture following his sentence to jail for contempt of the Senate, was there, together with Ernest Breech, president of North American Aviation; C. W. Cuthell, president of Transcontinental & Western Air; Lester D. Seymour, president of American Airways; Clarence Chamberlain, trans-Atlantic flyer, and others.

Meantime, while the Senate was getting ready to debate the air mail bill, which would provide for a congressional commission to study the whole aviation situation, Senator BLACK, Democrat, of Alabama, announced that officers of the International Mercantile Marine Corporation would be summoned soon for questioning by his investigating committee.

NEWSPAPER CLIPPING READ

Discussion of the International Marine came up in the Senate after Senator ROBINSON, Republican, of Indiana, had read a newspaper clipping charging that Kermit Roosevelt, who was on the Astor yacht *Nourmahal* with President Roosevelt recently, had received radiograms from the steamship company giving him instructions as to what to tell the President.

Answering a question by ROBINSON, BLACK said he would be glad to call Kermit Roosevelt, who is vice president of the line, or Astor, whom ROBINSON called a large stockholder, and permit the Indiana Senator to question them.

ROBINSON asked BLACK whether it was true that the committee had copies of the messages purported to have been sent to Kermit Roosevelt. BLACK did not answer the question directly, but asserted that an attempt was being made to convert the committee into a semipolitical body for the purpose of delaying its inquiry.

Investigation into the affairs of the International Mercantile Marine would have already been under way, he added, if the course of the inquiry had not been "diverted."

OLD LINES REORGANIZED

The opening of the bids today revealed that the country's old air-mail lines, whose contracts were canceled 2 months ago, appear under new names, which indicated the reorganizations they have made to comply with the Post Office Department's action.

Eastern Air Transport, operating through Washington from New York to Miami, was active in the bidding as "Eastern Airlines, Inc." Its bids, on routes far outside its present field, at a figure of 19 cents a mile, came as the first major surprise.

On its present route from New York to Miami through Washington, a distance of 1,200 miles, Eastern Airlines bid 29 cents per mile, its officials not anticipating serious opposition in an area which has been swept clear of independent operators. On the route from Chicago to Jacksonville, Fla., however, Eastern bid 19 cents. In a third bid it offered to carry mail from New York to New Orleans by way of Washington and Atlanta for 19 cents.

United Airlines, one of the largest air transport systems in the country, was heavily underbid by a number of competitors on the Great Northern transcontinental route and Midwestern lines. Officers of the company have said that unless they have air-mail contracts, they may be forced out of business. Their bids ranged from 38 to 39½ cents per mile.

PERSONAL EXPLANATION—THE SILVER QUESTION

Mr. KING. Mr. President, I desire to call attention to an article appearing in the New York Herald Tribune of this morning. I think Senators will generally agree with me that the newspaper correspondents who are with us from day to day fairly report our proceedings and seek to convey accurate opinions where opinions are expressed respecting matters transpiring in the Senate and in Washington and in Government agencies. I pay tribute to the accuracy and sincerity of representatives of the press whose duties bring them into contact with the work of the Senate.

It is very seldom I have had occasion to complain of unfair or inaccurate reports or statements appearing in the press which emanated from their representatives in Washington; but I do complain of and denounce a statement appearing in the paper to which I have referred. The headlines of the article are in large type, and they and the article in part are as follows:

SILVER GROUP SNUBS BID OF ROOSEVELT TO COMPROMISE—SENATORS ASKED TO WHITE HOUSE CONFERENCE, SEND EXCUSES; NOTHING TO BE GAINED BY TALK, THEY SAY—BLOC LEADERS PLAN MONETIZATION BILL—FALLING PRICES ARE CITED BY BORAH TO SHOW NEED FOR ACTION NOW; "HALFWAY MEASURES" OPPOSED

President Roosevelt was scheduled to meet a delegation of silver Senators this afternoon to try to compromise proposed silver legislation, but the engagement was canceled when several Senators called up and asked to be excused. The stated reason was that the Senators wanted to stay on Capitol Hill for the vote on the sugar control bill. Two leaders of the silver bloc said tonight, however, that since both sides had taken irreconcilable positions on silver legislation nothing was to be gained by a conference.

Leaders of the silver bloc have satisfied themselves that the most the President will accept is permissive silver legislation. In their determination not to be turned aside again by such a compromise, they see no room for effective negotiation and are for forcing the issue on the President by passing the legislation up to him in the strongest form that can command a majority in Congress.

Senator WILLIAM H. KING, Democrat, of Utah, is attempting conciliatory moves in an effort to avert a show-down. Most of his silver colleagues think it was he who arranged today's scheduled White House conference and that the object was to give the President a chance to use direct influence on the silver bloc.

EXCUSE TO STAY AWAY WELCOMED

The advocates of direct action, therefore, welcomed a reason for asking to be excused from going down to the White House today. The pendency of the sugar bill before the Senate was all that they needed. Senators BORAH; WHEELER; and PAT HARRISON, Democrat, of Mississippi, were among those telephoning the White House their inability to attend.

Senators BORAH and WHEELER made it plain to colleagues tonight that they did not want to be put in the position of asking an interview with the White House on the subject and preferred not to attend after having made up their minds not to yield. Apparently, they apprehended that Senator KING had asked the Presidential interview in the name of the silver aggregation. By the unwritten rule that a Presidential invitation is a Presidential command, both would, however, attend such conference if directly requested by the White House.

Mr. President, the article is inaccurate, misleading, filled with insinuations and innuendoes, and reflects a bias and prejudice that I think reprehensible. In the first place, the silver group did not snub the bid of Roosevelt to compromise. The statement is untrue. The President made no bid of any kind, and no proposition to the Senators.

The writer of the article knows, or should know, as the representatives of the press here know, that several months ago some 27 Senators, who believed that there should be legislation to remonetize silver and to make of it primary money, and who desired legislation to effectuate that result, met in Washington to consider the questions involved. A resolution was adopted at the meeting in conference declaring that the remonetization of silver was the objective sought and that legislation should be secured to accomplish that end.

Subsequently a number of informal discussions took place among Senators who had participated in the meeting referred to. Two or three weeks ago 24 of the Senators who had participated in the first meeting again met for the purpose of considering the silver situation. At that meeting a resolution was adopted reaffirming the position taken by the Senators at the first meeting with reference to the remonetization of silver. It was decided that a committee should be named—I will not call it a steering committee—to consider various questions which would arise respecting silver legislation and to confer with Senators and keep them advised with respect to the action of the House and the chances for silver legislation, and finally that upon the return of the President the committee should confer with him and present the views of the conference respecting silver legislation.

I happened to be selected as chairman of the committee, with authority to name the other members of the same. The committee consisted of seven; and I was directed, by the Senators, to confer with the President upon his return and arrange for a conference at which the committee referred to, and such other persons as the President might indicate, might have opportunity to present to him their views on the silver question and with him consider legislation dealing with this question.

Last Tuesday I had the honor of meeting the President, and stated that members of the committee would be glad to talk with him in regard to the silver question. He indicated that he would be glad to confer upon the matter. I conferred with one of his secretaries for the purpose of arranging for the conference, and the next day I was informed that upon the following day, which was yesterday, at 3 o'clock, the President would meet with those who desired to discuss the silver question with him.

Senators know, and the newspapermen knew, that a very important measure was under consideration in the Senate. The sugar bill is one which has provoked a great deal of controversy; but it was generally conceded that if any benefits were to be derived this year by the sugar producers from this measure it should be promptly enacted.

About 2 o'clock, yesterday afternoon, it became apparent that the sugar bill could not be passed in time for the members of the committee to meet with the President at 3 o'clock, if they were to remain upon the floor during the consideration of the bill. I may add that the Senator from Idaho [Mr. BORAH], one of the members of the committee, was deeply interested in the sugar bill. The Senators from Colorado [Mr. ADAMS], Minnesota [Mr. SHIPSTEAD], Nevada [Mr. MCCARRAN], and I were also concerned in the passage of the bill. The Senator from Mississippi [Mr. HARRISON], had the bill in charge, and he was to participate in the silver conference. Senator WHEELER, who was detained from the Senate on account of illness, was also interested in the passage of the sugar bill.

I called the White House about half past 2 and conveyed to the President the information that it would be impossible for the committee to be there at 3 o'clock unless we should leave the floor before the bill had passed. The President indicated that the sugar bill was one of importance, and that he would postpone the conference to such time as was agreeable. I suggested that we probably would finish the sugar bill by 3:30 and that we could meet with him at 4 o'clock. He advised me that that would be entirely agreeable.

At half past 3 it became apparent that the sugar bill would not be passed before probably 5 or 6 o'clock. The Senator from Mississippi [Mr. HARRISON] and I then called the White House and advised the President that the bill would not be passed in time for us to keep the appointment with him at 4 o'clock. The President responded that the importance of the sugar measure was such that it would be quite proper for those who desired to confer with him, and who were interested in the sugar bill, to remain until it had passed. He further stated that he would meet with the committee, and such others as might be invited in, at 12 o'clock on Saturday—the 21st instant. Thereupon it was agreed that the conference which had been called for 3 o'clock, and then deferred until 4 o'clock, should be held on Saturday at 12 o'clock.

There was no snub of the President by the "silver group", or by any person. We asked the President for an opportunity to confer with him respecting this important monetary question, and he, in a proper and gracious way, granted the request and fixed the time for the conference.

I should not have taken the trouble to mention this matter except for the unfair, inaccurate, and improper statements, and particularly that the silver group "snubs" the President. I think a paper of the standing of the Herald Tribune would deeply regret publishing such a statement, an article so unfair and unjust as the one to which I have called attention.

WAR DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. COPELAND submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 4, 5, 11, 15, 20, 23, 24, 25, 33, 38, and 39.

That the House recede from its disagreement to the amendments of the Senate numbered 8, 21, 27, 29, 31, 34, 35, 42, and 45, and agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$2,522,897"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the the following: *"Provided,* That no appropriation contained in this act shall be available for the payment of passenger transportation at a rate in excess of the lowest through rate or combination of rates available for the type of transportation used"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "$28,617,645, no part of which sum shall be available after September 30, 1934, for the pay of more than 11,750 commissioned officers whose original commissions are dated prior to June 1, 1934"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "not to exceed five"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed insert: "$5,775"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$5,386,786"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$5,290,521"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$121,760,093"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$121,475,093"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$16,000,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$7,702,359"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: ", ambulances, fire trucks, and vehicles now in use by Reserve Officers' Training Corps units"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$219,789"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$4,278,859"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,000,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Flood control, Mississippi River and tributaries: For prosecuting work of flood control in accordance with the provisions of the Flood Control Act, approved May 15, 1928 (U.S.C., supp. VII, title 33, sec. 702a), $29,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 6, 12, 32, 37, 40, and 43.

ROYAL S. COPELAND,
CARL HAYDEN,
MORRIS SHEPPARD,
H. D. STEPHENS,
J. G. TOWNSEND, Jr.,
ROBERT D. CAREY,
Managers on the part of the Senate.

ROSS A. COLLINS,
THOMAS L. BLANTON,
CHESTER C. BOLTON,
D. LANE POWERS,
Managers on the part of the House.

Mr. COPELAND. I ask unanimous consent for the present consideration of the report. The changes are so trifling that I can see no reason for postponing action.

The PRESIDING OFFICER (Mr. BLACK in the chair). Is there objection to the request of the Senator from New York?

There being no objection, the Senate proceeded to consider the report.

Mr. McKELLAR. I ask to have the report read.

The PRESIDING OFFICER. The report will be read.

The legislative clerk read the report.

Mr. McKELLAR. Mr. President, will the Senator from New York state what was done with the provision appropriating $10,000,000 for the use of the President in reference to aviation?

Mr. COPELAND. It was cut in two—in the middle—reduced to $5,000,000, after conference with the President. Three million dollars of the amount is to be used to procure new airplanes; $1,000,000 is to be used for fuel; and $1,000,000 is to be used for the investigation which is proposed by the President. This matter was discussed with the President by the chairman of the conference committee of the House, the Director of the Budget, and myself.

Mr. FESS. Mr. President, is the agreement a complete one?

Mr. COPELAND. It is a complete agreement.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

RECIPROCITY NOT HOSTILE TO WOOL

Mr. O'MAHONEY. Mr. President, this morning I received from Hon. Leslie A. Miller, Governor of the State of Wyoming, a telegram in which he states that he has had advices from Casper that wool buyers representing certain Philadelphia and Boston concerns are undertaking to beat down the price of wool in Wyoming, using as their argument the proposed reciprocal tariff agreement, stating that wool is one commodity which will suffer. Such wool, the Governor goes on to say, as has been sold in Wyoming has brought prices as high as 33 cents per pound; but now these buyers are talking about 20-cent wool.

I understand from Representative TAYLOR of Colorado and from other Representatives of wool-growing States that similar messages have been received from other communities. The same representations that are being made in Wyoming have been made by wool buyers in Colorado, and, I assume, are being made elsewhere.

Last month similar charges were made. It was stated then that the Secretary of Agriculture was opposed to the wool industry, and would undertake to discriminate against it. At the same time reports were being circulated that he was opposed to the beet-sugar industry and that the sugar bill which was then in contemplation would, if enacted, tend to destroy the beet-sugar industry. In other words, the effort was being made to inspire fear throughout the country among those interested in both the beet-sugar and the wool-growing industries.

I communicated with the Secretary of Agriculture at that time, and received personal assurances from him that no such program with respect to wool, or, indeed, with respect to beets, was in the contemplation of anybody in the Department of Agriculture. I communicated with the Assistant Secretary of State, Mr. Sayre, who has been at work upon the preliminaries of the reciprocal tariff agreement, and I received the same assurances from him.

Today, on receipt of these additional telegrams, I conferred with Secretary Hull, and asked him to send me a formal statement. This I have just received from the Secretary. It reads as follows, dated April 20, 1934:

DEPARTMENT OF STATE,
OFFICE OF THE DEPARTMENT,
Washington, April 20, 1934.

MY DEAR SENATOR: I have just received your message to the effect that eastern wool buyers in Wyoming are undertaking to beat down the price of wool by the representation that the Federal Government in entering into reciprocity commercial agreements will so affect the wool situation as to necessitate heavy cuts in domestic wool prices.

This sort of statement is wholly irresponsible and unjustified. In the first place no discussion whatsoever has been had here about wool, nor has there been any negotiation concerning any other specific commodity apart from the very narrow range of items which entered into our discussions with Cuba. Secondly, the broad and definite policy on which all reciprocity trade agreements will rest is that of mutual and equal profitableness to the countries participating. Thirdly, it must be apparent that after the passage of the tariff bargaining bill an effective organization freely accessible to all interests concerned must be developed. Ample time will be required for the making of necessary studies and for carrying on exploratory conversations with various governments before steps can be taken for the negotiation of definitive agreements.

Sincerely yours, CORDELL HULL.

Hon. JOSEPH C. O'MAHONEY,
United States Senate.

I have advised those who have communicated with me from Wyoming today that, in my judgment, the wool producers should not permit themselves to be intimidated by what is obviously an attempt upon the part of the wool buyers to drive a hard bargain.

There is politics in business as well as in government. It is only natural for the purchasers of wool to do what they can to obtain a low price, but I am sorry that with-

out justification they are willing to go so far as they are apparently going in their efforts to spread uncertainty and fear among the producers.

I may call attention to the fact that there is nothing revolutionary about the idea of reciprocity. President McKinley was urging such a policy at the time of his assassination.

Mr. President, I ask unanimous consent that as a part of my remarks there shall be published in the RECORD a letter which I wrote to the Governor of Wyoming last March with respect to the misinterpretation, if not the misrepresentation, which was then being made of the attitude of the Secretary of Agriculture.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE POSITION OF SECRETARY WALLACE

MARCH 10, 1934.

Hon. L. A. MILLER,
Governor of Wyoming, Cheyenne, Wyo.

DEAR LES.: A few days ago you wrote advising me that you had been told that Secretary Wallace had issued a statement to the effect that the tariff policy of the President would be hostile to the wool industry. The statement came as a great surprise to me, because I knew that no spokesman for the administration had made any statement whatsoever with respect to any particular industry. To make certain, however, I communicated immediately with Secretary Wallace, and as I advised you on March 7, he told me personally not only that he had never made such a statement, but that he never even contemplated making it.

Since I wrote you I have discovered what I think is the source of the report. Late in February Secretary Wallace wrote an article entitled "America Must Choose!" This article was widely published in many newspapers and has now been issued in pamphlet form. Yesterday on the floor of the Senate, Senator VANDENBERG, of Michigan, who, by the way, I have found to be one of the ablest of the Republican leaders, had occasion to comment upon this article. He said:

"Mr. President, the Secretary of Agriculture writes this amazingly candid booklet entitled 'America Must Choose', and I want to commend his candor. He gives us three routes which we may follow. One is nationalistic, another is internationalistic, and the third is a middle ground between the two. He approaches the problem from the middle ground with leanings that are frankly internationalistic. I think I would approach the problem from the middle ground with leanings that are nationalistic. But certainly he is right that America must choose."

This is a correct analysis of the Secretary's article which, as the Senator said, was a frank discussion of the economic problems which confront this country and a statement of the widely divergent courses which may be followed. He discussed the philosophy and methods of nationalism. He then discussed the philosophy and methods of internationalism, and finally he discussed the philosophy and methods of what he called the middle course, which he himself favors.

In describing the readjustments which the international policy—not the middle course, observe—would entail, he said: "This will involve a radical reduction in tariffs that might seriously hurt certain industries and a few kinds of agricultural businesses, such as sugar-beet growing and flax growing. It might also cause pain for a while to wool growers and to farmers who supply material for various edible oils. I think we ought to face that fact. If we are going to lower tariffs radically, there may have to be some definite plan whereby certain industries or businesses will have to be retired. The Government might have to help furnish means for the orderly retirement of such businesses and even select those which are thus to be retired."

This quotation is undoubtedly the source of the report which reached you, but I want to call your attention to the fact that it was not a statement of policy approved by the Secretary. It was no more representative of his view than were the statements contained in his discussion of the meaning and effect of the nationalistic policy. For example, in discussing nationalism, he said:

"If we finally go all the way toward nationalism it may be necessary to have compulsory control of marketing, licensing of plowed land, and base and surplus quotas for every farmer of every product for each month in the year. We may have to have Government control of all surpluses, and a far greater degree of public ownership than we have now. It may be necessary to make a public utility out of agriculture and apply to it a combination of an Esch-Cummins Act and an Adamson Act. Every plowed field would have its permit sticking up on its post."

It is perfectly apparent that a quotation of the first statement without reference to the context would constitute a misrepresentation of the Secretary's attitude. Particularly is this true since in describing what he calls the middle course the Secretary in plain words described both nationalism and internationalism as improbable extremes. Let me call your attention to this statement by the Secretary:

"No matter how fervently nationalist or free-trade in principle our planned future policy may be, the jostle of world circumstances will be almost certain to take us across middle ground. With the modern world as it is, absolutely free trade is a dream probably never to be realized; and so is a completely independent national economy. Somewhere between these improbable extremes lies the proper course; and that is the course we are following now. But the trouble is that we have at present no markers set up to guide us. With great spirit, but with no commonly understood destination, we are veering off this way and that as obstacles arise. A middle course need not be indefinite. It can be clear-cut and uncompromising if we choose to make it so. To begin with, we can set up tentative markers and discuss the gain and the cost of a resolute march along that line. And as a result of our discussion we can far more definitely reset the markers in accord with the common will for the long pull."

I greatly regret that although Secretary Wallace in the clearest possible language showed that he did not favor either the nationalistic or the internationalistic program, there has been a disposition to quote his description of a policy which he specifically rejected in such a manner as to leave the impression that he actually favored it.

Such tactics are fair neither to the Secretary nor to the people and cannot be too severely condemned.

We may not agree even with the middle-course policy which the Secretary has described, and it is perfectly proper to enter into debate with him with respect to the merits of the course which he actually espouses, but it is altogether improper to attribute to him the policies which he described only for the purpose of saying that he did not support them.

I am very glad, therefore, to say to you again that Secretary Wallace has not made any statement of any purpose to injure the wool industry.

Sincerely yours,

JOSEPH C. O'MAHONEY.

Mr. LONG. Mr. President, as a kind of postscript to what the Senator from Wyoming has said, I merely wish to remark that this goes to show how very ill-advised it is even to take up a proposal to disturb all the tariffs. I sympathize with the people in Wyoming, and I do not for a moment condone the attitude of the wool buyers. However, it just goes to show what we might expect when there is a proposal to unsettle all the tariff arrangements and to vest somebody with the authority to negotiate trade treaties over all the world.

Mr. President, this is a typical example. Suppose the wool buyer is right in his calculations. He might be; he could be. We do not know what wool is going to bring; we do not know what sugar is going to bring; we do not know what oil is going to bring. This whole thing was started before we went into power on this side of the Chamber, by which the ipsi dixit of an Executive can make and unmake the taxes of a country, and now it is to be extended by reciprocal tariff agreements, which might bind us for as long as 3 years' time. We saw the lack of wisdom in what we did. This matter brought up by the Senator is typical of what might be expected to come even from a move in that direction.

I hope Senators will take notice of what they may expect. I hope that at an early date this tariff move, which I consider very ill-advised, will be withdrawn, after a consideration of what has already resulted from it.

Mr. KING. Mr. President, at this late hour I shall not attempt a reply to the observations made by the Senator from Louisiana. I may say, however, in partial answer only, that I cannot conceive of reciprocal tariff arrangements or agreements which would be disadvantageous to the American people. The very term connotes benefits and advantages to the United States and postulates enlarged foreign markets for our surplus products. President Roosevelt has given evidence of his solicitude for agriculture, and his determination, so far as is within his power, to advance commodity prices to the advantage of those engaged in industry, as well as those engaged in every form of labor.

The legislation which he has suggested has had back of it the purpose to increase prices. It is absolutely necessary, with the stupendous debt resting upon the United States Government and the American people, approximating $200,000,000,000, that there should be a great advancement in the prices of commodities.

A commission appointed a few years ago by Great Britain, consisting of some of her ablest statesmen and business men, after an exhaustive examination, made a report that there must be an increase in commodity prices to avert universal bankruptcy. It is certain that neither the President nor his advisers would adopt any policy, or enter into any

agreement, that will not have for its object the increase in business, the advancement in commodity prices, and the augmentation of the wages of labor.

Just one word supplemental to what was said by the Senator from Wyoming [Mr. O'MAHONEY]. I have had a number of communications today and yesterday from Chicago, and from points west, to the effect that those who were buying lambs in Chicago and in other places are making similar representations to those being made by the wool buyers; namely, that the price of lambs must fall. They are offering less for lambs today, and were yesterday, than they were offering a few days ago. It seems to be a conspiracy upon the part of a number of wool buyers and purchasers of livestock to depreciate prices in order to enhance the profits of those who are disseminating these unwarranted and unfounded statements. In the stock markets rumors were set on foot and misleading statements were sent out to depress the market value of stocks. Reports today would be made to depress stocks and thus secure profits, and other reports tomorrow would be broadcasted to give a fictitious market value to stocks in order that illegitimate profits might be made.

I condemn those who are disseminating these unfounded statements. They are calculated to deprive farmers, the wool growers, and livestock producers of property or profits to which they are entitled.

Mr. LONG. Mr. President, I wonder if my friend from Utah will permit me to ask a question.

Let us assume there might accidentally be an honest wool or cotton buyer, or the buyer of something else. If the Senator were in his shoes, I was wondering if he would not be very meticulous at this time, so as to know just exactly what he could depend upon, if there were impending overnight changes in tariff rates and adjustments of treaties that might lower or raise the rates as much as 50 percent?

Mr. KING. Mr. President, in the condition of flux in the economic life of the United States, as well as of the world, no one can predict with any degree of certainty what the situation economically or industrially will be tomorrow, or next week, or next year. No one can predict, Mr. President, what the effect of any particular act of Congress may be upon the economic or industrial situation of our country. But answering, I hope categorically, the question of the Senator from Louisiana, I will say that I should not hestitate to buy wool or cotton tomorrow or today, if I were engaged in the business, because of any statements in regard to reciprocal tariffs or by reason of other propaganda being given currency for the purpose of depressing prices. I think the curve is upward. We are rising out of the depression. If the policies of the administration—or at least most of them—are carried into effect, I believe that a brighter day will soon dispel the depression through which we have been passing.

Mr. LONG. Mr. President, I do not believe my very undeveloped mind grasped what the Senator said as being an answer to my question. What I am trying to ascertain from my friend from Utah—because I am sure he is going to vote as I am going to vote, to put this thing into a swinging balance—is, assuming he were a wool buyer, what does the Senator believe he could depend upon, and would the Senator know where he was in his purchases? That is the point I am inquiring about.

Mr. KING. Mr. President, I think my answer a moment ago ought to have been satisfactory to the Senator from Louisiana. I said, in substance, that if I were a wool buyer, or if I were purchasing cotton or purchasing wool, I would buy today or I would buy tomorrow with the assurance that I would make a profit upon the investment.

Mr. CLARK. Mr. President, I wish to make an inquiry of the Senator from Louisiana. The Senator indicates that he thinks some disadvantage to America may be involved in the proposal to grant to the President of the United States power to negotiate reciprocal trade agreements. I should be very glad if anyone would point out any more extensive power contained in the proposed act than is contained in the existing law, under section 338, which gives the President of the United States authority, without being bound by anybody, to mark existing tariff duties up or down 50 percent.

Mr. LONG. Mr. President, that is very simple. The difference is that the action taken under the proposed legislation would remain in force for a period of 3 years. At this time the President must act in accordance with what he thinks is the desire of Congress. Otherwise his action would result in a change by Congress. If he should act in making reciprocal agreements, they would continue in force for a period of 3 years. Then the condition would be so static and so much harm would have been done in that time that a change by Congress would not do very much good.

Mr. FESS. Mr. President, under the present law a change cannot be made until there has been an investigation by the Tariff Commission. Under the proposed law authority is given to the President to make a change without a hearing having been had. There is a vast difference between the two.

Mr. CLARK. The Senator from Ohio is very evidently referring to section 336 of the existing law, which requires a finding of fact by the Tariff Commission.

Mr. FESS. Yes.

Mr. CLARK. But under section 338 no finding of fact by the Tariff Commission is required at all.

Mr. FESS. Section 338 of the present law?

Mr. CLARK. Of the present law. That is a provision for which the Senator from Ohio voted.

Mr. FESS. The Senator says section 338 permits action without a hearing?

Mr. CLARK. Absolutely.

Mr. FESS. I think the Senator is mistaken.

Mr. CLARK. I shall be glad to have the Senator read the act; and if I am in error about it, to have him come back and confound me.

COINAGE OF SILVER

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Franklyn Waltman, Jr., in regard to the silver question, which appeared in the Washington Sunday Post of April 15, 1934.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Post, Sunday, Apr. 15, 1934]

CAPITAL RESOUNDS WITH SILVER TALK OF THE "GREAT COMMONER"—ISSUE BRYAN RAISED COMES TO LIFE AGAIN—REGAINS ROLE IN POLITICS AFTER 38 YEARS—SENATOR BURTON WHEELER METAL'S NEW SPONSOR

By Franklyn Waltman, Jr.

Perhaps the most remarkable phenomenon to occur in American politics is the recrudescence of the silver issue almost 38 years after it was believed the matter had been disposed of definitely and for all time.

When William Jennings Bryan was defeated for the Presidency in 1896 by a margin of 500,000 votes, after waging his campaign for free coinage of silver, and was more decisively rejected by the American people 4 years later, it might have been supposed that never again would a serious attempt be made to give the white metal a primary place in the Nation's monetary structure.

Events in the years which followed this double defeat of Bryanism and free silver seemed to confirm that impression. The Nation became more firmly wedded than ever before to a single-gold standard. As a result of Bryan's venture the Democratic Party was divided and became a minority party until dissention split the Republicans in 1912. Even after the 8 glorious years of Wilson's new freedom, the taint of being unorthodox in money matters stuck to the Democrats.

From the turn of the century until the pillars of economic stability were jarred during the current depression there appeared to be no party and no group of men, except a small handful from the silver-producing States, which would risk the odium of waging the fight to restore silver to the status of money. Silver remained a commodity, like wheat and potatoes.

CRY OF EASY MONEY RAISED IN WEST

But as prices fell to their lowest levels in modern times, as more millions of men than ever before in this country trod the streets seeking work which did not exist, as increasing thousands of homes and farms were sold to satisfy mortgages and taxes, and as banks commenced to fall like tenpins before the roll of the ball, the cry for easy money and more money came out of the West, as it did 50 years ago.

For the first time in 40 years a vote was taken in January 1933, in the Senate, on a proposal of Senator BURTON K. WHEELER, the Montana Democratic successor to the Great Commoner of Ne-

braska. The novelty of WHEELER's proposal to a generation which came to maturity after the election of 1896 attracted attention, but few took his movement seriously.

Nor was his following of serious proportions. His silver amendment, offered to the Glass banking act, was rejected by the overwhelming vote of 56 to 18. Its supporters, as was to be expected, represented the silver-producing States, and it would have been political suicide for them to have voted otherwise.

The Congress in which that vote was taken came to an end and President Roosevelt called into special session the first new deal Congress. In this body were men newly elected by the same cohorts of laborers, toilers in the mines, crossroads merchants, and farmers that had stood behind Bryan when he cried out that "You shall not press down upon the brow of labor this crown of thorns; you shall not crucify mankind upon a cross of gold."

MISERY WAS BLAMED ON ECONOMICS

In this new Congress was a House of Representatives and about one third of the Senate that had been elected by the votes of people whose misery was blamed on all the orthodox ways of finance and economics. They wanted change. They wanted higher prices for the products of their farms and their mines. Those in the city wanted work.

Although most of the Representatives of these people in Congress were elected on a platform which promised a sound currency, they turned their faces to monetary experimentation as the first remedy for the distress of their constituents. This was not strange in view of history, because since the colonial days of Daniel Shay's rebellion in Massachusetts, those in economic distress in this country have cried out for monetary reform, for a scaling down of debts, and a leveling of the position of intrenched wealth.

Moreover, the debt-burdened plowman of the West and South had never been convinced that Bryan was wrong. The peerless orator and that Tiberius Gracchus of the West, who had shocked the best people of the East, left a lasting impression on the hearts of agrarian toilers. Remonetization of silver was no heresy to them. They believed it was salvation.

With the agricultural adjustment farm relief bill before the Senate, Senator WHEELER, on April 17, 1933, again put forward his proposal for remonetization of silver. The vote this time—just 3 months after the first vote—was 48 to 33. He was again defeated, but this time he knew that the trend of sentiment was toward him and substantial action to rehabilitate silver.

Nothing that has happened in Congress since the new deal started so apparently alarmed the administration as did this silver vote. Within 2 days it came forward with the proposal, known as the "Thomas inflation amendment", which gave the President wide discretionary powers to devaluate the gold dollar, issue greenbacks in an amount up to $3,000,000,000, to expand Federal Reserve currency by a like amount and to remonetize silver.

It was the first victory of the monetary inflation group and for a time it stilled the silver bloc in Congress. This group, however, was not satisfied, particularly when the President failed to exercise the discretionary powers given to him. In beating back the silver bloc, the administration had urged that domestic action be withheld until an international agreement could be reached for the benefit of silver.

At the London Monetary and Economic Conference, the only objective reached was an agreement on silver. The 66 governments represented at that conference agreed to abandon the policy of and practice of melting up or debasing silver coins and to refrain from any action which would depreciate the value of silver. The present low price of silver is blamed not on overproduction, but oversupply brought about through governments, chiefly India, melting down their silver money stocks.

A separate agreement was entered into by China, India, and Spain, as holders and users of large quantities of silver, on the one hand, and by Australia, Canada, Mexico, Peru, and the United States, on the other, as large producers of silver. The first group of governments agreed that until January 1, 1938, they would not dispose of, or would limit their disposition of, silver derived from the debasement of silver coins.

The group of producing nations agreed that until the same date their governments would absorb from the mines in their countries an aggregate of 35,000,000 ounces annually. The United States agreed to absorb and keep off the world market during the period 24,421,410 ounces of silver annually.

President Roosevelt last December made this agreement effective in an Executive order which provided, in effect, for the purchase of all newly mined silver in this country at a price equivalent to 64½ cents an ounce or about 50 percent greater than the then prevailing market quotation or one half of the statutory monetary price of $1.29. He directed that the silver thus purchased should be paid for with newly issued silver certificates.

Two months prior to this action, the President embarked on a more sweeping monetary experiment. He inaugurated the purchase of gold in the domestic and foreign markets at prices more than 50 percent in excess of the statutory price of $20.67 an ounce. The objective was to enhance all commodity prices.

But commodity prices failed to respond in proportion to the increase in the gold price. The silver bloc in the Senate prepared to renew their fight when Congress convened in January. Then came the December Executive order in respect to silver. Although hailed at the time as a great boon for silver and aid to increased trade with China, this action likewise failed to satisfy the silverites—because prices failed to move upward with the rapidity expected.

The new session of Congress was not many days old when the President sent to it his gold devaluation bill, reducing the gold content of the dollar to a point where the yellow metal had a value of $35 an ounce. The bill nationalized the country's gold stocks and ended permanently the redemption of currency in gold coin.

When the bill came before the Senate, Senator WHEELER decided to strike for silver. This time he proposed that the Secretary of the Treasury be required to purchase silver at the market price, starting at 25,000,000 ounces a month and continuing on a lesser degree until 750,000,000 ounces of silver were in the Treasury or the market price reached the equivalent of 16 to 1 with gold.

Administration leaders pleaded with the Senate to delay taking action on silver until the results of the gold policy could be measured. But despite that plea and all that was being done in the bill to make easy money, the Wheeler amendment was defeated by a margin of only two votes. The result was 43 to 45, and since every Member was accounted for, if pairs are considered, the vote was 47 to 49.

BILL MAY PASS UNLESS STOPPED

Since that vote was cast it has been the general opinion of observers on Capitol Hill that soon or late Congress would pass a silver bill of sweeping proportions, unless President Roosevelt, like Grover Cleveland, squarely met the issue, or unless economic recovery took a sudden turn for the better and prices showed marked improvement.

In this recital of the development of the silver movement on Capitol Hill reference has been made only to what has taken place in the Senate. Although sentiment for liberal silver legislation is greater in the House than the Senate, the latter body, free from restrictive rules, has been able to force action.

The House, however, contributed to the movement several weeks ago, when through the influence of Speaker HENRY T. RAINEY, it adopted by a vote of 2 to 1 the Dies bill, which provided for the sale of American farm surpluses abroad in exchange for silver at a premium not in excess of 25 percent of the metal's market price. For the silver bullion received from abroad the Secretary of the Treasury would issue silver certificates.

The Senate Agricultural Committee has taken this bill, rewritten its original provisions to clarify and simplify them and has added to the measure a provision for the nationalization of all silver in the country and for the purchase of 50,000,000 ounces monthly, wherever it may be found, at the market price until the latter reaches $1.29 an ounce or the commodity price index reaches the 1926 average.

PLACES UNITED STATES OF AMERICA ON DOUBLE CURRENCY BASE

Redemption of all currency in silver is provided by the bill, thus placing the United States on a silver standard, since its currency is not now redeemable in gold. The old Bryan ratio with gold of 16 to 1 has been abandoned and, instead, a ratio slightly in excess of 26 to 1 with the newly devaluated gold dollar would be established by this bill. The number of silver grains in the dollar would be kept unchanged.

The section of the bill for nationalization of silver, a sweeping undertaking, directs the Secretary of the Treasury to take title to all monetary silver bullion domiciled within the United States and its possessions for the public use and general welfare and to pay for this silver not less than the highest world price prevailing, in silver certificates.

How much silver the Treasury would acquire under this provision is not definitely known but it would be several billions of ounces, for which almost as many billions of dollars would be issued in payment, thus almost doubling the currency now in circulation.

In addition the Secretary of the Treasury would be directed by this bill, starting on January 1, 1935, to purchase silver bullion at the rate of not less than 50,000,000 ounces per month wherever silver shall be procurable, at a price to be fixed by him from time to time.

It is a safe prophecy that this bill will be modified on the floor of the Senate, although it has the unanimous approval of the Senate Agricultural Committee. But after the modification it is almost certain that the bill's provisions will go far beyond anything that one would have dreamed possible a year ago.

Every indication on Capitol Hill points to the enactment by House and Senate of such a bill unless the session is ended before a final vote can be taken or unless President Roosevelt aggressively opposes the measure and uses pressure to whip his party into line. The militant attack made Friday by Speaker RAINEY on opponents of silver legislation reflects the sentiment in the House.

It is not believed that President Roosevelt favors what amounts to a free coinage of silver, or that he is sympathetic with what the silver bloc is trying to do. But it is by no means certain he will come to grips with the advocates of sweeping silver legislation. His actions during the last 15 months have been based on a desire to conciliate and compromise with the silverites and inflationists rather than fight them.

The present situation is analogous to that which existed during the 20 years after the United States ceased the monetization of silver, which culminated in the Bryan fight of 1896. In that earlier period both Republican and Democratic Parties resorted to expediency in dealing with this issue, much as they are doing now.

CRIME OF 1873

Heralded throughout the Nation for the remainder of the century as the "crime of 1873", Congress in that year codified the

mint laws and omitted all provision for the coining of silver. At the time silver production had suddenly increased while gold production declined. Also about that time the western nations of Europe were abandoning silver as a metallic base.

At all events, the fight over silver soon started. In the years that followed virtually every adverse turn in the affairs of the Nation was laid to the abandonment of silver. In 1873 came the panic caused by the inflation of the Civil War period and for 6 years prices fell. Soon the greenback movement changed into a demand for remonetization of silver.

The situation was somewhat eased by the capital which flowed into the country in the early eighties to build the far-flung railroad empire. But toward the end of the decade, in the Harrison administration, came the first signs of the panic that was finally to break in 1893. The Republicans in control of Congress, to placate the militant free-silver sentiment in their party and as a result of platform straddles on the question, in 1890 passed the Sherman Silver Purchase Act.

GOLD RAN OUT

This measure provided for the purchase by the Treasury of 4,500,000 ounces of silver a month, to be paid for with legal-tender Treasury notes redeemable either in silver or gold. Almost as fast as the notes were issued for silver, they were presented to the Treasury for redemption in gold and it soon became evident that it would be impossible to retain sufficient gold stock to meet the demands.

For a time Grover Cleveland, after he commenced his second term, tried to carry out the Sherman Act but was forced to borrow large sums to purchase gold in order to prevent a financial break-down of the Treasury. He finally found it was an endless chain that had been set in motion to keep the Treasury drained.

Meanwhile the country became panicky. Cleveland called Congress into special session and made repeal of the Sherman Act his first concern. He charged the unfortunate plight of the country was due to the silver-purchase act and declared for "sound money", telling Congress that the Government had no right to injure its people by financial experiments opposed to the policy and practice of other civilized states.

ENEMY OF SILVER BLOC

Although denounced by the silverites as "a tool of Wall Street" and "a creature of the British Government", Cleveland refused to compromise with the silver bloc. Using every means at his hand, he brought sufficient pressure to force through Congress repeal of the Sherman Act. But the real struggle was ahead.

Preparing for the fight ahead was Bryan, then a member of the House. Bitterly hostile to Cleveland, Bryan soon became the leader of his party through his magnetism and eloquence. Also in the House was William H. McKinley, also an influential member of the silver bloc but subsequently to abandon that stand when he became the Republican Presidential nominee on a sound-money platform.

As Frank R. Kent in his history of The Democratic Party points out, "It was Cleveland who took the free-silver theory by the throat and forced a show-down. It was his flat-footed, uncompromising opposition to it, his indictment of it as a dangerous and degrading fallacy, and his declaration that it was abhorrent to the sound-money principles of the Democratic Party, that split that party and made it safe for cautious and conviction-less Republican leaders to swing their party to the sound-money side. There isn't any possible doubt that Celeveland, more than any other man, won the sound-money fight, avoided the danger of the free-silver experiment. And, no matter what his course did to his party, it certainly served the country."

BRYAN THE SILVER-TONGUED

Cleveland did all he could to keep his party from jumping into the free-silver chasm. But Bryan, with the holy zeal of a crusader and fanatic, flashed out of the West holding aloft a standard which overjoyed and electrified into action that agrarian West and South, but which struck terror and frenzy into the hearts of the moneyed East.

Bryan was defeated, probably due to the generous use of money contributed by frightened bankers and plutocrats, as some historians contend. Cleveland left the White House, the target of unprecedented scorn and vituperation from members and the press of his own party—"traitor to Democracy", "supine servant of high finance", and "political leper" were mild among the epithets hurled at him. It was thought that at last the American frontier had lost control and that henceforth this country would be an industrial and financial Nation.

But the specter of Bryan and silver has again appeared to haunt the forces of Democracy. Thrice it has strode unsuccessfully across the Senate floor. In 15 months the agitation for silver legislation has gained momentum, like a huge snow rolling down a precipice. Those 3 votes are significant—18 to 56; 33 to 48; and 43 to 45. Once again the Democrats find themselves at the crossroads. If the issue is not met now, it will have to be met next year or the year after that.

CONSTITUTIONAL GOVERNMENT—ADDRESS BY SENATOR AUSTIN

Mr. LEWIS. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address delivered to the Vermont Bar Association, Montpelier, October 3, 1933, by the senior Senator from Vermont [Mr. AUSTIN]. I would not have it understood that I am presenting this address from a political aspect, because I conceive that it supports the policies maintaining the legislation we on this side of the Chamber have presented; but, other than this, because the address is one of a very high order on constitutional law, and serves as instruction to the lawyers on both sides of this Chamber touching the legislation passed by the present Congress under the present administration, I therefore recommend it upon that consideration.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONSTITUTIONAL GOVERNMENT MUST BE SAVED

Government is not taken for granted today. Since the Civil War there has been no time or occasion when the question what shall be the Government of the United States of America was thrust upon the people more insistently than it is at the present time. A national emergency has awakened an old justification for removal or change of the limitations upon Federal authority imposed by the Constitution. A figure of speech has been emotionally propagated not only to excite cooperation of the people, but to bring to bear on political judgment the basis of a state of war for breaking down the constitutional safeguards of individual liberty. The concept of a representative form of government with independent coordinate branches established by the Constitution is challenged as inapplicable to conditions of the present time. In the name of relief to humanity and under the representation that it is temporary, we are suffering a suspension of the Constitution by peaceful revolution.

On the one side we have taken a most important step toward democracy by using, for the first time in our history, conventions instead of legislatures for the ratification of a constitutional amendment; and, on the other side, we have leaped the fence of constitutional authority and increased the power of the central Government and of its Chief Executive to an extent which will probably astonish us when we observe it with a proper perspective. Generally throughout the land there is concern and apprehension lest we forget the indispensable requisites of liberty—namely, fidelity to the fundamental laws of and protection to the Constitution whenever it is attacked.

So far as the members of the profession of the law are considered in this situation, they have a special interest and a very important duty, jointly and severally, to resist the invasion of fundamental rights and to keep the Government founded upon the solid rock of known laws to which the people are a party, and to prevent it from being shifted to the treacherous sands of expediency and revolution.

The principal objects of the Act to Relieve Destitution of 1932, the Federal Emergency Relief Act of 1933, the Act for the Establishment of a National Employment System of 1933, the Home Owners' Loan Act of 1933, the Farm Credit Act of 1933, the Agricultural Adjustment Act of 1933, and the National Industrial Recovery Act of 1933 are concurred in unanimously by the people of this country. Moreover, the very general acquiescence of the public in the N.R.A., inaugurated without any authority of law whatever, indicates that the spirit of the people of the United States is patriotic and humane. They are united, as if in war, to overcome the depression and to recover prosperity. When the wolf is at the door of many houses in this land, business men and women, employers and consumers, willingly sacrifice rights and liberties, wealth and convenience, to uplift the unfortunate. A great wave of emotion, stimulated by most generous and public-spirited publicity, freely given by the public press, the radio, and other agencies of communication, and promoted by public speeches and demonstrations has swept over the land. Its object was so good and so much to be desired that it contained the danger of our people's ignoring the breach of constitutional law by which it was accomplished and the tolerating of fundamental changes in our Government in an irregular and informal manner.

There have been even those who approved the suspension of the Constitution and the conversion of the Federal Government into a strongly centralized system on the ground of an emergency. They employ the reasoning of the Supreme Court in *Adkins, et al.*, v. *Children's Hospital* (261 U.S. 525), in which, to uphold a minimum wage law for women of the District of Columbia, it is said:

"Moreover, in sustaining the wage feature of the law emphasis was put upon the fact that it was in this respect temporary 'leaving the employers and employees free as to the subject of wages to govern their relations by their own agreements after the specified time.' The act was not only temporary in this respect, but it was passed to meet a sudden and great emergency. This feature of the law was sustained principally because the parties, for the time being, could not or would not agree. Here they are forbidden to agree.

"The same principle was applied in the Rent cases (*Block* v. *Hirsh*, 256 U.S. 135, and *Marcus Brown Holding Co.* v. *Feldman*, 256 U.S. 170), where this court sustained the legislative power to fix rents as between landlord and tenant upon the ground that the operation of the statutes was temporary to tide over an emergency and that the circumstances were such as to clothe 'the letting of buildings * * * with a public interest so great as to justify regulation by law.'

"The regulation is put and justified only as a temporary measure (citing *Wilson* v. *New*, supra). A limit in time, to tide over

a passing trouble, well may justify a law that could not be upheld as a permanent change."

By contrast we call attention to the holding in *Ex parte Milligan* (4 Wall. 2, at 120, 121). This case arose under the exigencies of the Civil War (certainly an emergency), yet the Supreme Court, through Mr. Justice Davis, said:

"Time has proven the discernment of our ancestors; for even these provisions, expressed in such plain English words, that it would seem the ingenuity of man could not evade them, are now, after the lapse of more than 70 years, sought to be avoided. Those great and good men foresaw that troublous times would arise, when rulers and people would become restive under restraint, and seek by sharp and decisive measures to accomplish ends deemed just and proper; and that the principles of constitutional liberty would be in peril, unless established by irrepealable law. The history of the world had taught them that what was done in the past might be attempted in the future. The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of Government. Such a doctrine leads directly to anarchy or despotism, but the theory of necessity on which it is based is false; for the Government, within the Constitution, has all the powers granted to it, which are necessary to preserve its existence; as has been happily proved by the result of the great effort to throw off its just authority."

How dangerous is the situation is reflected in the statement by a leading professor of law:

"The Constitution today is a document which permits the spirit of the times to stalk unrestrained."

President Martin, of the American Bar Association, stated our responsibility in this terse sentence:

"If our Republic of today disintegrates into a social democracy tomorrow, it will be our fault; it can be none other."

The doctrine of emergency has not been fully developed; but there are sufficient decisions pro and con to indicate the necessity of vigilance on the part of the voters of this country to insure that form of government by which individual liberty and opportunity are most likely to be preserved, when they find themselves in the midst of such an emergency, and under the menace of that which is represented to be temporary, becoming permanent for the lack of vigorous resistance. We have had many abnormal expansions of government authority in time of war; but the Supreme Court has made a point to observe that even in cases involving war-time regulation of industry, the existence of a state of war did not remove or change the limitations upon Congressional authority imposed by the Constitution. See *Hamilton* v. *Ky. Distilleries Co.*, 251 U.S. 146, 156 (1919); *U.S.* v. *Cohen Grocery Co.*, 255 U.S. 81, 88 (1921); *U.S.* v. *New River Collieries*, 262 U.S. 341 (1923).

In *Highland* v. *Russel Car & Snow Plow Co.* (279 U.S. 253, 262) Mr. Justice Butler, on April 8, 1929, delivered the opinion of the Court, saying:

"Under the Constitution and subject to the safeguards there set for the protection of life, liberty, and property (cases cited), the Congress and the President exert the war power of the Nation, and they have wide discretion as to the means to be employed successfully to carry on (cases cited)."

In that case the Court held that the fixing of prices by the President under the authority of Congress given in the Lever Act to regulate production, prices, and sales, to requisition coal and other necessities, to purchase and sell wheat, flour, and other staple articles of food, and to take over and operate factories and mines, was not as applied to the coal in question so clearly unreasonable and arbitrary as to require them to be held repugnant to the due-process clause of the fifth amendment.

To sound the warning, which is the object of such addresses as this, it is not necessary to argue the question whether an economic emergency stands differently than a war-time condition, to justify suspension of the Constitution. We are confronted with a condition, not a mere theory. The Constitution is suspended; and the interest we have is to restore it and, if possible, to give it more vitality, if we intend to preserve the Republic and to prevent a social democracy or a Fascist autocracy.

Some of the practical effects of making permanent the assumption by the President of police power in intrastate affairs and the abdication by Congress to the President of the duty to regulate interstate commerce, and to coin money, regulate the value thereof, and fix the standard of weights and measures—whether enforced by the boycott or by any of the methods of punishment and coercion set forth in the N.I.R.A.—would be intolerable.

Amendment of the Constitution by revolution would be approved.

The sovereignty of States as the great reservoir of authority would be broken down.

The independence of the three coordinate branches of Government would be destroyed.

Individual liberty, responsibility, and opportunity would be wiped out.

Industrial, agricultural, and mercantile activities would be smoothed down to a common level of mediocrity.

Government would be in business, and private enterprise would soon be out of business.

Taxes would be increased so rapidly and to such a level that they would not be and could not be paid.

I forbear to state what other ultimate consequences might follow making permanent the N.R.A.

It was a significant and beneficial change for the better to have the amendment of the Constitution recently acted upon in Vermont and elsewhere, submitted as it was in Vermont and in many other States, to the direct vote of the people for their ratification. This was so because thereby the people became a direct party to the fundamental law. It is said, and justly so I believe, that the provision for ratification by legislatures and conventions is a submission to the people, through their agent. But no one will question the effectiveness in securing assent to and loyal cooperation in the law of a direct vote by the people. On the other hand, the removal of the people from participation in the change to the extent involved in the Chief Executive's controlling local business, authorized or not authorized by the Congress, is most certain to result, in the long run, in resistance by those who suffer a loss of liberty thereby.

Regardless of whether the specific result may be beneficial or not, economically, the effect upon our Government of making codes permanent which put the Federal Government into partnership with and regulate the conduct of purely local trades or industries which do not engage in interstate commerce, or which are not in direct competition with interstate business, is an amendment of the Constitution without method of limitation, which is destined to break down as soon as the emotion or fear which excited the assent of the people evaporates.

If the events of the past 6 months should cause such a change to be made in the Federal law that every constitutional amendment must be submitted for ratification to conventions of the several States, members of which are to be elected at large in a direct vote by the people, instructing the delegates on the precise question at issue, as was done in the State of Vermont with the twenty-first amendment, a complete denunciation of the method involved in the N.R.A. would be accomplished and something creative and constructive would develop out of this emergency.

Possibly this may be done by a mere act of Congress.

The decisions of the Supreme Court dealing with the subject of congressional legislation in respect to Presidential electors seem to indicate that Congress has not undertaken to function concerning an election to be held within a State.

(*U.S.* v. *Bradwell* (234 Fed. 448); *Ex parte Siebold* (100 U.S. 371); *Ex parte Clark* (100 U.S. 399); *In re Green* (134 U.S. 379).)

Nevertheless, it was held in the *Bradwell case*, supra, at 449:

"The right of the United States in respect to these elections is a constitutional right to legislate or not to legislate as is deemed expedient or necessary."

In the Siebold case it was held:

"As a general rule, it is no doubt expedient and wise that the operations of the State and National Governments should as far as practicable be conducted separately, in order to avoid undue jealousies and jars and conflicts of jurisdiction and power. But there is no reason for laying this down as a rule of universal application."

In the Green case it was held:

"The sole function of the Presidential electors is to cast, certify, and transmit the vote of the State for President and Vice President of the Nation. Although the electors are appointed and act under and pursuant to the Constitution of the United States, they are no more officers or agents of the United States than are the members of the State legislatures when acting as electors of Federal Senators, or the people of the States when acting as electors of Representatives in Congress (Constitution, art. I, secs. 2, 3).

* * * * * * *

"Congress has never undertaken to interfere with the manner of appointing electors, or, where (according to the now general usage) the mode of appointment prescribed by the law of the State is election by the people, to regulate the conduct of such election, or to punish any fraud in voting for electors; but has left these matters to the control of the States."

The matter is of so much importance, however, and the occasion is so urgent for doing something definite to reassert this fundamental right, that even if a constitutional amendment should be necessary, I would favor its submission to the people.

The various relief measures which Congress passed, earnestly dealt with the solution of economic problems, and without any question the administration has honestly and faithfully attempted to put them into effect.

Human distress, as an exciting cause, was fortified by the belief of people that there were structural defects in our economic system, that unfair methods have existed in business which could not be remedied by agreements or combinations because of the antitrust laws, and that social injustices arose out of the power wielded by the few who had acquired extremely large fortunes.

The proposal of these acts granting extraordinary powers to the President attracted the advocacy of organized labor because the N.I.R.A. provided for collective bargaining through representatives of labor's own choosing; provided for freedom from restraint or coercion by employers in the designation of representatives or in self-organization; forbade the requirements of an employee to join a company union or to refrain from joining an organization of his own choosing as a condition of employment; and obligated employers to comply with the conditions of employment prescribed by the President, including the maximum hours of labor and the minimum rates of pay.

These acts enlisted agriculture by the promises of regulation of production, of increase of prices, and of refinancing of farm mortgages.

Big business came to the support of these acts because they promised some relief from the restrictive effects of the antitrust laws.

Material benefits have accrued. I have no doubt that by continued cooperation this country will certainly raise itself out of the depression. The education of all the people at the same time to the principle that permanent private good is dependent upon the public welfare and that selfishness and greed are hostile to the public welfare is a positive spiritual benefit. The units of each industry have been drawn together for the purpose of making codes. These code sessions have done more than trade conventions ever could do to bring together the leaders of thought and those who control the policies of business. By these agreements which could not have been entered into before, because of the antitrust laws, there have been eliminated many bad practices and unfair features of competition. The ethics of business have been raised to a higher standard; price declines due to cutthroat competition have been stopped; and although the benefits intended by the Agricultural Adjustment Act have not kept pace with the benefits intended by the N.I.R.A., nevertheless, there have been increases in prices of agricultural products as well as manufactured products.

The standardization of service, quality, and cost, which has been sought by economists, has not been fully achieved, but a good start has been made in that direction; child labor has been abolished; the American working day has been cut; suffering has been ameliorated substantially; the number of unemployed has been reduced approximately two and one half millions during 6 months. Title II of the NIRA, providing for public works and construction projects, has put into circulation huge sums of money and promises to improve business considerably in the near future. The conservation works have put into circulation millions of dollars monthly and have certainly benefited 350,000 young men and their families to a very marked degree, not only economically, but socially.

These things we praise, as well as approve; and we give Godspeed to the remainder of the program; but the indispensable requisite of this great movement is its termination. It must be ended—we must take from the President the extraordinary powers we have given him; we must restore to the States their police power; we must return to Congress the power to regulate interstate commerce and coin money; we must replace contracts upon the sound foundation of absolute certainty. Looking forward and building for the future, we foresee that if we gain all the objectives of these relief measures for the time being, at the cost for all time of the guaranties of liberty which we have tested and found true, we will have lost more than we shall have gained.

The special training and experience of lawyers, as well as the responsible position that they occupy in social and political affairs, charge them with the high obligation to replenish the love of liberty in the hearts of men. We should emphasize and make perfectly obvious the necessity of protecting the Constitution if we are going to save our Government.

We should promote, as never before, faith in rugged individualism. The sneering attack on individualism is designed as a cover or smoke screen by those who would make use of misery to promote paternalism, direct action, public ownership of all property and the reduction of all service and attainment to a dead level. This menace must be exposed. In a great emotional period we should serve as a steady influence to keep us all from getting into the lunatic fringe which characterizes every great emotional wave.

In the words of Lincoln: "This Nation under God may have a new birth of freedom" if we do our duty in this great emergency. The opportunity is afforded to consolidate the position of representative government.

The Federal form of Government in the United States has survived ideas, which altered beyond recognition the various forms of government in France, Germany, Italy, Austria, Russia, and China; but vigilance must be exercised now, or this country which is the home of progress and liberty may suffer the fate of such governments.

The spirit of the American people should be quickened to the recognition that the power and the glory of the United States consist not in wealth and prosperity, but in the freedom of the individual made possible and made secure by his voluntary sacrifices, written into the fundamental law for the sake of the regulation of the conduct, and the promotion of the welfare of the masses.

We should favor and work for improvement of our form of government. We should be willing to make further sacrifices of individual liberty for the public good. We should be willing to curtail some of the sovereign powers of the several States in order to increase the authority of the Federal Government to enable it to perform the stupendous work of fending off dictatorship of either a ruler or a proletariat. It is vital to the saving of the Government and to any permanent freedom and to any permanent progress morally, socially, economically, or politically, that we save the Constitution, and that we make our changes in government under and in conformity with the fundamental law.

"THE NEW DEAL AND THE 'BRAIN TRUST'"—ADDRESS BY MRS. PAUL FITZSIMONS

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD an address on the subject of "The New Deal and the 'Brain Trust'", delivered by Mrs. Paul FitzSimons, Republican national committeewoman of Rhode Island, before the Business and Professional Women's Republican Club of Boston on April 17, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE NEW DEAL AND THE "BRAIN TRUST"

On assuming office, the President of this great Nation of ours takes the following oath: "I do solemnly swear (or affirm) that I will faithfully execute the office of President of the United States, and will, to the best of my ability, preserve, protect, and defend the Constitution of the United States." The time has come to gravely consider whether the Democratic President now holding office has kept faith with the solemn oath he took on March 4, 1933. Although I am speaking to a Republican club, and as an ardent Republican myself, I am today addressing you primarily as a patriot prepared to wage battle to uphold that great document—the Constitution—under which we have risen from a small group of colonists less than 3,000,000 strong to the great and prosperous Nation we have become. What did the citizens vote for in November 1932? Certainly not for revolution. And for what did those Republicans who, disloyal to their party, voted for the man who for 4 long years had been Governor of the great State of New York and who had left that office with a record of maladministration and reckless extravagance?

Did those millions who voted for their Representatives in Congress for a moment suppose that they were electing a supine body, which in panic would give over to the Executive their constitutional rights and delegated responsibilities, without question, without even consideration? Certainly not. And the powers, which through cowardice the Congress sacrificed, were at once delegated by the President to certain young men, of radical tendencies, to administer as they saw fit. These men, commonly known as the "brain trust", were not elected or chosen by the people, these tsars who are dictating at present, after the manner of soviet commissars, regimenting our lives, our industries, our businesses according to their own Bolshevik theories, have no fundamental or constitutional right to dictate to the citizens of our Nation. It is only due to the lack of courage and of character, and because of the cowardly desire to side-step responsibility, that our elected representatives in Congress, with few exceptions, handed over their authority to the branch of our Government not empowered by the Constitution to exercise these powers. You all know that many of the bills passed during the special session of Congress a year ago were never even read by the men who voted upon them. Is that abiding by their oath of office? Was that what we elected them for?

I am only mentioning this ancient history of the new deal to refresh your memory and emphasize the foundation upon which the present alarming sovietization of our Nation has been built. We all hoped that the new deal would be successful. Some of us who knew Mr. Roosevelt and his record since school days had grave doubts, but nevertheless, through loyalty, endeavored to support him in the emergency. That, however, was no excuse for Congress to capitulate, violating its constitutional responsibility to the point where Senator BORAH only a few days ago stated that having sacrificed its authority, the Senate could do no more than "petition."

The aims of the "brain trust" are now being openly broadcast. The doctrines they preach and publish under their own names are unrefutable proof of their objectives. Secretary Wallace, Professor Tugwell, et al., have within the last 3 months published articles and pamphlets openly advocating Government control and Government ownership and the regimentation of citizens under a system of social regulation. The counsel for the N.R.A., Mr. Donald Richberg, spoke here in Boston a short time ago, and I will quote a paragraph from one of his speeches.

"There are only two alternatives which can be presented by those who cry 'scrap the N.R.A.' The first is to scrap all effort at a planned economic recovery, to scrap all effort to bring order and justice into our industrial civilization, to relapse into an anarchy of unrestrained self-seeking, to return to the law of the jungle and to let the most ruthless and selfish of our breed survive—in a word, to 'scrap civilization.' The second alternative is to establish a new Government endowed with power to own and operate all essential enterprises, free from any obligation to preserve individual liberty of action or individual rights of property—in a word 'scrap the Constitution.'"

A few years ago, yes, even 18 months ago, such a statement by an appointee in the Government service would have caused a wave of indignation from coast to coast. Do not our citizens realize what is happening to our country, to our form of Government, or have they become so depression-weary and consequently so cowed that they willingly submit to the scrapping of the Constitution and of their own individual rights and liberties?

What is there about the "new dealers" that could inspire any confidence in their infallibility? The answer I think is admirably given in a book called the International Goal of Russian Communism by William Armstrong Fairburn, which I will quote. He says: "The American is, however, pathetically gullible, as well as inexperienced, in world affairs (political, economic, and social), and in a desire to be fair he is emotionally influenced in judgment and leans over backward. The American intellectuals are shallow in diagnosis and in resultant knowledge, and not only 'take kindly' to, but 'fall hard' with avidity for superficialities and spell-binding mirages offered to them as realities; moreover, they have what

is virtually a mania for anything new and 'radical', and their bigoted and emotional reaction to novelty they erroneously define as liberalism."

An unprejudiced visitor to Washington today, earnestly seeking to be enlightened and hoping to be converted to a faith in the new deal, finds instead of encouragement, all the clashing and sordid motives of selfish and reckless ambition, and the lust for power and personal advantage which the administration so glibly ascribes to the rest of us. There is no reason to suppose that being in Government office reforms or ennobles men to the extent of making the politicians the best judges of righteousness in others. The country has been for over a year surfeited with Roosevelt and new-deal propaganda. There is a determined effort to muzzle the press; the radio is already censored; they want to control all communications—telephone and telegraph and wireless. Secretary Wallace has naively told us that to achieve the aims of the new deal, we must submit to having our thinking done for us, and our opinions formulated for us by Government edict. The self-righteous attitude of the "brain trust" is an insult to intelligent American citizens.

A man whom I consider a great American, a real patriot, former Gov. Alfred E. Smith, in an article in the December issue of that truly invaluable magazine the New Outlook, stated as follows:

"I am for experience as against experiment. If I must choose between private management of business and management by a Government bureaucracy, I am for private management. I am ready to go through a certain amount of deflation if the choice is between this and outright money inflation. If I must choose between the leaders of the past, with all the errors they have made and with all the selfishness they have been guilty of, and the inexperienced young college professors who hold no responsible public office but are perfectly ready to turn 130,000,000 Americans into guinea pigs for experimentation, I am going to be for the people who have made the country what it is. And I say this with full knowledge of the facts that there are many things in the old order of society which I should like to have changed and which I do not applaud or even condone."

One of the most clear-cut summaries of our present situation was a letter which was published in the Boston Transcript about 6 weeks ago, signed A. D. Radley:

"TIME TO REBEL

"To the EDITOR OF THE TRANSCRIPT:

"It may be well for those who deem it patriotic to support the Roosevelt administration policies to calmly consider the progressive stages through which our Government is being pushed into Russian sovietism. Working quietly in the background is a group of followers of Professors Tugwell and Frankfurter. These men are now the controlling influence in our Federal administration. Proposed legislation must have their approval before it is introduced into Congress. This Tugwell and Frankfurter group consists largely of young lawyers and economists, able, crafty, and well versed in the art of revolution so successfully practiced in Europe. Their material was the world-wide depression, followed by unemployment and a weary and discouraged people. Prior to the Roosevelt regime, aided by Fascists in the business world, they flooded the country with propaganda for a regimented planned society and for abandonment of sound, constitutional, and economic principles. The election of the socialistic Roosevelt was their great opportunity. Sudden, spectacular grand coups have ever been dear to the hearts of all the Roosevelts. Sudden grand coups are most essential to the success of all revolutions, for they startle and confuse the public into a blind compliance.

"Each grand coup of the Roosevelt administration has been accompanied by the following propaganda: Vast overemphasis of the evils to be remedied and false reasons for such evils, terrifying insinuations of revolution by the people unless the coup succeeded, disparagement of sound constitutional and economic principles, luring the people into the belief that they were voluntarily and patriotically cooperating in measures within the Constitution, though such measures violently infringed on constitutional liberty and had behind them the penalties of fine and imprisonment, hurling stinging and derogatory epithets at all who raised constitutional or economic objections, and finally wholesale congressional investigations accompanied by censored radio propaganda aimed chiefly at discrediting political opponents and the soundest business institutions in our country.

"Such has been the first stage of the revolution which has succeeded in setting up the framework of a Russian Soviet. The next stage will be the destruction of all rights to private property. This can easily be brought about by the proposed enforced control of production, distribution, and profits through the A.A.A. and the N.R.A., the hamstringing of all private financing through the National Securities Act and the proposed National Securities Exchange Act, control of credit through money manipulation, and confiscation by taxation.

"If Government ownership of property is attained, it will then be easy to abolish freedom of speech, of the press, and of religion and to reorganize our Government into a nonelective society, for he who will not comply will not be allowed to eat. If the revolution is allowed to come to this stage, it will not be possible for the courts to stop it. Already the bold threat is made in Washington that unless the United States Supreme Court will comply by misinterpreting the Constitution, its efficiency will be destroyed by an increase of its membership and the appointment of sufficient radical members to overcome all opposition.

"Is it not, therefore, time for the sovereign people to rise in their might and through court action, the ballot box, or constitutional conventions if necessary put down this revolution by their public servants? The evils aimed at by this revolutionary scheme could easily have been remedied by modification of the antitrust laws, regulation of monopoly, Government aid to the needy and the enforcement of existing laws.

"(Signed) ALFRED D. RADLEY.

"BOSTON, *March 1*."

Our citizens have been blind to the steady and persistent undermining of our national policies, even of our form of government. The first real awakening came on the cancelation of the air-mail contracts—the vindictive injustice of this action, the man in the street was able to realize and comprehend. He had been bewildered by the multitude of measures, written in complicated legal phraseology, in most cases so written with the purpose of concealing the real object to be achieved; but in the air-mail cancelation there was condemnation, without opportunity for the accused companies to testify or defend themselves, which the dullest wits could comprehend. Theoretically in the United States every man or corporation is innocent until proved guilty, but not so under the utopia of the new deal. The attempt to discredit Colonel Lindbergh was another outrage, before which the citizens rose in their wrath. The disclosure in Saturday's press that Colonel Lindbergh had been subjected to a grueling cross-examination in secret is further evidence of the establishment of soviet methods in our midst. I will quote an editorial from the New York Herald Tribune of April 16.

THE OGPU AT WASHINGTON

"The revelation that Charles A. Lindbergh was questioned secretly for 4 hours by a Department of Justice agent following his appearance before the Senate Post Offices Committee a month ago makes unpleasant and disturbing news. Following so closely upon the cancelation of the air-mail contracts—an utterly unjust and dictatorial abuse of public power—this resort to star chamber tactics calls for a strict investigation.

"The test of the character of Colonel Ristine's investigation lies in the stenographic report thereof. Senator AUSTIN does well to announce that he will insist that this secret record be produced before the Black committee. Were the questions designed to develop constructive advice? Or were they the gruelling to which a district attorney subjects a suspect? The record will speak for itself.

"If it was a grilling, as is charged, the episode will constitute one more milepost on the road from normal American processes of justice to the Russian system. As such, it is of deep concern to the whole Nation. Mr. Lindbergh can take care of himself on any witness stand, as he has demonstrated. Such scrupulous integrity and clear-eyed courage as are his are proof against the assaults of any browbeating inquisition. But the resort to such tactics would constitute a vicious and highly dangerous precedent and deserve the sternest rebuke.

"Incidentally, it would be interesting to know whether Commissar Farley played any part in instigating this experiment with Ogpu methods. Having punished the air-mail companies without the pretense of a trial, did he perhaps think that a little terrorizing of a hostile witness might help out his case? The country is already greatly in the debt to Senator WARNER ROBINSON AUSTIN, of Vermont, for taking up the air-mail fight. Here is another opportunity for his clear, fair questioning in the pursuit of truth."

The criminal action of sending out Army flyers, in Army planes not built for the rigors of the Air Mail Service and not equipped with any of the instruments necessary for that perilous duty, piloted by men untrained in that type of flying, was the last straw—I do not hesitate to say that that action was murder—and no excuse is possible for the men who ordered such needless sacrifice of courageous young lives, merely to satisfy the officials' vindictiveness and their desire to bring discredit upon the previous administration. Thirteen young men have now been sacrificed to the malignant temper of the present administration. It is a disheartening exhibition of the lack of virile public opinion that this criminal action should be allowed to be perpetrated with only a murmur of dismay from our citizens, who take it as they do, the undermining of our very governmental structure, lying down.

Has all red-blooded, courageous Americanism died? Are we mere pawns, willing to be moved about the board at the whim of our Soviet-inspired commissars, without protest, without a fight for our rights, our liberties, or for justice?

Was it for this that our New England ancestors fought and died to achieve? Have the 300 years of struggle, of courage magnificently sustained, often under the most cruel hardships and sufferings, and the tenacity of purpose which has brought our land to its great development, all been in vain? Have we no longer sufficient character and determination to insist upon our rights, and demand that we return to Constitutional Government? We elected Congress to execute certain powers representing us, but we did not vote to have these men delegate to anyone else the responsibility which, under the Constitution, we vested in them. Rouse yourselves while there is yet time! Inform yourselves of actual conditions; also investigate the records of the men who ask your vote next November. Too long have our citizens neglected their political duties—been negligent and indifferent to what has been happening. Do you realize that under our form of Government, which is the two-party system, only the Republican Party stands between you and the overthrow of our national institutions? We Americans are slow to rouse, we are lethargic politically, leaving our entire destinies in the hands of professional politicians. We are now paying the penalty.

We are too prone to vote through our emotions and not with our intelligence. We are confronted with the greatest menace our Nation has ever faced. The power to prevent disaster lies with you, the voters. Here in Massachusetts you are particularly fortunate in having large numbers of unselfish and patriotic men, many of them young in the political field. Realize that every vote counts; that by word and by ballot we are waging as great a battle this year as ever took place under arms.

There is no better way by which I can close my address than by quoting to you excerpts from Patrick Henry's immortal speech before the Convention of Delegates in Philadelphia in 1775:

"Mr. President, it is natural to man to indulge in the illusions of hope. We are apt to shut our eyes against a painful truth and listen to the song of that siren till she transforms us into beasts. Is this the part of wise men, engaged in a great and arduous struggle for liberty? Are we disposed to be of the number of those who, having eyes, see not, and having ears, hear not, the things which so greatly concern their temporal salvation? For my part, whatever anguish of spirit it may cost, I am willing to know the whole truth; to know the worst and to provide for it.

"I have but one lamp by which my feet are guided, and that is the lamp of experience. I know of no way of judging of the future but by the past.

* * * * * * *

Let us not, I beseech you, sir, deceive ourselves longer. Sir, we have done everything that could be done to avert the storm which is now coming on. We have petitioned; we have remonstrated; we have supplicated; we have prostrated ourselves before the throne, and have implored its interposition to arrest the tyrannical hands of the ministry and Parliament. Our petitions have been slighted; our remonstrances have produced additional violence and insult; our supplications have been disregarded; and we have been spurned, with contempt, from the foot of the throne. In vain, after these things, may we indulge the fond hope of peace and reconciliation. There is no longer any room for hope. If we wish to be free—if we mean to preserve inviolate those inestimable privileges for which we have been so long contending—if we mean not basely to abandon the noble struggle in which we have been so long engaged, and which we have pledged ourselves never to abandon until the glorious object of our contest shall be obtained, we must fight! * * *

"They tell us, sir, that we are weak; unable to cope with so formidable an adversary. But when shall we be stronger? Will it be the next week, or the next year? Will it be when we are totally disarmed? * * * Shall we gather strength by irresolution and inaction? Shall we acquire the means of effectual resistance by lying supinely on our backs, and hugging the delusive phantom of hope, until our enemies shall have bound us hand and foot? Sir, we are not weak if we make a proper use of the means which the God of Nature hath placed in our power. Three millions of people armed in the holy cause of liberty, and in such a country as that which we possess, are invincible by any force which our enemy can send against us. * * * The battle, sir, is not to the strong alone; it is to the vigilant, the active, the brave.

* * * * * * *

"Why stand we here idle? What is it that gentlemen wish? What would they have? Is life so dear, or peace so sweet, as to be purchased at the price of chains and slavery? Forbid it, Almighty God! I know not what course others may take; but as for me, give me liberty, or give me death!"

The enemies referred to by Patrick Henry were the British. The enemies I refer to today are those within our gates—those who under the guise of emergency would enslave us under a Soviet system—appalling and repulsive to our great and free people. For 13 months this Soviet influence has insidiously been forging the chains which are to shackle our liberties, our individualism, our initiative. The men we elected to guard our rights have sacrificed them. Through a combination of propaganda and censorship, a confusion of words, and a multiplicity of legislation forced through Congress under the lash of vital and immediate emergency, we find ourselves bereft of most of our constitutional protection. It is here that Patrick Henry's inspiring message is as applicable today as when he delivered it. May the great patriot's words of 159 years ago put new courage into our flagging hearts, new patriotism and hope into our timid souls, enabling us to again realize that we, the citizens, are still the captains of our souls, still the masters of our fate. Our Nation's destiny lies in the hands of the citizens. May we prove worthy of the task.

Again I call your most emphatic attention to the oath of office of the President of the United States. Let that solemn pledge before God and our countrymen be also graven on your hearts, on your very souls. In these days of national peril I urge every loyal American, man and woman, to take a solemn oath that they will faithfully execute their duties as citizens and to the best of their ability preserve, protect, and defend the Constitution of these United States.

EXECUTIVE SESSION

Mr. LEWIS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BLACK in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of several officers in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WAGNER, from the Committee on Public Lands and Surveys, reported favorably the nomination of Fred S. Minier, of South Dakota, to be register of the land office at Pierre, S.Dak., vice Guy Francis Barnes.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

The calendar is in order.

TREATIES

Mr. PITTMAN. Mr. President, it is now 25 minutes of 6 o'clock, and there is not sufficient time for the consideration of the treaties on the Executive Calendar. Therefore I ask that they may go over. I give notice, however, that immediately after the disposal of the measure now before the Senate I shall ask for an executive session for the purpose of considering and acting upon the treaties on the calendar.

The PRESIDING OFFICER. The treaties will be passed over.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of George M. Abbott, of Ohio, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Cecil Wayne Gray, of Tennessee, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Waldemar J. Gallman, of New York, to be consul.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection the nominations in the Navy are confirmed en bloc.

This completes the Calendar.

RECESS

The Senate resumed legislative session.

Mr. LEWIS. Mr. President, I move that the Senate take a recess until Monday next at 12 o'clock meridian.

The motion was agreed to; and (at 5 o'clock and 38 minutes p.m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, April 23, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 20 (legislative day of Apr. 7), 1934

UNITED STATES MARSHAL

Guy C. Reeve, of Florida, to be United States marshal, southern district of Florida, to succeed Charles N. Hildreth, Jr., resigned.

PROMOTIONS IN THE NAVY

Capt. Ivan E. Bass, an additional number in grade, to be a rear admiral in the Navy from the 1st day of March 1934.

Comdr. George C. Logan to be a captain in the Navy from the 1st day of April 1934.

Lt. Miles P. Duval to be a lieutenant commander in the Navy from the 30th day of June 1933.

Lt. Edgar R. Winckler to be a lieutenant commander in the Navy from the 1st day of September 1933.

Lt. Raymond G. Deewall to be a lieutenant commander in the Navy from the 12th day of November 1933.

Lt. Charles F. Waters to be a lieutenant commander in the Navy, from the 1st day of January 1934.

Lt. (Jr. Gr.) Robert S. Carr to be a lieutenant in the Navy, from the 1st day of July 1933.

Lt. (Jr. Gr.) Joseph W. Fowler to be a lieutenant in the Navy, from the 1st day of November 1933.

Lt. (Jr. Gr.) James H. McIntosh to be a lieutenant in the Navy, from the 13th day of November 1933.

Lt. (Jr. Gr.) Elliott W. Shanklin to be a lieutenant in the Navy, from the 19th day of November 1933.

Lt. (Jr. Gr.) Wilfred E. Lankenau to be a lieutenant in the Navy, from the 1st day of March 1934.

The following-named ensigns to be lieutenants (junior grade) in the Navy, from the 5th day of June 1933:

Rudolph C. Bauer.

Macpherson B. Williams.

Roscoe L. Newman.

Medical Inspector William M. Kerr to be a medical director in the Navy, with the rank of captain, from the 1st day of February 1932.

The following-named assistant dental surgeons (temporary) to be assistant dental surgeons in the Navy, with the rank of lieutenant (junior grade), from the 21st day of March 1934:

Erwin J. Shields	Richard M. Bear
Lauro J. Turbini	Max W. Kleinman

Assistant Paymaster Lloyd H. Thomas to be a passed assistant paymaster in the Navy, with the rank of lieutenant, from the 1st day of November 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 20 (legislative day of Apr. 17), 1934

SECRETARIES IN THE DIPLOMATIC SERVICE

George M. Abbott to be Secretary in the Diplomatic Service.

Cecil Wayne Gray to be Secretary in the Diplomatic Service.

CONSUL

Waldemar J. Gallman to be consul.

PROMOTIONS IN THE NAVY

To be captain

John S. Barleon.

To be commanders

Chapman C. Todd.
Paul Cassard.

To be lieutenant commanders

Alexander B. Holman.
Fred A. Hardesty.

To be lieutenants

John H. Morrill	Frederick J. Bell
John E. Spahn	Charles A. Ferriter
John B. Rooney	Chester E. Carroll
William A. Evans, Jr.	

To be lieutenants (junior grade)

George N. Butterfield	Edwin G. Kelly
Lance E. Massey	Joseph E. Dodson

To be medical directors

Alfred J. Toulon.
Glenmore F. Clark.
John B. Pollard.

To be chief carpenter

John Bryan.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 20, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

We praise Thee, O God; we acknowledge Thee to be the Lord. Out of the depths, Heavenly Father, where the purest affections and the sweetest emotions have their birth, we appeal to Thee for help and guidance. This day allow nothing to come between us and the light. We do not pray for easy ways, but we do pray that we may be strong men with powers of understanding to meet our tasks. Bless us with a most helpful measure of grace, and may we be rich in wisdom, faithfulness, and sincerity. May we ever cherish ideals as the travelers of old cherished the stars, and keep their guiding light radiant and high above the dust, the clouds, and the mists of earth. Heavenly Father, establish in all breasts the secret of a good, useful life which is never to allow our spiritual and mental powers to become stagnant. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 8861. An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. COSTIGAN, Mr. REED, and Mr. COUZENS to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the Committee of Conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2032) for the relief of Richard A. Chavis.

The message also announced that the Vice President had appointed Mr. WAGNER and Mr. NORBECK members of the Joint Select Committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the Interior Department.

COMMITTEE ON BANKING AND CURRENCY

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may be permitted to sit during the sessions of the House today and tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STEAGALL. What would the ruling of the Chair be on a point raised that the report on a bill was ordered to be made in the committee while the House was in session, the committee not having the permission of the House to sit during the sessions of the House?

The SPEAKER. The Chair understands the rule to be that a committee can transact no business at all while the House is in session unless that committee has the permission of the House to sit during the sessions of the House. The Chair will read the rule.

No committee of the House, except the Committee on Rules, shall sit during the sittings of the House without special leave.

Mr. STEAGALL. I ask for information in connection with H.R. 7908, which was reported on the 12th of April.

The SPEAKER. Does the Chair understand that it was reported out by the committee while the House was in session?

Mr. STEAGALL. That is correct.

The SPEAKER. In reply to the parliamentary inquiry the Chair will state that the action of the committee in so reporting the bill is absolutely void, and the Chair will direct that the report and the bill be stricken from the calendar. The purported report on the bill (H.R. 7908) made to the House on April 12, 1934, being invalid the Chair holds that the bill is still before the Committee on Banking and Currency for such action as that committee thinks fit and proper.

QUESTION OF PERSONAL PRIVILEGE

Mr. BLANTON. Mr. Speaker, on yesterday afternoon the Washington Times, a Hearst paper, falsely and maliciously stated that I was censured by the Speaker of this House, and also yesterday afternoon in the little Washington News there appeared under large headlines the false and malicious statement, "BLANTON is censured." And in this morning's Washington Herald, another Hearst newspaper, it falsely and maliciously stated that I was reprimanded by the Speaker of the House. And this morning's Washington Post falsely and maliciously stated that the Speaker reprimanded me yesterday. I claim that is a question of personal privilege, and I ask to be recognized.

The SPEAKER. The Chair will say that the Speaker of the House cannot censure or reprimand a Member except on instructions by the House. The statement made in the newspapers is not true. The Speaker did not censure or reprimand the gentleman from Texas [Mr. BLANTON]; he simply read the rule that certain words were out of order, and the House struck them from the RECORD. Immediately afterward permission was given to the gentleman from Texas to proceed in order in the committee when it resumed its session, which the gentleman from Texas did.

The Chair holds that the statement made about the gentleman from Texas [Mr. BLANTON] in the newspapers in question give him the right to rise to a question of personal privilege and address the House. The Chair recognizes the gentleman from Texas.

Mr. BLANTON. I am deeply grateful to the able and distinguished Speaker of this House for correcting this great injustice which these domineering Washington newspapers deliberately and maliciously tried to do me. While under the rules I am entitled to the floor for an hour, I hope to use only a small part of that time. I regret the necessity of using any time today, but I do not intend to continue to allow them to maliciously and deliberately publish baseless lies about me and get away with it.

All of my colleagues here know why the Hearst papers lie about me. I am one of those here who fearlessly opposes William Randolph Hearst when he tries to put anything over on the people of the United States. I tell him and his newspapers where to head in, and they do not like it. And all of you older Members here know why Eugene Meyer, the great get-rich-quick-on-the-Government, and his Washington Post dislike me. And it is hardly worth while to even mention the waspy little Washington News.

While Eugene Meyer was amassing his fortune as the head of the Federal Reserve and was putting into effect his unwise policies that broke many of the well-to-do cattlemen of the United States and eventually closed many good banks all over the United States and impoverished American farmers, I was criticizing his waste and extravagance and his policies that permitted him and others to amass unearned and unmerited private fortunes and was doing my dead level best to have him kicked out of the Federal Reserve System. The Washington Post was the natural heritage of the McLean boys. When, with his unlimited money and his paid hirelings, Eugene Meyer secretly hornswoggled these minors out of their family heritage I gave him a good dressing down about it. So he and his reporters take their spite out on me by misquoting me, by maliciously attacking me, by unwarranted abuse, and by printing false statements about me.

Eugene Meyer runs in his Washington Post what he calls "The National Gallery", which clearly exemplifies the contempt and hate he has in his heart for all Senators and Congressmen. He has employed a cheap, unskilled, caricaturist named S. Robles, who daily, under said "The National Gallery", and over the name of some Senator or Congressman, prints some crude drawing that more resembles some animal than a human, and which does not in the slightest way resemble in any particular the one whom it attempts to depict. The ridiculous caricature Eugene Meyer's Post carried this morning of our colleague, Hon. ANDREW L. SOMERS, of New York, is a vicious libel that has no excuse or justification whatever. He takes a fiendish delight in picturing Senators and Congressmen as pudgy, senile, imbecilic morons, without a single feature of intelligence about them. He wants his readers to get this impression of Senators and Congressmen. He has libeled every one he has caricatured, and every one of them ought to file damage suits against Eugene Meyer that will make him sleepless at night.

HEARST'S CANADA JUNKET

William Randolph Hearst invited me to go on his junket trip through Canada, sending me a two-page telegram to my home in Abilene during vacation, and offered to pay all of my expenses, but I did not fall for it. As soon as that Congress met, we found him trying to get the Members whom he had entertained on this junket, to put a sales tax over on the people, and overburden the already tax-burdened shoulders of the people. I was one of those here who fought him to a finish. And we licked him. And he has never forgiven us for it.

HEARST'S FIGHT TO RESTORE SALARY CUTS

Then daily from the time this Congress met William Randolph Hearst browbeat and abused Congress in an attempt to force it to restore all pay cuts in Government salaries. He had not restored pay cuts to his employees. I was one who would not let him cajole me. I would not fall for his threats. I fought back when he abused. And we passed a law that continued that part of the cuts which the President did not agree to restore.

HEARST NOW WANTS HIS LOST DEPOSITS

Lately Hearst has been browbeating Congress trying to get it to pass his McLeod bill, that will make the taxpayers of the United States pay back to him his millions he has lost in defunct banks. And his papers went so far as to induce some employee or Member of the House to violate House rules, in giving them the names on an uncompleted petition, which three Speakers of the House, including Vice President Garner, have held that such list cannot be made public under the rules, until it has been signed by 145 Members and entered in the RECORD. And when I criticized him for stealing this information, to which Hearst was not entitled, his papers falsely represented that I wanted to keep the proceedings of Congress secret. I am one of those here who has contended that all proceedings of Congress should be public, and kept in the open. But when a rule of the House forbids an incomplete petition to be made public, I want to see William Randolph Hearst and the Associated Press respect such rules of the House, just as those not in high authority are forced to respect same.

FALSE A.P. REPORT TO MY HOME PAPER

My splendid home paper, the Abilene Morning News, in its issue of April 17, 1934, in an A.P. report from Washington dated April 17 stated that I attacked newspapers for publishing a list of petitioners, intimating that I was trying to keep congressional proceedings from the public, when the facts were that I had objected to Hearst and the Associated Press stealing incomplete proceedings which the rules of the House forbade them getting. I was demanding that the rules of the House be respected by the A.P. and Hearst. And if the valuable and hitherto dependable Associated Press wants the public to have confidence in its reports, and to give them due credence, it must stop misquoting what happens

on this floor. Let it print the truth. This is just a concerted, continued effort on the part of the Washington newspapers to abuse me because I do not obey their orders. The caustic remarks I made yesterday about my friend from Pennsylvania [Mr. DITTER] in the heat of debate were in violation of the rules and should not have remained in the RECORD, and I do not censure my good friend from New York, the minority leader [Mr. SNELL], for protecting one of his Republican Members when somebody is rapping him. That is his duty. I am still his friend. I expect him to do it, just as I would expect the majority leader to defend a Democrat on this side.

We often get without the rules of the House in debate. Rules are violated here every day. The Speaker merely rules according to points of order that are raised. As the Speaker has said, he did not censure me and did not reprimand me. He merely ruled on a point of order. Inasmuch as one of these newspapers states that "Speaker HENRY T. RAINEY censured and reprimanded Representative THOMAS L. BLANTON once before", may I ask the Speaker now, has the Speaker ever reprimanded or censured me since he has been Speaker of this House?

The SPEAKER. The Speaker never has done either.

Mr. BLANTON. I thank the Speaker. I see our distinguished and beloved majority leader here, JOE BYRNS. When I was making a fight yesterday for the Democratic party, and to preserve and protect our Democratic appropriation bill, I want to ask him if he censured me for anything I did.

Mr. BYRNS. Every member of the House knows that a ruling such as was made yesterday was in no sense a censure or reprimand of the gentleman from Texas and certainly the gentleman knows that I did not censure him. The gentleman from Texas is one of the hardest working and most useful Members of this House. He is a man of very positive and emphatic convictions, and he never hesitates to express them. He is usually, and he should be, very vigorous in presenting his opinions and his views upon legislation pending here. There is no more active Member than the gentleman from Texas. I have often said that the gentleman, during his service here, has rendered a splendid and great service to the House and country.

Mr. BLANTON. I deeply appreciate that statement from our Democratic leader. And may I ask the majority leader if it is not a fact that I always faithfully cooperate with him, and sometimes obey his orders?

Mr. BYRNS. I would not say that the gentleman obeys my orders, because I never give any.

Mr. BLANTON. And the gentleman from Tennessee, our Democratic leader, is the only man here whose orders I would obey. [Laughter.]

Mr. BYRNS. I never give any orders. The gentleman is very active and very earnest and very loyal to the organization of the House.

Mr. COCHRAN of Missouri rose.

Mr. BLANTON. And I see my good friend from Missouri here [Mr. COCHRAN]. When he offered his amendment yesterday to add an additional $36,823 to the Utilities Commission item in the bill, I opposed and helped to defeat his amendment. That did not interfere with our friendship. I just did not believe this $36,823 was necessary. Yet simply because I opposed the $36,823 the newspapers played us up as enemies and said my friend gave me a tanning yesterday. [Laughter.] Is there anything between the gentleman from Missouri and myself that would warrant the newspapers in saying that he gave me a tanning?

Mr. COCHRAN of Missouri. If the gentleman from Missouri had given the gentleman a tanning yesterday, he would not look so good today. [Laughter.] Will the gentleman yield?

Mr. BLANTON. Yes; for another tanning.

Mr. COCHRAN of Missouri. Will the gentleman tell the gentleman from Missouri how he gets it into his head that he was making a fight yesterday for the Democratic Party? The Democratic Party has never asserted in convention or otherwise that its members should legislate for the Capital of the Nation as though it were a country town. I challenge the gentleman's statement; and I think that the whip of the Democratic Party had a lot of nerve when he sent out the letter he did to the Members yesterday to support the bill; and I resent that, too. The whip on our side should not take it upon himself to send out letters affecting legislation that cannot, by any stretch of imagination, be classed as party measures. That is not his duty.

Mr. BLANTON. I was at least working with the Democratic leadership in protecting that bill against the onslaught of my friend's $36,823 amendment. Appropriation bills have to be protected. The majority in control of Congress has to protect its bills, and the leadership looks to the Members in charge of appropriation bills that the majority places at the table to protect their bill.

I was working with the leadership, and we had enough votes to defeat all amendments. I know there were not many Members remained on the floor, and I know that the gentleman from Missouri [Mr. COCHRAN] made a gallant fight, which is the kind he always makes. And every Member here appreciates the good work he is constantly doing here. He has one of the finest newspapers in the country in his city of St. Louis, the St. Louis Post-Dispatch. I think there is no better newspaper in the United States than the St. Louis Post-Dispatch. I read it regularly. I know that it is fighting for control of public utilities, just as my friend is fighting for their control, and I am fighting with them. I caused to be held at Abilene some years ago a public mass meeting to show how Samuel Insull had control of our power officials in Texas, and at that hearing I predicted what would happen to Samuel Insull. I have been fighting monopolistic public utilities of the country for many years, right along with my good friend and the St. Louis Post-Dispatch.

Mr. COCHRAN of Missouri rose.

Mr. BLANTON. And right with the gentleman from Missouri, I will continue to fight such monopolies.

Mr. COCHRAN of Missouri. While, of course, I cannot concede that the gentleman from Texas [Mr. BLANTON] was right yesterday, I will admit he has been one of the leaders in the fight against public utilities and has exerted himself in an effort to secure a fair deal for the public. The fact that he has always fought the battles of the little fellow is what puzzled me yesterday. The country is indebted to the gentleman from Texas for his services here. I have not always agreed with him, as was demonstrated yesterday, and I hope that between now and the time the bill comes back from the Senate he will see his mistake on the question in which I am interested, and being one of the conferees, he will accept the Senate amendment; for I am sure the Senate will restore the amount recommended by the Bureau of the Budget. Such action on his part will demonstrate what he has so often demonstrated here, that he is a real champion of the great masses and not the special interests.

Mr. BLANTON. As a conferee on the bill, I will of course carefully consider all amendments that the Senate may place thereon. But I sincerely hope that the Senate will find this bill such a generous and well-proportioned measure it will not deem it necessary to amend it in any particular.

Before closing, Mr. Speaker, I want to mention one other very unfair statement in a newspaper. In the last issue of the Gorman Progress it erroneously states that I "voted to override the President's veto of the 'salary grab' act." That shows you just how very erroneous impression a newspaper editor in Gorman, Tex., can get from irresponsible newspaper reports sent out from Washington. The bill that we passed over President Roosevelt's veto was not a "salary grab" bill, but just the opposite. If we had not passed this bill, there would have been a "salary grab." By passing this bill we prevented a "salary grab." The editor of the Gorman Progress is a good man, and means well, and would not knowingly mislead his readers, and he thought that he was telling them the truth. But he was not. Here are the facts: All pay cuts in all Government salaries expire on June 30, 1934. If no law were passed before July 1 continuing pay cuts, all cuts would be restored and former salaries would be paid in full. Those wanting a "salary grab" did not want any law passed. But to continue on after July 1 that part of the cut which

the President wanted continued, it was necessary for us to pass the law that we did pass. I hope that the Gorman Progress will correct its erroneous statement.

SUGAR

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Reserving the right to object, in what way has the Senate amended the House bill?

Mr. JONES. The bill has just come over, and I have not had a chance to go over the Senate amendments. I am simply asking to send the bill to conference to expedite matters. A number of amendments were made to the bill in the Senate, but as to the merits of them I have not had an opportunity to make full inquiry.

Mr. WOLCOTT. Will the action we are about to take prevent the Membership from voting on the conference report to be reported out later?

Mr. JONES. After the conferees agree, should they reach that point, the report will come back to the House for final vote.

Mr. WOODRUFF. Mr. Speaker, reserving the right to object, as I understand it, this is merely a request to permit the House to appoint conferees.

Mr. JONES. Yes

Mr. WOODRUFF. To give them an opportunity to consider the amendments that have been adopted by the Senate. Mr. Speaker, I have no objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. JONES, FULMER, DOXEY, HOPE, and KINZER.

ONE HUNDRED AND FIFTY-NINTH ANNIVERSARY OF THE BATTLE OF LEXINGTON

Mr. DOUGLASS. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. DOUGLASS. Mr. Speaker, on yesterday, the one hundred and fifty-ninth anniversary of the Battle of Lexington, the amiable and distinguished gentlewoman from Massachusetts introduced into the RECORD a petition from citizens of Lexington which in effect was a criticism of this administration. Now, I do not propose in these 3 minutes to argue with the gentlewoman from Massachusetts. In fact, I know enough not to argue with the gentlewoman; but I shall let my constituents answer her in the words of the following telegram received by me yesterday:

The citizens of the North End, numbering several thousands, in public celebration in North Square opposite home of Paul Revere, unanimously adopted the following resolutions:

"We, the residents of the North End, representing the spirit of those whose patriotism and leadership inspired the hearts of Americans in every part of the Thirteen Colonies to action, heartily endorse the administration of President Roosevelt and rejoice in the leadersip he has given to the people of the United States the past year, resulting in preserving the homes, protecting the savings of a lifetime, and giving decent living conditions to millions of Americans on the verge of despair when he took office.

"We resent the actions of certain citizens of Lexington taking advantage of a public holiday to decry the patriotic leadership of our beloved President instead of calling attention to his marvelous statesmanship, which commands the admiration of the civilized world.

"We feel we speak as Cotton Mather, James Otis, Paul Revere, Benjamin Franklin, and Sam Adams would speak if they were here.

"North End Post, No. 53, American Legion, Nicholas Scaramella, commander, Charles Rizzo, vice commander; John F. Fitzgerald; Mary Bacigaluppo; Dr. Lena Salemme, president Legion Auxiliary; Dr. Leanardi; Stephen Foti; Marguerite Prezioso; Mrs. Frank Beninicase; Frederick Masucci; Alfred Santosousso; Mrs. Jeni Catino; James Bacigaluppo."

Newspapers say Mrs. ROGERS will present Lexington resolutions today. Hope you will answer her with these resolutions.

JOHN F. FITZGERALD.
NICHOLAS SCARAMELLA,
Commander Post 53, American Legion.

All these signers are American citizens. [Applause.]

JOSEPH W. MOLYNEAUX, UNITED STATES DISTRICT JUDGE, MINNESOTA

Mr. SHOEMAKER. Mr. Speaker, I rise to a question of the privilege of the House.

On my responsibility as a Representative, and in the presence of this House, and before the American people, I charge Joseph W. Molyneaux, judge of the United States District Court for the District of Minnesota, with the commission of acts which, in the contemplation of the Constitution, are high crimes and misdemeanors.

The SPEAKER. The Clerk will report the charges and the resolution.

The Clerk read as follows:

House Resolution 344

I do impeach Joseph W. Molyneaux, United States district judge for the district of Minnesota, of high crimes and misdemeanors. I charge him with usurpation of power and violation of law in that—

(1) He has corruptly used his judicial powers in the appointment of receivers.

(2) In that he has corruptly disposed of estates in receivership under his jurisdiction so as to embarrass bankrupts and annihilate assets of litigants and others appearing in his jurisdiction.

(3) In that he has corruptly interfered with justice and committed acts which in the contemplation of the Constitution are high crimes and misdemeanors.

(4) In that through mental senility or dishonesty he has denied justice and practiced favoritism and brought the Federal judiciary in disrepute throughout the Nation: Therefore be it

Resolved, That the Committee on the Judiciary be, and they are hereby, authorized to inquire into the official conduct of Joseph W Molyneaux, district judge for the United States District Court of the District of Minnesota, discharging the powers and duties of the office of said district judge, and to report to this House whether, in their opinion, the said Joseph W. Molyneaux, while in said office, has been guilty of acts which were designed or calculated to overthrow, subvert, or corrupt the Government of the United States, or any department or officer thereof; and whether the said Joseph W. Molyneaux has been guilty of any act or has conspired with others to do acts, which, in contemplation of the Constitution, are high crimes and misdemeanors, requiring the interposition of the constitutional power of this House; and that said committee has the power to send for persons and papers and to administer the customary oath to witnesses.

Resolved further, That the Clerk of the House of Representatives be directed to pay out of the contingent funds of the House, on the order of the Committee on the Judiciary, such sum or sums of money as may be required to enable the said committee to prosecute the investigation above directed and such other investigations as it may be ordered to make.

The SPEAKER. The gentleman from Minnesota is recognized for 1 hour.

Mr. SHOEMAKER. Mr. Speaker, on the 22d day of January last I took the floor of the House and introduced a resolution asking for the impeachment of Joseph W. Molyneaux, Federal judge for the district of Minnesota.

The judiciary throughout the United States, as we all know, is fomenting a revolution in America. In the United States, as in other countries, revolutions have been brought about by judges sitting in their high places. The revolution which brought about the Christian religion, if you please, was brought about by a judge sitting in a high place. These judges who today are usurping their power—and I am directing my charges today against one judge, Joseph W. Molyneaux—have discredited the judiciary, the judicial system, and our system of jurisprudence not only in my State but throughout the United States.

To begin with, I am sorry to state that this judge has not his right mind. He has a very bad case of mental senility, if such it may be called. He has been taken upon several occasions to institutions for the cure of mental cases. He has been removed from Minnesota by his friends and confined in sanitoria in California. As a matter of fact, he is crazy; yet sitting on the Federal bench, if you please.

The State of Minnesota is blessed with the left wing of the Chase National Bank, the Wiggin outfit of Wall Street. This same judge is tied in with that institution through

the ownership of stock by his wife in affiliated institutions. This Northwest Bank Corporation affiliated with the Chase National and Wiggin throughout the Northwest, with about 158 affiliated banks in its chain, put across a stock-selling orgy several years ago in which they sold about $100,000,000 of stock to the people throughout the Northwest. They were the big clearing-house bank of Minneapolis. The other banks borrowed money from them. They would get other little banks into a hole and then force liquidation of the assets put up as collateral for the loans, and force the banks into the combination. Then this combine would issue stock and sell it in the little community where the bank had existed for years. They would sell the stock at fabulous prices. The stock was sold up to $100 a share. It was nothing but a promotion scheme, pure and simple, the most high-handed kind of robbery. The people were led to believe that it was a strong institution, that they would be safe.

The employees of practically every one of these banks were forced to buy stock in the bank and to assign each week a certain portion of their pay in payment for this stock, to be deducted by the bank at the end of each week from the pay of the employee. This stock, which sold for around $100 a share, is now worth between $4 and $5 on the market. Widows put their life savings in this bank stock. They were called in by the cashiers and employees of the various banks, and especially the president, Mr. E. W. Decker, whom I caused to resign as president of this institution last January. Their life savings were put into this stock. They have lost everything. There are something like 3,000 upon the charity lists and in the poorhouses today in the State of Minnesota who just a few years ago were pretty well off, and who invested their money in this nefarious outfit.

It came to the point where the State of Minnesota said that something must be done. Money was appropriated by the Legislature of the State of Minnesota to make an investigation through its blue-sky commission or its commerce commission into the activities and the methods used in selling this stock and the manner in which the people of the State of Minnesota had been robbed by this tentacle from the Wall Street octopus.

The investigation was started by the State of Minnesota. Whereupon, this chain-bank institution appeared before Judge Joseph W. Molyneaux and got a restraining order or injunction restraining the State of Minnesota from protecting its own citizenship against the graft of the bankers of the State of Minnesota and of the State of New York, interfering with State rights, interfering with the constitution of the State of Minnesota, and in violation of the Constitution of the United States of America. Knowingly and willfully did the judge issue an injunction restraining the State of Minnesota from protecting its citizenship against the most vicious kind of graft that has ever been perpetrated upon the citizenship of any State in many years.

Mr. Speaker, I ask unanimous consent that the restraining order may be placed in the RECORD.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. SHOEMAKER. This necessitated an answer from the State of Minnesota. The State was required to come before the court.

After my speech against the judge on the 22d of January of this year he got cold feet. When it came to hearing the arguments on whether or not this temporary injunction should be made permanent, he ducked out of the picture and turned the matter over to three other Federal judges, namely, Judges Joyce, Nordlye, and Woodrow, the latter of Omaha. These three judges then went to work and dissolved the temporary injunction, ruling against the original temporary injunction.

Mr. BLACK. How long a time had elapsed between the issuance of the original injunction and the decision of the three judges?

Mr. SHOEMAKER. The three judges made their report on April 5 and the original injunction was filed on the 18th of January.

Mr. BLACK. What happened in that time?

Mr. SHOEMAKER. There was just delay.

Mr. BLACK. Did the State consent to the delay or was it caused by order of the court?

Mr. SHOEMAKER. By order of the court.

Mr. BLANTON. No judge has ever been impeached for exercising discretion or for want of good judgment. The gentleman first must show something that is of a criminal or dishonest nature.

Mr. SHOEMAKER. If the gentleman will permit me to proceed, I will bring plenty of that out.

Mr. Speaker, I ask unanimous consent to insert in the RECORD a brief prepared by the attorney general of the State of Minnesota in answer to the injunction.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. BLACK. Does the brief filed in behalf of the State of Minnesota reflect on the judge?

Mr. SHOEMAKER. No. The gentleman from New York [Mr. BLACK] asked why this took so much time. They are playing for time until the expiration of the time limit of a criminal charge which expires, I believe, in 3 years under Federal law. So they are playing for time there on this proposition to let these bankers get out from under and before the people of the State of Minnesota can get to them.

Mr. BLACK. If they are being prosecuted under a Federal statute, it is not of importance what the State authorities may do. The 3 years' limitation is a Federal limitation. A delay on the injunction might or might not affect any criminal activities against them. The gentleman does not connect up the two statements.

Mr. SHOEMAKER. These are national banks which come under Federal law.

Mr. BLACK. But the gentleman said something about State action.

Mr. SHOEMAKER. This might interfere with the State action also.

May I say this with regard to various other things that this judge has done? Take receiverships for instance.

Mr. BLACK. In reply to a question of the gentleman from Texas, the gentleman was going to say something about the judge's conduct in connection with this matter. Is the gentleman coming back to the question?

Mr. SHOEMAKER. Yes. I may say further that the judge acting in this injunction I believe was influenced by the fact that his wife is one of the substantial stockholders of this corporation. Not only that, but through this bank, the director and the president of this bank, the judge has made it a business to appoint close associates, both in the banks and in railroad companies and various other institutions to the receiverships that take place in the city of Minneapolis, and in that community.

I call particular attention to the Minnesota & Ontario Paper Co. receivership. Here is a paper company that is practically the only independent manufacturer of newsprint in the United States of America. It is the only paper company that is not tied up with the International Paper Co. It is the only paper company in America that the newspaper men can go to and hold the price down and not be robbed by the combine. If they get the Minnesota & Ontario Paper Co. into the hands of the International Paper Co., the paper-manufacturing industry of the United States will be tied up into one of the most gigantic trusts in America.

Mr. SNELL. Will the gentleman yield for a question there?

Mr. SHOEMAKER. I yield.

Mr. SNELL. Do I understand the gentleman to say that all the paper manufacturing industry is associated and affiliated with the International Paper Co.?

Mr. SHOEMAKER. Either directly or indirectly.

Mr. SNELL. I think the gentleman is entirely mistaken in that contention.

Mr. SHOEMAKER. The fact of the matter is that the officers of this paper company have been called in time and time again at the behest of the other companies to try to get them to agree to fix prices on print paper, and so forth and so on.

Mr. SNELL. But the gentleman's statement that they are all allied with the International Paper Co., I am sure, is wrong.

Mr. SHOEMAKER. I said directly or indirectly.

Mr. SNELL. Directly or indirectly, I am sure the gentleman is wrong about that.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. CHRISTIANSON. Does the gentleman claim that the Blanton Paper Co. of Grand Rapids, Minn., is so connected?

Mr. SHOEMAKER. I am speaking of the big paper companies and not the little companies. I am speaking of the big paper companies that might be able to influence the price upon the market in the United States of America.

Mr. BLACK. It does not make any difference whether this larger paper company controlled all of them or not if it gained control of this company by methods that were improper.

Mr. SHOEMAKER. They would be its biggest competitors.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. CHRISTIANSON. Is it not a fact that at the hearing held last week, Ed W. Backus, head of that paper company, was charged with having appropriated to his own use $7,000,000 of the assets of this company, now in receivership?

Mr. SHOEMAKER. There were many charges flying back and forth.

Mr. CHRISTIANSON. And is it not the fact that the same Ed W. Backus has been the most mischievous political influence in the State of Minnesota for several years?

Mr. SHOEMAKER. That is a matter of opinion. I am not here either to condemn or commend him.

Mr. CHRISTIANSON. I hope the gentleman is not going to commend him.

Mr. RICH. Will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. RICH. In reference to the newsprint industry, since we have changed the tariff the statement has been made by the one in authority under the N.R.A. that the newsprint industry in the future will be discontinued by Executive order.

Mr. SHOEMAKER. I am not interested in the tariff in this speech here or in the Executive order of the N.R.A. That is beside the issue. It is Judge Molyneaux I am talking about. It is not Backus we are trying here but the actions of Judge Molyneaux, and for that reason I rose to impeach him.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. SHOEMAKER. I cannot yield any further.

This concern was thrown into receivership by this judge granting the petition of a couple of small creditors, and in the same decision under which he threw it into receivership he said that the paper company was solvent but at the same time placed it in a receivership.

Mr. BLACK. Have you a written opinion to that effect?

Mr. SHOEMAKER. Yes.

Mr. BLACK. Why not put that in the RECORD?

Mr. SHOEMAKER. I will.

Mr. BLACK. The gentleman ought to put that in the RECORD at this point.

Mr. SHOEMAKER. With regard to this receivership, his first unlawful act in this step was in granting the petition of a small creditor, trumped up for the occasion, as a basis for the receivership, and in the same decree he adjudged the company as being solvent.

His next unlawful act was in entering into a conspiracy with the Bankers and Bondholders Protective Committee of the Minnesota & Ontario Paper Co. in discrediting the original receivers, thereby forcing their resignation and appointing in their stead R. H. M. Robinson and C. T. Jaffray, both of whom had never had any experience in these lines of business of this company and who, therefore, were unfit for the operation and the administration of that business.

He fixed the salary of Mr. Robinson at $70,000 per annum and of Mr. Jaffray at $30,000 per annum. He fixed the salaries of two firms of attorneys at $51,000 per annum, and fixed the fees for the previous receivers and the local attorneys for the 9 months preceding at $177,000, under the recommendation of Robinson and Jaffray, or a total for 21 months of $328,000. The total for 34 months, including outside attorneys and all expenses for attorneys and receivers, reaches the enormous total of upward of $700,000. This is a pretty juicy melon for a bunch of grafters to split up under the act of a Federal judge, if you please, sitting in high places.

His next unlawful act was in permitting the receivers for the company, appointed by himself, to enter into an agreement in violation of the Sherman antitrust law with competitors in the newsprint industry, under which they agreed, for a consideration, to withdraw all sales efforts from the market and in conspiring with the manufacturers to maintain fixed prices. Losses sustained under this act were estimated at $3,000,000.

Judge Molyneaux, upon the recommendation of Robinson and Jaffray, approved the refinancing of National Pole & Treating Co., under which they presented to note holders one third of the capital stock of the company, valued at upward of $2,000,000, together with commissions paid brokers and other wasteful items in management, which brings the loss on this transaction to approximately $2,500,000.

Then came the sale of the Commercial Appeal, Memphis, Tenn., which was owned by this company, the Minnesota & Ontario Paper Co. The property there was appraised by men who knew the business, by newspaper appraisers. They appraised the property at a value of $5,000,000. This was the Commercial Appeal, a daily paper. Five million dollars was the appraisal made by appraisers of that newspaper, and the receivers in this instance sold the whole thing for less than one and one half million dollars when it had an appraised value and a ready sale at $5,000,000. This sale was made, and after the sale was made the judge approved it and signed on the dotted line.

This has been going on in many instances. He not only let these receivers go out and do as they pleased, but after they have done this they bring the papers and lay them before him and he signs on the dotted line.

The Minnesota Products, another subsidiary of the Minnesota & Ontario Paper Co., was sold at a loss of over $1,000,000. Judge Molyneaux confirmed a contract with the Great Lakes Paper Co. that was recommended by Robinson and Jaffray, under which the company sustained a loss of over $1,000,000.

The International Paper Co. owed the Minnesota & Ontario Paper Co. $175,000.

The International Paper Co. was good and could have paid $175,000, but the receivers were given a settlement for $50,000. In other words, the International Paper Co. lost through these receivers to the amount of $125,000.

The amounts I have read reach a total of $10,000,000. I am now investigating other matters.

I am not interested in the Minnesota-Ontario Paper Co., but I do know that while it has been interested in shady politics, still they were employing thousands of workmen who are laid off as the result of this receivership. They are trying to wreck this institution.

This company has a vast water power and public utilities—400 miles of railroad on the Canadian border—and this property is all turned over into the hands of these connivers.

This man Jaffray, one of the receivers, is one of the best connivers in the State of Minnesota.

He was made president of a company which had defaulted $5,000,000 in bonds. When president he knew where the bonds were located, and he went out and bought up the bonds for little or nothing—in some cases paying only 3 and 5 cents on a dollar. They gathered these bonds together, and when they got into their hands, they went to the R.F.C. and borrowed $5,000,000 on bonds they had practically stolen. That is this man Jaffray.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. SHOEMAKER. I have not the time. The Democratic administration has appointed this man Jaffray to look after the closed banks of the Northwest in that Federal Reserve district. He holds that job, and not only that but he is president of this great banking institution, and he draws down tremendous salaries from these four jobs. He is the receiver for the closed Federal banks, is the president of the bank, is president of the railroad company, and then draws down $70,000 a year as a receiver in this institution. These are the things that are going on in our Federal courts today, and I call specific attention to this judge out there who is not only committing a conspiracy but is compounding a felony in his actions, so far as his judicial conduct is concerned, and so far as the laws of the land are concerned. I have begged for a hearing before the Committee on the Judiciary. I am not criticizing that committee; I know that they are busy; but these things must be corrected, and they must be corrected if we are going to save this country from ruin, for all down through the history of the ages we know the effect of the decisions of judges, and we have come to that point in America today where we have practically no judges who look on the human side of things. They all have the other slant and look on what is known as "property rights" and trample underneath the sacred human rights of man.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. SHOEMAKER. For a short question.

Mr. TRUAX. Does not the gentleman think there is one exception to his last statement in view of the mortgage moratorium decision rendered by the Supreme Court of the United States?

Mr. SHOEMAKER. I think they saw the handwriting on the wall and paid attention to it.

Mr. TRUAX. I think the gentleman is right. The great majority of judges are heartless. The people are being sold out, having their property confiscated every day.

Mr. SHOEMAKER. Not only are they heartless, so far as property rights are concerned, but they are heartless so far as human rights are concerned. I sat for months and checked in every man who came into the penitentiary at Leavenworth and wrote up his life history, and I saw them bring before me to check into that penitentiary boys 15 and 16 years of age, and I saw them put them in there with hardened criminals, to make "Pretty Boy Floyds" and gunmen out of them, and that is what they are doing in our jurisprudence in America today. It is a crime and a shame. I do not want to take up very much more time, but I am going to read just a few little excerpts from a letter that I received:

JANUARY 25, 1934.

Hon. FRANCIS H. SHOEMAKER,
Washington, D.C.

DEAR SIR: I have read your attack upon one Judge Molyneaux, of the Federal district court. It is about time that some Congressman should have the "sand in his craw" to flay the many legal reprobates who have been landed on these Federal benches by the most corrupt and vicious powers in our land.

I have been a kind of lawyer for more than 40 years and I have made it a special task to investigate the antecedents of the many scoundrels who have been lodged in these most vital and important positions and which deal with rights and liberties of the people of this land.

The bench of the Federal courts has been the final refuge of the most heartless and perverted legalists that ever cursed a nation. It is well known that the notorious George M. Fullman had the infamous Peter S. Grosscup appointed a Federal judge in Chicago, and we know the record of this scoundrel as such a judge. We know the influence that placed Judge Jenkins upon that bench and we know his record. We know the record of Judge Pollock, of Kansas City, and it is a rotten one, indeed. But why elaborate?

It is imperative that an exhaustive and thorough investigation of the Federal courts should be had in the matter of receiverships handled by these czars of the United States. The light of day should be turned on the ramifications of this branch of these courts, and the results would be astounding. Just cogitate on this fact: The Irving Trust Co. has been a pet of these Federal judges in the way of receiverships. It now has some 5,000 of these estates in its charge, and you know how these estates will be plucked clean by this institution.

The situation at Chicago should be thoroughly cleaned up, and there is rich picking there for an honest investigator. The favoritism that would be developed would shock the Nation if it can be shocked by the revelations of judicial and political depravity.

All of these Federal courts should be put under the magnifying glass and their rottenness exposed.

Mr. RICH. Who wrote that letter?

Mr. SHOEMAKER. Oh, you do not want certain things to go into the RECORD. Everywhere, since my speech here on January 22, which appeared in the CONGRESSIONAL RECORD, from practically every district, from practically every State in the United States, I have been receiving letters, information, telling about what these judges are doing in the various States. I wish the Members of Congress knew how serious this is. If you think it is not so, just get up here and attack a Federal judge and see the response that you get from the general public throughout the United States of America. That is one way to learn. The people are losing their homes, they are being robbed of everything.

There is another deal in Minneapolis, the Foshay deal, where over $150,000 was spent in 1 month for fees handed out to attorneys and receivers.

The Foshay Tower was put into receivership by the Power Trust of the United States of America because Foshay was the only utility man in the United States that employed union labor; and day before yesterday he went to Leavenworth to spend 15 years for the serious crime of employing union labor in putting up his buildings and his utilities. They loaned him money until they got him on a barrel, then they put him into receivership and framed him into the penitentiary for the false sale of stocks, and gave him 15 years. This same judge is implicated in that deal, if you please.

I hope that something may be done and may be done immediately. In fact I demand that action be taken with regard to this judge at once. I know that he is mentally unfit to sit upon the bench; and I know that he is absolutely incapable from the standpoint of legal knowledge. He has practically no legal knowledge and was considered one of the dumbest lawyers in the State of Minnesota before his appointment to the Federal court for the district of Minnesota.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. RICH. The gentleman states that this judge is unfit mentally. Was the gentleman ever examined by physicians to determine his sanity?

Mr. SHOEMAKER. He has been in several sanatoria for mental trouble.

Mr. RICH. Was he ever examined for that particular ailment?

Mr. SHOEMAKER. The doctors handled him; yes. They did not put him in the sanitarium without a doctor.

Mr. RICH. Have they ever given him an examination to determine his sanity?

Mr. SHOEMAKER. They have never given the results to the public; no. They took him to California to avoid that.

The documents referred to above are as follows:

UNITED STATES DISTRICT COURT, DISTRICT OF MINNESOTA, FOURTH DIVISION

NORTHWEST BANCORPORATION, A CORPORATION, PLAINTIFF, *v.* ELMER A. BENSON, COMMISSIONER OF BANKS OF THE STATE OF MINNESOTA; S. PAUL SKAHEN, COMMISSIONER OF SECURITIES OF THE STATE OF MINNESOTA, AND GARFIELD W. BROWN, COMMISSIONER OF INSURANCE OF THE STATE OF MINNESOTA, ALL COMPRISING AND CONSTITUTING THE DEPARTMENT OF COMMERCE OF THE STATE OF MINNESOTA AND ACTING AS THE SECURITIES DIVISION THEREOF, DEFENDANTS. IN EQUITY NO. 2747. TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE

Whereas in the above-entitled cause a verified bill of complaint for a permanent injunction has been filed and it having appeared from said bill that there is danger of immediate and irreparable injury, loss, and damage being caused to plaintiff before notice can be served and a hearing had thereon unless defendants are, pending such hearing, restrained as herein set forth, for the reason that defendants threaten to proceed immediately and on January 19, 1934, with hearings and further proceedings under orders issued by them under date of November 21, 1933, in the matter of the investigation of the sale of the common capital stock of Northwest Bancorporation, and in the matter of the exemption from the operation of the law regulating the sale of securities of the common capital stock of Northwest Bancorpo-

ration, and in connection therewith to conduct a general examination and investigation of the books, records, papers, accounts, property, business, and affairs of plaintiff; that such injury threatened to plaintiff includes, or appears to include, interruption of and interference with plaintiff's business and the conduct thereof, damage and loss to plaintiff's business and the value thereof, and the subjecting of plaintiff to the hazard of fines and penalties provided in the Minnesota statutes, and the violation of plaintiff's constitutional rights, all as more fully set forth in said bill, all of which injury and damage is irreparable because plaintiff is without adequate remedy at law and for the reasons more fully set forth in said bill:

Now, therefore, take notice that you, Elmer A. Benson, commissioner of banks, S. Paul Skahen, commissioner of securities, and Garfield W. Brown, commissioner of insurance, of the State of Minnesota, all comprising and constituting the department of commerce of said State and acting as the securities division thereof, and each of you in your official capacity and individually, and all of your agents, servants, assistants, employees, and attorneys, and all persons in active concert and participating with you, and who shall, by personal service or otherwise, receive actual notice hereof, are hereby temporarily restrained and enjoined from holding any hearings under or pursuant to those certain orders made and issued by you under date of November 21, 1933, in the name of the department of commerce of the State of Minnesota and entitled "In the matter of the investigation of the sale of the common capital stock of Northwest Bancorporation, order for investigation", and "In re the exemption from the operation of the law regulating the sale of securities, of the common capital stock of Northwest Bancorporation, order suspending exempt status of the common capital stock of Northwest Bancorporation, a corporation", and from proceeding in any way under or by virtue of said orders, or either of them, and from enforcing or attempting to enforce any and all subpenas made and issued, or purporting to be made and issued under and by virtue of said orders, and from procuring or attempting to procure from any court any search warrants to be used for the purpose of obtaining any books, records, documents, writings, or papers of the plaintiff or of any of its directors, officers, agents, or employees; and from instituting or attempting to institute any proceedings for contempt under or by virtue of the issuance or service of said subpenas, and from instituting or attempting to institute any action or proceeding, civil or criminal, under or by virtue of or based upon the making or issuance of said orders or said subpenas, or any of them; and from making public or in any manner disclosing to any person whomsoever any information acquired by examination of any witness or of any of plaintiff's books, records, papers, or accounts under or by virtue of said orders, or any proceedings had or steps taken thereunder, until the further order of this court.

This temporary restraint is on condition that a bond be filed by plaintiff in the sum of $1,000 conditioned upon the payment of such costs and damages as may be incurred or suffered by such defendants as may be found to have been wrongly enjoined or restrained hereby, and upon plaintiff's not issuing or selling, directly or indirectly, any of the shares of its said common capital stock.

It is hereby ordered that the above-named defendants, and each of them, show cause before the court at chambers at the Federal Building, in the city of Minneapolis, Minn., at 10 o'clock a.m., on the 27th day of January 1934, why the temporary relief and other relief asked for in plaintiff's motion of even date herewith should not be granted.

It is further ordered that the temporary restraining order hereinabove set forth shall expire 10 days from this date unless the time thereof be extended hereafter by the court for good cause shown.

Let a copy of this order be served upon each of the defendants within 2 days from the date hereof.

Dated at Minneapolis, Minn., this 18th day of January 1934.

By the court:

JOSEPH W. MOLYNEAUX, *Judge.*

UNITED STATES DISTRICT COURT, DISTRICT OF MINNESOTA, FOURTH DIVISION

NORTHWEST BANCORPORATION, A CORPORATION, PLAINTIFF, *v.* ELMER A. BENSON, COMMISSIONER OF BANKS OF THE STATE OF MINNESOTA, S. PAUL SKAHEN, COMMISSIONER OF SECURITIES OF THE STATE OF MINNESOTA, AND GARFIELD W. BROWN, COMMISSIONER OF INSURANCE OF THE STATE OF MINNESOTA, ALL COMPRISING AND CONSTITUTING THE DEPARTMENT OF COMMERCE OF MINNESOTA AND ACTING AS THE SECURITIES DIVISION THEREOF, DEFENDANTS. IN EQUITY NO. —. NOTICE OF HEARING

To the above-named defendants:

Please take notice that the motion hereto attached will be brought on for hearing at the time and place fixed by the attached order to show cause.

Dated this 18th day of January 1934.

J. B. FAEGRE,
CLAUDE G. KRAUSE,
Solicitors for Plaintiff,
1260 Northwestern Bank Building, Minneapolis, Minn.
G. A. YOUNGQUIST,
F. H. STINCHFIELD,
Of Counsel.

UNITED STATES DISTRICT COURT, DISTRICT OF MINNESOTA, FOURTH DIVISION

NORTHWEST BANCORPORATION, A CORPORATION, PLAINTIFF, *v.* ELMER A. BENSON, COMMISSIONER OF BANKS OF THE STATE OF MINNESOTA, S. PAUL SKAHEN, COMMISSIONER OF SECURITIES OF THE STATE OF MINNESOTA, AND GARFIELD W. BROWN, COMMISSIONER OF INSURANCE OF THE STATE OF MINNESOTA, ALL COMPRISING AND CONSTITUTING THE DEPARTMENT OF COMMERCE OF THE STATE OF MINNESOTA, AND ACTING AS THE SECURITIES DIVISION THEREOF, DEFENDANTS. IN EQUITY, NO. —. MOTION

Now comes Northwest Bancorporation, the plaintiff in the above-entitled cause, and moves this court on the verified bill of complaint filed herein for a temporary injunction, to be effective during the pendency of the above-entitled cause and until the final determination thereof, restraining and enjoining the above-named defendants, and each of them in their official capacity as stated in the title of this cause and individually, and all of their agents, servants, assistants, employees, and attorneys, and all persons in active concert or participating with them, and who shall by personal service or otherwise receive actual notice thereof, from holding any hearings under or pursuant to those certain orders made and issued by you under date of November 21, 1933, in the name of the Department of Commerce of the State of Minnesota, and entitled, "In the matter of the investigation of the sale of the common capital stock of Northwest Bancorporation, order for investigation", and "In re the exemption from the operation of the law regulating the sale of securities, of the common capital stock of Northwest Bancorporation, order suspending exempt status of the common capital stock of Northwest Bancorporation, a corporation", and from proceeding in any way under or by virtue of said orders, or either of them, and from enforcing or attempting to enforce any and all subpenas made and issued, or purporting to be made and issued under and by virtue of said orders, and from procuring or attempting to procure from any court any search warrants to be used for the purpose of obtaining any books, records, documents, writings, or papers of the plaintiff or any of its directors, officers, agents, or employees; and from instituting or attempting to institute any proceedings for contempt under or by virtue of the issuance or service of said subpenas, and from instituting or attempting to institute any action or proceeding, civil or criminal, under or by virtue of or based upon the making or issuance of said orders or said subpenas, or any of them; and from making public or in any manner disclosing to any person whomsoever any information acquired by examination of any witness or any of plaintiff's books, records, papers, or accounts under or by virtue of said orders, or any proceedings had or steps taken thereunder; and from retaining any of plaintiff's books, records, papers, or accounts, including copies thereof and excerpts and notations therefrom, heretofore submitted to or produced before or examined by defendants, their attorneys, agents, servants, assistants, or employees until a final determination and hearing of this cause.

And upon said verified bill of complaint plaintiff further moves the court for a temporary restraining order to be issued forthwith and without notice, restraining the defendants, and each of them, in their official capacities as stated in the title of this cause and individually, and each and all of their agents, servants, assistants, employees, and attorneys, and all persons in active concert or participating with them, and who shall, by personal service or otherwise, receive actual notice of such order, from doing any of the acts specified in the paragraph numbered 1 in the prayer for relief in said verified bill of complaint.

Each of the foregoing motions is made upon all the grounds and for all the reasons set forth in said verified bill of complaint, and the motion for said temporary restraining order is further made upon the ground that defendants threaten and propose forthwith on January 19, 1934, at 10 o'clock a.m., to proceed with hearings and require compliance with the subpenas hereinabove mentioned.

Dated at Minneapolis, Minn., this 18th day of January 1934.

J. B. FAEGRE,
CLAUDE G. KRAUSE,
Solicitors for Plaintiff,
1260 Northwestern Bank Building, Minneapolis, Minn.
G. A. YOUNGQUIST,
F. H. STINCHFIELD,
Of Counsel.

UNITED STATES DISTRICT COURT, DISTRICT OF MINNESOTA, FOURTH DIVISION

NORTHWEST BANCORPORATION, A CORPORATION, PLAINTIFF, *v.* ELMER A. BENSON, COMMISSIONER OF BANKS OF THE STATE OF MINNESOTA, S. PAUL SKAHEN, COMMISSIONER OF SECURITIES OF THE STATE OF MINNESOTA AND GARFIELD W. BROWN, COMMISSIONER OF INSURANCE OF THE STATE OF MINNESOTA, ALL COMPRISING AND CONSTITUTING THE DEPARTMENT OF COMMERCE OF THE STATE OF MINNESOTA AND ACTING AS THE SECURITIES DIVISION THEREOF, DEFENDANTS. IN EQUITY NO. 2747

Brief of defendants—Statement of facts—Introductory

We believe that a statement of facts in their chronological order will give the best possible idea of the situation in this case and that such a statement will be more comprehensible than any other that might be made. Such a statement will show the law under which the Commerce Commission of Minnesota (herein referred to as the commission) acted, the making of the order

for an investigation of the stock sales by Northwest Bancorporation (herein referred to as Banco, by which name it is commonly known), the issuance of subpenas for witnesses and the production of records, and the conduct of the investigation by the commission up to the time of the issuance of a temporary restraining order herein.

In brief, the story will be that of the attempt by certain financial leaders, mostly in Minneapolis, through the Northwestern National Bank of Minneapolis and its president, Edward A. Decker, to establish here a financial empire in the great Northwest. At first the operations were in Minnesota, Wisconsin, Iowa, and North Dakota, and then spread into South Dakota, Nebraska, Montana, and Washington. The plan was to acquire the ownership, and thus the control, of banks, both national and State, in the territory mentioned, by a corporation, the plaintiff Northwest Bancorporation. The scheme for acquisition of the ownership of this stock was in keeping with the bold ideas of control which moved the men behind Banco. They created the corporation, Banco, with no assets and no liabilities, launched it on its course of acquisition, which was successful to the amount of $80,000,000, of bank stocks for which Banco gave only its stock, and then through a series of frauds, misrepresentations, concealment of facts, corporate abuses, payment of dividends and other charges out of capital, stock-selling campaigns, pools, and syndicates of the insiders who controlled Banco, a disregard of sound business and accounting practices, which necessitated the setting up of an entirely new financial structure for Banco, in which the frauds, concealments, dishonesty, and corporate abuses that had preceded were again in turn concealed and which reorganization itself was obtained by fraud and concealment and misrepresentation of facts, many of which constitute violations of corporate law, both civil and criminal, almost ran Banco to the point from which it started, viz, that of having no assets, all of which resulted in losses of tens of millions of dollars to investors. Banco started with nothing, soared to a market value of almost $90,000,000, and has collapsed to almost nothing. It is a story of wrongdoing and base betrayal, which we propose to reveal, not in our own words, but in that of plaintiff's own officers and plaintiff's own exhibits.

The investigation has only been started. There have only been 3 days of hearing. Every fact has been substantiated by evidence. Many facts are still to be proven. Mr. Decker, chairman of Banco and Northwest National Bank, has told his interrogators before the commission time and again that the facts are to be found in plaintiff's records and that he personally does not know. He has stated in his short time on the witness stand that he does not know 117 times. The commission has resorted to plaintiff's records to get the information which it now has. It proposes, with the lifting of the restraining order herein, to search those records for the matters that Mr. Decker does not know. It proposes to explore the realm of "I don't know." The answer "I don't know" repeated so many times suggests a motive for concealment. As the court said in *Gates* v. *Kelley*, 15 N.Dak. 639, 110 N.W. 770, 773:

"Even an untruthful witness will not usually lie without a motive."

Why does not Edward Decker know, on the stand, those things which he ordinarily would know and which it was his duty to know? This, the commission proposes to find out in order to protect the public and perform its duties under the laws of the State of Minnesota.

STATUTE UNDER WHICH COMMISSION ACTED

The statute, laws of Minnesota, 1925, chapter 192, section 19; amended id. laws 1927, chapter 66, section 11; amended id. laws 1934, chapter 408, section 15, so far as here pertinent, is as follows:

"Whenever the commission from information in its possession has reasonable ground to believe that any person within 3 years has sold, or is about to sell, any securities, including securities exempted by section 2 hereof, and that such securities are or were fraudulent or are about to be or were sold in a fraudulent manner, or that such person in such sale or attempted sale of such securities has worked or will work a fraud on purchasers thereof, or that such person in such sale or attempted sale has violated or is about to violate any of the provisions of this act, the commission shall have power to investigate said matters. In any such case the commission shall have power to make an examination and investigation of the books, records, papers, accounts, property, business, and affairs of such person, and to make or cause to be made on its behalf an audit of the accounts, books, and records of such person, and by its order to require such person to permit such examination, investigation, and audit to be made and to require such person to submit to the commission his books, papers, records, and accounts for the purpose of such examination, investigation and audit. If such securities were or are about to be sold for or on behalf of the issuer thereof the commission shall have like powers as against such issuer.

"If any person or issuer shall fail or refuse to obey any order of the commission, which it is authorized under this act to make, requiring such person to permit an examination, investigation, or audit of his books, records, papers, or accounts by or on behalf of the commission, and to submit the same to the commission for such purpose, the district court, upon petition of the commission, subject to the limitations in sections 7 and 10 of article 1 of the State constitution and in articles 4 and 5 of the amendments to the Constitution of the United States, shall forthwith and without notice cause a search warrant to be issued directed to the sheriff commanding the sheriff forthwith to search for and seize the books, records, papers, and accounts of such person or issuer and deliver them to the commission for the purpose of such examination. The petition of the commission filed with the district court, if duly verified and sufficiently specific, or and any affidavit filed in such proceedings may be taken by the court as authority for the issuance of such search warrant; and all proceedings thereunder shall be substantially the same as like proceedings under sections 10537 to 10540, both inclusive, General Statutes 1923. Any books, papers, records, or accounts so seized shall be held by the commission for a reasonable length of time for the purpose of making such examination, investigation, or audit, and shall be then returned to the person from whose possession they were taken, unless otherwise ordered by the court.

"The commission may by summons or subpena require the attendance and testimony of witnesses and the production of books or papers before it relating to any matter as to which it has jurisdiction under this act. Such a summons or subpena may be issued by any commissioner. It shall be served in the same manner on a summons or subpena for witnesses in criminal cases issued on behalf of the State, and all provisions of law relative to a summons or subpena issued in such cases shall apply to a summons or subpena issued under this act so far as applicable. Any commissioner may require any witnesses to be sworn before testifying. Any judge of the district court may, upon application by the attorney general on behalf of the commission, compel the attendance of witnesses and the giving of testimony before the commission in the same manner and to the same extent as before said court.

"A natural person who shall claim the privileges of refusing to testify on the ground that his testimony or evidence, documentary or otherwise, might tend to incriminate or subject him to a penalty or forfeiture, shall not be excused on said ground from attending and testifying before the commission acting under the provisions of this act; but such natural person, having claimed said privilege and having been required nevertheless to testify, shall not be prosecuted or subjected to a penalty or forfeiture for, or on account of, any action, matter, or thing, concerning which he may be required so to testify or produce evidence, except for perjury committed in such testimony (1925, c. 192, sec. 19; amended 1927, c. 66, sec. 11; amended 1933, c. 408, sec. 15)."

In connection with the statute just cited, the court should consider sections 3996–12, Mason's Minnesota Statutes, 1927, which is as follows:

"On all lawful orders of the commission, made without a hearing having been had on the matter thereby determined, or opportunity therefor afforded, the interested person shall have the right within 30 days from the date thereof to demand a hearing on such matter. On any such demand it shall be the duty of the commission to fix a date for a hearing not more than 30 days from the date of such demand. At the time set a hearing shall be had, after which the commission shall make such further order as the facts require and may either vacate, modify, or adhere to, the order theretofore made (1925, c. 192, sec. 12; amended 1927, c. 66, sec. 9)."

THE ORDER FOR INVESTIGATION

A copy of the order for investigation is exhibit "B", attached to the complaint herein. That this order was issued pursuant to the terms of the statute is manifest from the reading of the statute and the order. It naturally follows that if the statute is valid the order is valid.

SCOPE

The investigation is confined to Banco as a holding company. It is not an investigation of individual banks (p. 162).

I. THE HEARING

a. Plaintiff invited and consented to the hearing and submitted to the jurisdiction of the commission

The Banco, by its officers, employees, and attorneys, appeared before the commission pursuant to the order of investigation and subpenas issued for the attendance of the officers and the production of documents. The present complaint is in quite marked contrast to the statements, position, and conduct of plaintiff's officers at the hearing. Mr. Decker, used to doing things in a big way, a great deal like our friend Andy of radio fame, was most agreeable and willing during the hearing, until it appeared that the investigation was to be a real one, in which the real story of Banco was to be told. Then he changed his attitude. The change was gradual—evasions at first, then denials, then seeking refuge in this court from the whole matter.

Mr. Decker started out by saying that he and Banco welcomed this investigation. He was quite emphatic. On page 2 this is shown:

"Q. I notice, Mr. Decker, that you gave a statement to the press in connection with this investigation, that you and your institution welcomed an investigation of this matter in the sale of stock, and I take it that that is the attitude of yourself and your organization?

"A. Yes."

Plaintiff made no objection of any kind at any time in which the commission jurisdiction or right to proceed was challenged. It early indicated that it welcomed the investigation. Time and again it indicated that it had no objection, stipulated as to procedure, arranged for examination of its documents, asked for continuances (which were granted), participated in the proceedings and in all things submitted to and acquiesced in the commission's jurisdiction and its proceedings. At page 45, its counsel, Mr. Benson, in answer to a suggestion that a book be marked

an exhibit, stated, "I don't see any objection." At page 43, he stipulated relative to substituting copies for the originals of certain exhibits. Mr. Decker, at page 48, indicated that the commission is "welcome" to books containing records of certain stock purchases.

That Mr. Decker and his attorneys did not regard this investigation as an invasion of their constitutional and legal rights is further evidenced by testimony given on page 50, when he said, being asked as to certain entries which he stated could be found only in his check book:

"I can have such a statement made from my check book and would be very glad to, if you want it."

Again, when asked about certain records which he apparently did not have with him, he said:

"You tell the attorneys what you want and they can get it for you" (p. 50).

In answer to whether he would produce certain records relative to a certain pool or syndicate formed for the purpose of dealing in Banco stock, he said:

"I would be glad to get it for you" (p. 51).

And on the same page that he would produce certain joint accounts which he kept.

Then, when his examination for the first day was drawing to a close, apparently satisfied so far, when told that he was about to be excused, he said:

"You can have me for another year if you want to" (p. 52).

In the same spirit, when certain correspondence was demanded of him, he said:

"Well, if you give a memoranda of it and the dates or anything to identify it, you are certainly welcome" (p. 54).

Mr. Decker was not alone in this. Mr. Albrecht and Banco's attorneys were just as willing to submit and did submit to the commission's jurisdiction. This is apparent from the evidence of the witness, Albrecht, a vice president of Banco, who testified that he failed to produce certain documents because council told him another witness would be examined relative thereto and expected to have them with him. Thereupon, when asked when the documents would be produced, counsel said:

"Whenever you are ready for them" (p. 92).

Then at pages 93 and 94 it was agreed that the commission could send its men to Banco, where they would be given a room to work in and an opportunity to pick out the documents and exhibits wanted. By this agreement, plaintiff consented to the examination of its papers in its offices, in lieu of subpenas, in order to facilitate the production of exhibits. This is the examination, referred to in the affidavit of Thomson, MacTavish, and Buelow, page 5, paragraph 10, thereof. This is what happened:

" * * * that thereafter arrangements were made by plaintiff's counsel with defendants to permit employees of defendants to come to plaintiff's offices and make an examination of the matters covered by items nos. 1, 2, and 3 in said exhibit A, and thereupon and thereafter beginning with the morning of January 12, defendants sent to plaintiff's offices certain of its employees who remained, except as hereinafter stated, at plaintiff's office in examining said documents throughout the working hours of each day (Sunday excepted) until the time of the filing of the bill of complaint herein and the issuance of the restraining order; that during said period of time there were always three employees of defendant engaged in plaintiff's offices in the examination of said records, some of the employees being relieved from time to time by other employees of defendants likewise engaged; that during said period said employees were engaged in making and did make and take with them from the offices of plaintiff extensive notes and excerpts from and copies of such records of plaintiff; * * *."

So far all was well. But as the testimony gradually and surely commenced to reveal the real financial condition of Banco and the fraud, the misrepresentation, the concealment of the true financial status, the facts making necessary Banco's financial reorganization and all the rest of it, Banco commenced to change its attitude. It did not want the investigation to go on. It asked for continuances, which the commission granted. Its attorneys took more part in the proceedings. The proceedings became a trial with the usual objections, stipulations, arguments, interruptions, explanations, and so on. Whole pages are filled with remarks of plaintiff's counsel. It would take too long to state what happened in detail. We call the court's attention to the record, where these matters other than those which we have mentioned are noted as indicated below:

Page 2, Decker, welcomes investigation public press, before hearing. Production of exhibits.

Page 43, stipulation, Attorney Benson.

Page 45, stipulation and no objection to take letters in exhibit 4.

Page 48, Decker indicates commission is "welcome" to books of account—re his stock purchases.

Pages 49–50, Benson takes part in examination.

Page 50, "I can have such a statement made from my check book and would be very glad to, if you want it."

Page 50, "You tell the attorneys what you want and they can get it for you."

Page 51, Decker agrees to produce "pool" or "syndicate" correspondence, also joint accounts.

Page 52, when commission is ready to excuse Decker, "You can have me for another year if you want to."

Page 54, in answer to demand for correspondence: "Well, if you give a memoranda of it and the dates or anything to identify it you are certainly welcome."

Page 92, Witness Albrecht fails to produce certain books as per subpena on Attorney Benson's advice, who, in answer to question if and when he would produce them, said: "Whenever you are ready for them."

Page 93, Albrecht—id., re: A. G. Becker & Co. documents.

Pages 93–94, Albrecht—arrangement was made for auditor to examine and go through books, through Watson, Skahen, and Attorney Benson.

Arrangements were made by Banco voluntarily for an examination of its books, papers, and records. This is referred to in the affidavit of Thomas, MacTavish, and Buelow, at pages 5 and 6 thereof, as follows:

" * * * that thereafter arrangements were made by plaintiff's counsel with defendants to permit employees of defendants to come to plaintiff's offices and make an examination of the matters covered by items numbered 1, 2, and 3, in said exhibit 'A', and thereupon and thereafter, beginning with the morning of January 12, defendants sent to plaintiff's offices certain of its employees who remained, except as hereinafter stated, at plaintiff's office in examining said documents throughout the working hours of each day (Sunday excepted) until the time of the filing of the bill of complaint herein and the issuance of the restraining order; that during said period of time there were always three employes of defendant engaged in plaintiff's offices in the examination of said records, some of the employees being relieved from time to time by other employees of defendants likewise engaged; that during said period said employees were engaged in making and did make and take with them from the offices of plaintiff extensive notes and excerpts from and copies of such records of plaintiff;

Plaintiff participated in the hearing:

Page 100, production of ledger exhibit 18—Attorney Benson. Stipulation by him it is the ledger.

Page, 99, participation in hearing by plaintiff's attorneys.
Page 101, participation in hearing by plaintiff's attorneys.
Page 117, participation in hearing by plaintiff's attorneys.
Page 120, participation in hearing by plaintiff's attorneys.
Page 121, participation in hearing by plaintiff's attorneys.
Page 126, participation in hearing by plaintiff's attorneys.
Page 127, participation in hearing by plaintiff's attorneys.
Page 146, participation in hearing by plaintiff's attorneys.
Page 147, participation in hearing by plaintiff's attorneys.
Page 156, December 30, 1933.
Pages 156, 233, 249–50, request for continuances.
Page 161, cooperation of commission with Banco. Use of books.

OFFICERS

Page 166, Faegre (concerned with finding suitable working plans); Watson; Skahen.
Page 166, Faegre, concerned only as to flexible arrangement.
Page 172, Stinchfield, attorney.
Page 174, O'Brien, attorney.
Page 199, Krause, stipulation for use of copy of Decker.
Page 200, Krause.
Page 202, Stinchfield, objecting.
Page 206, Stinchfield stipulates.
Page 206, Stinchfield stipulates that Decker could cancel contract.
Page 206, Krause, state who could cancel.
Page 210, Stinchfield.
Page 211, Krause.
Page 212, Stinchfield.
Page 212, Stinchfield.
Page 213, Stinchfield, three times.
Page 214, Stinchfield, three times.
Page 215, Stinchfield, two times; objection; explanation.
Page 216, Stinchfield, three times.
Page 217, Stinchfield, five times.
Page 218, Stinchfield.
Page 218, Krause, three times, offers checked over envelopes and asks which are wanted.
Page 219, Stinchfield, six times.
Page 222, Stinchfield.
Page 222, Krause, three times, produces records.
Page 223, Krause, two times; asked to take original syndicate arguments.
Page 224, Krause, asked to take original syndicate.
Page 225, Stinchfield, two times, examines.
Page 226, Krause, answers.
Page 226, Krause, records produced.
Page 227, Krause.
Page 227, Stinchfield, three times.
Page 228, Stinchfield.
Page 229, Stinchfield, two times.
Page 232, Stinchfield.
Page 233, Faegre.
Page 234, Faegre.
Page 235, Stinchfield.
Page 236, Krause.
Page 237, Krause.
Page 238, request for postponement.
Page 241, Krause, continuance.
Page 244, Krause.

Pages 249–50, granted continuance and adjourned to January 19 upon understanding and agreement commission's men could examine books of Banco.

When it commenced to be definitely established that Banco's stock was and is fraudulent, that it was and is being sold in a

fraudulent manner, and that the sale thereof has and will work a fraud on purchasers thereof, and that Banco was violating the blue-sky and other laws of Minnesota, and even of the United States, and that the frauds amounted to millions of dollars, Banco wanted to end the investigation. It became imperative for Banco to end it. It changed its attitude. No longer did it offer to cooperate. No longer was it willing to have its records examined. Decker was no longer willing to be witness for 1 year if wanted, nor was he willing to be a witness at all. The put-on bravado was gone. Banco ran for cover. Banco ran for the Federal court. Things which it agreed to and found no objection to it now called names and denounced as violations of its constitutional rights—deprivation of its rights without due process of law and other than by the laws of the land, unlawful search and seizure, and other heavy-sounding names. It comes to this court, too, without having demanded a hearing under section 3996–12 and without any objection at all before the commission.

So far we have told only about Banco's appearance and submission to the commission's jurisdiction and its attempt to run out of the jurisdiction of the commission into the protection of an injunction of this court. Now we will tell why Banco wants an injunction to stop this investigation. In doing this we must tell the facts about the organization of Banco, its stock selling, etc.

II. THE ORGANIZATION OF BANCO

a. Banco's birth and growth

The idea of organizing Banco "originated in 1928 with certain officers and directors of the Northwestern National Bank" and was discussed by them from time to time in the bank (p. 3). Mr. Decker stated (p. 4) that 60 or 90 days after the matter was first thought of and discussed it took definite shape in the form of perfecting an organization. This was in the latter part of 1928 and early in 1929 (pp. 11–12). The matter was first discussed among the officers as individuals, and later it was taken before the directors of the Northwestern National Bank:

"Q. And there it was discussed and laid before them?

"A. Yes.

"Q. With the idea, of course, predominating that such a company should be formed?

"A. Eventually, yes."

Banco was to be a holding company "which would hold the capital stocks of various financial institutions throughout the Northwest", not operating them directly but owning stocks in them, generally a controlling interest, as its own assets, managed by itself. Mr. Decker and others acted to formulate a definite plan to submit to the board of directors, but it is claimed that no corporate action was ever taken by the Northwestern National Bank (p. 8). The purpose of the corporation was "to absorb by ownership the capital stocks of the northwestern banks" and for no other purpose. Mr. Decker stated this in so many words (p. 10).

After the plan was conceived Mr. Decker and his associates immediately commenced to carry it into execution. In common with the individuals which brought it into being, Banco came into this world possessed of nothing. It had no assets and no liabilities; nor did it have any until after it had acquired the stock of the first group of banks. Mr. Decker so testified at page 97. It had nothing except its corporate stock; and this it had no right to issue except for value received in exchange. Possessed of nothing except its stock it proceeded to acquire assets by exchanging a portion of that stock for the stock of certain leading banks of the Northwest. The stockholders of the Northwestern National Bank, Minneapolis, First National Bank of La Crosse, Wis., First National Bank of Fargo, N.Dak., and First National Bank of Mason City, Iowa, transferred their stock to Banco in exchange for stock in Banco (p. 10). Mr. Decker testified that at that time Banco "had no assets and had no liabilities" (p. 11). He did not know whether qualifying shares for directors had been issued (p. 97). This exchange of stock was done pursuant to "A Plan and Deposit Agreement", dated January 8, 1929, commissioner's exhibit no. 1. It was agreed that Banco stock should be exchanged at its par value, $50 per share, and that the other stocks, for the purpose of this exchange, should be valued as follows:

Northwestern National Bank, Minneapolis	$400
First National Bank, Fargo, N.Dak	310
First National Bank, Mason City, Iowa	300
First National Bank, La Crosse, Wis	

Banco gave $23,805,000 of its stock for the stock of four banks above named. These banks had tangible assets as follows:

Capital stock	$6,750,000
Surplus	4,305,000
Undivided profits	2,211,033
Total	13,266,033

The stock was issued by Banco as follows (pp. 24–27):

Northwestern National Bank	$20,000,000
First National Bank, Mason City	1,500,000
First National Bank, Fargo, N.Dak	930,000
National Bank of LaCrosse	1,375,000
Total	23,805,000

In this manner Banco was launched, encumbered with $10,539,000 of bonus, water, or goodwill, whatever you may choose to call it. Ten million five hundred and thirty-nine thousand dollars is the amount which Banco paid for the stocks of the affiliate banks over and above the value of their tangible assets. That deal made Banco stock worth $28.75 on a tangible-asset basis, though its par value was $50 per share. Mr. Decker said that the amount of the exchange basis over and above tangible value was in reality going-concern value or goodwill. However this may be, this amount was not shown on the books of the Banco as going-concern value or goodwill, but on the contrary it was included as assets in "stocks and bonds", and it was thus shown in statements which were furnished to the stockholders for their information and to the public as a basis for inducing it to buy Banco stock (pp. 35–37, 41–42). In short, Banco set up on its books as the cash value of the acquired stock what those stocks cost it in its own stock. In figuring this cost the par value of Banco stock, $50, was taken instead of its real value in terms of tangible assets, $28.75. Thus there was entered as assets stocks and bonds in the amount of $23,805,000 instead of $13,266,000, without a separate entry of $10,539,000 for goodwill, bonus, or water. As heretofore stated, no separate entry was made on Banco's books to show that there was nothing tangible behind these $10,539,000 (pp. 26, 28–29).

As early as January 28, 1929, within a few weeks after Banco was organized (pp. 60–67), it laid plans for a stock-selling campaign and the acquisition of still other banks. Without any assets or earnings out of which to declare dividends it declared a dividend of 45 cents per share on that day, on the condition that "the earnings of the company be sufficient therefor", which it referred to in its application for registration of securities filed with the State securities commission on February 14, 1929. Can there be any question but that this was for the purpose of making Banco stock attractive to purchasers? It registered for sale at that time 600,000 of its shares at the par value of $30,000,000. If Banco stock had an actual value of $28.75 as the testimony shows, according to Mr. Decker's testimony (p. 26), each of the purchasers paid $21.25 for bonus or water for each share of stock and in the aggregate the purchasers of this stock which was offered to the public brought $12,750,000 of bonus or water for which they received no value at all.

It is significant that Banco restricted the right of sale of Banco stock, exchanged for other stock, for a period of 6 months after the exchange so as to prevent the owners thereof from disposing of it in competition with stock sold by Banco (pp. 28–29). This was done in the case of all stocks that were issued in exchange for other stock. The purpose is obvious: To allow Banco to control prices while the big stock sale was on.

b. The acquisition of the Midland National Bank & Trust Co.

Operating along the lines indicated, prior to September 1929, Banco commenced negotiations for the acquisition of the stock of the Midland National Bank & Trust Co. of Minneapolis. That stock was acquired some time in September 1929. At that time Banco stock was quoted at about $100 per share. The Midland National Bank had tangible assets of $1,900,000, and its stock sold on a basis of about $190 at $100 par (pp. 56–65). Banco gave 50,000 shares of its stock of the then market value of $5,000,000 for the stock of the Midland National Bank & Trust Co. of the then market value of $1,900,000. In other words, a bonus of over $3,000,000 was paid for the Midland stock in a deal involving $5,000,000 (p. 65). The representatives of Banco did not tell the Midland people that a share of Banco stock at that time had less than $28.75 of tangible assets behind it. In fact, Mr. Decker, who represented Banco, said that Banco stock was going still higher, and used the ostensible market value of Banco as a bait to lure the Midland people on—that he was, in effect, giving them $5,000,000 for $1,900,000. This is shown by the testimony of Mr. Mills, a former president of Midland National Bank (pp. 66–67), as follows:

"Q. And as a matter of fact, Mr. Mills, isn't it true that the thing which induced you as the president of Midland National Bank to accept share for share of Northwest Banco stock was the fact that that stock had an ostensible market value at that time of what it was quoted at?

"A. Yes.

"Q. And that was accepted by you as being the worth and value of Northwest Bancorporation?

"A. Well, that is what it was selling at.

"Q. In obtaining the consent of your stockholders to this exchange, Mr. Mills, I will ask you if it isn't true that the then existing sale price of quotations of Northwest Banco stock was in effect the determining factor in getting them to exchange?

"A. Yes.

"Q. The fact that it was then selling and that they ostensibly were obtaining stock worth in round numbers $100 was the determining thing when making the exchange; is that not true?

"A. Yes."

Banco exacted from each of the stockholders of Midland an agreement in writing to withhold the Banco stock acquired in the exchange, from the market for a period of 6 months.

The record upon this subject has not been made up in full by reason of the restraining order which has been issued in this matter by this court, but certain significant facts have been developed which would indicate that other stocks were acquired on the same basis. We will show later in the statement of facts that it was necessary to reduce the capital and surplus of Banco from $89,000,000 to $29,000,000, of which $25,000,000 was capital, by reason of the presence in the capital of over $39,000,000 of admitted bonus or water valuations, together with something like $14,000,000 of losses which the company sustained in various ways. It seems to us that the Commerce Commission of Minnesota has an important duty to discharge in this for the most part

unexplored field to find out how this water and bonus got into the capital structure of Banco; who the victims were; how they were victimized; what frauds were practiced on them; and what tricks, concealments, and misrepresentations had been made in order to sell this stock at these grossly excessive prices. These facts also reveal quite fully and the inference from them is irresistible that the sale of this stock was a fraud on the public and that this matter should not rest until the Commerce Commission of Minnesota has done its full duty with reference to it under the laws of the State.

III. THE PAYMENT OF DIVIDENDS

The story of the dividends declared and paid by Banco is on a par with that of the acquisition of the stock of the affiliate banks. Just as tens of millions of dollars of bonus or water were put into the corporate structure by the stock acquisition transactions of Banco, so too, millions of dollars of dividends were declared and paid when there were no earnings or very small earnings out of which they could properly or legally be paid. These dividends were paid out of capital. The fact that there were no earnings was concealed from the stockholders and the public. Not only this, but there were affirmative misrepresentations by Banco that its earnings were several times in excess of dividend requirements. One cannot read the record in this case without asking himself how long the officers of Banco hoped to operate on this basis without having a day of reckoning. What did they gamble on to save them from a fate that was absolutely certain?

One of the most significant transactions is the declaration of the dividend of April 1, 1929, at the directors' meeting on January 28, 1929. A dividend of 45 cents per share payable April 1 was declared. At that time the directors of Banco did not know on how many shares of stock the dividend would be payable because not one of the affiliate banks had then agreed to come in; nor did they know whether there would be $1 of income with which to make the payment. Banco did not know what banks would come in. It did not know what assets the company was going to have out of which to pay these dividends (p. 67). This authorization of a dividend at best was purely a hopeful guess, or perhaps far worse, a deliberate fraud to make the stock seem attractive. As a matter of fact the proposal to the affiliate banks to come in was not made until the next meeting of the board of directors, held on February 19, 1929 (exhibit 15, p. 86). The affiliate banks were actually taken in on March 19, 1929, and their stockholders were charged 35 cents per share as the amount of the accrued dividends on Banco stock issued to them. At that time, too, it is well to remember Mr. Decker's testimony that Banco had no assets except the stocks which it had acquired from the affiliates (p. 97). On April 1, 1929, when the first dividend was paid, the following facts appear from the books of Banco:

April 1, paid on 551,501 shares at 45 cents quarterly dividend	$248,175.45
Debtor balance	248,175.45

Well knowing that the hopeful anticipations of January 28, 1929, had failed to materialize by April 1 and that the April 1, 1929, dividend had to be paid entirely out of capital, Banco, at its June 1929 meeting, declared a dividend of 45 cents per share payable July 1, 1929. Its books show the following:

Interest received	$67,318.44
Profits—sale of stock	873.15
	68,191.59
Less expense	2,436.95
Total	65,754.64
Dividend on 551,501 shares, at 45 cents per share	248,175.45

This dividend was paid as follows: $65,754.64 out of money on hand and $182,420.81 out of capital.

At the directors' meeting of March 26, 1930, Banco declared a dividend of 45 cents per share, payable on April 1, 1930. The amount of the dividend voted was $742,000 and the earnings of the company were actually only $11,000 (pp. 106, 103–106, 106–108).

At the time when this dividend was declared the directors had before them an untrue letter from one of their officers representing that Banco was earning money.

The thought occurs, why did the officers and directors of Banco have a lying letter before them as the basis for declaring a dividend? They must have been advised of the true status of their corporate affairs. They could not deceive themselves. Was it the defense prepared in advance in case there was a criminal prosecution? Was it both the basis and justification for wrongdoing? What was the real reason? What possible excuse could there be for Thomson's writing such a letter and the officials of Banco acting on it?

In line with the accustomed and usual practice in Banco the directors on June 25, 1930, declared another dividend of 45 cents per share, payable on July 1, 1930. For that period, at that time, the expenses and dividends of Banco were $105,863 in excess of earnings (pp. 106–107). Mr. Decker, as a witness, was asked:

"Q. I call your particular attention to the last line of that report and ask that you read that to the commission?

"A. It shows expense and dividends in excess of collected earnings, $105,863.06.

"Q. So that at the time when this dividend of 45 cents per share was declared you had before you a report of your general manager showing that at that time expenses and dividends in excess of collected earnings had then been disbursed of $105,863.06, didn't you?

"A. Yes, sir."

Mr. Decker then stated that the dividend of July 1, which was at that time declared, amounted to $746,340.75 more (p. 107), which must have left a deficit of $852,203.81.

Pursuing the same course of practice, the directors of Banco on September 11, 1930, declared a dividend of 45 cents per share, payable on October 1, 1930. At that time, according to Mr. Decker's testimony, the expenses and dividends were $192,671.13 in excess of collected earnings. At that time (p. 108) the directors of Banco had before it a letter written by its president, J. C. Thomson, in which he stated that the earnings of Banco were $3.15 per share, or one and three fourths times the annual dividend requirement (pp. 108–110). That this letter was absolutely false is apparent from what we have stated. We will give this letter particular attention infra.

Pursuing the same practice, the board of directors of Banco on December 11, 1930, which was 26 days after the Thomson letter was written, declared a dividend of 45 cents per share, payable on January 1, 1931. At that time Banco's books showed a deficit of $235,513.45. The financial report of Banco is shown on exhibit 15, page 171. Mr. Decker was questioned relative to this as follows:

"Q. I call to your particular attention and ask that you read the statement therein contained as to whether or not at that time you had a deficit or a surplus from your earnings when you voted that dividend?

"A. Shows a deficit of $235,513.45.

"Q. And that was 26 days after this letter of Mr. Thomson's dated November 15, 1930, went out recommending this stock, was it not?

"A. Yes."

So, too, Banco at its directors' meeting on March 12, 1931, declared a dividend of 45 cents per share, payable April 1, 1931. At the time of the directors' meeting they had before them a statement, prepared 12 days previous, on February 28, 1931, showing a deficit of $15,087.15. The amount of the dividends declared was $754,515. Mr. Decker was questioned about this and testified:

"Q. So that at the time when you voted this dividend to be payable April 1, amounting to, I believe, $754,515, your company showed a deficit in earnings of $15,087.65, is that not true?

"A. Yes; I would say deficit on collected earnings.

"Q. On the statement of February 28 it shows a deficit, doesn't it. That is the way it is worded, is it not?

"A. Yes, sir."

On September 10, 1931, another dividend was declared of 45 cents per share, payable on October 1, 1931 (p. 112). The amount of this dividend was $1,491,103.35. There was a deficit at the time the dividend was declared of $192,306.75 (pp. 112–113).

There are some corporate practices of Banco in connection with the declaration of dividends that should be thoroughly investigated. Unless this is done no one will know what the actual financial situation of the company is. Prior to 1931 the practice had been for Banco to credit its dividends and incomes received without making any provisions for losses sustained. This is quite clearly shown by the audit of Peat, Marwick, Mitchell & Co., Commissioner's Exhibit 21. This was admitted, although he tried to evade it, by Mr. Decker in the following testimony:

"Q. Now then, Mr. Decker, according to that then, prior to December 31, 1930, your corporation had been crediting itself with the dividends received and making no provisions for the losses sustained by any of your operating units in your statement as to earnings according to this statement, that is correct, isn't it?

"A. I don't know.

"Q. I say that is in there, isn't it? That is in their statement?

"A. Yes.

"Q. Yes. Now, Mr. Decker, at that time you charged off to what was known as "an accrual basis"; that is, you took credit for all the earnings of the subsidiaries and charging off all the losses. That is the way it was set up from this point?

"A. You mean the books of the corporation or books of the individual banks?

"Q. On the books of the corporation you took credit for all subsidiary earnings and charged off losses, taking the net from that point on. That is what they say?

"A. I don't think the books of the corporation reflected charge-offs in the individual banks but only on their own affairs.

"Q. Well, let us read this and see: 'Prior to December 30 the income from the companies from investment in banks and other affiliated companies was restricted to dividends received therefrom and provision was not made for losses sustained by any of the units.' That is for losses sustained by your unit bank, isn't it?

"A. You mean on the books of the company?

"Q. They never had done that prior to 1931?

"A. I presume that is correct" (pp. 115–116).

Illuminating, too, are many of the other facts disclosed in the record relative to the condition of the company when dividends were declared. On April 1, 1930, Banco had outstanding 1,649,225 shares of stock. The auditor's report showed the net income, without any deductions for losses sustained, of $2,914,000. Mr. Thomson had gotten out a letter for Banco in which he stated the fact to be that the earnings were $3.83 per share after charge-offs and recoveries had been made. If this letter were true, the income of Banco for that year would have been in excess of $5,000,000, which is obviously not true. He misrepresented the

income to be over $2,100,000 in excess of what it actually was. The earnings were approximately $2,100,000 less than claimed (p. 118).

The auditor of Banco, in his report of December 31, 1929, covering a period of Banco from its inception to that date, stated that the net income of Banco was $2,428,559.22. The annual report to the stockholders misstated and misrepresented the fact. It stated that the earnings of Banco were $4.50 per share. At that time there were outstanding 1,606,993 shares. If the report of Banco was correct the income for the year was $7,243,153.50. It was false and overstated the income in the amount of $4,814,494.28.

This statement was made in language which would deceive the most wary when off his guard. It appeared very innocent and matter of fact.

In 1930 the report of Banco to its stockholders contained the following:

"Net operating earnings of the group applicable to Northwest Bancorporation stock ownership were equal to $3.87 a share on 1,673,912 shares outstanding. This compared with $4.50 a share on 1,606,993 shares for 1929. Net earnings for 1930 after current charge-offs were equal to $3.20 a share. Dividends paid during the year amounted to $1.80 a share."

Banco's auditor reported net income for the year in the sum of $2,914,110.63. If the statements in the report to the stockholders were true, the income of Banco was $6,474,510. It is false and overstated in the sum of $3,560,399.38.

The directors of Banco were not content to falsely state the facts in their annual report as indicated, but they added to it their own very significant interpretation, which is as follows:

"A. Operating earnings applicable to stock of Northwest Bancorporation, after eliminating the proportion applicable to minority interests in affiliated institutions, were $5,741,625.70, or $3.43 per share, as compared with $3.87 per share in 1930. Dividends of $1.80 per share were paid during the year, amounting to $3,004,936.20. Considered from another viewpoint, these earnings were equal to 6.86 percent on the par value of the capital stock of Northwest Bancorporation outstanding, as compared with 7.74 percent for 1930. These figures clearly demonstrate the ability of the corporation to maintain a liberal margin over a reasonable dividend under normal business conditions. Officers of the corporation intend to maintain such policies as will insure sound institutions, and they will be guided as to the amount to be distributed in dividends during these abnormal times by a full regard for the ultimate good of the stockholders" (p. 125).

It appears from the testimony of Mr. Decker that instead of there being operating earnings, as claimed in the amount of $5,741,625.70, in 1930, there was an actual deficit of $4,461,029.72. The audit of Peat, Marwick, Mitchell & Co. refers to this, as follows:

"A. We believe consideration should also be given to the extent to which dividends have been paid out of capital surplus, as computed for income-tax purposes. The computation for this purpose would differ from that for corporate purposes. However, to the extent paid out of capital surplus, such dividends constitute a nontaxable distribution, and, in our opinion, should be reported to the Treasury Department in order that the liability of stockholders for surtax may be correctly determined" (p. 127).

This report points out that it is claimed that such payment of dividends out of capital may be authorized under the laws of the State of Delaware. It also points out that the capital surplus of the company includes an amount of $9,378,707.60, resulting from the valuation placed upon investments in banks and affiliated companies; that such payments may be correct from an accounting point of view, but doubtful from a legal point of view, and the auditors state, "We believe that consideration should be given to the question as to whether this sum is available for dividends under the Delaware law." The report shows that dividends paid out of capital credited to surplus amount to $9,378,707.60 (p. 128). Exhibit 14, which is the annual report sent out to the stockholders on March 1, 1932, contains a copy of the letter from the auditors and a copy of their balance sheet, without the comments and explanations, showing that dividends were paid out of capital. The effect of the exhibit is to lead one to believe that the auditors in all things approved the financial practices of Banco, whereas the truth is that they quite strictly disapproved them, and suggested to Banco that they have the advice of counsel as to the corporate practices indulged in by the company. As a result of the business practices of Banco it became more and more involved. It became necessary to charge off losses in the amount of $13,207,591.62, consisting of the following items (p. 130):

Net loss on loans	$6,100,759.90
Net add to reserves: $1,285,534.04, less $336,543.93	947,990.11
Total	7,049,750.01
Reserve for loss on loans	3,152,905.41
Dividends paid by Banco	3,004,936.20
Total charged off	13,207,591.62

In its report to its stockholders Banco reported earnings for that year of $5,741,000 but did not inform them that it had charged off these items in excess of $14,000,000. At page 131 Mr. Decker was interrogated about this, and the testimony is as follows:

"Q. What I am looking at, Mr. Decker, is whether the statement that you furnished to your stockholders give to them the true facts of your operations or deceives them?

"A. Well, it certainly wasn't intended to deceive them."

At the bottom of page 131 and at the top of page 132 he testified as follows:

"Q. And so, while you included this portion of Peat, Marwick, Mitchell & Co.'s report showing $5,741,000 earnings, you neglected to include the other half of it, didn't you?

"A. Not if there were charge-offs. It certainly reflects in that net to the shareholders."

Mr. Decker further admitted on page 132 that Banco had not told the shareholders about the losses sustained. He admitted, however, that the reports of Banco to the stockholders had shown earnings as follows:

Earnings shown by reports:

1929	$7,450,000
1930	6,774,000
1931	6,014,168
Total	20,238,168

The company's auditor's figures show the deficit on this account for 1931 to be $4,461,000.

In the face of these figures it is significant that Mr. Decker did not admit that Thomson's letter had been written, stating that the earnings were $3.15 per share. We call the court's attention to the testimony of Mr. Decker on page 135 in which he did some very artful evading.

These irregularities made necessary a change in the financial structure of Banco by setting aside a reserve of $14,000,000 to cover losses. Nevertheless, after this $14,000,000 had been so set aside as a reserve for losses in 1932 the directors of Banco at its November meeting in 1932 declared another dividend of 45 cents per share, payable on January 1, 1933 (p. 146).

Why such a dividend was declared no one on the outside can know with certainty. It probably was to reassure the public as to the financial strength of Banco and thereby keep the price of its stock at a higher level.

Mr. Decker asserted that these practices were pursued on the advice of attorneys. He said:

"We got an opinion from all the attorneys."

We expect to discuss the law of Delaware relative to the matter and why it was necessary to get an opinion from all the attorneys. This is a matter that deserves separate and special treatment, and it shall have it.

What has been stated has been revealed in the short time that the investigation has been in progress in spite of the evasions and denials of Mr. Decker. It is reasonable to believe that if a restraining order had not been issued further disclosures might have been made. We believe that such disclosures would be for the benefit of the public. We believe that if the Minnesota Commerce Commission secures this information it can and will take many measures to protect the public in transactions growing out of Banco stock. There is a great field yet to be explored before all the facts are fully developed and disclosed. It is the duty of the commerce commission to pursue this investigation. It is for the legal protection of the public with reference to all matters of this character, and the public is entitled to receive that protection, unhampered by the restraining order of this court.

IV. THE REDUCTION OF BANCO'S CAPITAL STOCK AND THE SETTING UP OF A NEW FINANCIAL STRUCTURE OF BANCO

The day of reckoning for Banco's corporate irregularities and abuses finally came. It seems to us that it did not require the abilities of a prophet to foresee and to foretell what actually happened. Banco was a house built upon the sands. Into its very foundation went tens of millions of dollars of water and bonus values. A capital structure resting upon such a foundation could not stand. That it was bound to collapse was a certainty. The price paid by Banco for stocks which it acquired was $39,394,355.36 in excess of the net tangible assets represented by these stocks. Mr. Decker admitted this in so many words at page 136. His testimony is:

"Q. I call your particular attention in commission's exhibit 25, page 11, 'Purchase price in excess of net tangible assets, $39,394,355.36.' That is correct, isn't it?

"A. I presume so."

At that time Banco had on its books a capital of approximately $80,000,000 and a surplus of about 9 or 10 million dollars (p. 136).

In explanation Mr. Decker said:

"It was never claimed—never thought there was $80,000,000 of tangible assets" (p. 137).

He stated that the bonus or water was carried as an investment. While it is true that Mr. Decker at first refused to admit that the carrying of the $39,000,000 of bonus and water value was not "in conformity with conservative accounting methods" (pp. 138–139), he was compelled to admit that this was the fact later when the question was put to him point-blank, and he testified:

"Q. I take it also, then, Mr. Decker, that prior statements had not been in the interests of conservative accounting, had they?

"A. I wouldn't say so; no" (p. 144).

The carrying of over $39,000,000 of bonus or water value and the losses of approximately $14,000,000, together with the payment of dividends out of capital in an amount exceeding $9,000,000 (pp. 127–128) finally had to come out of the financial structure of Banco. This was necessary in order to make the actual value of Banco's stock approximate, in some degree, the actual value of its tangible net assets. It was necessary, however, in setting up this new financial structure, not only to wash out the sins and abuses of the past but also to conceal them from the stock-

holders of the company and the public. Public absolution would not do in a case of this kind. It had to be done in secret and covered up by misrepresenting the facts and by deceiving the stockholders and the public. The plan submitted to the stockholders was outlined in a letter written by Mr. Thomson, bearing date November 14, 1932. This letter was drawn so as to accomplish the purpose which Banco's officers and directors had in mind. Thomson had written other letters and had demonstrated an ability in the fine art of letter writing that was necessary to accomplish the purposes which were now needed in the setting up of this new financial structure of Banco. Mr. Thomson made a number of suggestions and statements in his letter, all of which were calculated to and did accomplish these purposes. They are:

1. The officers and executive committee of Banco "have discussed informally plans for making certain changes in the capital structure of the corporation. Particularly, at this time we had in mind making changes that would reflect more definitely in the corporation's statements the net tangible asset value of its stock" (p. 140).

2. He calls attention to the fact that it has been the "policy, as shown by the annual report of 1931, to give as full information as possible to our stockholders and to set up our financial statements so that they can be easily understood", and also that the proposed changes would effect certain savings in franchise taxes (p. 140).

3. That 2,000,000 shares of stock without par value be issued instead of the proposed 6,000,000 shares of the par value of $50. This proposed change, he says, would be more in keeping with the corporate requirements than the previous arrangement (p. 141).

4. "The purpose of this letter, therefore, is to set forth as clearly as possible all of the factors that were considered in the formulation of this plan" (p. 141).

5. "Upon examination of our various annual reports issued in the past, you will note that heretofore investments in capital stock of banks and other affiliated companies have been carried at a figure which includes goodwill. It now is proposed, in the interest of conservative accounting, to carry all such investment on a net tangible-asset basis and not to reflect the valuable goodwill resulting from the long-established business of constituent banks and other affiliated companies" (pp. 141–142).

6. That a value of $25,000,000 be placed upon the 2,000,000 shares of Banco in order to comply with the laws of the State of Delaware under which Banco was incorporated (p. 142).

7. To set aside a reserve of $14,000,000 "from the surplus" as "a reserve for contingencies" (p. 142).

8. "After giving effect to all of these proposals, that 1,614,531 shares of stock outstanding, after setting up the reserve for contingencies, will be represented by capital and surplus of $29,265,053.40 as of October 31, 1932."

9. That after giving effect to the proposed changes Banco's investment of capital stock of banks and other affiliated companies will be carried on a net tangible asset basis (pp. 142–143).

10. That the proposed change has for its primary purpose the setting up of the corporation's statement on a net tangible asset basis and effecting such other changes that are in accordance with sound accounting methods" (pp. 143–144).

11. That the stockholders keep the matter secret and confidential "until the directors have taken action, when it will be released for publication" (p. 144).

The $14,000,000 in losses referred to are covered by testimony of Mr. Decker at pages 147 to 149. These losses appear upon the minute books of Banco, exhibit 16, page 176. The testimony of Mr. Decker upon this point is as follows:

"Q. Now, Mr. Decker, Mr. Benson raised the question—I am going to call your attention to it so there is no mistake about it; I don't want to mislead you—I am going to call your attention to the eighth page following page 176 in your minute books, being a letter addressed to Mr. Frank P. Heffelfinger, exhibit 16, containing a summary of the reports of your examiners of actual losses taken on which you predicated this $14,000,000 reserve, and will ask that you read that into the minutes.

"A. Which paragraph?

"Q. This paragraph right here.

"Mr. BROWN. What is the date of this letter?

"A. November 9, 1932: 'Mr. Hallenberg has submitted a written report giving his estimate of probable losses on loans and discounts and miscellaneous assets held by banks in the group as $14,566,503. Of this amount he states that in his opinion $8,750,235 represents losses which, while not recognized by the banks nor set up by the regular National and State supervising authorities, are very well determined at this time. The balance of $5,816,268 is based upon an estimated loss of 10 percent of all loans and discounts and miscellaneous assets classed by him as "slow", and 50 percent of all assets classed by him as "doubtful." The figure of 50 percent of the "doubtful" is higher than the percentage heretofore used, either by our own examining department or by the various examining authorities.'

"Q. So there was a very well determined loss, was there not?

"A. Oh, yes; no doubt."

By this reduction in the amount of capital stock of Banco the $39,000,000 of water, or bonus, or goodwill, as Mr. Decker chose to call it, also was eliminated from the financial structure of the company.

It is significant and illuminating, and it seems to be provocative of comment, that the letter of Mr. Thomson was written in terms ostensibly stating all the facts, and yet it concealed those that were most material. For instance, Mr. Thomson makes the apparently innocent statement (no. 1 supra) that the proposed changes would reflect more definitely in the corporation's statements the net tangible asset value of its stock. This statement is false and misleading because theretofore none of Banco's statements had ever in any degree reflected the net tangible value of its stock. The proposed change, therefore, could not reflect these facts "more" definitely because they had never been reflected at all. It was a false and misleading statement, which Banco from past experience knew its stockholders would swallow, and which they did swallow in this instance. Significant, too, is the failure of Thomson to mention the $14,000,000 of losses, the $9,000,000 of payments of dividends out of capital, and the $39,000,000 of water or bonus which was in the capital structure and had to come out and which they were then taking out to cover up the sins and abuses of the past. The letter was artfully written. Only a man of Thomson's consummate knowledge of Banco affairs and his letter-writing ability could have stated this as aptly as he did to accomplish the wrongful purpose which Banco and its officers had in mind.

In such manner did Banco wash out of its capital structure something like $62,000,000 "in accordance with sound accounting methods." It was a bitter pill to take, and it had to be sugar-coated. Accordingly, another dividend was declared. The stockholders and the public must not yet learn that losses were piling up on losses. The frauds and abuses of the past must be covered up by a dividend. Mr. Decker testified concerning this dividend as if it were an entirely proper and regular transaction. This appears at page 146:

"Q. Now, Mr. Decker, immediately after you reduced your capital and surplus and set up this reserve of $14,000,000 for losses, I will ask you if it isn't a fact that in the face of that $14,000,000 reserve for losses that you had found it necessary to take in 1932, you declared another dividend?"

"A. Yes, sir; I suppose so."

What, you may ask, would have happened if the full story had been told and the figures set down in Thomson's letter showing the $14,000,000 of actual losses, the $9,000,000 of payments out of capital, and the $39,000,000 of water or bonus? Would the stockholders have believed the statement that he made in his letter as to the purpose of the changes which he proposed, and would they have believed that the purpose of this change was to save certain corporation taxes, and the further statements that the changes were made simply in the interests of sound accounting?

The statement that it has been the policy of Banco, as shown by its annual report of 1931, to give as full information as possible to its stockholders was false. The record in this case so far made up shows that every possible trick, device, and concealment was resorted to for the purpose of keeping the stockholders and the public in ignorance of the true facts relative to Banco's affairs. Significant, too, is the change from stock having par value to stock having no par value. This device also was of assistance to the officers and directors of Banco in concealing the losses and abuses of the past. The whole letter is characterized by the omission of facts essential to an understanding of Banco's affairs. The misleading statements were calculated to induce the stockholders to accept them at their face value. The attitude of Banco and its officers is well reflected in the testimony of Mr. Decker relative to payments that were made out of capital. That there was any wrongdoing involved in this was not apparent to Mr. Decker, and he would not admit such to be the fact. This is shown by his testimony:

"Q. And Mr. Decker, I believe you told us that 11,000 people in the State of Minnesota had 998,000 shares of your stock distributed to them under these circumstances?

"A. That dinner cost each one quite a lot, didn't it?

"Q. And the dividends cost them more, didn't it?

"A. The dividends cost the stockholders more?

"Q. Yes, sir; out of capital?

"A. Well, they got the money on the dividends; didn't cost them anything" (pp. 151–152).

Significant, too, in this connection, is the fact that Banco made an application to the Reconstruction Finance Corporation for a $23,000,000 loan on November 21, 1933, which, it is claimed, was necessary to supply needed capital for Banco and its affiliates (p. 157). The $23,000,000 is just about the equivalent of what Banco now has in its capital structure—$25,000,000 of nonpar value stock. Is there any relation between the loan and the amount of stock without par value set up on Banco's books? That is a matter that might well be investigated, as well as the entire financial structure of Banco, to find out what value, if any, still remains. This should be a fruitful field of investigation for the commerce commission. Should it not be permitted to proceed without interference by this court?

V. TRADING AND DEALING IN BANCO STOCKS

The commerce commission desires to explore the question whether there has been fraudulent trading and dealing in Banco stock by plaintiff. This branch of the investigation was under way when this court issued its restraining order but had not yet been fully developed. However, even in the short time the hearing has been in progress some very significant facts have been developed. That there has been extensive dealing and trading in Banco stocks is evident.

THE STOCK SALES AND OFFERINGS TO THE PUBLIC

Early in 1929—February 14, 1929—Banco made application to the Commerce Commission of Minnesota for license to sell 600,000 shares of its stock at $50 per share (p. 14), by itself and through its subsidiary, the Minnesota Co. (exhibit 2, pp. 4–6), which company was later absorbed by another subsidiary known as Banco-

Northwest (p. 17). The license to sell stock was issued by the commission. Thereafter, on September 11, 1929, Banco had its stock listed on the Chicago Stock Exchange for the purpose of giving it an exempt status and thus placing Banco and its stock sales and operation beyond the control of the commission. At first this may have appeared to be an innocent act and in keeping with good intentions and honest purposes. What happened subsequently shows that the purpose of it was to enable Banco to operate without restraint, and thereby enable it to defraud and deceive its stockholders and the public in one of the wildest financial orgies of record. It is the continuation of that freedom from restraint which Banco seeks in this case before this court. He who comes into a court of equity must come with clean hands. Are these hands clean?

Banco, according to Mr. Decker's testimony (p. 198), made the following public offerings of its stock:

1. In the early part of 1929, 100,000 shares at $50 per share.
2. Late in the summer of 1929, 97,000 shares at $62.50 per share.
3. Sales by a syndicate under agreement dated October 10, 1929, by which the syndicate, headed by A. G. Becker & Co., of Chicago, underwrote the sale of at least 150,000 and not more than 175,000 shares at $72.50 per share.

Banco had previously had a written agreement with A. G. Becker & Co., in which the price was fixed at $82.50 per share, but this was changed to $72.50 per share because the Becker Co. thought the first figure was too high (p. 201). Just prior to that time Banco was selling in the market at $100 per share (p. 200), and Mr. Decker testified in respect to this figure, "Well, it was more than we thought it was worth."

As early as 1930, Banco maintained a so-called "customer ownership department." There were extensive "over-the-counter" dealings in Banco stock, and these were of such proportions as to maintain what Mr. Decker characterized as an over-the-counter price of the stock. Later the stock was traded in on the Minneapolis Stock Exchange, where Banco had its "own agents or specialists placed" for the purpose of such dealing in Banco stock. In this way the price or market, whether over-the-counter or on the exchange, was controlled, to some extent at least, by Banco. This is apparent from the testimony of Mr. Decker beginning at the bottom of page 36 and on page 37, as follows:

"Q. Well, that price of your stock was an over-the-counter price maintained at that time, was it not?

"A. Well, it was until it was traded in on the Minneapolis Stock Exchange.

"Q. And it was traded on the Minneapolis Stock Exchange by one of your own agents or specialists placed there for that purpose?

"A. Yes.

"Q. So, relatively, the price or market, whether over-the-counter or exchange, was controlled to some extent, at least, by you people yourself?

"A. No, sir."

It is true that Mr. Decker (p. 38) claimed that no particular effort was made to sell Banco stock because it was oversubscribed by the various stock offerings. The underwriting contract with A. D. Becker & Co., the maintenance of the customer-ownership department, the over-the-counter trading, and the trading on the Minneapolis Stock Exchange belie the assertion of Mr. Decker and show that there was selling and trading in this stock in many ways on a very extensive scale. Both Mr. Decker and Mr. Wold bought some stock in the customer-ownership campaign (p. 51).

Mr. C. B. Mills, who at one time was the president of the Midland National Bank & Trust Co. and later an officer of Banco, testified that Banco maintained a regular customer ownership department (p. 72) and that in its regular set-up, as shown by the organization chart of Northwest Bancorporation, exhibit 9, which was dated March 1933, a customer-ownership department is shown and that this department is under the direction of Mr. Gardner B. Perry, vice president, and W. F. Brockman, assistant secretary (p. 72). This department appears to have existed as early as 1930 and was still operating in 1933.

This campaign to sell stock to customers of the banks was organized as one phase of the campaign to sell a vast amount of Banco stock to the public. The employees of the Northwestern National Bank, Midland National Bank & Trust Co., and of the other affiliate banks, were engaged in the sale of Banco stock and were paid small commissions for making sales. In order to stimulate interest in making sales various groups and clubs of officers and employees were organized to compete against one another. These were organized by Banco under the direction of Mr. Perry and Mr. Brockman. Banco maintained a department for publicity and directed the competitive effort of the various groups. A Mr. Burgess was in charge of this. This is shown quite fully on pages 73 to 76. Interesting in this connection is the chart published at page 13 of Banco's official publication, The Covered Wagon, of March 1932, exhibit 2. This chart is entitled, "People who have made 25 sales and over, as of February 29, 1931." We invite the court's attention to an examination of this chart and the names of the competing organizations. We respectfully submit that they must have had pronunciation practice at Banco in order to enable its officers and employees to properly pronounce the names of the various clubs, which are: Club Hecpendeka, Club Penheptakonta, Club Hexakonta, Club Pentakonta, Club Tetrakonta, Club Triakonta, Club Hecdeka, Club Heptakonta, Club Penpentakonta, Club Pentetrakonta, Club Pentriakonta, Club Penicosa.

These sales evidently were very extensive. We call the court's attention to exhibit 10, prepared by Mr. Mills, showing a list of stockholders of Banco holding 1,000 shares or more. Both Mr. Mills and Mr. Decker bought stock under this arrangement. The sales were so extensive, according to Mr. Decker's testimony, that on December 31, 1931, there were 11,039 persons in the State of Minnesota owning 998,875 shares of Banco stock of the value of $49,943,750 computed on the basis of the par value of the original issue (pp. 52–53, 96, 151–152). Undoubtedly much more than this was paid for this stock because up to that time the price ranged from fifty to one hundred dollars per share. The extent to which the purchasers were cheated and defrauded is not now fully known, and if this court shall grant plaintiff's prayer for an injunction, will never be known. The State commerce commission is the one body endowed with the power fully to uncover the facts of this infamous story. We cannot believe that a court of equity will stay its hands.

Not to be overlooked in this connection is the reference in Mr. Thomson's letter of November 14, 1932 (p. 143), in which he states that there had been transferred to the Union Investment Co. nonbankable assets including acquisition loans in the sum of $3,452,900, customer-ownership accounts in the amount of $8,654.77, and employees' stock-acquisition notes in the amount of $16,412.39. How can Banco explain the taking and ownership of these notes and the transfer of them to the Union Investment Co. as assets of Banco to be liquidated by it? Just what were these acquisition loans. How did there come to be $3,452,900 of nonbankable acquisition loans? Did the hand of fraud lie also upon this unexplored domain? We do not know, but the State of Minnesota has a right to ask and to receive an answer.

BANCO'S STOCK SYNDICATE OR POOL

The officers and directors of Banco formed a pool or syndicate for the purpose of dealing in Banco stock and controlling the market in such stock. The idea of a pool or syndicate was first mentioned at a meeting of some of the officers and directors of Banco in the Northwestern National Bank on December 27, 1929. Mr. Decker suggested it to Mr. John S. Pillsbury and others, and requested that Mr. Pillsbury consent to act as one of the managers of the syndicate (pp. 167–170). Mr. Decker was the manager and attended to the buying and selling of Banco's stock (p. 170). Mr. Pillsbury took no active part as a manager. The syndicate contract or agreement was signed on January 4 or 5, 1930, by John S. Pillsbury and probably at about the same time by David Williams, and F. W. Decker. These three men were to be the managers of the syndicate (pp. 170–174). The syndicate agreement is exhibit 28 and is found on pages 174 to 178. By its terms the syndicate or pool was to continue until December 31, 1930, but could be extended to December 31, 1931 (par. 5 of the agreement). By its terms the syndicate members agreed to purchase 75,000 shares of stock and not to dispose of the stock until after the syndicate agreement had been terminated. The letters of Mr. Pillsbury relative to his Banco stock transactions are marked exhibits 27–1 to 27–18 and are found in paragraphs 179–197.

We find that certain officers of Banco could not resist the use of deception even in its dealings with its own directors. With full knowledge of the shaky financial condition of Banco and the corporate abuses that had been indulged in, to which we have already called attention, Mr. Decker in writing to Mr. Pillsbury on March 29, 1930, in exhibit 27–17 (p. 196) said:

"We are very well satisfied with the condition of the syndicate and the market on the stock."

Mr. Decker was the active syndicate manager (p. 212) and the members of the pool were all notified of the quotas when their stock was purchased. Mr. Decker testified on page 227 that he had knowledge of purchases, but didn't recall O.K.ing each purchase. These purchases were made under Mr. Decker's direction, largely by Mr. West, Mr. Thompson, and Mr. Wold, with whom Mr. Decker conferred relative to the pool, and whose advice he had from time to time (pp. 227, 229, 230, 231).

One of the most illuminating circumstances in connection with this matter is the fact that the stock was bought by Banco itself and not by the syndicate. The syndicate was formed to carry out Banco's purpose, and Banco's money was used to finance the operations of the syndicate. That this was an illegal and improper way of doing business, it seems to us, cannot be denied. Mr. Decker testified, at page 231, relative to these purchases of stock by the pool, as follows:

"Q. May I ask. You say you think the purchases were carried on in the name of the Northwest Bancorporation?

"A. It would appear so from those statements, that big pile of statements."

The commission claims, rightfully we think, that this pool or syndicate was an unlawful and fraudulent plan and conspiracy, as alleged in paragraph XXIII, beginning at the top of page 11 of the answer. The terms of the conspiracy are set out in that part of the answer, and we call the court's attention to the allegations on page 11. Mr. Decker's testimony indicates that these allegations are true. If so, then the commission should investigate this pool and syndicate until the last unlawful transaction has been revealed and discovered and the guilty parties brought to justice. Mr. Decker and Mr. Pillsbury testified relative to this pool and syndicate as though it were a matter of fact and proper and legal in every respect. Nevertheless, transactions of this kind have always been denounced by the courts, and especially by the Federal courts. The court's attention will be directed to these matters later in our argument upon the law. A restraining order should not be issued to prevent or hinder the commission from

going to the very bottom of this entire matter. The commerce commission still has further questions to ask. Surely it has a legal right to ask them and to have them answered.

VI. THE ALLEGED AMOUNT OF WORK INVOLVED IN THE PRODUCTION OF PLAINTIFF'S BOOKS AND RECORDS BEFORE THE COMMISSION

The allegation that plaintiff has been damaged in the sum of $3,000 by reason of being compelled to produce its books and records is false upon its face. We invite the court to carefully read the entire record and to say from its knowledge of business and affairs whether the expense could reach that figure. Mr. Albrecht testified that he had the chief clerk bundle records for him and he took them over with him (p. 90). Mr. Decker testified that he brought the pool correspondence with him. This correspondence could be carried by anybody in his pocket (p. 154). When asked about the records kept by the syndicate, Mr. Decker testified, "Well there was very little work connected with the syndicate", and he conveyed the impression that the records were few indeed. Earlier in the hearing Banco's attorneys did not think the production of these records would cause the expense or inflict the hardships complained of in the complaint. This is evident from what Mr. Faegre says at page 233:

"May I suggest that we take our adjournment at this point; our postponement be granted at this point. Let us see what we can accomplish in the way of identifying these records. I gather they have been produced from among the files of Northwest Bancorporation. I presume these files in the syndicate matter were built up and found their way in that record, and I think perhaps this whole thing might be expedited, and I make that suggestion for that reason."

At that time Mr. Faegre regarded the production of the records and the producing of the proper individuals from Banco to identify them as a fair suggestion (p. 234). Mr. Faegre's only concern seemed to be that a system be worked out to facilitate this matter. At that time he did not regard the work or expense as of paramount importance. Mr. Stinchfield, one of the plaintiff's counsel, expressed himself as being "entirely in accord" with the suggestions made by the commission and agreed to by Mr. Faegre relative to the production of records and witnesses (pp. 235–250). Pages 235 and up to 250 of the record contain a discussion before the Commission out of which an arrangement for cooperation by the Commission and Banco for the production and examination of the records and the production of witnesses from Banco who could identify them before the commission.

The records produced constitute only a small bundle and can almost be carried in a lawyer's brief case. To say that the expense of producing them is in the amount of $3,000 is preposterous.

VII. THE CLAIM THAT THE INVESTIGATION CAUSES LEGAL INJURY TO BANCO

This claim also is absurd. If calling attention to frauds practiced by plaintiff, misrepresentations, the obtaining of money by reason of fraud and misrepresentation, betrayal of stockholders and stock purchasers, the concealment of this wrongdoing, the payment of dividends out of capital, the setting up of something like $39,000,000 of water and bonus in the capital structure of Banco as assets, the maintenance of an unlawful pool and syndicate for the control of the stock of Banco, and the discovery of corporate wrongdoing by Banco causes it injury, then we plead guilty. We respectfully submit that the discovery and investigation of these matters is an imperative duty of the commission for the public good. The mere fact that a claim is made that such discovery and investigation causes Banco legal injury but emphasizes the brazen character of this organization.

The goal of Banco was the financial domination of the entire Northwest. The record in this case shows that Banco is used to having things its own way. It set up its financial structure to suit itself. It controlled audits. It wrote and released its own newspaper articles in which the affairs of Banco were discussed. It dominated the financial and business situation throughout the Northwest. If in its various activities, in the exercise of this power, Banco stayed within the bounds described by law, it has nothing to fear from investigation. If it did not, the commission and the great State which created it have a right to learn the facts. Banco calls this investigation by the commission a legal injury. We call it a clear public duty.

VIII. THE ANNA ENGLUND SUIT

The claim that the investigation before the commission is in the nature of a discovery in aid of the suit brought by Mrs. Englund against Banco, Mr. Decker, and the other officers of Banco, is preposterous. The facts in this case show that the investigation was conducted in the public interest to enforce the so-called "blue sky law" of Minnesota. We submit that no person can entertain any reasonable doubt upon that proposition. Furthermore, it conclusively appears that Mrs. Englund's attorneys were present before the commission and heard the testimony which Mr. Decker and the other officers of Banco gave and were thus informed without even making inquiry of the commission or any of its employees as to the matters revealed in this investigation.

The claim that the investigation is in aid of Mrs. Englund is as false as the reports and letters sent out by Banco to its stockholders. There is not one particle of evidence—one single fact—that can be referred to in the entire proceedings herein that justifies an assertion that the investigation has anything to do with Mrs. Englund's suit.

IX. DECKER'S RESIGNATION

Mr. Decker resigned as an officer and director of Banco and of the Northwestern National Bank on January 10, 1934 (p. 246). Why did Decker resign? Was it that plaintiff might now claim that Mr. Decker was no longer an officer of Banco and therefore not subject to cross-examination in any investigation or trial involving the matters referred to under the rule laid down by the Supreme Court of Minnesota in the case of *Snelling State Bank of St. Paul* v. *Clasen* (132 Minn. 404, 157 N.W. 643)? Was it because he had been a party to schemes, frauds, and betrayals and had been an unfaithful officer and director of the bank and of Banco? The latter hardly seems to be true because the record in this case is the history of such things for years, of which those who owned and controlled Banco had knowledge and of which they evidently approved until this investigation began to let in the light. Was it necessary to have a victim or a "goat"? Was it for some other reason? Is it Decker's fault that he was exposed, not that he was guilty of wrongdoing, but that he was exposed? And that thereby Banco was exposed?

Whatever the reason may be the passing of Mr. Decker does not mark the passing of Banco's system. During its entire history Mr. Decker stood at the head of Banco as a representative of its owners. His stepping out simply puts another man at the head of it as the representative of the same owners. The system goes on. It uses men as long as they serve the system's purpose and then it drops them. Mr. Decker was simply the representative of the system. When he had served the system's purpose it dropped him just as it will drop others in the course of time. It is this system which the commission, among other things, is investigating. It is this system which caused the corporate abuses, frauds, and betrayals that have been mentioned. It is this system which should be changed to the end that we may have honest banking and a sense of trusteeship, not only of the funds intrusted to the bank, but also a larger trusteeship of the great public interests committed to its keeping. Literally, it was the prosperity and the happiness of this great Northwest, which was committed to the care of Banco. A thorough investigation of the abuses of this system by the commission should not be stopped by the restraining order of his court. We know only in part, but we know enough to indicate the crying need for a thorough-going examination and diagnosis.

There are cases in which major surgery is resorted to, and this appears to be such a case.

Argument for defendants

I. ANALYSIS OF THE MOST PERTINENT PROVISIONS OF THE STATE SECURITIES ACT.

Before going further into a consideration of the legal phases of this case we believe it may be helpful to make a short analysis of the more pertinent provisions of the Minnesota securities act.

Under section 3996–19, Mason's Minnesota Statutes, we find the following grant of powers to the commerce commission:

Whenever such commission, from information in its possession, has reasonable ground to believe that any person within 3 years has sold any securities or is about to sell any securities, the commission has the power to investigate, providing any of the following facts exist:

1. That said securities are or were fraudulent.
2. That said securities are about to be or were sold in a fraudulent manner.
3. That such person in such sale or attempted sale has worked or will work fraud on purchasers.
4. That such person has violated or is about to violate any provision of said act.

In any such case the commission shall have power to make examination and investigation, as follows:

1. To make an investigation of the books, records, papers, accounts, property, business, and affairs of such person.
2. To make or cause to be made an audit of the accounts, books, and records of such person.
3. To require such person to permit such examination, investigation, and audit to be made and to submit to the commission his books, papers, records, and accounts for the purpose of such investigation.

The foregoing authority applies not alone to the seller of securities but to the issuer thereof, if such securities were or are about to be sold for or on behalf of the issuer.

In case any person or issuer shall fail or refuse to obey any order of the commission which it is authorized to make under this act requiring such person to permit an investigation of his books, records, papers, or accounts, and to submit the same to the commission for such purpose, the district court, subject to the limitations of sections 7 and 10 of article 1 of the State constitution and of the fourth and fifth amendments to the Federal Constitution, is directed without notice to cause a search warrant to be issued commanding the sheriff to search and seize such books and records and deliver them to the commission for the purpose of such examination. Any books or records so seized may be held by the commission for a reasonable time for the purpose of making such investigation.

The commission is given power to take such steps as are necessary to cause the arrest and prosecution of all persons found guilty of violations of this law.

The commission by summons or subpena may require the attendance and testimony of witnesses and the production of books and papers relating to any matter over which it has jurisdiction under this act. Any judge of the district court, upon application of the attorney general in behalf of the commission, may compel the attendance of witnesses and the giving of testimony before the commission in the same manner and to the same extent as before said court.

Full protection is given to witnesses who may be required to testify with reference to matters tending to incriminate themselves by providing that any such person, having claimed such privilege and having, nevertheless, been required to testify, shall not be prosecuted or subjected to a penalty or forfeiture on account of any matter concerning which he may have been required to testify or produce evidence except for perjury committed in the giving of such testimony.

Applying the foregoing analysis of the law with reference to the facts of the present case, we find that if the commission had reasonable ground to believe that within 3 years preceding the issuing of its order for investigation Banco sold any securities or is now about to sell any securities, or if during such period the stock in Banco was sold for or on behalf of Banco as issuer thereof, the commission had the right to institute an investigation providing:

1. That Banco stock is or was fraudulent.
2. That Banco stock is about to be or was sold in a fraudulent manner.
3. That such sale of Banco stock has worked or will work fraud on purchasers.
4. That Banco or anyone acting for Banco has violated or is about to violate any provision of the State securities act.

II. THE COMMISSION'S ORDER FOR INVESTIGATION

The commission's order for investigation in the main sets forth the following violations of the law on the part of plaintiff as the reason for the issuing of said order:

1. From information in the possession of said commission it alleges that it has reasonable ground to believe that plaintiff within 3 years prior to the issuing of said order had sold common stock of plaintiff within the State of Minnesota in a fraudulent manner.
2. That such sale has worked or will work a fraud on the purchasers thereof.
3. That in such sales plaintiff has violated the provisions of the statutes of Minnesota with respect to the sale of securities.
4. That plaintiff and other persons acting in its behalf and under its direction are selling and intending to sell stock of said plaintiff and that such future sales of said stock will work a fraud upon the purchasers thereof.
5. That plaintiff has listed said stock on the Chicago Stock Exchange for the purpose of giving it exempt status and thereby relieving plaintiff in part of supervision by the commerce commission as to such sale and caused said stock to be listed on the Minneapolis-St. Paul Stock Exchange for the purpose of establishing a fictitious market quotation upon which sales of said stock could and would be manipulated.
6. That plaintiff established and maintained a customer ownership campaign in connection with which said stock was sold in a fraudulent manner and that the sales made in connection with said campaign have worked and will work a fraud upon the purchasers of said stock.
7. That plaintiff has sold its capital stock in a manner contrary to the provisions of the State securities act by effecting sales thereof through officers, agents, servants, employees, subsidiaries, and other persons not duly qualified or authorized by law to sell or act as agents in the sale of stock.
8. That plaintiff pursuant to a fraudulent scheme misled purchasers of stock as to the bona fide market price of said stock. That said scheme was carried out in part by means of the organization of one or more pools which manipulated the ostensible market prices of said shares in such a manner as to mislead purchasers as to the public demand for said stock and as to the bona fide market quotation thereof and as to the true value thereof. That said scheme was that Northwest Bancorporation would furnish money to finance the operation of said pool or pools and that those to whom the money was furnished should not repay the same. That said scheme was further that plaintiff would continue to pay dividends representing that such dividends were paid out of earnings and profit when in truth and fact said plaintiff had no earnings. That said scheme was further that plaintiff would incorporate a trading company known as "BancNorthwest" for the purpose of trading in the stock of plaintiff theretofore sold to lead the public to believe that said stock was of greater value than it really was. That said scheme was further that in various ways said plaintiff and those acting with it should mislead purchasers of the stock in plaintiff as to the true value thereof.

An examination of the foregoing statement of reasons for the investigation must necessarily result in the conclusion that such reasons were stated with as much definiteness as the nature of the case made possible.

On the basis of the foregoing reasons for the investigation the commerce commission issued its order directing that an examination should be made of the sale and disposition of the common stock of plaintiff and in connection therewith of the books, records, papers, accounts, property, business, and affairs of the plaintiff for the purpose of ascertaining whether said stock has been sold and is being sold in a fraudulent manner by plaintiff or by any person or corporation acting in its behalf or under its direction or so as to work a fraud on the purchasers thereof and to determine whether plaintiff or persons acting for it have violated or are about to violate any of the provisions of the State securities act.

The commission further ordered that plaintiff or any person who has been or is engaged in the sale of said stock within the State should permit examination, investigation, and audit to be made of its books, papers, records, and accounts pertaining to the sale of said stock within the State.

The commission further authorized the commissioner of securities to conduct hearings, take testimony, serve subpenas for witnesses, books, and records in furtherance of said investigation.

The commission's order suspending exempt status of the common capital stock of plaintiff is less directly involved in this proceeding. We, accordingly, believe that it will not be necessary to present an analysis of said order but refer the court to a copy thereof contained in plaintiff's bill of complaint and designated exhibit C.

III. ISSUES

In our opinion the main issues involved in this proceeding are as follows:

1. Does this court have jurisdiction of the subject matter of this action notwithstanding the fact that plaintiff has not exhausted its legal remedy in the State courts?
2. Is not injunction an improper remedy in this case, seeing that plaintiff has made no sufficient showing of irreparable injury?
3. Has plaintiff lost his right to challenge the right of the commerce commission to proceed with its investigation by reason of having voluntarily submitted to the jurisdiction of such commission?
4. Does the title of the Minnesota securities act conform with the requirement of section 27 of article 4 of the State constitution?
5. Does the securities act of the State of Minnesota conflict with the due-process clause or the equal-protection clause of the fourteenth amendment to the Constitution of the United States or with similar provisions of the Minnesota constitution?
6. Does the securities act and the commission's orders thereunder constitute such an unreasonable search and seizure as to be in violation of the fourth amendment to the United States Constitution or section 10 of article 1 of the State constitution?
7. Does the securities act violate the provisions of the State constitution with reference to a threefold division of Government powers?
8. Has the commerce commission lost its legal right to investigate the sales of Banco stock by reason of the fact that such stock is no longer registered or by reason of the fact that Banco has offered to waive the exempt status of its stock?
9. Has there been such exhaustive valuations of corporate assets by plaintiff and such excessive valuations of stock sold on the basis of such excessive valuation of assets as to make the sales of Banco stock fraudulent?
10. Has the sale of Banco stock been fraudulent because dividends have been voted and paid notwithstanding the fact that there were no net profits from which to pay them?
11. Has the sale of Banco stock been fraudulent because plaintiff has directly misrepresented to the investing public the amount of its net earnings for the purpose of promoting the sale of its stock and advancing the price thereof?
12. Has the sale of Banco stock been fraudulent because plaintiff has maintained a pool contracted to keep huge blocks of stock off the market for 6-month periods and in various ways sought to alter the usual and natural currents of supply and demand for Banco stock for the purpose of raising the market price of Banco stocks above the natural market value?

IV. THIS COURT DOES NOT HAVE JURISDICTION TO ISSUE AN INJUNCTION IN THIS MATTER, BECAUSE PLAINTIFF HAS NOT EXHAUSTED ITS LEGAL REMEDY IN THE STATE COURTS

Section 27 of the State securities act provides as follows, Mason's Statutes, section 3996–27:

"The supreme court, upon petition of any person aggrieved, may review by certiorari any final order or determination of the commission. The issuance of the writ shall not, however, operate as a stay of proceedings unless specifically so ordered."

This clearly gives to the supreme court the power to stay proceedings in a proper case. In such a case, under the holding of the Supreme Court of the United States in the case of *Porter* v. *Investors Syndicate* (286 U.S. 461), the Federal courts do not have jurisdiction to restrain action by injunction until the remedy available in the State courts has been exhausted.

In the case mentioned the Investors Syndicate secured from the Federal district court for Montana an injunction restraining the State investment commissioner from revoking the company's license for failure to obey a rule regulating the substance and form of its certificates. The Supreme Court reversed the decree, saying:

"But we are told that the commissioner asserted his intention to enforce the order, and that the statute forbids the State court to afford interlocutory relief. Thus, says the appellee, though trial might result in a decision vacating the commissioner's order, in the interval irreparable harm would have been done by the revocation of the company's permit, and its officers and agents rendered liable to criminal prosecution. Such a state of the law, it is insisted, amounts to a denial of due process to which one confronted with the possible loss of property is not bound to submit but may at once, if there be the requisite diversity of citizenship and amount in controversy, apply to a Federal court for relief. Conceding the correctness of the premises, the conclusion is sound. *Pacific Telephone Co.* v. *Kuykendall* (265 U.S. 196). The appellant, however, denies the asserted statutory prohibition, and says that the plaintiff in an action attacking a decision by the commissioner may upon a proper showing obtain a stay of its operation."

V. INJUNCTION IS NOT THE PROPER REMEDY IN THIS CASE, BECAUSE THERE HAS BEEN NO SUFFICIENT SHOWING BY PLAINTIFF OF IRREPARABLE INJURY

Injunctions are never given for trivial reasons. Plaintiff in this case has shown no injury beyond slight inconvenience to its officers and directors and personnel by reason of being required to be present at hearings and being required to produce books and papers.

The case of *Fenner* v. *Boykin* (271 U.S. 240) involved the granting of an injunction to restrain State officers from enforcing a criminal law against dealings in agreements for purchase or sale of cotton for future delivery. The application was denied, the court saying:

"*Ex parte Young* (209 U.S. 123) and following cases have established the doctrine that when absolutely necessary for protection of constitutional rights courts of the United States have power to enjoin State officers from instituting criminal actions. But this may not be done except under extraordinary circumstances where the danger of irreparable loss is both great and immediate. Ordinarily, there should be no interference with such officers; primarily, they are charged with the duty of prosecuting offenders against the laws of the State and must decide when and how this is to be done. The accused should first set up and rely upon his defense in the State courts, even though this involves a challenge of the validity of some statute, unless it plainly appears that this course would not afford adequate protection. The Judicial Code provides ample opportunity for ultimate review here in respect of Federal questions. An intolerable condition would arise if, whenever about to be charged with violating a State law, one were permitted freely to contest its validity by an original proceeding in some Federal court. *Hygrade Provision Co.* v. *Sherman* (266 U.S. 497, 500)."

VI. PLAINTIFF HAVING CONSENTED TO AND INVITED THE INVESTIGATION AND EXAMINATION OF ITS BOOKS AND RECORDS CANNOT NOW CLAIM THEY CONSTITUTE AN UNREASONABLE SEARCH AND SEIZURE

The constitutional immunity from unreasonable searches and seizures, being a personal privilege, may be waived, as by a voluntary invitation or consent to a search or seizure (58 C.J. 1178). An invited search is neither illegal nor unreasonable (56 C.J. 1178), and note 25a citing the cases of *Paramore* v. *State* (129 S.E. 772 (G.A.)) and *People* v. *Broas* (215 N.W. 420 (Mich.)). Plaintiff welcomed and invited the examination of its books and records. It requested and accepted continuances on condition that plaintiff permit defendant's agents to continue the examination of plaintiff's books and papers. It not only consented but aided defendant's agents in their examination by providing the latter with space in its premises and suggesting and urging that said agents continue their examination on plaintiff's premises.

We think that these facts make out an even stronger case of waiver and consent than do the facts in the case of *State of Minnesota* v. *Borgstrom* reported in 69 Minn. 508, 72 N.W. 799, 975. In this case the court said:

"It is also assigned as error that the court erred in admitting in evidence an account book designated in the records as 'Exhibit 101', claiming that such book was the personal account book of the defendant, and in no sense a public record. One of the grounds urged against its admission is that it was a flagrant and high-handed transgression of defendant's constitutional rights, as guaranteed by both the Federal and State Constitutions, providing that no person shall be compelled in any criminal case to be a witness against himself, and that the right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated. We are relieved from entering into a discussion of the rights of the defendant arising under these constitutional provisions by the conduct and admissions of the defendant himself and by the other facts in the record. * * * There was no wrongful seizure of the book containing exhibit 101. On the trial in the presence of the court, jury, defendant, and his counsel, the prosecuting attorney requested the witness Loe (then deputy register of deeds) to go to the register's office and bring the book into court, which he did without objections from the defendant. As we have previously stated, defendant had already voluntarily handed the book to the deputy to take before the grand jury to be used in the investigation of this very charge, and at no time did he object to the prosecution having possession of the book, or claim that such possession was wrongful, or that there was any wrongful seizure thereof. The objection was not based upon any wrongful, surreptitious, or forcible seizure of the book but that it was a private book or memoranda. Having peaceable possession of the book, the prosecution had a right to offer the same in evidence, as against the objection made."

VII. THE JURISDICTION OF THE FEDERAL COURTS DOES NOT EXTEND TO RESTRAINING THE ENFORCEMENT OF A STATE LAW ON ANY GROUND OTHER THAN THE UNCONSTITUTIONALITY OF SUCH LAW UNDER THE FEDERAL CONSTITUTION

This proposition we do not need to discuss further than to point out that if this court shall find the Minnesota securities act is valid under the Federal Constitution it has no further jurisdiction in this matter.

In support of the correctness of the legal proposition stated above we refer to the case of *Ex parte Young* (209 U.S. 123).

VIII. THE TITLE OF THE STATE SECURITIES ACT CONFORMS WITH THE REQUIREMENTS OF SECTION 27 OF ARTICLE 4 OF THE STATE CONSTITUTION

Section 27 of article 4 of the State constitution provides:

"No law shall embrace more than one subject, which shall be expressed in its title."

The title of the Minnesota securities act has been upheld as conforming to these requirements by the supreme court of the State: In *State* v. *Evans* (154 Minn. 95, 191 N.W. 425) against the contention that the title is not broad enough to cover investment contracts, and in *Kerst* v. *Nelson* (171 Minn. 213 N.W. 904) for a similar reason. The rule with reference to the sufficiency of a title is clearly set forth in *State* v. *Evans, supra,* as follows (pp. 100–101):

"The title of the act of 1917 is 'An act to prevent fraud in the sale and disposition of stocks, bonds, or other securities * * *.'

"Defendants contend that this title is not broad enough to cover legislation affecting an investment contract such as this, and that, insofar as it covers such contracts, it violates the constitutional provision which requires that the subject of the act 'shall be expressed in its title.' (Sec. 27, art. 4, State constitution.)

"Clearly the subject matter of a statute must be confined within the limits of the subject expressed in the title. Yet the title was never intended to be an index to the law. All that is required is that the act shall not include legislation which, by fair intendment, cannot be considered germane to the one subject expressed in the title. The main object of the constitutional provision is to apprise the members of the legislature of the contents of the act, to the end that they may not vote unwarily. If the title is such as to fairly apprise them of the general character of the enactment, it is sufficient. The generality of the title is no objection, provided only it is sufficient to give notice of the general subject of the proposed legislation and of the interests to be affected."

These Minnesota decisions, however, have upheld the title only with reference to its being sufficiently inclusive to cover certain particular matters. The Supreme Court of Georgia, however, in *State* v. *Skinner* (20 Ga. Ap. 204), upheld a very similar title of a similar securities act in general language, which we believe covers every possible objection to the title.

In holding valid the title of the Illinois securities act, which in scope is similar to that of Minnesota, the Supreme Court of Illinois said:

"The constitutional provision that no act shall embrace more than one subject does not mean that it shall contain only one provision. Its purpose is to prevent the joining in one act of incongruous and unrelated matters, and an act may contain any number of provisions which tend to further its purpose."

We need not present extensive authority in support of our contention that the title of the Minnesota act is sufficient. We merely call to the attention of the court the fact that the Supreme Court of Minnesota has never ruled an act unconstitutional on this ground except in very clear cases of violation of the requirements of the constitution.

IX. THE SECURITIES ACT OF THE STATE OF MINNESOTA DOES NOT CONFLICT WITH THE DUE-PROCESS CLAUSE OR THE EQUAL-PROTECTION CLAUSE OF THE FOURTEENTH AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES, NOR WITH SIMILAR PROVISIONS OF THE MINNESOTA CONSTITUTION

Whatever question there may have been as to the constitutionality of State securities laws when these were first enacted was completely set at rest by the three leading cases in 242 U.S.: *Hall* v. *Geiger-Jones Co.* (242 U.S. 539; 67 L.ed. 480; 37 S.Ct. 217; L.R.A. 1917 F. 514); *Caldwell* v. *Sioux Falls Stock Yards Co.* (1917) (242 U.S. 559; 61 L.ed. 493; 37 S.Ct. 224); and *Merrick* v. *N. W. Halsey & Co.* (1917) (242 U.S. 568; 61 L.ed. 498; 37 S.Ct. 227).

We believe we can most effectively answer plaintiff's contention that the Minnesota securities act and the action taken by defendants in pursuance of said act is a violation of the fourteenth amendment to the Federal Constitution by quoting somewhat extensively from the opinion of Justice McKenna in the case of *Hall* v. *Geiger-Jones Co.*, supra. The court first considers the proposition that the State in the exercise of this power is exercising its police power and that this power is only to a very limited extent subjected to restriction by the provisions of the Federal Constitution.

The Court says:

"The primary postulate of the State is that the law under review is an exercise of the police power of the State, and that power, we have said, is the least limitable of the exercises of government (*Sligh* v. *Kirkwood*, 237 U.S. 52, 59 L.Ed. 835, 35 Sup. Ct. Rep. 501). We get no accurate idea of its limitations by opposing to it the declarations of the fourteenth amendment that no person shall be deprived of his life, liberty, or property without due process of law, or denied the equal protection of the laws (*Noble State Bank* v. *Haskell*, 219 U.S. 104, 110; 55 L.ed. 112, 116; 32 L.R.A. (N.S.) 1062; 31 Sup. Ct. Rep. 186; Ann. Cas. 1912A, 487). A stricter inquiry is necessary, and we must consider what it is of life, liberty, and property that the Constitution protects."

Pursuing the inquiry what it is of life, of liberty, and of property which the fourteenth amendment protects, the court comes to the conclusion that the Ohio securities law, the scope of which is very similar to that of the Minnesota law, does not infringe upon this amendment.

The Court remarked:

"The reason and extent of the law we have indicated and the control to which individual transactions are subjected, and we think both, are within the competency of the State."

The Court continues:

"Inconvenience may be caused and supervision and surveillance, but this must yield to the public welfare; and against counsel's alarm of consequences we set the judgment of the State."

The Court considered next the question whether the securities law under review denied to any person the equal protection of the law. More than a score of possible inequalities were referred to. Without giving separate attention to each of these the Court expressed this opinion (557):

"We cannot give separate attention to the asserted discriminations. It is enough to say that they are within the power of classification which a State has. A State 'may direct its law against what it deems the evil as it actually exists without covering the whole field of possible abuses, and it may do so none the less that the forbidden act does (557) not differ in kind from those that are allowed. * * * If a class is deemed to present a conspicuous example of what the legislature seeks to prevent, the fourteenth amendment allows it to be dealt with although otherwise and merely logically not distinguishable from others not embraced in the law' (*Central Lumber Co.* v. *South Dakota*, 226 U.S. 157, 160; 57 L.ed. 164, 169; 33 Sup. Ct. Rep. 66). The cases were cited from which those propositions were deduced. To the same effect is *Armour & Co.* v. *North Dakota* (240 U.S. 517; 60 L.ed. 776; 36 Sup. Ct. Rep. 440; Ann. Cas. 1916D, 548)."

At about the same time as the foregoing case was heard before the Supreme Court of the United States there came to that Court on appeal from the District Court of the United States for the District of South Dakota an appeal from a decree of that court enjoining the enforcement of the securities act of South Dakota. The contention was made that the South Dakota act violated the fourteenth amendment. But the Supreme Court found no merit in this contention and reversed the injunction decree of the lower court.

In the case of *Merrick* v. *N. W. Halsey & Co.*, supra, the validity of the securities act of the State of Michigan came before the Supreme Court of the United States on appeal from the District Court of the United States for the Eastern District of Michigan to review a decree enjoining the enforcement of said act. The injunction issued by the lower court was reversed by the Supreme Court. In this case the validity of the Michigan act was attacked in a manner which bears a striking resemblance to plaintiff's attack on the validity of the Minnesota act. It was claimed that the requirements of the act were unreasonable; that they were impossible of performance; that it exacted from private parties matters of confidence; that it invaded and destroyed property rights; that it curtailed freedom of contract; that it seriously interfered with plaintiff's business and property; that it violated a section of the constitution of Michigan which provided that no law shall embrace more than one subject which shall be expressed in its title; that it violated the fourteenth amendment, particularly by permitting exceptions which resulted in a violation of the equal protection of the laws guaranteed by that amendment; and that it imposed an illegal burden upon interstate commerce.

In the main, the Supreme Court supports its opinion in this case by referring back to what was said in the case of *Hall* v. *Geiger-Jones Co.*, supra. The new material in this decision to which we would call attention is the proposition that, granted that the general field is within the State's police power, it is for the State to choose the means by which it will exercise that power and that the Federal courts will not inquire into the wisdom of the State's choice of means.

The court said: "Besides, it is for the State to judge in such circumstances, and the judgment and its execution would have to be palpably arbitrary to justify the interference of the courts."

The court continues: "Upon this difference in views we are not called upon to express an opinion, for, as we have said, the judgment is for the State to make, and in the belief of evils and the necessity for their remedy and the manner of their remedy the State has determined that the business of dealing in securities shall have administrative supervision, and 26 States have expressed like judgments."

Answering the contention that the Securities Act took away the right to carry on business the court said (p. 588): "To the latter we say the right to do business is not taken away; the other we have already answered and need only add that we cannot, upon such considerations, limit the power of the State. The State must adapt its legislation to evils as they appear, and is not helpless because of their forms."

Replying to the argument that there might be arbitrary and unreasonable action on the part of the Securities Commission the court said (p. 590): "The contentions based on the exemption and provision are a part of that which accuses the law of conferring arbitrary discretion upon the commission, and committing to its will the existence or extinction of the business. The accusation is formidable in words, but it is the same that has been made many times. It is answered by the comment and the cases cited in the opinion in the other cases. Besides, we repeat, there is a presumption against wanton action by the commission, and if there should be such disregard of duty, a remedy in the courts is explicitly given, and if it were not given it would necessarily be implied."

Finally, the court brushed aside the objection that the title of the act did not indicate its provisions and thereby violated the constitution of Michigan with the remark: "The objection is untenable and does not call for particular notice."

In our opinion the three foregoing cases have settled the question whether the securities act of Minnesota violates the due-process clause or the equal-protection clause of the fourteenth amendment, the general scope of the Minnesota law being the same as that of the corresponding laws of Ohio, Michigan, and South Dakota.

It likewise follows that if the Minnesota law does not run counter to these provisions of the Federal Constitution neither does it violate the corresponding provisions of the State constitution.

It is, however, proper to point out that the constitutionality of the Minnesota act has been attacked again and again before the Minnesota Supreme Court and found valid. Thus in *State* v. *Nordstrom* (169 Minn. 214, 210 N. W. 1001), the act was held constitutional with reference to the following matters: It is not class legislation. It does not interfere with the right of contract. In the case of *State* v. *The Gopher Tire and Rubber Co.*, the law was held valid as a proper exercise of the police power. As such, the court said, it must not be given a narrow construction. In *State ex rel. Hardstone Brick Co.* v. *Department of Commerce* (174 Minn. 200, 219 N. W. 81) the court upheld a hearing before the Commerce Commission as due process.

Before leaving this field of inquiry we wish to refer to the opinion of the court in the case of *Interstate Commerce Commission* v. *Brimson* (154 U.S. 447, 473), which gives an excellent analysis of the power of public administrative bodies to investigate private business, examine witnesses, and to require the production of books and records. The court said:

"It was clearly competent for Congress, to that end, to invest the Commission with authority to require the attendance and testimony of witnesses, and the production of books, papers, tariffs, contracts, agreements, and documents relating to any matter legally committeed to that body for investigation. We do not understand that any of these propositions are disputed in this case.

"Interpreting the Interstate Commerce Act as applicable, and as intended to apply, only to matters involved in the regulation of commerce, and which Congress may rightfully subject to investigation by a commission established for the purpose of enforcing that act, we are unable to say that its provisions are not appropriate and plainly adapted to the protection of interstate commerce from burdens that are or may be, directly and indirectly, imposed upon it by means of unjust and unreasonable discriminations, charges, and preferences. Congress is not limited in its employment of means to those that are absolutely essential to the accomplishment of objects within the scope of the powers granted to it. It is a settled principle of constitutional law that 'the government which has a right to do an act, and has imposed on it the duty of performing that act, must, according to the dictates of reason, be allowed to select the means; and those who contend that it may not select any appropriate means, that one particular mode of effecting the object is excepted, take upon themselves the burden of establishing that exception.'"

We fail to find any difference in principle between the power of the Interstate Commerce Commission to require the attendance of witnesses and the production of books and records as a basis for rate-making and the exercise of corresponding powers by the State commerce commission as part of its duties to supervise the sale of securities.

The Supreme Court of Wisconsin has passed upon the constitutionality of the State securities act of that State in the case of *Halsey, Stuart & Co.* v. *Public Service Commission* (248 N.W. 458). Upholding the act as a proper exercise of the State's police power the court said:

"The regulations governing securities and security brokers constitute an exercise of the police power and to the extent that there are 'reasonable regulations affecting dealings in such products, for the prevention of fraud and in promotion of public health, safety, and general welfare', they are clearly valid" (*Kreutzer* v. *Westfahl*, 187 Wis. 463, 204, N.W. 595, 603).

The court even went so far as to hold that there might be a suspension of broker's license without a hearing without a violation of due process. Before leaving this branch of the case, we wish to call attention to the recent case of *People of the State of New York* v. *Pecot*, 188 N.E. 119. In this case it appears that Pecot was convicted of violating the general business law of the State of New York in failing to appear and produce certain records before the Attorney General as directed by a subpena. On appeal, without an opinion the Court of Appeals of New York affirmed the judgment of the lower court. The matter was taken by certiorari to the Supreme Court of the United States and that court refused to grant a review on the ground that no substantial Federal question was involved. (See U.S. Supreme Court Law ed. Advance Opinions, vol. 78–27, p. 538.) One of the leading cases on the question whether a provision in a securities act requiring the production of books and records and authorizing the examination of witnesses in connection with an investigation conducted under the State securities act is a violation of the due process clause of the fourteenth amendment is the case of *Dunham* v. *Ottinger* (243 N.Y. 423).

The New York law authorizes the attorney general to issue injunctions restraining persons from engaging in fraudulent practices in connection with the sale of securities whenever he has reason to believe from evidence satisfactory to him that such persons have engaged in such practices. It also authorizes the

bringing of criminal action in proper cases but gives the usual immunity to witnesses who have testified. In this case, plaintiff, a stock broker, brought an action to restrain the attorney general of the State from examining him and his books upon a subpena and order issued under the State Securities Act. The objection was raised that this action ran counter to the constitution because it is carried on without any knowledge of guilt on the part of the investigator. With reference to this matter the court very properly pointed out that if the person investigated was innocent such investigation might be to his advantage by freeing him from the burden of an unjust prosecution.

So we say here that if Banco is innocent the investigation now being conducted by the commerce commission will free it from the necessity for standing prosecution. Such an investigation cannot be held to be either a violation of due process or an unlawful search and seizure.

With reference to the question whether the authority given was a violation of constitutional rights because it authorized the attorney general to conduct a general investigation without any positive knowledge of guilt the court had this to say:

"The statute does not commission the attorney general to embark upon any roving course for the purpose of generally prying into the affairs of any person. Having authorized him to institute proceedings to prevent or punish violations of the statute, it authorizes him to acquire information, make investigations, and conduct examinations 'as to all the facts and circumstances concerning the subject matter which he believes it is to the public interest to investigate.' Or again, to examine witnesses under oath and require the production of any books or papers 'which he deems relevant or material to the inquiry.' This all is the end of enabling the attorney general to determine whether a situation exists which calls upon him for action under the provisions of the statute, and it is to be assumed that he will proceed in good faith and with knowledge of any regard for the principles which govern relevancy of evidence."

Even as the New York court said that it must be assumed that the attorney general will proceed in good faith and with knowledge of and regard for the principles which govern relevancy of evidence, so we say that the State commerce commission must be assumed to be proceeding in good faith in connection with their investigation of Banco.

The New York court goes on to point out that if through ignorance or intention the attorney general transgresses these principles, the victim of his oppressive action may appeal to the courts for protection. The same course is open to Banco and its officers under the law of Minnesota.

Specifically considering the due-process clause, the court said:

"It would be tedious and is unnecessary to consider at length the meaning of the due-process clauses of the Federal and State Constitutions as they are invoked against the statute. Certainly, before they can be successfully appealed to, it must appear that some substantial right of the person invoking them is about to be violated by an exercise of governmental powers which run counter to the spirit of our institutions and processes as they have been established by custom and settled maxims of law. It is impossible to find any basis for the claim that this statute proposes such a violation.

"The power to investigate and examine witnesses to the end of a better discharge of their duties has been conferred upon administrative boards and officials without successful challenge by so many statutes that it is undesirable to refer to them all."

X. THE STATE SECURITIES ACT AND THE COMMISSION'S ORDERS THEREUNDER DO NOT CONSTITUTE SUCH AN UNREASONABLE SEARCH AND SEIZURE AS TO BE IN VIOLATION OF THE FOURTH AMENDMENT OF THE UNITED STATES CONSTITUTION OR SECTION 10 OF ARTICLE 1 OF THE STATE CONSTITUTION

The contention is made on the part of plaintiff that the State securities law as applied in this case amounts to an unreasonable search and seizure in violation of the State and Federal Constitutions. In this connection, let us remember the English historical background which brought the fourth amendment into the Constitution of the United States and similar provisions into State constitutions. Let us remember the centuries of searches and seizures under general warrants and writs of assistance issued in behalf of the Tudors and the Stuarts and the kings and queens of Hanover, monarchs with autocratic power, to further their own selfish ends. It is a far cry from searches and seizures of this autocratic character to the beneficent purposes of our State securities act, the object of which is to protect the innocent and the weak against the machinations of the unscrupulous and the strong. How carefully the courts should proceed in bringing official action within the ban of constitutional provisions like those of the fourth amendment is well expressed by the opinion in the case of *People* v. *Milone* (119 N.Y.Misc. 22, 24):

"The evil which our enactment was designed to combat was, therefore, concrete rather than theoretical. The statute must be interpreted in that light. It must not be permitted to afford a haven of protection for crime, by embarrassing legitimate functioning of the police power. The danger in stating in theory a remedy for a concrete condition is that the theory is apt to run wild and outstrip the sound purpose which gave it life. The welfare and protection of law-abiding people should be neither sacrificed nor impaired by maudlin construction of a statute designed to benefit rather than to work against the best interests of organized society."

And so we argue here that this court should be very slow to extend the shield of section 10, article 1, of the State constitution to protect an institution which for years appears to have been guilty of deceit and concealment and fraud in connection with the sale of nearly $100,000,000 of stock.

In the case of *Standard Home Co.* v. *David* (217 Fed. 904, 916), the validity of the securities act of Arkansas was attacked because it authorized the bank commissioner to examine the business of investment companies. The court said:

"The act is also attacked upon the ground that it authorizes the bank commissioner, his clerks, accountants, and examiners, to examine the business of such investment company, and may require it to divulge any and all facts in connection with said business, whether or not the same relates in any way to securities proposed to be sold in Arkansas. The plaintiff is a corporation, and it is now well settled by the decisions of the Supreme Court of the United States that the right to inquire into the condition of corporations exists, and, if necessary for the purpose of enforcing a law, to compel the production of all books, letters, and other records, without violating the provisions of the fourth and fifth amendments to the Constitution of the United States." (*Hale* v. *Henkel* (201 U.S. 43, 74, 75; 26 Sup. Ct. 370; 50 L.ed. 652); *Consolidated Rendering Co.* v. *Vermont* (207 U.S. 541; 28 Sup. Ct. 178; 52 L.ed. 327; 12 Ann. Cas. 658); *Hammond Packing Co.* v. *State of Arkansas* (212 U.S. 322, 348, 349; 29 Sup. Ct. 370; 53 L.ed. 530; 15 Ann. Cas. 645); *Wilson* v. *United States* (221 U.S. 361, 383; 31 Sup. Ct. 538; 55 L.ed. 771; Ann. Cas. 1912D, 558)).

It is claimed by plaintiff that the commission's orders fail to describe with sufficient particularity, as required by section 10 of article 1 of the State constitution, the papers to be produced by plaintiff. In this connection we need only point out that the very nature of the investigation conducted makes impossible that absolute definiteness of designation which may be possible in other cases, and that the commission's orders were as definite as the nature of the case permitted. To require greater definiteness would be tantamount to prohibiting investigation.

As for all claims made with reference to the fourth amendment we need only point out that this amendment is applicable only to the action of Federal officers. In *Lloyd* v. *Dollison* (194 U.S. 445), the Supreme Court said:

"It is well established that the first eight articles of the amendments to the Constitution of the United States have reference to powers exercised by the Government of the United States and not those of the States. *Ellenbecker* v. *Plymouth Colony* (134 U.S. 31)."

Significant, also, is the holding of the Supreme Court of Minnesota in *State* v. *Pluth* (157 Minn. 145, 153), to the same effect.

"In *State* v. *Stoffels* (89 Minn. 205, 94 N.W. 675), this court held that incriminating articles (in that case intoxicating liquors) seized under a search warrant were admissible in evidence. Whether such articles were seized under a warrant or without a warrant could make no difference in determining whether using them as evidence would compel the defendant to be a witness against himself in the meaning of the constitution."

The proposition that the investigation of the books and records of a private corporation by an administrative body is not an illegal search or seizure in violation of the State constitution is very clearly shown by the decision of the Supreme Court in the case of *State ex rel. City of Minneapolis* v. *Minneapolis Street Ry. Co. et al.* (154 Minn. 401, 413). In that case the city filed a petition in the district court praying for a writ of mandamus commanding the Minneapolis Street Railway Co., the Twin City Rapid Transit Co. and the St. Paul City Railway Co., to permit the city to examine and inspect their books, records, accounts, documents, and other data of transportation companies affiliated with them to enable the city to prepare for a rate hearing before the Minnesota Railroad & Warehouse Commission. It will be noted that this was a request for an order for leave to investigate more sweeping in its language than the order of the commission in the present case and that as in the present case it was the order of an administrative body. In its decision with reference to this issue the court said:

"An inspection of its stock books will not subject the transit company to an unreasonable search or seizure in violation of rights guaranteed by the State and Federal Constitutions. It is too plain for argument that there is no invasion of the right to be secure in the possession of private papers and effects, when a public-service corporation is required to submit its stock books to the inspection of the representatives of the public, charged with the duty of ascertaining the value of the property of the corporation."

XI. THE SECURITIES ACT DOES NOT VIOLATE THE PROVISION OF THE STATE CONSTITUTION WITH REFERENCE TO A THREEFOLD DIVISION OF GOVERNMENT POWERS

In support of this proposition we refer to the case of *Porter, Auditor,* v. *Investors Syndicate* (287 U.S. 346), in which the court said:

"The statute plainly affords a remedy which, though in certain respects judicial, is in others administrative. The courts of Montana have not passed upon its constitutionality as affected by the quoted section of the fundamental law of the State. Such expressions of the Supreme Court as have been brought to our attention indicate that article IV, section 1, does not forbid the conference on the State district courts of administrative powers in connection with and ancillary to their judicial functions. *O'Neill* v. *Yellowstone Irrigation Dist.* (44 Mont. 492; 121 Pac. 283; *State* v. *Johnson,* 75 Mont. 240, 249; 243 Pac. 1073. Compare

State ex rel. Kellogg v. *District Court*, 13 Mont. 370; 34 Pac. 298; *Hillis* v. *Sullivan*, 48 Mont. 320; 137 Pac. 392.)

"An adjudication of the question by the State supreme court would bind us. (*Gulf C. & S. F. Ry. Co.* v. *Dennis*, 224 U.S. 503.) In the absence of such decision we are reluctant to construe a State constitution (*Louisville & N. R. Co.* v. *Garrett*, 231 U.S. 298), but as our decision requires that the alleged conflict of State statute and State constitution be resolved we must pass upon it (*Southern Ry. Co.* v. *Watts*, 260 U.S. 519, 522). In view of the Montana cases, to which reference has been made, we are not convinced that the statute is offensive to the Montana Constitution, and adhere to the judgment heretofore entered."

XII. THE COMMERCE COMMISSION HAS NOT LOST ITS LEGAL RIGHT TO INVESTIGATE THE SALES OF BANCO STOCK BY REASON OF THE FACT THAT SUCH STOCK IS NO LONGER REGISTERED NOR BY REASON OF THE FACT THAT BANCO HAS OFFERED TO WAIVE THE EXEMPT STATUS OF ITS STOCK.

The case of *State ex rel. Veigel* v. *Hardstone Brick Co.* (172 Minn. 328), which plaintiff may rely upon, differs very materially from the present case. In that case it appears that the commerce commission suspended the right of the Hardstone Brick Co. to sell stock on August 24, 1926 and ordered respondents to show cause on September 14, 1926, why the registration should not be canceled; that on September 1, 1926, the company requested the commission to cancel the registration; and that no stock was sold after the order for suspension of sale, August 24, 1926. The commission refrained from canceling the registration.

The commission asked for a financial statement on August 27, 1926, which was not provided. The company also refused to permit an audit of its books. In order to compel respondents to produce its books and records for examination and audit, a writ of mandamus was applied for. Relators demurred to respondents' return and their demurrer was overruled. The lower court was sustained by the supreme court. As this is a case of great importance in connection with the present matter we quote from the opinion at some length. On the question whether in a proper case the commission may issue subpenas and require the production of witnesses the court said:

"Section 19 empowers the commission to investigation and determine whether any securities, including securities exempted from registration, are fraudulent or being sold in a fraudulent manner, or whether any provisions of the act are being violated, and to take steps to prosecute those guilty of violations. The commission may issue subpenas and require the attendance of witnesses, and the production of books and papers. A natural person thus compelled to testify has immunity against any prosecution, except for perjury in giving such testimony.

"The power given the commission is drastic, but so long as it is exercised to protect the public against fraudulent securities it should not be hampered."

This shows that in a proper case the court may issue subpenas and require the attendance of witnesses and the production of books and papers.

The commission considers next the case where the securities are withdrawn from sale and a request submitted for cancelation of registration. Then, the court says, there is no longer any occasion to protect the public against their sale. The court continues: "Then there remains only the meting out of punishment, if to obtain registration or while it was in force any person connected with such securities violated the law." It was on this point that the court found the relator's pleading insufficient, because he failed to charge any specific violation of the law.

But let us note well that this is not the present case, for two reasons: First, the commission's order for investigation in the present case sets forth specific charges of violation of the law and defendants' answer sets forth with considerable definiteness specific charges of violations. Defendants are not embarked on a "fishing expedition."

There is also another fundamental distinction in the two cases. The stock sold by Banco during most of the time after its organization was an exempted security by reason of the fact that it was listed on the Chicago Stock Exchange. With reference to such a stock the commission had and has continuous power to guard against fraudulent sales. We emphasize this point. There is no cessation of power on the part of the commission over such stock for that of registration is withdrawn. On this point we quote from the decision two clearly-worded paragraphs (p. 331):

"The commission argues that, since it has power under section 19 to require an issuer or seller of securities exempted from the registration and license provisions of the act to submit to an examination of the books and records of the business, there is more reason to hold that it has power to compel the issuer or seller of registered securities to produce books and records for examination, even though the registration has been suspended and the party who obtained the same has requested its cancelation. When the purpose of the law is kept in view, namely, to prevent the sale of fraudulent securities and the fraudulent sale of securities, there seems to us to be a marked distinction between the two classes of securities.

"In the case of securities exempted from registration the duty of the commission is continuous to guard against fraudulent sales thereof, but as to those required to be registered the commission is to investigate their character before registration to ascertain whether inherently they are honest and not fraudulent, so that the public in buying them receive the value they purport to represent; and so long as the sale is permitted the power to investigate and to demand the production of books and records undoubtedly continues. But when the right of sale is suspended and the one who obtained the registration and license demands the cancelation and revocation thereof, there is no longer any occasion to resort to an examination of books and papers in order to protect the public against either a fraudulent sale of such securities or a sale thereof, whether they be good or bad."

Summarizing, we conclude that in the present case the Commission may exercise its power to issue subpenas and require the attendance of witnesses and the production of books and papers because:

First, it has alleged definite violations of the law by plaintiff.

Second, it is dealing with a security exempt from registration with reference to which it has a continuous duty to guard against fraudulent sales.

It is our understanding that a detailed provision of a law is to be so interpreted as to give it effect in accordance with the main purpose of the act of which it is a part. The main purpose of the State securities act is to afford to the public a greater degree of safety in purchasing securities by reason of the fact that the State commerce commission is authorized to make a comprehensive investigation of such securities before they are registered and to make investigations at any time to determine whether any securities, including securities exempted by section 2 of the act, are fraudulent or are being sold in a fraudulent manner. Stock of Banco, being listed on the Chicago Stock Exchange, is such an exempted stock. Now it is true, when the commerce commission's investigation had reached the point where it sought to learn about the stock pool operated by Banco, Banco rushed to the commission with a paper purporting to waive its exempt status. The act does not give to a company having exempt status power to waive that exempt status. Nor does it give to the commission the power to permit it to do so. Exempt status is a question of fact. Section 2, subdivision 5 of the act gives to securities listed on the Chicago Stock Exchange exempt status. Banco is so listed. That is a fact. Banco cannot waive the existence of this fact by saying it does so any more than one of its officers can waive his existence as a human being by saying he waives that fact.

It lies very close to ask: Why did Banco so precipitately seek to waive the exempt status of its stock? Why, if not in the hope of escaping further investigation? It would be an extraordinary interpretation of the securities law to hold that the commission may investigate to determine whether exempted securities are fraudulent and then to hold that, when the commission is on the threshold of finding damaging evidence, the door to further investigation must be closed providing the investigated company shall say: "Stop, stop! We waive our exempt status."

In further support of our contention we refer to the case of *Motor Finance & Guarantee Corporation* v. *Georgia Securities Commission et al.* (158 Georgia 75) in which the facts were as follows:

The license of plaintiff corporation to sell its stock in Georgia would have expired December 31, 1923. It returned its license and surrendered all rights to do business in Georgia as of January 1, 1923. Thereafter the Securities Commission investigated certain dealings of said corporation and decided that there were irregularities in the sale of stock to a certain person. Thereupon, on June 23, 1923, it issued its order directing said corporation to return to said person her promissory note given for said stock. It also suspended plaintiff's license until a financial statement called for had been submitted.

Upon receipt of these notices plaintiff filed a petition in court praying that the commission "be enjoined and restrained from taking any action whatsoever in the affairs of petitioner, and from making any official or other entry of cancelation or revocation of any alleged license of petitioner to do business in the State of Georgia, since no such license exists or has existed since June 30, 1923"; also, "that defendants be enjoined generally from interfering with the conduct of petitioner's business."

The request for injunction was refused in the lower court and the court's action was sustained by the Supreme Court.

XIII. DURING THE 3 YEARS PRECEDING THE ISSUANCE OF THE COMMISSION'S ORDERS THE SALE OF BANCO STOCK WAS FRAUDULENT BECAUSE THERE WAS EXCESSIVE VALUATION OF STOCK SOLD ON THE BASIS OF SUCH EXCESSIVE VALUATION OF ASSETS

Excessive valuation of corporate property makes a stock issue based on such valuation fraudulent as to buyers of stock. Insufficient consideration in sale of corporate stock makes the sale fraudulent as to corporation creditors.

The case of *Jose* v. *Utley, District Attorney* (185 Calif. 656, 199 Pac. 1037), gives us an excellent illustration of these two rules of law, namely, that excessive valuation of corporate property makes a stock issue based on such valuation fraudulent as to stockholders and that insufficient consideration in sale of corporate stock makes sale fraudulent as to creditors.

In this case action was brought to enjoin Utley, as district attorney, from prosecuting Truax for violating the securities act of California by sale of stock in an oil company.

The Imperial Pacific (etc.) Oil Co., an Arizona corporation, had acquired certain rights to drill for oil on four sections, 2,560 acres of land, in California in exchange for 2,496,000 one-dollar shares of its capital stock. Margaret Truax was engaged in selling 1,000,000 shares of this stock without a permit from the commissioner of securities of California. Dollar shares of stock were being sold at 15 cents. Even this price was predicated upon a total value of corporate property of $375,000, which was far beyond its true value. This action was brought to enjoin Utley, as district attorney, from prosecuting Truax for violating the State securities act.

The first question at issue was whether the manner in which this stock was issued and was being sold was fraudulent for the reason that there was not sufficient consideration in the original exchange of stock for drilling rights and too great a consideration in the sale by Truax. The court said:

"The respondent contends that the method of sale adopted, if stock is offered at 15 cents per share, was a representation to the public that the property of the corporation was worth at least $375,000—that is, 2,500,000 times 15 cents—and that it was in fact valueless. It is sufficient for us to say that it is manifest from the complaint that the issuance of the capital stock of the corporation was fraudulent as against creditors and stockholders, because of the excessive valuation placed upon the property acquired by the corporation, which brings the transaction under the rule announced first in *Vermont Marble Co.* v. *Declez Granite Co.* (135 Calif. 579, 67 Pac. 1057, 56 L.R.A. 728, 87 Am. St. Rep. 143) and adhered to through a long line of cases, the last of which is *Sherman* v. *S. K. D. Oil Co., supra,* holding such a transfer of corporate stock to be fraudulent as to future creditors, and that the representation upon the face of the stock was a false statement of the fact, calculated to deceive both future creditors and stockholders."

Having established the fraudulent character of the stock issue and the stock sale, the court considered next the question whether a court of equity could come to the aid of a party to the fraud and said:

"In view of the fraudulent nature of the transaction sought to be carried out, equity will not aid the plaintiffs by an injunction, even if it be conceded the law attacked is unconstitutional, and the threatened action of the district attorney is therefore erroneous. I is sufficient on this point to cite a decision of the United States district court in *National Mercantile Co.* v. *Keating* ((D.C.) 218 Fed. 477), wherein the constitutionality of the blue-sky law of Montana was attacked by a plaintiff who sought to enjoin the enforcement of the law; but as the plaintiff came into court with unclean hands, that court refused relief."

Let us apply these rules of law to the case of Banco. In the first big group of exchanges of stock Banco paid more than $10,000,000 more for the stock of a group of banks than the tangible asset value of such stocks. This price seems to have been an excessive allowance for good will. If it was, it was a fraud upon the creditors of Banco. Nevertheless, on such a structure of water, it proceeded to offer its stock at 50 and 62.50 and 72.50 and even tried to get 82.50, stock which apparently did not have tangible assets behind it at any time in excess of 37. That was a fraud upon the public that bought that stock.

Here was a double fraud; a fraud upon the stockholders in paying too much for corporate assets, and a fraud upon investors in stock in selling the stock at too high a price without revealing the presence of water or good will in the capital structure. The State of Minnesota has a right to ask questions about these fraudulent valuations and these fraudulent sales.

XIV. THE SALE OF BANCO STOCK WAS FRAUDULENT BECAUSE, DURING THE 3 YEARS PRECEDING THE ISSUANCE OF THE COMMISSION'S ORDERS, DIVIDENDS WERE VOTED AND PAID NOTWITHSTANDING THE FACT THAT THERE WERE NO NET PROFITS AND THAT THERE WERE LOSSES RUNNING INTO MILLIONS OF DOLLARS, AND BECAUSE THE PURPOSE AND EFFECT OF SUCH ILLEGAL DECLARATION AND PAYMENT OF DIVIDENDS WAS TO ENHANCE THE DEMAND FOR BANCO STOCK AND TO RAISE THE PRICES OF BANCO STOCK ABOVE ITS TRUE VALUE

It is a well-established rule of corporate law that dividends may be paid only out of earnings unless in the very nature of the business, as in the operation of a mine, there must be depletion of capital. 14 Corpus Juris, section 1209, makes the following statement:

"With the exception of dividends in liquidation, dividends can be declared and paid out of net profits only, or, conversely stated, when the payment thereof does not impair the capital stock of the corporation. * * * . If the capital stock has been impaired by the payment of the dividend, it is, nevertheless, unlawful, although the corporation is solvent at the time."

Corpus Juris, in section 1210, states the reason for this rule to be that to allow impairment of capital by the payment of dividends would be a fraud upon creditors and also a fraud upon stockholders because each stockholder is entitled to have the capital stock preserved unimpaired for the purpose of better carrying out the object for which the corporation was formed.

14 Corpus Juris, in section 1213, continues:

"In this country the courts have made no distinction between fixed and circulating capital but have generally taken the view that a corporation must maintain its capital stock at its original value before any dividends may lawfully be paid."

With reference to the question, whether dividends may be declared from any source except surplus or net profit, section 1949 of the Revised Code of Delaware, 1915, has this to say:

"No corporation created under the provisions of this chapter, nor the directors thereof, shall make dividends except from the surplus or net profits arising from its business. Dividends may be paid in cash or capital stock at par, but otherwise the corporation shall not divide, withdraw, or in any way pay to the stockholders or any of them any part of its capital stock, or reduce its capital stock except according to this chapter, and in case of any willful or negligent violation of the provisions of this section the directors under whose administration the same may happen shall be jointly and severally liable in an action on the case at any time within 6 years after paying such dividend to the corporation and its creditors or any of them."

As Banco is a Delaware corporation, it would seem to follow, from what has been said, that the dividend payments by Banco during 1931 and 1932 were clearly in violation of law.

That this is a correct interpretation of the Delaware statutes is shown by the following quotation from the Court of Chancery of Delaware, in *Kingston* v. *Home Life Insurance Co. of America* (101 Atl. 898, 903):

"The prayer of the bill on the subject is for an injunction to prevent the officers of the insurance company from declaring or paying a dividend upon its stock except out of actual earnings. This may be granted without much consideration of the facts, because it would be but a declaration of the statute law of the State which permits dividends to be paid only out of surplus or net profits arising from the business of the company."

Said the Federal district court in the case of *Corliss* v. *United States* (7 Fed. (2d) 455):

"It was true, as the agents stated, that the company had paid dividends, and in their judgment would continue to do so. This, of course, fairly implied that the dividends were paid out of net profits."

We believe we have established that dividends running into many millions of dollars were paid by Banco during 1930, 1931, and 1932, and that, in the aggregate, there were losses during said years running into tens of millions of dollars. It follows that during these years, in paying such dividends, Banco was guilty of a tremendous fraud both upon its then stockholders, by depleting its capital, and upon the public, by imparting to its stock an excessive market value.

XV. THE SALE OF BANCO STOCK MAY HAVE BEEN FRAUDULENT BECAUSE BANCO MAINTAINED A POOL, CONTRACTED TO KEEP HUGE BLOCKS OF STOCK OFF THE MARKET FOR 6-MONTH PERIODS, AND IN VARIOUS WAYS SOUGHT TO ALTER THE USUAL AND NATURAL CURRENTS OF SUPPLY AND DEMAND FOR BANCO STOCK, ALL, APPARENTLY, FOR THE PURPOSE OF RAISING THE MARKET PRICES OF BANCO STOCKS ABOVE THEIR NATURAL MARKET VALUE

Another fraudulent practice of which Banco appears to have been guilty is that of manipulating prices to its own advantage, or to the advantage of a favored group, by means of pools.

The question whether such manipulation of prices by means of pools is fraudulent is ably discussed in the very recent case of *United States* v. *Brown* (vol. 5, no. 3, Fed. supp. 81). In that case it appears that Brown and others were indicted for conspiracy to form a pool artificially to manipulate the price of certain stock on the stock market "without regard to the real value of the stock", and for using mails in connection with said fraudulent scheme. The question at issue was whether the indictment was demurrable because the scheme described for the use of a pool to manipulate prices did not constitute fraud. The court said:

"The theory pressed on me for the defendant McCarthy, as I understand it, is substantially this: That if two or more persons, through the operation of what is known as a 'pool' agree to raise the price of a security listed on a stock exchange, they may proceed to achieve that objective without being guilty of any actionable fraud, vis-a-vis, a member of the public who purchases that security relying on the exchange market quotations, on the theory that the maxim of caveat emptor applies. But that maxim applies properly only to free and open markets.

"When an outsider, a member of the public, reads the price quotations of a stock listed on an exchange, he is justified in supposing that the quoted price is an appraisal of the value of that stock due to a series of actual sales between various persons dealing at arm's length in a free and open market on the exchange, and so represents a true chancering of the market value of that stock thereon under the process of attrition due to supply operating against demand.

"If, however, the market for the stock listed on an exchange is a manipulated or controlled market, in which a group of insiders, in order to enable themselves profitably to dispose of their holdings, are artificially raising the quoted price of the stock on the only market to which any man who wishes to purchase that stock would inevitably resort, and an outsider buys in that market he would obviously pay more—how much more perhaps cannot be estimated and, in any event, in a criminal case of this kind, is not material—than he would have paid in a free and open market, and hence is a victim of unfair dealing by insiders. But he is entitled to fair dealing and should get it.

"Judges have properly set their faces sternly against any practices by which the right of fair dealing between man and man is in any way infringed, and, whenever there is any false representation made by word or act in behalf of a pool for the purpose of inducing the public to come into the market and buy securities it is held to be a fraud, and contracts between the insiders are held to be illegal and against public policy.

"The doctrine stems back to the case of *Rex* v. *DeBerenger*, Maule and Selwyn's Reports 67, decided in 1814. In that case DeBerenger and seven others were tried on an indictment for a conspiracy to raise the price of British Government funds by circulating the then false report of the death of Napoleon Bonaparte, and predicting that, consequently, peace would soon be concluded between the British King and the people of France, with the purpose of increasing the price of government funds and other Government securities on the 21st day of February 1814, and thus injuring any person who should buy funds or securities on that day.

"The defendants were convicted, and a motion was made in arrest of judgment. On this motion the case came before the Court of King's Bench en banc, and the judges were unanimous

in holding that the defendants were guilty of a conspiracy to defraud."

The State is not yet in possession of all the facts with reference to the pool operated by Banco in connection with the sale of its stock. We know Banco maintained such a pool within the 3-year period preceding the commission's orders. We know the pool involved at least 75,000 shares, or about $4,000,000, of its stock. We know the pool kept stock off the market. We know the pool was financed by Banco. Just how the pool was operated to accomplish these purposes we do not know because when the commission reached this phase of its inquiry its further investigation was halted by this court's restraining order.

Why is Banco afraid to have this branch of the inquiry pursued? What lies concealed within its records that must not be brought to light? We do not know. But in connection with the facts we do know about this pool and in connection with the other fraudulent dealing already brought to light, we cannot but come to the conclusion that the State has the legal right to go to the bottom of this matter.

XVI. DURING THE 3-YEAR PERIOD PRECEDING THE ISSUANCE OF THE COMMISSION'S ORDER PLAINTIFF DIRECTLY MISREPRESENTED TO THE INVESTING PUBLIC THE AMOUNT OF ITS NET EARNINGS FOR THE PURPOSE OF PROMOTING THE SALE OF ITS STOCK AND ADVANCING THE PRICE THEREOF

The facts being granted, and they have been fully presented, we believe it will be conceded that such misrepresentation in connection with the sale of stock is fraudulent and a violation of the State securities act.

XVII. A COMPARISON OF THE CASE OF FOSHAY V. UNITED STATES AND THE PRESENT CASE

Before we close we wish to make a comparison of certain phases of the cases of *Foshay* v. *United States* and *Henley* v. *United States* (opinion not yet available in printed form), with the present case, and to refer to the opinion therein rendered by the Circuit Court of Appeals of the Eighth Circuit. Foshay and Henley were convicted of having devised a scheme and artifice to defraud and to obtain money and property by means of fraud and of having used the mail to further such fraud.

The trial court in its instructions to the jury summarized that fraudulent scheme in this way:

"The heart of the fraudulent scheme charged is that the defendants schemed to and did falsely represent that, owing to the good management of the Foshay companies, they were earning and paying large dividends upon the stock of such corporations and that the stock furnished a safe and conservative investment, and that the companies were not earning dividends as represented, and were not earning any dividends, but were paying said dividends out of capital of the corporations for the purpose of inducing potential investors to purchase such stock."

The court found the facts to be that there were no net earnings and that the so-called "earnings" came from a write-up, or arbitrary increase in valuation, on the books of the company, of the value of its capital assets; that this, coupled with the fact that no word of explanation as to the true source of all these vast earnings was ever given to the public, was seriously fraudulent. The Court of Appeals said in its decision:

"It is significant that throughout the tons of company literature no word can be found to inform the public that the earnings were simply increases of valuations that Foshay and Henley were determining in their own minds and writing up on the books."

The court continued:

"Foshay and Henley solved the difficulty by their theory of creating values. When they acquired property and included it 'in their picture' (as their phrase was), a value was created. They determined for themselves how much the creation amounted to in dollars and cents and wrote it up on their books where it was carried into surplus. By calling such surplus 'earnings' as they did, the way was clear, and sixty millions of other people's money were brought into their control."

The court said further:

"They deliberately and intentionally, and with many crafty bookkeeping devices, covered up and concealed the real nature of their adventure; and falsely pretended that they were making money, earnings, net earnings, operating earnings, profits, and income. People bought Foshay securities because they believed the companies were making money and paying large dividends monthly out of the earnings."

The court very properly pointed out that fraud may consist, not merely in false statement, but also in concealment of fact. The court summarized a recent English case, as follows:

"In a recent conspicuous case in England the conviction of a company director was sustained, although his published prospectus did not contain any outright statement of fact found to be false. The statute denounced the publishing of any written statement known to be false in any material particular with intent to induce any person to become a shareholder. The prospectus reflected the payment of dividends over a period and although the dividends were in fact paid as indicated in the prospectus, they had been paid out of reserves accumulated in former years. The court held the jury justified in finding that the failure to disclose the source of the dividends amounted to concealment, on account of which the prospectus statement as a whole, was deceptive and false in a material particular. *Rex* v. *Kylsant* (101 K.B.Div., 1932 L.J.)"

The court expressed its view of the legal phase of this branch of the case as follows:

"It is well settled that the criteria of fraud evolved in civil cases are applicable to prosecutions under the mail fraud statute. Discussion of what amounts to fraud is found in greater volume in the reports of civil cases, but the principles are no different. To try to delimit fraud by definition would tend to reward subtle and ingenious circumvention and is not done. The particular facts determine its presence or absence on principles long settled by the courts in civil and criminal cases alike. Where company officers intentionally mislead prospective investors into the mistaken belief that their company is making money, by the false representation that it is currently in receipt of large net earnings, exceeding the current dividends when, in fact, there is not enough of current earnings to meet the expenses, an offense is presented under the statute (sec. 215) as soon as the mails are used" (*United States* v. *Rowe*, 56 Fed. (2d) 747).

When, in 1929, the Foshay Minnesota Corporation was changed to the Foshay Delaware Corporation there was set up on the books of the new corporation a bogus item of $1,434,000, variously designated "property, plant, and equipment" and "going-concern value." This fraudulent device for promoting sales of the new company's stock was severely denounced by the court.

This case emphasizes the following propositions:

1. That excessive valuation of corporate property, coupled with the sale of stock on the basis of such excessive valuation, constitutes fraud.

2. That a payment of dividends when there are no earnings and no true surplus, for the purpose of deceiving the investor as to the true value of the stock offered, constitutes fraud.

That concealment of facts in financial statements used in connection with the sale of stocks constitutes fraud.

Let us look at the present case in the light of the law and the facts presented in the Foshay case.

In this case, as in the Foshay case, there was deliberate overvaluation of corporate property. To cite only one instance, when the stock of the first group of banks was acquired by Banco they were paid for in stock of Banco exceeding by nearly $11,000,000 the tangible asset value behind the stock acquired by Banco. And this $11,000,000 of water or goodwill (we question whether there was one dollar of real value in it) this $11,000,000 of water was carried on Banco's books, and made the valuation basis of stock sale What was this but fraud, and deliberate fraud, on the investing public?

In this case, as in the Foshay case, there was payment of dividends, millions and millions of dividends out of capital, out of the very money which the investors in innocent trustfulness paid in. Millions and millions of dividends were paid out, year after year, in spite of losses running into tens of millions. Were these payments made without knowledge of the losses? Is it conceivable that the officers and directors of a corporation which in a period of 4 years was suffering a loss in the neighborhood of $50,000,000 could be ignorant of the losses? The motive is as plain as it was in the Foshay case, to broaden the demand for Banco stock, to push higher and still higher the price of Banco stock. Was such procedure fraudulent? The opinion in the Foshay case gives us an affirmative answer.

In this case, as in the Foshay case, there was artful concealment of the true financial condition; in both cases by concealing the fact that there were millions and millions of water in the capital structure.

In this case there were additional factors which may have the earmarks of fraud, particularly the great anxiety shown to keep the stock sold off the market by agreements in practically every exchange of stock to the effect that it must not be sold for 6 months and especially by the creation of a gigantic pool to trade in stock. Were the operations of that pool, also, fraudulent? Frankly, we are not sure. The strong hand of this court was laid upon the members of our commerce commission when they were about to reach that material, and therefore we do not know.

But that is the very reason why that commission should be authorized to proceed. Nearly 20,000 owners of stock, more than half of them in this State, have lost in the aggregate over $60,000,000. Why have they lost it? Who was responsible? They have a right to ask. The commerce commission, as their official representative, has a right to ask. That is one of the very purposes of section 19 of our act, to authorize investigation to determine whether any securities, including securities exempted by section 2 of the act, are fraudulent, or are being sold in a fraudulent manner. The act says "any securities." That certainly includes Banco stock.

XVIII. THE IMPORTANCE TO THE STATE OF HAVING THIS INVESTIGATION PROCEED FORTHWITH

It is of the utmost importance to the State to have this investigation proceed promptly. Three years is the period of limitations for criminal prosecutions in the State of Minnesota. If Banco can keep this case in court long enough, the statute of limitations will have run against all criminal proceedings, probably against a great many civil proceedings that should be instituted under the law against Banco and its officers. The court should not lend itself to thus shield Banco and its officers by the use of the process of the Federal court. If Banco and its officers are innocent of any wrongdoing, as they claim, then the investiga-

tion will not do them any legal injury. But if, on the other hand, they are guilty, the effect of granting the injunction may, in effect, be to give them immunity. To grant a stay of any kind and keep the proceedings tied up in court is to give them a temporary immunity which may possibly amount to a permanent one before all the facts can be discovered. It is therefore of the utmost importance to the State in the enforcement of its laws that the investigation before the commission proceed immediately.

XIX. IRRESPECTIVE OF ALL OTHER LEGAL RIGHTS, PLAINTIFF HAS NO STANDING IN A COURT OF EQUITY TO ASK FOR RELIEF, BECAUSE IT DOES NOT COME WITH CLEAN HANDS

Plaintiff is not entitled to equitable relief unless it comes with clean hands. We have in mind the old English case in which two highwaymen divided a certain heath near London for the conduct of their trade. One of them encroached on the other's territory, and the aggrieved bandit had the temerity to come into a court of equity for redress. Needless to say, his hands were not clean, and so he could have no relief in a court of conscience. We contend that plaintiff's hands are not sufficiently clean to justify this court in rendering assistance. It is true that we know only in part; but to us there seems to be enough revealed in the record, in excessive allowances for goodwill in the first exchanges of Banco stock for stock of leading banks of the Northwest; in placing the goodwill in the capital structure as having the actual value allowed in the exchanges; in failure to list this separately on financial statements; and thereby leading buyers to believe that Banco stock was worth face value or more; in declaring dividends running into millions of dollars in excess of net income, obviously for the purpose of deceiving the public as to the true value of Banco stock; in failing to state that such dividends were paid out of capital; in recommending stock as a good investment at constantly rising prices in spite of knowledge that losses were being sustained; in direct misrepresentation of amount of income; in entering into contracts restricting the sale of stock by the owners thereof, for the obvious purpose of maintaining an artificial and false price level; and in forming a pool to deal in vast amounts of Banco stock, apparently for the purpose of keeping up prices above true and fair price levels, we find fraud of so unmistakable a character that we cannot believe a court of conscience will condone it and grant relief.

We are considering a matter of the utmost importance to the people of this State and this Nation. Nearly 20,000 people hold Banco stock; nearly 11,000 men and women of Minnesota are among these stockholders. If there was no fraud, no write-up of values, no illegal concealment of material facts, no deliberate misstatement of material facts as to amount of income, no illegal payment of dividends out of capital, no illegal use of pools to raise prices of stock, the management of Banco can prove its innocence by showing the State its books and records. If there was fraud, the State, as the guardian of the rights of the investing public, is entitled to investigate. To begin with, Mr. Decker said Banco welcomed this investigation. Why has he changed his mind? Why has Banco changed its mind? Why this sudden discovery that the investigation may cause irreparable injury?

Within the last 4 weeks the cabinet of a great nation has fallen, and the streets of Paris have run red with blood in protest against frauds and losses of less magnitude than appear to lie concealed in the records of Banco. The people of this State are entitled to find out why and how. The commerce commission stands ready to continue this investigation. We have the utmost confidence that this court of equity will not stay its hands.

Respectfully submitted.

HARRY H. PETERSON,
Attorney General,
HARRY W. OEHLER,
Deputy Attorney General,
ROGER S. RUTCHICK,
Assistant Attorney General.
MATTHIAS N. ORFIELD,
Assistant Attorney General,
Attorneys for Defendants, 102 State Capitol, St. Paul, Minn.

Mr. Speaker, I yield back the remainder of my time.

Mr. BYRNS. Mr. Speaker, I move that the resolution and the charges be referred to the Committee on the Judiciary.

The motion was agreed to.

Mr. BYRNS. Mr. Speaker, on yesterday the House made a special order granting to the gentleman from New York [Mr. SIROVICH] 1 hour in which to address the House on Monday morning. I have been advised that because of previous engagements it will be impossible for the Doctor to be here on Monday morning; and I now ask unanimous consent that the order be transferred to Tuesday, and that on Tuesday immediately after the reading of the Journal and the disposition of business on the Speaker's table the gentleman from New York [Mr. SIROVICH] may be permitted to address the House for 1 hour.

Mr. PATMAN. Mr. Speaker, reserving the right to object, and I shall not object, I merely desire to get some information from the majority leader. Today we have no business of importance, I presume, to take up. Would the majority leader bear with some of us while we make talks on subjects that we are interested in?

Mr. BYRNS. I shall be delighted to bear with the gentleman and also to listen to him, as I always am; but I may say to the gentleman that there are a couple of election contests which can be disposed of very quickly, and I hope the gentleman will not submit his request to address the House until those cases are disposed of.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SUBSISTENCE HOMESTEADS IN THE NATIONAL RECOVERY PROGRAM

Mr. MARLAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks at this point on the question of subsistence homesteads.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

NATIONAL RECOVERY PROGRAM—BACK TO THE LAND

Mr. MARLAND. Mr. Speaker and Members of the House, it is impossible for me, in the brief time permitted, to discuss more than one phase of the national-recovery program.

I will, therefore, confine myself to the discussion of that one in which all our States may cooperate.

This is the back-to-the-land movement.

At this point I wish to give proper credit for many of the facts and figures recited to a pamphlet called "Back to Earth", published by William Wallace Carey, of Los Angeles, Calif.

Between the years 1914 and 1930 more than 20,000,000 of our people migrated from rural America to the cities:

United States Census figures

1910 population in urban territory	42,166,120
1930 population in urban territory	68,954,823
	26,788,703

The movement of that many human beings in so short a time is probably without a parallel in history.

This great movement to urban centers started shortly after Europe went to war in 1914.

Orders for munitions and war supplies poured into the United States.

Our mines and factories speeded into action.

The need for labor in the cities was acute.

The price of labor was bid up.

Farm labor flocked to urban factories.

Farmers and their wives left their farms to enjoy the new high-priced market for their labor in the cities.

Tractors and improved farm machinery filled the void on the farm left by the trek of farm labor to the factories.

When the war was over, 4,000,000 young men were released from military service. Many of these came originally from rural districts, but few returned to the farms.

A building boom swept the country from coast to coast.

All this additional population crowded into the cities, required new homes.

That meant new subdivisions, extensions of streets and boulevards, the increase in public-service facilities, all requiring more and more city labor.

In the 10 years preceding the crash of 1929, the Nation spent a yearly average of almost $7,000,000,000 upon new construction work.

This building boom gave employment to millions who must today be rated as unemployed destitute and has left us with billions of dollars of frozen investments in empty, unprofitable buildings.

Following the war boom we had the automobile boom, the gasoline boom.

Gasoline was gold, and so started the stupendous petroleum boom.

Men flocked to the oil fields, many of them from farms, and were engaged in putting down wells, extending pipe lines, and building refineries.

The idea was widely accepted that as there was no limit to the market for automobiles there could be no limit to the demand for petroleum, for gasoline, and lubricants.

Development continued until there is now a potential production of finished products far in excess of the actual demand.

Then came the luxury boom. Salesmanship became a profession and the city and country workers mortgaged their future earnings to keep pace with their neighbors in the acquisition of luxuries.

Then came the greatest boom of all, the stock-market boom, the get-rich-quick craze, which swept the Nation and finally collapsed in 1929.

While all this was happening in the cities, farming had fallen upon evil days.

To meet the great wastage of the war, farming in this country had been pushed far beyond the bounds of normal consumption.

After the war, with no more wheat being sunk by submarines, with no more cotton being exploded in ammunition, with no more heavy orders for meat for combatant soldiers, a surplus began to pile up, and prices dropped.

Farmers turned to other crops than war staples.

They borrowed money and bought cows until butter and milk and cream followed beef and pork and wheat and corn downward to unprofitable price levels.

Then came the collapse; the disappearance of billions of dollars of supposed values. We had had a prosperity which was based upon an impermanent foundation, and that prosperity collapsed completely, utterly.

In the past 4 years the Nation has floundered, who can say that important progress has been made toward anything like general reemployment?

It is true that millions have been put to work on various public works, but this costly forced construction work is not a remedy; it is only a palliative, a temporary expedient.

Now we have all these people stranded in the cities—men, women, children—fellow Americans.

What have we done for them? What can we do for them?

This is the condition which confronts us: Millions of Americans who a few years ago considered themselves home owners and independent, now find themselves homeless and dependent upon public charity, living in cities where nature provides nothing but where every necessity of life—food, fuel, shelter, clothing—must be bought and paid for day by day with money.

Back in the boom days one of our most popular slogans was: "Own your own home", and 8,000,000 individual residences were built in the United States in those days to be sold to heads of families.

The owners now find themselves slaves to mortgages and taxes on property they can no longer afford to occupy.

Besides these homes, there stand in the cities which enjoyed great growth (and these are the cities in which there is the greatest unemployment), mile upon mile of apartment houses, flats, store and factory buildings which are unable to carry the fixed charges against them.

When we talk of reestablishing prosperity in the cities by renewing building operations, is it not time to ask who is going to finance the construction of more homes, office buildings, apartments, and so forth; who is going to live in them when they are completed; who is going to pay rent and taxes on them?

The lowest estimate that can be put upon the number of unemployed men in our cities today without the ability to pay rent and purchase food is 10,000,000.

Evidently something must be done to move these people from the urban centers back to the land from whence they came. The credit of the Nation cannot stand the load of providing a dole of approximately $4,000,000,000 annually to keep them in idleness, which would be the amount necessary to support these people at the minimum maintenance requirements.

Considered in family groups, the minimum estimate of maintenance per person is $12.50 per month. This estimate is described by the Red Cross as inadequate, and the estimate of that organization, varying in localities, runs about 50 percent higher.

While I am calling attention to the necessity of restoring national balance by returning millions of people from the cities to farm life, the subject of farm relief is paramount in all political discussions.

The question naturally arises if the farmers of the Nation are already in distress, why send more people back to the land to complicate further the problem of the farmer.

What this movement back to the land intends is a return to diversified, self-sustaining farming as distinguished from industrialized farming.

Such a return is also recommended for those already on the farms as a remedy for the conditions underlying their current distress.

The farmer must return again to the day when the farm was a place to live and bring up a family, not an industrial enterprise.

The farm should provide a comfortable living for the family that operates it.

It should provide a supply of food, clothing, fuel, and shelter, insofar as possible, from the land itself, and provide money for purchasing necessities and articles which the farm cannot produce, and to pay taxes from the sale of the relatively small surplus.

We must have fewer single-crop farms. The chances for financial success are too much against the single-crop farmer.

What he gets for his wheat is the Chicago quotation, minus the commission of the Chicago broker, minus the freight charge to Chicago, minus the local elevator man's profit, minus the cost of local handling and grading.

What he pays for the bacon he buys is the price for which the hog farmer sold the hog, plus the hog buyer's profit, plus the freight to the stockyards, plus yardage, plus the livestock broker's commission, plus the processing cost, plus the packer's profit, plus the freight to his local store, plus his local storekeeper's profit.

Mr. Speaker, there is, without question, acute distress among many farmers of the Middle West, and great efforts are being made to raise the prices in the United States of certain staples which have been greatly depressed in the world markets.

If, upon a 160-acre farm there was not one family—a renter or an owner with a staggering mortgage debt—but four families, each family owning its home, raising diversified crops, aiming at their own necessities, producing small but varied surpluses to sell for the cash with which to pay their cash expenses, the actual buying power of that quarter section of land for what American industry supplies would be a net amount greater than the buying power of the one family now which produces a few things, sells everything, and buys everything.

With such rural districts farm prices would be in better adjustment. It would not seem necessary to destroy growing crops.

The self-supporting farm is the objective of the back-to-the-land movement.

A small farm with a wood lot for fuel, a pasture for cows, an orchard with hives of bees, a dozen acres or so of plow land, and a garden for berries and annual vegetable crops.

There is always plenty on a farm such as this.

In winter a fat hog hangs in the smokehouse and from the cellar come jellies and jams and preserves, canned fruits, and dried vegetables. In the summer there is a succession of fresh fruits from the orchard and fresh vegetables from the garden.

There is always comfort on this farm.

The pure air, the deep silence of the night, the healthful outdoor work, all make for sound and restful sleep.

The house is tight against the wind and rain; wood fires keep it warm in winter, trees and vines shade it in summer. The furniture is not overstuffed, nor is it covered with tapestry, but it is made to be comfortable.

The living room is not without books, old friends and new. There are magazines and a weekly newspaper on the table.

This farm has neighbors, they stop, in passing, for a chat over the fence; they drop in evenings for longer visits. They are friendly and helpful neighbors, always ready to help in any hour of need, and when occasional farm tasks require a crew of men.

There is always time on this farm. Work begins early in the morning with cows to be milked and turned to pasture before breakfast, and there are still chores to be done after supper. But that does not mean continuous driving work from sun to sun. There is no hurry, no high pressure. Except for a few weeks in harvest time the farmer takes long "noonings." There is time to read. There is time to think. There is time to talk with neighbors as they pass along the road.

There is always employment on this farm. When there is not work with the stock or crops, there are fences to build, improvements and repairs around the house and yard, wood to be cut and brought up.

Our Nation's task is to use the human material now wasted in the cities and create a social class which has been largely abolished through the industrializing of the farm.

And the task for the States is to cooperate fully with the Nation.

To form such a farm unit anywhere in the United States, such as has been described; to provide buildings and equipment; to provide livestock and feed; to provide guidance and education, the actual cost in dollars and cents would be far less than it would cost to keep a family in an average American city for 3 years.

The Red Cross estimates the minimum cost of providing everything for a family of four at $600 per year.

The national plan contemplates organizing farming communities into industrial units so that in winter farmers may add to their cash incomes by working for wages in a central plant, put into operation to supply their need for clothes, furniture, tools, and so forth. That this is entirely practical is maintained by no less eminent an industrialist than Henry Ford, who is already planning to move industry from the city to the country.

The cooperation of the several States of the Union with the Federal Government can be taken for granted, because this is their problem as well as that of the Union.

Nearly all the States have insolvent land, or other State-owned land, upon their hands upon which they would welcome settlers.

The active cooperation of State agricultural colleges, each with a force of scientists especially versed in the crops and conditions of the State's area to provide guidance, may also be taken for granted.

The States, being closer to the problems of their own settlers, would naturally prefer arrangements by which the development and financing of each settlement would be left to the State in which the land is located.

Financing should be set up on a self-liquidating basis. These farms should not be a gift to the owners, but should be sold on a long-time partial-payment plan, in which the annual charge should not exceed $20 a month, or $240 a year.

Let us analyze the financial side. A farm consists of land, which has been cleared, plowed, prepared for cultivation; of improvements, which consist of materials and labor; of implements, seed and plants, and livestock—

Land	$1,000
Materials and labor (This for the house, other buildings, fencing, etc. It is proposed to build farmhouses, not bungalows or villas.)	1,000
Implements and livestock	500
	2,500

The farm unit should consist of land from 5 to 40 acres, dependent upon its location and the character of the soil. A comfortable farmhouse with outbuildings and sheds, improvements, seed, and livestock, the total to cost approximately $2,500.

Unemployed men in the building trades should be organized into squads and put to work making the necessary improvements.

These units should be financed by the State and, where necessary, the State should be enabled to rediscount its financing with the Federal agencies.

Under a recent order of the Secretary of the Interior, the Honorable Harold L. Ickes, a corporation was organized to be known as the "Federal Subsistence Homestead Corporation", chartered under the laws of the State of Delaware.

It will serve as a vehicle through which subsistence-homestead projects will be set up and administered under the National Recovery Act, which provided a fund of $25,000,000 as a revolving fund for initiating this program.

The Federal Subsistence Homestead Corporation has already allotted funds to over 20 subsistence-homestead projects.

These projects contain from 50 to 400 homestead units each, located in 15 different States, several in the bituminous-coal fields of West Virginia.

More than 2,000 separate applications for projects have already been made to this Corporation, and over $4,000,000,000 have been asked for by the authors of these projects.

The cooperation of every State in the Union is desired in connection with the establishment of these projects.

Corporations should be established under the laws of the State for each of these projects, whether the project contemplates 50 or 500 units.

The assistance and advice of the agricultural colleges of the States should be obtained in the examination and survey of the land to be acquired and in the subdivision of the land after acquisition.

The back-to-the-land movement is a necessary part of our national planning and a necessary part of the economic planning of every State in the Union. The cooperation of the authorities of our States in this great movement is most necessary to its success and to the solution of the problem of unemployment in every State.

In Oklahoma, the State which I have the honor to represent, we had last winter from 100,000 to 150,000 families on the Federal Emergency Relief Administration rolls, with a total of over 750,000 members receiving aid.

Many of those families would be glad of the opportunity to move onto a subsistence homestead farm.

In one county in my State over 5,000 families have already signed applications for subsistence homesteads, and made affidavits that their unemployment situation makes such a movement necessary and that they would engage to live upon them and pay for them over a period of 20 years.

Corporations could be organized in every one of our 77 counties immediately, to establish projects of from 500 to 5,000 units in each county.

Only leadership by our State authorities is needed to develop fully these projects.

It is such leadership and cooperation with our National Government in its back-to-the-land planning that I urge upon my State and all other States in the Union.

ELECTION CONTEST—CASEY *v.* TURPIN

Mr. KERR. Mr. Speaker, I call up a privileged resolution in the matter of the election contest of John J. Casey *v.* C. Murray Turpin.

The Clerk read as follows:

Resolution 345

Resolved, That John J. Casey is not entitled to a seat in the House of Representatives of the Seventy-third Congress from the Twelfth Congressional District of the State of Pennsylvania.

Resolved, That C. Murray Turpin is entitled to a seat in the House of Representatives of the Seventy-third Congress from the Twelfth Congressional District of the State of Pennsylvania.

Mr. KERR. Mr. Speaker, I move the adoption of the resolution.

The resolution was adopted.

A motion to reconsider was laid on the table.

THE VINSON BILL

Mr. BRITTEN. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes.

Mr. BLACK. On what subject?

Mr. BRITTEN. On a subject that is rather important and in which the gentleman is very much interested, the Vinson bill, and certain elements connected with it, the Navy bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRITTEN. Mr. Speaker, this morning while the Committee on Naval Affairs of the House was considering the aviation report, a British subject, in violation of the rules of the House and of the rules of the committee, attempted to talk to the committee and to the chairman with a view to influencing our judgment.

I think this is unpardonable. The gentleman's name—I have never seen him before—is Maj. Charles MacKenzie-Kennedy, a British subject, who says he is an expert on aviation. From authentic information received by two congressional committees this self-styled major is not an authority on aviation, but, on the contrary, is a man whose designs might be very dangerous to the best interests of aviation in the United States. Reports from England, as well as from this country, indicate quite clearly that MacKenzie-Kennedy is a man in whom no reliability or responsibility should be placed; and as far as I am concerned, I shall continue to object to his presence before the Committee on Naval Affairs of the House.

This recalls to my mind the question of a British diplomat in the United States, a consul general at New York, who has been there for years. His name is Gerald Campbell. I am now calling upon the Secretary of State for his recall from the United States because of his personal opposition to legislation that was pending before the American Congress.

I will later refer to a number of instances in the past where foreign diplomats of our own as well as of other countries have been recalled when their usefulness, either to their own country or to the country to which they were sent, ceased.

Mr. Speaker, I waited until the Vinson bill had been signed by the President before calling to the attention of the House and to the Department of State, a letter from a New York friend together with a clipping from the New York Herald Tribune of Tuesday, February 20, 1934, which recounts the presence of several hundred men and women at the Town Hall Club, 123 West Forty-third Street, New York City, at a meeting of the Women's International League for Peace and Freedom, when a resolution was adopted opposing any further expenditures to increase the Navy. The Vinson bill was their target and among the speakers were the British Consul General Gerald Campbell and Miss Estelle Sternberger, executive director of the radical organization known as "World Peaceways."

To further the work of the Women's International League, another radical organization, $529.55 was collected from those present and the league immediately prepared for another meeting in Washington, D.C., to prevent the passage of the Vinson bill in the Senate and also to prevent its final approval by the President.

Organizations like the Women's International League, World Peaceways, National Council for the Prevention of War, American Civil Liberties Union, Foreign Policy Association and others, manage to keep within the law by not broadcasting the destruction of our Government, but they are always found on the borderline of socialism, bolshevism, and communism and while I would not take from any citizen the very broadest interpretation of free speech, I have always regarded these organizations as dangerous to the public welfare and inimical to a proper national defense.

When a foreign diplomat is granted the courtesies of our land, it is certainly expected that he will keep out of political entanglements within the borders of the United States and to do less than this, has in the past justified the immediate recall of a number of them.

Mr. Speaker, I will read into the RECORD an article from the New York Herald Tribune of Tuesday, February 20. February 20 was before the date of the passage of the Vinson Act as you will recall.

The article follows:

WOMEN FIGHT NAVY INCREASE—LEAGUE FOR PEACE OPPOSES FURTHER EXPENDITURES

Several hundred men and women gathered last night at the Town Hall Club, 123 West Forty-third Street, at a dinner meeting of the New York State branch of the Women's International League for Peace and Freedom, adopted a resolution opposing any further expenditures to increase the Navy. They also voted unanimously to endorse the resolution now in the Senate for an investigation into activities of the armaments, munitions, and shipbuilding industries.

Among the speakers were Heywood Broun, columnist for the New York World-Telegram; Gerald Campbell, British Consul General at New York, and Miss Dorothy Thompson, former newspaper correspondent in central Europe. To further its work the league obtained collections and pledges totaling $529.55 at the meeting.

I know that you gentlemen of the House will agree with me that the very broadest possible interpretation should always be placed upon the question of freedom of speech and freedom of the press for American subjects within the United States. We, of course, disagree in many directions with our constituencies and with other citizens of the country, and I have not the slightest objection to their difference of opinion with me on matters affecting the Navy, the national defense, the immigration, or what not, but I do object to a British Consul General making a speech opposing the Vinson bill and interfering with our proper national defense at a public meeting like this, and assisting in the collection of $529 in order to stifle legislation now pending before Congress. This kind of foreign propaganda must be stopped. It cannot be treated too roughly. It usually occurs at one of these so-called communistic or radical meetings.

Mr. DELANEY. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from New York.

Mr. DELANEY. As a matter of fact, it is not confined to these meetings. The gentleman knows from a report we received this morning in the Naval Affairs Committee that the commentators on the air of British origin are passing out this same sort of propaganda and that they have their agents in Washington working on the same problem.

Mr. BRITTEN. I know that was done in a national hookup before the Vinson bill was passed.

Mr. BLANTON. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from Texas for a question.

Mr. BLANTON. The gentleman from Illinois knows that Great Britain is a good friend of the United States and we are their good friend. There are binding ties between us, notwithstanding certain men now in power have forgotten all gratitude, and are not now paying a debt of honor. Because some subject of whom the British Government knows nothing, Maj. Charles MacKenzie-Kennedy, attempts to talk to one of our committees, or because Gerald Campbell in New York attends some pink dinner or makes a speech, that does not have a thing to do with our action here in this Congress.

Mr. BRITTEN. It may.

Mr. BLANTON. Who would be influenced?

Mr. BRITTEN. Oh, there are many organizations that are influenced. The English Speaking Union, for instance, supposed to be composed of Americans wholly, is opposed to our adequate national defense and thoroughly pro-British.

Mr. BLANTON. Let us remember that the British Government is our friend and we are their friend.

Mr. BRITTEN. I hope they will indicate their friendship by paying their debts.

Mr. BLANTON. They have been paying them, and I believe they will pay them. They are being guided by unwise leaders just now, but eventually the thoroughly honest natural debt-paying instinct of the English will reassert itself. I believe they will be one of the governments that eventually will pay their debt to us in full. I have absolute confidence in the honesty and integrity of Great Britain.

Mr. BRITTEN. On yesterday morning the Chancellor of the Exchequer of Great Britain, occupying a position like our Secretary of the Treasury, took the floor and amid the glee of his audience he told them about the reduction of

taxes, about the returning stability of the country and of the renewed prosperity of the country, and at the same time said, "We are not going to pay anything on our indebtedness to the United States."

Mr. BLANTON. That was a temporary aberration of one individual. That Chancellor of the Exchequer is not a true Englishman. Great Britain will repudiate him just as he attempts dishonestly to repudiate their just debt of honor due us.

Mr. BRITTEN. I am talking about a scene in the British Parliament.

Mr. BLANTON. Such a scene is unnatural there.

Mr. BROWN of Kentucky. May I ask if that glee was not shared by the Hearst newspapers?

Mr. BRITTEN. No; it was not. That would be very unnatural.

Mr. BROWN of Kentucky. I judge so from their editorial this morning.

Mr. BRITTEN. It should not be shared by the Hearst newspapers or anyone else in the United States. We should be very seriously concerned about this refusal to pay us at a time when England is exuberant over a surplus of some $200,000,000 this year in their treasury.

Mr. BROWN of Kentucky. I did not mean their refusal to pay. I refer to the glee of the Hearst newspapers which was over the fact that the Chancellor of the Exchequer over there announced a reduction in taxes.

Mr. BRITTEN. I do not think there is a more patriotic organization of newspapers in the United States than the Hearst papers.

Mr. BROWN of Kentucky. I may say to the gentleman that I think the height of demagoguery is reached by the Hearst papers when on the same editorial page they call on us to pay a billion dollars to bank depositors and then call everybody that wants to vote for taxes a demagogue. You cannot cut off all revenue and vote for every appropriation and come out even.

Mr. BRITTEN. I am sure the gentleman will not condone the action of any foreign diplomat to this country when he interferes with legislation pending before this House.

Mr. BLANTON. But do not charge Great Britain with it. Let us just ignore those two fellows who could not influence anybody.

Mr. BRITTEN. I am talking about a foreign service representative of Great Britain. The gentleman from Texas persists in disregarding my position. He evidently does not wish to be enlightened.

Mr. Speaker, in the hope I may get 5 minutes' additional time to tell a story that is very apropos about an incident that occurred on the floor some years ago—

Our dear old friend Martin B. Madden was having quite a heated colloquy with Ben Johnson from Kentucky, an admirable man and a caustic debater. They were equally partisan.

They got into such a heated colloquy here that one would imagine they were going to strike each other and, finally, Mr. Johnson invited Mr. Madden outside, and Martin B. stood up—you all know he had a wooden leg—and he said: "I will say to the gentleman that in fisticuffs I have never been educated, but if the gentleman wishes I will match my wooden leg against his wooden head anytime." [Laughter.]

Mr. COCHRAN of Missouri. Admirable men and both bitter partisans, but gentlemen always.

Mr. BRITTEN. Yes. I agree with the gentleman. I do not object to partisanship on the floor every once in a while. I think it is a good thing.

One of the reasons I am objecting to the speech of this British diplomat is because of the place where it was made, more or less surrounded by radical propagandists.

Communism is finding its way into every channel of American life. Hardly a day passes but what some press association carries the announcement of a vote in some college or a condition at some university or some occurrence where men are assembled where the serpent of communism is grinding from beneath and from within where you cannot see it, with the view of destroying American institutions.

On April 1, just this month, there was a story carried by the Associated Press from San Pedro, Calif.:

ADMIRAL HEARS REDS TRY TO STIR SAILORS TO REBEL

SAN PEDRO, CALIF., April 1.—Rear Admiral Adolphus Andrews, chief of staff of the Battle Force, said tonight an investigation by naval officials of asserted efforts of communists to undermine the morale of the fleet had been ordered.

The investigation followed the arrest of four men on charges of illegally distributing a magazine entitled "Shipmate's Voice", which laid stress on an alleged mutiny in the British Atlantic fleet in 1931.

San Pedro police tonight arrested John C. Britton, 31, at a communist rendezvous and seized a large quantity of pamphlets, magazines, and books, all of which they said were seditious. One of the articles, the officers said, urged Hawaiian labor to organize against the oppression of Yankee imperialism and confiscate canneries, banks, plantations, and other commercial and industrial institutions.

This Associated Press story I just read is from the Chicago Tribune of April 2, and the following day the Universal Service, from Paris, to show you how closely these things are allied, quotes the famous communist newspaper L'Humanite from Paris, as follows:

Communist Party activities in the United States are bearing fruit.

Continuous maneuvers of the American Navy are accentuating the discontent among overworked sailors, who know they are being prepared for death in a Pacific war.

Communist literature is being distributed aboard American ships recalling the British Navy mutiny of 1931. Numerous communist sailors now have cells on the ships.

This proves that the fight against war and for antimilitary works is being carried out vigorously in the United States. It is an example to us.

There is a great danger in allowing an important man who represents a big country like Great Britain to express himself publicly in places like this against legislation that is pending before the American Congress. We do not do it in England, and they should not do it here.

The Chicago Tribune Press Service of March 30 prints a story that is most astounding. It refers to the colleges of the country, the big universities, where our best minds are supposed to be.

The news article says that inquiry among some of the larger universities and colleges of the country indicates that pacifism, socialism, and even communism is gaining considerable ground among the student corps and that the Ohio State University has recently expelled a group of students for refusing military instruction.

Mr. Speaker, at Harvard last week it was reported—at Harvard, the so-called "highbrow" university of America—that 229 students declared that they would refuse to bear arms in any war in which the United States might become involved; 515 stated that they would fight only in case of an attempted invasion by a foreign power.

In other words, they would not fight unless Mexico or Canada or some other country came over here and actually landed on American soil.

Mr. Speaker, 326 were willing to bear arms at any time on the call of Congress. It would appear from these figures that only one third of the Harvard students could be depended upon to show real patriotism in time of need and emergency. According to a statement of the National Council for the Prevention of War (an ultra-pacifist organization), a Nation-wide survey recently conducted by an intercollegiate pacifist organization showed that out of a total of 21,725 students voting, 8,415 took a definite and uncompromising stand against war and the conduct of arms, 7,221 asserted that they would fight only in case of invasion, while 6,889 were ready to bear arms whenever this country became involved in war. Again these figures indicate that but one third of the collegiate student corps can be depended upon in the event of an emergency. It is said that the Nation-wide poll included 65 institutions in 27 States.

I am now calling upon the Secretary of State to look into this meeting held last month and if a British diplomat assisted in the collection of funds to influence legislation pending in Congress, and he is listed in our Congressional Directory which you have before you as an important consul general—if he made a speech attempting to influence legis-

lation and to destroy the American national defense he ought to be ordered out of this country before he is recalled.

That meeting was held for the sole purpose of defeating the Vinson Navy bill and if Consul General Campbell was present and addressed the audience at all, of course his recall should be instituted at once. Delay would but bring criticism upon our own Department of State. This would be too bad.

I am going to cite a few instances of recall in the past. It is not a new or an unusual thing to request the recall of a foreign representative.

Mr. Speaker, in April 1793, the newly appointed French Minister, Monsieur Edmond C. Genet, arrived at Charleston, and before proceeding to Philadelphia to present his credentials to President Washington, he began to fit out and commission privateers to prey on the commerce of Great Britain, in violation of the neutrality of the United States. When he was told that these irregularities should cease, he refused and expressed contempt for the opinion of the President, and questioned his authority. Governor Morris, the American representative in Paris, was instructed to ask for his recall which was immediately granted.

Mr. Speaker, in 1804, the Spanish Government asked for the recall of Charles Pinckney, the American Minister at Madrid. In a letter addressed to Cevallos, the Spanish Minister of State, he (Pinckney) threatened to inform American consuls of the critical state of the relations between the two countries, and direct them to notify American citizens to be ready to withdraw with their property. Our Government instructed Pinckney to come away on leave of absence.

Just see how unimportant this charge and yet he was recalled—

He was protecting American property in Spain and so he was requested to come home because his presence was distasteful to the Spanish Government.

In September 1804, the Marques de Casa Yrujo, Spanish Minister to the United States, proposed to the editor of an American newspaper to oppose certain measures and views of the Government, and advocate those of Spain. Our Government censored his action, as constituting a violation of an act of Congress known as the "Logan statute." He defended his conduct in a note, which he also caused to be published in the newspapers. On the ground of this attempt to tamper with the press, his recall was asked for, through the American Minister at Madrid. Yrujo had married a Pennsylvania lady and remained in the United States although he was substituted by a Chargé d'Affaires.

In October 1809 American Minister Pinkney at London was instructed to ask for the recall of Mr. F. J. Jackson, British Minister at Washington, because of an insinuating letter written by Jackson to the Secretary of State. Lord Wellesley, then Secretary of State for Foreign Affairs, maintained that Jackson did not appear to have committed any intentional offense against the United States Government, but he was recalled nevertheless.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. BROWN of Kentucky. I read last week in a local paper where our Ambassador to Germany made a speech in which he disagreed in effect with their theory of Nazi government, and the paper stated that it was well received.

Mr. BRITTEN. I do not know to what the gentleman refers, but if our Ambassador to Germany made unpopular public statements contrary to the German Government as it now exists, he ought to be recalled.

Mr. BROWN of Kentucky. It was not exactly in that nature; he was addressing them on the conduct of government, and said that it was not his idea of government. Our Government raised no objection, neither has the German Government as far as anybody knows.

Mr. BRITTEN. The request for recall is usually by the country to which the Foreign Service officer is accredited.

Mr. TRUAX. Will the gentleman yield?

Mr. BRITTEN. Yes; for a question.

Mr. TRUAX. The gentleman read a statement that a group of students had been expelled from the university for refusing to take up military training.

Mr. BRITTEN. Yes.

Mr. TRUAX. Does the gentleman know how many students there are in the University of Ohio?

Mr. BRITTEN. No.

Mr. TRUAX. In the neighborhood of 14,000.

Mr. BLANTON. Will the gentleman yield?

Mr. BRITTEN. I wish the gentleman would allow me to proceed for a few moments.

Mr. BLANTON. I have to leave in a few moments to attend a conference on the War Department appropriation bill.

Mr. BRITTEN. I will yield to the gentleman.

Mr. BLANTON. The gentleman doubtless remembers some years ago the Interparliamentary Union met in this Chamber.

Mr. BRITTEN. Yes.

Mr. BLANTON. And there were congressional representatives from all countries here on the floor. I want to ask him if he and every other red-blooded American citizen who attended that Congress was not proud of the British representation on the floor?

Mr. BRITTEN. What has that to do with the subject matter before the House?

Mr. BLANTON. They are our friends. The English are not bad. Our Government has not objected to anything this man Kennedy or this Consul Campbell has said. Leave it to our Government. When our Government objects, let us then raise the question.

Mr. BRITTEN. Oh, I am a part of our Government, and I am objecting to it.

Mr. BLANTON. Oh, no; the gentleman is not a part of this present Democratic Government.

Mr. BRITTEN. The gentleman is mistaken.

Mr. BLANTON. This present Democratic Government is run by——

Mr. BRITTEN. Oh, I know who it is run by.

Mr. BLANTON. The head and leader of this present Democratic Government is in the White House.

Mr. BRITTEN. We all know who runs it. Most of our important legislation is prepared in a little red house in Georgetown. That is where the college boys and even their superiors meet every night to discuss legislation and then prepare it for us.

Mr. BLANTON. No; it is run by an outstanding American down here in the White House, who has a friendly dependable Democratic Congress that backs him up in all of his economic plans for recovery.

Mr. BRITTEN. Yes; he takes a great part in it, but all his legislation is prepared for him by others.

Mr. BLANTON. And he does not need any suggestions from the gentleman from Illinois.

Mr. BRITTEN. Let me proceed now with my precedents. I have no quarrel with Great Britain excepting that Great Britain is occupying a rather unusual position today when she announces to the world that she has a surplus of $200,000,000 this year; when she announces that she is reducing personal taxes in that country; when she announces that her reemployment is going ahead in great strides; when she announces increases in the salaries of employees in Great Britain, and at the same time refuses in the same breath to acknowledge her debt to us, and indicates that she will not include a dime in her budget to pay interest she owes us coming due in June. Then I say that I have a quarrel with Great Britain, just as I would have one with Germany or Belgium or Italy or any other country that has the face to become gleeful over their prosperity and then refuses to pay their honorable debts.

Mr. BLANTON. Oh, eventually, honest Great Britain will pay every cent she owes us, I predict.

Mr. BRITTEN. Will the gentleman endorse her notes?

Mr. BLANTON. I will underwrite the honor of Great Britain.

Mr. BRITTEN. Then, Mr. Speaker, I am sure that the British debt interest will be paid in June of this year even if it has to be paid by the gentleman from Texas himself.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. Oh, let me get on with these precedents. I have only a few more.

Mr. BROWN of Kentucky. Cannot the gentleman find some Frenchman who will underwrite the French debt? [Laughter.]

Mr. TRUAX. What method does the gentleman suggest of collecting these war debts?

Mr. BRITTEN. I do not want to get into the question of the war debts.

Mr. TRUAX. But the gentleman has uttered criticism about it time and time again.

Mr. BRITTEN. I have on two occasions called upon the Secretary of the Treasury to go after France and England for an exchange of the papers which we hold. We now hold notes from Great Britain and France in billion-dollar denominations and under our funding agreement with France and England the Secretary of the Treasury may at any time call upon them for notes of smaller denominations which will compare with bonds outstanding against those nations which are on sale in every mart all over the world, and we could get these in $50, $100, $200, and $500 amounts, and with that paper, running into billions of dollars, we could back up our own finances the world over and be the strongest financial power on earth in every market in the world.

Mr. TRUAX. Has the gentleman offered such a measure in the House?

Mr. BRITTEN. No. It is not necessary to offer the measure. It is in the agreement between our Government and France and our Government and England, and all the Secretary of the Treasury has to do is to notify France that he takes advantage of that part of it and that he wants notes of the smaller denominations. The distinguished Secretary of the Treasury has never seen fit to answer my letter to him concerning this exchange of bonds, which was a personal letter—confidential—and which has never been given to the press. Now that the gentleman has more or less forced it out of me, Mr. Speaker, I will read the letter into the RECORD and I am sorry that it has become necessary to call to the attention of the House the discourtesy to which Secretary Morgenthau has treated my personal letter to him. I read:

PERSONAL

APRIL 2, 1934.

Hon. HENRY MORGENTHAU, Jr.,
Treasury Department, Washington, D.C.

MY DEAR SECRETARY MORGENTHAU: I am enclosing herewith two pages from the CONGRESSIONAL RECORD—the first, January 22, page 1106, at which time I publicly called upon the Secretary of the Treasury to take advantage of the provision in the war debt funding acts by calling upon our debtor nations for an exchange of bonds of small denominations for those we now hold in connection with their so-called "war debts."

On March 23, page 5284, I again called the attention of the administration, and particularly the Democratic Members of the House, to take advantage of this apparent opportunity to improve our financial position with defaulting nations.

Will you be good enough to advise me if your predecessor or you have ever communicated with the debtor nations along the lines suggested and if so, what the results were?

I know that this matter has already been called to the attention of President Roosevelt, though not because of anything which I may have said in the past.

I will be glad to hear from you at your convenience, and with kind personal wishes, my dear Secretary Morgenthau, I am

Yours very cordially,

FRED A. BRITTEN,
Member of Congress.

Mr. TRUAX. Did the gentleman make a similar request of Andrew W. Mellon when he was Secretary of the Treasury?

Mr. BRITTEN. I did not know that condition was in the treaty until I read it a short time ago.

Mr. TRUAX. The gentleman never knew it until this administration came into power?

Mr. BRITTEN. Not until a year after the present administration came into power.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. McFADDEN. The gentleman is aware that I asked the House of Representatives to recall the British Ambassador a year ago, Sir Ronald Lindsay, because of his lobbying in connection with the reduction and nonpayment of the British debt.

Mr. BRITTEN. I did not recall that, but I am glad to have the information.

Mr. Speaker, in 1829 the United States Government had come to the conclusion that the prejudices entertained by a portion of the inhabitants of Mexico against our envoy, Mr. Poinsett, had greatly diminished his usefulness, and had decided to authorize his return home if it appeared to him expedient. But before instructions to this effect could be dispatched the Mexican Chargé d'Affaires presented a request for his recall, which was promptly granted, and a Chargé d'Affaires was appointed to Mexico in place of a minister.

Mr. Speaker, in 1846 Mr. Jewett, the United States Chargé d'Affaires at Lima, became involved in a dispute with the Peruvian Minister of Foreign Affairs, which in an exchange of letters was construed as a discourtesy to the Peruvian Foreign Minister, and Jewett's recall was requested. At that time the United States Secretary of State said:

If diplomatic agents render themselves so unacceptable as to produce a request for their recall from the government to which they are accredited, the instances must be rare indeed in which such a request ought not to be granted. To refuse it would be to defeat the very purpose for which they are sent abroad, that of cultivating friendly relations between independent nations. Perhaps no circumtances would justify a refusal unless the national honor were involved.

Jewett was recalled.

Mr. Speaker, in June 1871, Mr. Fish, the United States Secretary of State, instructed Mr. Curtin, American Minister at St. Petersburg, that the conduct of M. Catacazy, Russian Minister at Washington, both officially and personally, had for some time past been such as "materially to impair his usefulness to his own government and to render intercourse with him, for either business or social purposes, highly disagreeable"; that under these circumstances the President was of opinion that the interests of both countries would be promoted if the head of the Russian Legation were changed; after some little delay, this was done.

In February 1898, a translation of a private letter from Señor Enrique Dupuy de Lome, the Spanish Minister at Washington, to a Spanish journalist friend in Cuba, which had been abstracted from the mails at Habana, was published in a New York paper. The letter contained expressions concerning President McKinley which made it impossible for the Spanish Minister to remain longer in Washington. His recall was requested and accomplished.

While the recalling of a foreign diplomat is a very serious matter, it is not an unusual matter. When a Foreign Service officer goes out of his way to impede legislation, and particularly legislation of such high order, such high importance as our national defense, upon which the life of the Nation depends, I say that that man cannot reasonably stay in this country. His value to his own country is nil from now on; and his value to us, of course, is nil, because we do not want him here.

Mr. McFARLANE. Will the gentleman now yield? Has he not now completed his precedents?

Mr. BRITTEN. I yield to the gentleman from Texas.

Mr. McFARLANE. To whom did the gentleman refer in his statement about the little red house in Georgetown?

Mr. BRITTEN. I referred to the little red house down in Georgetown occupied by Mr. Cohen, Mr. Corcoran, and Mr. Guthrie. Almost every night in the week men like Ferdinand Pecora, Frederick C. Howe, James McCauley Landis, and a number of others—not necessarily of the highest importance, not Cabinet officers, but the men who wrote the Fletcher-Rayburn bill—meet there. The men who rewrote the Fletcher-Rayburn bill are there frequently; the men who rewrote it the third time are constantly meeting there in serious consultation over the affairs of state. All

important legislation is scrutinized and perfected to meet their radical ideals. The little red house in Georgetown is where are held the meetings which promote the communistic legislation we all talk about in the cloakrooms. It is the little red house in Georgetown where every night of the week from 10 to 18 young men of radical minds meet, so-called "young students"; they call them "Frankfurter's hot dogs."

Mr. TRUAX. Would the gentleman prefer the little green house on K Street that owned and robbed the country for 12 years?

Mr. BRITTEN. Mr. Speaker, the little red house in Georgetown is going to stand out like the little green house on K Street stood out some years ago under a Republican administration.

Mr. TRUAX. The color of that house was green?

Mr. BRITTEN. Yes; it was as famous under President Harding as the little Georgetown house is bound to be under President Roosevelt.

Mr. Speaker, every night of the week Prof. Felix Frankfurter's hot dogs [laughter] meet there in this little red house; and they shape not all legislation, not all of certain pieces of legislation, but they shape the elements in the legislation that we refer to as radical or communistic; and the little red house is going to be made one of the historic show places of Washington. The birthplace of legislation that has shocked two continents.

Hundreds of thousands of personal letters and telegrams from every section of the United States to Members of the House and Senate protesting against the un-American provisions in the Fletcher-Rayburn bills for the control and regulation of securities exchanges has caused another complete breakdown in the Roosevelt administration forces, and these bills have been rewritten for the third time in order to appease the popular demand for Federal regulation of the stock exchanges without Federal control and strangulation of every industry in the United States whose securities may be on public sale.

Millions of investment-security holders in the United States expect the Government to enact further legislation for protective regulation and control of the stock exchanges under some form of commission which will understand the complicated intricacies and the inner workings of the stock markets and not by a political commission whose members have little or no first-hand knowledge concerning securities exchanges.

I hope that the administration forces will now agree upon a regulatory commission composed of representatives of the Federal Reserve System, the Department of Commerce, the Treasury Department, the Federal Trade Commission, the Interstate Commerce Commission, the Chicago Board of Trade and the New York Stock Exchange, with headquarters in Washington.

The bills now pending would authorize the Federal Government to regulate and control practically every large industry in the country, notwithstanding the direction of the Constitution of the United States to the contrary. As now drawn, they come very close to the Russian system of nationalizing all industry. It is but a short step to bolshevism.

Mr. Speaker, under the guise of stock-exchange regulation, the Federal Government could strangle any business with which it was not in complete sympathy, politically or otherwise. The Federal Trade Commission would become the most important department of the Government, and the daily value of the securities of practically every corporation in the United States would depend upon the whim of this Federal oligarchy.

The hundreds of thousands of letters and newspaper editorials which have deluged Members of Congress during the past 30 days have been the most constructive criticism of any legislation during my 22 years in Washington, and that is the reason for their success. Unless the Rayburn committee reports a reasonable bill to the House, it will be amended on the floor so as to meet the demand for legislation that will regulate the stock exchange and not destroy it completely.

In the Republican cloakroom of the House it is freely admitted that the Fletcher-Rayburn bills were written by Ferdinand Pecora; James McCauley Landis, Federal Trade Commissioner; Benjamin Victor Cohen, P.W.A.; and Thomas Corcoran, R.F.C.; all disciples of the Felix Frankfurter school of radical thought.

Mr. HENNEY. Is not the gentleman fearful that he is stealing Dr. Wirt's thunder?

Mr. BRITTEN. The name "Wirt" is pretty nearly like Wurtzberger. Wurtzberger and Frankfurter may go well together. We shall see.

[Here the gavel fell.]

ELECTION CONTEST, GORMLEY v. GOSS

Mr. GAVAGAN. Mr. Speaker, by direction of the Committee on Elections No. 2, I call up a privileged resolution in the contested election case of *Gormley* v. *Goss*.

The Clerk read as follows:

House Resolution 346

Resolved, That Edward W. Goss was elected a Representative in the Seventy-third Congress from the Fifth Congressional District in the State of Connecticut and is entitled to a seat as such Representative.

Mr. GAVAGAN. Mr. Speaker, unless Members on the other side want a discussion of this case, I have no desire to use any time.

Mr. SNELL. Move the adoption of the resolution.

Mr. GAVAGAN. Mr. Speaker, I move the adoption of the resolution.

The resolution was adopted.

A motion to reconsider was laid on the table.

ORDER OF BUSINESS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes.

Mr. SNELL. Mr. Speaker, reserving the right to object, and I shall not object, I wish to ask the gentleman from Tennessee whether there will be other business transacted this afternoon except speeches of gentlemen who desire to address the House?

Mr. BYRNS. There will be no further business to come before the House except requests to address the House. Inasmuch as we are in session we thought it would be a good thing to let those who wish to speak address the House for at least a reasonable time.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. JENKINS of Ohio. Has any program been determined upon for tomorrow or Monday?

Mr. BYRNS. There is nothing to come before the House tomorrow, that I know of. Monday will be District Day. Tuesday morning it is expected to take up the nationality bill, with which the gentleman is familiar.

Mr. JENKINS of Ohio. A while ago the gentleman from Tennessee secured permission for the gentleman from New York [Mr. SIROVICH] to address the House for an hour on Tuesday. The Dickstein bill was to have been brought up today, but for apparently good reason it was not brought up. For fear that it might come up sometime when my duties may call me from this Hall I wish to state that heretofore I have been one of the chief opponents of that bill. On several different occasions I have objected to and have made speeches with reference to the principle involved in this bill, and I have predicated my opposition upon the fact that the Secretary of State's office and the Secretary of Labor's office were opposed to the bill. I understand that they have receded from their position and that they are not in opposition to the bill at this time. I never had any personal opposition to it, but I felt that so long as the Department of State and the Department of Labor were opposed to it because of complications that might arise from its administration we should be slow to load these Departments with this unwelcome work. May the RECORD show that even if I am not here I, too, have withdrawn my opposition to it because of their withdrawal. So far as I am able to see I do not see any serious menace in this bill from the standpoint of letting in any additional immigration.

I have always opposed letting down the bars. If the Departments of State and Labor wish to have this bill enacted the responsibility is theirs.

Mr. SABATH. The gentleman is ready to follow the Democratic Secretary of State.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ANNUAL MEMORIAL SERVICES

Mr. CROWTHER. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from New York.

Mr. CROWTHER. Mr. Speaker, the annual memorial services for deceased Members will be held on the 27th. I ask unanimous consent that such Members of the House as desire to contribute eulogies to the annual memorial book following the services may be allowed to extend their remarks without further application on their part. When the eulogies are ready may I request the Members of the individual States who have lost Members during the last year to see that the eulogies are handed to the official reporters in order that they may be promptly put in the book following the close of the services.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BYRNS. Mr. Speaker, may I say a word for the information of the gentleman from New York [Mr. SNELL]. I stated a moment ago that there was no other business to be transacted this afternoon. The gentleman from New York [Mr. GAVAGAN], who is chairman of the Elections Committee, informs me he is waiting for a report in the Chapman-Burnham case, and if that comes over he should like to call up the report. Further than that I know of no business that may come before the House.

LOSSES OF BANK DEPOSITORS

Mr. PATMAN. Mr. Speaker, I asked for this time in order to discuss three proposals. One is the income-tax-publicity feature of the revenue bill. The other is the McLeod bill, and the third is the bill pending before the Banking and Currency Committee providing that after June 30 deposits in all banks will be insured up to $2,500 only and not for the full insurance provision, as now embodied in the law, which will be effective on June 30 if the law is not changed.

LITTLE RED HOUSE IN GEORGETOWN

First, I desire to refer briefly to what the gentleman from Illinois [Mr. BRITTEN] has just stated. He referred to a little red house over in Georgetown. His story sounds very much like another Dr. Wirt story. Just about as much to it. I presume that the gentleman was reminded of a little red house in Georgetown by his knowledge of what happened in a little green house on K Street during previous Republican administrations. It has been said, it is true, that this administration is tending toward helping the people too much, just the masses of the people, just the plain folks. The administration is even being accused of taking advice from people who are inclined toward socialism. Personally I much prefer that accusation being brought against the administration than having the charge made, as has been made during the 12 years preceding the present administration, that Wall Street and international bankers were absolutely controlling the administrations in power. That was a fact and was proven true in many instances. We all knew of the situation. Their activities were partly directed by a little group in the little green house on K Street. I do not know how many red houses may be found in Georgetown, but I do not believe they will find a clique, clan, or organization that is dictating the policies of the present President of the United States. Disclaiming the right to speak for the President, as I do not have the right to speak for him, I can give you my views.

NO "BRAIN TRUST" CONTROLLING PRESIDENT

There is no "brain trust" controlling the President of the United States. It is true that he seeks the advice and counsel of well-informed men in this Nation, which he should do, and after he gets their advice and counsel and the benefit of the information they have, he makes up his own mind. He goes against some of them every time he makes a decision. There is no "brain trust" that I know anything about, or that anyone else coming in contact with the administration has told me anything about, and which is controlling and dictating the policies of the present President of the United States. One thing is sure, no President has done more for the poor, the wage earners, the low-salaried people, and the farmers. He has upon more than one occasion taken the side of the plain people and hit Wall Street and international bankers squarely between the eyes. His policies have saved the homes of millions of people; refinanced, scaled down, and reduced the interest rates on home and farm mortgages; have given jobs to millions, fed and clothed the destitute, helpless, and unfortunate. He continues to go straight down the middle of the road for the people. He has reestablished and is putting into effect the old slogan of "equal rights to all and special privileges to none." No other President has made a greater effort to carry out the intention of the framers of the Constitution than President Roosevelt. Our President's policies are in the interest of the people who produce the Nation's wealth, and I am glad he is not following the advice of the gang that has robbed and plundered this country.

Mr. OLIVER of New York. Will the gentleman yield?

"BRAIN TRUST" BETTER THAN "BRAINLESS TRUST"

Mr. PATMAN. I yield to the gentleman from New York.

Mr. OLIVER of New York. Is it not a fact that whatever "brain trust" there is at the present time succeeds the "brainless trust" existing previously?

Mr. PATMAN. That is very true. Whatever "brain trust" the President has, as the gentleman suggests, succeeds the "brainless trust" heretofore existing.

Mr. SABATH. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

ADVICE OF HONEST REPUBLICANS WILL BE CONSIDERED

Mr. SABATH. Is it not a fact that the President is willing to take advice from any and every honest Republican whenever he can find one if they have the interests of the people at heart?

Mr. PATMAN. I am sure that is true. I have no right to speak for the President, but if he can find a Republican, as the gentleman says, who is honest and has the interests of the people at heart, I am sure the President of the United States will be very glad indeed to listen to him.

Mr. ALLEN. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Mr. ALLEN. Does not the gentleman believe that the people would feel better if he would take the advice of such men as Owen D. Young, Carter Glass, Newton Baker, Charles M. Schwab, and men of that caliber?

Mr. PATMAN. I did not yield to the gentleman for a speech.

Mr. ALLEN. I am asking the gentleman a question.

Mr. PATMAN. I think he has a right to select his own advisers and to take such advice as he desires to take and to exclude that which he does not desire to take. I understand that is what he does.

Mr. ALLEN. Does not the gentleman feel that the people of the country as a whole would feel better if he would take advice from men of that type?

Mr. PATMAN. The people as a whole will be pleased with what the President does. It was just such policies as some of those men advocate that caused us to be in the condition we are in today.

Mr. ALLEN. Advice of men like Carter Glass and Owen D. Young.

Mr. PATMAN. I am not going to get into personalities, but I do not agree with the policies of all of the men that the gentleman has named; however, I am not going to get into personalities.

The people are now getting an honest deal along with the new deal. The little red house story is all imagination; it has been created in the fertile mind of the gentleman from Illinois [Mr. BRITTEN]. He and others who desire to destroy a President who does not agree with them politically are

compelled to seek something else to talk about, since their Wirt bubble has blown up.

Mr. BLANTON. The gentleman from Illinois would want to include, I am sure, Andrew W. Mellon in his list.

MELLON'S FLIGHT TO ENGLAND

Mr. PATMAN. Yes. It was due to policies of such men as Andrew W. Mellon that caused the people of this country, the farmers and wage earners to be crushed. If Mellon had not fled under fire to England in order to get away from this country when his unlawful activities and criminal acts were being exposed, much crookedness and corruption would have been exposed a long time before it was. The Republican Party shielded and protected him. The leaders of that party assisted in getting him out of the country between suns. They denied me the right to turn on more light in the impeachment trial.

Mr. ALLEN. Does not the gentleman feel the fact that those men are college professors sort of disqualifies them from offering suggestions?

Mr. PATMAN. I do not think that enters into the matter. I know some mighty good college professors.

Mr. ALLEN. If they had taught school for a few months, that would qualify them.

Mr. PATMAN. I do not think the question of their being college professors or not enters into the suitation, except insofar as it may qualify them for the positions they hold. If I were compelled to take the advice of college professors or bankers, including Mellon, Morgan, Mills, Myers, Wiggin, and others, I should prefer the professors'. They are not accused of trying to promote their own interests. We know the other group that had charge of the country prior to 1933 did promote their own interest to the detriment of the general welfare. No one accuses the professors of being selfish or greedy, and I think the President has gotten much better advice and information from them than he would have gotten from those representing the school of thought that brought this country to the brink of ruin and revolution. The principal objection that is being urged against President Roosevelt is that he has taken the Government out of the control of a few greedy bankers. I do not consider his action in this regard objectionable but highly commendable. As between unselfish professors and greedy bankers I am 100 percent for the professors.

M'LEOD BILL

Now, with reference to the banking situation and the McLeod bill in particular, there is some agitation in this country, a great deal of agitation, for our Nation's credit to be used in a more helpful way for the benefit of all the people. This can be done. A few of the larger banks of the country have used the credit of this Nation to very great advantage.

BANK PAYING 200-PERCENT DIVIDEND ANNUALLY

I do not know whether the gentleman is from Pittsburgh, Pa., or not, but there is a bank in Pittsburgh that is owned by Mr. Mellon that has been paying 200-percent dividends a year for many, many years, and in addition to this paying the president of the institution $175,000 a year on a capitalization of $1,500,000. Why? Because they were able to use the credit of this Nation free.

BLANKET MORTGAGE

Now, what is the credit of this Nation? Every bill—currency—that is issued represents a blanket mortgage upon all the property of all the people of this country and upon all the incomes of all the people of this country, and the people who are privileged to use this great credit and use it free of charge, not paying anything for it, have a great advantage over the other people.

The people of this country are beginning to find this out, and they object to it. They want some kind of change made, hence all these different proposals that are made for all the people to use a part of the Nation's credit.

IDIOTIC MONEY SYSTEM

Another thing that brings this about is that bonds are issued, tax-exempt, interest-bearing bonds, by our Government and sold to certain banking institutions. Sixty percent of these bonds that are issued by the Government, I understand, are owned by the banks now. These bonds are issued and sold to the banks, the banks merely giving credit on their books for the bonds. They turn right around and put the same bonds up with the same Government that sold the bonds to them and get new money issued in return for these bonds, using these bonds as collateral security for the issuance of money, and at the same time they use this money they get interest on the bonds that are deposited; in other words, money issued on the Government debts. What the people cannot understand is why not issue the money direct and leave out the tax-exempt, interest-bearing bonds. They cannot understand why we must give certain bankers a bonus or subsidy for the use of our own Government's credit.

Mr. GLOVER. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. GLOVER. I noticed in the statement yesterday that I received from the Treasury Department, where the Treasury and the Reserve banks have seven and a half billion dollars or more of gold in the Treasury. With the 40-percent gold reserve we have had all the time under the gold standard we could issue now something like $10,000,000,000 in money. Would not the gentleman think that instead of selling interest-bearing bonds, the proper thing to do would be to issue the currency and meet the demands of the Nation without selling bonds?

FIFTEEN BILLION DOLLARS COULD BE ISSUED NOW ON GOLD SUPPLY

Mr. PATMAN. Since the revaluation of the gold dollar we have sufficient gold in the Treasury that belongs to the Federal Reserve bank and to the Treasury, jointly, that can be used as a 40-percent gold base for the issuance of an additional $15,000,000,000 at this time. This should satisfy the most reactionary gold advocates and most reactionary advocates of a metallic base for the issuance of money. This will not satisfy the gold advocates. It is not gold they are so much interested in; it is keeping the amount of money down to the minimum. With little money and much credit they can control the monetary situation. They cannot control if too much money is used to take the place of credit.

So the point is, Why should we pay interest on bonds to get money when we have a sufficient base to issue that money?

VOLUME AND VELOCITY OF MONEY

In this country in the last 2 or 3 years, or since 1929, there has been a deflation. Remember, our circulating medium is not only just money of about $5,000,000,000 or $5,500,000,000, but it is represented by what some prefer to call deposit currency, which is deposits in banks of the country, which are used daily by the issuance of checks. They enter into our circulating medium and serve the same function as money, and about 90 percent of our business formerly was done through the use of checks. Therefore, if you will take the figures for 1929 and add up the amount of deposits in banks that is used as currency and then you add to that the actual money in circulation, you will find that we had about $60,000,000,000, and that this $60,000,000,000 was turning over 22 times a year, and representing business transactions aggregating $1,300,000,000,000 a year. You can ascertain for yourself how much business it was doing. Every dollar was doing $22 worth of business a year. Now we have almost $20,000,000,000 less than that and it is turning over only 11 times a year, and doing less than $500,000,000,000 of business. Therefore, there has been a deflation in the actual use of money now as compared to 1929, of more than $800,000,000,000. It is not just the volume of money, it is the velocity as well, and you must have some way of getting this money and credit to turning over.

BILLION-DOLLAR FRANCHISE

We must make up for this great deflation in some way, the banks are not letting the people have money. Industry wants to borrow money, but it cannot borrow the money. Somehow or other they do not have the security to offer that the banks will accept, and as pointed out by my good friend, JEFF BUSBY, of Mississippi, many times, the banks of

this country are not even under an obligation to furnish the people a sufficient circulating medium. They are not obligated to do this, although they have been given this great privilege, the greatest privilege on earth, a franchise that is worth billions and billions of dollars, but when we gave them this privilege we did not even obligate them to furnish this country sufficient circulating medium.

It has been farmed out to private individuals, this great privilege, which under the Constitution belongs to Congress. We turn it over to private corporations for their own benefit without any obligation to furnish the people with a circulation medium.

Mr. KENNEY. Will the gentleman yield?

Mr. PATMAN. I yield.

GOVERNMENT SHOULD TAKE OVER FEDERAL RESERVE

Mr. KENNEY. Does not the gentleman think in this period of deflation that we might extend that privilege to the Federal Reserve by setting up a new agency of the Government an institution that might take over the bonds?

Mr. PATMAN. Yes; but I think the Government should take over the Federal Reserve first. There is no reason why the Federal Reserve banks, which are owned by private corporations, should be allowed to have the privilege of issuing currency in this Nation free of charge.

Mr. KENNEY. I wanted to ask the gentleman if it is necessary to do that?

Mr. PATMAN. I think the Government should take over the Federal Reserve, which is being used by private corporations.

DEPOSITORS' BILL

Now, when I first saw the McLeod bill and heard that it was an expansion measure, I thought I would give it a good deal of consideration. But I am not willing to endorse a bill simply because I believe it is an expansion measure. The McLeod bill is based on the assumption that the monetary system was wrong, and because it was wrong, wrong instructions were given to the bank examiners, and they gave these instructions to the officials of the banks, and those banks by reason of these instructions had to close their doors and the depositors lost money. Therefore the Government monetary policy is wrong, and we should make good those losses.

WHY STOP AT 1930; WHY NOT 1920?

If it could be shown that by reason of the negligence of an official of this Government a depositor lost his money, I would be willing to pay; but just to pay them on the general theory that the policies that were in effect at that time were wrong is going rather far; in fact, too far. Further, why say that you will pay depositors back to 1930? There is no argument for that that would not equally apply to depositors back in 1920.

WRONG MONETARY POLICY COMMENCED IN 1920

This wrong monetary policy commenced in 1920, when the other body passed a resolution calling upon the Federal Reserve Board to deflate the currency. The Federal Reserve Board ordered deflation policies to go into effect, and caused the price of cotton to go down from 40 cents a pound in May 1920, when the resolution was passed, to 7 cents, 4 months later, and wheat to go down from more than $3 a bushel to $1.40. Why should we not go back to the time this deflation started, that has caused all these banks to break? Why go back only to 1930?

CAN ANYONE BE FOUND WHO RELIED UPON WHAT MR. HOOVER SAID?

Some of our friends suggest that Mr. Hoover made some speeches and in those speeches he asked the people to bring their money back to the banks and not to hoard their funds, but to put their funds in the banks and let the money go again into channels of trade and production. They say that the people heeded that call and put their money back into the banks, and that the banks were closed and that they lost their money. It is possibly true that in some rare instances people did put their money back into the banks, but my best recollection is that when Mr. Hoover made those speeches they drew the money out rather than put the money back in. I do not think that you will find where the deposits increased by reason of any speeches made by Mr. Hoover against the hoarding of money.

In other words, the money went the other way. You will find where the postal-savings deposits increased, and increased tremendously, along about that time, but the deposits in banks did not increase by reason of any speeches made by Mr. Hoover; and if anybody should come to the American Congress and say that they listened to Mr. Hoover's speech and believed what he said was true, and, acting and relying upon that promise and believing it was true and that they intended to help the country they put their money back into the banks and lost it for that reason, then I would be willing to pay them; but I do not think you will find many like that.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

COST OF M'LEOD BILL

Mr. PIERCE. What will the McLeod bill cost us?

Mr. PATMAN. I do not know what it will cost. I would not object to the cost if the principle were good. I should like to see two or three billion dollars or more than that put out in actual money. If it should cost even $5,000,000,000, and the principle were good, I would be for it. but it is not sustained by logic and reason. You cannot say that you are going to pay depositors of national banks because the monetary policy of our country is wrong, and not pay the depositors of State banks and of private banks, of Federal land banks, of building-and-loan associations, and joint-stock land banks, or the stockholders of the closed banks. If the Government is liable to the depositors, is it not also liable to the stockholders of the banking institutions?

The SPEAKER pro tempore (Mr. BEAM). The time of the gentleman from Texas has expired.

Mr. BANKHED. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended for 15 minutes.

The SPEAKER pro tempore. Is there objection?

Mr. WEIDEMAN. Mr. Speaker, I reserve the right to object. I should like to have 10 minutes after that.

Mr. BUSBY. Mr. Speaker, I want to obtain a little time, although I do not want to interfere with these valuable discussions.

Mr. WEIDEMAN. I should like to ask unanimous consent for 15 minutes.

The SPEAKER pro tempore. The question is, Is there objection to the request of the gentleman from Alabama that the time of the gentleman from Texas be extended for 15 minutes?

There was no objection.

CAN GOVERNMENT PAY ALL LOSSES

Mr. PATMAN. Mr. Speaker, the joint-stock land banks have been under Government supervision and the Federal land banks have been under Government supervision; and if you are going to pay everybody who lost money by reason of some concern that was under governmental supervision, directly or indirectly, it will soon lead you to pay for all of the losses of the American people—and who is going to do it? Mr. Insull will probably be happy to know that the Government is considering the adoption of such a policy. If you are going to pay all those concerns that I have mentioned, then it will be said that the monetary policy caused the stock-exchange collapse in 1929, and their theory will be supported by as much logic and reason; and if the monetary policy of this Government caused the banks to close down on the people who were borrowing money from them, and the brokers' loans went from billions and billions of dollars down to just a very small sum in a short time and caused the collapse of the stock market, do not you think that one who owns stock could say that the Government's monetary policy caused this and, therefore, the Government should pay him his losses? They would have the same reason to support their contention as you have in the McLeod bill.

Mr. HEALEY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. HEALEY. The gentleman does not mean to put the depositors in banks in the same category as these persons who speculated in the stock market?

DID HOOVER'S SPEECHES CAUSE DEPOSITORS TO LEAVE MONEY IN BANKS

Mr. PATMAN. No, I do not, but I am talking about the principle. The depositors in banks, they claim, could have gotten their money out, and when Mr. Hoover made these speeches, although they did not bring any money back, yet some of them would have taken their money out if Mr. Hoover had not made those speeches. Let us analyze that statement. Let us see how much truth there is in that and how much reason there is to support it. In this country when Mr. Hoover made those speeches we had more than $45,000,000,000 in deposits in the banks of the Nation. Suppose those depositors had wanted their money and had gone to their respective banks and called on the bankers for that money, could they have gotten it? No; they could not. The banks would have been closed instantly. The banks had only $700,000,000 in the vaults of all of the banks of the country with which to pay that $45,000,000,000. They had less than $2 for every $100 that the banks owed the depositors of this country, so how can they claim, with any logic and reason to support their arguments, they would have drawn their money out had they not been led to believe by Mr. Hoover that it was against their interest and the country's interest to do so?

In other words, they could not have done something that was absolutely impossible for them to do under any circumstances. The banks did not have the money to pay the depositors, therefore they could not have drawn their deposit money out of the banks.

Mr. LEE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. LEE of Missouri. If we proceed to pay off these people who lost their money in the banks, the next thing will be to pay off the people who bought Cities Service to the extent of $1,100,000,000, to pay off the people who bought Insull stock; and the Government never would get through paying off these people who have been defrauded and robbed during 12 years of the Republican regime.

BAD PRECEDENT

Mr. PATMAN. The same theory and the same principle that supports that argument will support the liquidation by the Government of practically all the debts which are owed by the American people; and who is going to do it? I should like to see these people get their money; I should like to see these banks open. We need banks, they are very necessary and highly essential institutions. I should like to see their doors open again; but if you are going to distribute money because people need money, there is a better way of doing it than by paying off the depositors of the banks.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PARSONS. Would not a good way to open these banks be to have the Government take their preferred stock as is being done by the Reconstruction Finance Corporation, and open these institutions, having the depositors waive a certain percentage of their deposits, making the balance available to them?

FAVOR HELPING THE BANKS OPEN

Mr. PATMAN. It would be well to do this: Let the Government appraise the assets of every closed bank and be liberal and generous in the appraisals. Then let the Government take over those assets dollar for dollar and put up that money for preferred stock or new capital in order to reopen the banking institutions. Then do not let the depositors come there and collect 100 cents on the dollar, 25 cents on the dollar, or any other amount on the dollar, except when the bank can safely pay the depositors but let that bank continue to function and collect its obligations, and as it does that to pay off their depositors. To handle the situation in this way would be doing the depositors a favor and would not result in any great loss to the Government of the United States.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PIERCE. Practically that very thing is being done today in the West—in Oregon at least.

Mr. PATMAN. The Reconstruction Finance Corporation has a right to do that.

Mr. PIERCE. That has been done in hundreds of cases.

UNLIMITED APPROPRIATION TO UNKNOWN SOURCE

Mr. PATMAN. The gentleman realizes that we should not issue blanket authority to take one or more billions of dollars from the country's Treasury to pay off depositors in closed banks.

In the past when we have had under consideration an appropriation bill for public works, it has always been the custom to allot the money so we would know exactly how it was going to be spent. That is one of the best ways on earth to expend public funds. It would be a very unreasonable thing for us to authorize the issuance of $2,000,000,000 or $3,000,000,000 just to pay the depositors in closed banks.

What are you going to say to your constituents when they ask you what banks the money went to? All you can say is: "I do not know; we are just paying them off." Some banks' assets are worth 90 cents on the dollar; some banks' assets are worth 5 cents on the dollar; some banks' assets are absolutely worthless where the officials of the bank had stolen the money, confessed, and been sent to the penitentiary for their crime. Under this plan we would be paying them off and when they got out of the penitentiary they would even get their own deposits paid by the Government of the United States. There is no logic or reason to support any such argument as that. There is no logic to back up the argument that is made that the Government of the United States should stand those losses back to 1930. We should reappraise those assets and further help them out as the R.F.C. is doing. The McLeod bill would cause more tax-exempt, interest-bearing bonds to be issued to pay these losses.

FARMERS LOST $20,000,000,000 BY DEFLATION

If you insist on paying losses now, do not stop at 1930; go back to 1920, when this thing started. We have lost 10,000 banks since 1920. It is not right to pay them off for the period back in 1930; go back and pay them off back to 1929, 1928, 1925, 1922, or 1921; go back to the time this thing started; in 1920.

And remember that the farmers came in for a loss. The value of their property prior to this deflation was $77,000,000,000. Immediately after the deflation it was only $57,000,000,000. The farmers have lost their lands; the farmers have lost their homes; and if you are going to pay losses, do not forget to pay them, because the monetary policy which caused losses to the banks is the policy which caused losses to the farmers.

Do not forget the cotton farmer who had on hand cotton worth 40 cents a pound, which, by reason of this monetary policy which caused losses to depositors in banks, depreciated in value to 5 cents a pound. Other producers will have similar claims.

Mr. CARPENTER of Kansas. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CARPENTER of Kansas. Why stop at 1920? Why not go back to 1900, to 1890, to 1885? Once you start this policy of paying losses is there any logical place to stop?

Mr. PATMAN. You will find that from 1913, from the time President Wilson came in until he went out, there were very few banks closed.

You will find for the 10 years after that that more than 10,000 banking institutions in this country closed.

Mr. CARPENTER of Kansas. Banks closed in 1890 and 1885. We have claims of various kinds coming here all the time from away back there.

Mr. PATMAN. The gentleman may contend that we should should go back to 1800 or 1789. If the McLeod bill passes it will be a precedent for bills aggregating inconceivable amounts to pay losses.

INSURANCE CLAIMS

Mr. BLANTON. Why not pay all the insurance debt claims which in the last 10 years people have been forced to settle for as low as 5 cents on the dollar if we are going to start in to pay losses? Many of them have been settled on that basis. Our people have lost millions and millions of dollars on claims settled on that basis.

Mr. PATMAN. They claim it is this monetary policy that caused that condition to arise. They claim that their banking institutions went broke, which broke them, therefore they are broke and cannot pay the people who have claims against the insurance companies. So if you are going to pay the depositors, why not pay the policyholders that have just as good claims? Whenever you pay people on a broad principle through just a blanket appropriation bill, just to pay somebody, it is not very good judgment, as I view the matter. You should know where the money is going, to whom and why, before paying out funds of the United States Government.

The claim is made that by reason of the contraction and deflation of credit and currency, banks were destroyed and the banks being destroyed, the investors were destroyed. If you pay one, pay all of them.

WILL TAKE $200,000,000,000 TO PAY ALL LOSSES

Mr. ARNOLD. Applying the principles of the McLeod bill in other lines, has the gentleman any idea, or can he give us any information as to the probable amount of money it would take in order to pay off all of these losses that have been suffered?

Mr. PATMAN. I would estimate roughly a couple of hundred billion dollars. That is a rough estimate. That includes all the farmers' losses, the losses on the stock exchange, and the national banks, State banks, private banks, building-and-loan companies, Federal land banks, joint-stock land banks, and all other losses of the people. I presume the aggregate would be at least $200,000,000,000. The national wealth, of course, is not as large as it used to be.

Mr. HASTINGS. What argument is advanced in support of the date, January 1, 1931, as indicated in the bill?

Mr. PATMAN. I do not know. If anyone knows why that date is in there, I wish they would tell us. Mr. McLEOD, the author of the bill, is here, and I will yield to the gentleman to tell us why the date, January 1, 1931, was put in there.

Mr. McLEOD. I did not put the date in there.

Mr. PATMAN. What date is the gentleman in favor of?

Mr. McLEOD. My theory is all banks in receivership today.

Mr. PATMAN. What about the closed banks that are not in receivership? Why discriminate against them? They have the same kind of claims. They lost their money in the same way by reason of the same kind of policy's being put into effect by our Government.

Mr. McLEOD. I am just answering the gentleman's question. I thought the question was what did we provide? I said we provided for banks in receivership today. I understand there will be amendments offered suggesting a date.

Mr. PATMAN. There is one thing you cannot escape. If we are going to pay these losses on the theory claimed here, we cannot start in 1930. We will have to go back at least to 1920. We would be discriminating against depositors in other banks if we did not do that. We could not confine it just to national banks. We would have to include all these other financial institutions. I am informed that many of them were under the same kind of governmental supervision that the national banks were. Of course, when you do that you might just as well not consider the matter further.

Mr. DONDERO. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. DONDERO. The gentleman always wants to be fair. The McLeod bill only applies to national banks now in active receivership. I understand that under the figures that have been given only about $1,800,000,000 would be required.

Mr. PATMAN. I do not object to the $1,800,000,000. I should like to put twice that much money in circulation in the country, but I am not going to ask to put it out on any such theory as that, and I am not in favor of issuing tax-exempt interest-bearing bonds in order to get the money. If you want to distribute money, there are better ways of distributing it than paying it to these depositors.

THE M'LEOD BILL

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCHULTE. Mr. Speaker, relative to the McLeod bill, I was one of the Members who signed the petition to bring the McLeod measure out on the floor and to discharge the committee. The reason for my doing so was that I felt a great many people would be benefited by this particular piece of legislation.

However, upon going into the McLeod bill and analyzing it throughout, I find it takes care of only those who were fortunate enough to deposit their money in national banks or banks of the Federal Reserve System and it does not take care of those institutions which were State controlled or privately owned.

Since the McLeod bill was introduced another measure has been designed and introduced by Representative BROWN of Michigan. This bill is known as the "Brown pay-off bill." Each measure is of tremendous interest to my people and myself; however, I am more interested in the Brown bill because of its more far-reaching scope to include all banks. Without the least bit of reflection on the worthy purpose of the McLeod measure, I feel that from the standpoint of service to the people the Brown bill is the most honest, and fairest and most equitable measure introduced thus far; a bill which should receive the support of every Member of this Congress.

I am for the Brown bill because it is designed to give relief to depositors of State and private banks and trust companies; whereas, the McLeod bill points only to national and Federal Reserve banks. In my district there were five State banks to every national or Federal Reserve institution. It is obvious, therefore, that to give relief to the majority of the people, depositors of State banks and trust companies must be included.

I do not represent a rich district; my people know the penalty of toil; they know the drudgery of long hours and small pay, and they know what it is to sacrifice in order to save for a rainy day. People of the great Calumet district are thrifty and all indications of their thrift could be seen in the millions upon millions of dollars that were put into saving deposits in the fifty-odd banking institutions prior to the depression.

But one day the depression struck and the people of my district felt, among the first, the full force of the depression; banks crashed on all sides, and men and women, old and young, found themselves penniless. They were not to blame, but were the innocent victims of laxity in government. That created a state, I am sorry to say, which has been endured by my people and your people for the last 4 years. Nothing has been done about this until this Congress, under the great leadership of our admirable President, has shown the way.

While I signed the petition asking for a vote on the McLeod measure, I sincerely feel the Brown bill is a measure designed for all the people of this Nation. And I can assure you that my people back home feel the same way as is attested by the hundreds of letters which I have received regarding it.

Supporters of the McLeod measure have advanced the theory the Government is responsible for losses by depositors. I feel that this theory is wrong. The directors and stockholders alone are responsible. There can be no question about it.

I do not think the McLeod bill goes far enough, because it only provides for a pay-off of depositors of Federal Reserve banks. It does not give any consideration to the thousands

of depositors of State banks and trust companies and private institutions which abounded in my district and every district in the United States. The McLeod bill would pay off the big depositors who had large deposits in Federal Reserve banks and would completely ignore the little fellow—the depositor who today is feeling the pangs of starvation and want and cannot buy the necessities of life or the medicine for his baby because his savings are tied up in banks whose doors may be locked forever.

On the other hand, the Brown bill provides that all deposits up to $2,500 be paid in full in cash. It also provides the banks may borrow up to 85 percent of the present value of the remaining assets from the R.F.C. and pay it to the remaining depositors. Because the Brown bill comes within the liberal, progressive policy of the Roosevelt administration, I feel that we can support it whole-heartedly and unqualifiedly, as it is a bill which will render the maximum amount of relief to the greatest number of people everywhere who were prudent enough to trust banks but who are now suffering misery and misfortune everywhere.

Also, the Brown measure will cost only about one third to one half as much to administer as will the other bill; yet, at the same time, the Brown bill will pay off in full 96½ percent of the depositors in all the banks; that is, national and Federal Reserve banks, the State and private banks. It will bring relief which will be a Godsend to the majority of the people because it will pay off in full 19 out of every 20 depositors. This is true because of the fact that 96½ percent of the depositors have only 23 percent of all the money on deposit and 3½ percent of the depositors have 77 percent of the total deposits. Summing it all up, 3½ percent of the large depositors have over three fourths of all the money that was on deposit in all the banks.

I feel that now is the time to show the courage and resolution to crack the ice—to break with the past—and adopt this bill for the general welfare, not only of my people but for all people under this Government; for, obviously enough, people everywhere must have suffered some loss through bank closings.

This willingness on the part of our Government to help our people in this way is certainly above the anarchy and chaos of undisciplined individuals' interest. The prompt, vigorous, and intelligent administering of this measure will go farther towards helping the debtor, the creditor, the farmer, and worker and management than anything else at present. It will inspire people to save again; it will give our people a newer and higher confidence in mankind and our Government and it will certainly tend to make business relations and credit relations bigger and broader between our people.

There is no reason to fear that legislation of this kind will not have far-reaching beneficial effects. The new deal administration has enacted many changes in Government which have served as a great credit to our people; for example, cognizance has been taken of the ironical spectacle of the depression—which presented the paradox of surplus crops and industrial output and of bulging warehouses coexisting with an appalling ratio of unemployment and idle plant capacity. The new deal has made a real effort to solve the stupid enigma of human suffering amidst plenty.

The new deal has done much for our people. No one can say that the magnanimous leadership of our great President is not recognized everywhere. But there still is work to be done, and I feel that a great deal of this work lies in some solution to help the poor souls who lost their all in bank failures. And I do not mean the bank failures of the thirties, but the failures that occurred back in the twenties. These people who lost their money through no fault of their own should be given some consideration.

The reason I am so interested in this bill is that I feel that it will place the money in the hands of the people who most need it, the people who have suffered and been deprived of the necessities of life throughout this terrific depression. If this bill becomes a law, those people will be able to save their homes, pay their taxes again, now long past due, and will feel the spirit of renewed confidence in their Government.

Knowing the hardship of my people, knowing what they have gone through to save this money, knowing the self-denial of fathers and mothers knowing how they passed up the good things in life because they were saving for a rainy day—and I mean, in a great many instances, denied themselves the necessities of life, so that they would have this money in their declining years—only to have it wiped away during this terrific depression, I cannot but sympathize with them now and hope for some bank pay-off relief.

Many a father and mother, who had thought themselves safe from a dark and dreary future during 1927, 1928, and 1929, found in 1930 that they were on the road to the poorhouse; not through any fault of theirs but through the mismanagement and mishandling of funds by the banking institutions. They found it impossible to go to their children because their children too were without jobs and had lost their money also in closed institutions.

There is no question but that it is a sad picture I have painted here this afternoon, but if there ever was a time when the working people of the United States should unite, this is the time to see that justice is done.

Once and for all, get behind our great leader and help him in the program he has enacted so that we may all once again enjoy prosperity.

JUSTICE DEMANDS THAT CONGRESS ENACT OLD-AGE SECURITY LEGISLATION

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, this Congress has already accomplished many needed reforms in the way of remedying social injustices, but much more remains to be done. We have traveled a long way from the path of rugged individualism, ruthless competition, and unregulated economic piracy which led us into a sorry swamp of financial panic from which this Nation was fortunate to escape without serious consequences.

But the fight is only beginning. Much more remains to be done. Nothing is more vital, in my judgment, to the fulfilling of the new deal in all of its phases than the passage of an adequate old-age pension law. We have enacted much so-called "emergency legislation." It is now time for us to give attention to a problem that demands some permanent legislation to protect our farmers and laborers in their old age.

We have provided funds through the Civil Works Administration and the Federal Emergency Relief Administration to make many needed civic improvements. City parks have been beautified, public buildings redecorated, schools repaired and painted. But the one thing, in my judgment, that would do more to make this great land of ours a more beautiful country would be to pass legislation that will close up forever every poorhouse in the country. And we can do that at an annual cost of a little more than the sum needed to build a first-class battleship.

We have gone a long way from the path of rugged individualism in the past year under the leadership of our great President. We are doing many things now that would have seemed highly improbable and virtually impossible even 2 years ago, before the tide of resentment had turned the old order out.

Two years ago, it would have been declared highly improbable that an old-age pension bill could have reached the calendar of this House for consideration in 1934. Yet that has been done. By a unanimous vote of the Committee on Labor there has been referred to this House for action the so-called "Dill-Connery bill."

That bill is not entirely satisfactory to me and I hope that it will be possible to amend it. I have prepared some amendments I hope will be made. In the first place, I want to see this plan made effective immediately in every State in the Union and my amendments will do that. Pur-

thermore, I feel that it is no more than fair that the Federal Government should increase the amount of its participation with the States over the 30 percent provided in the proposed bill.

It must be remembered that there are now no old-age pension laws in 20 of our States. I submit that it is unfair to these States to require them to wait until their legislatures can enact adequate laws before they participate in these benefits. My plan proposes a way that this can be done and also proposes to permit the people to act on old-age pension legislation by the initiative petition route in those States which have this method of legislation. I have no quarrel to pick with those who wish to have State participation. Neither am I opposed to a plan whereby the Federal Government would pay the entire pension. All I am interested in is getting old-age pension legislation and getting it at this session. I am not in favor of adjourning, even though we stay here all summer, until some adequate old-age pension is put on the statute books.

The committee reporting out this bill has made a very interesting and convincing report. I wish that every Member of this House, whether or not he is now in favor of this legislation, would read that report. It will open the eyes of many as to the real need of this legislation and its fundamental justice.

But I do not think there is any use of discussing the question of whether or not this legislation is justified. I feel that this question is virtually settled in the minds of those who have given the matter any study.

I am reminded of what Mrs. Franklin D. Roosevelt said in an address in this city not long ago, when she declared:

> We do not have to discuss the merits of old-age security. We have come a long way beyond that. We have accepted the fact that old people who have worked but who have not been able to provide for old age have a right to be cared for in the last years of their life.

Any of us can cite a few instances of people we know personally to see the justice of that. The economic crash of the last few years has taught us many things. It is well enough to inquire, Why did not they save for a rainy day? But what of the aged couple who invested their savings in bonds that now are worthless. What of those who invested in stocks that can be sold only for a fraction of their purchase price and which pay no dividends? What of those who invested their savings in a farm which has failed to make enough revenue to pay the taxes? What of those who placed their money in savings accounts, only to have the banks fail? The last 4 years has shown us that no form of investment was safe. More than that, what of the millions of men who have earned salaries of a few dollars a week and have attempted to give their families proper nourishment and clothing and to educate their children? Their meager earnings permitted no great savings.

I submit that we are facing a problem that society alone, through the government set up to protect the weak from the strong and to enable us to enjoy the fruits of life, liberty, and the pursuit of happiness, can adequately meet.

I am no new convert to this theory. I have been advocating protection for our aged for many years, even during the era of rugged individualism, when this problem had not attracted the attention of the public and when it was opposed by many well-meaning persons.

The first speech I ever made on the floor of this House, nearly 8 years ago, was on the subject of pensions. At that time I was opposing a monstrous and unreasonable bill to pension rich Federal Reserve bank officials, many of whom were drawing princely salaries of as high as $50,000 a year.

On that day I stood on this floor and declared:

> We have almost countless aged, dependent, and deserving citizens whom the Congress might well aid rather than rich reserve bank officials.

At that time it was possible to bring on the floor of this House a bill to pension reserve bank officials, but there was not a chance in the world to get an old-age pension bill started in the committee, even. All we did that session on the subject was to discuss whether an old-age pension bill should go to the Pensions Committee or to the Judiciary Committee.

But since that day there have been many changes. More than half of the sovereign States have enacted old-age security legislation. Ten States passed such laws in 1933. Iowa only recently adopted an old-age pension law. States which have this legislation now are Arizona, California, Colorado, Delaware, Idaho, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Utah, Washington, West Virginia, Wisconsin, and Wyoming.

The committee has gathered some interesting information on this subject. Permit me to quote from the report concerning the experience of California:

> Two years' experience with a pension law in California, where over 10,000 people are receiving pensions, shows that the average pension during that period amounted to $22.93 per month. The average annual cost to the taxpayers during the first 2 years amounted to 25.8 cents per capita. It cost every California taxpayer only 17.1 cents per year for each $1,000 of assessed taxable wealth.
>
> The average cost of an almshouse inmate in California amounts to $44.74 per month in comparison with a pension cost in February 1932 of $23.08. In other words, by placing an aged person on a pension instead of sending him to a poorhouse, California is saving $21.66 per month, or $259.92 per year.
>
> The California law has already caused 500 old men and women to leave the county almshouses in the State and has prevented over 4,000 aged persons from entering the poorhouses in the last 2 years of depression. The California experience shows conclusively that if only half the present pensioners were cared for in almshouses the cost would be as great as the amount spent today to support twice that number through a system of self-respecting pensions.
>
> Practically all county boards in California administering the old-age pension law are enthusiastic in the praises of its workings. The following are a few typical comments:

Every State that has adopted an old-age pension law has found that it is much cheaper than the old poorhouse system. Public officials have been highly pleased with the results.

The welfare agent of the Colusa Board of Supervisors has this to say about the California law:

> We cannot find any fault with the law. Since getting old-age security many of these people are happier than for many years. Their health has improved greatly, as they are now getting enough to eat. It is much cheaper for the county to allow this "security." It costs at least $1 a day to keep these people in the county institution. Most of the men living alone are given $20 per month.

I submit that this is not charity but simply justice. There is no use to quibble about the cost. The committee estimates that if all of the States and Territories adopted this legislation, that there would be about 484,000 persons drawing pensions, and that the total cost would be $133,000,000 a year. The committee further states that this total cost of $133,000,000 is far less than the present cost of caring for these people and those who are in the workhouses combined. The sum this Nation expended on the World War alone would pay these pensions for more than 300 years.

But there are some who will ask, Where will Congress find the money to pay for such a program? There is no justification in protesting that this great and wealthy Government cannot find the necessary revenue for this. An increase of 11 percent in the present income-tax rates could provide the necessary funds. The United States Senate has just added a 10-percent increase to the revenue bill over the figures as passed by the House, which I sincerely hope the House will agree to. I would also materially increase the estate tax, gift tax, corporation tax, and surtax, or excess-profit tax. That would more than pay for an old-age pension or old-age-security plan.

Then, I would also pass my bill that his been pending here a long while to tax stock exchanges 1 percent of all sales made by those gambling in stocks. My bill would bring in over $300,000,000 a year, which alone would more than bring in the necessary revenue. So the argument falls flat that Congress cannot find the money.

Of course, ultimately Congress is going to do justice to our deserving and dependent old people. Public sentiment demands that justice be done them. Why not do so now?

GUARANTEE BANK DEPOSITS—FEDERAL DEPOSIT INSURANCE CORPORATION—PERMANENT PROVISIONS OF THIS LAW SHOULD GO INTO EFFECT JULY 1, 1934

Mr. BUSBY. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BUSBY. Mr. Speaker, I desire to speak just a short time on a measure that will presently come before the House. A proposal to defer the permanent provisions of the bank guaranty law which, if not amended, will go fully into effect July 1, 1934.

During the last session of Congress we passed a law to guarantee bank deposits. Not exceeding $2,500 of deposits to any one account is guaranteed by the temporary provisions of the bill which is now in effect—and will remain in effect to July 1, 1934.

After July 1, 1934, when the permanent provisions go into effect deposits will be guaranteed 100 percent up to $10,000. Deposits from $10,000 to $50,000 will be guaranteed 75 percent of the amount of the deposits and from $50,000 and over they will be guaranteed 50 percent.

AMERICAN BANKERS ASSOCIATION AGAINST THE LAW

There is a move on in this country to defer the effective date of the guaranty law and keep the temporary provisions in effect to limit the guaranty of deposits to $2,500 and no more until July 1, 1935. This move comes from the American Bankers Association. They have recently passed a resolution, in effect, demanding that the full application of the bank guaranty law be deferred until July 1, 1935.

LITTLE BANKS PAY; BIG ONES ESCAPE

There is a reason for this. Banks pay insurance only on the amount of the deposits guaranteed. If deposits of $2,500 and less are guaranteed, the small bank will pay a guarantee fee on practically all of its deposits, because its deposits are made of small accounts, but the larger institutions that have deposits of $50,000, $100,000, and $150,000 and more will pay on a very small part in proportion to the total amount of their deposits compared with the small banks.

This is the evil that results. We will suppose a town here of 10,000 people; the bank in that town has a factory owned by people who live away in the larger centers of the country. They keep their pay roll in the bank in the small town, they keep enough funds there to transact the business, $25,000 or $30,000; if these funds are not guaranteed, as they are not under the temporary provisions of the law, they will be pulled out of the small bank and carried to the larger center where they feel there is little chance of a bank failure. The result is that by continuing the temporary provisions we deprive the small banks of the deposits accounts that are more than $25,000, thereby contributing greatly to the closing of banks from which such larger uninsured deposits have been drawn.

Mr. ARNOLD. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. ARNOLD. The larger banks will not receive any assurance of a guaranty in excess of $2,500 and I do not see how the conclusion that the gentleman draws would necessarily follow.

BIG ACCOUNTS MOVED TO BIG BANKS

Mr. BUSBY. It necessarily follows because we have been told in the committee that in many instances the manufacturing plant that had $15,000 or $20,000 in the small bank, even before the guaranty law went into effect, moved these deposits to a larger bank in New York City in order that they may be safe from a bank failure.

Mr. ARNOLD. But they do not have any insurance on their deposits when they move them to the large bank.

Mr. BUSBY. They certainly do not.

Mr. ARNOLD. It might cause a dissipation of such funds by scattering them among the smaller banks of the country or among the banks generally, but they certainly cannot gain any advantage by taking them out of a small bank and putting them in a large bank.

Mr. BUSBY. They do gain this advantage, they think, by putting them in the Chase National Bank of New York. They feel practically positive that there is not going to be a failure of that bank, but by leaving the large deposit in the small bank, which is not guaranteed above $2,500, they feel they are taking some chance, and therefore they rob the small banks of these large deposits and carry them to the larger centers.

Mr. PATMAN. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. PATMAN. I aimed to discuss that matter, but I did not have the time. I am sorry I find myself in disagreement with the gentleman about the matter. Does not the gentleman think that since the Government of the United States is paying about two thirds of the insurance premium in guaranteeing these deposits, whenever we guarantee all of them up to $2,500, that is enough and that we should not guarantee these $32,000,000 accounts?

Mr. BUSBY. If the gentleman had heard the witnesses testify, I think the gentleman would be more in accord with what I have suggested. They do not in any event guarantee them 100 percent above $10,000.

Mr. PATMAN. They guarantee a percentage, however.

Mr. BUSBY. Here is the error in the gentleman's conclusion. The banks are required to pay only on the amounts they have insured and since the larger banks of the country, which are not likely to fail, are not being called on for any insurance fund, they escape responsibility to the bank guaranty fund, thereby taxing the Government and the small bank disproportionately to maintain the guaranty fund.

Mr. PATMAN. They pay insurance or a premium on all the accounts up to $2,500?

Mr. BUSBY. Yes.

Mr. PATMAN. Just like all other banks, so there cannot be any discrimination?

Mr. BUSBY. Yes; because the accounts, as they run in the larger banks, on the average, are much larger than in the smaller banks.

Mr. PATMAN. But they do not pay on them.

Mr. BUSBY. That is where they escape responsibility.

Mr. PATMAN. They do not get the insurance either.

Mr. BUSBY. They do not want the insurance. They say, "We can take care of ourselves. If you will let us alone and not charge us this insurance we can take care of ourselves."

Mr. PATMAN. Why should we insist on giving them insurance at our expense? You know the Government is paying two thirds of the insurance premium and if they do not want this insurance, why should we make them take it at the expense of the people?

Mr. BUSBY. We require them to carry insurance for the protection of depositors, not for the banks. That is all I have to say about it.

TWELVE BANKS WITH $20,000,000,000 RESOURCES

I remember about 3 years ago a list of 12 banks was announced which had $20,000,000,000 of resources.

Now, not one of these 12 banks has failed, and all we get out of them is the insurance premium on $2,500 accounts. If we had the law in full force we would get a premium out of them on the deposits that make up the $20,000,000,000. These banks have not broken down, but they are the big fish that eat the little fish in your district and in mine; the big banks that consume the little ones. I want them to be responsible to the policy that makes the little banks fail. How do they make them fail? You remember in the bank investigation in the Senate that the South American bonds

are not in the hands of these banks. They shunted the commercial paper off to the little banks and gathered in United States bonds and securities—a secondary money. For that reason we want them to come in and help pay the insurance to take care of the little banks should they break.

Mr. ZIONCHECK. The Government pays two thirds of the insurance premium.

Mr. BUSBY. I do not think that is true. Now, let me proceed. I want to call attention to another thing. I read from an editorial which appeared in this morning's Post, edited by Eugene Meyer, former Governor of the Federal Reserve System. He was at the head of the Reconstruction Finance Corporation at one time, and played a prominent part in the last administration's financial policy.

He was quoting the president of the insurance set-up. I might say that the head of this insurance corporation this week made a speech before the American Bankers' Association at Hot Springs, W.Va., in which he urged strongly that the date of the bank guaranty be deferred until July 1, 1935. The editorial says:

It would be impossible, he says, to examine all the member banks between now and July with a view to determining their solvency, hence their eligibility for participation in the permanent plan. In addition, investigations have to be made into the condition of nonmember banks adhering to the guaranty system.

The basic defects of the deposit-guaranty plan make it highly desirable to defer the date of transition from the present temporary system to the permanent one. That will give Congress an opportunity to reconsider its hasty action in approving a guaranty plan that puts a premium upon irresponsible banking practices, and imposes unlimited liabilities upon insured institutions. There will also be time in which to devise legislation to correct those fundamental weaknesses of our uncoordinated dual banking system which have contributed largely to our bank failures.

In the absence of constructive legislation, the country cannot escape a recurrence of bank closings. Introduction of a system of deposit guaranty which invites relaxation of customary restraints upon bank managements would make future disturbances even more devastating than those that lie behind us.

If there are going to be more bank failures they want to avoid the plan that would take them into the general bank set-up of the country. If we are to have bank failures let us have them within the guaranty.

BIG BANKS WANT TO AVOID GUARANTEE LAW

They want to stay out of the permanent effect of this law, so that their millions of deposits, drawn away from the other sections of the country and placed in large banks for safety because of the size of the institution, will contribute nothing to this guaranty for large deposits fund; and if the gentleman from Texas [Mr. PATMAN] is right, that the Government pays two thirds of it, they want the Government to continue to pay two thirds. They do not want to have any part in this affair which would make them responsible in a proportionate degree for the bank failures that the small banks are, failures of which in part, caused by their business policies.

In this House on May 22, 1933, we discussed the very act that I am now calling to your attention. At that time I said:

In order to guarantee anything, the thing you undertake to guarantee should be worthy of the guaranty. We ought to guarantee a banking set-up that is worthy of guaranty. I am going to support this proposition because later, after we pass the guaranty law, it will be up to the Government to see to it that we have a banking set-up that is worthy of the guaranty that we place upon it, regardless of what it costs.

Also:

But our banking system is the poorest one in the world from the standpoint of safety to the depositor.

And further:

Our bank deposits cannot be guaranteed and made safe by the little amount of funds that we are providing in this bill.

I still believe that. In closing, I said:

Yet I am going to vote for this bill because I think the Government will be forced to set up a banking system that the people can depend on after it gets behind the guaranty.

I do not believe that the banking system of this country is capable of coping with the problems that confront it. I know that whenever prices fall, when commodities go down and properties on which banks have mortgages depreciate in value, which they cannot sell and restore the credit they loaned on them, the banks must fail. The banks do not fail until the community around the banks fails.

I know that the system and the big banks of this country know that the system that we are called upon to guarantee here cannot stand in the face of adversity when falling prices set in in the manner that we have witnessed them in the last few years. But, as the gentleman from Texas [Mr. PATMAN] quoted me a while ago as saying what I have often said, "this Government has never undertaken to meet its responsibility and furnish a dependable media of exchange for business, commerce, and industry." What has it done? It provides about one tenth of the amount necessary in currency. It then depends upon the commercial banking set-up, and the commercial banking set-up did not agree to furnish the other 0.9 in checking accounts, not at all.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent that the gentleman have 1 minute more.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the gentleman be permitted to proceed for 5 minutes more.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. HASTINGS. Do the hearings disclose whether any banks have failed since the 1st of January, since this bill went into effect; and, if so, how has the bill operated in the payment of deposits up to $2,500?

Mr. BUSBY. There has not been a single bank failure since the law went into operation, and there is no indication that there is any immediate danger of bank failures. Conditions seem to be getting better with the banks.

Mr. HASTINGS. That shows justification for the enactment of the legislation?

Mr. BUSBY. Yes, and on the other hand we have testimony to show that the same banks have increased 200 and 300 percent in deposits in communities where there is no especial reason except the fact that the people brought their funds in and put them into the banks, knowing that the Government was back of the funds that they were placing in the banks.

Mr. DONDERO. The gentleman means in the communities where the insurance law has gone into effect, it would affect those institutions?

Mr. BUSBY. Yes.

Mr. DONDERO. But not otherwise?

Mr. BUSBY. No. These may be sporadic instances, but they have been related. All deposits show an increase and banks in a healthier condition. No more runs on banks.

If the Government is going to depend upon this set-up in order to have a media of exchange—that is, check money so necessary with which to do business, and I want to say that I believe check money is the most practical type of money that we can use in this country, because every man who has property can issue check money against that property as it is appraised with the cooperation of the bank, and it will not cause any undue inflation—if the Government is going to depend on this banking set-up, it ought to make the banking set-up so substantial that the people can depend upon it also.

GOVERNMENT NEEDS FULL DEPOSIT GUARANTEE LAW

For that reason we must have a full bank guarantee law in this country for depositors who place their funds in these institutions. Otherwise we will have McLeod bills and all other kinds of legislation creating claims against the Government when the Government had not agreed to meet them.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. ZIONCHECK. Does not the gentleman really believe that the only solution to this banking situation is for the Government to take over all the banks?

Mr. BUSBY. It certainly does look to that end.

UNCLE SAM MUST ACT IN SELF-DEFENSE

Now, whether it takes them over by guaranteeing the present bank set-up and so examining, inspecting, and appraising their assets and managing those assets as to make them usable and dependable to the people, or whether it does it in some other way, is the question that the future must solve; but we cannot go back to an unguaranteed, loose, badly managed, poorly supervised system of banking, into which the people are required to put their money and values in order that we may have a media-of-exchange machine.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. BLANTON. Extending the principle of the McLeod bill ad infinitum, there are black lands down in Texas with rich soil running 15 feet deep—lands which will never need fertilizer—that were worth $250 an acre, but which by reason of the money situation and bank failures, have decreased in value to $40 or $50 per acre. Ought we not to restore the former value to this land if we pay bank losses?

Mr. BUSBY. I think the gentleman's question answers itself. I do not care to get into that; but certainly we must know that we cannot pay all bad bank claims any more than we can pay all bad land claims. If a bank fails and I have a claim against it, I am in no different situation than if the value of my farm falls and I find myself with a debt instead of a farm.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman's time may be extended 5 minutes.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is this going to be the last extension?

Mr. BUSBY. It will be the last one I shall accept; I promise the gentleman that.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. BLANTON. Just this one question, if the gentleman will permit: Take the case of a man who bought United States Steel at $265 a share in the days when business was good, and a Republican President was advising him to buy stocks, the value of which stock has now gone down to about $50 a share; what about paying such losses as that if we are to pay off bank losses?

Mr. BUSBY. Mr. Speaker, that is a very fine question. Answering the gentleman, I may say that with all the light before us as to values and the continuation of those values throughout a period of many years men bought steel, they bought General Motors, they bought other stocks, and they bought property. In the light of what they could secure for the produce made on the land they purchased, and when prices failed, when the tumble in values came, they were not and could not be chargeable with any fault of not properly appraising the property. The fault lay with the system under which we were operating. That caused the destruction of our people financially; and that system will cause the destruction of people continuously until we change it, until the Government comes forward and by its act sets up a dependable machine which the people can use in transacting their business.

I am not talking about coining or printing currency, although that is the only thing the Government has done to meet its responsibility. It has put out a small amount of currency. Just now the amount is entirely too little.

THE BANK-CREDIT MACHINE BROKE DOWN

The Government's responsibility, then, is to come forward and furnish money to take the place of the checks that were used formerly, so that the people can go ahead with their business and not be absolutely stopped because the bank-credit machine broke down.

Mr. HEALEY. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. HEALEY. Of course, the gentleman differentiates between the person who deposits his funds in a bank and the person who speculates in land in Florida, or in stocks, or who bets on a horse race. The person who buys land, who buys stock, or who bets on a horse race, or anything else, is operating in the realm of speculation and expects to take his chance of a loss as well as of a win. Certainly the gentleman does not expect the person who puts his money in a bank to take the same kind of a chance; and certainly the gentleman does not put such a person in the same category with the speculator I have referred to.

BANK DEPOSITORS TAKE BIG CHANCE

Mr. BUSBY. To answer the gentleman's question literally, when we look around and see that since 1920 more than 15,000 banks have failed, when we see that the number of banks have declined from 30,000 in 1920 to less than 15,000 today, I think the gentleman will agree with me that the person who put his money in the bank was a bigger speculator than the man who bought land in Florida.

Mr. HEALEY. He should not be, though, should he?

Mr. BUSBY. No. I am coming to that. To answer the gentleman's question, let me explain that the bank depositor was a speculator not because he desired to speculate but because the Government of the United States has never furnished him a dependable situation where he could take care of himself. It is the fault of the system.

If we, as a Congress, go through this depression and do not enact some laws that will change this fundamental error that is thrown upon us every 7 or 8 years, we ought to be dubbed anything else but a bunch of thinkers.

Mr. DONDERO. Does not the gentleman think we can correct a part of that erroneous system by the passage of the McLeod bill, putting the people in a position where they will have some confidence in the Government?

Mr. BUSBY. I cannot see the principles of the McLeod bill, because it is not fair to the Treasury of the United States, which is supported by the taxpayers of the country. You are picking out national banks and member banks of the Federal Reserve System and paying their depositors 100 percent, and other people who were depositors of State banks will not be considered.

[Here the gavel fell.]

Mr. GOSS. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Will the gentleman withhold that a moment?

Mr. GOSS. I withhold it, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. McDUFFIE, indefinitely, on account of illness in family.

To Mr. HESS (at the request of Mr. HOLLISTER), indefinitely, on account of illness.

EXTENSION OF REMARKS

Mr. PATMAN asked and was given permission to revise and extend his remarks in the RECORD.

SENATE CONCURRENT RESOLUTION REFERRED

S.Con.Res. 13. To authorize the printing of additional copies of the hearings held before the Special Committee Appointed to Investigate Air- and Ocean-Mail Contracts, was taken from the Speaker's table and under the rule referred to the Committee on Printing.

Mr. GOSS. Mr. Speaker, I renew my point of order that there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7483. An act to provide minimum pay for postal substitutes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2084. An act granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes; and

S. 3296. An act to revive and reenact the act entitled "An act granting the consent of Congress to Meridian and Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 45 minutes p.m.), the House adjourned until tomorrow, Saturday, April 21, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

415. A communication from the President of the United States, transmitting draft of a proposed provision of legislation pertaining to the Procurement Division, Treasury Department (H.Doc. No. 310); to the Committee on Appropriations and ordered to be printed.

416. A letter from the Secretary of War, transmitting a recommendation for the passage of H.R. 8235, introduced by the Delegate from Hawaii; to the Committee on the Territories.

417. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, House of Representatives, fiscal year 1934, in the sum of $8,165.58 (H.Doc. No. 311); to the Committee on Appropriations and ordered to be printed.

418. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, House of Representatives, fiscal year 1934, in the sum of $37,000 (H.Doc. No. 312); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BOLAND: Committee on Naval Affairs. H.R. 6803. A bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; with amendment (Rept. No. 1279). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. H.R. 9068. A bill to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy, and for other purposes; with amendment (Rept. No. 1280). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H.R. 8514. A bill authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property; without amendment (Rept. No. 1281). Referred to the Committee of the Whole House on the state of the Union.

Mr. KENNEDY of Maryland: Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Department of State (Rept. No. 1282). Ordered to be printed.

Mr. KENNEDY of Maryland: Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Government Printing Office (Rept. No. 1283). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MORAN: A bill (H.R. 9255) for the relief of depositors in closed national banks; to the Committee on Banking and Currency.

By Mr. ELLENBOGEN: A bill (H.R. 9256) to give the circulation privilege to the bonds of the Home Owners' Loan Corporation and of the Federal Farm Mortgage Corporation, to amend the laws relating to Federal Reserve banks and to national banking associations, and for other purposes; to the Committee on Banking and Currency.

By Mr. KINZER: A bill (H.R. 9257) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County; to the Committee on Interstate and Foreign Commerce.

By Mr. TAYLOR of Tennessee: A bill (H.R. 9258) to provide for the acquisition by the United States of the Grand Caverns in Knox County, Tenn.; to the Committee on the Public Lands.

By Mr. SHOEMAKER: Resolution (H.Res. 344) to impeach Joseph W. Molyneaux, United States district judge for the district of Minnesota of high crimes and misdemeanors; to the Committee on the Judiciary.

By Mr. McCORMACK: Joint resolution (H.J.Res. 329) to provide for the naming of the Veterans' Administration facility at Bedford, Mass.; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H.R. 9259) for the relief of Walter C. Holmes, United States Coast Guard; to the Committee on Claims.

By Mr. CULKIN: A bill (H.R. 9260) for the relief of Ford O. Gotham; to the Committee on Claims.

Also, a bill (H.R. 9261) for the relief of James McCumber; to the Committee on Claims.

Also, a bill (H.R. 9262) for the relief of Frank P. Redfield; to the Committee on Claims.

By Mr. COLE: A bill (H.R. 9263) for the relief of Louis F. Bromfield; to the Committee on Claims.

By Mr. COLMAR: A bill (H.R. 9264) to authorize the conveyance by the United States to the Allen B. Carter Post, No. 24, of the American Legion Department of Mississippi, Inc., lots nos. 148 and 149 of the D. H. McInnis first survey and addition to the city of Hattiesburg, being situated on the corner of Pine and Forrest Streets and having a frontage of 100 feet on the east side of said Pine Street and 150 feet on said Forrest Street in the said city of Hattiesburg, Forrest County, Miss., as per plat thereof of record in the office of the chancery clerk of said Forrest County, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. DISNEY: A bill (H.R. 9265) for the relief of Orvin Gerald Hodge; to the Committee on Military Affairs.

By Mr. MERRITT: A bill (H.R. 9266) granting a pension to Lydia M. Richards; to the Committee on Pensions.

By Mr. MOTT: A bill (H.R. 9267) for the relief of the port of Bay City in Tillamook County, Oreg.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4105. By the SPEAKER: Petition of St. Patrick's Holy Name Society, of St. Patrick's parish, Jersey City, N.J., urging adoption of the amendment to section 301 of Senate

bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4106. Also, petition of the board of supervisors of Oakland County, Mich., urging passage of the McLeod bank bill; to the Committee on Banking and Currency.

4107. Also, petition of the Transfiguration parish of the borough of West Hazleton, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4108. Also, petition of St. Peter's parish of Lowville, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4109. Also, petition of the Holy Name Society of St. Mary of Celle parish, of Berwyn, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4110. By Mr. ANDREWS of New York: Resolution adopted by the Legislature of the State of New York, memorializing Congress to provide additional appropriations for highway construction; to the Committee on Appropriations.

4111. Also, resolution adopted by the Senate of New York State, memorializing Congress to amend the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

4112. By Mr. BEAM: Resolution by the National Alliance of Bohemian Catholics, relative to Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4113. By Mr. BRUNNER: Petition of Colfax Garden Civic Association, Bellaire, Queens County, N.Y., to investigate the present chaotic conditions that are prevalent in said Postal Service, and that proper action be taken by the Congress to return to the former rates of postage, namely, 2 cents per ounce on first-class mail matter; that all substitute clerks and carriers be granted hours and employment in said service for which they shall be paid not less than $15 per week; that the local postal heads be ordered to cause two deliveries of mail to home owners, etc.; to the Committee on the Post Office and Post Roads.

4114. By Mr. CULKIN: Resolution of St. Peter's parish of Lowville, Lewis County, N.Y., having a membership of 1,350, favoring an amendment to section 301 of Senate bill 2910 providing for the insurance of equity of opportunity for all non-profit-making associations seeking licenses for broadcasting, by writing into the Statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Interstate and Foreign Commerce.

4115. Also, memorial of St. Joseph's parish of the village of Philadelphia, N.Y., urging an amendment to section 301 of Senate bill 2910 providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4116. Also, petition of citizens of Chittenango, N.Y., favoring the passage of the McLeod bill; to the Committee on Banking and Currency.

4117. Also, petition of the Senate of the State of New York, urging amendment of Securities Act of 1933 by eliminating all of its civil-liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Banking and Currency.

4118. Also, memorial of the Legislature of the State of New York, urging that Congress appropriate $500,000,000 for the purpose of carrying on and supplementing the road-building program throughout the various States; to the Committee on Roads.

4119. By Mr. DONDERO: Petition of the board of supervisors of Oakland County, Mich., urging the enactment of legislation for the full pay-off of deposits in closed State and national banks affiliated with the Federal Reserve System 1 year prior to their closing; to the Committee on Banking and Currency.

4120. Also, petition of the Wayne County Board of Supervisors of Wayne County, Mich., urging the passage of the McLeod bank pay-off bill (H.R. 7908); to the Committee on Banking and Currency.

4121. By Mr. GOODWIN: Petition of members of St. Mary's Church, Ellenville, Ulster County, N.Y., urging support of amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, labor, agricultural, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4122. Also, petition of members of St. Joseph's parish, New Paltz, Ulster County, N.Y., urging support of amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, labor, agricultural, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4123. Also, petition of members of St. Joseph's parish, Ronkonkoma, N.Y., urging support of amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, labor, agricultural, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4124. By Mr. JAMES: Resolution of Iron County Board of Supervisors, Crystal Falls, Mich., through John E. Carlson, clerk, favoring the passage of House bill 7908; to the Committee on Banking and Currency.

4125. By Mr. LINDSAY: Petition of Rand McNally & Co., New York City, opposing the Wagner labor bill; to the Committee on Labor.

4126. Also, petition of Florence Marino, secretary, Ford Radio & Mica Corporation, Brooklyn, N.Y., favoring the proposed amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4127. Also, petition of the Senate of the State of New York, Albany, to amend the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

4128. By Mr. MERRITT: Petition of sundry citizens of Bridgeport, in the Fourth Congressional District of the State of Connecticut, protesting against the passage of House bill 8720 to provide for the regulation of national securities exchanges; to the Committee on Interstate and Foreign Commerce.

4129. Also, petition of sundry citizens of Bridgeport, in the Fourth Congressional District of the State of Connecticut, protesting against the passage of House bill 8720 to provide for the regulation of national securities exchanges; to the Committee on Interstate and Foreign Commerce.

4130. By Mr. O'CONNOR: Petition of the Senate, State of New York, in regard to the Federal Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

4131. By Mr. RUDD: Petition of Rand McNally & Co., New York City, opposing the passage of the Wagner disputes bill; to the Committee on Labor.

4132. Also, petition of Rev. John M. Hilpert, pastor and spiritual director, St. Catherine of Genoa Church, Brooklyn, N.Y., and 20 other citizens of Brooklyn, N.Y., favoring the proposed amendment to section 301 of Senate bill 2910, as contained in House bill 8977; to the Committee on Merchant Marine, Radio, and Fisheries.

4133. By Mr. STRONG of Pennsylvania: Petition of Kittanning Council, No. 1011, Knights of Columbus, suggesting an amendment to section 301 of Senate bill 2910, relating to radio broadcasting; to the Committee on Interstate and Foreign Commerce.

HOUSE OF REPRESENTATIVES

SATURDAY, APRIL 21, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, blessed are the undefiled in the way, who walk in the law of the Lord. Heavenly Father, establish Thou our ways to observe Thy statutes. Do Thou renew our wills each day and blend them with Thine. Arm us with jealous care and with that faith that works by love. O Son of Man, break through everywhere for Thou art the personal, the tender, and the last possible dream of our All-Father. Animate us to the cheerfulness of duty and service by giving us a joyful sense of our daily blessings. May we look upon the hopeful side of circumstances and maintain the spirit of contentment. We pray Thee that we may be so clothed with fortitude, and whatsoever may be our duty, O keep the music singing in our souls. We rejoice that there is guidance for each of us, and by lowly listening we shall be led aright. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, its assistant enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

THE RECORD

Mr. RICH. Mr. Speaker, I want to call the attention of the House to the RECORD of yesterday wherein the gentleman from Minnesota [Mr. SHOEMAKER] impeached Joseph W. Molyneaux, United States district judge of Minnesota.

I want first to commend the gentleman from Minnesota [Mr. SHOEMAKER] because, at the request of the Speaker, he omitted from the RECORD a large number of pages of extraneous matter, and I want to thank the Speaker on behalf of the taxpayers of the country for causing him to omit this from the RECORD.

However, I desire to call the attention of the gentleman from Minnesota—and I am sorry he is not present just at this time—to the insertion in the RECORD of 16 pages of matter, including brief of defendant, statement of facts, court order, motion of the court, and argument of counsel, which I do not believe, from the information I can gather, was essential to be inserted in the RECORD in order to make his impeachment proceedings a proper record. It was not essential.

I feel that whenever a Member of the Congress, Senator or Representative, inserts in the RECORD 16 pages of bulk matter that is not necessary to the question which he wants to bring to the attention of the House in the RECORD—we send 35,000 copies of the RECORD all over the land—if it were so important to the Members of Congress the Printing Committee could print a small number of copies of such matter. If the Member were interested in economy, he could see the Printing Committee; they could have a thousand copies printed, and it would only cost the Government one thirty-fifth as much as it would if printed in the RECORD. I think the Membership of the House ought to give consideration to the fact that putting bulk matter in the RECORD costs the taxpayers of this country an enormous sum. They should always consider this fact in their desire to fill the RECORD with speeches and reprints from newspapers, and so forth.

Mr. PATMAN. Will the gentleman yield?

Mr. RICH. I yield.

Mr. PATMAN. Did the gentleman consider the number of pages one of the Members of the other body had inserted in this morning's RECORD, consisting of newspaper editorials and news items?

Mr. RICH. I do not care whether it is a Republican or a Democrat, Senator or Congressman, it is wrong, and anything that is wrong ought to be curbed.

Mr. PATMAN. I thoroughly agree with the gentleman, but I think we should commence at the same time with the other body, which is the principal offender, and get an agreement out of them to stop putting this extraneous matter in the RECORD. Very few Members of the House are guilty. None of them should be guilty of this bad practice.

Mr. RICH. Because one body does a wrong is no good reason—two wrongs do not make a right.

I hope the Senators of our country have the same respect for the taxpayers' money as we Representatives, who are trying our best to conserve, by limiting a great amount of unnecessary printing in our daily proceeding.

Mr. TRUAX. And the gentleman is the sole judge of right and wrong, I presume.

Mr. RICH. I hope I would not be that egotistical.

WAR DEPARTMENT APPROPRIATION BILL—1935

Mr. COLLINS of Mississippi presented the following conference report on the bill, H.R. 8471, making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 4, 5, 11, 15, 20, 23, 24, 25, 33, 38, and 39.

That the House recede from its disagreement to the amendments of the Senate numbered 8, 21, 27, 29, 31, 34, 35, 42, and 45, and agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$2,522,897"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "*Provided*, That no appropriation contained in this act shall be available for the payment of passenger transportation at a rate in excess of the lowest through rate or combination of rates available for the type of transportation used"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "$28,617,645, no part of which sum shall be available after September 30, 1934, for the pay of more than 11,750 commissioned officers whose original commis-

sions are dated prior to June 1, 1934"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "not to exceed five"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$5,775"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$5,386,786"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$5,290,521"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$121,760,093"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$121,475,093"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$16,000,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$7,702,359"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: ", ambulances, fire trucks, and vehicles now in use by Reserve Officers' Training Corps units"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$219,789"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$4,278,859"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,000,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"Flood control, Mississippi River and tributaries: For prosecuting work of flood control in accordance with the provisions of the Flood Control Act approved May 15, 1928 (U.S.C., supp. VII, title 33, sec. 702a), $29,000,000.";

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 6, 12, 32, 37, 40, and 43.

ROSS A. COLLINS,
TILMAN B. PARKS,
THOMAS L. BLANTON,
CHESTER C. BOLTON,
D. LANE POWERS,
Managers on the part of the House.

ROYAL S. COPELAND,
CARL HAYDEN,
MORRIS SHEPPARD,
H. D. STEPHENS,
J. G. TOWNSEND,
ROBERT D. CAREY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendments nos. 1, 2, 3, and 4: Provides for continuing the office of the Assistant Secretary of War for Air, as proposed by the House.

On amendment no. 5: Makes $2,500 available for the procurement of an automobile for the Secretary of War, as proposed by the House, instead of $4,000 for such purpose, as proposed by the Senate.

On amendments nos. 7, 8, and 9, relating to the consolidated appropriation for travel of military and civil personnel: Excludes from the appropriation, as proposed by the Senate, funds for travel in connection with river and harbor and flood-control activities under the Corps of Engineers, and adopts the Senate's substitute phraseology for the House limitation on transportation rates, amended to apply to through rates or a combination of rates.

On amendments nos. 10, 11, and 13 to 20, inclusive, relating to "Pay, etc., of the Army": Appropriates $28,617,645 for pay of officers, as proposed by the House, instead of $30,000,000, as proposed by the Senate; confines the availability of the appropriation to the pay of not exceeding 11,750 commissioned officers commissioned prior to June 1, 1934, as proposed by the House, amended to make the effective date October 1, 1934; appropriates $1,579,410 for flight pay of officers, as proposed by the House, instead of $1,776,997, as proposed by the Senate; provides for active-duty pay of 5 retired officers, instead of 4, as proposed by the House, and 230, as proposed by the Senate; strikes out the appropriation of $26,750 proposed by the Senate for the pay of retired enlisted men on active duty; appropriates $5,386,786 for rental allowances instead of $5,386,397, as proposed by the House, and $5,653,077, as proposed by the Senate; appropriates $5,290,521 for subsistence allowances instead of $5,290,066, as proposed by the House, and $5,412,786, as proposed by the Senate, and strikes out the proposal of the Senate to permit amounts specifically limited to be increased by transfer from appropriations under other titles.

On amendment no. 21, relating to the expense of courts-martial, etc.: Strike out, as proposed by the Senate, the House provision excepting payments for contract stenographic services from any deduction in consequence of economy legislation.

On amendment no. 22: Appropriates $16,000,000 for subsistence of the Army, instead of $15,705,898, as proposed by the House, and $17,691,828, as proposed by the Senate.

On amendment no. 23: Appropriates $2,576,880 for regular supplies of the Army, as proposed by the House, instead of $3,092,663, as proposed by the Senate.

On amendment no. 24: Appropriates $4,207,112 for clothing and equipage, as proposed by the House, instead of $5,502,824, as proposed by the Senate.

On amendments nos. 25 to 29, inclusive, relating to Army transportation: Limits expenditures for maintenance and repair of motor vehicles of not to exceed $461,812, as proposed by the House, instead of $562,065, as proposed by the Senate; appropriates $7,702,359 for all objects of the appropriation, instead of $7,192,211, as proposed by the House, and $8,655,005, as proposed by the Senate; extends the exception of motor vehicles procured prior to January 1, 1920, to be maintained out of the appropriation, to include ambulances, fire trucks, and vehicles at present assigned to Reserve Officers' Training Corps units, and makes the effective date of the exception January 1, 1935, as proposed by the Senate, striking out, however, the Senate proposal to except tanks and their carriers, rebuilt trucks, and such other vehicles as can be operated economically; and strikes out, as proposed by the Senate, the House provision prohibiting expenditures incident to the operation of the Fort Benning Railroad.

On amendment no. 30: Appropriates $150,000 for the purchase of 1,000 horses, instead of $75,000 for the purchase of 500 horses, as proposed by the House, and $225,000 for the purchase of 1,500 horses, as proposed by the Senate.

On amendment no. 31: Appropriates $9,155,695 for barracks and quarters and other buildings and utilities, as proposed by the Senate, instead of $9,015,902, as proposed by the House.

On amendment no. 33: Appropriates $332,988 for "Engineer Service, Army", as proposed by the House, instead of $344,509, as proposed by the Senate.

On amendments nos. 34 and 35: Provides for 48 drills for the National Guard and the Naval and Marine Corps reserve forces, as proposed by the Senate, instead of 42 drills, as proposed by the House, and appropriates for the National Guard for and by reason thereof $11,756,221, as proposed by the Senate, instead of $10,302,949, as proposed by the House.

On amendment no. 36: Appropriates $4,278,859 for the Officers' Reserve Corps instead of $3,986,859, as proposed by the House, and $6,500,000, as proposed by the Senate.

On amendments nos. 38 and 39, relating to the Reserve Officers' Training Corps: Appropriates $3,108,701, as proposed by the House, instead of $4,467,461, as proposed by the Senate, and restores the House provision prohibiting expenditures on account of students in Medical Corps, Dental Corps, and veterinary units not members of such units on May 5, 1932.

On amendment no. 41: Appropriates $1,000,000 for citizens' military training camps instead of $987,213, as proposed by the House, and $2,687,213, as proposed by the Senate.

On amendment no. 42: Appropriates $17,178 on account of quartermaster supplies and services for rifle ranges for civilian instruction, as proposed by the Senate, instead of $15,631, as proposed by the House.

On amendment no. 44: Appropriates $29,000,000 for flood-control work on the Mississippi River and tributaries, pursuant to supplemental estimates contained in House Document 309 of the present session, instead of $50,000,000 which the Senate proposed with the condition that it was to be reduced by such amount as might later be allotted from Federal relief and other emergency appropriations.

On amendment no. 45: Appropriates $341,291 for emergency fund for flood control on tributaries of the Mississippi River, as proposed by the Senate, instead of $318,114, as proposed by the House.

DISAGREEMENTS

The committee of conference have not agreed on the following amendments of the Senate:

On no. 6: Being the total of the appropriation "Contingent expenses, War Department."

On no. 12: Limiting the rate of flight pay for nonflying officers above the grade of captain.

On no. 32: Making an additional appropriation for the Army Air Corps.

On nos. 37 and 40: Providing for medical and hospital treatment of members of the Reserve Officers' Training Corps and of persons attending citizens' military training camps who contract disease in line of duty.

On no. 43: Relating to the appropriation for rivers and harbors and an expenditure therefrom for conducting a survey of Governors Island, N.Y.

ROSS A. COLLINS,
TILMAN B. PARKS,
THOMAS L. BLANTON,
CHESTER C. BOLTON,
D. LANE POWERS,
Managers on the part of the House.

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to call up the conference report on the bill H.R. 8471, the War Department appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

There being no objection, the Clerk read the statement.

Mr. COLLINS of Mississippi. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 6: Page 5, line 19, strike out "$175,178" and insert in lieu thereof "$181,631."

Mr. COLLINS of Mississippi. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

In lieu of the sum inserted by said amendment insert the following: "$181,631, of which sum $8,000 shall be available exclusively for the several objects embraced by the appropriation contained in this act entitled 'Contingencies, Military Intelligence Division.'"

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 12: Page 11, line 18, after the word "captain", insert "at a rate in excess of $1,440 per annum."

Mr. COLLINS of Mississippi. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

In lieu of the matter inserted by said amendment insert the following: "At a rate in excess of $1,440 per annum, which shall be the legal maximum rate as to such nonflying officers above the grade of captain."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 32: Page 36, after line 5, insert: "For an additional amount for the Air Corps, Army, to be expended in the discretion and under the direction of the President, for improvement, development, and augmentation of military aviation matériel, and for training of military aviation personnel, including the purchase and/or construction of buildings and other necessary military aviation facilities, and employment of civilian personnel, notwithstanding the limitations contained in any appropriations for Air Corps, Army, fiscal year 1935, to be immediately available, $10,000,000."

Mr. COLLINS of Mississippi. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

In lieu of the matter inserted by said amendment insert the following: "For an additional amount for the improvement, development, and augmentation of aviation matériel, and for the training of military aviation personnel, to be immediately available, $5,000,000, of which not less than $3,000,000 shall be expended for the procurement of airplanes and their equipment, spare parts, and accessories for the Regular Army and the National Guard; not to exceed $1,000,000 shall be expended for aviation fuel and oil and for the repair and maintenance of airplanes and their equipment and accessories for the training of military aviation pilots; and not to exceed $1,000,000 shall be available for expenditure, in the discretion and under the direction of the President, as follows: For airplane accessories for the Regular Army and National Guard; for the investigation and development of a national aviation program, including the employment of personal services without regard to the Classification Act of 1923, as amended, and all other necessary expenses incident thereto; for the encouragement of development of types of airplanes, airplane engines, and aviation equipment, including the granting of awards; for compensation (not exceeding $10,000) for information to be obtained from an authoritative source in such form and manner as the President may desire as to geographic, meteorologic, and weather conditions in northern latitudes, and for such other purposes related to civil and military aviation as the President may deem proper."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 37: Page 56, line 9, after the word "injury", insert the words "or contract disease."

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House recede and concur in the amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 40: Page 59, line 21, after the word "injury", insert the words "or disease contracted."

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 43: Page 66, line 21, after the word "law", strike out all down to and including the figures "$23,966,645."

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House recede and concur with the following amendment.

The Clerk read as follows:

Amendment no. 43: Restore the matter stricken out by said amendment amended to read as follows: "$23,966,645, of which sum $50,000 shall be available, under the direction of the President, for conducting a survey of Governors Island, N.Y., to determine its usefulness and adaptability as an airport and the cost of accomplishing all work incidental to effecting the change."

The motion was agreed to.

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the conference report.

The SPEAKER. Without objection, it is so ordered.

Mr. COLLINS of Mississippi. Mr. Speaker, when this bill passed the House—and it was then quite generally proclaimed by military men as the best balanced Army appropriation measure approved by the Congress since the World War—it carried $279,441,890, or $3,190,169 less than the Budget estimates. The House approved the action of the committee in making certain reallocations of the Budget estimates so as to have expenditures made in directions that would assure a better measure of military preparedness.

The Senate placed 45 amendments on the bill, and in money added $75,339,999, of which $62,149,830 had no Budget support. Ten million dollars of the Senate increase was added pursuant to a supplemental estimate presented after the bill had passed the House.

As agreed to by the conference committee, the bill carries $316,228,991, and this sum, owing to the submission of a supplemental estimate of $29,000,000 for prosecuting flood-control work on the Mississippi River, is $5,403,068 below the Budget estimates, original and supplemental.

Of the items agreed upon, but three are of outstanding importance. These I shall refer to in their order.

AIR CORPS

After the bill passed the House a supplemental estimate of $10,000,000 was presented to the Senate for uses of a very general character, expenditures to be made in the discretion and under the direction of the President. Your conferees have agreed upon half of that amount and have apportioned all but $1,000,000 of it to very definite uses. Three million dollars have been set aside exclusively for the procurement of new airplanes, one third of the amount being intended for new airplanes for the National Guard. This amount is in addition to the $8,486,600 carried in the bill as it passed the House and Senate for the purchase of new airplanes, and the contract authorization of $3,000,000 also previously approved for new airplane procurements.

The bill, as passed by the House and Senate, carried $8,091,089 for aviation fuel and oil and for the maintenance and repair of airplanes. One million of the $5,000,000 agreed upon in conference, in effect, is in augmentation of such sum. Obviously, it will permit of a greater amount of flying.

The remaining $1,000,000 is made available for expenditure in the discretion and under the direction of the President for a number of well-defined purposes, principally the following:

First. For airplane accessories for the Regular Army and the National Guard.

Second. For the investigation and development of a national aviation program.

Third. For the encouragement and development of types of airplanes, airplane engines, and aviation equipment, including the granting of awards. Under this clause the Army will be enabled to participate in airplane speed competitions.

NATIONAL GUARD

As passed by the House, provision was made for 42 armory drills for members of the National Guard and of the Naval and Marine Corps Reserve forces. The Budget, it will be recalled, carried funds for but 36 drills, which is the number to which the National Guard has been administratively limited the current fiscal year. Our committee was given to understand that 42 drills would be entirely acceptable to the National Guard Bureau and to the National Guard Association. This was the minimum number, however, we were advised necessary for the maintenance of a proper degree of efficiency. It was on the strength of this advice that we recommended to the House and the House approved 42 drills. The Senate, however, saw fit to increase the number to 48, and we have concurred in their action, and we have done so not because of any urging but because we are in favor, and I am sure the House is in favor, of doing everything possible that will further promote the efficiency of this organization, and also because in these times of depression every drill with pay means a great deal to a very large number of National Guardsmen all over the country. The added cost, so far as the National Guard is concerned, of $1,453,272, will be money well spent, in my judgment, and, I am sure, in the judgment of my colleagues on the conference committee.

FLOOD CONTROL

The Budget included no funds for continuing the flood-control project on the Mississippi River and its tributaries. The omission, we were given to understand, was because it was planned to finance this work out of Federal relief or emergency appropriations which are largely being used to defray the cost of current-year operations. The Senate, however, added $50,000,000 to the bill for this work, coupling with it a condition that the appropriation was to be reduced by such amount as might later be allotted of Federal relief or emergency appropriations. After the bill was sent to conference the administration concluded to ask for a specific appropriation for carrying on this work during the ensuing fiscal year of $29,000,000, to be substituted for the

Senate provision, and your conferees have acquiesced in that arrangement. It is our understanding that this sum, in conjunction with unused and unallotted moneys now available, will make available for expenditure during 1935 not less than $48,000,000. Later, if need be, this amount may be augmented.

Mr. Speaker, I think I have accounted for the major changes in the House bill. The Senate receded wholly or very largely from its amendments adding to the appropriations proposed by the House for other objects.

The Senate added $1,985,930 to the House allowance for subsistence of the Army. We have agreed to $294,102 of that increase.

For Army transportation the Senate increased the House figure by $1,462,844. We have agreed to $510,148 of that increase, or $125,253 less than the sum the Department had urged the Senate to add to the House bill. While your conferees felt that no increase was justified, the Senate conferees felt otherwise, and would only agree to yield on the amount of $100,253, which it had added for repairs to motor vehicles, and $25,000, which it had added for the procurement of trucks to determine types most suited for the Army. The House has twice refused to provide funds for such purpose.

There is one other amendment in which there is considerable interest, to which I should refer, perhaps, before concluding. I have reference to horses. The House provided for the purchase of 500 horses. The Senate provided for the purchase of 1,500 horses. We split the difference, and have provided for the purchase of 1,000 horses.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. CARPENTER of Kansas. Does the Army appropriation bill, as it now stands, contain an appropriation for a veterinary unit of the R.O.T.C.; and if not, why not?

Mr. COLLINS of Mississippi. The agreement as to the R.O.T.C. carries the same amount as was carried in the bill as it passed the House.

Mr. EDMISTON. Will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. EDMISTON. Does the bill contain the appropriations and conform with the request of the Chief of Staff, General MacArthur, the American Legion, and the Reserve Officers' Association?

Mr. COLLINS of Mississippi. In the sense I think the gentleman means, I say no. Let me add, though, that it is my understanding that the Legion is not advocating immediate provision for additional personnel for the Regular Army and the civil components. It has given its endorsement this year to the numbers advocated by the Chief of Staff as the ultimate goal to be realized. The Legion policy changes almost yearly.

The matter of making appropriations for the Military Establishment is a congressional responsibility. Congress is better able to decide this matter than outsiders; and while Congress always welcomes suggestions and advice, still we must constantly bear in mind that it is solely our duty to provide for the common defense.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on April 20, 1934, present to the President for his approval a bill of the House of the following title:

H.R. 7483. An act to provide minimum pay for postal substitutes.

ADJOURNMENT

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent that I may address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, 36 years ago today Congress declared war with Spain. As a consequence the youth of the North merged with the youth and the good people of the South, and as a result of the annealing comradeship of the Spanish-American War practically every vestige of sectionalism was removed from America. Out of respect to the officers and men who served during the Spanish-American War, I hope our floor leader will move that we adjourn out of respect to President McKinley and the officers, men, and nurses who lost their lives in that conflict.

Mr. BYRNS. I am sure the House will approve of an early adjournment for the reasons expressed by the gentleman from California, and I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 30 minutes p.m.) the House adjourned until Monday, April 23, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

(Monday, Apr. 23, 10 a.m.)

Room 328, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

419. Under clause 2 of rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, under the Architect of the Capitol, fiscal year 1934, in the sum of $21,000 (H.Doc. 313), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COOPER: Committee on Ways and Means. H.R. 6379. A bill to amend title II, section 203 (a) (2), chapter 67, Public Acts of Seventy-third Congress; with amendment (Rept. No. 1284). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McCORMACK: A bill (H.R. 9268) to provide for the construction of two vessels for the Coast Guard designed for ice-breaking and assistance work; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 9269) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Carbon & Carbide Co.; to the Committee on the Judiciary.

By Mr. JOHNSON of Minnesota: A bill (H.R. 9270) to raise the tariff on fish; to the Committee on Ways and Means.

By Mr. DOUTRICH: A bill (H.R. 9271) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. ZIONCHECK: A bill (H.R. 9272) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

By Mr. McCLINTIC (by request): A bill (H.R. 9273) to extend the public-land laws of the United States to certain lands in the Red River in Oklahoma; to the Committee on the Public Lands.

By Mr. COFFIN: A bill (H.R. 9274) to cancel certain Government liens on lands within the King Hill Irrigation District, State of Idaho; to the Committee on Irrigation and Reclamation.

By Mr. FADDIS: A bill (H.R. 9275) to provide for the protection and preservation of domestic sources of tin; to the Committee on Military Affairs.

By Mr. WALTER: A bill (H.R. 9276) to exempt certain articles from the tax on floor stocks imposed by the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. VINSON of Georgia: Resolution (H.Res. 347) for the consideration of H.R. 9068, a bill to provide for promotion by selection in the line of the Navy in grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes; to the Committee on Rules.

Also, resolution (H.Res. 348) for the consideration of H.R. 6803, a bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By The SPEAKER: Memorial of the Legislature of the State of New York, memorializing Congress to amend the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of New York, memorializing Congress relative to the operation of the National Recovery Administration; to the Committee on Ways and Means.

PRIVATE BILL

Under clause 1 of rule XXII,

Mr. HOEPPEL introduced a bill (H.R. 9277) for the relief of Leonard J. Mygatt, which was referred to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4134. By Mr. CADY: Memorial of the City Commission of the City of Flint, Mich., urging favorable action upon the McLeod bank pay-off bill; to the Committee on Banking and Currency.

4135. By Mr. FITZPATRICK: Petition of the Merchants Association of Bronxville, N.Y., signed by Charles Weber, Jr., president, protesting against the National Securities Exchange Act; to the Committee on Interstate and Foreign Commerce.

4136. By Mr. JAMES: Resolution of the Common Council of the Village of L'Anse, Mich., through Thomas A. Congrove, deputy village clerk, favoring the passage of the McLeod bill providing for payment in full to depositors in closed banks members of the Federal Reserve System, now pending in Congress; to the Committee on Banking and Currency.

4137. By Mr. LAMNECK: Petition of H. W. Gillett and 1,000 citizens of Columbus, Ohio, urging that immediate action be taken to have the Post Office Department conform to the rules and spirit which it has laid down for private industry in the articles of the National Recovery Act; to the Committee on the Post Office and Post Roads.

4138. By Mr. RUDD: Petition of the Upholsters, Carpet, and Linoleum Mechanics' International Union of North America, New York City, favoring the Wagner-Connery disputes bill; to the Committee on Labor.

4139. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, objecting to certain provisions in the Revenue Act of 1934; to the Committee on Ways and Means.

4140. By Mr. REID of Illinois: Petition of several hundred residents of Joliet, Will County, Ill., urging the passage of House bill 6836, providing for the regulation of trucks and busses, also the passage of House bill 8100, repealing the long-and-short-haul provision of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

4141. By the SPEAKER: Petition of Charles Forney, urging an investigation of the operation of the National Recovery Administration; to the Committee on Ways and Means.

4142. Also, petition of St. Michael's Parish, of Greenfield, Ill., urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

MONDAY, APRIL 23, 1934

(Legislative day of Tuesday, Apr. 17, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Friday, April 20, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ind.
Austin	Couzens	King	Russell
Bachman	Cutting	Lewis	Schall
Bailey	Davis	Logan	Sheppard
Bankhead	Dickinson	Lonergan	Shipstead
Barbour	Dieterich	Long	Smith
Barkley	Dill	McCarran	Steiwer
Black	Duffy	McGill	Stephens
Bone	Erickson	McKellar	Thomas, Okla.
Borah	Fess	McNary	Thomas, Utah
Brown	Fletcher	Murphy	Thompson
Bulkley	Frazier	Neely	Townsend
Bulow	George	Norbeck	Tydings
Byrd	Gibson	Norris	Vandenberg
Byrnes	Gore	Nye	Van Nuys
Capper	Hale	O'Mahoney	Wagner
Caraway	Harrison	Overton	Walcott
Carey	Hastings	Patterson	Walsh
Clark	Hatch	Pittman	Wheeler
Connally	Hayden	Pope	White
Coolidge	Johnson	Reed	

Mr. HARRISON. I desire to announce that the Senator from Florida [Mr. TRAMMELL] and the Senator from Arkansas [Mr. ROBINSON] are necessarily detained, and that the Senator from California [Mr. McADOO] is absent on account of illness.

Mr. FESS. I desire to announce that the Senator from Maryland [Mr. GOLDSBOROUGH], the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], and the Senator from West Virginia [Mr. HATFIELD] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

SPECIAL COMMITTEE ON INVESTIGATION OF THE MUNITIONS INDUSTRY: RESIGNATION

The VICE PRESIDENT laid before the Senate a letter from the Senator from Texas [Mr. SHEPPARD], which was read, as follows:

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
April 20, 1934.

Hon. JOHN N. GARNER,
Vice President, Washington, D.C.

DEAR MR. VICE PRESIDENT: I appreciate very much the honor you accorded me in appointing me on the committee to investigate munitions, etc. However, my time is so completely taken up with Texas matters that it will not be practicable for me to serve, and I hereby tender my resignation.

With cordial good wishes, and renewed thanks, I am,

Yours very sincerely,

MORRIS SHEPPARD.

The VICE PRESIDENT. The Chair appoints the Senator from Georgia [Mr. GEORGE] to fill the vacancy on the special committee.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following resolutions of the Senate of the State of New York, which were referred to the Committee on Education and Labor:

STATE OF NEW YORK,
IN THE SENATE,
Albany, April 17, 1934.

By Mr. Berg

Whereas under the provisions of the National Recovery Act effort is being made to abolish industrial home work; and

Whereas a survey shows approximately 250,000 home workers are employed by the 4,500 manufacturers licensed by the New York State Department of Labor to give out home work; and

Whereas most of this work is done by hand, and a large percentage of it requires skill in needlework, and the majority of these workers are middle-aged men and women, invalids, and others, who by reason of home or physical conditions cannot engage in any work necessitating their leaving home; and

Whereas thousands of these men and women have been supporting themselves and their dependents for many years, many working for the same firms for 5, 10, and in many instances for 15 or more years; and

Whereas the consternation and anguish that the news that they may be deprived of the opportunity of supporting themselves in their old accustomed way, has brought to these workers, is most pathetic and heartbreaking; and

Whereas the abolishment of this form of employment would remove the earning power of this great army of people who could not secure an income in any other way, and who would be thrown upon relief agencies and forced to seek succor of parish and State; and

Whereas taking the right to do work from this class of workers would not materially increase the earning power of any other group of workers, but the said work will either be sent out of the State, as in the case of women's neckwear industry, in which one firm alone employing 1,100 home workers has negotiated to send the work out to the Philippines; some of the products will be imported as is planned in the lace industry, art linen work, artificial flowers and feathers, handkerchiefs, corsets, leather and woolen knit gloves, hand embroideries, powder-puff industry, crocheted berets, men's suspenders and belts, medium- and low-priced jewelry, greeting cards, etc.; and

Whereas the industries that will not be able to comply with this mandate to abolish home work and to do the work in factories, and cannot resort to the other expedient of sending the work to be done elsewhere, or of importing the products, will simply have to close their places of business. This result will surely not be fulfilling the purpose of the National Recovery Act which aims to encourage national industrial recovery; and

Whereas an opportunity is here presented and is at hand to wipe out the exploitation of the home workers, since through the agency of the National Recovery Act provision can be made for the payment of a minimum wage in the respective industries and for other regulations safeguarding the interests of the home workers and the public; and

Whereas a bill has been introduced in the Legislature of the State of New York, known as the "Newsteen bill", assembly introductory 1532, print 1656, which bill relates to the industrial home worker and is sponsored by the New York State Department of Labor, and endorsed by the majority of manufacturers employing home workers. The provisions of this bill set up proper policing of home working and places the cost of such policing upon the manufacturers. It must readily be seen that if 4,500 manufacturers each pay $25 a year for a home-work license, a substantial fund will thus be raised to assure proper supervision, compliance with minimum-wage provisions, abolition of child labor, proper sanitary conditions, and many other regulations the State may impose; and

Whereas the abolition of home work will, in addition to the depriving of this vast army of workers of an opportunity to be self-sustaining, it will likewise encourage bootlegging in industrial home work: Now, therefore, be it

Resolved, That the Senate of the State of New York hereby memorialize the President of the United States to urge upon those in charge of the administration of the National Recovery Act a safe and sane policy in connection with this form of industrial home work; and be it further

Resolved, That the President of the United States lend his aid to the end that the codes adopted pursuant to the National Recovery Act make suitable provision for the retention of industrial home work and that, if necessary, a suitable committee be appointed to be composed of a representative of the Government of the United States, a representative of the manufacturers, a representative of the home workers, which should constitute an industrial home-work code authority charged with the duty of providing for a minimum wage for the home workers, the abolition of child labor in industrial home work, the licensing of manufacturers giving home work, the registration of home workers, inspection of premises where home work is done, and such other regulations as the public would prompt on request: And be it further

Resolved, That copies of this resolution be forwarded to His Excellency the Governor of the State of New York, the Administrator of the National Recovery Act, and to the secretary of the Senate and House of Representatives of the United States of America.

By order of the senate.

[SEAL] MARGUERITE O'CONNELL, *Clerk*.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the City Commissions of Pontiac and Royal Oak, Mich., favoring the passage of the so-called "McLeod bill", providing relief to depositors in closed banks, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution of Local Union No. 936, International Brotherhood of Firemen and Oilers, of Nashville, Tenn., favoring the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also laid before the Senate the petition of Charles Forney, of Norfolk, Va., praying for an investigation by the present Congress of the operation of the National Industrial Recovery Act, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Heyde-Pillow Post, No. 1301, Veterans of Foreign Wars, of Marion, Ill., favoring the passage of House bill no. 1, providing payment of adjusted-service certificates (bonus), which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Washoe County Bar Association, of Reno, Nev., protesting against the passage of legislation taking away the legal right of husband and wife to make separate income-tax returns, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the National Camp of the Patriotic Order of Americans, protesting against the passage of legislation to loosen immigration restrictions, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by the Washoe County Bar Association, of Reno, Nev., favoring the passage of legislation providing for the remonetization of silver, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the American Society for Pharmacology and Experimental Therapeutics, New York City, N.Y., endorsing the principles embodied in Senate bill 2800, known as the "Federal food and drugs bill", which was ordered to lie on the table.

He also laid before the Senate a resolution of the Provincial Board of Romblon, P.I., protesting against the imposition of an excise tax against Philippine oil and copra imported into the United States, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Territorial Central Committee of the Democratic Party of Hawaii, Honolulu, T.H., favoring the granting of the same treatment to Hawaii in national legislative matters, and particularly in the allocation of agricultural or other products, as may be accorded to the Nation generally, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Elizabeth (N.J.) Chamber of Commerce, favoring the passage of legislation to abolish the Federal gasoline tax and to relinquish to the States the exclusive power of taxing such sales in the future, which was ordered to lie on the table.

He also laid before the Senate a letter from the Secretary of War, transmitting copy of a letter from Mr. Eusebio A. Godoy, supreme head of the Palihan ng Bayan, protesting against the imposition in pending legislation of an excise tax on coconut oil from the Philippines, which, with the accompanying paper, was ordered to lie on the table.

He also laid before the Senate a telegram from Byron Moser, president of the Mutual Bank & Trust Co., St. Louis, Mo., favoring the passage of the so-called "Lewis bill" in place of the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, introduced by Mr. JOHNSON and passed by the Senate on February 9, 1934, which was ordered to lie on the table.

Mr. COPELAND presented the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Post Offices and Post Roads:

STATE OF NEW YORK,
IN SENATE,
Albany, April 3, 1934.

By Mr. Fearon

Whereas the State of New York was allocated some $22,300,000 in funds for highway work as a result of the National Industrial Recovery Act in 1933; and

Whereas these funds were provided for the purpose of giving additional employment on highway work in the State of New York; and

Whereas practically all of this sum has been either expended or placed under contract; and

Whereas the New York State budget for the next fiscal year provides only the sum of $5,000,000 for construction and reconstruction work on highways in this State; and

Whereas most of this sum will be used by the State for maintenance of present highways and bridges; and

Whereas there will be practically no new State highway work undertaken during the year 1934; and

Whereas the highway program made possible through the Federal allotment of $22,300,000 last year will be completed during the summer months of 1934, thus releasing thousands of workers directly and indirectly employed as a result of this progress; and

Whereas the release of these thousands of workers from the highway industry will greatly intensify the unemployment situation in nearly all sections of the State unless additional Federal funds are made available with which to prosecute a continued program of highway employment during the current year: Therefore be it

Resolved (*if the assembly concur*), That the Legislature of the State of New York memorialize and respectfully petition the President and the Congress of the United States to enact during the present session such legislation as will provide an additional program of highway construction and improvement for 1934 of at least $500,000,000, to be allocated among the various States upon the same basis as was followed in connection with the apportionment made last year under the original $400,000,000 fund, the additional $500,000,000 fund to be administered under jurisdiction of the United States Bureau of Public Roads through the State highway department of the various States; be it further

Resolved, That a copy of this resolution be transmitted to the Clerk of the House of Representatives and the Secretary of the United States Senate, to the President of the United States, and to each Member of Congress elected from the State of New York.

By order of the senate.

MARGUERITE O'CONNELL, *Clerk.*

IN ASSEMBLY,
April 4, 1934.

Concurred in without amendment.

By order of the assembly.

FRED W. HAMMOND, *Clerk.*

Mr. COPELAND also presented a resolution adopted by the Merchants' Association of New York City, N.Y., favoring according an opportunity to the air-mail industry to reply to charges made against it, and also the prompt reestablishment of adequate air-mail facilities, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by New York Typographical Union No. 6, of New York City, favoring the making of loans and grants by the Government for public-school purposes, which was referred to the Committee on Education and Labor.

He also presented resolutions adopted by members of New York Division No. 9, Order of Sleeping Car Conductors, and Seafarers' Council of the Port of New York, of New York City, favoring the passage of legislation providing for the settlement of disputes between employers and employees and to establish a national labor board, which were referred to the Committee on Education and Labor.

He also presented resolutions adopted by Rockaway Aerie, No. 1544, Fraternal Order of Eagles, of Rockaway Beach, and the Bobby Walters Association, Inc., of New York City, favoring the passage of legislation providing for the payment of depositors in closed banks, which were referred to the Committee on Banking and Currency.

He also presented a memorial of citizens of New York City remonstrating against the enactment of legislation providing for the purchase of silver and its remonetization, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the industrial executives group of the Niagara Falls (N.Y.) Chamber of Commerce remonstrating against the passage of House joint resolution 288, to prohibit the habitual commuting of aliens from foreign contiguous territory to engage in skilled or unskilled labor employment in continental United States, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Woman's National Committee for Political Action, of New York City, favoring the enactment of legislation to exclude aliens in the count of population for the apportionment of Representatives in Congress, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Stone Masons' Union No. 78, of New York City, favoring the passage of Senate bill 2616, providing for unemployment insurance, and Senate bill 2926, providing for the settlement of disputes between employers and employees, and to establish a national labor board, which was referred to the Committee on Finance.

He also presented a petition of employees of the Customs Service in New York City, praying for the enactment of legislation providing for the designation of beneficiaries by employees subject to the provisions of the Civil Service Retirement Act, which was referred to the Committee on Civil Service.

He also presented resolutions adopted by the Board of Aldermen of New York City, and numerous resolutions adopted by various religious, civic, fraternal, and other organizations, and petitions of sundry citizens, all in the State of New York, praying the amendment of proposed radio legislation so as to provide broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Jamie Kelly Association, Inc., of Brooklyn, N.Y., favoring a full-time broadcasting allocation for station WBBC, of Brooklyn, N.Y., which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by various women's organizations of the State of New York, favoring the passage of House bill 6097, providing higher standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Dairy League local of Woodhull, N.Y., favoring the imposition of a Federal tax on coconut oil, which was ordered to lie on the table.

He also presented resolutions adopted by the Thomas W. Murphy Association, Inc., of Brooklyn, and the Dobbs Ferry Italian-American Civic Association, of Dobbs Ferry, in the State of New York, protesting against the enactment of proposed legislation to regulate stock exchanges, which were ordered to lie on the table.

CONDITIONS AFFECTING SMALL PETROLEUM COMPANIES

Mr. BORAH. I desire to have printed in the RECORD certain telegrams from the small oil companies as to some action which has lately been taken upon the part of the major companies. I do not desire to trespass upon the time of the Senator from Ohio [Mr. FESS] now, but later I shall discuss the subject.

The VICE PRESIDENT. Is there objection to the request of the Senator from Idaho?

There being no objection, the telgrams were ordered to lie on the table and to be printed in the RECORD, as follows:

CHICAGO, ILL., *April 21, 1934.*

Senator WILLIAM E. BORAH,
Washington, D.C.:

The major companies reduced third grade and regular gasoline price in Chicago 1 cent, making total reduction of 2½ cents in the last 30 days, during which time our cost has increased 1 cent. Price outside Chicago is 4½ cents higher due to no competition with reduction of hours and increased pay roll. This condition will wreck every small independent in Chicago. We ask that some action be taken to correct this condition.

FRANK J. EHRENHEIM.

CHICAGO, ILL., *April 20, 1934.*

Senator WILLIAM E. BORAH,
Washington, D.C.:

Major company reduced third grade and regular gasoline price Chicago 1 cent, making total reduction 2½ cents in last month,

and our cost has increased 1 cent. Prices outside Chicago due to no competition are 4½ cents higher. Independents living up to N.R.A. and increased pay roll will be ruined in Chicago by this condition. We, therefore, ask that some action be taken to correct this.

TANK CAR STATIONS, INC.,
4530 West Grand Avenue.

CHICAGO, ILL., *April 20, 1934.*

Senator W. E. BORAH,
Washington, D.C.:

Major companies have reduced third and regular grade gasoline prices in Chicago 1 cent, making total reduction of 2½ cents in last 30 days, during which time our cost has increased 1 cent. Prices outside Chicago 4½ cents higher due to no competition. With reduction of hours and increased pay roll this condition will wreck every small independent operator in Chicago, and we ask that some action be taken to correct same.

REFINERS TANK CAR STATION,
Chicago, Ill.

CHICAGO, ILL., *April 20, 1934.*

Senator WILLIAM E. BORAH,
Washington, D.C.:

Major companies reduced third grade and regular gasoline price Chicago 1 cent, making total reduction of 2½ cents in last 30 days, during which time our costs have increased 1 cent. Prices outside Chicago 4½ cents higher due to no competition. With reduction of hours and increased pay roll this condition will wreck every small independent in Chicago, and we ask that some action be taken to correct this condition.

BULK SERVICE STATIONS, INC.,
2958 North Ashland Avenue.

CHICAGO, ILL., *April 20, 1934.*

Senator WILLIAM E. BORAH:

The major companies have reduced the retail price of gasoline, while the tank-car price has been raised. The differential between the wholesale buying price and the retail selling price is so small as to necessitate the closing down of the independent wholesaler and retailer, thereby causing an enormous loss of money and putting about 4,000 people out of employment in the petroleum industry.

NATIONAL PETROLEUM CORPORATION,
1147 North Central Park Avenue.

CHICAGO, ILL., *April 21, 1934.*

Senator WILLIAM E. BORAH,
Washington, D.C.:

Standard Oil Co. of Indiana reduced price of third grade and regular gasoline, effective April 17, 1 cent per gallon, making total reduction since March 29, 2½ cents per gallon on these two grades, during which time wholesale price in tank cars has increased 1 cent per gallon, making difference to independent dealers 3½ cents. They did not reduce price of ethyl because they have monopoly on this grade and boycott the independent and refuse to sell him. Under present price structure they have places within a short distance where they are selling these grades at 4½ cents per gallon higher, using profits in these regions to crush independent and small dealers in different cities where they have reduced these prices. With these reductions we believe they are not only violating code by selling below cost but also violating antitrust laws for same reason. Major companies have not shown any desire to cooperate, and we question their sincerity in waiting to stabilize market. Independent and small dealers in Chicago have worked together very successfully to stabilize market and made considerable progress up to March 29, at which time markets were in better shape than they had been for many years. We had movement on foot to increase our price, making smaller differential, and before we could put this into effect they reduced price on all grades 1½ cents per gallon on March 29, notwithstanding we kept them advised of our action, which they ignored. With increase in pay roll and reduction in hours the independent cannot exist with this drastic cut in their retail price, and we ask that some action be taken immediately to correct this situation.

L. M. FOSTER,
President Chicago Individual Brand Petroleum Association,
360 North Michigan Avenue, Chicago, Ill.

CHICAGO, ILL., *April 21, 1934.*

Senator BORAH,
Washington, D.C.:

Independent operators being wiped out by destructive action of Standard Oil Co. in Chicago; urge immediate investigation secret discounts of 1 to 2 cents given by stations supplied by major companies; make it impossible to hold our business and continue to comply with the code. Many affidavits of violations supplied code committee controlled by major representatives without results.

MARTINI OIL CO.

LONG- AND SHORT-HAUL CLAUSE OF INTERSTATE COMMERCE ACT

Mr. ASHURST presented a telegram, which was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

[Telegram]

TUCSON, ARIZ., *April 20, 1934.*

Hon. HENRY F. ASHURST,
Senator, Washington, D.C.

Following resolution passed by Tri-State Meeting, Brotherhood of Locomotive Firemen and Enginemen, assembled in eighth annual convention at Tucson, Ariz., April 18:

"Whereas we feel that section 4 of the Interstate Commerce Act as now applied causes unfair competition between the railroads and the waterway; and

"Whereas this contributes to unemployment of railway employees: Therefore be it

"*Resolved*, That we, the Eighth Annual Southwestern Tri-State Union Meeting assembled, do go on record as favoring the modification or repeal of said section 4, and that a copy of this resolution be sent to our international president, Bro. D. B. Robertson, with the request that he communicate it to the national legislative representative and Senators and Congressmen from the Intermountain States and ask their support."

J. P. MORRIS,
Chairman Tri-State Meeting.
R. H. STINSON,
Chairman Arizona State Legislative.

REPORTS OF COMMITTEES

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 2858. An act to add certain lands to the Pike National Forest, Colo. (Rept. No. 793); and

H.R. 2862. An act to add certain lands to the Cochetopa National Forest in the State of Colorado (Rept. No. 794).

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 2497) to correct the military record of Judson B. Isbester, reported it with amendments and submitted a report (No. 801) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 1505) for the relief of Thomas E. Read, reported it with amendments and submitted a report (No. 796) thereon.

He also, from the same committee, to which was referred the bill (S. 424) for the relief of Hector H. Perry, reported it without amendment and submitted a report (No. 797) thereon.

He also, from the Committee on Claims, to which was referred the bill (S. 2357) for the relief of Arthur Bussey, reported it with an amendment and submitted a report (No. 795) thereon.

He also, from the same committee, to which was referred the bill (S. 3349) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co., reported it without amendment and submitted a report (No. 798) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 1281) for the relief of Harry P. Hollidge, reported it without amendment and submitted a report (No. 799) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2322) for the relief of A. J. Hanlon, reported it without amendment and submitted a report (No. 800) thereon.

He also, from the Committee on the Judiciary, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 2745. An act to provide for changing the time of the meeting of Congress, the beginning of the terms of Members of Congress, and the time when the electoral votes shall be counted, and for other purposes (Rept. No. 802); and

S. 3041. An act to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes (Rept. No. 803).

Mr. SHIPSTEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3185) to amend the Agricultural Adjustment Act, as amended, with respect to farm prices, reported it without amendment and submitted a report (No. 807) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 3374) to extend the times for commencing and completing the construction of a bridge

across Lake Champlain from East Alburg, Vt., to West Swanton, Vt., reported it without amendment and submitted a report (No. 813) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 2769) to provide funds for cooperation with Marysville School District, No. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children, reported it with an amendment and submitted a report (No. 804) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1977. An act to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation (Rept. No. 805); and

S. 2874. An act authorizing the submission of an alternate budget for the Bureau of Indian Affairs (Rept. No. 806).

Mr. FRAZIER, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3147. An act to amend the act approved June 28, 1932 (47 Stat.L. 337) (Rept. No. 808); and

S. 3396. An act to amend the act of January 30, 1897 (29 Stat. 506, sec. 2139; U.S. Rev. Stat., sec. 241, title 25, U.S.C.), transferring certain jurisdiction from War Department to the Department of the Interior (Rept. No. 809).

Mr. BULOW, from the Committee on Indian Affairs, to which was referred the bill (S. 2957) for the relief of the rightful heirs of Wakicunzewin, an Indian, reported it without amendment and submitted a report (No. 810) thereon.

Mr. NORBECK, from the Committee on Indian Affairs, to which was referred the bill (S. 2940) to provide funds for cooperation with the school board of Shannon County, S.Dak., in the construction of a consolidated high-school building to be available to both white and Indian children, reported it without amendment and submitted a report (No. 811) thereon.

Mr. SCHALL, from the Committee on Indian Affairs, to which was referred the bill (S. 3148) to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat.L. 555), reported it with an amendment and submitted a report (No. 812) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3382. An act to cover the handling of Osage Indian alcoholics and narcotics (Rept. No. 814);

S. 3393. An act relating to the tribal and individual affairs of the Osage Indians of Oklahoma (Rept. No. 815); and

H.R. 4808. An act granting citizenship to the Metlakahtla Indians of Alaska (Rept. No. 816).

Mr. THOMAS of Oklahoma also, from the Committee on Indian Affairs, to which was referred the bill (S. 3117) authorizing and directing the Court of Claims, in the event of judgment or judgments in favor of the Cherokee Indians, or any of them, in suits by them against the United States under the acts of March 19, 1924, and April 25, 1932, to include in its decrees allowances to Frank J. Boudinot, not exceeding 5 percent of such recoveries, and for other purposes, reported it with amendments and submitted a report (No. 817) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 20th instant that committee presented to the President of the United States the following enrolled bills:

S. 828. An act to authorize boxing in the District of Columbia, and for other purposes;

S. 2084. An act granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes; and

S. 3296. An act to revive and reenact the act entitled "An act granting the consent of Congress to Meridian & Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the following nominations:

Summerfield S. Alexander, of Kansas, to be United States attorney, district of Kansas, to succeed Sardius Mason Brewster, term expired; and

Milton J. Helmick, of New Mexico, to be judge of the United States Court for China, to succeed Milton Dwight Purdy, whose term expired February 18, 1934.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of George P. Alderson, of West Virginia, to be United States marshal, southern district of West Virginia, to succeed John P. Hallanan, whose term will expire May 13, 1934.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLETCHER:

A bill (S. 3422) to amend section 5139 of the Revised Statutes and sections 20 and 21 of the Banking Act of 1933; to the Committee on Banking and Currency.

By Mr. WHITE (by request):

A bill (S. 3423) to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty; to the Committee on the Judiciary.

By Mr. COPELAND:

A bill (S. 3424) to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Rochester, N.Y., August 14, 15, and 16, 1934; to the Committee on Naval Affairs.

A bill (S. 3425) granting a pension to George S. Ward; to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 3426) for the relief of H. Kaminski & Co., Kaminski Hardware Co., and the Carolina Hardware Co.; to the Committee on Claims.

By Mr. GIBSON:

A bill (S. 3427) for the relief of F. Whitney Harrington; to the Committee on Military Affairs.

By Mr. BORAH:

A bill (S. 3428) to provide for the addition of the names of certain persons to the final roll of the Indians of the Blackfeet Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

By Mr. McKELLAR:

A bill (S. 3429) for the relief of the estate of White B. Miller; to the Committee on Claims.

By Mr. DICKINSON:

A bill (S. 3430) granting a pension to Margaret Ledgerwood; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 3431) authorizing a preliminary examination of the lower Columbia River, with a view to the controlling of floods; to the Committee on Commerce.

By Mr. CAREY:

A bill (S. 3432) authorizing the Secretary of the Interior either to purchase certain privately owned lands or to exchange for such lands certain unappropriated and unreserved public lands; to the Committee on Public Lands and Surveys.

By Mr. SMITH:

A bill (S. 3433) granting a pension to Blanche T. Harrison; to the Committee on Pensions.

By Mr. KING:

A bill (S. 3434) authorizing the Southern Ute and the Ute Mountain Bands of Ute Indians, located in Utah, Colorado, and New Mexico, to sue in the Court of Claims; to the Committee on Indian Affairs.

A bill (S. 3435) providing for the refacing of the old post-office building at Logan, Utah; to the Committee on Public Buildings and Grounds.

By Mr. ASHURST (by request):

A bill (S. 3436) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Carbon & Carbide Co.; to the Committee on the Judiciary.

By Mr. COPELAND:

A joint resolution (S.J.Res. 107) to amend the act entitled "An act to amend section 72 of chapter 23, Printing Act, approved January 12, 1895, relative to the allotment of public documents", approved March 18, 1924; to the Committee on Printing.

CHANGE OF REFERENCE

On motion of Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 3416) to provide for the establishment of the Richmond National Battlefield Park in the State of Virginia, and for other purposes, and it was referred to the Committee on Public Lands and Surveys.

RECIPROCAL TARIFF AGREEMENTS—AMENDMENT

Mr. COPELAND submitted an amendment intended to be proposed by him to the bill (H.R. 8687) to amend the Tariff Act of 1930, which was referred to the Committee on Finance and ordered to be printed.

INTEREST PAYMENTS ON AMERICAN EMBASSY, IN DRAFTS (S.DOC. NO. 172)

Mr. PITTMAN. I ask unanimous consent to have printed as a Senate document a message from the President of the United States under date of March 24, 1934, transmitting to Congress a report from the Secretary of State dealing with certain financial matters in connection with the American embassies in Petrograd and Constantinople.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 37 and 40 to the said bill, and concurred therein; and that the House had receded from its disagreement to the amendments of the Senate numbered 6, 12, 32, and 43 to the bill, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate.

PAYMENT BY FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have placed in the RECORD a clipping taken from the Washington Herald of April 22, 1934. My reason for making this request is to place before the Senate a truly great historical event. The statement quoted calls our attention to the fact that the Federal Deposit Insurance Corporation will immediately assume its liability to repay depositors in a distressed bank. This is the first time since the establishment of the Federal Deposit Insurance Corporation that that Corporation has found it necessary to come to the aid of a bank. This is significant in a number of ways. First, the historical one; second, the social and economic one; and third, the effect on the people and the banks themselves. Had the threatened closing of a bank been publicly announced a year ago it would have caused a run on practically every bank in the city where the distressed bank was established. There is apparently nothing of that kind today. Then, too, look how quickly action is taken in regard to alleged irregularities. This is undoubtedly due to the helpful influence which the Federal Deposit Insurance Corporation has in our communities. Consider relief from worry which the depositors now enjoy. Consider the saving in anxiety, and consider, above all, the fact that a news announcement concerning a threatened closing of a bank in one of America's big cities is now deemed worthy of but a 4-inch story on an inside page.

Bankers in the city where the distressed bank is located must feel relief and must, I am sure, feel repentant over the fact that none of them could see the blessings of this new-deal legislation until they were made to experience it. Men are frightened of that which they have not experienced. How cheap is the relief from fear if it can be attained at the small cost which the banks have been put to in maintaining the Federal Deposit Insurance Corporation. It all conjures well for the future of this new-deal legislation.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah to have printed in the RECORD the clipping referred to by him?

There being no objection, the clipping was ordered to be printed in the RECORD, as follows:

[From the Washington Herald of Apr. 22, 1934]

UNITED STATES TO PAY OFF IF BANK CLOSES

The Federal Deposit Insurance Corporation will immediately assume its liability to repay depositors of the Bank of America Trust Co., of Pittsburgh, Pa., if it is closed, Chairman Leo T. Crowley said yesterday.

The bank was placed on a restricted basis Friday by Pennsylvania banking authorities in order that an audit and examination may be made. There have been irregularities, and the president has been arrested and indicted, according to reports of State banking authorities.

The bank is a non-Federal Reserve member one and is the first bank belonging to the insurance fund to be placed on a restricted basis.

INDUSTRIES OF THE TENNESSEE VALLEY—ADDRESS BY DAVID E. LILIENTHAL

Mr. McKELLAR. Mr. President, I ask unanimous consent to have published in the RECORD a speech by David E. Lilienthal, a member of the Tennessee Valley Authority, entitled "The Future of Industry in the Tennessee Valley Region", delivered before the Tennessee Valley Institute of the University of Chattanooga, Chattanooga, Tenn., on April 21, 1934.

This is a splendid address and teems with concrete facts. It shows the wonderful progress that is being made by the Tennessee Valley Authority in the Tennessee Valley. Mr. Lilienthal is admirably equipped for the great work he is doing, and I hope every Senator will read the address in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is my firm conviction that the Tennessee Valley region is to be the scene of an expansion of industry which in the course of the coming decade will change the economic life of the South. If this industrial development is controlled in the interest of the entire community and fitted into a national program, it will stimulate and regenerate the industrial life of all America. We in the Tennesse Valley area, in a very real sense, face a new frontier—an industrial frontier. There lies before us an opportunity for industrial leadership, calling for the courage, the energy, and the self-discipline of the pioneers on the western frontier of a century ago.

It is my purpose this evening to lay before you and my other neighbors in the Tennessee Valley facts and reasons which have led me to the conclusion that we are about to witness in this area a period of industrial expansion unprecedented in its magnitude and opportunities.

I should like, first of all, to enumerate those factors in the economic situation of this great region, upon the foundation of which a period of industrial development will arise. I shall then discuss each of these factors more in detail.

First. We can have in this region low-cost electric power in almost unlimited quantities.

Second. This is an area of natural resources almost unequaled in their variety and richness, not the least of which is a climate

most favorable to health and well-being and the successful pursuit of agriculture.

Third is the great potentiality of this area as to economical transportation—water, rail, and highway.

Fourth, and perhaps most important of all, in creating the Tennessee Valley Authority, the President and Congress have made it possible for this area to develop its natural resources, its power, and its transportation in accordance with an integrated and orderly plan. Under such a plan the short-sightedness and greed of individuals and single communities can be controlled, and the interests of the people as a whole kept paramount. Such an integrating and unifying force in the development of industrial resources is unique in our Nation's history.

I turn first to the reason which I have suggested as insuring a period of great industrial expansion for the South—the availability of cheap electric power.

The T.V.A. has under way, as you know, a comprehensive program for the development of the power resources of the Tennessee River and its tributaries. No more ambitious program of hydroelectric development has ever been actually undertaken in this country. Aided by an exhaustive survey prepared by the Corps of Engineers of the United States Army under the direction of Col. Harold C. Fiske, the Authority is constructing what probably will be the most efficient system for the utilization of the water resources of a vast area.

As you know, we have started with the nucleus of Wilson Dam at Muscle Shoals. Within 2 years two more great dams will be completed—one, the Norris Dam on the headwaters of the Clinch River, near Knoxville; the other, the Joe Wheeler Dam just above the Wilson Dam in northern Alabama. Four other major dams of various types will probably be approved for early construction. A large staff is now planning the dam-building program for the next decade.

Everything considered, the electricity produced in this vast public hydroelectric system will be as cheap as power can be produced in any part of the United States, and much cheaper than in many sections. One reason for this is the efficiency which arises from integrated control of an entire watershed under a single public ownership and administration. That ownership and control is one which is dominated by one purpose and one purpose only—service to the whole people to whom these streams belong. By the use of storage reservoirs and central control, all the vast economies of large-scale production will be utilized, and the Tennessee River and its tributaries will be made to yield their great potential wealth into the hands of the people of the Tennessee Valley. The presence of coal in great quantities for stand-by and auxiliary steam plants will tend to keep the cost of electricity below that possible in areas having favorable hydroelectric power but in which coal is costly.

Perhaps the most important factor in insuring a low cost for hydroelectric power in this region is the fact that the distribution of this power to the factories and homes and farms, for the most part, will be in the hands of public agencies. Industries seeking to use large blocks of hydroelectric power in the Tennessee Valley will not be forced to support dizzy towers of inflated capitalization. They will not have to pay for the financial misdeeds of the builders of utility pyramids. Under public distribution of power with centralized accounting, control, and supervision in the hands of a regional authority there will be the greatest incentive to economy and managerial efficiency. Each community will try to make its record better than that of its neighboring community.

Furthermore, since the operations are public operations, they will be subject to that constant stream of public criticism which, while at times unpleasant to those who are thin-skinned, will insure the most careful scrutiny of operations. This perennial scrutiny of the work of public servants will certainly do more to protect the consumer against inefficiency and excessive rates than the sympathetic wrist-tapping which goes under the name of public-utility regulation in so many States.

It is unnecessary to demonstrate to this audience the importance of low industrial power rates in the development of an industrial program. Since the first month of operations in Tupelo under the T.V.A. schedule of rates put into effect in that Mississippi municipality, we have made comparisons of bills paid by certain industries. These comparisons show in a striking way the results of low-cost power in bringing down operating expenses. I have here a statement of the Reed Bros., Inc., power bill for January 1934 and March 1934. The January billing was under the old rate; the March billing was under the new T.V.A. rate. This statement shows that Reed Bros. in January paid $210.25, while in March under the new schedule they paid $145.38. This meant a reduction of $64.87 in the power bill, or a reduction of 30.8 percent.

In January this company's consumption was 6,580 kilowatt-hours, while in March the consumption was 10,210 kilowatt-hours. In other words, while the amount paid was reduced 30.8 percent, the amount of power consumed increased 55.2 percent. I have here the billings of the McLeran Ice Cream Co. for January and March 1934 power. Under the old rate, this company's billing was $92.19, while under the new rate the billing was $56.23, or a reduction of $35.96, which amounted to 39 percent. In March the power consumption was 26.9 percent greater than the January consumption, yet the cash paid for the power was 39 percent less.

Perhaps the major industry in Tupelo is cotton milling. I have here a statement of the bills of the Tupelo Cotton Mill for January and for March this year. In January, under the old rate, the Tupelo Cotton Mill paid $3,181.33, while for the month of March, under the new Tennessee Valley Authority rate, the billing was $1,896.40, or a decrease of $1,284.93. While the bill for March power used by this mill was 40.4 percent less, the mill, in the same period, consumed 26 percent more power.

The significance of such figures in textile manufacturing is clear. According to the Textile World, the power costs in southern textile mills operating under code requirements range from about 10 to 15 percent of all manufacturing costs, including plant overhead, but excluding cost of raw materials, depreciation charges, and Federal taxes. With this in mind it is easily seen what an important cost factor power rates can be in the South.

It is true that in some other industries the cost of power represents a smaller portion of the total cost of operation, but there are many industries, including those especially adapted to the resources of the valley, such as electrochemical and light metal industries, in which power is a dominant cost factor. It is inevitable that industry will turn to this region as the Tennessee River yields to this program for the development of low-cost power.

Nor is this all. I am advised that there are many lines of industry which cannot now profitably operate because of high power rates; these will find that they can operate and successfully function in this area. To my desk at Knoxville there has come in recent months an impressive number of inquiries from industrialists in various fields requesting specific information concerning T.V.A. power rates and asking advice respecting locations for industrial enterprises requiring large quantities of power. As our program progresses and the country hears, not only of what you and I here in this region plan to do but what we are actually doing, these inquiries will increase and will be translated into actual operations and actual pay rolls.

I have mentioned the happy circumstance of the presence in the Tennessee Valley of great natural resources. I doubt if any other area is so blessed with mineral resources. A mere recitation of the list of these resources is impressive. In fuels we have coal, lignite, petroleum, and natural gas. Our heavy metals include iron ores, manganese, chromium, and nickel; and our light metals are aluminum, magnesium, and beryllium. There are other metals, such as zinc, lead, and tin. Of cement materials we produce limestone, shale, clay, gypsum, lime, and slag. Similarly, this area has stone, sand, gravel, chert, and asphalt. There is an abundance of fertilizers, including phosphate, potash, schists and shales, green sand, niter, gypsum, lime, byproduct ammonia and atmospheric nitrogen. There are the chemicals, salt, lime, alum, coal tar, and pyrite. For ceramics we have clay, shales, kaolin, and feldspar. Our pigments are ocher, metallic paint, pyrite, barite, carbon black, zinc white, coal-tar colors, and slate colors. Abrasives found here are bauxite, corundum, emery, garnet, and sand. Refractories and insulators include cyanite, asbestos, mica, fire clays, bauxite, olivine, and vermiculite. In addition to these materials there are the miscellaneous items of talc, graphite, Fuller's earth, glass sand, and bentonite. According to statistics compiled by the United States Bureau of Mines for the year 1929, the total mineral production of seven States which are in part included in the Tennessee Valley area amounted to something over $300,000,000. These resources will play a major role in the South's industrial expansion.

We have learned that unless agriculture is on a sound basis and the farming population prospers, the whole community suffers—not merely the farmers but those who depend on industry for a livelihood as well. It is, therefore, a matter of prime concern in the development of any industrial program that the agriculture of the region be regenerated and readjusted. This emphasis upon agriculture is being carried on largely through the labors of my associate and your neighbor, Dr. Harcourt A. Morgan. The Authority's fertilizer program under Dr. Morgan's charge has the most far-reaching implications in the establishment of a prosperous agriculture. His work to establish a companionship between agriculture and small-scale industry is another means to the same end. The Authority's rural electrification program leads in the same direction. In short, nowhere in the United States will there be such realistic concentration on the economic problems of agriculture as in the Tennessee Valley area in the coming decade. To a far-sighted industrialist this policy will be a compelling factor when he comes to consider the entry into industrial operations in this region.

Distribution costs in many industries determine whether the results of operation will be a profit or a red figure and unemployment for the workers of the industry. Transportation methods and costs are now being seriously studied by most intelligent industrialists. The Tennessee Valley area has advantages in the matter of transportation, some of them not adequately recognized. Obviously no integrated plan for regional development can be complete without an analysis of our transportation situation, and a preliminary study is under way.

To weave together all these favorable factors, to aid in charting the course of the development of this region in an orderly and effective manner was a major purpose of President Roosevelt in urging the creation of the Tennessee Valley Authority. It is the duty and the unique opportunity of the Authority to join with all the Valley's forces and those of the Nation in forwarding this great industrial expansion which can mean so much to the future well-being of the men and women of the South.

The ways in which the T.V.A. can function in carrying forward this program of industrial expansion are many. In some capacities it will act as a proprietor, such as in the case of its electric operations. In others it will furnish the disinterested technical advice of engineers, accountants, and business men. In still other capacities it will seek to smooth out those jealousies and rivalries

between cities which lead to destructive animosities and prevent healthy industrial development. In stimulating and aiding the readjustment of agriculture the Authority will be exercising a function which will make for a sounder industrial future. Through the Nation-wide publicity given the Authority's operations, the advantages of the region will receive the widest attention of business men the country over.

I am very definitely of the opinion that it is the Authority's duty to encourage and stimulate the growth of large-scale industry in the Tennessee Valley area. We are making provision for one of the largest hydroelectric developments in the world, with a potential 3,000,000 horsepower available. We are expending and expect to expend millions upon millions of dollars in construction activities, all looking toward the development of more and more power. Although we are bending every effort to greatly increase the use of electricity in the home and on the farm, it is obvious that only a large-scale industrial expansion will absorb the great pool of power which is thus being created. As we lay our plans for developing this cheap power in great quantities, it seems to me to be mandatory that we also lay plans for utilizing it in an industrial expansion program.

There is nothing inconsistent in urging the development of large-scale industry and at the same time promoting, as we are, a program of small-scale industry in connection with agriculture. There is no conflict in these two aspects of a single program. The two develop side by side. This is not the appropriate occasion to discuss in detail the particular kinds of industry and the special types of operation which I believe should characterize this industrial expansion nor to indicate the hopeful prospects already near at hand for decentralization of great industrial operations. The point I should like to make now is to repeat my conviction that it is the Authority's duty as well as its privilege to encourage the growth of large-scale industry.

This program should be based squarely upon the obvious economic benefits which industry will enjoy in the area. It should be based upon the factors of cheap hydroelectric power and an abundance of mineral and other natural resources. It will be a sad day for southern industry if the presence of a new factory here means merely the creation of an industrial graveyard in New England or some other section. What I see for this area is an economically sound growth of commerce and manufacturing, which will fit itself into a national economy. It seems to me that it would be no less than fatal and destructive to the entire program if industry were to come to the valley on any other basis than the natural advantages of the region. The South has ample inducement to offer on strictly business merits of the advantages found here. I believe that we all recognize that the South today needs no false lures to win the industrial development which should naturally be here.

I view the whole question of proper exploitation of the mineral resources of the Tennessee Valley as pertinent to this new industrial program. Two phases of this matter deserve attention.

First, in the development of mineral resources during the past decade science has been giving increasingly greater attention to the chemical development of minerals as opposed to purely mechanical processes. As a result of this, we may, therefore, expect our own developments to lead us into the creation of new products and into the use of new raw materials.

Second, through the ability of the Tennessee Valley Authority to supply low-cost electric energy and the presence of low-cost energy from other sources, we are not merely supplying a cheaper source of mechanical power but we are making possible the development of electrochemical and electrometallurgical industries which heretofore have been impossible of profitable operation owing to the high cost of electric energy employed in the process.

These two considerations open up entirely new fields for the consideration of industrialists and chemists in the future development of the mineral resources of the valley.

In speaking of the industrial future of the South I should be less frank if I failed to point out that there is a serious question in the minds of many able men as to whether large-scale industry should be encouraged. There are many thoughtful and earnest observers of our economic life who are convinced, or nearly so, that the industrial system has forfeited its claim to supporters. These observers point to the evils of unemployment, of poverty, of insecurity, to the tragic fluctuations called "depressions." Struck with the cruelty of these things, they suggest that it might be better to go back to an ideal of a self-contained economy—an economy in which handcraft and small industry take the place of large-scale manufacturing operations and the interchange of goods. I do not share this foreboding, nor do I see an avenue of escape from our problems in the economic order they propose. It seems to me plain that our first duty must be in some way to increase the flow of goods, for it is only in terms of goods that we are hungry or well fed, are able to enjoy life's riches or have them denied. To say that we must turn our backs upon an industrial system which has given us potentially an abundance of goods greater than the world has ever known before seems to me the preaching of a philosophy of defeat. It is not the abundance of goods that makes men starve in the presence of plenty. A return to scarcity would not better the lot of all.

The evils of the industrial system are many. But the fact remains that there is only one way to raise the standard of living, and that is by an increase in the quantity of goods and their equitable distribution. The income of our people in terms of goods must be increased, or all our hopes must die. And large-scale industry, controlled in the interest of the community, can provide us that increased flow of goods.

I am particularly encouraged over the future of large-scale industry, because I believe an aroused public will demand that public control protect us against the industrial and financial excess which led to the economic collapse of 1929. Under leadership of the President of the United States this Nation is now in the process of developing practical ways and means of exerting upon industry a community control—a control exercised for the benefit of the entire community, including industry itself. That the President's program is beset with many difficulties is patent, but it has been notable that in the Tennessee Valley, by and large, the necessity has been accepted; what remains is the laborious and trying task of applying such a cooperative program to the infinite details of modern business.

The new industrial period which lies ahead for the Tennessee Valley has this great advantage: It is initiated at a time when business men everywhere have come to recognize that only by a wise and just distribution of the products of industry can mass production survive, and that only by wise and just control of industry can this stimulation of purchasing power be sustained.

To so aid in the reorganization of our community life that industry will become the servant of the community and not its master, to become the means to an end and not the end itself, is one of the most serious duties to which, in my judgment, the Tennessee Valley Authority must address itself.

"THE RUIN OF THE STATES"—EDITORIAL FROM RICHMOND NEWS LEADER

Mr. ROBINSON of Indiana. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial from the Richmond News Leader, of Richmond, Va., entitled "The Ruin of the States."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Richmond News-Leader, Apr. 20, 1934]

THE RUIN OF THE STATES

"I see, as you do, and with the deepest affliction, the rapid strides with which the Federal branch of our Government is advancing toward the usurpation of all the rights reserved to the States, and, the consolidation in itself of all powers, foreign and domestic; and that, too, by constructions which, if legitimate, leave no limits to their power.

"Take together the decisions of the Federal court, the doctrines of the President, and the misconstructions of the constitutional compact acted on by the Legislature of the Federal branch, and it is but too evident, that the three ruling branches of that department are in combination to strip their colleagues, the State authorities, of the powers reserved by them, and to exercise themselves all functions, foreign and domestic.

"Under the power to regulate commerce, they assume indefinitely that also over agriculture and manufactures, and call it regulation to take the earnings of one of these branches of industry, and that, too, the most depressed, and put them into the pockets of the other, the most flourishing of all.

"Under the authority to establish post roads, they claim that of cutting down mountains for the construction of roads, of digging canals, and aided by a little sophistry on the words 'general welfare', a right to do, not only the acts to effect that, which are specifically enumerated and permitted, but whatsoever they shall think, or pretend will be for the general welfare."

This quotation is remarkable because it is applicable in every line to the situation that exists today. Yet the language is that of Thomas Jefferson, and the date of this extract, from a letter to Senator William B. Giles, is December 26, 1825.

No less remarkable is this quotation because the rights of the States, which Jefferson feared the Federal Government would soon extinguish, were preserved, in large part, for a century. The "Sage of Monticello" was alarmed when he wrote. He foresaw secession, though, in later paragraphs of the letter, he urged that the States exhaust every effort to preserve the Constitution before they quit the Union. Ahead of the country was nullification, the slavery agitation, the rise of the Republican Party, the conflict of the '60's, the reconstruction acts, the fuller development of the interstate-commerce clause, and the great accretions of Federal power from the war and industrial revolution. Through it all, States' rights somehow survived. It is only now, and oddly enough under a President of the party founded by Jefferson, that the final surrender by the States seems at hand.

How were the rights of the States kept alive? The answer, it seems to us, is that, for two generations, wise men heeded the advice Jefferson gave Giles. "The States", he said, "should be watchful to note every material usurpation of their rights; to denounce them as they occur in the most peremptory terms; to protest against them as wrongs to which our present submission shall be considered, not as acknowledgments or precedents of right but as a temporary yielding to the lesser evil * * *."

So long as that policy was maintained, the rights of the States, though reduced, were not destroyed. Even today the danger lies less in the vigorous assertion of the doctrine of centralization than in the unresisting acceptance of that doctrine by those who should resist it. Where in the entire Nation is there a Commonwealth that seeks to maintain its rights by the simplest, most effective method—that of discharging its duties? Subsidies have seduced States that violence could not overwhelm. Jefferson's own Vir-

ginia had formulated in 1709 the doctrine of States' rights in the famous resolutions of protest against the alien and sedition laws. This same Virginia now sees her Governor riding to Washington and waiting on a bureaucrat—not to say what Virginia will undertake for the protection of her needy but to ask how little she must do in order to have Federal agents dispense Federal funds.

The blind are leading the blind. Esau is selling his birthright for the pottage of F.E.R.A. To avoid a small temporary deficit, the Commonwealth of Virginia is surrendering essential rights at the same time that she is evading solemn duties.

Other States are making the same fatal error. They do not read the signs of the time. Nor do they perceive that when they accept the subsidies of the Federal Government and permit its agents to administer relief they are rendering as dire disservice to the Nation as to themselves.

Already one hears everywhere, in tones of apology, "We must wait on Washington", or, "We cannot get a decision from Washington." Everyone knows that the Federal administration is stalled in its own red tape. Congressmen are swamped with letters from constituents who find all their public business centering in Washington. The enforcement of N.I.R.A. is close to collapse because General Johnson has heretofore insisted on keeping all the reins in his own hands. In destroying the States, there is danger that we shall likewise destroy the efficiency of the Federal Government. The ruins of the States may be the graveyard of the Nation.

CHILD-LABOR AMENDMENT—ARGUMENT BY WILLIAM D. GUTHRIE

Mr. FLETCHER. Mr. President, I ask unanimous consent to have inserted in the RECORD a very able argument by William D. Guthrie, Esq., of the New York bar, on the subject of the Federal child-labor amendment.

There being no objection, the argument was ordered to be printed in the RECORD, as follows:

THE FEDERAL CHILD-LABOR AMENDMENT

To the Legislature of the State of New York:

Reply to the recent review entitled "A Statement by Lawyers", published by the Non-Partisan Committee for Ratification of the Federal child-labor amendment and released to the press April 2, 1934, in which they state the reasons why they believe the amendment should be ratified, and discuss the opposition thereto which they declare "has been voiced by certain prominent lawyers and also by a vote of the American Bar Association."

This Statement by Lawyers is made under eight points, numbered I to VIII, and it will be discussed in like order.

I. As to the action of State legislatures since June 2, 1924

In point I of the Statement by Lawyers it is set forth that the amendment was proposed on June 2, 1924, and that it has been ratified to date by 20 States, but no mention whatever is made of the defeat of the amendment in 1924–25, or of the rejections during the 10 years since 1924. Hence, the statement is not complete, and is therefore possibly misleading, although unintentionally so. The whole truth has been repeatedly published and was readily ascertainable. Thus, the proposed amendment was ratified in 1924 by 1 State and rejected by 3 States; in 1925 it was ratified by 3 States and rejected by 32 States; in 1926 no State ratified, and it was rejected by 2 States; in 1927 it was ratified by 1 State and rejected by 1 State; in 1928, 1929, and 1930 there were no ratifications or rejections; in 1931 it was ratified by 1 State and rejected by none; in 1932 there were no ratifications or rejections; in 1933 it was ratified by 14 States, and although unsuccessfully reintroduced in 11 States, no action was taken or it was rejected by one house. In 1934, however, it has not been ratified by any State, and has been rejected by 7 States.

There is, furthermore, no reference in the Statement by Lawyers to the unanimous opinion of the Supreme Court of the United States in the case of *Dillon* v. *Gloss* (256 U.S. 368, 372, 374–375), to the effect that "the ratification [of a proposed amendment] must be within some reasonable time after the proposal"; nor any discussion or challenge of the opinion which had been expressed by lawyers that more than a reasonable time had elapsed since June 2, 1924, when in 1933 State legislatures attempted to resurrect the amendment and to ratify it, although in 1924 and 1925 it had been affirmatively rejected.

It should be again pointed out that the 21 amendments to the Constitution of the United States were all ratified within a reasonable time, the shortest periods being 8 months and 20 days as to the first 10 amendments and 9 months and 13 days as to the recent twenty-first amendment repealing the eighteenth amendment, and the longest period ever taken for ratification being 3 years and a half with respect to the sixteenth or income-tax amendment.

It should also be noted that when the attempted ratifications were obtained in 1933, which in most instances were reversals of prior due rejections, it had long been generally assumed that the amendment had been definitely and finally defeated. The opposition, which had so effectively defeated ratification in 1924 and 1925, was no longer actively functioning. However, as soon as it was realized that the amendment was being "ressurrected", to apply the term used by the Supreme Court in *Dillon* v. *Gloss*, the opposition was reorganized and full information as to the import of and objections to the amendment thereupon submitted to the State legislatures. The result has been that not a single State has ratified the amendment in 1934, although attempted in many States, and that when brought to a vote in seven States it has been defeated and rejected by one or both houses of the legislature, viz: Kentucky, Massachusetts, Mississippi, Rhode Island, South Carolina, Texas, and Virginia.

The Statement by Lawyers declares that the proposed grant of power "to limit, regulate, and prohibit", is phrased in general terms and as such is similar to the grant of power in the Federal Constitution to borrow money on the credit of the United States, to regulate commerce with foreign nations and among the several States, to coin money, and to declare war. But it is not mentioned that it has long been the settled rule of construction that each of these express grants of power, although in general terms, may be exercised by Congress to its utmost extent and does not depend on the degree to which it may be exercised. Chief Justice Marshall in *Gibbons* v. *Ogden* (9 Wheat., 1, 196), and *Brown* v. *Maryland* (12 Wheat., 419, 439). This is the real point voiced by certain prominent lawyers and also by a vote of the American Bar Association.

II. As to the difference in form between the eighteenth amendment and the proposed child-labor amendment

It is quite true that the proposed Federal child-labor amendment is different in form from the eighteenth amendment; but this only intensifies its objectionable character. The amendment now proposed would constitute an unlimited grant of power in general terms, whilst the eighteenth amendment was expressly limited to the prohibition of intoxicating liquors for beverage purposes, and purported to grant to Congress only a concurrent power of enforcement. Nevertheless, these plain limitations upon the grant of power to Congress were wholly disregarded and nullified by Congress and all limitations repudiated by it, and the Supreme Court could not give any relief or exercise any restraint because, as stated in one of the cases brought before it for relief, "this would be to pass the line which circumscribes the judicial department and to tread upon legislative ground." (Unanimous opinion of the Supreme Court in *Everard's Breweries* v. *Day*, 265 U.S. 545, 559. See also *The National Prohibition cases*, 253 U.S. 350, and *Lambert* v. *Yellowley*, 272 U.S. 581.)

It should follow that the proposed Federal child-labor amendment, phrased in general terms and granting unlimited power to Congress, is exercisable to its utmost extent and at the will of those in whose hands it is placed, and is in a form much more objectionable and dangerous than the eighteenth amendment, and, therefore, avoids none of the difficulties which were inherent in the eighteenth amendment.

The plea that we can safely and unconcernedly transfer to Congress the unlimited power to limit, regulate, and prohibit the labor of persons under 18 years of age and grant it control over the labor of children and youths in all the families of the United States and put our trust and only reliance in the reasonableness and restraint of the present and future Congresses, ought surely to be sufficiently refuted by the example of the Volstead Act and its amendments, which unreasonably and oppressively fixed upon all the States a reign of oppression and terrorism which Governor Smith has truly characterized as a curse.

An amendment which in form prohibited children from being employed or permitted to work in hazardous or unhealthful occupations was proposed and rejected. Yet it would have been infinitely preferable and safer than the present proposed grant of unlimited power over the labor of all persons under the age of 18 years. Under the census of 1930 these persons number approximately more than one third of the continental population of the United States, of which 4,663,137 were listed as then 16 and under 18 years of age, 4,678,084 as 14 and under 16, 4,802,450 as 12 and under 14, and 26,681,241 as under 12.

The figures of the 1930 census for the State of New York were 420,052 between 16 and 18, 421,279 between 14 and 16, 438,133 between 12 and 14, and 2,502,631 under 12.

III. State governmental power over minors

The Statement by Lawyers then declares (1) that the "governmental power with respect to child labor is not new" and (2) that "the States have always possessed greater power than is conferred on Congress by the amendment."

(1) It is well known that every State in the Union has legislated for the regulation of child labor and protection of young children, although these regulations differ according to local climate, conditions, standards, experience, and resources. Local self-government has steadily tended to protect children and prevent their employment in hazardous or unhealthful occupations or under conditions imperiling their morals; but no State constitution, so far as the undersigned can recall, has ever granted to its legislature any such unlimited power as is now proposed to be granted to Congress, and certainly it is doubtful whether any such unlimited power could be constitutionally exercised as to youths, male and female, between 14 and 18.

At any rate, such power could be more efficiently and reliably exercised by the States as part of their system of local self-government than could be expected at the hands of bureaus in Washington. The disgraceful failure of the Washington bureaus in their attempts to enforce the eighteenth amendment should warn against turning the control of the labor of the youths and children of the entire United States, Territories, and insular possessions (total population in 1930 being 137,008,435) to Federal bureaucrats directed from Washington, who would probably be just as fanatical, offensive, and incompetent and just as much political appointees as were the many thousands charged with the enforcement of the provisions of the Volstead Act and its amendments.

It is impracticable at present in this reply to review the legislation of the several States with respect to child labor. Such

legislation varies as local self-government will inevitably vary throughout the United States because of differences in climate, public policy, standards of living, resources, living costs, prevailing wage scales, taxes, etc. The proposed amendment is desired either (1) by those who are impatiently seeking to centralize all governmental power and patronage in Washington and eliminate the Federal principle under which the country has progressed and prospered for a century and a half, or (2) by those who do not understand the virtues and necessity of local self-government in matters affecting the families and children of the several States, Territories, and insular possessions.

It was in 1819 that Chief Justice Marshall warned the country as follows (*McCulloch* v. *Maryland*, 4 Wheat. 316, 403):

"No political dreamer was ever wild enough to think of breaking down the lines which separate the States and of compounding the American people into one common mass."

Nevertheless, Washington bureaus are now constantly striving to do this by increasing and expanding the Federal power and curtailing and invading the governmental power of the States; perhaps without realizing what they are doing. Those who still have any doubts as to the purpose and effect of the activities of Washington bureaucrats, male and female, in their campaign for expansion of the Federal power and their constant reach for more and more power and political patronage in curtailment and nullification of State power, should read Congressman JAMES M. BECK'S discussion of the subject published in 1932 under the title "Our Wonderland of Bureaucracy", and the review more recently published by Mr. Sterling E. Edmunds, of the St. Louis bar, under the title "The Federal Octopus in 1933." They should also read the New Despotism, by Lord Hewart, Chief Justice of England.

(2) The second affirmation above quoted is that "the States have always possessed greater power than is conferred on Congress by the amendment." If it be meant by this that the States have always possessed greater power to limit, regulate, and prohibit the labor of persons under 18 years of age, the proposition is clearly untenable and plainly unsound. There is in fact no conceivable power over labor that can possibly be greater than the power to limit, regulate, and prohibit. There is no State legislature that has ever had or exercised any such unlimited power as the proposed amendment would vest in Congress, and no State has ever even attempted any such far-reaching and sweeping prohibition. Then, wherein will be found the necessity or excuse for a grant of such unlimited power to Congress?

Taking up each argument contained in the Statement by Lawyers under their point II, the following may be replied:

(a) No State has ever prohibited the labor of persons between 14 and 18 years of age except in hazardous and unhealthful or morally objectionable occupations.

(b) No State has ever granted to an administrative body of the State the unlimited power to prohibit the employment of all minors under 18. Such grants have always been reasonably limited.

(c) Every State—and not merely 35 States—has some legislative provision regulating the labor of minors with respect to age, hours of work day or night, and hazardous or unhealthful occupations; but these regulations vary according to the public policy or conditions in the particular State and in no case prohibit all labor of persons under 18 years of age.

No mention whatever is made in the Statement of Lawyers of the great and beneficent progress that has steadily been taking place during the past 30 years in reducing the employment of young children in industries. Some States may be deemed still backward in comparison with the more advanced States, such as New York. But this diversity is principally the result of local differences of conditions, climate, cost of living, supply of labor, prevailing scale of wages, taxes, etc., and creates no necessity for an amendment to the Constitution of the United States.

IV. Control of child labor is not a proper power to grant to the Federal Government

The fourth point of the Statement by Lawyers declares that the control of child labor is a proper power to be granted to the Federal Government. However, in supporting this declaration they confess and disclose the main motive and true impetus behind the amendment, which is not to safeguard and care for children and youths by preventing injurious and objectionable labor, but to regulate and prevent competition. Thus the lawyers assert that "the diversity of State legislation has resulted in inequitable conditions and unfair competition for industry." All pretense as to safeguarding the health, morals, or welfare of children and youths is now abandoned or put to one side and made secondary and the true motive at last confessed, namely, that the Constitution of the United States is being sought to be radically amended in order to equalize labor conditions and competition throughout the entire United States. Obviously the very same reasoning, if sound, would support an amendment providing that the labor of adults should be limited, regulated, and prohibited by Congress in order to set aside State legislation which the lawyers conceive has resulted in inequitable conditions and unfair competition. Such, as is well known, has been the constant aim and purpose of the Knights of Labor, the American Federation of Labor, and the labor unions, namely, to have Congress ultimately vested with power to limit, regulate, and prohibit the labor of adults, although the first step or entering wedge is to be the prohibition of all labor by minors in competition with adults. See House Document No. 551, 1928, pages 135–136, cited at page 56 of argument heretofore submitted to the legislature by the undersigned.

Surely it must be a self-evident proposition that if it be a sound ground for the ratification of the child-labor amendment that the diversity of State legislation has resulted in inequitable conditions and unfair competition for industry in the several States, then exactly the same ground, if sound, would justify and call for an amendment granting to Congress the power to limit, regulate, and prohibit the labor of all persons, adult as well as minor, throughout the United States, including the hours of labor, the scale of pay, collective bargaining, etc. If the control of child labor is a proper power to grant to the Federal Government, in order, as these lawyers actually contend, to prevent diversity of State legislation resulting in equitable conditions and unfair competition for industry in the several States, then equally persuasive, if not conclusive, will be the claim of adult labor and the American Federation of Labor and the labor unions that the entire control of labor and industry should be vested in Congress and the bureaus centered in Washington. If such a precedent be now established, little will remain of our Federal system, and, as Chief Justice Fuller said, dissenting in the *Lottery case* (188 U.S. 321, 375):

"Our form of government may remain, notwithstanding legislation or decision; but, as long ago observed, it is with governments, as with religions, the form may survive the substance of the faith."

V. As to education

The fifth point of the Statement by Lawyers is that the power to limit, regulate, and prohibit the labor of persons under 18 years of age does not include the power to control education. They argue that "labor and education are separate subjects of legislation"; that "the proposed amendment confines the grant of power to labor"; and that, under the tenth amendment, "the power to control education would therefore rest with the individual States, where it is at present."

As stated in my argument already submitted, reference to the dictionaries will show that the long-established and still current definition of the noun "labor" is: "Physical or mental toil; bodily or intellectual exertion * * * Human effort, bodily or mental * * * That which requires or has required bodily or intellectual exertion or effort for its accomplishment." And the definition of the verb is: "To exert one's powers of body or mind" (Webster's New International Dictionary). It is true that colloquially the word "labor" is somewhat generally used to denominate physical toil and manual work. Nevertheless, as stated in Corpus Juris (vol. 35, p. 924), "in some extended senses, the term may include every possible human exertion, mental and physical, whether it is skilled or unskilled labor; application of the mind which occasions weariness; exertion of mental powers, united with bodily employment; intellectual exertion; mental effort. Hence, labor may be physical or intellectual, or a combination of the two." See also Bouvier's Law Dictionary and the New Century Dictionary, Century Dictionary and Encyclopedia, New English Dictionary, New Standard Dictionary of the English Language, the Shorter Oxford English Dictionary, and the Universal English Dictionary.

Every recognized and authoritative dictionary of the English language in one form or another defines the word "labor" substantially as above.

The Statement by Lawyers, however, brushes this all aside with the comment that "a dictionary definition, selected arbitrarily from one of several definitions given, is not a valid basis on which to determine a statutory meaning."

It must be borne in mind, as recently declared by the Secretary of Labor, Miss Perkins, in her address on February 21 before the Legislature of Kentucky, urging ratification (the Kentucky Legislature thereupon rejected the amendment), that the proposed amendment was drafted under the advice of distinguished lawyers. These lawyers must be presumed to have duly considered the definitions of the word "labor", which they were apparently advising should be substituted for the word "employment." They had before them the precedents of the acts of Congress of 1916 and 1919, both of which used the phrase general in State child-labor statutes, viz, "employed or permitted to work" (*Hammer* v. *Dagenhart*, 247 U.S. 251, *Child Labor Tax Case*, 259 U.S. 20). If these distinguished and scholarly lawyers had intended to confine the amendment to physical or manual labor, or labor for hire, as now claimed, they certainly would have used apt wording and such as would be appropriate to express a limited meaning. Is it not fairly and reasonably inconceivable that they did not know the current definitions of the word "labor" as including mental or intellectual effort?

The construction of the term "labor" as used in the proposed amendment will be for determination by Congress in the first instance and ultimately by the Supreme Court. The questions will then be, primarily, whether or not the regulation of attendance at school of persons under 18 years of age is a legitimate regulation of their "labor", that is, mental or intellectual labor, and secondarily, if not within the express grant of power to regulate the labor of persons under 18 years of age, then whether or not the incidental grant of power to Congress contained in clause 18 of section VIII of article I of the Constitution would authorize the regulation of the mental or intellectual labor of these minors. The exact wording of this constitutional clause should be recalled, viz:

"The Congress shall have power * * *. To make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof."

If, for example, Congress should determine to "prohibit the labor of all persons under 18 years of age", as provided in the bill now pending in the House of Representatives and introduced by Congressman RICH on January 3, then the question would at once be presented as to the reasonable necessity and propriety of providing schooling or education for the many millions of minors, male and female, between 14 and 18 years of age thus reduced to idleness and their inevitable moral deterioration and vices by being deprived of the right and liberty to labor and earn or help earn their living or acquire the capacity to earn their living by laboring as apprentices, etc. Will the lawyers issuing the statement above mentioned, or the lawyers cited by the Secretary of Labor in her Kentucky address, express the opinion that any such provision by Congress for the occupation of youths, male and female, when it prohibited their physical labor and reduced them to physical idleness, would be unconstitutional? As Chief Justice Marshall said in *McCulloch* v. *State of Maryland* (4 Wheat., 316, 402, 423):

"It would require no ordinary share of intrepidity to assert that a measure adopted under these circumstances was a bold and plain usurpation, to which the Constitution gave no countenance. * * * But where the law is not prohibited and is really calculated to effect any of the objects entrusted to the Government, to undertake here to inquire into the degree of its necessity would be to pass the line which circumscribes the judicial department and to tread on legislative ground. This court disclaims all pretensions to such a power."

But it is contended in the Statement by Lawyers that the subject of education is not mentioned in the Constitution, and that it is, therefore, excluded from the power of Congress by the tenth amendment, apparently overlooking clause 18 above quoted. The very same point was made and overruled long ago in the McCulloch case. This contention not only disregards the express grant of unlimited and unqualified power of limitation, regulation, and prohibition of labor proposed in the pending Federal child-labor amendment to be vested in Congress, but it wholly misapprehends the scope of the tenth amendment as heretofore understood and construed. Thus Mr. Justice Story, in his Commentaries on the Constitution of the United States, declared (sec. 1908):

"It is plain, therefore, that it could not have been the intention of the framers of this amendment to give it effect as an abridgment of any of the powers granted under the Constitution, whether they are express or implied, direct or incidental. Its sole design is to exclude any interpretation by which other powers should be assumed beyond those which are granted. All that are granted in the original instrument, whether express or implied, whether direct or incidental, are left in their original state. All powers not delegated (not all powers not expressly delegated) and not prohibited are reserved. The attempts, then, which have been made from time to time to force upon this language an abridging or restrictive influence are utterly unfounded in any just rules of interpreting the words or the sense of the instrument. Stripped of the ingenious disguises in which they are clothed, they are neither more nor less than attempts to foist into the text the word 'expressly', to qualify what is general, and obscure what is clear and defined. They make the sense of the passage bend to the wishes and prejudices of the interpreter, and employ criticism to support a theory and not to guide it * * *."

VI. As to military service

The same argument answers the point no. VI in the Statement by Lawyers, in which they say that the contention that Congress would have power to require military service in order to furnish occupation to the young men between 16 and 18 whom they might reduce to idleness by prohibiting them from laboring would not be worthy of consideration except for the fact that it has been advanced by persons whose high position in American life tends to give confidence in their utterances. The statement then proceeds to declare that "to claim that, under the guise of protective labor legislation, Congress would seek to require military service or training for boys under 18 years is an utter absurdity." The reasoning or logic of these lawyers appears to be that because Congress has always had the power to raise and support armies and has never exercised this power with regard to persons under 18 years of age, therefore it would not have the power to provide military training for the youths between 14 and 18 years of age whom it might see fit to prohibit from being employed in labor as provided in the pending Rich bill, and thus subject to all the vices and corruptions of idleness.

Of course, what was meant by "the persons of high position", familiar as they were with our constitutional history, was that, if Congress prohibited the physical labor of such youths, then it would have power to furnish reasonable and most healthful occupation and discipline through military training, which might become a most beneficial and salutary exercise of the power and duty of Congress to avoid the vices and degenerations which would otherwise inevitably result from any prohibition of labor by young men from 14 to 18 and to promote those manly virtues which are generally the result and benefit of military training and discipline. To characterize such a view as an utter absurdity requires, in the language of Chief Justice Marshall, "no ordinary share of intrepidity."

VII. As to the labor of children in the home or on the home farm

The Statement by Lawyers, in its point VII, proceeds to assert that "the fear that if the amendment were ratified Congress would regulate the labor of children in the household or on the home farm, or that it would prohibit all gainful employment for persons under 18 years of age, is unfounded. Although the States have always possessed the power to prohibit all employment under 18 years of age, no State has ever done so."

As the States have always had the power and no State has ever yet found it necessary to prohibit all employment of persons under 18 years of age, why now grant that unlimited power to Congress? Certainly this uniform consensus and practice on the subject throughout the entire United States furnish a demonstration that nowhere has there ever been found reason or excuse for such a drastic and unlimited exercise of power over persons under 18 years of age. If no State has ever done so, or has yet found it necessary or excusable or desirable to exercise such an unlimited, all-inclusive, drastic, and possibly oppressive power to prohibit labor, why now grant it to Congress? As Senator Root has well said in a recent letter:

"It seems incredible to me that our legislature should be willing to abandon their own authority in such a vastly important field of local regulation and transfer that authority to men living thousands of miles away."

It is with all deference submitted that the 13 lawyers issuing this professional advice to the public should have appreciated that they were not called upon as lawyers to discuss or express opinions as to fears or apprehensions, nor as to what they conceived to be probable or likely, but as to what would be the constitutional power of Congress under the proposed amendment. That, and that alone, was the ground stated or voiced "by certain prominent lawyers and also by a vote of the American Bar Association."

The lawyers illustrate their view by referring at page 9 to State legislation, including that of the State of New York as to hazardous occupations, such as work in coal mines, about dangerous machinery, with explosives, etc.,' and they state that the child-labor provisions of many of the N.R.A. codes also regulate the employment of minors under 18 in dangerous occupations. They proceed to assert that—

"It was the need for dealing with such hazardous work that led the framers of the pending amendment to give power to Congress to deal with child labor up to 18 years of age instead of limiting such power to 16 years."

And they then quote Secretary of Agriculture Wallace as having stated:

"Coming from an agricultural State I am familiar with the attempts of opponents of the amendment to arouse farmers against it on the ground that farm boys and girls would no longer be permitted to help with the chores, and that the parents' authority over their children would be seriously impaired. Of course this is nonsense, and every fair-minded person who knows anything at all about the proposed amendment knows that it is nonsense. The amendment is directed at protecting children from industrialized and commercialized employment which endangers their health and interferes with their schooling. Farm chores done outside of school hours and suited to the age and physical capacity of the youngsters certainly do not come under the heading of industrialized and commercialized employment."

Yet, to the contrary are the facts with regard to the intention and purpose of the framers of the proposed child labor amendment, as could readily and conclusively have been ascertained by reference to the CONGRESSIONAL RECORD.

It ought surely to be evident that the proposed Federal child-labor amendment, if ever ratified, would have to be interpreted and construed in accordance with the purpose and intention of its framers in 1924, and not according to the much more moderate views and assurances now professed and held forth by its advocates after the lapse of 10 years. The good faith or integrity of purpose of the Secretaries of Labor and Agriculture are not questioned or challenged, except to point out and insist that their present professions and promises of reasonableness and moderation will be quite immaterial and irrelevant in determining the construction of the amendment as proposed in 1924. Indeed, the present declarations and opinions of the Secretaries of Labor and Agriculture quite convincingly indicate that they are either under the misapprehension or delusion that their present reasonable and qualified intentions and promises would control and limit the interpretations of the proposed amendment, or else that they have not taken the pains to study the proceedings in Congress which resulted in the proposal of the amendment as set forth in the official CONGRESSIONAL RECORD. This may likewise possibly be true of the signers of the Statement by Lawyers, for otherwise they would hardly have cited the statement by the Secretary of Agriculture as printed on page 10 of their published statement.

In the Senate the following substitute was moved (S.J.Res. 256):

"The Congress shall have power to prohibit or to regulate the hours of labor in mines, quarries, mills, canneries, workshops, factories, or manufacturing establishments of persons under 18 years of age, and of women."

This was rejected, although it would have covered the provisions of the acts of Congress of 1916 and 1919, which had been held to be unconstitutional, as well as covered the present suggestion of these lawyers as to hazardous occupations.

In the House the following proviso was moved by Representative MCSWAIN, of South Carolina:

"*Provided*, That no law shall control the labor of any child in the house or business or on the premises connected therewith of the parent or parents."

This proviso was rejected.

Then the same Representative moved a simpler form:

"But no law enacted under this article shall affect in any way the labor of any child or children on the farm of the parent or parents."

This also was rejected.

And Representative Moore, of Virginia, offered the following substitute:

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 16 years of age, but not the labor of such persons in the homes and on the farms where they reside."

But this amendment was rejected.

Thereupon the child-labor amendment was proposed to the State legislatures in its most extreme and unlimited form, granting power to limit, regulate, and prohibit the labor of persons under 18 years of age.

Plainly, no such all-inclusive and unlimited power, far beyond any existing State child labor law, was necessary to accomplish the limited purposes now advanced or professed as its object and the limited restrictions or regulations now asserted to be the intention of the amendment.

The CONGRESSIONAL RECORD further conclusively shows as follows:

1. That the word "persons" was substituted for the original word "child" because the proponents were advised by counsel that a youth, male or female, over 14 and under 18 years of age, was not legally or properly speaking included within the definition of a "child."

2. The word "employment", or its customary State statutory equivalent "employed or permitted to work", as used in the acts of Congress of 1916 and 1919, were rejected because the proponents wanted power to reach right into the home and control the unpaid work there of children. The chief of the Children's Bureau, speaking for the proponents of the amendment, testified before the Senate Committee that as "the children often work with their parents and are not on the pay roll and are not held to be employed, and we feel that it is a dangerous word to use, as far as the protection of children is concerned."

In the House of Representatives Miss Abbott testified that the proposed amendment included the power to regulate labor upon the farms and in agriculture and just as much regulatory power as to farming as would be given with regard to mines or any other work or occupation and would make no exception at all. (House Hearings, p. 36.)

And yet the Statement by Lawyers quotes and holds forth as a reliable statement of the intention of the framers and of the power of Congress the above-quoted statement by the Secretary of Agriculture.

If the purpose and intent of the amendment, as proposed in 1924, had been only to vest power in Congress reasonably and qualifiedly to limit or regulate, as is now provided in some of the N.R.A. codes, why did the distinguished lawyers who were guiding the proponents in 1924 advise inserting the power not merely to limit and regulate, but the unlimited power to prohibit the labor of persons under 18 years of age?

If the purpose and intent of the amendment, as proposed in 1924, had been, as now asserted by Secretary of Labor Miss Perkins and Secretary Wallace, only to extend jurisdiction over children or youths working for hire, or in hazardous occupations, or in industrialized and commercialized employments, why was it not so limited, and why, under the advice of counsel, was the word "employment" striken out and "labor" substituted?

If the purpose and intent of the amendment, as proposed in 1924, had been really and in truth, as now frequently professed and more or less misunderstood, only to accomplish what was attempted in the acts of Congress of 1916 and 1919, which were declared to be unconstitutional by the Supreme Court, why was not the proposed amendment reasonably limited to the provisions of those statutes—namely, under the age of 16 in mines or quarries, under 14 in other employments, and under 16 when working in the latter employments for more than 8 hours per day?

Reference to pages 16–25 of the argument heretofore submitted to the New York Legislature by the undersigned will abundantly show the understanding of Representatives and Senators in 1924. They surely knew what was then understood and intended to be the scope, intent, and purpose of the proposed amendment. Its interpretation and construction will, of course, be determined by the purpose, intent, and understanding of Senate and House when it was proposed in 1924, and not by the contrary intention, understanding, or promises of the Secretary of Labor or the Secretary of Agriculture 10 years later. If reasonably limited power is all that is now desired, why was not application made last year or this year to Congress for a new amendment limited as is now professed to be the limited purpose and intent of the present proponents of the child-labor amendment? There is certainly no sound reason for giving to Congress unnecessary, excessive, and prejudicial power as in the case of the eighteenth amendment, and trust it not to abuse such power as it abused its power in the Volstead Act and its amendments.

As Governor Smith impressively declared in the October number of the New Outlook:

"It does not seem possible that the same States which are relieving us of the curse of the eighteenth amendment will now impose another constitutional curse upon us under the guise of abolishing child labor."

And in the March number of the same publication he said, among other very pertinent remarks:

"We are told that Congress will never do anything extreme or undesirable under this amendment. That is just what the Wheelers and Cannons told us about the eighteenth amendment."

Of all statesmen throughout the entire country none has during his entire career been more untiringly or more consistently devoted to the protection of children than Governor Smith. To him in the greatest measure—it may be said uniquely—are due the model provisions of our labor law and our education law with respect to the physical and mental labor of children. Indeed, he has been the leading champion of every humane and wise step taken in this State for a quarter of a century for the protection and welfare of childhood.

VIII. As to the alleged simplicity and inexpensiveness of Federal administration and enforcement

Under point numbered VIII the Statement by Lawyers asserts that "the administration of a Federal child-labor law would be comparatively simple and would not require setting up a huge bureaucratic agency", and in support of this claim it is stated that the experience under the two acts of Congress of "1916 and 1919 indicates the comparative simplicity and inexpensiveness of enforcing a Federal child-labor law." This argument will be reviewed as briefly as practicable.

AS TO THE ALLEGED SIMPLICITY OF ENFORCEMENT

The plea of simplicity of enforcement has been made throughout our entire history with respect to almost every proposed extension of Federal power and every encroachment upon the States in matters of local self-government. Nevertheless, the record has been to the contrary and has shown complexity of enforcement, constant expansion, never-ending encroachment and multiplication of Federal officeholders and bureaucratic agencies. The most striking examples in our own day have been the attempted enforcement of the eighteenth amendment and the ever-increasing Federal expenditures and activities in connection with education. Education alone has resulted in the grant of hundreds of millions of dollars to the States and the maintenance of the Federal Office of Education in the Interior Department.

It is, of course, as notorious as it is indisputable that the attempted enforcement of the eighteenth amendment, as matter of fact, required the setting up of a huge bureaucratic enforcing agency and involved vast increases in the number of Federal agents and in appropriations, and that such enforcement was a deplorable failure. Yet, it was predicted by representatives and spokesmen of the Anti-Saloon League that the cooperation of the States under the provision for concurrent power, particularly in the prohibition or dry States, would greatly simplify enforcement. Quite the contrary was the outcome. Even the dry States retrenched expenditures and partly or wholly withheld cooperation, and practically the entire burden of enforcement was imposed upon the Federal Government, with the disgraceful results set forth in detail in the Wickersham Commission report as a warning against future attempts by Congress to invade the province of the States, to encroach upon local self-government, and to interfere in the lives, habits, and morals of the residents of the several States.

It is impossible to give even approximately accurate figures as to the thousands of Federal agents employed in the unsuccessful attempt to enforce the Volstead Act and its amendments and extensions, because of the complexity of enforcement, the participation of numerous departments, the large staffs directly and indirectly charged with the enforcement in bureau and field, as well as the participation in enforcement by the Treasury Department, the customs, the Navy, the Coast Guard, the Department of Justice, the courts, etc. But it may be asserted that it required, as matter of fact, an enormous expansion of Federal political patronage and vast expenditure and a huge enforcing bureaucracy. The figures or estimates of the Wickersham Commission will be found in volume I of their report to the President.

Any effective and uniform enforcement by bureaus centralized in Washington of limitations, regulations, and prohibitions of the labor of persons under 18 years of age throughout the entire United States, its Territories and its insular possessions, would require a vast army of Federal functionaries, field officers, investigators, police, detectives, under-cover men and women, etc., necessarily greatly in excess of the number found insufficient to enforce the Volstead Act and its amendments. Limiting ourselves to the figures of the census of 1930, which figures are, of course, much greater in 1934, it must be obvious that any effective or adequate investigation or supervision of all minors under 18 and the due enforcement of limitations, regulations, and prohibitions upon their labor would inevitably require a huge bureaucratic enforcing agency attached to the Department of Labor and its Children's Bureau, to the Office of Education in the Interior Department, to the Department of Justice, etc. The Labor Department would, indeed, in all probability then shortly become one of the Departments of the Government at Washington having the largest political patronage and the control and expenditure of correspondingly immense appropriations.

As Governor Smith warned in the October New Outlook:

"Opponents of the amendment, furthermore, ask whether the Federal Government can regulate child labor on a Nation-wide basis through control of interstate commerce and Federal enforcement any more successfully than it enforced prohibition by the same methods. Federal regulation and enforcement mean huge expenditures, waste, graft, duplication of effort, bootlegging, and disrespect for all laws. Is it possible that a United States attorney in a Southern State will prosecute vigorously offenses against a Federal child labor law, and that a jury will convict, if local sentiment is against Federal interference? Is it conceivable that Federal control can be exercised otherwise than through a new army of inspectors, investigators, sleuths, bloodhounds, and statisticians traveling about in trains, automobiles, and on horseback, stopping at hotels, and bedeviling the work of labor departments?"

A striking example of the inefficiency and expensiveness of the Children's Bureau in Washington will be found in its attempted administration of the Maternity and Infancy Act of 1921, known as the "Sheppard-Towner law." It was declared in the United States Senate by Senator Reed, of Missouri, on June 15, 1926, that the Bureau had been "nothing but a common and public nuisance, maintained at the expense of the United States." Congressman BECK declaerd, at page 219 of his work, "Our Wonderland of Bureaucracy", as follows:

"Apparently the estimable ladies who conducted this maternity bureau added little to the sum of human knowledge on the subject of the hygiene of maternity, if we may credit the following statement of the Journal of the American Medical Association:

"'During the 7½ years that the Sheppard-Towner Act was in effect it cost the people about $11,000,000 in taxes. During that entire time it did not develop a single new idea in the field of maternal and infant hygiene. As shown by official mortality statistics, it did not accelerate the rate of decline in either the maternal or the infant death rates by even a fraction of a point per annum.'"

AS TO ALLEGED INEXPENSIVENESS OF ENFORCEMENT

This claim is, perhaps, sufficiently refuted above, under the heading of alleged simplicity of enforcement; but a further glance at the expense of maintaining the Labor Department and its Children's Bureau may be both instructive and admonitory.

The Department of Labor not only is already overmanned and dominated by the labor organizations of the country, but it is a most costly experiment. The addition to its jurisdiction of control over the labor of all children and youths throughout the United States, the Territories and the insular possessions would make it not only one of the largest, but likewise one of the most powerful and far-reaching Departments of the Federal Government. An idea of the inevitable expansion and expense may be gathered from actual experiences during the past few years. For example, in 1931 the appropriations for the Labor Department amounted to $12,230,170; in 1932 they were $14,994,200, and in 1933 they were $12,924,770, whilst the employees were 5,412, 5,931, and 5,226, respectively (U.S. Budget and World Almanac). The appropriations for the Children's Bureau in 1931 were $368,000, with 154 employees; in 1932, $395,500, with 175 employees, and in 1933, $375,000, with 158 employees. Any adequate enforcement of Federal regulation of child labor would enormously increase these appropriations and the already excessive personnel.

This question of appropriations for the Washington bureaucracy should be of especial concern to the New York Legislature if it will ponder the fact that one third of the Federal income tax of hundreds of millions of dollars is collected from this State. It was exactly 34.44 percent in 1930; 33.06 percent in 1931; 32.98 percent in 1932, and 32.14 percent in 1933. In effect, every increase in Federal appropriations and every expansion of Federal activities penalize the State of New York far beyond any benefit or protection it receives, whilst a number of the States actually receive the benefit of Federal funds far in excess of any Federal tax paid by them.

Congressman ROBERT L. BACON, of this State, has stated in a public address (CONGRESSIONAL RECORD, July 16, 1932) that in a recent "national fiscal year there were 14 States which did not pay a dollar of net taxes into the Federal Treasury" and that 16 States, or one third of the Union, "paid 93 percent of the total net Federal tax bill, or a sum of over $2,000,000,000." He added that these figures "sound fantastic, but I urge each and every taxpayer to be forewarned and to seriously consider the problem."

But it remains to analyze the specific experience cited in the Statement by Lawyers with regard to the enforcement of the acts of Congress of 1916 and 1919, which they assert "indicates the comparative simplicity and inexpensiveness of enforcing a Federal child labor law."

The act of Congress of September 1, 1916, known as the first Federal child labor law, did not become effective until September 1, 1917, and before that date and on August 9, 1917, it was challenged in the courts as being unconstitutional, as it had been challenged in both Houses of Congress. It was declared unconstitutional and void by the District Court of the United States for the Western District of North Carolina on August 31, 1917. In other words, the act of Congress of 1916 was adjudged unconstitutional and void before it ever became effective. This decision was affirmed by the Supreme Court of the United States on June 3, 1918 (247 U.S. 251). The act contained an annual appropriation to the Children's Bureau of $150,000. Its attempted enforcement by that Bureau is surely negligible so far as indicating the probable cost of enforcing legislation under the proposed amendment, if ever ratified. In fact, the Children's Bureau in 1921 officially declared that its work of inspection under the act of 1916 "was hardly under way before the law was declared unconstitutional", and its report to the Secretary of Labor, transmitted December 1, 1920, stated at the outset, as follows:

"The Child Labor Division of the Children's Bureau was organized to administer the United States Child Labor Act, which became effective September 1, 1917. Approximately 9 months later (June 3, 1918) the act was declared unconstitutional, so that the work of the division in this field terminated at that time." As matter of fact, however, it had been declared unconstitutional in the district court on August 31, 1917, and if the Children's Bureau nevertheless continued to expend public funds in its enforcement, such expenditure had all the elements of illegal waste.

It must, therefore, seem somewhat far-fetched to assert that this tentative enforcement, which was hardly under way, and at all times in the face of a court decision of invalidity, tends to establish the simplicity and inexpensiveness of Federal enforcement as now asserted in the Statement by Lawyers.

The second child labor law was embodied in the Revenue Act of February 24, 1919, and it likewise, from the beginning, was recognized to be of very doubtful validity and was also challenged in both Houses of Congress as being unconstitutional. Litigation was promptly instituted to test its validity, and it was declared unconstitutional on December 10, 1921, in *Drexel Furniture Co.* v. *Bailey* (276 Fed. 452). This decision was affirmed by the Supreme Court on May 15, 1922, *Child Labor Tax Case* (259 U.S. 20). Even the very limited operation by the Internal Revenue Department of this invalid child labor tax law involved a cost to the taxpayers of $307,703.

Although these acts of 1916 and 1919 were recognized and generally conceded from the beginning to be of very doubtful constitutionality and were not long seriously attempted to be enforced, the records, nevertheless, show that during that period the Federal Children's Bureau had appropriations for its various activities, of $214,640 for the fiscal year 1917, $380,581 for 1918, and $658,610 for the fiscal year 1919, which were reduced the next fiscal year to $310,008, and then to $294,874.

While, however, this source of funds and patronage was being curtailed by the decisions of the courts adjudging the two child-labor enactments unconstitutional and void, the Children's Bureau conceived and brought about the enactment of the ill-fated Maternity and Infancy Act of November 23, 1921, above mentioned.

CONCLUSION

The Statement by Lawyers concludes with the following declaration (p. 11):

"For these reasons we believe that the Federal child-labor amendment should be ratified. The real question at issue is simple: Are we willing to give Congress the power to make permanent the child-labor standards now incorporated in the N.R.A. codes, or do we wish to permit the States to return to child exploitation and the consequent lowering of adult wage levels when the codes expire?"

The real question, however, is not correctly stated, and it is not quite so simple. This statement, moreover, is likely to mislead in its obvious tendency to minimize the proposed amendment and divert attention from its true effect and meaning and the unlimited power it would grant to Congress. The amendment was submitted to the State legislatures for ratification 10 years ago, and 9 years before the National Industrial Recovery Act of Congress of 1933 was passed. The amendment could not, therefore, possibly have been proposed or intended in 1924 in order to give Congress the power to make permanent the child-labor standards now incorporated in the N.R.A. codes of 1933 and 1934. There was, however, as matter of fact, no such limited intent or purpose by the Congress that proposed the amendment in June 1924 for it then deliberately and advisedly voted (1) against reducing the age limit to 16, which is the limit now deemed adequate in nearly all the N.R.A. codes, (2) against exempting persons working in their own homes and on the home farms, (3) against striking out the drastic and all-inclusive express power to prohibit, (4) against confining congressional power to unhealthy or dangerous occupations or such as involved a menace to morals, and (5) against inserting the word "reasonably" before "prohibit." A contemporaneous declaration by Senator FLETCHER, as published in the CONGRESSIONAL RECORD of February 17, 1925, will be enlightening as to the real issue if it is to be determined by the understanding and intention of the framers and the scope of the proposed amendment. This will be found in a letter written by him on February 5, 1925, a copy of which is annexed to this reply.

Congress has not yet even intimated that it desires the constitutional power to make permanent the existing essentially experimental provisions of most of the N.R.A. codes. In fact, some of the child-labor restrictions in the N.R.A. codes are objectionable, oppressive, and altogether too drastic. If there be any desire by Congress to make permanent any of the provisions of these codes, some of which are so extreme and oppressive as to tend or be calculated to strangle industry and delay or prevent recovery, the proper course to pursue is to petition Congress to submit a revised amendment limited within reasonable lines, and not to resurrect and attempt to secure the ratification of an amendment altogether too broad, which was duly rejected and defeated 9 years ago, and then emphatically repudiated and condemned by public opinion. The claim is clearly unfounded and untenable that the proposed amendment would simply make permanent the N.R.A. codes and would not vest, as its language plainly purports to vest, the unlimited power to limit, regulate, and prohibit the labor of persons under 18 years of age. The truly simple question is whether such an unlimited, unrestrained, and supreme power over the children and youths of all the States, Territories and insular possessions, now conceded to be unprecedented, unnecessary, and undesired, should be vested in Congress by the vote of the Legislature of the State of New York, and not whether we should rely upon future reasonable moderation and restraint on the part of the present and future Congresses in the face of constant and inevitable clamor for increases of political patronage and intermeddling with local affairs.

Mr. Charles W. Pierson of our bar, an exceptionally able scholar in constitutional law, stated in his book, Our Changing Constitution, as follows (p. 149):

"It cannot be reiterated too often that, under our political system, legislation in the nature of police regulation (except insofar as it affects commerce or foreign relations) is the province of the States, not of the National Government. This is not merely sound constitutional law; it is good sense as well. Regulations salutary for Scandinavian immigrants of the Northwest may not fit the Creoles of Louisiana. In the long run the police power will be exercised most advantageously for all concerned by local authority.

"The present tendency toward centralization cannot go on indefinitely. A point must be reached sooner or later when an over-centralized government becomes intolerable and breaks down of its own weight. As an eminent authority (Chief Justice Charles E. Hughes) has put it: 'If we did not have States, we should speedily have to create them.' The States thus created, however, would not be the same. They would be mere governmental subdivisions, without the independence, the historic background, the traditions, or the sentiment of the present States. These influences, hitherto so potent in our national life, would have been lost."

WILLIAM D. GUTHRIE,
Of the New York Bar, Vice Chairman New York State, Committee Opposing Ratification of Proposed Federal Child Labor Amendment.

NEW YORK, *April 1934.*

SUPPRESSION OF CRIME—ADDRESS BY ATTORNEY GENERAL CUMMINGS

Mr. ASHURST. Mr. President, I ask unanimous consent to print in the RECORD an address delivered by Hon. Homer Cummings, Attorney General of the United States, before the Continental Congress of the Daughters of the American Revolution, Washington, D.C., April 19, 1934, entitled "A 12-Point Program", discussing certain antigangster legislation.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Madam President General, ladies, and gentlemen, permit me at the outset to express my deep appreciation of the honor you have done me in inviting me to address the Continental Congress of the Daughters of the American Revolution. It is not only a delightful privilege in itself, but it affords me an opportunity to renew in very pleasant fashion a semiofficial tie of long standing between the Department of Justice and the D.A.R. The history of your society records that shortly after its organization in 1890 the national board of management selected as its first legal adviser a distinguished lawyer of St. Louis, the Honorable George H. Shields, who was at that time an Assistant Attorney General during the administration of President Harrison.

Since its inception your society has devoted itself with enthusiasm to patriotic causes. You have, as enjoined by your constitution, truly perpetuated the memory and the spirit of the men and women who achieved American independence. You have erected monuments to commemorate those whose heroic deeds have lighted the fires of patriotism within the hearts of the American people. You have caused to be introduced into the public schools patriotic exercises to celebrate the anniversaries that are closely connected with our national history. You have sponsored the writing of essays upon historical subjects. You have carried on educational work among applicants for naturalization to the end that they might be instructed regarding the great figures and the important events of American history. You have sponsored legislation to protect the dignity of the flag from disrespect at the hands of the thoughtless and the irreverent.

In these ways and by many other means you have consistently stimulated disinterested service and fostered reverence for the glorious traditions of our Nation. By so doing you have made a vital contribution to the public welfare, for as an ancient Greek statesman once said, "Through admiration of what is heroic men rise to higher levels."

Therefore, knowing full well your devotion to our common country and your deep concern for its welfare, I speak to you tonight of certain matters of wide and immediate importance.

The suppression of crime has become a national problem of the first magnitude. Hundreds of millions of dollars are expended each year in efforts to arrest, to prosecute, and to restrain the criminal classes. Moreover, large sums are spent annually by private individuals and corporations in the maintenance of guards and industrial police forces and for insurance against loss by criminal acts. The yearly toll exacted of society by predatory criminals, in the form of property destroyed, values converted, money stolen, and tribute enforced, constitutes a ghastly drain upon the economic reserves of the Nation. Undoubtedly crime costs our country several billion dollars each year, and it is conservative to say that there are more people in the underworld carrying deadly weapons than there are in the Army and the Navy of the United States.

Clearly the institutions and agencies upon which we have relied for the enforcement of the law have not adequately performed their proper functions.

In many localities there exists an unholy alliance between venal politicians and organized bands of racketeers.

Then, too, certain unworthy members of the bar maintain a close contact with the criminal classes and prostitute an honorable profession by resorting to improper practices in order to save their clients from the legitimate consequences of their crimes.

These recreant members of the legal profession take skillful advantage of the cumbersome and archaic procedural rules governing criminal cases which still persist in many of our jurisdictions. Trials are delayed, witnesses die or disappear, and appeals upon frivolous grounds are all too frequent.

As Mr. Justice Holmes once very shrewdly observed, "At the present time in this country there is more danger that criminals will escape justice than that they will be subjected to tyranny."

In many parts of the country law-enforcement officers are not selected primarily because of their training and general qualifications, but are given positions on a basis of political preferment. Where this is true, each change of political administration is accompanied by a reorganization of the local constabulary. It is impossible to build up an efficient and courageous force of officers so long as they are constantly subject to the whims of political fortune.

Another difficulty grows out of the unfortunate situations which result from a lack of cooperation so often characteristic of the activities of the various law-enforcement agencies of the country.

Another serious phase of the problem has to do with the relative uncertainty which exists with respect to the dividing line between the jurisdictions of the Federal and State Governments. Here lies an area of relative safety—a twilight zone—in which the predatory criminal takes hopeful refuge.

At the time of the adoption of the Constitution of the United States there was little need that the Federal Government should concern itself with the problem of crime. Owing to the isolation of the different settlements, the operations of criminals were, of necessity, local in their nature. You will recall that when John Adams first went from Boston to Philadelphia, his wife, the famous and delightful Abigail Adams (who, by the way, has been called the "patron saint of the Daughters of the American Revolution"), made note of the fact that it took 5 weeks to receive a return letter from that "far country."

We are no longer a Nation whose problems are local and isolated. The growing density of our population and the development of high-speed methods of transportation have resulted not only in a large increase in our crime rate but also have given to many offenses an interstate character. As a celebrated American jurist has said, "The maintenance of an organized society has come to involve much more than repression of local offenders against local laws. Where 100 years ago the chief concern was the common defense against foreign aggression and savages, today it is rather a common defense against organized, antisocial activities extending beyond State lines, operating without regard to political boundaries, and threatening any locality where there is possibility of plunder or profit." Crime today is organized on a Nation-wide basis, and lawbreakers extend their activities over many States.

In a well-remembered kidnaping case, which occurred during the past year, the operations of the criminals took place in 7 States; and it was necessary for the agents of the Department of Justice to go into 9 additional States in their successful efforts to solve the crime and bring its perpetrators to justice. The seven States referred to have an area of about 683,000 square miles, which exceeds in extent the combined areas of Austria, Denmark, France, Germany, Italy, Holland, Switzerland, England, Scotland, and Wales. This illustration indicates the extent of the difficulties involved and accentuates the need of a Nation-wide approach to the problem. The Federal Government has no desire to extend its jurisdiction beyond cases in which, owing to the nature of the crime itself, it is impossible for the States adequately to protect themselves.

In response to this manifest necessity, and entirely within constitutional limitations, the Department of Justice is urging the Congress to pass certain important bills now pending before that body, as follows:

(1) A law dealing with racketeering which will make it a felony to do any act restraining interstate or foreign commerce, if such act is accompanied by extortion, violence, coercion, or intimidation.

(2) A law making it a Federal offense for any person knowingly to transport stolen property in interstate or foreign commerce.

(3) Two laws strengthening and extending the so-called "Lindbergh kidnaping statute."

(4) A law making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in felony cases.

(5) A law making it a criminal offense for anyone to rob, burglarize, or steal from banks operating under the laws of the United States or as members of the Federal Reserve System.

(6) A law making it a criminal offense for any person to kill or assault a Federal officer or employee while he is engaged in the performance of official duties, and a law to provide punishment for any person who assists in a riot or escape at any Federal penal institution.

(7) A law to make the husband or wife of a defendant a competent witness in all criminal prosecutions.

(8) A law to limit the operation of statutes of limitations by providing that such statutes shall not prevent the prompt reindictment and prosecution of a person after a prior indictment has been held to be defective, and a law to prevent dilatory practices by habeas corpus or otherwise.

(9) A law to provide that testimony on behalf of the defendant to establish an alibi shall not be admitted in evidence unless

notice of the intention of the defendant to claim such alibi shall have been served upon the prosecuting attorney at or before the time when the defendant is arraigned.

(10) A law to repeal the statutory provision which has been held to prohibit comment upon the failure of the accused to testify in a criminal case.

(11) A law to regulate the importation, manufacture, or sale, or other disposition of machine guns and concealable firearms.

(12) A law authorizing agreements between two or more States for mutual cooperation in the prevention of crime.

This is the 12-point program of the Department of Justice. I not only invite your attention to it, but I solicit for it your earnest support.

I believe that thus it will be possible for us to observe the letter and the spirit of the Constitution and at the same time work out a better and more effective system of crime control.

It is seemly that we should venerate the heroes of the Revolutionary period, and that we should honor the patriots whose courage and daring have added luster to our flag. At the same time we should remember that we are now engaged in a war that threatens the safety of our country—a war with the organized forces of crime. It is an undertaking of serious import and constitutes a test of our citizenship and of our capacity for successful self-government. In this fight your organization can render valiant service.

You can, if you will, direct your efforts toward the building up of a stout-hearted public morale which will cause citizens, as a matter of course, promptly to furnish to the officers of the law the information that may come to them regarding known fugitives from justice; to give testimony freely in criminal cases; and to render jury service gladly when opportunity is afforded to perform this high function of American citizenship. You can help in putting an end to the maudlin glorification of the gangster which has, at times, disgraced our public thinking and has led to episodes like that which recently occurred at Crown Point.

You can aid in speeding the activities of police and prosecutors, in enabling courts to establish proper rules and practices, and in securing desirable laws from State legislatures and from the Congress.

No more worthy enterprise could possibly engage your attention. A serious danger faces this country. Organized bands of criminals prey upon legitimate business, exact tribute from the timid or the fearful, and constitute an ever-present threat not only to property but to the safety of our homes and the sanctity of life. This open challenge to orderly government must be met with a courage worthy of our intrepid ancestors.

To this sacred cause I urge you to devote your thoughts and dedicate the energies of your great organization.

THE CHURCH AIDS LABOR—ARTICLE FROM THE "COMMONWEAL"

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a very important contribution to the discussion as to the right of workers to organize and to bargain collectively, which was published in the Commonweal, a very well-known weekly review of literature and public affairs. The title of the article is "The Church Aids Labor."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Commonweal, New York, Friday, Apr. 27, 1934]

Without attempting to discuss the details of the Wagner bill, which seeks to provide for labor's right to self-organization and for the establishment of a tribunal for the adjudication of industrial controversies, the National Catholic Welfare Conference, through its administrative committee of bishops, has filed with the Senate committee considering that measure a statement strongly upholding the right of workingmen to form their own labor unions, and to bargain collectively. The bishops have taken this action because of the fact that the encylical letter, Quadragesimo Anno, on reconstructing the social order, or portions of that document—which is the authoritative basis of Catholic social action—has already been cited in the hearings on the Wagner bill held before the Committee on Education and Labor of the United States Senate, of which Senator DAVID I. WALSH is the chairman. That Catholic teaching supports and indeed demands the principal measures put forward in the Wagner bill, could hardly be established as a fact simply by such references to the Pope's letter, or quotations from it, as have entered into the arguments before the Senate committee; but the bishops' statement emphatically declares that such is the case. All the episcopal chairmen of the National Catholic Welfare Conference, with one exception, together with several assistant chairmen, were present at the semiannual conference held in Washington, which issued the statement. The one bishop of the committee absent was prevented by illness from being present. As the National Catholic Welfare Conference is the Catholic hierarchy of the United States, the action of its administrative committee, fully authorized to speak for the conference, comes as close to being the voice of the entire Catholic Church in this country as is possible—short of what the bishops might promulgate in a solemn council. As the daily newspapers may not in some cases—probably in many—print the whole text of the statement, we quote it in full. It is short but mighty. How far it will guide and direct the thinking and the action of individual Catholics remains to be determined later on; but that it represents the moral teaching of the Catholic Church admits, we hold, of no reasonable doubt whatever. This momentous utterance is as follows:

The Honorable DAVID I. WALSH,
Chairman Committee on Education and Labor,
Washington, D.C.

DEAR MR. CHAIRMAN: In view of the fact that the text of the Quadragesimo Anno, or portions thereof, has been placed in evidence in the hearing on S. 2926 before the Senate Committee on Education and Labor, the administrative committee of bishops, National Catholic Welfare Conference, judge it in order to send you the following statement and ask that it be filed with your committee in the hearings on this bill.

Congress is considering legislation providing for the protection of the worker's right to self-organization and the establishment of an industrial tribunal for the adjudication of industrial controversies. Both purposes are in complete accord with and are required by the Catholic social program enunciated by Pope Leo XIII in 1891 and by the present Holy Father, Pope Pius XI, in 1931.

The statement issued in 1933 by the bishops of the administrative committee, National Catholic Welfare Conference, declares: "His [the workingman's] right to organize must not be interfered with. * * * Labor and trade unions offer one means of obtaining justice in wages and salaries. The normal working of such organizations, whether singly or as a federation of unions, should be to promote the general welfare and to insure for all workers, whether skilled or unskilled, maximum employment, adequate remuneration, the protection of their rights as men and as citizens, and security against accident and indigence. * * * Capital and labor should work for the common welfare and for their mutual interest should encourage all workers to organize. Unions, embracing all groups of workers, should be governed by good sense. They should endeavor to distribute opportunity to the workers of every class. They should always seek competent and disinterested advisers, that their organizations may ever be characterized by sanity."

The worker's right to form labor unions and to bargain collectively is as much his right as his right to participate through delegated representatives in the making of laws which regulate his civic conduct. Both are inherent rights.

The worker can exercise his God-given faculty of freedom and properly order his life in preparation for eternity only through a system which permits him freely to choose his representatives in industry. From a practical standpoint, the worker's free choice of representatives must be safeguarded in order to secure for him equality of contractual power in the wage contract. Undue interference with this choice is an unfair labor practice, unjust alike to worker and the general public.

To determine the rights of both worker and management and to resolve the conflicting claims of both parties, an industrial tribunal, with mediation and arbitration powers, is necessary. This procedure is dictated by the plainest requirements of reason and public order. The opposite is chaos and anarchy.

Thanking you for your favor in filing this for the record of the hearing on the bill in question, we remain,

Most respectfully yours,

JOHN J. BURKE, C.S.P.,
General Secretary.

That the issues raised in the Wagner bill are of the gravest kind is certain; and no less certain is the fact that until or unless they are settled equitably there can be no permanent or satisfactory basis for our industrial system. And of late there have been most disquieting symptoms of dangerous unrest in the relations between employers and the employed. The month of March had three times as many strikes as February. In February there were 78 strikes, involving about 56,000 workers; while in March there were 218 strikes, involving 137,000 workers. There were brought before the regional labor boards in March more than 600 cases, as compared with 491 in February. Senator WAGNER, head of the National Labor Board, notes two outstanding facts, one favorable, the other highly disquieting. He says:

"Outstanding still are the two main characteristics to which the National Labor Board directed attention in its report to the President on the first 6 months of its work. First is the fact that the majority of employers and employees continue to make increased use of the boards; second is the fact that a minority of large employers, whose following has not diminished, persist in an attitude which does not make for industrial peace and constitutes a heavy obstacle in the way of the work of the boards."

Discussing international relations—which, as we all have learned in recent years, depend so largely upon economic relations, as these again depend upon industrial relations—Dr. James Brown Scott, director of the division of international law of the Carnegie Endowment for International Peace, recently declared that no treaties or pacts could possibly secure world peace unless or until moral principles are recognized and respected. In the statement issued by the bishops the moral principles which apply to the rights of labor are unequivocally laid down. In other statements, equally emphatic, the duties of labor are stated. So, too, in regard to the rights and the duties of employers. These are not merely personal or associated opinions, but rather statements of the moral law. That law may be disregarded—at the cost of disaster. Men's wills are not compelled, even by God. But if we are to solve the social crisis, the moral law must come before greed or stubbornness, whether of employers or employed.

WHERE SHALL THE ALIEN WORK?—ARTICLE BY HAROLD FIELDS

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Where Shall the Alien Work?", by Harold Fields, the president of the National League for American Citizenship.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Reprinted from Social Forces, vol. XII, no. 2, December 1933]

WHERE SHALL THE ALIEN WORK?

By Harold Fields, National League for American Citizenship

Relatively scant attention has been given to the prohibitions that have been imposed upon aliens who are seeking to engage in pursuits that will make them self-supporting. Nor has much study been made of the supplemental numbers that have been added to our unemployed forces through well-defined industrial and legislative policies that militate against the employment of these same aliens.

Yet throughout the United States there is today a consistent attitude among businessmen and lawmakers alike, that has for its announced purpose the refusal to aliens of the right to engage in certain and many occupations. These foreigners are being denied the opportunity to work, despite the fact that they were legally admitted to this country and with the foreknowledge by the Government, in most instances, that they would seek to earn their own living. In May of this year, when the index of employment showed a slight upturn, a very large factory in the Midwest increased its force by 100 percent, but refused to reemploy former workers who were still aliens. In thousands of cases foreigners are being dismissed because of this "all American" policy. This program has failed however to often produce the compensating factor of employing Americans in the place of these discharged aliens; in altogether too many cases, the alien having been dismissed, none is taken on in his place and as a result there have been found two persons on the breadline in place of the former one.

An industrial survey of attitudes toward the employment of the alien would constitute a timely contribution to any correlated study of immigration and economic conditions. The last published study[1] of that type showed that already, in our so-called "prosperous" years, discriminations were being practiced on an extensive scale by industries. With the advent of the depression, these industrial discriminations have multiplied still further.

Still more significant is an analysis of the laws that have been enacted by the States of the Union as well as the rulings that have been promulgated by official bodies affecting qualifications for lawyers, doctors, and other professional persons. Such an analysis shows a growing tendency toward occupational discriminations against aliens.

The outline that follows crystallizes the attitudes of the 48 States on this important question. Particularly does it make clear the fact that so far as the State is concerned, occupations that involve careful and long preparation, such as medicine, law, accounting, teaching, and kindred pursuits, are fast being limited to nonaliens only. The issuance of licenses is frequently denied to aliens on the legal postulate that the State has a special interest in the privileges covered by such licenses. In many other types of discriminations there is a defense in the fact that the courts have held that these forms of legislation have not violated the spirit nor the letter of the fourteenth amendment.

The practice of caring for citizens first or only, would be still more evident in this compilation of statutes and orders were the list to include similar discriminations against aliens inheriting or owning land[2] or their rights in compensation cases. However, these types of discriminations were omitted from the comparative study here made in order to stress and isolate the single problem of occupational disabilities for aliens. The presentation here offered, therefore, is, in a sense, limited and not at all inclusive of all such distinctions in our economic structure. A cursory examination of this compilation presents several interesting observations: (1) That every State in the Union has included laws on its statute books that withhold from the alien the right to engage in stated occupations; (2) that the number of such laws is proportional to the alien or foreign-born population of each State, e.g., that in the New England and Middle Atlantic States the greatest number of such laws is to be found, whereas in the southern Mississippi States, the least number is registered; (3) that the admission and residence of orientals and Mexicans to western and southern border States has resulted in discriminatory laws out of proportion to their alien population; (4) that the most common form of prohibition lies in the field of the professions.

The States having statutes on their books barring aliens from employment in certain occupations, the list of such occupations, and the references to such statutes or orders, here follow:

THE PROFESSIONS

Accountants:
  Full citizenship required:
    Alabama: Laws 1919, no. 142, p. 124, par. 1.
    Connecticut: Gen. Stat., rev. 1930, sec. 2920.
    Delaware: Chapter 48, vol. 32.
    Georgia: Act 1908, p. 86.
    Kentucky: Carroll's Statutes, 1930, sec. 3941, e. 4.
    Louisiana: Laws 1924, no. 136, p. 208.
    Massachusetts: GL (Ter. Ed.), ch. 112, sec. 87B.
    Mississippi: Laws 1920, c. 211, p. 30.
    Montana: Laws 1919, c. 72, p. 142.
    New Hampshire: Public Laws, c. 270, ss. 3, 9.
    New Jersey: Laws 1904, c. 230, sec. 9, p. 402.
    New Mexico: Laws 1921, c. 181, p. 388.
    Pennsylvania: Act, March 29, 1899, P.L., 21, sec. 1.
    South Carolina: Laws 1924, no. 537, p. 896, par. 2.
    Tennessee: Shannon's Suppl. 1926, par. 3554a86, p. 1001.
    West Virginia: Laws 1911, c. 19.
  First papers (declarations of intention) required:
    Arizona: Chap. 45, HP 134.
    Arkansas: Crawford & Moses Digest, sec. 8325.
    California: Act 21, General Laws, sec. 3.
    Colorado: Comp. Laws 1921, sec. 4727.
    District of Columbia: Act Feb. 17, 1923, 42 Stat. 1261, Code 219, sec. 4.
    Idaho: ICA, sec. 53, 202.
    Illinois: Smith-Hurd Rev. Stat. 1931, c. 110½, sec. 13.
    Indiana: Burns 13696, 1929 supplement.
    Iowa: Sec. 1905–09, Code 1931.
    Kansas: 1–101 of Rev. Stat. 1923.
    Maryland: Ch. 585, Act of 1924.
    Michigan: Laws 1925, c. 353, p. 659, par. 15.
    Minnesota: Mason's Statute, 1927, sec. 5700; Laws 1909, ch. 439, sec. 3; sec. 4962, et seq. G.S. 1913.
    Nebraska: Comp. Stat. 1929, sec. 1–101.
    Nevada: Laws 1919, c. 198, p. 365, par. 5; Laws 1917, c. 184, p. 346; sec. 253, Comp. Laws 1929.
    New York: Education Laws, sec. 1490.
    North Carolina: Laws 1925, c. 261, p. 503, par. 2.
    North Dakota: Laws 1925, c. 2.
    Ohio: Sec. 1373, General Code.
    Oregon: Code 1930, 68–201.
    Rhode Island: General Laws 1923, chap. 211, sec. 1.
    Utah: 1923 Laws, sec. 41, p. 84.
    Vermont: 1931, no. 132.
    Virginia: Code, sec. 567; 1928, p. 1150.
    Wisconsin: Wis. Stat. 1931, 135.02 subd. (1).
    Wyoming: Rev. Stat. 1931, sec. 2–104.

Architects:
  Full citizenship required:
    Iowa: Sec. 1905–d8, Code 1931.
    Michigan: Laws 1919, no. 334, p. 592, par. 13.
    New York: Laws 1922, c. 461, Amd. Laws 1924, c. 244.
    South Dakota: Laws 1925, c. 163, pp. 185–6, par. 7–10.
    Washington: Laws 1919, c. 205, pp. 720–1, par. 3.
  First papers (declarations of intention) required:
    Georgia: Sec. 1754 (58) Civil Code.
    Idaho—I.C.A., sec. 53–402.
    Ohio,[3] with one exception: Sec. 1334–6, Gen. Code (114 Ohio Laws 523) (1931).
    Oregon: Code 1930, 68–305.
    Virginia: Act 1920, p. 496; 1924, p. 353.
    West Virginia: Laws 1921, c. 107, p. 267, par. 19.

Aviators:
  Full citizenship required:
    Oregon: Code 1930, 17–105.

Chiropodists:
  Full citizenship required:
    New Mexico: Laws 1921, c. 110, pp. 197–8, par. 3.

Chiropractors:
  First papers (declarations of intention) required:
    New Jersey: Laws 1925, c. 126, p. 349.

Court reporters:
  Full citizenship required:
    Colorado: Chap. 159, Sessions Laws 1925, sec. 10.

Dentists:
  First papers (declarations of intention) required:
    New York: Regulation, bd. dental examiners.

Doctors:
  Full citizenship required:
    Georgia: Rule of the State board of medical examiners.
    Indiana: Regulation State board of medical registration and examination.
    Kansas: Regulation State medical board.
    Kentucky: Regulation, State medical board.
    Nebraska: Comp. Stat. 1929, sec. 71–701, 71–702.
    South Dakota: Laws 1925, c. 254, p. 300.
    Wyoming: Sec. 6, board of medical examiners; Rev. Stat. 1931, sec. 114–106.
  First papers (declarations of intention) required:
    Idaho: I.C.A. sec. 53–2102.
    Louisiana: Act 56, 1914, Amd. Oct. 4, 1918.
    Maine: Rule board of registration of medicine.
    Minnesota: Regulation State board of medical examiners—June 18, 1924.
    Mississippi: Regulation, State board of health.
    Nevada: Act of Mar. 4, 1905, Amd. Mar. 27, 1931, sec. 6.

[1] Vide Unemployment and the Alien, by the author in the January 1931 issue of the South Atlantic Quarterly.

[2] Vide Legal Disabilities of Aliens in the United States, by Max J. Kohler in the February 1930 issue of the American Bar Association Journal.

[3] Exception: Alien with 10 years' experience abroad who has passed Ohio examination.

Doctors—Continued.
First papers (declarations of intention) required—Continued.
New Jersey[4]: Laws 1925, c. 134, pp. 359–363.
New York[4]: Laws 1926, c. 834, p. 1543.
North Dakota: Ruling, State medical board.
Ohio: Rule State medical board authorized by sec. 1273—general code.
Oregon: Ruling, State medical board.
Rhode Island: Public Laws 1927, sec. 1 amending sec. 8, ch. 159, gen. laws.
Wisconsin: Wis. Stat. 1931, 147.15; amd. by ch. 290, laws 1933; rules bd. med. exmnrs.
Wyoming: Rev. Stat.—1931, sec. 114–106.

Engineers (professional):
Full citizenship required:
Michigan: Laws 1919, no. 334, p. 592, par. 13.
Pennsylvania: Act of May 6, 1927, P.L. 820.
South Carolina: Laws 1922, no. 580, p. 1034, par. 8.
First papers (declarations of intention) required:
Indiana: Burns 13886, 1929 supplement.
New Jersey: Laws 1921, c. 224, p. 718.
Virginia: Act 1920, p. 496; 1924, p. 353.
West Virginia: Laws 1923, c. 63, p. 223.

Engineer (stationary):
Full citizenship required:
Minnesota: Mason's Statute 1927, sec. 5697–9; laws 1921, c. 523, sec. 9.
Nevada: Sec. 2874, Comp. Laws 1929.
New York: Laws 1922, c. 461, amd. laws 1924, c. 244.
North Carolina: Laws 1921, c. 1, p. 49, par. 9.
South Dakota: Laws 1925, c. 163, pp. 185–6, par. 7–10.
First papers (declarations of intention) required:
New Jersey: Laws 1913, c. 363, sec. 5, p. 784; rule, license board.

Lawyers:
Full citizenship required:
Alabama: 1932 code—6241 (2975); State bar board, pp. 4–6.
Arizona: Rev. Stat. Code, 1928, chap. 7, sec. 193.
Arkansas: Crawford & Moses Digest, sec. 596.
Stat. 1919, Suppl. 1927, sec. 596.
California: Act 591, General Laws, sec. 24.
Session Laws, 1931, chap. 861, p. 1761.
Colorado: Comp. Laws, 1921, sec. 5999.
Sup. Ct. Ruling, 64.
Connecticut: Gen. Stat. Rev., 1930, sec. 5343.
Rules Super. Ct. Reg. Adm. of Att., sec. 4.
District of Columbia: Sup. Ct. D.C., rule 5, sec. 2.
Florida: State Board Laws Ex. Instr., sec. 3.
Georgia: Code of 1926 (Michie), sec. 4932; Acts 1806, Cobb 89; 1847, Cobb 92.
Illinois: State Board Law Examiners, p. 9.
Indiana: Const., article 7, sec. 21.
Kansas: 7–102 of Rev. Stat. 1923.
Stat. Laws, 1905, chap. 67, sec. 1.
Kentucky: Board of Examiners, rules 1 and 2.
Louisiana: Amended Act 118, 1910, p. 190.
Sup. Ct., rule XV, sec. 1.
Maine: Rev. Stat., 1930, c. 93, sec. 26, as amended by Laws, 1931, c. 176, sec. 2.
Maryland: Rules Ct. of Appls., p. 5.
Massachusetts: G. L. (Ter. ed.), chap. 221, sec. 37, 38.
Michigan: Stat., sec. 13578 C.L., 1929, p. 4865.
Minnesota: 1930 Minnesota Supreme Court rule 2; sec. 4946, G.S., 1913.
Mississippi: Laws, 1916, chap. 107, p. 140.
State Board Law Exrs., II, III.
Nebraska: Comp. Stat., 1929; sec. 7–104.
Bar Committee Form 1, sec. 23, Instr., sec. 4.
New Hampshire: Public Laws, 1926, c. 325, S. 2.
New Jersey: Rules of Supreme Court of New Jersey, p. 1 of bar pamphlet published Feb. 14, 1931, rule 3 (B).
New York: Judiciary Law, sec. 460.
Rules Ct. of Appls.—rule II, sec. 2; rule VI, sec. 1.
North Dakota: Rule of the Sup. Ct.
Ohio: Sup. Ct. rule XIV, sec. 38.
Pennsylvania: Rules Sup. and Super. Cts., rule 7.
Rhode Island: Sup.Ct., rule 1 A.
South Carolina: State Board Law—Informal Papers of Cit. Rules (Gen.).
Tennessee: Sup. Ct. Rules, sec. 4.
Utah: 8–0–10 Laws, 1933.
Vermont: Sup. Ct. rule 22.
Washington: Sec. 139, subd. 6, Rem. Rev. Stat. Wash. Stat. Laws, 1921, chap. 126, sec 4.
Wisconsin: Wis. Stat. 1931, 256.28 subd. (2).
Wyoming: Rev. Stat. 1931, sec. 9–103; Stat. Sessions Laws 1927, chap. 26.
First papers (declarations of intention) required:
Idaho: Comp. Stat. 1919, sec. 6565.
Montana: Rev. Code of 1921, sec. 8936, sup. ct. rule A2, B1.
Nevada: Stat. Rev. Laws 1912, sec. 499.
New Mexico: Laws 1909, chap. 53, 19; code 1915; 346 State board bar examination, rule 1, sec. 2.
Ohio: Sec. 1706, general code.
Oklahoma: Rules board of Gov., State bar rule 1, sec. 4149.

[4] Full citizenship required within 6 years.

Lawyers—Continued.
First papers (declarations of intention) required—Continued.
Oregon[5]: Code 1930, 32–105; Stat. Olsons Oregon Laws 1920, sec. 1077, 1078.
Utah: Sess. Laws 1931, ch. 48, p. 166.

Nurses:
Full citizenship required:
Florida: Rule State bd. examrs. nurses.
Nebraska: Comp. Stat. 1929, sec. 71–701, 71–702.

Optometrists:
Full citizenship required:
Alabama: Laws 1919, no. 521, p. 476, par. 9.
Idaho: I.C.A., sec. 53–1706.
Montana: Laws 1925, c. 171, p. 309, par. 4.
Tennessee: Shannon's Suppl. 1926, par. 3654a19, p. 996.
Washington: Laws 1919, c. 144, p. 400, par. 5.

Osteopaths:
First papers (declarations of intention) required:
Wisconsin: Wis. Stat. 1931, 147.15.

Pharmacists:
Full citizenship required:
Massachusetts: G.L. (ter. ed.), chap. 112, sec. 24.
New Hampshire: Public Laws, c. 210, s. 18.
New York: Laws 1924, c. 338, p. 633.
Ohio: Sec. 1302, gen. code.
Rhode Island: Public Laws 1926, chap. 794, sec. 2.
Utah: 1925 Laws, sec. 60e, p. 123.
Vermont: 1931, no. 130.
West Virginia: Code 1931, c. 30, art. 5, par. 4.
First papers (declarations of intention) required:
California: Act 5886, Gen. Laws, sec. 2.
New Jersey: Laws 1932, c. 170, p. 120.
Wisconsin: Wis. Stat. 1931, 151.02, subd. (1).

Certified shorthand reporters:
Full citizenship required:
New York: Ed. Law, sec. 1501.

Surgeons:
Full citizenship required:
New York: Laws 1922, c. 461, Amd. Laws 1924, c. 244.
Wyoming: Rev. Stat. 1931, secs. 86–104.
First papers (declarations of intention) required:
New Jersey[6]: Laws 1925, c. 134, pp. 359–363.
Rhode Island: Public Laws 1927, chap. 1029, sec. 3.
Wisconsin: Wisc. Stat. 1931, 147–15.

Surveyors:
Full citizenship required:
Michigan: Laws 1919, no. 334, p. 592, par. 13.
New York: Edc. Law, sec. 550.
North Carolina: Laws 1921, c. 1, p. 49, par. 9.
South Carolina: Laws 1922, no. 580, p. 1034, par. 8.
South Dakota: Laws 1925, c. 163, pp. 185–6, pars. 7–10.
Wyoming: Rev. Stat. 1931, secs. 114–106.
First papers (declarations of intentions) required:
Minnesota: Mason's Stat. 1927, secs. 5697–9; Laws 1921, c. 523, sec. 9.
New Jersey: Laws 1921, c. 224, p. 718.
Virginia: Act 1920, p. 496; 1924, p. 353.

Teachers:
Full citizenship required:
California: Act 7519, Gen. Laws, part II, c. 1, art. 1, sec. 5.128.
Idaho: I.C.A., secs. 32–1102.
Michigan: Laws 1919, no. 220, p. 392.
Montana: Laws 1919, c. 196, pp. 429–30.
Nebraska: Comp. Stat. 1929, secs. 79–1419.
Nevada: Laws 1927, c. III, sec. 5986, Comp. Laws 1929.
New Jersey: Laws 1928, c. 239, p. 417.
New York: Ed. Law, sec. 550.
Tennessee: Shannon's Suppl. 1926, par. 1487a183, p. 409.
Washington: Laws 1919, c. 38, p. 82; Rem. Rev. Stat., sec. 4845.
Wyoming: Rev. Stat. 1931, sec. 114–106.
First papers (declarations of intention) required:
North Dakota: Laws 1929, c. 111.
Texas: Act 1929, 41st leg., reg. sess., chap. 38, p. 72.
Oath of allegiance required:
Oregon: Code 1930; 35–2402.
West Virginia: Laws 1867, c. 98, par. 32; Laws 1923, c. 13, par. 86–a.

PUBLIC EMPLOYMENT

On public works:
Full citizenship required:
Arizona: Par. 1352, Rev. Code, 1928.
(Amended chap. 85, house bill 72, Laws 1929.)
(Amended chap. 31, subst. house bill 49, Laws, 1931.)
California: Act 6430, Gen. Laws, sec. 1.
Idaho: I.C.A., sec. 43–603.
Illinois: Smith-Hurd Review Rev. Stat., 1931, c. 6, sec. 10–15.
Louisiana: Laws, 1908, no. 271, p. 398.
Montana: Laws, 1927, c. 133, p. 416.
Nevada: Laws, 1925, c. 25, pp. 29–30, sec. 6173; Comp. Laws, 1929.
Oregon[7]: Code, 1930; 19–202, 19–205.
Pennsylvania: P.L., 269, June 25, 1895.
Washington: Sec. 6616, 2334–1 ct. seq., Rem. Rev. Stat.

[5] Full citizenship required within 6 months.
[6] Full citizenship required within 6 months.
[7] Applies only to Chinese and aliens who claimed exemption during the war.

On public works—Continued.
First papers (declaration of intention) required:
Wyoming: Const., art. 19, sec. 3.
Citizens preferred:
Massachusetts: G.L. (Ter. ed.), chap. 149, sec. 26.
New Jersey: Laws, 1931, c. 27, p. 63; c. 402, p. 1471; Laws, 1932, c. 226, p. 503.
New York: Laws, 1921, c. 50, p. 172, par. 222.
Wisconsin: Wis. Stat., 1931, 46.26.
On highways:
Citizens preferred:
Texas: Act of 1931, 42d Leg., reg. sess., chap. 46, p. 69.
State police:
Full citizenship required:
Illinois: State Const., art. VII, sec. 6.
Massachusetts: Rules of dept. of public safety.
Nevada: Laws, 1927, c. III, sec. 5986, Comp. Laws, 1929.
State militia:
Full citizenship required:
Illinois: State Const., art. VII, sec. 6.
Massachusetts: G.L. (Ter. ed.), chap. 33, sec. 2, 90.
State peace officers:
Full citizenship required:
Illinois: State Const., art. VII, sec. 6.
New York: Penal Law, sec. 1845.
Policemen:
Full citizenship required:
New York: Executive Law, sec. 94.
Wisconsin: Sec. 66.11.
Civil service:
Full citizenship required:
Massachusetts: G.L. (Ter. ed.), chap. 31, sec. 12.
New York: Laws 1925, c. 30, pp. 51–2; Civil Serv. Law Reg. 4, subd. 2 (4).
Wisconsin: Wisc. Stat. 1931, 16, II subd. (2).
Bidders on public contracts:
Citizens preferred:
Massachusetts: G. L. (Ter. Ed.), chap. 149, sec. 179A.
In State Departments:
Full citizenship required:
Oklahoma: Sec. 3519, stat. 1931.
Member board of cosmetology:
Full citizenship required:
Michigan: Laws 1931, act. 176, p. 280.
Member board of examiners for plumbing and heating contractors:
Full citizenship required:
North Carolina: Laws 1931, c. 52, p. 51, par. 2.

LICENSES

Private employment agency:
Full citizenship required:
Iowa: Sec. 1551–c, 2 code 1931.
New Jersey: Laws 1928, chap. 283, sec. 3, p. 777.
Oregon: Code 1930; 49–802.
West Virginia: Laws 1929, c. 21, art. 2, par. 8.
Real-estate broker:
Full citizenship required:
New Jersey: Laws 1925, c. 243, sec. 7, p. 674.
New York: Laws 1926, c. 831, p. 1529; superseding laws 1925, C. 164.
Chauffeurs:
First papers (declarations of intention) required:
New York [9]: Laws 1929, ch. 54 amd. by ch. 167, Laws 1933.
Auctioneers:
Full citizenship required:
Minnesota: Sec. 6083, G.S. 1913.
Montana: Laws 1921, c. 15, p. 13.
First papers (declarations of intention) required:
New Jersey [8]: S. 1929, Laws of 1933.
Private bankers:
Full citizenship required:
New Jersey: Laws 1925, c. 189, par. 2, p. 454.
Life-insurance agents:
First papers (declarations of intention) required:
Ohio: Secs. 654–3; General Code, 1925, III Ohio Laws 126.
Steamship-ticket agents:
Full citizenship required:
Pennsylvania: Act July 17, 1919; P.L. 1003; amended by Act Apr. 27, 1925, P. L. 329.
Steam-boiler operators:
Full citizenship required:
New York: Laws 1922, c. 461; Amd. Laws 1924, c. 244.
Master or pilot of a vessel:
Full citizenship required:
New York: Annual Report, Bureau of Labor Statistics, New York, 1924.
Motion-picture operators:
Full citizenship required:
New York: Annual Report, Bureau of Labor Statistics, New York, 1924.
Representative, compensation law self-insurer:
Full citizenship required:
New York: Workmen's Compensation Supp., 1931, sec. 50, subd. 3b.

[8] Full citizenship required within 6 years.

Hunting:
Full citizenship required:
Arizona: 1534 Rev. Code, 1928.
Colorado: Comp. Laws, 1921, sec. 6882.
Connecticut: Pub. Acts 1919–1929, sec. 3143.
Massachusetts [9]: G.L., chap. 13, sec. 7.
New Mexico: Chap. 120.
New York: Conservation Law, sec. 185.
Ohio: Gen. Code, sec. 1431.
Pennsylvania: Act May 24, 1923, P.L. 359, sec. 202.
Texas: Aliens must have license, art. 904a, Penal Code, 1925.
Utah: Laws 1917, p. 278, sec. 2600.
Vermont: Sec. 6338, Gen. Laws, and by sec. 1 of no. 187, Acts 1921.
Washington: Sec. 5711, 5695 Rem. Rev. Stat.
West Virginia: Laws 1929, c. 13, par. 19.
Fishing:
Full citizenship required:
Arizona: 1534 Rev. Code, 1928.
California: Act 2876, Gen. Laws, no. 1 Cal. Jurisprudence, p. 919.
Delaware: Chap. 194, vol. 33.
Massachusetts [9]: G.L., chap. 13, sec. 7.
Ohio: Gen. Code, sec. 1430.
Oregon: Code 1930, 40–511.
Pennsylvania: Act May 2, 1925, P.L. 448, sec. 240.
Vermont: Sec. 6338, Gen. Laws, amended by sec. 1 of no. 187, Acts 1921.
Washington: Sec. 5711, 5695 Rem. Rev. Stat.
West Virginia: Laws 1929, c. 13, par. 19.
Private detectives:
Full citizenship required:
California: Act 2070a, Gen. Laws, sec. 3.
Michigan: Laws 1927, act 383, p. 914.
New Jersey: Laws 1918, c. 97, pp. 233–234.
New York: Gen. Bus. Law, sec. 71.
Wisconsin: Wisc. Stat. 1931, 175–07, subd. (1).
Promoter of boxing or wrestling matches:
Full citizenship required:
Michigan: Laws 1919, no. 328, p. 578, par. 10.
Billiard-parlor owners:
Full citizenship required:
New York: Laws 1923, c. 189, p. 236.
Ohio: Reserved to municipalities under secs. 3659, 3670 of general code.
South Carolina: Laws 1924, no. 537, p. 896, par. 2.
Pool-room owners:
Full citizenship required:
New York: Laws 1923, c. 189, p. 236.
Ohio: Reserved to municipalities under secs. 3659, 3670 of general code.
Card-room owners:
Full citizenship required:
New York: Laws 1923, c. 189, p. 236.
To own soft-drink establishment:
Full citizenship required:
New York: Laws 1923, c. 189, p. 236.
To own dance hall:
Full citizenship required:
New York: Laws 1923, c. 189, p. 236.
To gather or sell oysters:
Full citizenship required:
Oregon: Code 1930; 40–801; 40–809.
Lobster fishing:
Full citizenship required:
Connecticut: Publ. Acts 1919–1929, sec. 3338.
Massachusetts [10]: G.L. (Ter. Ed.) chap. 130, sec. 104.
To own a dog:
Full citizenship required:
Pennsylvania: Sec. 202, Act of May 24, 1923, P.L. 359.
West Virginia: Laws 1925, c. 83, par. 6.

TRADES

Barber:
Full citizenship required:
Idaho: I.C.A., secs. 53–605.
Iowa: Sec. 2585–b13, par. 4, code 1931.
Wisconsin: Wisc. Stat. 1931, 158.08, subd. (2).
Cosmetologists:
Full citizenship required:
Idaho: I.C.A., secs. 53–1201.
Wisconsin: Wisc. Stat. 1931, 159.08, par. (a).
Taxidermists:
Full citizenship required:
Maine: Lower license fee Rev. Stat. 1930, c. 38, sec. 92.
Hawker and Vendor:
First papers (declaration of intention) required:
Massachusetts: Chap. 101, G.L. sec. 22, amended Aug. 3, 1931.
Peddler:
Full citizenship required:
Massachusetts: G.L. (Ter. ed.) Chap. 101, sec. 22.
New York: Town law, sec. 211.
Undertaker:
Full citizenship required:
Massachusetts: G.L. (Ter. ed.) chap. 114, sec. 39.

[9] Also such aliens as own more than $500 in real estate.
[10] With certain exceptions.

Firemen:
First papers (declaration of intention) required.
New Jersey: Laws 1913, c. 363, sec. 5, p. 784.
Junk dealers:
Full citizenship required:
Virginia: Sec. 183, Tax Code.
Salesmen in international firm:
Full citizenship required:
Michigan: Laws 1919, no. 399, p. 705, amended 1921, no. 306, p. 567.
Mining inspectors:
Full citizenship required:
Illinois: Smith-Hurd Rev. Stat. 1931, c. 93, sec. 2.
Kansas: 49–207; Rev. Stat. 1923.
Montana: Laws 1921, c. 160, p. 301.
West Virginia: Code 1931, c. 22, par. 8.
Wyoming: Rev. Stat. 1931, sec. 23–150.
Shot inspector:
Full citizenship required:
Kansas: 49–255; Rev. Stat. 1923.
Shot firers:
Full citizenship required:
Kansas: 49–225; Rev. Stat. 1923.
Wyoming: Rev. Stat. 1931, sec. 23–165.
Managers (mine):
Full citizenship required:
Illinois: Smith-Hurd, Rev. Stat. 1931, c. 93, sec. 2.
Gasmen:
Full citizenship required:
Kansas: 49–255; Rev. Stat. 1923.
Fire boss:
Full citizenship required:
Arkansas: Laws 1919, no. 486, p. 361.
Kansas: 49–255; Rev. Stat. 1923.
Pennsylvania: Act May 21, 1923, P.L. 481, sec. 6, amend. by act April 7, 1925, P.L. 174.
Wyoming: Rev. Stat. 1931, sec. 23–128.
First papers (declaration of intention) required:
Utah: 1923 laws, sec. 10, p. 18.
Mine foremen:
Full citizenship required:
Kansas: 49–255; Rev. Stat. 1923.
Montana: Laws 1921, c. 160, p. 301.
Pennsylvania: Act May 21, 1923, P.L. 481, sec. 6, amended by act April 7, 1925, P.L. 174.
West Virginia: Laws 1925, c. 88, pp. 301, 317, pars. 8, 47.
Wyoming: Rev. Stat. 1931, secs. 23–128.
Mine examiners:
Full citizenship required:
Illinois: Smith-Hurd Rev. Stat. 1931, c. 93, sec. 2.
Montana: Laws 1921, c. 160, p. 301.
Hoisting engineers:
Full citizenship required:
Illinois: Smith-Hurd Rev. Stat. 1931, c. 93, sec. 2.
Kansas: 49–255; Rev. Stat. 1923; Laws 1917, c. 237, p. 332, par. 3.
Check weighmen:
Full citizenship required:
Illinois: Smith-Hurd Rev. Stat. 1931, c. 93, sec. 26.
Mining boss:
First papers (declarations of intention) required:
Utah: Secs. 5–2–4, Laws 1933.

MISCELLANEOUS

Bank directors:
Full citizenship required:
New York: Laws 1919, c. 382, pp. 1109–11.
Pennsylvania: Act May 13, 1876, P.L. 161, sec. 12, amended by act July 19, 1917, P.L. 1101.
Trustees, executors, guardians, or administrators under a will:
Full citizenship required:
Arizona: Rev. Code 1928, 2784.
Maryland: Art. 93, sec. 53, Bagdy's Code; 1924 edition.
Montana: Laws 1923, chap. 58, sec. 3043.3.
Oregon [11]: Code 1930; 19–104.
Texas: Arts. 166–177, Rev. Civ. Stat. 1925.
Trustees (foreign insurance company):
Full citizenship required:
New York: Laws 1919, c. 382, pp. 1109–11.
Directors or officers of insurance company:
Full citizenship required:
Louisiana: Laws 1920, no. 172, p. 274.
Controlling interest in an international trading company:
Full citizenship required:
Texas: Art. 1527, Rev. Civ. Stat. 1925.
Stake mining claim:
Full citizenship required:
Nevada: Sec. 4120, Comp. Laws 1929.
To sell poison:
Full citizenship required:
South Dakota: Laws 1929, c. 124, p. 149.
Farmer applying for county loan for purchase of grain seed and feed for teams:
First papers (declarations of intention) required:
Minnesota: Mason's Stat. 1927, sec. 740; Laws 1919, c. 49, p. 45.
Boat pullers:
First papers (declarations of intention) required:
Oregon: Code 1930; 40–511.
Manufacture or the handling of liquors:
Full citizenship required:
Connecticut: Publ. Acts 1919–1929, sec. 2735.
Pennsylvania: Act of May 3, 1933, P.L. 252, sec. 6.

[11] Applies only to property of minors which an alien is prohibited from possessing.

The citations of the laws and rulings indicate the age of these discriminations in the many States. A study of legislation introduced in the several States this year shows a very definite trend toward an increase in this type of statutory enactment. Seemingly extraneous legislation against aliens such as prohibiting fishing for lobsters, or owning a dog, or hunting, or angling, are but indices of the attitude which has prompted such legislation in part. It finds its ultimate end in the attempt to deny work to aliens in the Public Works program of Congress, in the reforestation program, and frequently in public relief plans. Yet such discriminations create unwarranted hardships: aliens are thrown upon the charities for their support and often their carefully built plans, so often constructive and economically advantageous, are shattered. Furthermore, this distinction in employment is regrettable when viewed in the light of its effect upon any assimilation program that we may seek to effect among our foreign-born residents and upon our ultimate economic recovery. This is the more confirmed by the statement of Justice Hughes in *Truax* v. *Raich* (239 U.S. 33; 1915) in his decision in the Arizona law that sought to restrict employees in establishments engaging more than 5 persons to not less than 80 percent citizens. Justice Hughes stated:

"The right to work for a living in the common occupations of the community is of the very essence of the personal freedom and opportunity that it was the purpose of the fourteenth amendment to secure. * * * The opposite as it affects noncitizens would be tantamount to the assertion of the right to deny them entrance and abode, for in ordinary cases they cannot live where they cannot work."

We cannot overlook the fact that the aliens in this country today number between five and one-half and six millions and that almost all of them are undeportable. Many of them are aliens because they cannot become citizens; they lack the necessary period of time; they lack the relatively high naturalization fees or else they are unable to verify their arrival. If we do not grant to these groups the right to work, we defer their Americanization process and impose upon ourselves the need for sustaining them through public charities. Furthermore, many of them are married and have raised American-born children; discriminations against that group handicap the education and welfare of our own native-born citizens.

The philosophy of caring for one's own—upon which tenet this form of discrimination is founded—must be modified in occupational opportunities to caring for all who are legally in our midst. The citizen and the foreigner who has been legally admitted in past years to our shores deserves prior consideration to the transient. To that form of distinction there can be no objection. But to discriminate between elements among our bona fide residents is invidious and subversive of American ideals. Economically, politically, and historically this policy of discrimination lends itself to important consideration as another effect of the growing nationalism in this country and as another outgrowth of technical developments.

THE AIR-MAIL SITUATION—ADDRESS BY SENATOR AUSTIN

Mr. DAVIS. Mr. President, legislation designed to revise the air-mail laws is now before the Senate for consideration. The Senator from Vermont [Mr. AUSTIN], the Senator from New Jersey [Mr. BARBOUR], and myself are joint authors of an amendment which will, at the proper time, be called up for consideration.

On April 17, 1934, on a Nation-wide radio hook-up of the Columbia Broadcasting System, the able Senator from Vermont [Mr. AUSTIN] delivered an address, in which I concur on this all-important air-mail question. His address was entitled "The Air-Mail Situation." I ask unanimous consent to have the address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Tonight, the situation that confronts us is—

A destroyed aeronautical institution.

A great group of experienced, skilled, and specially informed operators who built up that institution, completely banned from creating a new institution to take its place.

A group of nonsubsidized, schedule air-transport companies, who organized immediately after the election into a society for the purpose of securing the air-mail contracts and subsidies thereunder which encouraged the development of the institution which is now destroyed.

Several bills for permanent legislation, pending or ready to be offered, varying in essential features of government and of economics.

Advertisements for bids for temporary contracts covering many of the great routes built up under the stimulating provisions of the McNary-Watres Law, on specifications which lower the standard of safety for pilots and passengers in some of the same fre-

quently befogged areas of our country where several of the Army pilots lost their lives.

The several members of the society of nonmail scheduled air-transport operators busily engaging in preparing bonds and bids to secure these temporary contracts which will consolidate more firmly their strategic position for securing the objective of their organization, namely, substituting themselves for the former operators.

A suggestion by the President that Congress adopt a broad policy for aeronautics after investigation through a commission of all interrelated factors, and that in the meantime contracts for 1 year, or until the policy may be adopted, be let on competitive bidding was made public today, and on the floor of the Senate notice was given by me that an amendment in the nature of a substitute to the McKellar-Black bill would be offered, providing for the appointment of such a commission by the President, and also providing that, pending the report of such commission, and the enactment of permanent air-mail legislation the Postmaster General is directed to revive and reinstate the air-mail contracts canceled February 9, last.

Numerous stockholders of the injured operators, and an army of pilots, technicians, mechanics, and laborers, who are appalled by the swift and ruthless damage inflicted upon them.

Business generally suffering from the loss of one of its important implements of speedy communication.

The volume of passenger and mail transportation by air shriveled to an insignificant point.

Transcontinental mail no longer assured of carriage faster than by train.

Many thickly populated centers practically without air mail.

Air-minded millions who have adjusted their daily work and their lives to the mode and velocity of air transportation, deprived of this service.

This is a sad picture when contrasted with the superb institution which had been created and was serving this country on February 19 of this year. Any hope for improvement depends on the extent of salvage provided for in legislation soon to be passed.

To create this magnificent institution intrepid pioneers gave their lives, millions of our people contributed capital, and the Government afforded a mail subsidy and direct assistance through the Department of Commerce.

The benefit to our civilization is most clearly perceived in its achievement of a more perfect Union.

The first objective expressed in the preamble of the Constitution of the United States was to form a more perfect Union:

"We the people of the United States, in order to form a more perfect Union", among other things, did ordain and establish the Constitution.

We have learned that the Constitution is not self-executory, and that it is not self-perpetuating. We know from experience that the purposes of that great charter can be achieved only by means of patriotic, diligent, and effective service by our people in all the activities of society.

The airplane and the radio have become the greatest unifying agencies civilization has ever enjoyed.

Now, when philosophies of foreign origin attack our social system and the very fabric of government, threatening the disintegration of that Union, and the destruction of liberty, this great institution of the air mail which cements us together should be rescued from cupidity and politics, and be placed on a sound and stable foundation.

The record shows two effectives bombarding the Post Office Department for cancelation of the air-mail contracts:

1. The organized nonsubsidized operators.
2. Political "spoilers."

The record reveals a campaign so comprehensive that the self-seeking interested companies brought their influence to bear upon committees of the Senate and House and individual Senators and Representatives (tr. 7904), the special investigating committee, and the Postmaster General, with ever-increasing urgency until the objective of cancelation was reached.

The record discloses that the society (tr. 7887, 7889) formed for the purpose of securing cancelations kept an attorney of Washington busy with officials and committees and that individual companies also employed him for the same purpose. He testified in the hearings this week that he was working to get an opportunity for his client to bid on air-mail contracts (tr. 7879). The record shows that such an opportunity could not be had without cancelation (tr. 7884).

The record shows that this attorney had been an official of the Post Office Department for 22 years, from 1903 to 1925 (tr. 7894).

The record further shows that a friend of that attorney of more than 30 years' standing, Mr. Stephen A. Cisler, was made general superintendent of the Air Mail Service and the former superintendent was removed to another service. The significance of this change was called to the attention of this attorney's client by letter, saying, among other things: "From what I know of Mr. Cisler, I believe that you will get a fair consideration."

Mr. Cisler had been a comrade of his attorney in the mail service. The attorney wrote: "He has never been employed by any mail operator, but he was general superintendent of the air mail from about 1923 to 1926. He is at present stationed at Fort Worth, Tex., as assistant superintendent, railway mail in charge of air mail."

The record shows that the set-up in the Post Office Department also included two other Texas men, Solicitor Crowley and Fourth Assistant Postmaster General Evans. These are prominent names in the roll of the Democratic National Convention of 1932.

The record discloses that Solicitor Crowley and President Braniff were working together before the Senate special investigating committee (tr. 2794).

The record reveals that the nonmail operators were "after something more important than a short-line contract" (tr. 7903).

Early in the campaign the suggestion was made that a equitable solution of the situation "would be to leave the large operators in possession of the transcontinental routes but divide the feeder routes up among other responsible operators" (tr. 7908). However, even this scheme grew with the encouraging progress of their efforts until the operator who wrote the attorney to "bring it up in your (his) discussion" with then Second Assistant Postmaster General Howes, sought a network of lines which included all of the important routes in the thickly settled area of the United States east of the Mississippi River. This was Braniff Airways whose president was also president of the society organized for cancelation of the contracts.

The record shows that they began to believe that satisfactory results would depend largely on the attitude of the Post Office Department, and that they had just as good a chance to obtain their objective under the Watres law as under any measure Congress might pass (tr. 7916). The attorney then believed that the Department's course of action regarding cancelation would largely depend on opinion of the Comptroller General.

The record reveals that this was the fortunate occasion of the change in air-mail superintendent, and the attorney wrote his client confidentially: "For your confidential information, I am quite sure a new superintendent of air mail is to be appointed shortly, and I think Mr. Howes will then be prepared to discuss intelligently the problem of the Independent Schedule Air Transport Operators. I am keeping close touch and watching developments" (tr. 7942).

Events were slowly but surely moving favorably. The record shows that Representatives and Senators were being impressed into service with the Department. The attorney was confident that the Comptroller General would shortly tell Mr. Farley that he could cancel practically all extensions (tr. 7946). The new legislation to give the President power to cancel contracts was advancing (tr. 7947), and counsel advised clients to "continue to lay their cases before the Postmaster General and show the necessity for early action in their behalf" (tr. 7947).

To secure the contracts quickly was a necessity; not for the benefit of the public, not to save the Government money, not to improve the service, not to make aeronautics more safe and efficient. President Braniff wrote to Mr. Howes: "I am calling these matters to your attention because I am extremely anxious that you should understand the need for the promptest possible relief" (tr. 7954, May 16, 1933).

The record shows that the Postmaster General sought the opinion of the Comptroller General regarding the power to cancel as early as the first month of the present administration (tr. 7909), but was not advised until in June of certain powers to cancel definitely given by law, which required notice and hearing. This was evidently a disappointment. Of course, these powers were not used. It would not do to try out the question of collusion in a regular way, with the accused having an opportunity to be heard.

But were those nonmail operators daunted? They were not.

Immediately after this opinion came out Braniff Airways called Mr. Howes' attention to the opinion as if it were favorable, and notified him that Braniff Airways desires "to submit bids for carrying the mail on routes which are already covered by certificates or extensions", and laid out an air-mail map covering the eastern half of the United States.

He wrote later that he was in dead earnest about it (tr. 7975).

The record shows that Mr. Cisler and the attorney discussed this letter, and that Mr. Cisler thought that "some method should be found for extending the benefits of air-mail transportation to certain independent operators (tr. 7966) who have been operating at least more than 1 year", but the attorney said, "Mr. Cisler is feeling his way cautiously and carefully with a view to arriving at some equitable solution" (tr. 7877).

The record shows that the attorney was having "about two conferences a week with Mr. Cisler", and that he felt "that some progress was being made with a view to tangible results in the near future", and advised that further political pressure be brought on the Department "through your congressional delegations, national committeemen, as well as from civic organizations" (tr. 7971).

Braniff replied: "Keep in regular touch with the Department; press our proposal at every opportunity."

The attorney later wrote: "I have been urging Mr. Cisler to decide on some policy with respect to certain independent operators" (tr. 7996). That was not done because the Government could save money thereby. He admitted that it was done because the independent operators "could not possibly continue to operate much longer" (tr. 7997). This attorney testified that, although his client wanted cancelation of contracts, all that the attorney sought was cancelation of extensions, and that he had numerous conferences with Mr. Cisler about that (tr. 8016).

The record shows that other clients of this attorney were also carrying on their part of the campaign. One of them wrote him: "I have bombarded the Post Office Department with all the national Democratic committeemen, State chairmen, governors, Congressmen, all Democratic Senators, and everyone else in this territory who materially helps keep the Democratic donkey alive."

The record also reveals a relationship with Investigator Patterson, of the Senate special investigating committee, which speaks for itself. The attorney wrote to his client Braniff asking for the names of three or four qualified accountants who could assist that committee. He said, "Any names you suggest, I think it would be advisable not to discuss the matter with them. Let me furnish the names, and let the committee get in touch with them direct. This should be treated confidential." The attorney testified that this was requested by Investigator Patterson (tr. 8037). One name came through from client. But it was not communicated to the committee.

Between the date when Postmaster General Farley testified that he had found nothing about the contracts which had caused him to act toward cancelation, and that his own conduct under them might be regarded as ratification of them, January 30, 1934, and the cancelation February 9, the society of independent operators turned on pressure for speedy action which was succeeded by cancelation of all contracts. February 2, 4 days before the conference with the President, they filed with Postmaster General Farley a memorandum urging "that unless early constructive action is taken to bring about changes in existing administration of the Air Mail Service, the independent operators will be forced to cease their air-passenger transport operations * * *" (tr. 8050). They asked for cancelation of extension and invitation for bids.

Time does not permit further reference to the record now. Sufficient has been shown to call us to the rescue.

We must not permit this bombardment to become permanently destructive.

Permanent legislation should not be passed until after a full and complete knowledge of all facts can be had, so that a remedy may be found that will save this great institution and place it out of reach of the blighting effects of personal cupidity and political interest. We must not have the future air-mail system subject to change every 4 years.

But in the meantime the contracts should be reinstated pending full consideration. Any other course would consolidate the ruin and havoc created by cancelation, and perpetuate the wrong perpetrated in the name of the Government of the United States.

POWER TRUST INVESTIGATION—CAMPBELL RUSSELL

Mr. NORRIS. Mr. President, a few days ago I read into the RECORD a number of letters and documents which had been produced before the Federal Trade Commission in their investigation of the so-called "Power Trust." Among those letters was one from Mr. Ernsberger, president and general manager of the Insull property, the Southwestern Light & Power Co., dated January 17, 1927, to Mr. W. C. Sharp, of Chicago, who was one of the operating vice presidents of Insull's Mid-West Securities Co. From the letter which I read at that time I quote now as follows:

You will recall that I wrote you and also talked with you about the possibility that I should be able to arrange for the employment of Campbell Russell by the utilities association, thereby stopping the prosecution of the suit for reduction of rates against the Oklahoma Gas & Electric Co. in Oklahoma City before the corporation commission.

I had several conferences with Mr. Russell and he was so thoroughly sold on the Southwestern Light & Power Co., its policies and reputation, that he insisted that he would rather go to work for them. Therefore I have hired him.

His salary will be $5,000 per year—the Oklahoma Gas & Electric Co. has agreed to pay three fourths of his salary. I have arranged also with the Oklahoma Utilities Association that Mr. Russell be transferred to that association in the next 3 or 4 months.

I think it best to handle it as we are for the reason that direct connection with the association at this time might injure the utility's standing with the legislature that is now in session.

You may know that we are working very hard to prevent the repeal of House bill 4.

I think we have performed a mighty good service in getting Mr. Russell out of the work he has been doing, for that (the) reason that it would have spread from the O. G. & E. case in Oklahoma City to other parts of the State at some time in the early future.

To that letter of Mr. Ernsberger, Mr. Sharp replied, and I read into the RECORD, as I read now, a part of the reply. Mr. Sharp said, his letter dated January 17, 1927:

I showed your letter of January 17 to Mr. Insull and he was very much pleased with the arrangement that has been made, but suggested that perhaps we were asking the Oklahoma Gas & Electric Co. to bear too much of the burden.

I told him I would take this matter up with you and see how you felt about it. He did not feel that our other companies in Oklahoma should share in this expense for obvious reasons.

The reading of that letter into the RECORD brought to me Saturday a letter from Mr. Campbell Russell, the attorney named in the letter. The letter is written on his letterhead and reads:

OKLAHOMA CITY, OKLA., *April 18, 1934.*

Senator GEORGE W. NORRIS,
Washington, D.C.

DEAR SENATOR: Having long observed your conduct as a public official, as a persistent champion of justice, of fair play, and of human rights, I am now confidently anticipating that you will either produce some evidence to support your recent statement in the United States Senate besmirching my reputation, or that failing to find such evidence you will correct your statement.

When I say evidence, Senator, I mean something more than a letter from an officer of the company who was discharged shortly after such letter is said to have been written. As to why he was discharged, I have no knowledge.

I do know that as a result of his manipulations he left many depleted bank accounts and empty pocketbooks in Oklahoma.

I appreciate the fact that I was one of the employees of the old company who was not invited to participate in his new venture.

Thanking you for such attention to this matter as your own conscience shall direct, I am,

Sincerely,

CAMPBELL RUSSELL.

This morning I wrote a letter to Mr. Russell, and I have in my hand a copy of my reply. I send it to the desk and ask that it may be read.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

APRIL 23, 1934.

Mr. CAMPBELL RUSSELL,
Oklahoma City, Okla.

MY DEAR MR. RUSSELL: I have your letter of April 18, 1934, in which you complain that I have "besmirched" your reputation. The thing of which you complain is my reading into the CONGRESSIONAL RECORD of the letter of Mr. Ernsberger, president and general manager of the Insull property, the Southwestern Light & Power Co., dated January 17, 1927, to Mr. W. C. Sharp, of Chicago, one of Mr. Insull's vice presidents in the Middle West Utilities Co.

You do not explicitly deny the truth of the statements made in this Ernsberger letter, although I take it that from the fact that you have complained against me for reading it into the CONGRESSIONAL RECORD you are, in effect, denying the truth of this letter. If the statements made in this letter of Mr. Ernsberger are not true then certainly he has done you a great injustice. The most effective denial would be to have your testimony before the Federal Trade Commission. This Ernsberger letter, you will remember, was produced before the Federal Trade Commission, and is a part of the evidence developed there. I am sure the Federal Trade Commission desire to do you no harm and would help you to right any wrong that has been done you by the letter of Mr. Ernsberger, if that letter is false. I want to assure you, also, that I shall be glad to do anything that I can to bring out all the evidence on this subject.

Therefore, I most respectfully suggest that you send me an affidavit denying the facts set out in the Ernsberger letter, and I will be glad to file it with the Federal Trade Commission, and ask them to summon you as a witness, and that they subpena Mr. Ernsberger, also, the author of the letter, and that they send their agents to make an examination of the books of these companies of Mr. Insull, to ascertain whether any salary has been paid you in accordance with the alleged employment which is set out in the Ernsberger letter. If Mr. Ernsberger's letter is false, then it is certainly another glaring incident of the methods used by some of the officials of these power companies to injure honest men.

Assuring you of my willingness to fully cooperate in an attempt to bring out all the evidence on the subject, I am

Very truly yours,

G. W. NORRIS.

Mr. NORRIS. Mr. President, I have no personal knowledge of the facts. I think, however, if there are false statements in the letter which Mr. Ernsberger, the president of one electric power company, wrote to the vice president of another electric power company, it is certainly, as I stated in my letter, a glaring instance of an attempt to injure an innocent man.

I know nothing about the truth of the matter. It is the first time during the 3 years this investigation has been going on before the Federal Trade Commission when the truth of any of the letters, so far as I know, has ever been questioned. I have pointed out to Mr. Russell in my letter that if he will deny under oath the statements made in the Ernsberger letter, I will do everything I can to have the Federal Trade Commission subpena the necessary witnesses in order that the whole truth may be brought out.

I believe that is all I care to say or ought to say at this time in regard to the controversy.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

Mr. TYDINGS submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 31, 32, 33, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 14, 18, 19, 20, 21, 22, 23, 24, 25, 27, 29, 35, 36, 37, and 38, and agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$187,345, of which $90,000 shall be for the fiscal year 1934"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "That the present incumbent as attending physician be advanced one grade as an extra number, provided that this shall not be considered as affecting the opportunity for advancement of any other person."; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, and 30.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
MARCUS A. COOLIDGE,
FREDERICK HALE,
J. G. TOWNSEND, JR.,
Managers on the part of the Senate.

LOUIS LUDLOW,
JOHN N. SANDLIN,
J. P. BUCHANAN,
CLARENCE J. MCLEOD,
Managers on the part of the House.

Mr. TYDINGS. Mr. President, I ask for the consideration and adoption of the report; and then I shall move that the Senate further insist on its amendments still in disagreement and request a further conference with the House, and that the same conferees be appointed.

The PRESIDENT pro tempore. The Senator from Maryland asks unanimous consent for the present consideration of the conference report. Is there objection? The Chair hears none. The question is on agreeing to the report.

Mr. FRAZIER. Mr. President, may we have a brief explanation of the amendments in disagreement?

Mr. TYDINGS. The amendments in disagreement are mainly those which the committee put in. Those to which the House has acceded are some of those that were put in on the floor of the Senate. The House has receded from about 16 amendments, and the Senate only from 4; so the Senate has maintained practically all of its amendments to the bill.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDENT pro tempore. The Senator from Maryland moves that the Senate further insist upon its amendments to the bill still in disagreement, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the President pro tempore appointed Mr. TYDINGS, Mr. BYRNES, Mr. COOLIDGE, Mr. HALE, and Mr. TOWNSEND conferees on the part of the Senate at the further conference.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. FESS. Mr. President, on Friday, while the subject of the air-mail contracts was being discussed, I yielded to a proposal for a unanimous-consent agreement made by the Senator from Mississippi [Mr. HARRISON] that debate on this matter be limited beginning on Thursday next. I had understood at the time that an agreement had been reached which would be satisfactory. I found that it would be impossible for me to do what I had intended without consuming more time than would be allotted to any one Member of the Senate, especially to one who is not a member of the committee. Consequently, having assented to the agreement, I have felt considerable embarrassment, in that I still hold the floor with much unsaid that I think must be said before the debate concludes in order to have it in the RECORD, so that people who have not had the opportunity of being before the committee will know what was brought out in the hearings of the committee.

For that reason, I retained the floor for today. Also, in order that the country might know the general reaction toward the cancelation of these contracts in the manner in which it was done, as expressed through the independent thought of the leaders of public opinion, the editors of the papers throughout the country, I asked consent to have inserted in the RECORD a large number of editorials. Consent was granted, and the editorials were inserted. I also asked and obtained at that time consent to insert in the RECORD statements of some of these companies as to the history of the companies and their contracts. I did that in order that their side of the case might be presented, although it would have been preferable to have them come before the committee, where they could be examined in chief- and also upon cross-examination.

On the evening of April 20 there was delivered in the city of St. Louis, before the chamber of commerce, an address by Mr. P. B. Sturgis, the traffic manager of the eastern region of Transcontinental & Western Air, Inc., which includes in detail the history of the air-mail service, with special reference to the manner in which the contracts were made with this company, and also gives the judgment of this manager on the manner in which the contracts were canceled. I do not care to read the address into the RECORD, but so as to save time, should be glad to have it inserted without reading.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The address referred to is as follows:

(Address delivered by Mr. P. B. Sturgis, traffic manager, eastern region, Transcontinental & Western Air, Inc., before the St. Louis Chamber of Commerce, Apr. 20, 1934)

AIR-MAIL CONTRACT CANCELATION

There is only one subject in the minds of those in the aviation industry at present. That subject is the "cancelation of the air-mail contracts." It should be of interest to everyone here, because it involves the principles of sound government. An entire industry has been condemned without a hearing or fair trial.

The interest of those of us in the industry goes farther. Annulment of the contracts means a loss of revenue of $1,200,000 a month, with an average gross business of $2,000,000. It is estimated that the domestic air-mail operators lost approximately $400,000 in December 1933 even with air-mail revenues. In March 1934, the first complete month since the birth of the air transport industry in this country that it has operated without air mail, a net loss of nearly $1,500,000 will probably be experienced. The resources of the operators are not great. It is estimated that total assets of all the air lines, including those of their holding companies, amount to only $60,000,000. Of this total, not more than one half, or, roughly, $30,000,000, could be in net quick assets. A net loss of $1,500,000 a month is an enormous drain. No industry can survive at that rate of deficit monthly.

Why are air-mail revenues so important? Because at present passenger and express revenues are not sufficient to cover operating expenses. Operating cost of the present 10-passenger planes approximate 60 cents per airplane-mile. The average passenger

rate is 6 cents per mile. Thus it is imperative that a full load of passengers be carried each trip to break even. However, the passenger-load factor on even the most heavily traveled routes rarely exceeds 50-percent capacity over a yearly period. This means that the average revenue from passengers would approximate 30 cents per airplane-mile. Express revenue has so far been small and seldom averages 1½ cents per mile over the best routes. This makes a total gross revenue of around 31½ cents per mile. But the operating costs amount to more than 60 cents per mile. So far the difference has been largely made up by Government air-mail payments. The reasons for this contribution to air transportation were: (1) The demand for a fast mail service by individuals, banks, and business concerns, for which the users paid approximately one half the bill; (2) the air transport industry would be of inestimable value in case of national emergency through the rapid communications and transportation service offered, the training of pilots and mechanical personnel, and the equipment available as either transports or bombers.

The first air-mail service in this country began May 15, 1918, by the Army Air Corps, between New York and Washington. The Army relinquished this service August 12, however, when the operation was transferred to the Post Office Department. The postage rate at the outset was 24 cents an ounce, later reduced to 16 cents and still later to 6 cents. A few months of operation convinced the Post Office Department of the practicability of an extensive air-mail service. The next route considered was between New York and San Francisco, and by September 1920 it had been established. In the same year two feeder lines were inaugurated.

During this period the planes were flown only during daylight hours, and the mail was forwarded by train at night. To get the full advantage of the speed of aircraft it was necessary to arrange for night flying. Therefore, beacons were placed and fields lighted, and by July 1, 1924, through transcontinental service with day and night flying began.

By 1925 air mail had developed to a point where the Post Office Department felt that it should retire from the field and turn operations over to private capital. Not only had volume on the main line grown to a point of warranting the assumption that private enterprise could support the venture, but demands for further extensions of this service were being made by off-line cities. Consequently, in February 1925 legislation was enacted authorizing the Postmaster General to contract for the transportation of air mail at a rate not to exceed four fifths of the revenues derived from such air mail. Experience soon showed that the mail was being delayed by the necessity of scanning each piece in order to determine the revenue to be paid the contractor.

In 1926 the first amendment to the Air Mail Act was passed and provided for contracting on a poundage basis with a limitation of $3 per pound, and contracts which had already been awarded under the previous law were by agreement changed to the poundage basis. There were 31 contracts awarded by competitive bidding under the original law and the first amendment.

It may be of interest to insert here the number of bidders on some of these routes: New York-Boston, 4 bids; Chicago-St. Louis, 3; Chicago-Dallas, 2; Salt Lake City-Los Angeles, 3; Seattle-Los Angeles, 3; New York-Chicago, 4; Cheyenne-Pueblo, 9; Chicago-San Francisco, 4; Chicago-Atlanta, 6; and Atlanta-New Orleans, 6. Is this evidence of collusive and fraudulent bidding? On the contrary. The successful bidder on the Chicago-Atlanta route secured the contract at such a low rate that the line could not possibly be made profitable. In other words, the air transport industry was even then becoming the victim of cut-throat competition.

The postage rates were charged on a zone basis. The Government-operated transcontinental route traversed three zones, requiring 8 cents postage for each zone, or a total of 24 cents for the transcontinental flight. In addition, if a letter was traveling to an off-line point on an independent operator's claim, an additional 10 cents' postage was required. The system was cumbersome and expensive, and finally a uniform rate of 10 cents per half ounce, regardless of destination, was established by the Postmaster General.

In 1928 the Air Mail Act was again amended, and one of the provisions of this amendment permitted the Postmaster General to fix the rate at not less than 5 cents an ounce or fraction thereof. Shortly after the passage of this amendment the rate was changed to the minimum authorized by law.

This resulted in an enormous growth in the volume of air mail. In 1926 the amount of air mail carried was 383,000 pounds; in 1927, when the universal rate of 10 cents a half ounce went into effect, it increased to 1,000,000 pounds; and in 1928, with the further reduction in the rate to 5 cents an ounce, it jumped to 3,500,000 pounds. In 1929 it reached a figure of 7,100,000 pounds.

The problem confronting Postmaster General Brown when he took office in the spring of 1929 was serious. Air-mail volume had grown beyond all expectations. With payments to contracts based on poundage carried, the cost was substantial. In May 1929 the Government paid approximately $1,200,000 for air mail transportation, as compared with $300,000 in January 1928. With the domestic air lines flying well over 1,000,000 miles a month, over 14,000 miles of airways, an industry had been created.

Some of the contracts under which these companies were operating would expire in less than a year, and practically all of them would have expired in the course of the next 2 years. There were many shortcomings in the poundage method of payment, which only experience in actual operations could and had made apparent. From Boston to Los Angeles, for instance, on the poundage basis, the Government was obliged to pay a total of $8.74 per pound. The Government was receiving only approximately $2 per pound in stamp revenue. It was uneconomical. Furthermore, on the poundage basis the line between New York and Boston was receiving $3 for transporting a pound of mail between these points, 200 miles apart, while another operator, with less volume, was receiving only 78 cents for carrying a pound of mail between Chicago and Atlanta, Ga., a distance of 790 miles. One line was receiving as high as $4.38 per mile flown in May 1929. Another was receiving only 14 cents. It was obvious that some companies were being overpaid while others were rapidly going broke. New legislation was imperative if the cost to the Government was to be reasonable, and continued encouragement given this new industry.

The Postmaster General after careful study of the problem decided on a program to build up an efficient air transportation system, which, by reason of increased nonpostal revenues, would eventually relieve the Post Office Department of a deficit from domestic air mail, and thus make the industry self-supporting. (1) The legal right of air-mail contractors to carry mail under route certificates after 2 years of satisfactory service should be recognized. (2) Rates should be changed from a poundage to a space-mileage basis. (3) Authority should be given to adjust these rates periodically. (4) Operators should be forced to encourage passenger and express traffic, so that as revenues from these sources increased, reductions in air-mail payments could be made until a point was reached when the payments approximated the stamp revenue. (5) The service should be expanded to take care of certain new territories. (6) There were certain pioneer equities in air transport operations over various parts of the country that should be recognized. To award such new services by competitive bidding would result in numerous short lines expensive to operate and whose rates would therefore be difficult to reduce. These small lines would not be able to afford engineering or technical staffs or undertake valuable experimental work. It was believed that larger companies would contribute more to air transportation. Authority should be given, therefore, to make extensions or consolidations.

This was Postmaster General Brown's air transportation program. It was enacted by Congress April 29, 1930, under the Watres Act. This act specifically provided that the Postmaster General could award air-mail contracts to the lowest responsible bidder at fixed rates per mile for definite weight spaces. Bidders were limited to operators owning and operating an air line of not less than 250 miles in length for a 6 months' period. It specifically provided that the Postmaster General could issue in substitution for a surrendered air-mail contract a route certificate granting the holder the right to carry air mail over its route for a period not exceeding 10 years at rates of compensation to be fixed from time to time by the Postmaster General. The Watres Act went on to specifically provide that "the Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established."

The idea of a 10-year term was originally enacted into law in 1928 by an amendment substantially similar to this particular provision of the Watres Act, except that it provided for payment on a poundage basis. Due to the provision in the original extension power for payment on a poundage basis, Postmaster General Brown chose not to issue route certificates on such a basis, but invoked another extension power in the postal statutes and temporarily extended contracts, which were due to expire before the Watres Act could become effective, for a period of 6 months. In this way he was then able to issue route certificates to those contractors concerned under the provisions of the Watres Act. Thus he saved the Government money in not continuing for another 6 years contracts under which it would have to pay $3 a pound for a 200-mile run. Furthermore, by not issuing route certificates until he could do so under the provisions of the Watres Act, Postmaster General Brown made it possible for the whole air-mail rate structure to be the same for all routes instead of being on a poundage basis for some and a mileage for others. He thus obtained at the same time complete control of the rate-making power for the future.

The provisions under the Watres Act affected each and every one of the operators. Changes in their rates were to be made. Certain extensions were to be awarded. Contracts were to be exchanged for certificates. It was imperative that a plan be formulated which would be fair to the operators and to the Post Office Department and at the same time be in the public interest. The Postmaster General might have decided for himself just what consolidations and extensions to make and what changes in rates should be effected. Or he might sensibly confer with the contractors themselves who had built up the industry and at least let them offer their advice and recommendations. He chose the latter method of procedure, since nothing could be lost thereby, and mistakes might be avoided. Shortly after the passage of the Watres Act he called to Washington representatives of the air transport lines, including those who had mail contracts, those who could qualify to bid under the act, and other aviation interests. The operators had nothing to do with the calling of this meeting. They were unaware of its purpose until they met with the Postmaster General and his principal assistants in charge of air-mail matters in the Post Office Department. There is nothing unusual about such meetings. Even the present Post Office Department

officials called the operators into conference last fall on a rate discussion.

One point concerning the individuals at those meetings in May and June of 1930 has been generally passed over and neglected, particularly by the critics of those meetings. That is that the individuals attending them were operating men—not the men who controlled the companies and had the power to make the deals that would come out of a real spoils conference.

United, the North American interests, and Aviation Corporation were represented by operating men. The problems to be discussed, and that were discussed, were operating problems. If there was to have been any parceling out of plums, it seems logical that the really controlling financial figures would have been representing their companies.

At the meeting the Postmaster General stated that the existing air-mail map did not provide for coordinated systems; that there were great sections of the United States without air-mail service. He stated specifically that he had decided to have two new transcontinental routes, one central route from New York to Los Angeles via Kansas City and one southern route from Atlanta to Los Angeles via Dallas. He stated that these transcontinental lines should be independently owned, so that the Government and the public should have the benefit of alternate routes for dispatching the mail under varying weather conditions.

He outlined the provisions of the Watres Act, showing that Congress had limited the award of contracts to those companies in operation over a 250-mile route for 6 months. He quoted the section of the Watres Act giving him power to make extensions and consolidations of routes which he considered to be in the public interest. He asserted that he intended in the administration of the law to preserve as well as he could the air lines already in operation and in which private citizens had invested large sums of money. He requested members of the group to study the problem and to suggest ways and means whereby a Nation-wide air-mail and passenger service could be created without the inevitable destruction of investments already made. The operators were to formulate their ideas and make recommendations with respect to the equities which they thought they had in certain territories. He made no commitment to abide by their report.

Regardless of what the operators might report, Postmaster General Brown felt that he was not only charged by Congress with he building up of the air-mail system as such, but also with the development at the same time of a sound passenger system. To accomplish this, he felt he must have three-way transcontinental competition. He felt, further, that he must have passengers flying over the Alleghenies, which was not then being done. Coincident with these thoughts was the deep feeling of responsibility toward his fellow citizens who would be passengers on the air lines. Therefore he was determined that passenger business should be developed by lines of proven experience and responsibility. It was for that reason that he had supported the experience clause in the Watres Act. Before the Black committee General Brown expanded on the philosophy behind these thoughts and desires of his in a manner that can leave no room for argument as to the soundness of his air-mail policies.

The meeting was reported in complete detail in the New York Times. The Post Office Department issued a release to the press. This was the clandestine spoils conference of which you have heard so much where Wall Street interests carved up the air-mail map. The operators failed, of course, to agree on any set plan. A memorandum was drawn up setting forth their ideas regarding their respective equities in proposed extensions or new routes. Of the 13 proposals, however, it is interesting to note that only 3 were actually acted upon, in accordance with the recommendations contained in the memorandum. These three were perfectly obvious. Mr. Farley and Senator BLACK offer this memorandum as evidence of fraud and collusion on the part of every operator attending the conference. Postmaster General Brown offers the same as evidence that there was no fraud or collusion.

In accordance with Postmaster General Brown's original intention, bids were called for on the central transcontinental line. Two companies—Transcontinental Air Transport and Western Air Express—pioneer operators on this or portions of it, bid jointly.

There is nothing illegal about a joint bid. This does not prevent another party from bidding. In this case there was another bid, and it was the lower. The matter was put up to the Comptroller General. After an exhaustive study of the facts he ruled that the low bidder was not qualified and that the Postmaster General was justified in making the award on the joint bid to Transcontinental Air Transport and Western Air Express.

The southern transcontinental route was also open to competitive bidding at the same time (August 1930). On this route there was only one bid. It was also a joint bid submitted by a subsidiary of Aviation Corporation and Southwest Air Fast Express, Inc., known as the "Halliburton Co." They were awarded the contract. Subsequently, the Aviation Corporation purchased the half interest of the Halliburton Co. in the line. Shortly thereafter Transcontinental Air Transport and Western Air Express purchased from the Aviation Corporation a large block of stock of Western Air Express which represented substantial working control of that company. But for this arrangement Aviation Corporation would have had control of the two new transcontinental routes. This sale by Aviation Corporation of its stock in Western Air Express removed all possibility of any violation of the antitrust laws, and at the same time was in conformity with the expressed policy of Postmaster General Brown. Nevertheless, Postmaster General Farley points to this transaction as evidence of fraud and collusion.

In the meantime, extensions had been awarded many lines. In some cases extensions were longer than the original lines. In other cases the Postmaster General was able to award new routes through extensions. This was far-sighted. Longer routes meant more efficient service, lower operating costs, greater traffic volume, uniform service to the public; consequently lower costs to the Government. This policy did not make many friends for the Postmaster General among the operators who received no mail contracts. In general, however, they were companies not qualified to operate, and Postmaster General Brown refused to permit them to stand in the way of building up this transportation system he had envisioned. The present administration is tearing down our industry in order to afford these companies least qualified to operate a chance to participate in the air-mail appropriation.

General Brown has been criticized for his administration of the extension privilege. But he had the power to make these extensions and consolidations of routes. The law specifically states, "The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established." It does not say Senator BLACK, it does not say the Senate Air Mail Investigating Committee, it does not say the solicitor of the Post Office Department. It says the Postmaster General. As a matter of fact, this extension privilege was used by Postmaster General Farley as late as 2 months before the cancelation of contracts to extend American Airways' Buffalo-Chicago route from Buffalo to New York. Finally, it is particularly worthy of note that the same power which gave the Postmaster General the power to extend routes also gave him the power to cut them down or take them away. Furthermore, this power of cutting down on routes was actually used by Mr. Brown and also his successor.

Let us see the result of Postmaster General Brown's actions during his administration and up to the cancelation of the contracts last month. Payments by the United States Government came down from $1.15 per mile in April 1929 to 37 cents per mile in December 1933. The average European government is paying approximately 88 cents per mile for their air transportation service. Air-mail poundage increased from 5,635,680 pounds in the fiscal year 1929 to a peak of 8,845,967 pounds in the fiscal year 1932. Mileage flown grew from approximately 500,000 miles per month in early 1929 to 3,300,000 miles late last fall. Length of air lines increased from 14,000 miles to more than 25,000 miles.

How has this affected the Government's pocketbook? According to the cost-ascertainment reports of the Post Office Department, the excess of air-mail payments over revenues in the 1929 fiscal year was approximately $7,000,000; expenditures in that year were $11,200,000 and stamp receipts $4,200,000. During the current fiscal year, had the air-mail contracts not been canceled, it is conservatively estimated that the net cost to the Government would be only $6,500,000. Expenses were estimated at $14,000,000 and revenues $7,500,000. Thus the net deficit of air mail for the Government would have been reduced by a half million dollars in the short space of 5 years. In that same period service offered to the public, as measured by miles flown, would have been increased by more than 250 percent. Receipts from passengers in 1931 amounted to $4,250,000. In 1932 they rose to $5,000,000, and in 1933 approximated $8,750,000. It is estimated passenger revenues would have reached fully $11,000,000 in 1934 if the contracts had not been canceled and the service curtailed as a result. Express traffic has increased from $8,000 in 1931 to $130,000 in 1932, and to nearly $300,000 last year. This year it would have reached $500,000 at a minimum. It is obvious that with this great increase in passenger and express revenues the entire air-mail subsidy could have been eliminated in a period of 3 or 4 years, because as these revenues increased and operating costs decreased the appropriation could be reduced until it approximated the Government's stamp revenue.

Steps were being taken by the House Post Office Committee to amend certain provisions of the Watres Act, which appeared necessary as the industry had developed over the past 4 years since the passage of that law. This proposed legislation would have placed air mail on the lines at fixed rates of 2 mills per pound-mile, the stamp revenue received. On this basis two of the most important air lines would be self-supporting—receive no Government subsidy. Other lines which do not handle a sufficient volume of mail to make money under these rates would be paid a minimum guarantee in addition to the fixed pound-mile rate. This would gradually be reduced until, after a period of a few years, the entire air transport system would be on the 2-mill or self-supporting basis.

This would have been enacted and would have meant real success to the air-mail program, had not politics interfered. An investigation was launched. Witnesses were examined without the aid of counsel. No opportunity was afforded to cross-examine witnesses with selfish reasons to have the air-mail contracts canceled. Unwarranted inferences and innuendoes were drawn and featured in the press. It was shown that high salaries and bonuses were paid to officials of one aviation concern. It does not appear that these salaries and bonuses came out of companies carrying the air mail. On that showing a new industry, already well established though still in its infancy, has been well nigh wrecked.

Bear in mind that air-mail rates per mile flown had been reduced again and again until at the time of the cancelations the carriers were losing money and barely able to exist. They lived in hopes that their pioneering efforts would be later rewarded by increased revenues from passengers and express. And the fact should never be lost sight of that Postmaster General Farley, under the route certificates which the air-mail carriers had, was czar as far as rates paid to the carriers were concerned. Will the Government ever get a more equitable arrangement from its standpoint?

It is now proposed to throw open all routes to competitive bidding, without regard to past service, equipment, equities, or experience; to give the successful bidder 30 days to qualify, and to exclude the companies and the men who have largely been responsible for the industry's success. The reasons behind the administration's confiscatory action were not clear. And it is most unfortunate that having set back air transportation immeasurably by this conduct, the framing of permanent legislation is in the hands of those, particularly in the Senate, who are hostile to aviation, or who are not familiar with or understand the problems or economics of the business.

The air transportation industry is young and in its pioneering stage. For the industry to survive, legislation governing it must be sympathetic and constructive. In the air-mail cancelations, the heavy hand of the Government has dealt the industry a staggering blow. A constructive program for a period of years must be laid out and enacted into law by Congress. Then the people of this country should demand that this program be administered intelligently and sympathetically and without regard to narrow and selfish partisan politics.

It is, therefore, imperative that every individual interested in seeing what was the country's most promising young industry receive a fair deal and a chance to continue its progress, bring all of his influence to bear on Congress, in whose hands at this moment is the power of making or breaking the air transportation industry.

Mr. FESS. Mr. President, in view of the fact that the time is limited, and that it ought to be divided equally between the two sides, and that members of the investigating committee will desire to take some time, I think it is unwise for me to insist upon holding the floor to say what I have to say, with members of the committee on both sides of the Chamber present and ready to take up the discussion.

As a matter of common decency, it seems to me that those who have been very closely identified with the whole matter ought to be given whatever time they wish to take. For that reason, since the Senator from Vermont [Mr. AUSTIN] is present and desires to speak, and is acquainted with all the details as I cannot be, and since he ought to have whatever time is necessary to develop the case, I am going to discontinue my own statement, as I had intended to make it today, and give way so that the members of the committee may have all of the allotted time they desire to take.

For that reason I suspend for the time being.

Mr. AUSTIN. Mr. President, Congress ought to put on the air brakes, for there is danger ahead.

The recommendation of the President that a commission find and report the facts affecting areonautics, both civil and military, should be carried out.

However, the air-mail status before cancelation of contracts February 9, 1934, should be restored and maintained pending acceptance of the report.

The dangers that are imminent are—

That contracts may be awarded on the bids for temporary service which reverse the policy of the Government and the interest of the operators to develop safety and efficiency in the transportation of passengers;

That Congress may act hastily and unwisely in enacting permanent legislation in an atmosphere of political excitement and on inadequate information;

That Congress may establish the bad precedent of approving and ratifying an impetuous abuse of official power;

That Congress may confirm the condemnation by Postmaster General Farley of his predecessor in office, and of a group of citizens in mass without separate trial—indeed, without notice, and without any trial, ex parte and in absentia;

That Congress may perpetuate the smirching of the good name of officials of Government and of citizens without a chance—much less an opportunity—for them to confront the witnesses who rob them of more than their purse;

That Congress may establish by law the uncivilized doctrine that a contract is no more sacred or binding in effect than to give an action for damages for its breach;

That Congress may teach the people that it is right to break a contract;

That Congress may abet our Government in using its might to wrong its citizens, and then dodge behind sovereignty to escape the reach of equity proceedings;

That Congress attaints a class of citizens and bars them of rights enjoyed by all other citizens;

That Congress may encourage attacks by societies of nonmail carriers, organized from time to time, as new groups of them spring up, to cancel mail contracts and open them to bidding at sacrifice rates in order to take from those who have them and give those contracts to those who have them not; and

That Congress may make itself a party to the destruction of an institution which has cost the lives of brave pioneers, as well as the savings of private investors; an institution that has become an important implement of commerce and an effective agency of forming a more perfect union of the several States, as well as an arm of the national defense.

To avert these dangers an amendment to the pending bill in the nature of a substitute will be offered by the Senator from Maine [Mr. WHITE] and myself, which I send to the desk to be read by the clerk for the information of the Senate, and I ask unanimous consent that it be printed and lie upon the table.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert in lieu thereof the following:

That pending the enactment of permanent air-mail legislation, and in order to meet the existing emergency with respect to the carrying of the mails by air, the Postmaster General is authorized and directed, with the consent of the holder, to revive and reinstate any air-mail contract or route certificate in force on February 9, 1934, and thereupon the person, firm, or corporation holding any such air-mail contract or route certificate shall have all the rights and privileges and be subject to all the duties and obligations as existed under such contract or route certificate at the time of the cancelation thereof.

SEC. 2. (a) The President is authorized to appoint a commission, to be composed of five members, to make a thorough investigation and study of the facts and conditions pertaining to the operation of the air mail and all civil and military aeronautics and to report to the Congress, on or before January 3, 1935, the results of its investigation and study, together with its recommendations for a permanent air-mail policy. The President shall select a chairman from among the members of the commission.

(b) Each member of the commission other than a member who is an officer or employee of the United States shall receive such compensation for his services as the President may fix.

(c) For the purposes of this section the commission, or any member thereof when authorized by the commission, may hold hearings, administer oaths, and require by subpena the attendance and testimony of witnesses or the production of books, papers, documents, or other evidence, or the taking of depositions before any designated individual competent to administer oaths. The provisions of section 9 of the Federal Trade Commission Act insofar as applicable, shall apply in the case of any person required by subpena to appear and testify or produce evidence before the commission created by this act.

(d) The commission may appoint and fix the compensation, without regard to the civil-service laws or the Classification Act of 1923, as amended, of such experts and employees, and may make such expenditures, including expenditures for personal services and rent at the seat of Government and elsewhere, for travel, and for printing and binding, as are necessary to carry out the provisions of this act. All expenses of the commission shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the commission.

(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

(f) The commission shall cease to exist upon the submission and acceptance of its report to the Congress pursuant to the provisions of this section.

It is also proposed that the title be amended so as to read: "A bill to create a commission to report upon a permanent air-mail policy, and to provide for the carriage of the mails by air pending the enactment of permanent legislation."

Mr. AUSTIN. Mr. President, the amendment does not require an explanation. Boiled down to a few words, there are just two essential things in it. One of them is provision for the restoration of the status quo before the cancelation; the other is a provision for carrying out the President's recommendation for an investigation and report of facts

which shall form the basis of permanent legislation, and which probably would comprehend more than has been embraced in the scope of the special committee's investigation, and much that has not as yet come before the special committee, and without which Congress is now undertaking to enact permanent legislation.

What I have to say today is for the specific objective of putting on the airbrakes. If Congress should adopt the substitute I have offered, absolutely no harm would come to any living human being on account of that action, and much and grave harm would be prevented.

I address myself to the cancelation of the contracts in order to prove that their cancelation was wholly without warrant; that there was no such cause for cancelation as that assigned by the Postmaster General. I shall, before closing, undertake to call attention to the evidence which shows what was really the underlying purpose and motive of the Postmaster General in canceling the air-mail contracts, and who were the actors, through a series of years, in bringing about the cancelation, not for the public good but solely for a selfish end.

Mr. President, a great reaction of the people of the United States beat upon the Postmaster General immediately following his cancelation, on February 9, 1934, of all the air-mail contracts in question, the most curious performance of government which history has ever recorded. Think of it—an entire group of contracts with the Government, covering an entire governmental activity, canceled en masse at one fell swoop! I venture to say that history will record this as one of the strangest events of the present period of our lives.

The Postmaster General, in response to that reaction from the public, from all sources, without regard to politics, wrote a letter which he addressed to the special investigating committee of the Senate, dated February 14, 1934, in which he assigned as his first reason for canceling these contracts that five of them had been continued in time. He says "extended." It is obvious from reading his letter—of which he denies the authorship, but which he says he ratified—that whoever wrote the letter was unacquainted with his subject, and that he thoroughly confused extensions of routes with extensions of time. The first substantial defense for this outrageous breach of contract, however, was that five of these contracts were extended in time, as he says, 6 months, without any legal authority for so doing.

The Postmaster General referred to Solicitor Crowley for authorship of that letter; and so when Solicitor Crowley was on the witness stand before the committee he was asked if he was aware that in the basic post office law there was a section, 1808, which expressly gave the authority for extension of time. He admitted that he was aware of it, but he thought it belonged to and applied to nothing but temporary contracts. Then he admitted that a temporary contract was a contract for 1 year, whereas a regular contract was a contract for 4 years. His attention was then called to the express language of the law; and he either discovered for the first time in that cross-examination how the law read, or he had shut his eyes to it up to that time, and had not advised his superior officer that such a law existed.

I quote from section 1808 of the Postal Laws and Regulations:

> In all cases of regular contracts the contract may, in the discretion of the Postmaster General, be continued in force beyond its express terms for a period not exceeding 6 months, until a new contract with the same or other contractor shall be made by the Postmaster General.

That disposes of Solicitor Crowley's theory that the Postmaster General had no legal authority to continue the contracts in point of time.

Let us see what the Postmaster General himself testified about it on the witness stand before the same special committee:

> Senator AUSTIN. Now, Mr. Farley, did your counsel call your attention to this authority and tell you that a Postmaster General had this authority, which I am about to read, namely, paragraph 2 of section 1808 of the Postal Laws and Regulations:

Thereupon I read to him the section I have just read to the Senate; and this is the Postmaster General's reply. I quote from the hearings, page 2705:

> Postmaster General FARLEY. Nothing specific of that nature was called to my attention; but, I repeat, this letter was prepared with all of the facts in the letter, and I was thoroughly advised as to its legality.
>
> Senator AUSTIN. Were you ever advised in connection with a judgment you were about to sign, and did sign, saying that these extensions for 6 months were illegal, that there was a basic law that gave expressly the discretion to do that very thing?
>
> Postmaster General FARLEY. I am not familiar with that section of the law referred to, Senator.
>
> Senator AUSTIN. That is plain enough for any layman to understand, is it not?
>
> Postmaster General FARLEY. Sure, it is. But, I repeat, every move that I made was made upon the advice of Mr. Crowley and the Attorney General.

Thus that ground, which had been alleged as the first ground of defense for breach of these contracts, was blown right out from under them. That is the kind of failure of defense that is complete and perfect.

Let us now proceed to the next defense.

On page 2 of his letter of February 14 the Postmaster General said—I am quoting Postmaster General Farley, for he signed this letter and sent it to the special investigating committee—

> Extensions of these contracts for a period of 10 years under the so-called "certificate" method were arbitrarily made by Postmaster General Brown on May 3, 1930.

At this point we ought to look at the language of the law itself, the McNary-Watres Act, relating to that subject. I quote section 6:

> SEC. 6. The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air-mail contract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air-mail route for a period of not less than 2 years, which certificate shall provide that the holder thereof shall have the right, so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying and passenger transportation, to carry air mail over the route set out in the certificate or any modification thereof at rates of compensation to be fixed from time to time, at least annually, by the Postmaster General, and he shall publish in his annual report his reasons for the continuance or the modification of any rates.

Then there is the proviso which permits cancelation for willful neglect, namely:

> *Provided*, That such rates shall not exceed $1.25 per mile. Such certificate may be canceled at any time for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for his guidance, notice of such intended cancelation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled.

It does not need a debate to the Senate of the United States to show that this authority to exchange contracts for certificates was expressed as the policy of Congress, and was granted by the express language of the McNary-Watres Act. It could not be exercised until after a satisfactory performance by the contractor for 2 years, and then it could not be exercised without the consent of the contractor. The record shows this was done in the case of every contract with the consent of the contractor. As soon as the new contracts which were bid for and let in 1930 had matured for 2 years, they also were exchanged for certificates.

Now let us examine the reasonableness of this procedure as bearing upon the use of it by Postmaster General Farley as a defense for breach of these contracts.

It is an old American doctrine—and I believe we have not strayed so far from the ancient landmarks that we cannot remember, at least, a few old American doctrines—that a contract involves two parties, at least, and that any modification of such a contract requires the assent of all the parties to it. If there are two parties to a contract, one party cannot modify it by sheer force; both parties must agree to the modification. So the Postmaster General, who was in authority at the time of the action against which the accu-

sation is made here, held that old American doctrine to be binding and effective on him. He talked over, as the record shows, with committees of Congress, the question that if the Postmaster General were to acquire powers that were arbitrary they could only be acquired if a law were passed enabling him, with the consent of the contractor, to effect a new relationship between the contractor and his Government. So this authority to exchange contracts for certificates had an objective which was wholesome and good, namely, that the policy of the United States Government as executed by its Cabinet officer, the Postmaster General, might not be hampered by the binding effects of contracts but should be free, so that the Government could arbitrarily fix the rates of pay accorded to every certificate holder after the exchange from a contract to a certificate. Before such exchange the Government could change a lesser rate or raise it only with the consent of the contractor.

Under the McNary-Watres Act the Postmaster General not only might do so but he must fix the rate from time to time, at least annually. That was but one of the tremendous powers given to this Cabinet officer. For whom? For the benefit of these contractors who today in public utterances are called crooks? They occupy honorable positions in our life, in our commercial society, as do the former officials who performed great service at great sacrifice to themselves for their country and who are now besmirched by a cancelation which it is claimed is based on collusion and fraud and by the allegation that one of the fraudulent acts which formed a part of the conspiracy, as stated in the letter of the present Postmaster General, was the exchange of contracts into certificates? No; it was not for the benefit of the contractor, Senators, but for the public benefit, because it always enabled the Government, in the interest of society, which pays the bill, to reduce the cost of the carriage of their air mail at any time when it was proper and appropriate so to do. It was not a privilege of Government, either; it was a duty; it was a duty which fell upon the shoulders of Postmaster General Farley as heavily as it ever bore upon the shoulders of Postmaster General Brown, his very able and distinguished predecessor in office. Did Postmaster General Farley take advantage of the powers under these certificates and reduce rates? He did. He recognized that law; he ratified the use of it; and he reduced, when the Appropriations Committee of the other House, the Budget Director, and the President himself so acted upon the appropriation that it became necessary to reduce, not only the compensation of operators but also the number and extent of routes, the location and direction of these mail lines, and to take air mail away from cities that before had been favored with it. Then he used this power not in the interest of the contractor but always against the interest of the contractor and in the interest of the public.

Another thing about these certificates, whose use was condemned and made an excuse for the breach of these contracts, which is in the public interest, is that they have direct reference to the promotion of the safety and efficiency of aeronautics for the carriage of passengers, and these certificates are made binding and good for the benefit of an operator for the long period of at least 10 years, if that period is provided for in the certificate, only if the operator conforms to the rules and regulations relating to safety and the efficiency of the carriage of passengers by those who contract to carry the air mail for the Government. So this particular power exercised by the predecessor of Postmaster General Farley was a legal power; it was a wise power; it represented the policy of Congress; and its execution was directly in line with the spirit of the law and with every expression of legislators recorded in the hearings.

Mr. President, have I not said enough about the defense for breach of these contracts to show that it is a complete fallacy? Does it not reveal that the men who dealt with this defense were not acquainted with their subject, were not acquainted with the law and its meaning, were not acquainted with the policy of the Government, and were absolutely blind to the public good that was intended to be subserved by that law? We will come to that later on, if I have the time, and see the admission under oath that the men who broke down these contracts did not consider the public good and did cancel the contracts on a pretense that they had a legalistic cause for doing so.

Mr. FESS. Mr. President, before the Senator leaves the route-certificate item, will he yield?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Ohio?

Mr. AUSTIN. I yield.

Mr. FESS. The newspapers carried the news on Friday of the opening of bids for new temporary contracts, with an expression of surprise that the bids were so low. Several newspapers made the statement that at least one result of the cancelation of the air-mail contracts was a considerable saving to the Government in the payment for the air-mail service. What I wanted the Senator again to make perfectly clear—he has made it clear, but I am not sure that everybody fully realizes it—that there is not anything that has been done by the present Postmaster General or that can be done under the new contracts that could not have been done under the existing law.

Mr. AUSTIN. Mr. President, that is absolutely correct. The fact is that one must say more than that. The Postmaster General cannot do under these contracts what he could do under the certificates. He cannot arbitrarily fix the rate as he could do under the certificates. It is a joke, a stupendous joke, to give any significance to the amount bid for the temporary contract as affecting permanent legislation by the Congress.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Nevada?

Mr. AUSTIN. I yield.

Mr. McCARRAN. I do not want to be understood as attempting to disrupt the trend of the argument of the learned Senator from Vermont; but this thought has occurred to me as regards the prices bid under the temporary-contract arrangement, and I should like the Senator to discuss it. I am fearful that these prices bid under the temporary arrangement will be more destructive of the science itself than anything that has come about, because they represent temporary rate structures set up in an emergency looking to getting contracts rather than looking to the building up of the science for the future.

Mr. AUSTIN. Mr. President, the learned Senator from Nevada has expressed a thought that occurred to me at the outset. These are sacrificial bids; they are bids that constitute the purchase of a franchise in the hope that by once establishing themselves they may ultimately obtain what they have destroyed.

We well remember a reference in the very letter to which I have referred to a contract for 9 cents a mile in the northwestern part of the United States by Varney Airlines. No sensible legislator would ever allow his mind to be deluded by the supposition that such a rate would compensate the carrier for its services; and yet, in undertaking to excuse this breach of contract, use has been made of that 9-cents-a-mile bid, which was a sacrificial bid, in order to justify the breach of the air-mail contracts and in opening the business to bidding in order to bring about just what happened—to induce others to make sacrificial bids and thereby give a false impression of the situation economically.

I am departing somewhat from my line of thought because of the interrogatories, but let us look at the situation. Heretofore there has been a policy of Government which comprehended not merely flying the mails but also comprehended the building up of aeronautics for passenger service and for the national defense.

If we so arrange this business that a man may obtain a contract by competitive bidding for a very low price and we do not have those provisions which are connected with the certificates relating to safety and efficiency in the passenger service, what is the trend of relationship? Is it not obvious that the Government has shifted its policy and

has abandoned the improvement of a postal service in order to buy its air-mail transportation just as cheaply as it can?

It will get only what it buys, for the air-mail carrier is not going to ruin his stockholders if he can help it. He will trim his sails to reduce his costs, and he will get his costs down to the amount of that bid or as near to it as he can, at the price of those safety devices which cost large sums of money and which have been created during the past 4 or 5 years because of the financial encouragement which the Government has held out to individuals to put all their ingenuity and all their inventive genius and a great amount of sacrifice into the development of safety devices for flying ships, and into all sorts of ground equipment to make the ways safer for the carriage of passengers, because there was a formula in accordance with which a price was paid for every one of these devices. There was created also a great competition between the carriers to have a better and safer and more efficient passenger service in order also to gain the rewards that fine service to one's fellow men always produce.

Mr. McCARRAN rose.

Mr. AUSTIN. I yield to the Senator from Nevada.

Mr. McCARRAN. This thought, Mr. President, I think is in keeping with that which is now being discussed; otherwise I would not bring it forward. The safety devices and safety appliances have largely been produced and brought forth at Government expense. I think the Senator will agree with me to that extent. Commercial lines flying the air are not altogether to be credited with those developments.

Regarding the carrying the mail, it is a commodity which belongs, while in its custody, to the Government of the United States. Does not the Senator believe that, as in the case of any other commodity, a rate structure should be fixed after study and investigation, which rate structure should be applicable to those who carry the mail by air?

Mr. AUSTIN. I agree with the Senator on that principle. Of course, we would have to know more in detail about it to make any specific agreement, but I like the thought just the same.

Mr. President, I cannot leave this subject without specifically pointing to the difference between the single-motored craft and the multimotored craft. There was a prize or a bonus or a subsidy, I care not what it is called, for the use of multimotored equipment to encourage it use. Postmaster General Brown had a vision that came true. He saw the multimotored ship whose wings were powerful enough to support without injury five elephants standing upon them, a great ship flying with the speed of a meteor from coast to coast without a stop, bearing not only mail and express but passengers as well. He saw that splendid vision come true on the very day that this breach of contract took effect and the institution collapsed.

The bids for temporary service do not require multi-motored equipment. Under the specifications a contractor may use single-motored equipment provided he does not carry passengers and provided he flies certain routes. Thus we have expressed a direct reversal of the policy of Congress, a direct turn from that lofty vision which was embodied in the very foundation of the McNary-Watres Act, to that sordid idea of doing a political turn at the cost of reduction of the standards of safety, when some of the very same routes on which the Department now allows the use of single-motored planes are the ones upon which our gallant young Army fliers gave up their lives obeying the command of the Government to try to patch over the horrible collapse created by the cancelation of the air-mail contracts.

Mr. FESS rose.

Mr. AUSTIN. I yield to the Senator from Ohio, if he desires to interrupt me.

Mr. FESS. I do not want to interrupt the Senator in his observations, because I agree with him entirely. The suggestion that was made by the Senator from Nevada [Mr. McCARRAN] is in point also—that the law permits or authorizes contracts for carrying the mail. The major element in the law has relation to the art of flying, building up a great aviation industry in order to avoid an increased cost to the Government by new requirements of improvement in aviation, just such as the Senator from Vermont has mentioned in relation to the trimotored plane or multimotored plane. No one knows what will be the ultimate limit of that idea.

There was a limit put in the law by fixing a maximum rate above which the Postmaster General could not go. But at the same time the provision to make the air-mail business stand on its own feet with safety and speed required an examination at least once a year. On one occasion former Postmaster General Brown had a revision twice a year, and in the space of only 4 years the rate was reduced from $1.29 down to 42 cents.

What I want the Senator to make perfectly clear, having reference to propaganda such as we heard on the radio Friday night when Lowell Thomas gave his period over to Harllee Branch in order that the country might learn what a wonderful thing is going to be done under the temporary contracts whereby we are saving so much money, is that nothing can be done on the basis of that reduction that cannot be done under the present law by the Postmaster General.

I resent the Government undertaking to indicate that the only thing there is to come out of the cancelation and this great wrong is that we are going to get lower rates. The Senator from Nevada [Mr. McCARRAN] has put his finger on the point. We are going to do it at the cost, not only of the service but of the whole industry itself, and probably the loss of lives of many citizens of the country.

Mr. AUSTIN. Mr. President, I agree with what the learned Senator from Ohio has said; and, as I have already indicated, the condition is worse than he states it. The rates bid on these temporary contracts cannot be changed. The old rates could be changed and reduced. These rates are a joke in many respects, because on some of the routes they are just exactly as high as the rates of the old contracts.

Take the midcontinental route, from New York City to Oakland, Calif. What was the rate on that route? Ninety-seven and one-half percent of the maximum rate of 40 cents a mile. And what is that? Thirty-nine cents. Well, look at the new bids on the transcontinental routes, and what are they? Thirty-nine cents. So it is a joke to hear people talk about a "saving" on account of such bids. Some of the bids are for more than 39 cents.

I do not care to be diverted into a detailed discussion of rates. Before departing from the subject of certificates, however, I might call attention to a fact which affects the public good and which, therefore, denounces the excuse advanced by Postmaster General Farley for the cancelation of these contracts. This public good is that capital cannot be induced to go out and work if it is terrified about its safety. The employment of the unemployed cannot be increased if capital is so terrified about its future that it will not work.

The future of the operator, the future of the contractor, was one of such doubt that it was specially reported on by the learned doctor from Harvard University who made the investigation in 1932. Now we see the reason why it was doubtful. It was because of the shortness of the time of his contract, which was to expire in 1936, I think. These certificates enabled the Postmaster General to give some assurance of the future of the contractor by extending the time 10 years. Thus he could later find an employer who had sufficient confidence in the future to pour out his wealth and make it work in conjunction with labor for the benefit of his fellow man.

That is one of the things which answers Postmaster General Farley's complaint with regard to these certificates. He says:

> Extensions of these contracts for a period of 10 years under the so-called "certificate" method were arbitrarily made by Postmaster General Brown on May 3, 1930.

Reason, justice, common sense, the letter of the law, the policy of Congress, and the public good, all denounce that defense as specious, and as of no value or effect.

What was his next proposition? He says—and I read from the next sentence in the letter of February 14 by Postmaster General Farley:

> Then Postmaster General Brown proceeded to build up, by so-called "extensions" of routes, part of the system of the United Aircraft & Transport Corporation, and the greater part of the American Airways and the Transcontinental & Western Air systems. This means, in simple terms, that if one of these companies had a contract for part of a through route a transcontinental system could be built on that short line. To illustrate, if one had a route from Boston to New York, it could be extended from city to city until it reached the Pacific coast without competitive bidding. These great systems were built in this manner. I am convinced that before any of the air-mail contracts were awarded those interested held meetings for the purpose of dividing territory and contracts among themselves.

Now, it will be seen that the subject of extensions and of meetings is one and the same subject, and I intend to discuss it accordingly.

Before examining the law itself to see what it means I desire to call attention to an outrageous misrepresentation, and that is that the United Aircraft & Transport Corporation was built upon these extensions. The record shows that every single route that covers the whole length of that main transcontinental line, extending from New York to Oakland, Calif., was not built upon extensions. There was not an inch of extensions in it. It was built upon contracts let by bidding before the McNary-Watres Act was passed at all, or was even under consideration. There were two extensions made of that line long after the McNary-Watres Act was passed—one of them a feeder in the Middle West that ran up North, and another a little tip end added on from Los Angeles to San Diego. Moreover, there was National Parks Airways, which did not have an extension in it.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. AUSTIN. I do.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ind.
Austin	Couzens	King	Russell
Bachman	Cutting	Lewis	Schall
Bailey	Davis	Logan	Sheppard
Bankhead	Dickinson	Lonergan	Shipstead
Barbour	Dieterich	Long	Smith
Barkley	Dill	McCarran	Steiwer
Black	Duffy	McGill	Stephens
Bone	Erickson	McKellar	Thomas, Okla.
Borah	Fess	McNary	Thomas, Utah
Brown	Fletcher	Murphy	Thompson
Bulkley	Frazier	Neely	Townsend
Bulow	George	Norbeck	Tydings
Byrd	Gibson	Norris	Vandenberg
Byrnes	Gore	Nye	Van Nuys
Capper	Hale	O'Mahoney	Wagner
Caraway	Harrison	Overton	Walcott
Carey	Hastings	Patterson	Walsh
Clark	Hatch	Pittman	Wheeler
Connally	Hayden	Pope	White
Coolidge	Johnson	Reed	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. AUSTIN. Mr. President, what is the scope of the McNary-Watres Act with reference to extensions and consolidations, which the Postmaster General uses as a defense for cancelation of the air-mail contracts? The act itself provides, in section 7, that:

> The Postmaster General, when, in his judgment, the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established.

To state the case briefly, in order that references to hearings which I shall make may be understood and their application correctly made, Postmaster General Farley and those who hold with him claim that an extension within the meaning of this law cannot be any longer than the thing extended; that an extension can only be made once, and that that is the end of it; and that an extension cannot be made on an extension, and a through line to any place thereby created; whereas Postmaster General Brown understood the law to mean that by extensions he could revamp the air-mail map of the United States.

Taking this matter in the light most favorable to Postmaster General Farley, I ask the question whether, if his construction of this power were right and the authority of the Postmaster General were as limited as he claimed it was, he would then have any excuse or justification for breaking these contracts? Obviously not. They had been in operation for years before he got around to thinking that he ought to break them. They had been serving the public in a wonderfully beneficial way for 12 months during his own incumbency of the office; and, even if he held the view which he claimed he held, then he should have considered the propriety and wisdom, from the standpoint of the public interest, of destroying all these contracts just because he disagreed with his predecessor in office over the interpretation of the law.

What we say is that assuming that this evidence will support his view, it does not justify the accusation of fraud and collusion, and the besmirching of the good names of men and of public officials, just because he holds one view of the law and they hold another view of the law.

But let us examine what the contemporaneous interpretation of that act and of that language was with respect to extensions, in order to see what the record shows; for certainly we in the Senate should be governed by the record rather than by political speeches which are reiterating collusion and fraud in the public press all over this land. We hope that the record of the transactions by the Congress may be safer for the public to follow than the record of such political addresses.

I refer to the hearing on February 19, 1930, on House bill 9500, which was the predecessor to the McNary-Watres Act. Senators will remember that the McNary-Watres Act was approved on April 29, 1930. In this record, at page 8, the following appears:

> Mr. KELLY—
>
> Referring to Representative KELLY—
>
> Of course, General the yardstick idea was never contemplated under the previous system. The yardstick was a matter for each individual route, based on competitive bidding, and naturally it was determined by the bidders, just the same as star routes, mail-messenger contracts, and other things of that kind where bids are made.
>
> Postmaster General BROWN. Well, competitive bidding in the air-mail business is of doubtful value and is more or less of a myth. In the case of most of the contracts there has been only one bidder, and in other cases I think if we were to throw the whole matter open today to competitive bidding we would have very few competitive bids. That is to say, we would have very few people come in and bid who knew anything about the business. We would have promoters come in and bid against air-mail operators; we would have people come in who had stock to sell and who hoped to get their stock sold before their losses were so great in carrying on the business that they could not sell the stock, but there would be, in my judgment, very little real, substantial bidding by men of experience able to carry on an industry of this kind in the present state of the art.
>
> Mr. KELLY—

And this is the important thing, bearing upon the contemporaneous construction of this language—

> Mr. KELLY. That is the reason we provided the 6-year extension without further bidding.

I call the Senate's attention to language used in that hearing on this very section of the bill, which cannot be avoided, which cannot be answered or disputed, which is so clear that it must be persuasive, and which, of course, is of the highest evidentiary value, because it in part induced the passage of that act. Postmaster General Brown, testifying before the committee considering amending the Air Mail Act, at page 27 said:

> Section 6 authorizes extensions and consolidations when the public interest will be promoted thereby. The purpose of that is to enable us to revamp the air-mail plan of the country and make it a logical one, so far as we have the wisdom to do so.

We have heard all sort of yelps and cries and bellows of fraud and collusion because the Postmaster General called together the operators—not only the operators of the air-

mail contracts but also operators of passenger lines who had no air-mail contracts—in order to see what could be done to revamp the air-mail map; and the accusatory finger has been pointed at the Postmaster General and everyone else who participated in that meeting because they were doing exactly the thing which it was stated in this hearing section 6 was provided to give them the power to do, namely, "revamp the air-mail plan of the country and make it a logical one, so far as we have the wisdom to do so."

Of course, the rational thing to consider in this interpretation is what that meant. So far as the operators were concerned, it meant trying to ascertain where the equities were, where the pioneering rights were; and if they could be ascertained, either by a finding of fact or by an agreement between the operators, then they would afford the Postmaster General a basis of making a logical distribution of the routes in laying out extensions and consolidations.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. McCARRAN. I should like to ask the Senator from Vermont if it is not true that the spirit as well as the letter of the McNary-Watres Act was that the carrying of the mail should be by competitive bidding.? I think the Senator from Vermont will undoubtedly answer that in the affirmative. If that be true, then I make the further inquiry if these conventions, as I should call them, these meetings that were conducted from the 19th of May on, were not for the purpose of avoiding the spirit of the act?

Mr. AUSTIN. Mr. President, I shall have to answer "no" to both questions. It is apparent that there are two Senators who view the McNary-Watres Act differently; two men of whom there can be no doubt that they are free from interest, bias, prejudice or any of those fallacies of logic which interfere with the study of that act and arriving at a good judgment about what it means, and yet they differ. If we were to punish them, because they differ about the meaning of that act, by calling them "crooks", would it not be an outrage? Would it not be an outrage to accuse them of fraud and collusion because they construe this act in a certain way—one of them in one way, and another in another? Of course it would. If the opinion held by the Senator from Nevada and disputed by the Senator from Vermont is an excuse for canceling the air-mail contracts, then it is in the same class with the other excuses which are laid down in the letter of the Postmaster General of February 14—not worthy of consideration. I feel sure, however, that the Senator from Nevada would not take that position. We differ, and I am sure that he can give good reasons for his position.

For my own part my reasons are as follows: The act itself provides two methods of procedure in laying out and revamping the air-mail map of the United States and making it more logical than it had before been. One of them was contained in one section of the act and the other was contained in another section of the act. The bidding feature was contained in section 4, reading:

> The Postmaster General is authorized to award contracts for the transportation of air mail by aircraft between such points as he may designate to the lowest responsible bidder at fixed rates per mile.

And so forth, and so forth. The other is contained in section 7, reading:

> The Postmaster General, when, in his judgment, the public interest will be promoted thereby, may make any extensions or consolidation of routes which are now or may hereafter be established.

Attention has been called to the fact that the language contained in section 4 with respect to bidding is not a command; that it does not limit, it does not restrict the methods. It says that "the Postmaster General is authorized." It does not say the Postmaster General "shall"; and in section 7 that power stands in the same way. The Postmaster General is allowed to use his judgment. It says, "When in his judgment the public interest will be promoted thereby" he may make extensions; he is not obliged to make them, the act does not say he shall do so.

Now I am about to cite the record from year to year, and first, to the hearings preceding the adoption of the act, hearings which characterize the language of this very section, and also the hearings held through the years until this cancelation took place, in order to show that the interpretation of the creators of the act, and the interpretation of those who executed the act, and the policy of Congress as expressed on the floor, all agree that the power to extend was sufficient to create the routes that were actually created, because those routes are specifically set forth in those hearings and are specifically approved as being within the power of section 7.

I turn to page 34 of the hearings. It will be recalled that I had pointed out where the Postmaster General specifically stated that section 7 was intended to enable him to revamp the entire air-mail plan and to make it more logical. We come now to page 34 of the hearings on amending the Air Mail Act, February 19, 1930, and we find specific extensions referred to.

> Mr. GLOVER. These lines that the Postmaster General has mentioned here as possible air routes, the route from New York to St. Louis, Atlanta to Los Angeles, which completes the picture in the Southwest, and Norfolk to Pittsburgh, and there the present line hooking up with the Transcontinental, Pittsburgh to Cleveland, and then with the southern transcontinental coming into being, we believe that the line should be extended down from Pueblo, Colo., which now comes down from Cheyenne and ties up with the southern transcontinental at some place along Sweetwater or Midland, Tex., which will connect up and give New Orleans a direct connection with the Northwest. Then a route from Louisville to Dallas, and then our line that we have in mind to connect up with the Canadian prairie service west from Winnipeg. Our connection would come up from St. Paul and Minneapolis, the Twin Cities, to Winnipeg, through Fargo, N.Dak.
>
> Mr. SPROUL. Is it your opinion that many of those short lines that have been established should be discontinued or merged into longer lines?
>
> Mr. GLOVER. I believe that is correct; yes, sir.
>
> Mr. SPROUL. That is your idea, that that should be done?
>
> Mr. GLOVER. Yes, sir.
>
> Mr. SPROUL. Are you working on a scheme to do that?
>
> Mr. GLOVER. We have a scheme; yes, sir; a well-laid scheme to do that.

I emphasize the word "scheme" because it is found in the record. That was the word used by those who had to do with this particular clause. They applied it to this particular clause. It is a very significant word, a word that comprehended a whole plan. It did not comprehend a fraction of an idea or of a design; it comprehended the rounded scheme of the development. We will hear the Senator who reported the McNary-Watres Act to the Senate using that word, and we will hear of the Representative in Congress who reported that same measure to the House of Representatives using that word as bearing upon the interpretation of this very clause as to extensions and consolidations.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Ohio?

Mr. AUSTIN. I yield.

Mr. FESS. It might be of interest to the Senator, if he does not know who Mr. Sproul was, to say that he was one of the most outstanding Members of the House of Representatives, representing a portion of the city of Chicago, and himself a very large business man. Evidently he used that term, because he initiated it in his testimony, as a builder, and, of course, it has no ulterior meaning. Some people think the word "scheme" implies something that is immoral.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Nevada?

Mr. AUSTIN. I yield to the Senator from Nevada.

Mr. McCARRAN. I regret exceedingly that I could not hear all that was said by the able Senator from Ohio [Mr. FESS], but I wondered if he was justifying the word "scheme" as having originated in Chicago. If he was, I wanted to have him discuss it a little further.

Mr. AUSTIN. I appreciate the contribution of the Senator from Ohio. There is always tremendous power in a word, but there is lent to it a force and effect far beyond the lexicon meaning when it is presented by the person who

uses it driving it to its target, and therefore I am very much pleased to identify Mr. Sproul.

Now, I call attention to the report on the McNary-Watres bill, submitted to the Senate by former Senator Phipps, from the Committee on Post Offices and Post Roads. With respect to section 7 he used this language in that report:

Section 7 authorizes extensions or consolidations of existing routes. At the present time the scheme of air-mail routes, which has grown a little at a time, is illogical. There are short lines and there are long lines, some of which should be consolidated and others of which should be extended.

Now I read from the report submitted by Mr. Watres presenting the same bill to the House of Representatives. He said:

Section 7 authorizes extensions or consolidations of existing routes. At the present time the scheme of air-mail routes which has grown a little at a time, is illogical. There are short lines and there are long lines, some of which should be consolidated and others of which should be extended.

There is identically the same language used in both reports, and undoubtedly the word "scheme" came from the hearings as having a peculiarly comprehensive effect, because they were discussing section 7 in the committee before the bill underwent this parliamentary procedure, and they were trying to tell anybody, they were trying to tell us today, that the meaning of extensions and consolidations as used in that section was to extend to a scheme.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Nevada?

Mr. AUSTIN. I yield.

Mr. McCARRAN. Some time when the Senator finds it convenient I should like to have him distinguish between "extension" as we have found it used in the course of the hearings before the special committee, and what to my mind was the real meaning behind the term when used in the legislation, namely "elongation", an extension in its general course rather than the meaning of the term as we have found it used in the hearings.

Mr. AUSTIN. The word "elongation" does not appear so far as I know in the hearings on the bill or since the introduction of the bill. I have examined very closely to discover the use of that word. It appears to our special committee that a lawyer who was consulted about it undertook to use that word in order to illustrate his understanding of the word "extension", claiming that "extension" did not have the scope of "elongation." But it has a different meaning here. According to the contemporaneous construction of those who created the law, according to those who exercised the power and according to the investigating committee of 1932 and the learned Dr. Crane, of Harvard, "extension" here comprehends more than "elongation."

There are three kinds of extensions. There may be only one kind of elongation. Here we have extensions which are lateral feeder lines. Here we have extensions which are couplers, which join together two disconnected lines. Here we have an extension that is end to end and does conform to the word "elongation." The Comptroller General, I think, undertook to make some general definition, although he admitted that it was utterly impossible to make a definition of "extension" which was exclusive or comprehensive enough in its character so that it could apply to every case. He said we have to consider every case upon its own merits, and, in effect, he said that in order to have an extension lawful, the basis of the extension must be the public need; second, there must be an immediate relationship to the existing project or service; third, subordination—that is, a subordinate relationship to the existing service, project, or route; fourth, it must not overshadow or subordinate the route sought to be extended.

I do not know that I would adopt even that as sufficiently comprehensive and exclusive to let us know at all times and under all circumstances what is an extension. But certainly up to date, no matter what learned debates there may be, no matter how much scientific men may differ, no matter who is right and who is wrong about the meaning of it, it is today nothing but an academic dispute. The great transcontinental routes of the United States are made. They already existed prior to February 19, 1934, as great servants of the air-minded millions of the country and an almost indispensable help to speedy commerce in the United States, connecting almost every corner of the country in 24 hours. Is there any sense, is there any justice, is there any decency in ruthlessly destroying those airplane companies because of an academic dispute over the meaning of the word "extension" in the law? Give them the benefit of the doubt; give them a construction that is according to the most favorable view to them; does it justify pointing the finger of fraud at an official of the Government? Does it justify condemning without trial citizens of the country who have borne honorable names throughout a long life of service to the public? Asking the question answers it.

Moreover, this is a condition; this is not merely a philosophical discussion; neither is it a lawsuit or a trial that is dependent upon the construction of the statute. Here is a case where a Postmaster General canceled contracts and alleged that he did because they were induced by fraud and collusion, and that extension constituted an essential part of that fraud and collusion. It should be noted, in passing, that only 28 percent of all the routes of the whole country were made by the method of extension.

Mr. FESS. Mr. President, would it unduly interrupt the Senator for me to ask him a further question?

Mr. AUSTIN. Not at all.

Mr. FESS. In reference to whether there is an elongation or a change of direction, I think we have a good illustration in the case of the Northwestern where the points of the parent route were Chicago and the Twin Cities. If we say that an extension cannot be anything else except a continuation in the same direction, then the Northwestern, which goes to the Twin Cities, could not be extended to Duluth, because the original direction is northwest and Duluth is a little northeast. Neither could it be extended to Fargo, because the original direction is northwest, and Fargo is rather west. It seems to me it would be absolutely silly to say that in order to have it extended it must be in the same direction in which it started.

I think the Senator is right when he says the discussion is purely academic. On the other hand, if a company that already has a route is going to have another route added to it, it does not seem to me it is significant as to the particular direction it takes. It would be an extension of its fixed route provided that when the mail starts it continues on its way even though it does change direction.

Mr. AUSTIN. Mr. President, I think the contribution of the learned Senator from Ohio is sound, and that any scheme of air-mail map must necessarily take into effect a network that will reach the thickly settled areas whence comes the business of passengers and mail.

I will ask the Senator from Maine [Mr. WHITE] to read for me from page 149 of the hearings of November 12, 1930, before the House Committee on Appropriations on the Treasury and Post Office Departments appropriation bill in order to prove that the contemporaneous interpretation of section 7, relating to extensions and consolidations, is in harmony with the exercise of power under it by Postmaster General Brown.

The PRESIDING OFFICER. Without objection, that may be done.

Mr. WHITE. Mr. President, if I have permission, I read, beginning on page 148 of the hearings before the House Committee on Appropriations in November 1930:

NEW ROUTES CONTEMPLATED

The CHAIRMAN. How many other new routes have you under contemplation now?

Mr. GLOVER. Mr. Chairman, this line (Spokane-Seattle) is out, and that is the only territory which is not served by a transcontinental line. We believe that should be dropped out. This line is a necessity here—Kansas City to Denver. We believe that this line from Cheyenne which connects up at Pueblo should be connected down to El Paso, where it connects up with two transcontinentals, as well as this line over here to Fort Worth from Pueblo, passing through Amarillo and Wichita Falls to Fort Worth, where there is quite a voluminous flow of mail for the Northwest by air. That allows the mail to come out through here, from Amarillo to Pueblo, through here, and up into Seattle and Portland and Ta-

coma and Spokane. And then we would like to straighten out this line here. Our South American mail has developed to such a great extent that we would like to make this, as they say, a high-ball line, so as not to have it carry air mail all the way out here to Atlanta and open up that territory in those Southern States of North Carolina and South Carolina, where the great mill industry has been built up and has a very large flow of mail to New York City. That, of course, we have in mind, but we have been prevented, for reasons which I have mentioned, extending that line through Louisville, Nashville, Memphis, and Little Rock, to Dallas. That is a new extension.

Mr. THATCHER. You have that covered in last year's appropriations?

Mr. GLOVER. Yes, sir; we have in this year's appropriation only next year's new extension. Nobody ever thought we would take a line down to Louisville and stop there; we always had in mind a line going into the Fort Worth section.

Mr. BYRNS. Section 7 reads:

"The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established."

I do not know how it could be made any plainer. I understand the Comptroller General says that you cannot extend or consolidate.

Mr. THATCHER. What does he base his decision on? What is his argument?

Mr. GLOVER. On the line from Cleveland to Louisville the extension is greater.

Mr. THATCHER. What is the basis of his argument that you cannot extend or consolidate?

Mr. GLOVER. That is the reason—that the parent line is shorter than the extension. The extension is longer than the parent line, the original line.

The CHAIRMAN. Suppose it is. Congress says you need not extend it.

Mr. GLOVER. We put it in there with that purpose, and we made the plea before the Post Office Committee that we be allowed to extend some of these lines and consolidate the short lines. Mr. Chairman, here is the picture between Cleveland and Pittsburgh: The Postmaster General had in mind that the Capital of this Nation should not be without air-mail service to the West, and he wants to extend it to Washington and take it down to Norfolk, but the Comptroller General says, "You cannot do it."

The CHAIRMAN. What does he base his opinion on?

Mr. GLOVER. Just what I told you.

Mr. ARNOLD. Section 4 of the Watres Act seems to authorize the Postmaster General to establish new lines.

Mr. GLOVER. Yes, sir.

Mr. ARNOLD. And section 7 authorizes him to make extensions by consolidations of routes which are now or hereafter to be established. Taking the two together I do not see where his authority is curtailed in any way.

Mr. THATCHER. You could extend for a short distance and extend it another short distance and meet his technical objections, if that is a technical objection. I think that the decision is unreasonable if that is what he bases it on.

The CHAIRMAN. You are talking about those lines you think ought to be built. Suppose that they were built. How much more money would that cost the United States? Suppose they were in operation today.

Mr. GLOVER. The Spokane-Seattle route, as I mentioned, is out of it, Mr. Chairman, and that leaves about $2,525,000, sir.

The CHAIRMAN. If they were established and the Postmaster General, thinking that he has a right to do this whether Congress wants it done or not, establishes them this year, then next year you would have to have a new map by reason of the varied extensions you have made or new lines you have built necessitating a lot more, and there is going to be no end to it in the world.

Mr. GLOVER. Mr. Chairman, the Postmaster General wants to cooperate with the committee.

Mr. BYRNS. I read section 7 a while ago. It seems to me that it clearly and unequivocally gives the right to the Postmaster General to extend or consolidate. I do not care whether the Comptroller General says to the contrary or not. If the English language means anything it means that.

Section 9 says:

"After July 1, 1931, the Postmaster General shall not enter into contracts for the transportation of air mail between points which have not theretofore had such service unless the contract air-mail appropriation proposed to be obligated therewith is sufficient to care for such contracts and all other obligations against such appropriation without incurring a deficiency therein."

Mr. AUSTIN. Mr. President, there is an interpretation made within 9 months after the approval of the McNary-Watres Act by a great committee which had to do with this legislation. That was the Post Office Subcommittee of the House Committee on Appropriations, which had under consideration the appropriating of money.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. AUSTIN. Yes; I yield.

Mr. WHITE. Am I right in my understanding that the Mr. BYRNS who made that statement was subsequently Chairman of the Appropriations Committee of the House, and is now the majority leader in the House?

Mr. AUSTIN. Yes; that is perfectly correct; and there never has been a time in all these hearings when Representative BYRNS, before he was chairman and after he was Chairman of the Appropriations Committee of the House, has not maintained steadfastly that the authority conferred in section 7 of the McNary-Watres Act gave the Postmaster General power to make extensions in order to revamp the entire air-mail map and to make it a logical one. He was in at the beginning, and he has continued through to the end, and has been absolutely consistent from the start in interpreting that section in spite of all the different views others may have held with respect to the power. Even Postmaster General Farley, on cross-examination, had to admit that whether Postmaster General Brown had or had not done what was right in making these extensions would depend upon how that act was interpreted, and how section 7 was interpreted.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Tennessee?

Mr. AUSTIN. Yes; I yield to the Senator from Tennessee.

Mr. McKELLAR. Did Representative BYRNS ever take the position that it was not the duty of Postmaster General Brown to advertise the air-mail routes, and let the contracts for them to the lowest bidder?

Mr. AUSTIN. Mr. President, I know nothing about that. That is an irrelevant inquiry. It has nothing whatever to do with this subject.

Mr. McKELLAR. It may be irrelevant, but nevertheless the act provides that the Postmaster General shall let these contracts to the lowest bidder; and that is what the Postmaster General did not do.

Mr. AUSTIN. Mr. President, it is that intolerance of mind, that incapacity to see any view excepting one, which has led to this misconduct by the Government in dealing with its citizens. A rational, tolerant, reasonable consideration of this law necessitates the conclusion that there are two ways of procedure under the McNary-Watres Act, one of them equally as legal as the other, and that there is no command in the law to let the contracts by bidding. There is a mere authorization; and the Senator from Tennessee can have the language of the authorization read to him if he would like to have that done.

Mr. McKELLAR. Mr. President, I wish to ask a question. I do not have to have the act read to me. I am familiar with it. I desire to ask the Senator if the bill which was originally proposed by the Postmaster General did not give him specific authority to let these contracts without bidding, and if that provision was not stricken out.

Mr. AUSTIN. Oh, Mr. President——

Mr. McKELLAR. Is it not true that that provision was stricken out?

Mr. AUSTIN. Mr. President, I will answer the Senator from Tennessee in my own way. He cannot tie me hand and foot. I will answer him. The original draft of the bill did not contain exactly what the Senator says, and one cannot answer his question with a "yes" or a "no." There was a provision in the original draft which enabled the Postmaster General to negotiate contracts, and that was not accepted.

Mr. McKELLAR. No; and after that provision was not accepted, and was left out of the law, the Postmaster General proceeded to do just exactly what he had asked the Congress for authority to do, which authority was refused.

Mr. AUSTIN. Mr. President, that is an inaccurate statement. The Postmaster General did not negotiate any contracts at all. The record is directly to the contrary; and before I get through discussing the meetings which were held I shall prove it. I shall prove that the effort in the first place was not to establish contracts by negotiation, but to establish facts by an inquiry, and that it wholly failed and was utterly ineffectual, and that the other fea-

ture of section 4 of the McNary-Watres Act was resorted to primarily because of that failure, and also because of the dispute over the interpretation of section 7, which is now under debate.

I call the attention of the learned Senator from Tennessee to the fact that Postmaster General Farley, who used this as a defense for breach of these contracts, on oath before the special committee investigating the air-mail and ocean-mail contracts, testified as follows:

Senator AUSTIN. I will ask you about the other feature of the letter. You do recognize there are two methods of making contracts and extensions that are authorized, one equally as legal as the other, under the McNary-Watres Act, do you not?

Postmaster General FARLEY. That is true.

He said 17 times—just think of it, 17 times in the course of that examination—that he was doing what he did and that he was making his answers by advice of counsel. When we open the big book here, the record of the experience of the McNary-Watres Act in Congress, we find that on the floor of the House of Representatives there was some discussion of section 7 of that measure, and that Representative Kelly and Representative Hogg both stated on the floor of the House that section 7 invested the Postmaster General with the power to make these extensions and consolidations for the purpose of creating a more logical scheme of the air mail in the United States.

The bill went through the House and came to the Senate, and what was its experience here? Perhaps the Senator from Tennessee can elaborate what the experience was here. The only debate that occurred here in the Senate on that bill was this. I read from page 7618 of the CONGRESSIONAL RECORD of April 24, 1930:

Mr. McKELLAR. Mr. President, I have no objection to its consideration; I want to have the bill passed. I merely wish to say that it was stated by the Postmaster General and his assistant in charge of the Air Mail Service that new lines are to be constructed, among others one from Nashville, Tenn., to Memphis and Little Rock and Dallas. I hope the bill may be passed.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. McKELLAR. The record is perfectly accurate; we passed the bill after striking out the provision for negotiation of contracts between the Postmaster General and private individuals. That had been stricken out in the House, as I recall. If the act had been properly interpreted, it would have been a good law. I did not oppose it because I thought it was a good measure, but after it was passed the Postmaster General paid no attention whatever to its terms: he let contracts by negotiation, which he had been denied the privilege of doing, and the present situation is what we got.

Mr. AUSTIN. Mr. President, the Senator from Tennessee is not familiar with the record. There is not one word of testimony of a contract let by negotiation; not one word.

Mr. McKELLAR. We are just talking about terms and words. As a matter of fact, it was done through the so-called "extension policy", which was an even more devious policy than the negotiation policy. The air-mail routes were extended from place to place all over the country.

Mr. AUSTIN. Of course, they were.

Mr. McKELLAR. And it was a violation of the law.

Mr. AUSTIN. That is what the law provided for. When the Postmaster General asked for the enactment of section 7, he told the world that he wanted it for the purpose of revamping the entire air-mail situation, and all Congress knew it, and, of course, we assume that the Senator from Tennessee knew it when he rose here and told us that he wanted the bill passed; that he understood that there was to be one of those routes, which was afterward adopted by extension, brought down into his territory. That route was one of the very same routes which had been discussed as an extension proposition in the hearings on this very act and on the appropriation bill of the year before.

Mr. LONG. Mr. President, will the Senator from Vermont yield to me?

Mr. AUSTIN. I yield.

Mr. LONG. As I understand the contention of the Senator from Vermont, there was no provision in the law requiring an advertisement before the original letting of one of these contracts?

Mr. AUSTIN. The original letting?

Mr. LONG. I mean after that, advertising was not required before an extension?

Mr. AUSTIN. No.

Mr. LONG. I had understood it to be said on the other side of the Chamber the other day that the present administration had made just one of those extensions itself, one from Buffalo to New York.

Mr. AUSTIN. Yes; that is the record.

Mr. LONG. They made one?

Mr. AUSTIN. Yes. They needed to make but one. One is enough. That shows an interpretation of the law. When a man exercises a power under the act, he more than admits, he claims, the power under the act, and confirms that that is the meaning of it.

Mr. LONG. I think that is sound. I think one is enough. Then, as I understand, the only point about which we are having any argument is whether or not these contracts could be let by extensions.

Mr. AUSTIN. Not exactly that.

Mr. LONG. If there is an argument, that is the only argument we can have.

Mr. AUSTIN. We have not a contract here let by extension at all. This is what we have; we have original contracts let by bidding. The next step in the history was extension in time for 6 months of five of them. The next step was changing the contracts into certificates, which gave the Postmaster General certain powers over them which he did not previously have. The next step was letting by bidding of two transcontinental routes, the midtranscontinental and the southern transcontinental routes. The next step was several extensions, going over the whole period of 2 years or more, at different times, basing an extension on an existing route certificate.

New lines are not created by extensions. An extension is based on an old line, and they go from place to place only if they have a starting point. That is what was done, and that is one of the excuses given for destroying the whole works. It is said that that is collusive and that that is fraudulent.

Mr. LONG. Let us say that that is out. I think I agree with the Senator, from what I have heard of the matter. Let us say that that is out. What is the next thing they claim?

Mr. AUSTIN. The next thing is blackmail. After exhausting all the different defenses for the act of cancelation, after being driven from defense to defense, finally Solicitor Crowley, having admitted that the contracts themselves which constituted the consolidations of the southern transcontinental route, the contracts between Halliburton and the company which bought him out, showed a hostility instead of collusion between Halliburton and the Postmaster General, then he stepped right off of this ground of collusion entirely and said, "I will call it blackmail." That was the last chapter of the defense, blackmail.

Meantime the Postmaster General goes all over the country and makes speeches, political speeches, still yelping "Collusion", when his solicitor had retreated from collusion entirely and adopted blackmail.

Mr. LONG. Mr. President, the assistant of the present Postmaster General alleges blackmail?

Mr. AUSTIN. The assistant of the present Postmaster General charged blackmail in so many words.

In response to the interrogatory of the Senator from Louisiana, I think I ought to read into the RECORD the testimony that was adduced. I read from the hearings of the special committee, page 2797. Attention had been called to the contracts:

Senator AUSTIN. Now, these contracts show, do they not, just the opposite relationship to collusion? These contracts show disagreement, do they not?

Mr. CROWLEY. Yes; it is the plainest case of collusion I ever saw.

Senator AUSTIN. Collusion between whom?

Mr. CROWLEY. Between the chairman, representing Postmaster General Brown, Mr. MacCracken, and this man that wanted to bid on this air line. He sent this telegram in July, and he brought them to his own terms in August, and here is evidence of it.

Senator AUSTIN. Don't these contracts clearly show that instead of there being collusion between the Postmaster General and Halliburton there was hostility?

Mr. CROWLEY. I am sure there was hostility on the part of the Postmaster General toward Halliburton. The evidence is clear on that.

Senator AUSTIN. You cannot very well mix hostility with collusion between the Postmaster General and Halliburton, can you?

Mr. CROWLEY. You might refer to it in some other term, "blackmail", or something like that.

Senator AUSTIN. That would be something new. I would not be at all surprised to have you make that charge, sir, but up to date we haven't it in the statements which appear in the letter of February 14, in which the Postmaster General says you advised him about.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Nevada?

Mr. AUSTIN. I yield.

Mr. McCARRAN. I should like to draw the attention of the learned Senator from Vermont to the fact that, whether he would call this collusion or designate it by some more comprehensive term, it resulted in the payment of $1,400,000 to Mr. Halliburton in a mythical deal in which he had practically nothing to sell.

Mr. AUSTIN. Mr. President, I shall have to show that the facts differ from that materially when I arrive at the question of bidding, which I am going to take up separately. I will say that the assertion, which I have heard made and I have seen it in the record of the hearings before the Committee on Post Offices and Post Roads, will not bear the test of examination.

Mr. LONG. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. LONG. Did I understand the Senator to say that the Postmaster General sent a telegram forcing Mr. Halliburton to do something? It is Halliburton the air-mail man we are talking about?

Mr. AUSTIN. Yes; he had a line.

Mr. LONG. What was the telegram which the Postmaster General sent Halliburton?

Mr. AUSTIN. No; the Postmaster General did not send him any such telegram at all.

Mr. McKELLAR. What was the $1,400,000 that my good friend from Nevada was talking about? That is a goodly sum of money. I am interested in that. Where did it go? To whom was it paid?

Mr. AUSTIN. Mr. President, I can answer only one of the learned Senators at a time. I will first answer the Senator from Tennessee.

Mr. McKELLAR. I am curious about the $1,400,000.

Mr. AUSTIN. I should think the Senator would be. He has been told, or it has been implied in questions before the committee of which he was chairman, that the $1,400,000 was paid to Halliburton to cause Halliburton not to bid.

Mr. McKELLAR. That is the testimony, and I am curious to know what the Senator has to say about it.

Mr. AUSTIN. Oh, no; there is no testimony of that kind. Questions were asked which implied that, but there was not a word of testimony to support the implication. On the contrary, Halliburton did bid. He never sold out the right to bid. He promised to bid, and he did bid. The $1,400,000 was paid to him for a line which he had been flying for years, and for his equipment on the ground and in the air, and for some of his best pilots.

Mr. McKELLAR. Who paid it to him?

Mr. AUSTIN. The company which became the sole owner and manager and operator of a transcontinental route, according to the scheme.

Mr. McKELLAR. Then, as it turns out, according to the Senator's statement, for whatever material Halliburton had—worth very much less than $1,400,000—he was paid, by the successful bidder, the sum of $1,400,000. Is that not correct?

Mr. AUSTIN. No; that is not exactly true.

Mr. McKELLAR. Is not that substantially true?

Mr. AUSTIN. No; it is not substantially true.

Mr. McKELLAR. If it is not substantially so, why did Halliburton get $1,400,000 from the successful bidder?

Mr. AUSTIN. The Senator asked the question and then answered it himself, so I am not concerned with disputing with him.

Mr. McKELLAR. No; I am asking the Senator a question.

Mr. AUSTIN. That is a debate between Senator McKELLAR and Senator McKELLAR, in which I ought not to interfere.

Mr. McKELLAR. If the Senator is satisfied with that answer, I am, because there is no doubt in the world that the successful bidder paid to Halliburton $1,400,000 and took whatever Halliburton had, and Halliburton went out of business, and the Transcontinental Line got this big route after having paid for a portion of it or paid $1,400,000 to keep this man out.

Mr. AUSTIN. Mr. President, that is not the testimony. That is a bare assertion, and, unfortunately, it is contrary to the record.

Mr. McKELLAR. The testimony in the record speaks for itself, of course; but there is no more question about that being correct than that we are here in this Chamber.

Mr. AUSTIN. It is so remote from the facts that I will not trouble to deal with it. When I come to the subject of the bids, who made them, and who got the awards, I think the record will show that the person who bought out Halliburton was not the person who made the bid and was not the person who was given the award. I will ask the Senator to wait and see.

Now, I should like to proceed with my discussion of this subject.

Mr. LONG. Mr. President, will the Senator again yield?

Mr. AUSTIN. I yield.

Mr. LONG. I believe the Senator will realize that I am not at all prejudiced on this subject. I am not undertaking to defend the committee, and I am not undertaking to prosecute the committee or other persons, but I have heard so much said on the subject that at this time I should like to have the question cleared up. I do not see the point with reference to the contracts not having been let.

I agree with the Senator so far as I have heard the explanation from him, and I have not heard that seriously disputed. It seems to me the only question is on the point of collusion. If the Senator has stated the facts about this matter—and I am going to ask him if he will not enlarge upon it just a little bit—I want to see just where the collusion was, if there was collusion. So far as a man selling out is concerned, he can sell out to whom he pleases. He can bid, or he need not bid. There is no law compelling him to bid or not to bid. As I understand, however, Halliburton did not sell to the man who got the contract.

Mr. AUSTIN. No; not to the man who was awarded the contract.

Mr. LONG. That is certainly contrary to what we have all been led to believe.

Mr. AUSTIN. Yes. As a matter of fact, Halliburton made the bid and got the award.

Mr. LONG. He got the award?

Mr. AUSTIN. Yes; and so did the Robertson Aircraft Co. make a bid and get the award of another route.

A business transaction occurred which the former Governor of Louisiana and the present Senator will recognize as one of the characteristics approved by the Supreme Court in the Appalachian case, of combining great units for such a service as this from coast to coast. That is a consolidation, one of the very things expressly provided for in this act.

Mr. LONG. Does the Senator mean that the two consolidated?

Mr. AUSTIN. A third company came in and bought them out, and consolidated the northern end of this line with

these two links, which carried through to the coast and made one through route from coast to coast under one management, which was ideal. It was not only ideal in theory, but it proved to be ideal in practice, and there grew up there a great transportation system.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Nevada?

Mr. AUSTIN. I yield.

Mr. McCARRAN. I do not want to be understood as attempting to disrupt the discourse of the Senator from Vermont, but I think the Senator from Vermont is discussing the Transcontinental & Western Air.

Mr. AUSTIN. No; the Senator from Vermont was discussing the southern route, Safeway, the line owned by Halliburton.

Mr. McCARRAN. That was the Halliburton Line originally; but what line took over the Halliburton Line?

Mr. AUSTIN. Finally the Aviation Corporation of Delaware became the owner of it; but there were steps in the transaction.

Mr. McCARRAN. The steps to which the Senator referred—I am using his own terms—were that various companies were asked to come in and contribute $500,000 apiece until the sum of $1,400,000 was made up to buy out Halliburton, because Halliburton had threatened to bid.

Mr. AUSTIN. No, Mr. President. This transaction has been distorted to give it an appearance of collusion. When I reach the subject of the bids I shall discuss those contracts in detail. I merely say in passing that Aviation Co. owned 20,000 shares of the capital stock of Western Air Express, and the Government in its scheme objected to any interlocking of interests between the transcontinental routes. Its plan necessitated the unscrambling of this interest, and therefore Aviation Co. was forced to sell and get rid of that 20,000 shares to Western Air Express.

Mr. McCARRAN. If the learned Senator will pardon the interruption, I trust he is not confusing Transcontinental & Western Air with Western Air Express.

Mr. AUSTIN. No, indeed. I know what names I am using. Western Air Express became a part of, or rather became owned in part by, Transcontinental & Western Air; but Western Air Express remained a legal entity throughout all these days and is alive today. Western Air, by the way, was one of the successful bidders on that midtranscontinental route. Here is Halliburton's testimony, on page 1488, in which he admits:

> Well, I was a bidder on the southern transcontinental route from Atlanta to Los Angeles, but had previously agreed to sell my interest in the line in the event the contract was awarded.

Mr. President, the testimony is so voluminous, the record is so long, that I am sure it would not accomplish the purpose which I seek, which is informing the Senate regarding the subject, if I went through with it, as I have prepared to do, for I am but half-way through with the hearings that interpret section 7 relating to extensions and consolidations in a manner which fully justified Postmaster General Brown in making the connections between disconnected routes, the feeder lines that he made, and the end-to-end extensions which filled out the picture and made a logical scheme such as was spoken of by those who reported the bill for passage, by those who discussed the act on the House floor, and by all who had had to do with it at that time. So I am going to pass on to another feature, and that is the meetings which were held.

These meetings are connected inseparably with this section of the law, section 7 relating to extensions and consolidations. These were the meetings at which epithets were hurled. It is said that an epithet is more powerful than an army. Of course, when the accuser's case is so rotten that he must employ an opprobrious epithet in order to excite the emotions, and to drive men away from intelligent and calm consideration of the facts, his case is bad, indeed; and that is the situation here. They called these meetings "spoils conferences", and we had that statement bruited about the country; we have seen it in newspapers in order to make people who do not know the record, who do not know the facts, believe that there must be something about these meetings that was collusive, that was fraudulent, because they called them "spoils conferences."

The fact is and the record is that when the representatives of the air lines were called together the first question that was raised for consideration was, "By what method do you choose to proceed to revamp the air-mail map of this country? Two methods there are; one is by bidding, the other is by extension and consolidation. Which method do you choose?"

The first man to speak was Col. Paul Henderson, a man who was opposed to the Postmaster General's plan, a man who had interests that were hostile to the interests of the Postmaster General, a man who had a friend in the Postmaster General's department who was very close to him. That man in the Department followed Paul Henderson in all that he did and took the same attitude that Paul Henderson took with respect to the scheme of the air-mail map of this country. I will refer to that later, because if there is any evidence at all tending to support the claims made here, it will be found in the testimony of Paul Henderson, who was an interested witness, who was a prejudiced witness, who was a pure hearsay witness, who was out of the country and in England when the events which he undertook to characterize in writing and before the committee took place; but Paul Henderson was the very first man who spoke up in that meeting. Curiously enough, this is a case where a man has had the boldness, the audacity to come before the public and say that a conspiracy was set forth in writing, that collusion and fraud were recorded in writing, and within the past week he has gone before the public and said that in the possession of the committee are admissions in writing of fraud and collusion. To be perfectly calm, to be perfectly fair, to be very tolerant, one cannot examine this record without believing that the man who made such a statement as that must be ignorant, that he must be incapable of understanding the English language.

Mr. President, this was not a surreptitious meeting. This meeting was called, in the first place, in a public manner. A release was issued by the Post Office Department on May 19, 1930, which release was published in the press, and advised all the world that the meeting was going to be held. The press release read, in part, as follows:

> In order to acquaint themselves with the provisions of the Watres bill, recently made a law through the signature of President Hoover, representatives of every large passenger and air-mail carrying concern throughout the country conferred today with Postmaster General Brown, Assistant Postmaster General Glover, and other officials of the Department in charge of the Air Mail Service.
>
> This is the first time that operators of the large passenger lines have had an opportunity to talk with the Postmaster General and exchange views with him since the Watres measure became a law.

Then it goes on to tell about the discussion of the air-mail and the passenger service. Then it is said that they were preparing a map of the United States—

> Before the close of today's session it was agreed that the operators should prepare a map of the United States which will show in detail plans for a network of passenger and air-mail routes to cover the country and which will be determined at future conferences with the Postmaster General.

And so forth and so on.

It even tells who was there, either in person or by representative.

Mr. President, is it not absurd for a Cabinet officer to cancel these contracts and to condemn a whole class of men, citizens of this country, to smear and smut up his predecessor in office and others who were in official position by cancelation based upon the allegation of collusion and fraud in a meeting advertised in all the newspapers of the country? Is it not perfectly absurd to ask the people of the United States to believe that the record made in writing at the meeting is a record of conspirators engaged in a fraud? No one but a man who will not think can come to any such conclusion. Any fair-minded person

examining that written record will come to the conclusion that they were acting under that provision of the law which enables the Postmaster General to make extensions and consolidations, and that they agreed that it was not so well to try to revamp an air-mail map by bidding.

Here is the record. It should go into the RECORD of the Senate; it should be read by every interested citizen of this land, and we will abide by the judgment of all of them. I quote from page 2325 of the hearings:

The Postmaster General invited representatives of passenger air lines to meet with him in conference at 2 p.m. on May 19 for the purpose of discussing the provisions of the Watres bill insofar as it offered aid to the passenger lines.

The following persons were present.

And there are named 25 persons and 12 companies. As a matter of fact, three other companies were also there or were represented there. It ought to be remembered in this connection that claims have been made that all the lines represented, all the persons there, obtained contracts, which is about as near the truth as some of the other assertions which have been made in interrogatories to me. Only nine companies were ever granted contracts and the vast majority of them obtained those contracts before the meetings were held.

The Postmaster General opened the meeting by discussing the general provisions of the Watres Act.

And so forth. Further on it reads:

The Postmaster General expressed the desire to know whether it is going to be possible for the so-called "pioneers" to agree among themselves as to the territory in which they shall have the paramount interest. He outlined certain prospective routes that were in contemplation.

Here we have Colonel Henderson responding first. Did he think the Postmaster General did not have the power to make the extensions? Let his words speak for him:

Colonel Henderson said: "I believe it is quite possible for this group to work out a plan." He asked for instructions from the Postmaster General as to some policy. He mentioned extensions and then assigning such extensions to some operator who has no mail contract. He indicated the air-mail contractors would be willing to agree to such a plan.

Later in the day and in the record he again spoke:

Colonel Henderson thinks those who have air-mail contracts should be organized into one committee and those who have no air-mail contracts should be organized into another committee.

Was he stepping out of that meeting believing it to be collusive and fraudulent, or was he participating in it?

Mr. MADDUX feels that if they do not receive an air-mail contract they could not live, and he hoped the bill would take care of this. He would rather see the plan work out as mentioned above than competitive bidding. He said, "That is the view of T.A.T."

There is another man who thought the method that should be employed should be under section 7 of the law instead of section 4.

Mr. Mayo said, "I think the suggestion is a good one rather than to have competitive bidding." He thinks the routes we have worked out with the directors on their certificates are fair.

And so forth. I could go through and read it all, but I shall not weary the Senate with the reading. I will ask unanimous consent to have it inserted in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

The Postmaster General invited representatives of passenger air lines to meet with him in conference at 2 p.m. on May 19 for the purpose of discussing the provisions of the Watres bill insofar as it offered aid to the passenger lines.

The following persons were present: Messrs. Russel, Hanshue, Woolley, and Bishop, of Western Air Express; Messrs. Mayo and Patterson, of Stout Air Lines; Messrs. Maddux, Sheaffer, Cuthel, Furlow, of T.A.T. Maddux Air Lines; Messrs. Coburn and Hinshaw, of Aviation Corporation; Messrs. White and Johnson, of United Aircraft Corporation; Messrs. Doe and Elliott, of Eastern Air Transport; Mr. Henderson, of National Air Transport; Messrs. Marshall and Denning, Thompson Aeronautical Corporation; Messrs. Robbins and Hann, of Pittsburgh Aviation Industry; Mr. Van Zant; Mr. Lou Holland, of United States Air Transport; Mr. Ted Clark, representing Earl Halliburton; and Lawrence King, of Detroit.

The Postmaster General opened the meeting by discussing the general provisions of the Watres bill and invited suggestions from those present as to the ways and means of assisting the passenger operators, inasmuch as it is understood none of the so-called "strictly passenger lines" are breaking even and it is apparent that they will need some assistance if they are to continue. The Postmaster General expressed the desire to know whether it is going to be possible for the so-called "pioneers" to agree among themselves as to the territory in which they shall have the paramount interest. He outlined certain prospective routes that were in contemplation somewhat as follows: A southern transcontinental route from Los Angeles to San Diego, thence to Fort Worth and Dallas; also a route from New York to St. Louis and Kansas City and Los Angeles; from St. Louis to Tulsa and Fort Worth; from St. Paul to Winnipeg; possibly from St. Paul and Minneapolis to Omaha; possibly a route south from Cheyenne; and possibly one from Albany to Boston. He referred to the plan mentioned below.

Colonel Henderson said: "I believe it is quite possible for this group to work out a plan." He asked for instructions from the Postmaster General as to some policy. He mentioned extensions and then assigning such extensions to some operator who has no mail contract. He indicated the air-mail contractors would be willing to agree to such a plan.

Mr. Maddux feels that if they do not receive an air-mail contract they could not live, and he hoped the bill would take care of this. He would rather see the plan worked out as mentioned above than competitive bidding. He said: "That is the view of T.A.T."

Mr. Mayo said: "I think the suggestion is a good one rather than to have competitive bidding." He thinks the routes we have worked out with the directors on their certificates are fair, and so forth.

Mr. Clark said: "I would prefer the plan suggested rather than competitive bidding."

Mr. Lou Holland said: "I think it should be worked out by agreement, as I am afraid that competitive bidding will result in wild promotions."

Mr. Hanshue: "We are willing to do anything within reason to work out the plan rather than to go into competitive bidding."

Mr. Coburn: "I believe there is a community of interests among the operators in the Department, and they are ready to cooperate and find out how to do it."

Mr. White: "I feel sure that the entire group would be delighted to go into such a conference and work it out along the lines suggested."

The Postmaster General asked everyone to speak if there were any objections to the plan suggested and said that this was the appropriate time to express their opinions or objections thereto. No one rose in objection to the plan.

Mr. MacCracken suggested grouping the representatives together according to locality in order to work out the details of the plan or any other plan that might be gotten up, suggesting they might even have four committees, or an eastern and a western committee.

Colonel Henderson thinks those who have air-mail contracts should be organized into one committee, and those who have no air-mail contracts should be organized into another committee.

Mr. Cuthel suggested that certain members of this group present to the Postmaster General a grouping of companies to deal with southern and midcontinent transcontinental routes.

The Postmaster General decided to permit the operators to use the room in which the meeting was held for the purpose of organizing themselves into such groups as may be agreed upon and to report back to the Postmaster General when they had reached a conclusion with regard to the suggested plan. He suggested that they stick to the routes outlined.

E. B. W.

Mr. AUSTIN. As a matter of fact, every company represented there, whether it had a mail contract or did not have a mail contract, assented to operating under section 7 of the law instead of under section 4 of the law, namely, to try to create the air-mail map by extensions and consolidations rather than by letting contracts through public bidding.

They started to do it. Then, what happened? The cupidity of men, the utter selfishness of companies, entered into the situation in such a way that the fine plan of the Postmaster General, about which we have been reading in the hearings and for which the law provided, went for naught. They could report in agreement as to certain lines, but there were other lines for which there were so many claimants and about which there was so much disagreement that they could not agree at all. On some of the lines there were as high as five different fliers claiming some pioneering equities.

About that time conditions became so disastrous among them that a question was raised regarding the authority of the Postmaster General to go along with the matter. When the report was made on June 4 of a disagreement regarding some of the lines and of an agreement regarding the other lines the Postmaster General sent back word to those who were in the meeting, "You have picked all the meat and left the bones." In other words, those lines about which there was no controversy, those lines where there was only one

claimant, those lines where somebody was perfectly willing to get out of the way because he knew his claim was not good, were easy to handle and as to them there could be an agreement. But it was as to those routes where there might be a question of fact as to who was there first and who pioneered, and as to those lines where there were as many as five different claimants for the same pioneering right, that the Postmaster General needed agreement. He could not decide those questions. So they were told that he would ask the Comptroller General for an opinion about the group whose line led to Winnipeg.

His opinion was not rendered until July 24, 1930. The matters of which I have been speaking were on June 4, 1930. Paul Henderson went to London and left the situation. In the meantime many of those who had no air-mail contracts besieged the Postmaster General to do something for them and to do it under section 7 of the act.

But on July 24 came the opinion of the Comptroller General, which held that, although they might extend the route to Winnipeg, they might not extend it to Omaha in the other direction, and thereby create an entire new route solely by extension without anything upon which to extend it. First, they must have a base; first, they must have a contract to begin the extension, or they may not have the extension.

Never from that time forth was there anything done to try to arrive at an agreement upon the equities and the pioneering rights or to try to make the air-mail map in a logical form by agreement. That was the end of it.

I had intended to invite attention to the testimony of various persons who participated in that meeting to show the significance of the period, but I am using too much time already. I shall merely refer to the record, so that those who wish to read may learn the story. The evidence of the end of these conferences will be found in the testimony of Clark, page 1509; King, page 1524; Henderson, pages 1477–1486; Sheaffer, pages 1544, 1662, 1665; Woolman, page 1602; and Taney, page 1616.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Tennessee?

Mr. AUSTIN. I yield.

Mr. McKELLAR. Does the Senator include in his reference the testimony of Wadsworth, found on page 2323 and following of the record? On page 2325 the Senator will find a memorandum prepared by Mr. Wadsworth in shorthand, written out by him afterward in narrative form, which gives the exact facts as to what took place in that conference.

Mr. AUSTIN. Mr. President, this is an exhibition of what might have caused the judgment to cancel these contracts. Here I have been reading from that page and from that memorandum and commenting on that very meeting and on that very same record, and yet the learned Senator from Tennessee now rises and asks me if I will refer to it.

Mr. McKELLAR. Mr. President, I wonder if the Senator would object if I should read from that.

Mr. AUSTIN. Yes; I should object.

Mr. McKELLAR. Very well.

Mr. AUSTIN. I think the Senator should take his own time. We are under an agreement limiting debate.

Mr. McKELLAR. I will not interfere unless the Senator is willing to have me do so. I just wanted to show that the Senator had left out some things that were said in that meeting.

Mr. AUSTIN. If that is the case, I shall be glad to have the Senator read. From what page does he intend to read?

Mr. McKELLAR. From page 2325. This is the celebrated so-called "spoils" meeting:

> The Postmaster General opened the meeting by discussing the general provisions of the Watres bill and invited suggestions from those present as to the ways and means of assisting the passenger operators, inasmuch as it is understood none of the so-called "strictly passenger lines" are breaking even and it is apparent that they will need some assistance if they are to continue.

Mr. AUSTIN. Mr. President, if the Senator will permit me to interrupt him, does he want that read twice?

Mr. McKELLAR. Yes; I want it read twice, because the Senator from Vermont did not read some of the comments on it by some of those present, as I recall.

Mr. AUSTIN. I have had them put in the RECORD.

Mr. McKELLAR. It will take only a moment for me to read it:

> The Postmaster General expressed the desire to know whether it is going to be possible for the so-called "pioneers" to agree among themselves as to the territory in which they shall have the paramount interest. He outlined certain prospective routes that were in contemplation somewhat as follows: A southen transcontinental route from Los Angeles to San Diego, thence to Fort Worth and Dallas; also a route from New York to St. Louis and Kansas City and Los Angeles; from St. Louis to Tulsa and Fort Worth; from St. Paul to Winnipeg; possibly from St. Paul and Minneapolis to Omaha; possibly a route south from Cheyenne; and possibly one from Albany to Boston. He referred to the plan mentioned below.
>
> Colonel Henderson said: "I believe it is quite possible for this group to work out a plan." He asked for instructions from the Postmaster General as to some policy. He mentioned extensions and then assigning such extensions to some operator who has no mail contract. He indicated the air-mail contractors would be willing to agree to such a plan.
>
> Mr. Maddux feels that if they do not receive an air-mail contract they could not live, and he hoped the bill would take care of this. He would rather see the plan worked out as mentioned above than competitive bidding. He said: "That is the view of T.A.T."
>
> Mr. Mayo said: "I think the suggestion is a good one, rather than to have competitive bidding." He thinks the routes we have worked out with the directors on their certificates are fair, etc.
>
> Mr. Clark said: "I would prefer the plan suggested rather than competitive bidding."
>
> Mr. Lou Holland said: "I think it should be worked out by agreement, as I am afraid that competitive bidding will result in wild promotions."
>
> Mr. Hanshue: "We are willing to do anything within reason to work out the plan, rather than to go into competitive bidding."
>
> Mr. Coburn: "I believe there is a community of interests among the operators in the Department, and they are ready to cooperate and find out how to do it."
>
> Mr. White: "I feel sure that the entire group would be delighted to go into such a conference and work it out along the lines suggested."
>
> The Postmaster General asked everyone to speak if there were any objections to the plan suggested, and said that this was the appropriate time to express their opinions or objections thereto. No one rose in objection to the plan.

Mr. President, if the Senator will permit just one other word, here was a law which required these routes to be let by competitive bidding. Here were these contractors closeted with the Postmaster General and agreeing upon a plan which violated the law; and thus we find why that conference was called "the spoils conference."

Mr. AUSTIN. Mr. President, that is about what I suppose took place down in the present Postmaster General's office—that kind of reasoning, and that kind of utterance. By no other means can I imagine how anyone could arrive at cancelation of these contracts on the ground of collusion or fraud than to have taken just that position. I submit to any fair-minded man that the examination of that record will show that the business there of these men was trying to decide upon what method would be used for establishing these routes; whether it would be under the bidding clause, namely, clause 4, or whether it would be under the extension clause, namely, clause 7.

These gentlemen all thought at the start that they could agree upon pioneering rights and equities, and, therefore, that they could handle the matter without bidding. They started in to do it, and they failed. There was a total collapse. The thing fell flat. Never were they able to do anything of the kind at all. Then, at some later period, when attempting to excuse or justify this cancelation, the present Postmaster General said:

> Oh, but my solicitor says that the effect of their talking there about this business held over in such a way that it amounted to the same thing as if they had agreed. They all got contracts. Everybody there got contracts.

That is about as near the truth as anything else has been. The record shows that they did not all get contracts. The record shows that out of 14 companies that were represented

there, only 9 companies got contracts. The record shows that in the case of the routes for which contracts were let, the contractors already possessed their rights before the meeting, and only two routes were created after that meeting—namely, the midtranscontinental line and the southern transcontinental line—and each of them was created by competitive bidding; and the only bidders who did bid for those lines were the only people who were qualified either to make the bid or to perform the service. Of course, it is historically true that in the case of most of these contracts there has been but one bidder qualified to make the bid. There has been but one bidder interested in making a bid in many cases. In some cases there has been more than one bidder, but only one was qualified; and even though the bid of the qualified person was higher than the bid of the disqualified person, the award was made to the one who was qualified under the specifications and the law.

Mr. WHITE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Does the Senator from Vermont yield to the Senator from Maine?

Mr. AUSTIN. I do.

Mr. WHITE. When the Senator speaks of bidders not being qualified, does he refer to a want of qualification under the terms of the law?

Mr. AUSTIN. I do, Mr. President. The Postmaster General did not fix the qualification. The law fixed it. The Congress fixed it. If there was collusion in limiting bidding, then Congress is the colluder. It was the policy of the law that a company should have had experience in flying of a certain length of time and of a certain scheduled regularity over a certain route, as stated not only in the law itself but in the discussion of it by Representative LaGuardia when the bill was up for passage in the House; and that is what I refer to when I say that only one of them was qualified in most cases.

Now, we have the Postmaster General's defense for cancelation that there was an unlawful extension of time for 6 months; that there was an unlawful and arbitrary exchange of contracts into certificates extending the time 10 years; that there was an unlawful and collusive meeting of these people to divide up the air-mail map and revamp it. What has become of all these defenses? They have vanished, and we now come to the fourth one.

The fourth defense was that the bidding was not competitive bidding. That is as near the truth as any of these defenses have been; but there was no agreement that they should not be competitive. That is what is necessary in order to support this defense. The fact that they were not competitive is no defense. The fact that they were not competitive is the result of the economic situation. They were not, indeed, competitive. They could not be competitive. Competition could not be expected on these two great transcontinental routes between the same men who became the operators of them under a plan to have distinct, independent transcontinental routes that were equally well-balanced and competitive at all points of junction. That scheme could not be carried out and have the same people bid on both routes.

Why could not that be done? Not because of an agreement; not because of a law; not because of the plan of the Postmaster General or because of his order, but it was so because of the economic law. The man who wanted to fly a midtranscontinental route had to concentrate all his energy on getting that route. He could not afford, in the nature of things, to be shooting a blunderbuss all over the map. He had to aim for that which he wished. He had to put up a half-million-dollar bond. He had to have the capitalization and the financing to operate a transaction which involved millions and millions of dollars in flying the mail under the law from ocean to ocean. All those little fellows, worthy enough—I criticize them only because of their subsequent misconduct—were disqualified not only under the law but in fact because they were not competent financially to bid or to operate these lines. They did not have the necessary type of ship. They did not have the airways.

Mr. President, the bids were opened, and it turned out that there had been a joint bid on each of the transcontinental lines. Two different operators, two corporations, which previously had flown different routes which would be included in the transcontinental lines, in each case bid for the whole distance. In the southern transcontinental route there were the Halliburton's Southwest and the Robertson Aircraft & Transport Corporation. In the midtranscontinental route there were Western Air Express and Transcontinental Air Transport.

In order to complete the financing of both of these routes, and to make the operation uniform, and capable of being flown from coast to coast without stop, or capable of being flown from one great city to another, skipping a stop now and making a stop then, according to flying conditions, corporations were formed in order to own the capital stock of the successful bidder. Thus there were created these two transcontinental routes.

Let me digress for a moment to consider the whole scheme. Before ever these meetings were held the united company had a complete transcontinental route from New York to Oakland through Chicago, let after bidding, and then transformed into certificates. There was a complete line, which Paul Henderson considered ought to be made the backbone or vertebrae of the entire air-mail system of this country. All of the ribs which would constitute the network connecting cities and towns to the vertebrae, he thought, ought to be feeders into that line. His opinion of the policy of Postmaster General Brown of establishing two more transcontinental lines was not very good. As a matter of fact all his interest seemed to be against that scheme. He thought he ought to fight to save his own line as the only true grand trunk on this continent. There it was, however, a completed line.

Still farther north and west was the Northwest Airways, whose original contracts were let by bidding, and the routes thereof were afterwards transformed into certificates, and still afterwards extended farther toward the Pacific Ocean and the northwest corner of this continent.

Postmaster General Brown had the splendid vision of at least three and possibly four great trunk lines crossing the country at intervals, far enough apart so that they would best serve the commerce of the Nation and best serve the unifying purposes of such a remarkable institution of communication as aeronautics, these to be articulated with the surrounding country by north and south lines at suitable places according to the demands for rapid transportation of air mail and passengers. That even had been stated to committees of Congress. It will be found that the reports of the hearings contain a very definite plan, or "scheme", as they called it, on the part of Postmaster General Brown, a scheme which, under normal conditions, could be carried out only after 10 years, or possibly 12 years, unless it had the stimulating power that was afforded by the McNary-Watres Act.

If it had been dependent upon letting to public bidding by the little short lines which constituted the coupling-up extensions made by Postmaster General Brown, what would they have had? The most illogical, the most "string-bean" plan of an air-mail system that can be imagined. Instead of through lines, grand trunks, going from ocean to ocean, there would have been a route that would have run out a little way and then broken up, and another route commanded by another general running on for a little way, and then another piece under another man, and so on, spotted all over the map.

What would have been the effect, according to the testimony of the experts? The air mail is not merely a ship flying in the clouds. There must be established the great airways with their beacons, their telephone-telegraph systems, their radio stations, all the equipment necessary to communicate with the ship in the air, and to tell the pilot what the weather is, where he is going, which way to fly in the dark, to give him the route over which he may pass through the mists and the clouds, show him how to land although he is blindflying, and land immediately on the

bull's-eye. All these things are necessary to safety, efficiency, and speed in this business.

Could they have been developed in 4 years, as they were, under that "string-bean" policy of letting to bidding? A man with the vision of a 12-year-old boy must see how utterly inconsistent and impossible that would be.

Mr. President, the contracts were let to the lowest bidder who was qualified to bid. There was a bidder on the midtranscontinental route who underbid the company which was awarded the contract, and that was the Avigation Co., to which I wish to allude for a moment.

Postmaster General Brown was probably as familiar with that company as anybody in the United States at the time it made its bid. In the first place, it was nothing but a "paper" company. We have all heard something about "paper" companies in the examinations that have been conducted. It was just a promotion, and the strangest and weakest part of that promotion was that its existence was not merely founded upon the award of a contract in its bidding but it must be found by the directors to be a profitable contract. Postmaster General Brown had the interests of the Government of the United States at heart. The record is available to show that he was always for the Government; regardless of the effect upon the operator, he was always for the Government.

Postmaster General Brown knew of the lack of capacity and flimsiness of this bidder, and he knew something else; he knew by the confession of Mr. Letson, who was the organizer of that company, and who owned one of the constituent corporations, that the whole thing was "phony"; that a representation had been made to the Postmaster General which had turned out to be untrue and incorrect, and he, Mr. Letson, had the old-fashioned, rugged honesty to go to the Postmaster General and say, "Here; I lay the cards on the table. This contract for the transportation of reels was a phony contract. We tried to justify our financing upon a great contract to transport reels from Hollywood to the East, and I have to admit to you that it is a "phony" thing." Postmaster General Brown said——

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. AUSTIN. Just a moment. My time is very limited. I yield only for a question.

Mr. McKELLAR. What I want to ask is did not Mr. Brown turn down the bid of Mr. Letson and his company—which was composed of three companies, by the way, and was a very responsible organization—on a difference of 39 cents? In other words, one company bid $1.01 a pound for carrying the mail, and the other 62 cents a pound for carrying the mail, and did not Mr. Brown accept the one at $1.01? Does the Senator think that was in the interest of the Government?

Mr. AUSTIN. That is not according to the facts.

Mr. McKELLAR. That was Mr. Letson's testimony.

Mr. AUSTIN. The fact is that the rate for carrying the mail on that midtranscontinental route was 97½ percent of 40 cents a mile, or 39 cents a mile. That is what it was, and that is what it remained until the Postmaster General, exercising his power under the McNary-Watres Act, reduced it. It was so reduced that 33⅓ percent more miles of routes were carried by that single company than were contracted for by bidding, and in the first 9 months of its service for this country it went into the red $1,800,000. That is the story.

Mr. LONG. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. LONG. Is that the contract where the rate was only 39 cents?

Mr. AUSTIN. Thirty-nine cents a mile.

Mr. LONG. And was that rate reduced 33⅓ percent?

Mr. AUSTIN. Reduction was made by extension of mileage so that it flew 33⅓ more miles for the same money.

Mr. LONG. That is, the rate would then be 26 cents?

Mr. AUSTIN. I do not know just what it comes to in figures. I should think it might be that.

Mr. LONG. It is somewhere between 26 and 30 cents. What about the other company which the Senator from Tennessee said underbid them?

Mr. AUSTIN. That was Letson's Avigation Co. I was about to tell the Senate about that company.

Mr. LONG. Very well. What did they bid, and who were they? That is what I should like to know.

Mr. AUSTIN. I will tell the Senator. I will read from the testimony of Mr. Letson before the Committee on Post Offices and Post Roads.

The CHAIRMAN—

I suppose this is the Senator from Tennessee—

So the Postmaster General, after telling you you were going to get a contract, did not give it to you on the ground it was not a responsible bid, although you had underbid the next company the difference between 64 and 97 percent; are those the figures?

Mr. LETSON. Ninety seven and one half.

The CHAIRMAN. He got it at 97½?

Mr. LETSON. Yes.

The CHAIRMAN. Well, we still have not got to your contract. I am a little interested in this. Did you get a contract?

Mr. LETSON. It took me a long time.

The CHAIRMAN. It seems so. How did you get it finally?

Mr. LETSON. I think my attitude toward Postmaster General Brown just before this contract was let had something to do with it. About a week before the contract was awarded to T.W.A., I went before the Postmaster General to see if he had decided what he was going to do about awarding the contract. He stated he had practically made up his mind but he was not going to tell me at that time, but if I would remain at the hotel for a short time he would send for me. At that meeting I told him that I thought he should know all of the circumstances that had some bearing on this contract. That was the fact we had used a frame-up as a basis of trying to force the Postmaster General's hand to give us the contract we had bid on. Feeling that was fraud, I told him I thought it was my duty to tell him. That was one contract we made for the carrying of films from Los Angeles to New York. The man who came to Wilmington and made that contract with our group was sent there for some purpose. Originally he claimed he was there to buy ships of Bellanca to carry films across the country for United Artists. To verify that statement, Mr. Adams called up Mr. Mayer, of Metro-Goldwyn-Mayer, as he was interested in the Bellanca Aircraft, as he was president of that company. He said it was true they had considered such a line, and I will say he gave substance to the claim this man was there for the purpose of buying ships for the sole purpose of carrying films, which were made in Los Angeles, to New York, where they were cut and returned for some purpose. He was to pay us 20 cents a mile for carrying films. I have forgotten the poundage.

After the Postmaster General had claimed we could not operate this line on 64 percent of the maximum operating rates—

Will the Senator from Louisiana notice that? That was 64 percent of the maximum rate. The maximum rate was 40 cents, and their offer was 64 percent of that rate.

Mr. LONG. Yes; I understand.

Mr. AUSTIN (continuing reading):

It meant we would operate at a loss, and we used that as the argument to force him to recognize our bid. After this man had signed up all kinds of contracts, within a few days we found out he was bogus. So, at this meeting, a week or 2 weeks prior to the time the contract was let to T.W.A., I told him I thought I was duty-bound to tell him there was nothing to the film contract. He said "I have known that for some time." I said, "How did you know it?" He said, "I have known it." Then he said: "I will tell you something. I am pleased to have you come and make that frank statement. I like you for it. Your Mr. Adams has been here twice, but he has never intimated to me that that contract that you had made had been washed out; he is still trying to get the contract on this line at 64 percent of the maximum rates on the basis of the film contract as well as the post-office pay.

"You stay in Washington a short time, and I will call for you when I decide as to whom I shall award this contract."

And his statement goes on. It is a frank statement by this witness, who was not called there with any other purpose or in any other interest than to tell his story to the Committee on Post Offices and Post Roads.

The fact shown by the record is that the Avigation Co. bid was submitted to the Comptroller General by attorneys representing the Avigation Co. and those who were interested in the bid, and the Comptroller General obtained a statement from Postmaster General Brown which did not cover in detail all the facts leading to the matter, and thereupon the Comptroller General made a request of the

Postmaster General to furnish him other facts; and then, not on the fact of fraud—I think there is no reference in the Postmaster General's evidence submitted to the Comptroller General on the so-called "fraudulent part" of this transaction—but on the fact that this corporation was not responsible, that it had never flown a mile, the contract was not granted.

The corporation which made this bid, it will be understood, was not the component corporation. It was not one of the companies which had experience which made it qualified within the McNary-Watres Act. It was the Avigation Co. which made the bid, a company which had never owned an airship, never flown a mile, a mere paper company, which never would own the constituent corporations unless it secured a contract, and unless the directors should find that the contract was a profitable contract. So not only did the Postmaster General, looking out for the interest and welfare of the United States, say, "We must not and we will not award this contract to the lowest bidder, because he is not responsible", but the Comptroller General also rendered the same opinion.

So the incident ought to be, in the language of diplomacy, regarded as closed, and doubtless would be were it not for the strange, the extraordinary, situation in which today we find the present Postmaster General coming before the country and claiming as a justification for breaking these contracts and ruining a great institution that it was a collusive thing; that it was a fraudulent thing to award that contract to the company which made the higher bid.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Vermont yield to the Senator from Tennessee?

Mr. AUSTIN. I yield.

Mr. McKELLAR. Is it not true that in that last conversation which the Senator read as having taken place between Mr. Brown and Mr. Letson the Postmaster General said to him, "Now, I cannot let you have that contract; I have got to let the big company have it; but I will tell you what I will do: I will make one of these other companies, one of the big companies, that have got other lines, give you or sublet to you a contract from Kansas City to Denver", and did not Mr. Letson take that contract from Kansas City to Denver?

Mr. AUSTIN. Mr. President, that is about a half truth.

Mr. McKELLAR. Oh, no.

Mr. AUSTIN. I will now show what the record indicates. Let me read from the record.

Mr. McKELLAR. Will the Senator give me the page? I examined the witness and I happen to know something about his testimony.

Mr. AUSTIN. Mr. President, I have the floor, and I have not finished answering the first question asked.

The PRESIDING OFFICER. The Senator from Vermont declines to yield further.

Mr. AUSTIN. I now call attention to the testimony of the witness. The witness says that immediately following the conversation which I have read he departed.

I read on, in order to give the context of the statement.

Mr. McKELLAR. What page?

Mr. AUSTIN. Page 520 of the transcript. I have just concluded with this part of the transcript.

I was displeased with that, and you know it.

And the transcript continues:

> Furthermore, what is the status of your company now?
>
> I said, "We were in the merger of Avigation Corporation, a group I told you of, Ohio Transport, Pittsburgh Airways, and United States Airways, but we made an agreement when we went into this company that in the event we did not get this bid, we would dissolve the Avigation Corporation."

Mr. President, you can see how ephemeral that kind of an organization is.

> He said, "You are fortunate. I cannot give the contract I have told you." The contract was given to the press that evening or the following evening, I do not know, but very soon afterward, as soon as this press notice gave the information the contract had been awarded the T.W.A., I immediately went to New York. I met Mr. Adams there, one of our group, and told him we had lost the contract. I told him I wanted to complete the dissolution of the Avigation Corporation, and I asked his consent to that, and he gave it. He called up the parties interested with us in Pittsburgh, and I went from New York to Pittsburgh and proceeded to dissolve the Avigation Corporation.
>
> The CHAIRMAN. How long was that after the bid was awarded?
>
> Mr. LETSON. I went directly home.
>
> The CHAIRMAN. You did not wait at the hotel?
>
> Mr. LETSON. Oh, yes; he told me I was not to participate in the contract; that is when I left.

I read far enough there to show that the question asked by the Senator from Tennessee could be answered only in the negative.

Mr. McKELLAR. Mr. President, if the Senator will just read a little further——

Mr. AUSTIN. Mr. President, I cannot spend time doing the futile thing of reading for the education of the Senator from Tennessee. We are operating under a unanimous-consent agreement which limits opportunity for debate, and in his own time, I presume, the Senator from Tennessee can refer to this matter and read for himself.

Mr. McKELLAR. Mr. President, in fairness, I am perfectly willing to have the Senator's reading taken out of my time.

The PRESIDING OFFICER. The Senator from Vermont has the floor. Does he yield or does he not to the Senator from Tennessee?

Mr. AUSTIN. The Senator from Vermont refuses to yield.

The PRESIDING OFFICER. The Senator from Vermont declines to yield.

Mr. AUSTIN. Mr. President, this witness also testified before the Post Offices and Post Roads Committee that he was frightened that he might be awarded the contract on that bid; that he was in fear and trembling that they might give him the contract on that bid, because he was conscious of the fact that he was utterly incompetent to handle it. He said he did not have the financing wherewith to set it up, and so he considered it the greatest boon to him that the Comptroller General and the Postmaster General both decided that he was not a responsible bidder. In other words, the record shows that he was, indeed, not a responsible bidder, and that is why his bid was not successful, and no other ulterior, sinister, slimy cause was there, as has been imputed to these honorable men and these honorable officials publicly as an excuse or justification for breaking these contracts, they having made these contracts by public bidding, in which every person who was qualified under the law had an opportunity and right to participate, including this man Halliburton.

Mr. FESS. Mr. President, would it interrupt the Senator unduly if I should ask him a question?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Ohio?

Mr. AUSTIN. I am right in mid-air with a sentence. When I shall have finished I shall be glad to yield.

Mr. FESS. I thought the Senator was about to leave that phase of the subject with reference to Halliburton.

Mr. AUSTIN. No; I want to refer to the matter further.

Then commenced the claim by those who had a selfish purpose—by those who had no other object than to gain for themselves what another man had—that these contracts that were let by bidding were collusive because they involved the exclusion from bidding of somebody who would have been a bidder. So we find ultimately, when the cancelation takes place, that the Postmaster General points to that ancient statute of 1872 and says that he is canceling these contracts for that cause. I think I have not noticed it as having been brought out at any previous time that the specific cause pointed to by the Postmaster General is the cause mentioned in that section of the act of 1872, and no other, despite the statements in public utterances, in political speeches, and talks about collusion and fraud at the meetings, whereas that statute relates only to letting by bidding; it is only for that cause that cancelation may occur; and then there is a great question whether the Postmaster General may presume the facts, whether he may assume the facts. If he may, then that is a case where it has been avoided as much as possible

and where the statute itself, so far as I know, has never had an interpretation by a court of justice. So it becomes necessary to examine into what happened with respect to those two contracts, notice of which came into our investigation and which I have before me.

I noticed this hypothetical question in the Committee on Post Offices and Post Roads. I take this from a press copy, because I have not conveniently at hand the transcript on this point, namely—

"If an officer of your company testified under oath that his concern paid $1,400,000 to persuade another company not to bid", Senator O'MAHONEY asked, "and if it were established by the terms of the contract, would you consider that proof of the charge?"

"That is a hypothetical question", Lindbergh said, "and it is out of my field. I do not want to answer that."

And again, at a later place, as publicly reported, occurred this, according to the press:

"Do you know", O'MAHONEY asked, "that the company with which you are associated paid another company $1,400,000 not to bid on an air-mail award?"

Answer. I have absolutely no knowledge of that.

So twice that assumption has been made, and it calls for some examination of the record, does it not, because, unless the Postmaster General is able to stand upon that assumption, unless he is able to find that is a fact, where, in all the record, is there any evidence, any fact, that brings him within that ancient statute of 1872?

Let us examine the agreement relating to the subject. That ought to be the best evidence. These agreements came to us one attached physically to the other. The first one is between American Airways, Inc., Southwest Air Fast Express, Inc., and Erle C. Halliburton. As a matter of fact Southwest Air Fast Express, Inc., was a corporation owned by Halliburton, and Halliburton is tied in here as an individual as well as his corporation. That was August 23, 1930. Halliburton owns Southwest Air Fast Express, Inc., known as "Safeways", and that is in the central area of the country.

American owned at that time various lines. They agreed to bid jointly for the southern route and form a new company, the Aviation Corporation of Delaware, with 10,000 shares of no par value stock to be divided 5,000 to Safeways for its assets in escrow, with an option on the part of American to buy the 5,000 shares for $1,400,000. It will be noticed that that is an option. It depended upon American's decision, not upon Halliburton's decision, whether that option could ever be exercised and the $1,400,000 paid. I quote from the contract with respect to it:

Such option shall not be exercisable in part, but only as an entirety.

Why? Why should that provision be there, and what is the significance of it as bearing upon the issue here? It was there for the purpose of securing absolute and complete ownership and control in American Airways of through lines from the Atlantic to the Pacific. It was divisible because they were not going to allow Halliburton to impede or interfere with or block or obstruct that main purpose of having one control from ocean to ocean.

That disposes of 5,000 shares of the new corporation, the Aviation Corporation of Delaware. What about the other 5,000 shares? The other 5,000 shares were to go to American Airways, Inc., for $569,000. If the option to which I have referred were not exercised in 3 months, Safeways was to get the first 5,000 shares for the same sum—$569,000. Halliburton was to be chairman of the board and to have other duties. Coburn was to be president. A study of the agreement will disclose that three of the key operators of Halliburton were sold with the contracts.

The suggestion is made to me by the Senator from Maine [Mr. WHITE] that even if there was an agreement on the part of Halliburton not to bid, it could not justify cancelation of all the other contracts on the map. How could it affect any other contract whatever except that particular contract? That question tests of the merits of the whole gesture. That question shows what an un-American transaction this was to condemn a whole group, a whole class of citizens of the country, to smear them with the charge of fraud, to go out on the stump and accuse them and officials of the Government of being crooks, all in a blanket charge. There is no suggestion that the alleged Halliburton agreement had any relation to any other contract than that contract regarding Safeways and the southern transcontinental routes.

There was another agreement attached to it. It was referred to in the text and it was also physically attached to it, so that the two agreements were together. The other agreement was between American Airways, Inc., Transcontinental Air Transport, and Western Air Express, and dated the same date, August 23, 1930. It provided for mail to be carried in passenger ships, T. & W. A. to bid on the mid-transcontinental route and American Airways, Inc., to bid on the southern route through its subsidiary, Safeways. Western Air Express agreed to sell to American for $300,000—and I am going to refer further to this matter in a moment—the equipment operating between Dallas and Los Angeles. They having disagreed as to the value, the question of value was to be referred to the Postmaster General to settle. Also the airport and additional equipment at Tulsa for $284,500 was to be sold. American was to sell to T. & W. A. 20,000 shares of Western Air Express owned by American, or Aviation Corporation of Delaware, for $1,115,000.

Let us examine that and see just what was taking place. What was taking place disproved this charge of agreeing to limit or restrict the bidders who could bid on these routes.

Western Air Express owned a "wishbone", as it might be described, of airways that ran out from Los Angeles, one of them southerly between Los Angeles and Dallas, and one of them northerly between Los Angeles and Kansas City, both of them heading into the same point of origin and delivery of mail. The Postmaster General said to these gentlemen:

You cannot hold these two routes. You must sell one of them. You must unscramble. You cannot have an interest in two routes that land in Los Angeles. Those routes must be competitive.

In other words, the Postmaster General's policy was competition and service.

This agonizing about competition in bidding is absurd and ridiculous when we compare it with the fine objective of the Postmaster General, who said:

I have a scheme, a logical scheme, of three transcontinental routes, which shall be independent of each other, and which shall be evenly competitive at all points of contact.

It is ridiculous to shout about lack of competition in bidding when we are considering the building up of a grand system like this and maintaining that great objective of actual independence and competition in service. The facts refute the claim of limitation, and I say the circumstances speak more accurately and more convincingly than the testimony of any person who may have an interest and an ax to grind and an opportunity here to grind it.

"Sermons in stone; books in running brooks"—circumstances that shout so loudly that even one who does not desire to hear must hear!

There is that other transaction which proves the lack of collusion; namely, the compulsion, as it were; the thing which Crowley called "blackmail"; the compulsion upon American Airways to let go its 20,000 shares of Western Air Express and to receive $1,115,000 for those shares from Western Air Express.

Do you see the picture? There was American Airways coming down from New York to Atlanta, thence to Dallas, and thence over to Los Angeles. There was Western Air Express coming over to Kansas City, thence to St. Louis, and thence on to New York City; and there must not be any scrambling between those two companies. They must be independent.

In that situation let me ask any reasonable person what the record means. Does it mean that Western Air Express promised not to bid on the southern route? Does it mean that Halliburton agreed not to bid on the midcontinental route? Not at all. It means that they were undertaking to bid, and they promised to bid, and they understood they

were bidding on the routes they were seeking to fly independently of each other. In the nature of that situation there could not be competitive bidding between those two companies any more than there could be competitive bidding by the New York Central and the Atchison, Topeko & Santa Fe Railroad. Why? Because this is not the flexible kind of a line which is invisible and which floats about in the air and goes anywhere that an airship may want to go. These routes follow airways built upon the soil in which millions and millions of dollars have been invested by citizens and villages and great groups of people. They make use of established airports and hangars and beacons and lighthouses and all of the equipment necessary to guide the ships in the air and make it safe for people to ride in the ships. Those airways run across the country in just as fixed and immovable positions as the steel rails that are spiked to the ties of a steam railroad.

Therefore, it is clear that the most absurd claim is made here. Therefore, it is apparent that it is absolutely ridiculous to make the claim here that Halliburton agreed not to bid on the midtranscontinental route or that Hanshue agreed not to bid on the southern transcontinental route. The fact is, they could have bid if they wanted to; but it was an entirely undesirable thing for either of them to do. The logic, the economics of the situation, prevented any such thing occurring.

Who else could have been interested in those routes? Does the record show any company or group of companies that could have been interested? The Avigation Co. was terrified lest it might have that great contract dropped on it; and it was lucky for the country and it was lucky for Mr. Letson that the Avigation Co. was put out of the running.

So, instead of the sinister character which has been attributed to the $1,400,000 paid to Halliburton to buy him out, we have a business transaction like that which occurs whenever there is a combination of institutions for the good of an industry, whenever there is the type of consolidation which was approved of in the Appalachian case. This transaction is right in line with the principle of the decision in the Appalachian case. Halliburton got a good price. Did he get more than his property was worth? I believe he did; but why did he get it? Anybody who has traded in one of these transactions knows that sometimes it becomes necessary to pay more than bricks and mortar are worth for the reason that your opponent has a nuisance value as well as an actual value, and this case proved that Halliburton did. Halliburton was all over the map with his claims, though he had never flown these other routes that he claimed.

If we look at the record of the meeting in May we find Halliburton's name attached to practically every route by number and description. Henderson testified that Halliburton was claiming everything in sight, and he was out to get something, and he wrote threatening letters; and that is one of the grounds advanced for attributing a sinister character to this transaction. It is said, "Why, this is the best evidence in the world that Halliburton was bought out, in order to bail him out and not have him bid." He wrote to MacCracken that he intended to bid. Nobody asked him not to bid. In fact, he testified under oath that he was not bound not to bid, and that he made his bid on the only line in which he was interested, and he got a marvelous price for his contract.

So the assumption—and it is nothing but an assumption—that this $1,400,000 was paid to Halliburton to keep him from bidding on the midtranscontinental line is in conflict with all the circumstances and it is in conflict with Halliburton's own testimony; and anyone who reads the record will see that Halliburton was not interested in saving Postmaster General Brown's administration from anything.

Mr. President, we have now arrived at the point in the record where Solicitor Crowley abandoned all these defenses and resorted to the charge of blackmail. We have arrived at the point where, when he was shown the contracts and the features I have mentioned were pointed out to him, he admitted that, instead of showing collusion, they showed just the opposite of it; they showed hostility between Postmaster General Brown and Halliburton; and finally he characterized the relationship between Postmaster General Brown and Halliburton as blackmail.

That is no more astonishing than many of the other things. It is entitled to just exactly as much credence as the charge of fraud, the blackening of the name and good repute of a great Postmaster General who knew his job, who had an ideal, and who devoted his life to it while here. The record shows that when Postmaster General Brown was before the committee asking for the powers given him by the McNary-Watres Act, he admitted to the committee that if he should exercise those powers it probably would add 6 years to his age. Believe me, he guessed right; for the exercise of those powers brought down upon his head the disappointment and the greed and the cupidity and the selfishness and the politics of all those who gathered at Armageddon and formed there a society without residence, without an agent upon whom to serve process—we cannot find what State it belonged to; we cannot find what city was its domicile—for the sole purpose of securing an opportunity to bid, on what? The contracts held by these contractors, some of them of 10 years' duration in the future!

That attack came down upon Postmaster General Brown, but that was not all. It became necessary, in the administration of his duty on behalf of the public interest, to compel these operators—there were nine of them, holding 24 contracts—to conform to certain regulations made by him with respect to their equipment, safety devices, number of pilots, and all manner of things with respect to their flying. He was obliged, in the administration of his duty as a Cabinet officer, to examine from time to time into the amount of their compensation, and—as has been pointed out so ably by the learned Senator from Ohio [Mr. FESS]—to reduce that compensation from time to time; and I call attention to the outstanding fact that he is the only Postmaster General who has reduced that compensation, because he considered it a fair thing to do from the Government's point of view, and because the carriers had so improved and increased in efficiency and enlarged their passenger traffic that they were able to stand the cut. He is the only Postmaster General who has reduced the rate for that cause.

Postmaster General Farley reduced the rate because he was obliged to do so on account of a cut in the appropriation.

Mr. President, I will say in closing for the day, if it is seen fit to suspend until tomorrow at this point in my address, that what I am trying to do is to point out that even those who received contracts felt that they were deprived of compensation, that burdens were added to their backs which they ought not to carry, and for these reasons, and various other reasons, even they were not friendly to Postmaster General Brown.

The record shows that always Postmaster General Brown was standing firm and erect, receiving a storm of criticism, showing not a single trace of fraud of any kind, nothing furtive, no interest in any of the private affairs of which he was accused—a perfectly honorable official, doing his duty constantly, and always having in view the public interest, even though it pinched and hurt the contractor. Never did that man tolerate the idea of so manipulating this law in the reduction of compensation as to effect virtually a cancelation.

Postmaster General Brown testified before the Appropriations Committees, and he testified before the special investigating committee of the Senate, that he still was obsessed by the old-fashioned American idea that every party to a contract, even when the Government was such a party, was bound by its terms, and bound by its spirit, and that it ought to be performed.

Mr. WHITE. Mr. President, I wonder whether it would be agreeable to the Senator from Oregon and the Senator from Tennessee, and also to the Senator from Vermont, to conclude the session at this time until tomorrow, the Senator from Vermont to continue tomorrow.

Mr. McKELLAR. Mr. President, if we conclude today's session now, would it be satisfactory to meet tomorrow morning at 11 o'clock?

Mr. McNARY. I am quite certain that it will be very satisfactory to take a recess now and to meet at 11 o'clock tomorrow morning.

WAR DEPARTMENT APPROPRIATIONS

During the delivery of Mr. AUSTIN's speech.

The PRESIDING OFFICER (Mr. PATTERSON in the chair) laid before the Senate the action of the House of Representatives on certain amendments of the Senate to House bill 8471, the War Department appropriation bill, which was read, as follows:

Resolved, That the House recede from its disagreement to the amendments of the Senate nos. 37 and 40 to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate no. 6 to said bill and concur therein with the following amendment:

In lieu of the sum inserted by said amendment insert: "$181,631, of which sum $8,000 shall be available exclusively for the several objects embraced by the appropriation contained in this act entitled 'Contingencies, Military Intelligence Division.'"

That the House recede from its disagreement to the amendment of the Senate no. 12 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert: "At a rate in excess of $1,440 per annum, which shall be the legal maximum rate as to such nonflying officers above the grade of captain."

That the House recede from its disagreement to the amendment of the Senate no. 32 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"For an additional amount for the improvement, development, and augmentation of aviation matériel, and for the training of military aviation personnel, to be immediately available, $5,000,000, of which not less than $3,000,000 shall be expended for the procurement of airplanes and their equipment, spare parts, and accessories for the Regular Army and the National Guard; not to exceed $1,000,000 shall be expended for aviation fuel and oil and for the repair and maintenance of airplanes and their equipment and accessories for the training of military aviation pilots; and not to exceed $1,000,000 shall be available for expenditure in the discretion and under the direction of the President, as follows: For airplane accessories for the Regular Army and National Guard; for the investigation and development of a national aviation program, including the employment of personal services without regard to the Classification Act of 1923, as amended, and all other necessary expenses incident thereto; for the encouragement of development of types of airplanes, airplane engines, and aviation equipment, including the granting of awards; for compensation (not exceeding $10,000) for information to be obtained from an authoritative source in such form and manner as the President may desire as to geographic, meteorologic and weather conditions in northern latitudes, and for such other purposes related to civil and military aviation as the President may deem proper."

That the House recede from its disagreement to the amendment of the Senate no. 43 to said bill and concur therein with the following amendment:

Restore the matter stricken out by said amendment amended to read as follows: "$23,966,645, of which sum $50,000 shall be available, under the direction of the President, for conducting a survey of Governors Island, N.Y., to determine its usefulness and adaptability as an airport and the cost of accomplishing all work incidental to effecting the change."

Mr. COPELAND. I move that the Senate agree to the amendments of the House to the amendments of the Senate numbered 6, 12, 32, and 43 to the bill.

The motion was agreed to.

EXECUTIVE MESSAGES REFERRED

After the conclusion of Mr. AUSTIN's speech,

The PRESIDING OFFICER (Mr. LONG in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting nominations and a treaty (the treaty was ordered to be printed in confidence), which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS

Mr. McKELLAR. I move that the Senate take a recess until tomorrow morning at 11 o'clock a.m.

The motion was agreed to; and (at 4 o'clock and 40 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 24, 1934, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate April 23 (legislative day of Apr. 17), 1934

POSTMASTERS

ARIZONA

Frank A. Rhodes to be postmaster at Gila Bend, Ariz., in place of F. A. Rhodes. Incumbent's commission expired December 11, 1932.

ARKANSAS

Lewis Friedman to be postmaster at Fort Smith, Ark., in place of W. B. Pape, deceased.

Charles E. Duvall to be postmaster at Pine Bluff, Ark., in place of Henry Bringman. Incumbent's commission expired March 22, 1934.

CALIFORNIA

Lela Opal Houghton to be postmaster at Newhall, Calif., in place of M. E. Dawson. Incumbent's commission expired May 23, 1933.

COLORADO

Walter E. Rogers to be postmaster at Berthoud, Colo., in place of H. D. Whipple. Incumbent's commission expired March 22, 1934.

Percy B. Paddock to be postmaster at Boulder, Colo., in place of M. H. Cowie, retired.

Effie B. Jackson to be postmaster at Littleton, Colo., in place of F. M. Moore. Incumbent's commission expired March 22, 1934.

CONNECTICUT

William M. O'Dwyer to be postmaster at Fairfield, Conn., in place of W. H. Gould. Incumbent's commission expired December 16, 1933.

Edward A. Bowes to be postmaster at Saybrook, Conn., in place of G. B. Smith. Incumbent's commission expired December 11, 1932.

Aaron A. French, Jr., to be postmaster at Sterling, Conn., in place of B. D. Parkhurst, deceased.

DELAWARE

Claborne A. Boothe to be postmaster at Frankford, Del., in place of C. T. Esham. Incumbent's commission expired January 22, 1934.

FLORIDA

Hugh McCormick to be postmaster at Eau Gallie, Fla., in place of Ellsworth Morgan. Incumbent's commission expired March 18, 1934.

Abraham C. Fiske to be postmaster at Rockledge, Fla., in place of J. B. Bower. Incumbent's commission expired March 18, 1934.

GEORGIA

Roy R. Powell to be postmaster at Arlington, Ga., in place of M. E. Nance. Incumbent's commission expired March 2, 1933.

Robert E. Walker to be postmaster at Roberta, Ga., in place of B. W. Fincher. Incumbent's commission expired June 19, 1933.

IDAHO

Daisy P. Moody to be postmaster at Sandpoint, Idaho, in place of M. W. Taylor. Incumbent's commission expired December 16, 1933.

ILLINOIS

Philip G. Barron to be postmaster at Du Quoin, Ill., in place of L. R. Kelly, resigned.

Fred A. McCarty to be postmaster at Edinburg, Ill., in place of R. C. Williams, resigned.

David McGrath to be postmaster at Hampshire, Ill., in place of J. H. Brill. Incumbent's commission expired February 2, 1932.

Thomas G. Turney to be postmaster at Homewood, Ill., in place of F. P. Cowing, resigned.

Nicholas A. Schilling to be postmaster at Mascoutah, Ill., in place of P. J. Stoffel. Incumbent's commission expired September 18, 1933.

Emil J. Johnson to be postmaster at Moline, Ill., in place of G. E. Carlson. Incumbent's commission expired December 20, 1932.

George Huthmacher to be postmaster at Murphysboro, Ill., in place of E. G. Sauer, resigned.

Henry Cottlow to be postmaster at Oregon, Ill., in place of Charles Walkup, removed.

William Kehe, Jr., to be postmaster at Palatine, Ill., in place of H. H. Hitzeman, removed.

Harlow B. Brown to be postmaster at Princeton, Ill., in place of H. J. Bailey, resigned.

Robert E. Harper to be postmaster at Rock Falls, Ill., in place of E. L. Longfellow. Incumbent's commission expired February 28, 1933.

Armand Rossi to be postmaster at Wilsonville, Ill., in place of J. L. Lamb, resigned.

INDIANA

James R. Kelley to be postmaster at Lebanon, Ind., in place of F. A. Spray. Incumbent's commission expired February 13, 1933.

Charles A. Good to be postmaster at Monterey, Ind., in place of W. E. Kelsey, removed.

Pauline M. Rierden to be postmaster at Montezuma, Ind., in place of W. H. Wright, removed.

IOWA

Rita A. Brady to be postmaster at Keswick, Iowa, in place of J. F. Higgins. Incumbent's commission expired December 18, 1933.

Laura M. Smith to be postmaster at Montour, Iowa, in place of L. M. Smith. Incumbent's commission expired April 22, 1934.

Anna Bliem to be postmaster at Plymouth, Iowa, in place of U. G. Hunt. Incumbent's commission expired January 22, 1934.

John H. Fitzgerald to be postmaster at Waterloo, Iowa, in place of G. A. Tibbitts, resigned.

Arthur C. Kohlmann to be postmaster at Waverly, Iowa, in place of C. F. Grawe, removed.

KANSAS

Alexander A. Niernberger to be postmaster at Collyer, Kans., in place of H. A. Lacerte. Incumbent's commission expired March 8, 1934.

KENTUCKY

Lou E. Holder to be postmaster at Calhoun, Ky., in place of H. T. Short. Incumbent's commission expired January 31, 1933.

MAINE

John L. Tarr to be postmaster at Anson, Maine, in place of F. A. Manter. Incumbent's commission expired December 18, 1933.

James B. Daily to be postmaster at Pittsfield, Maine, in place of C. H. Bussell. Incumbent's commission expired March 8, 1934.

Frank R. Madden to be postmaster at Skowhegan, Maine, in place of W. R. Elliott, resigned.

MARYLAND

William F. Keys to be postmaster at Mount Rainier, Md., in place of J. S. Haas, resigned.

MASSACHUSETTS

Thomas A. Wilkinson to be postmaster at Lynn, Mass., in place of H. S. Cummings. Incumbent's commission expired March 18, 1934.

MICHIGAN

Joseph A. Byrne to be postmaster at Birmingham, Mich., in place of J. W. Cobb. Incumbent's commission expired February 28, 1931.

William V. Clegg to be postmaster at Eaton Rapids, Mich., in place of R. D. Gifford, removed.

Arthur A. Baxter to be postmaster at Ionia, Mich., in place of H. F. Voelker, removed.

MINNESOTA

Benjamin M. Loeffler to be postmaster at Albert Lea, Minn., in place of L. S. Whitcomb. Incumbent's commission expired February 25, 1933.

Henry P. Dunn to be postmaster at Brainerd, Minn., in place of Carl Adams, resigned.

Denis J. McMahon to be postmaster at Breckenridge, Minn., in place of F. L. Pierce, resigned.

Patrick V. Ryan to be postmaster at Caledonia, Minn., in place of P. M. Dunn, resigned.

Carl C. Heibel to be postmaster at Northfield, Minn., in place of E. H. Vollmer, retired.

Simon M. North to be postmaster at Olivia, Minn., in place of J. L. Dowling. Incumbent's commission expired January 11, 1933.

Charles D. Dempsey to be postmaster at St. Peter, Minn., in place of A. M. Anderson. Incumbent's commission expired March 2, 1933.

Walter J. Mueller to be postmaster at Springfield, Minn., in place of John Schmelz, removed.

Dennis Dwan to be postmaster at Two Harbors, Minn., in place of J. P. Paulson, removed.

MISSISSIPPI

William A. Pepper to be postmaster at Belzoni, Miss., in place of Mary Norwood. Incumbent's commission expired January 11, 1932.

Lewis M. McClure to be postmaster at Ocean Springs, Miss., in place of J. P. Edwards, removed.

MISSOURI

Eugene K. Daniels to be postmaster at Ellington, Mo., in place of W. F. Haywood. Incumbent's commission expired February 6, 1934.

Roswell P. Lane to be postmaster at Naylor, Mo., in place of A. L. Woods. Incumbent's commission expired January 29, 1931.

Walter E. Duncan to be postmaster at Newburg, Mo., in place of John Kerr. Incumbent's commission expired December 18, 1933.

MONTANA

Charles Cigliana to be postmaster at Anaconda, Mont., in place of Philip Daniels. Incumbent's commission expired March 8, 1934.

Walter J. McManus to be postmaster at Augusta, Mont., in place of J. C. Manix. Incumbent's commission expired December 20, 1932.

Clifford Dawson to be postmaster at Boulder, Mont., in place of W. G. Hunter. Incumbent's commission expired January 4, 1933.

Frank X. Monaghan to be postmaster at Butte, Mont., in place of J. M. Evans, Jr. Incumbent's commission expired November 20, 1933.

Godfrey Johnson to be postmaster at Ronan, Mont., in place of A. K. Resner. Incumbent's commission expired January 18, 1933.

NEBRASKA

Alma E. Farley to be postmaster at Bancroft, Nebr., in place of E. F. Farley, Jr., deceased.

Claude L. Frack to be postmaster at Holbrook, Nebr., in place of L. L. Ambler. Incumbent's commission expired December 20, 1932.

Harry H. Ellis to be postmaster at Holdrege, Nebr., in place of Harold Hjelmfelt, transferred.

James C. Nelson to be postmaster at Mason City, Nebr., in place of G. W. Whitehead. Incumbent's commission expired December 20, 1932.

NEVADA

Lem S. Allen to be postmaster at Fallon, Nev., in place of J. W. Johnson, removed.

Frank F. Garside to be postmaster at Las Vegas, Nev., in place of C. K. Ryerse, transferred.

NEW HAMPSHIRE

Joseph A. Gorman to be postmaster at Durham, N.H., in place of L. F. Eldredge, deceased.

David F. Jackson to be postmaster at Pittsfield, N.H., in place of W. R. Emerson. Incumbent's commission expired June 14, 1933.

Fred M. Pettengill to be postmaster at Suncook, N.H., in place of E. F. Baker, deceased.

Marion H. Weeks to be postmaster at Warren, N.H., in place of C. B. Averill. Incumbent's commission expired December 16, 1933.

Margaret A. Laughery to be postmaster at Whitefield, N.H., in place of G. L. Crockett, deceased.

NEW JERSEY

Jane Jolliffe to be postmaster at Bernardsville, N.J., in place of J. B. Kronenberg. Incumbent's commission expired February 12, 1933.

Louis J. Bowlby to be postmaster at Bound Brook, N.J., in place of David Hastings. Incumbent's commission expired December 18, 1933.

Jeremiah E. Chambers to be postmaster at Cape May, N.J., in place of F. W. Cassedy. Incumbent's commission expired February 28, 1933.

Edwin Case to be postmaster at Flemington, N.J., in place of C. V. Weiler, removed.

Fred P. Crater to be postmaster at Gladstone, N.J., in place of F. P. Crater. Incumbent's commission expired March 8, 1934.

Joseph J. McNally to be postmaster at Park Ridge, N.J., in place of A. H. Gilbert, removed.

Robert W. Kidd to be postmaster at Penns Grove, N.J., in place of T. E. Hunt. Incumbent's commission expired February 19, 1928.

Mervil E. Haas to be postmaster at Riverton, N.J., in place of R. E. Mattis, retired.

NEW YORK

Benjamin S. Helmer to be postmaster at Mohonk Lake, N.Y., in place of B. S. Helmer. Incumbent's commission expired March 22, 1934.

NORTH CAROLINA

Rufas C. Powell to be postmaster at Denton, N.C., in place of N. V. Johnson. Incumbent's commission expired January 28, 1934.

NORTH DAKOTA

Wesley P. Josewski to be postmaster at Maxbass, N.Dak., in place of D. B. McDonald, removed.

Nellie Dougherty to be postmaster at Minot, N.Dak., in place of B. E. Stewart. Incumbent's commission expired March 1, 1931.

Andrew D. Cochrane to be postmaster at York, N.Dak., in place of A. D. Cochrane. Incumbent's commission expires April 28, 1934.

Margaret T. Rogers to be postmaster at Zap, N.Dak., in place of N. J. Joyce, removed.

OHIO

A. Harley Bolon to be postmaster at Bethesda, Ohio, in place of C. A. Wilcox. Incumbent's commission expired January 15, 1933.

Helen Shilts to be postmaster at Mount Victory, Ohio, in place of L. R. Wallace, resigned.

Lewis T. Williams to be postmaster at New Waterford, Ohio, in place of H. C. Hart. Incumbent's commission expires April 28, 1934.

Hark F. Williams to be postmaster at Pleasant City, Ohio, in place of Reed Wilson. Incumbent's commission expired April 15, 1934.

Cyril S. Hendershot to be postmaster at Quaker City, Ohio, in place of F. J. Wolfe, retired.

Robert J. Hickin to be postmaster at Rittman, Ohio, in place of H. F. Longenecker, resigned.

Sara J. Bell to be postmaster at Waterford, Ohio, in place of B. S. Dillehay. Incumbent's commission expired March 8, 1934.

OKLAHOMA

Delbert H. Rounsaville to be postmaster at Atoka, Okla., in place of E. J. Blossom. Incumbent's commission expired March 18, 1934.

John L. Beckham to be postmaster at Enid, Okla., in place of George Rainey, resigned.

Clay B. Burnham to be postmaster at Hanna, Okla., in place of C. W. Youngblood. Incumbent's commission expired January 20, 1934.

Josh S. Cole to be postmaster at Porter, Okla., in place of C. V. Ellis. Incumbent's commission expired January 20, 1934.

PENNSYLVANIA

George G. Foley to be postmaster at Pocono Manor, Pa., in place of M. M. Kite. Incumbent's commission expired January 14, 1933.

Joseph F. Conrad to be postmaster at Scranton, Pa., in place of E. H. Ripple, Jr. Incumbent's commission expired January 11, 1934.

SOUTH CAROLINA

Joseph H. Chitty to be postmaster at Denmark, S.C., in place of C. S. Rice, removed.

Bertie Lee B. Wilson to be postmaster at Neeses, S.C., in place of L. G. Bolin, resigned.

Olin J. Salley to be postmaster at Salley, S.C., in place of H. O. Jones. Incumbent's commission expired February 18, 1933.

Robert A. Gray to be postmaster at Taylors, S.C., in place of W. C. Stepp. Incumbent's commission expired January 11, 1934.

Wilbur E. Williams to be postmaster at Wagener, S.C., in place of V. M. Bodie, removed.

Reuben V. Lanford to be postmaster at Woodruff, S.C., in place of P. E. Bryson, resigned.

TENNESSEE

Binnie H. Kinser to be postmaster at Alcoa, Tenn., in place of F. B. King. Incumbent's commission expired December 16, 1933.

William G. McDonough to be postmaster at McMinnville, Tenn., in place of G. B. Beaver, resigned.

TEXAS

William W. Spear to be postmaster at Nixon, Tex., in place of M. H. Edwards. Incumbent's commission expired December 8, 1932.

Emory S. Sell to be postmaster at Texline, Tex., in place of G. W. Vaughn. Incumbent's commission expired December 16, 1933.

VERMONT

Earle J. Rogers to be postmaster at Cabot, Vt., in place of E. J. Rogers. Incumbent's commission expired April 15, 1934.

Lelah M. Prescott to be postmaster at Randolph Center, Vt., in place of M. G. Kibby. Incumbent's commission expired January 16, 1934.

Timothy J. Murphy to be postmaster at Windsor, Vt., in place of C. H. Stone. Incumbent's commission expired December 16, 1933.

WASHINGTON

Edward F. Gregory to be postmaster at Bothell, Wash., in place of Arnold Molm. Incumbent's commission expired January 28, 1934.

Ed. J. Claiborne to be postmaster at Ridgefield, Wash., in place of B. G. Brown. Incumbent's commission expired December 18, 1933.

WEST VIRGINIA

Everett G. Herold to be postmaster at Marlinton, W.Va., in place of J. E. Buckley. Incumbent's commission expired January 22, 1934.

WISCONSIN

John S. McHugh to be postmaster at De Pere, Wis., in place of M. M. Shepard. Incumbent's commission expired January 31, 1933.

James A. Stewart to be postmaster at Lac du Flambeau, Wis., in place of M. L. Schilleman. Incumbent's commission expired December 18, 1933.

Frank M. Doyle to be postmaster at Ladysmith, Wis., in place of F. E. Munroe, removed.

Gladys M. Suter to be postmaster at Plum City, Wis., in place of H. B. Hoyt. Incumbent's commission expired December 18, 1933.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 23, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God of the ages past, enable us to abhor that which is evil and cleave to that which is good. Thus may we hasten the extension of Thy kingdom in human minds and hearts. We fervently pray that it may grow and become wide-spread wheresoever man is found. O keep us this day without sin, and may we experience in our own hearts the triumph of good over evil. Grant, our Heavenly Father, that our entire citizenship may be so united, so closely and fraternally bound together that war, strife, or rebellion among us may be forever impossible. Keep us, merciful God, in the peaceful, quiet, and happy pursuits of life which bless those who wait upon the Lord. O God, may the sword of enmity, the sting of envy, or the sharp weapon of hatred never put their cruel and destructive edges to our souls. Through Christ our Savior. Amen.

The Journal of the proceedings of Saturday, April 21, 1934, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, numbered 6, 12, 32, and 43.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate further insists upon its amendments to the foregoing bill numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, and 30, disagreed to by the House, asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. BYRNES, Mr. COOLIDGE, Mr. HALE, and Mr. TOWNSEND to be the conferees on the part of the Senate.

REPUBLICAN REACTION

Mr. DARROW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by the gentleman from New York [Mr. DANIEL A. REED].

The SPEAKER. Is there objection?

There was no objection.

Mr. DARROW. Mr. Speaker, by permission granted me, I am inserting in the RECORD the following address delivered by Representative DANIEL A. REED, of New York, on Wednesday evening, April 18, over a national network:

Friends of the radio audience, this Nation has been and is still passing through a most trying time. This, however, is not the first crisis this country has had to face. Let us go back three quarters of a century. In May 1860 the National Convention of the Republican Party was in session at Chicago. Ten thousand people were packed in the historic old building known as the Wigwam. A platform was adopted. The paramount issue in that party platform was the preservation of the Union.

The third day of the convention came. Delegates were in their seats. Interest was at white heat. The first and second ballots had been taken. Lincoln was steadily gaining over Seward. When the third ballot was cast, the result was not announced. Not a sound could be heard except the scratching of pencils as the delegates added up the vote. But it was known Abraham Lincoln lacked only one and a half votes to place him in nomination for the Presidency.

Suddenly, from the great crowd a shrill voice that penetrated every corner of the Old Wigwam, announced, "Ohio changes four votes to Abraham Lincoln!" It was like an electric spark applied to a high explosive. Hats, coats, canes, umbrellas, and shawls were tossed into the air. Strong men embraced each other and wept. The band struck up, and the great crowd marched and yelled to the point of exhaustion.

When the excitement had subsided, a distinguished man walked up to the platform. It was William M. Evarts, chairman of the New York delegation. He said "Mr. Chairman, we came from a great State with a great candidate whom we had hoped to see nominated. In the name of that great State, and at the request of that great candidate, I move that the nomination of Abraham Lincoln be made unanimous." There followed another wild demonstration. Before the enthusiasm had subsided, some man in the gallery shouted, "Three cheers for Honest Old Abe!" That was the slogan of the stirring campaign that followed.

Persons everywhere and in all walks of life who believed in constitutional government rallied to the support of Abraham Lincoln. They knew they could trust him. They knew that when he made a promise, he would keep it. Because of the faith of the people in constitutional government and their firm belief in the integrity of Lincoln, he was elected President.

How different the scene when as President-elect he entered the Capital City, from modern demonstrations when the President returned from a short vacation. There was no military band, no crowds. Abraham Lincoln stepped off the train early in the morning. He was alone. Two men, and only two men, were there to greet him.

The task with which President Lincoln was confronted was to examine into the state of the Union. First he turned to the Army. There was no Army. It had been marched into Texas and to the Mexican border. The officers had been ordered to deliver the United States Army over to the States.

Next Mr. Lincoln turned to the Navy. All seaworthy ships except four had been ordered from northern waters to southern seas.

Then Mr. Lincoln inquired into the condition of the United States Treasury. It was empty. The credit of the United States had been destroyed.

These were the conditions that confronted Abraham Lincoln at a time when hostile forces were almost within sight of the Capitol. He had to organize an army. He had to rebuild the Navy. Abraham Lincoln organized an army. He built an invincible navy. He reestablished the credit of the United States. It cost the Nation the lives of 600,000 men and the sum of $10,000,000,000 to save the Union.

Lincoln required no "brain trust" to meet the crisis. A "brain trust" was proposed, and he scorned it. All the support he asked was the confidence of the people, and he received it in fullest measure. Why did the people follow the leadership of Abraham Lincoln throughout the great crisis? It was because he never made a promise he did not keep. The people knew they could trust him.

The same political party that left its heritage of debt and disaster in 1860 is the same political party in power today. Twenty years ago the Democratic Party asked the suffrage of the people "to keep us out of war." The people accepted that promise at its face value and placed the party in power. It was known by the Democratic Party when the "promise to keep us out of war" was made that the pledge could not be kept. When we entered the World War, our national debt was less than $2,000,000,000. In less than 2 years our Nation emerged from the war with an indebtedness of $26,000,000,000. Industries were closed. Six million men were idle.

Again the people turned to the Republican Party to rehabilitate the country. Within 1 year the unemployed were put back to work. Year by year for 10 years the national debt was being reduced about $1,000,000,000 a year. Taxes were reduced five times in this period.

Finally, a great tidal wave of financial disorder and social unrest, the backwash of the World War, swept across the nations of the earth, hurling them one by one upon the hidden reefs of communism and state socialism. Dictators became the last resort. That our Nation felt the impact of this backwash, that our people suffered no person can gainsay, but it cannot be successfully denied that our people suffered less from the great world disaster than did the people of other nations.

It is in the hour of distress that many people turn to political nostrums for relief. Such a time of acute suffering is a paradise for visionary theorists and demagogues. Promises are their stock in trade. No political party in this country ever made a more alluring set of promises to a distressed people to obtain their suffrage than did the Democratic Party in its party platform adopted at Chicago in 1932. The platform was expressed in the most convincing language. The platform had this to say:

"We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe."

The candidate, Mr. Roosevelt, who had become the idol of millions of people, inspired absolute confidence in the platform pledges when he declared: "The platform which you have adopted is clear. I accept it 100 percent."

President Roosevelt, by common consent, became the leader not alone of his party but of the whole Nation. Party lines disap-

peared. A hundred million people responded to the call for concerted action to carry out every pledge in the Democratic platform and every promise made by its Presidential candidate.

What was one of the first promises made in the Democratic platform? It was this:

"We advocate an immediate, drastic reduction of governmental expenditures by abolishing useless commissions and offices."

Has this promise been kept? It has not. Instead, a bureaucracy has been set up that rivals in size of personnel and in magnitude of expenditures any other bureaucratic government in the world. The alphabet is incapable of enough combinations of letters to designate the new commissions.

The Democratic Party, in its platform, said: "We advocate a sound currency to be maintained at all hazards."

The American dollar has been reduced to 59 cents. This reduced the debt owed to the United States by foreign countries 40 percent.

Why are the people bewildered? On April 24, 1933, Secretary Woodin offered for sale United States Treasury 3-year notes or bonds in the amount of $500,000,000, bearing 2⅞-percent interest. They were issued in small denominations of $100 each to enable the man or woman of average means to invest. Secretary Woodin issued an official statement to encourage the people to buy these bonds. Here is what he promised: "The principal and interest of the notes will be payable in United States gold coin of the present standard of value."

Why are the people bewildered? Let us see what happened to these bonds. Four weeks after Secretary Woodin issued the statement, Congress passed a resolution repudiating this promise. It repudiated the gold clause contained in every United States bond. The President signed this resolution. This is the first time in our history that the United States Government has repudiated its obligations.

An eminent psychologist has said, "He who makes himself the master of opinion may lead a people to perform the most heroic actions as well as enter upon the most absurd adventures." The cost to the taxpayer has received little consideration. The expenditure of billions of dollars to carry out the socialistic program that has been adopted must eventually be paid. This debt burden of the Government has already reached staggering proportions. Every day the credit of the Government is being driven nearer to the brink of printing-press inflation. The day of reckoning cannot long be deferred. The tax bill now pending in Congress does not reveal to the taxpayers the ultimate cost which they will have to bear for the present mismanagement of the financial administration of the Nation.

The cost of the "brain trust" experiments must not be measured alone in money. Loss of individual freedom may prove far more disastrous to the American citizen than the loss of property. A program of planned economy means that a man's least actions shall be directed by the State; the individual is to possess no initiative; all acts of his life are mapped out. Under this system the farmer is to be told where he shall live, what he shall produce and how much, when he shall sell, to whom he shall sell, and the price he shall receive for what he produces. Failure to obey the edicts of a bureaucrat sent out from Washington may hale him into court for any violation of the rules and regulations promulgated by a bureaucrat under such a program. It must be recognized that no man in government is infallible. This has been demonstrated in the cancelation of the air-mail contracts. This official blunder resulting in almost complete paralysis of commercial aviation in the United States and in the death of 10 young men ought to be sufficient warning of the danger of vesting too much power in one man. Even when Col. Charles Lindbergh sought to advise of the danger, he was charged with seeking publicity.

Under a planned-economy program directed by fallible governmental functionaries individual liberty can be destroyed by an error in bureaucratic judgment, and from this mistake there is no appeal. Planned economy goes further than this, if carried to its ultimate conclusion. It means confiscation by the Government of capital, mines, and property, and the administration and redistribution of the public wealth by an immense army of bureaucrats. The Government, under the plan, would manufacture everything and permit no competition. The least signs of initiative, individual liberty, or competition would be suppressed.

To what extent has the Government attempted such a program, so far as industry is concerned? The Democratic platform contains this pledge:

"The removal of Government from all fields of private enterprise except where necessary to develop public works and national resources in the common interest." Regardless of this pledge, there was transferred to the Postmaster General from the Public Works fund $525,000 for the erection of a Government factory at Reedsville, W.Va. This attempted abuse of power and direct attempt to enter into competition with private business in the manufacture of furniture was defeated in the House by a vote of 275 to 110.

The Tennessee Valley Authority is another example of a definite move toward state socialism. Under this act, a corporation has been formed. Its charter contains these broad powers:

"To produce, raise, manufacture, buy, sell, deal in, and to engage in, conduct, and carry on the business of producing, manufacturing, buying, selling, and dealing in farm products, livestock, goods, wares, and merchandise of every class and description necessary or useful for the operation of the corporation."

It has the power under its charter to lend or advance money, to endorse the notes, and to guarantee the obligations of individuals, firms, corporations, or others with or without collateral security whatsoever.

This is only one of several corporations organized by the Federal Government under the Tennessee Valley Authority empowered to enter into competition with private farms and private factories.

Let me again repeat that the colossal national debt must eventually be paid by the American taxpayer. When the day of final reckoning comes, the task of the taxpayer will be like that of Sisyphus, who was condemned by the gods continually to roll a rock to the summit of a high mountain, whence it invariably rolled back again.

I do not believe American citizens will submit to a program that tends to reduce every individual to a common type and to place them under the guardianship of a strongly centralized government. Bertrand Russell, the mathematician, describes such an average type as a person "without passion or vices, neither mad nor wise, with average ideas, average opinions, he will die at an average age, of an average malady invented by the statisticians."

PRIVILEGE OF THE HOUSE

Mr. BEEDY. Mr. Speaker, I rise to a question of the privilege of the House and offer a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 349

Whereas the Committee on Banking and Currency of the House met on the forenoon of April 21, 1934, and took up for consideration the bill H.R. 7908, which was not read; and

Whereas thereupon a motion was made in said committee to strike out all after the enacting clause of H.R. 7908 and substitute therefor the text of H.R. 9175, commonly known as the "Brown bill", and that the said H.R. 7908, as thus amended, be reported favorably to the House; and

Whereas the said Banking and Currency Committee thereupon adopted the aforesaid motion and proposes to report said H.R. 7908, as amended, to the House; and

Whereas the said H.R. 7908, which the said Banking and Currency Committee voted to report to the House, was at no time read in committee for amendment by section or by paragraph, either by the chairman or the clerk of said committee, as required by section 26, paragraph 412 of Jefferson's Manual; and

Whereas House rule no. 43 provides that "The rules of parliamentary practice in Jefferson's Manual shall govern the House in all cases to which they are applicable * * *"; and

Whereas House rule no. 12 provides that "The rules of the House are hereby made the rules of its standing committees so far as applicable * * *"; and

Whereas section 26, paragraph 412 of Jefferson's Manual, among other things, provides that in the case of "a bill, resolutions, draft of an address", etc., originating with or referred to a committee, "in every case the whole paper is read first by the clerk and then by the chairman, by paragraphs, pausing at the end of each paragraph, and putting questions for amending, if proposed"; and

Whereas the said failure of the said Banking and Currency Committee to comply with the rule as stated in section 26, paragraph 412, vitiates the committee's attempt properly to report out H.R. 7908, and vitally affects the regularity and integrity of the proceedings of the House itself; and

Whereas the right of said Banking and Currency Committee to report said H.R. 7908 to the House, for the reasons herein set forth, raises a doubt as to the regularity and validity of the proceedings of said committee and its attempt to make a report on H.R. 7908; and

Whereas the reception of said report by the House is objected to and disputed: Now, therefore, be it

Resolved, That the question whether the House shall receive said report be submitted to the House forthwith.

Mr. BLANTON. Mr. Speaker, I make a point of order against the resolution.

Mr. RANKIN. Mr. Speaker, I make a point of order against the resolution that it does not set out a question of the privilege of the House.

Mr. BLANTON. Mr. Speaker, I make the further point of order that it is an attempt to impeach the integrity of the action of a committee when every rule of the House is presumed to have been adhered to in the committee and followed, unless the records and the minutes of the committee itself show to the contrary and show that points of order were made in the committee that the rules were not being followed. There is no attempt here in this resolution to set out any statement to the effect that points of order were made in the committee that the rules were not being followed, and in the absence of such points of order, as shown by the minutes of the record, the presumption is and it always has been the presumption, that the rules have been followed in the committee.

Mr. BYRNS. Mr. Speaker, the point of order has already been made that this is not a privileged resolution; and since

that has been made, I shall not remake it, although I rose for that purpose. It is very clear, as the gentleman from Texas [Mr. BLANTON] has said, that this is an effort to impeach the action of a standing committee of this House by a recitation of facts which are not supported by any record of the committee or any statements which have been filed with the resolution. It seems to me that if it is possible for a Member of this House, whether he be a member of the committee or not, whenever a bill is reported, to rise in his seat and offer a resolution of this kind, it would be possible to disturb the whole committee organization of the House and would not guarantee that the action of any committee, whether it be the Banking and Currency Committee or any other committee, is to be given any force and effect.

I take it there is no precedent for a resolution of this kind. It is sprung here suddenly. No one had any intimation, at least on this side of the Chamber, that such a resolution would be proposed, and, I repeat, this effort to impeach the action of a standing committee which was taken in regular session of that committee, and by a majority vote, is not in order, and especially when the gentleman admits that he sat still and makes no question of the action taken at the time. I am surprised that the gentleman should have so deliberately taken advantage of his colleagues on the committee.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BLANTON. The gentleman is mistaken in stating that there is no precedent. There is a precedent, and I am sure the Parliamentarian can cite it to the Speaker, where Mr. Speaker Gillett held that in the House you could not attack the integrity of the proceedings of a committee by a mere resolution unless you show by the minutes of the committee that points of order were made in the committee and overruled and that the rules were not adhered to; that the presumption is that the rules were adhered to in committee, and you cannot attack it by such a resolution.

Mr. BYRNS. There may be such a precedent. I am sure if there is a precedent, it sustains the position taken by the gentleman from Mississippi, the gentleman from Texas, and myself, because I cannot imagine a situation where the integrity of a standing committee can be attacked upon the floor of the House in this manner.

Mr. RANKIN. Mr. Speaker, the only question raised by the offering of this resolution is whether or not it sets out a proceeding which violates the integrity of the proceedings of the House of Representatives. In other words, to sustain the position of the gentleman from Maine [Mr. BEEDY], the resolution must set out on its face a question that goes directly to the integrity of the proceedings of the House. Such a question was raised on the floor of the House some years ago in a resolution which I presented with reference to the meetings of the Veterans' Committee. We went into the question thoroughly at that time.

For a resolution of this kind to be in order it must set out on its face a violation of the integrity of the proceedings of the House, or a question that goes directly and vitally to the integrity of such proceedings; and that, I submit, this resolution does not do. The resolution recites what took place in the committee and alleges violation of the rules that could have been taken advantage of in the committee. Now, if these proceedings were not regular the place to have raised the question, as laid down in Jefferson's Manual, was in the committee.

The rule referred to in the resolution does not mean that every section of every bill must be read in committee, but it does mean that the members of the committee have a right to raise that question in the committee and are entitled to be protected by the chairman.

Mr. Speaker, I submit that to uphold the contention laid down in this resolution, and to hold this motion in order, would be to establish a precedent which could be invoked to question practically every bill brought to the floor of the House.

The gentleman in his resolution has not raised a question that goes to the integrity of the proceedings of the House; and the point of order should be sustained.

Mr. O'CONNOR. Mr. Speaker, I desire to be heard on the point of order.

Mr. Speaker, rule no. IX reads in part:

> Questions of privilege shall be, first, those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings. * * *

I emphasize the words "the House collectively", because I believe the pending resolution does not properly raise a question of the privileges of the House itself.

If in a meeting of one of the committees of the House anything is done in violation of the rules of the House, the first place to protest or insist on compliance with the rules is in the committee itself; then if the procedure complained of is not in compliance with the rules, then the matter may be brought before the House on a point of order against the report of the committee, or the consideration of the bill or resolution reported.

I contend that the proper way to correct any action taken in the committee contrary to the rules is by way of a point of order against the consideration of that matter coming before the House, and that by no stretch of the language of this rule IX do the proceedings in the committee affect the rights of the House collectively so as to make the point "a privilege of the House."

Mr. BEEDY. Mr. Speaker, two issues are involved. The first one, to which I shall address myself briefly, is whether the resolution raises a question involving the privileges of the House.

As the rule states, anything affecting the integrity of the proceedings of the House raises a question of privilege. The word "integrity" means "soundness." That is the best synonym for it I can find in the dictionary. The question, then, is, Were the proceedings of this committee sound; did they conform to the rules of the House? And here, lest I forget it later, let me state what I believe we will all concede, namely, the fundamental proposition that there is never a moment when the House loses control over the conduct of its committees, which are a branch of the House.

There is a rule governing procedure involving amendments in committee, and it will not be contended that the rule was followed. It is contended that the one and only opportunity for the House to protect itself is through the acts of Members who happen to be in the particular committee at the moment. What a spurious doctrine that would be for the House to stand on! If that were to be the rule of conduct, then any recalcitrant Member who was not in sympathy with the legislation might sit idly in committee and by refusing to make an objection to any irregularity forfeit forever the rights of the House to have its committees function with regularity and under the rules. That cannot be so. But, so far as that goes, I objected to the whole proceedings in committee.

I made it very clear that I would have nothing to do with them because I did not think that the reporting of the bill in question by the committee was a move to procure legislation but was, rather, an attempt to interfere with the rights acquired by a minority of 145 Members of this House when the required number of signatures were secured and the petition completed. Therefore, I refused to have anything to do with the proceedings and voted "present." That is the broadest objection to everything that took place in the committee that I knew how to make.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. Yes.

Mr. BYRNS. Was there a member of the committee who raised the question at the time that the bill ought to be read, as the gentleman claims in the resolution?

Mr. BEEDY. I may say to the gentleman from Tennessee that if I had raised that point I should have said so. Instead I made a broader objection. I objected to the whole proceedings of the committee. I did not make any specific objections.

Mr. BYRNS. The gentleman in his resolution does not say that any member of the committee raised the question of whether the bill should be read.

The gentleman knows that in this House, unless request is made to the contrary, many bills are passed by unanimous consent. That is done on the floor of this House frequently; and if the gentleman, as a member of the committee, sat there and did not raise his voice in protest, he has waived his rights.

Mr. BEEDY. I did not; and I contend that I could not waive any rights of this House.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. BEEDY. Not at this time. I contend it was not the duty of any Member to raise specific objections, and that this House could not be foreclosed upon its right to insist, as I shall show presently by decisions, that its committees conform to the rules.

Mr. BLANTON. Will the gentleman yield?

Mr. BEEDY. I yield to the gentleman from Texas for a question only.

Mr. BLANTON. May I ask the gentleman this question: The gentleman knows that appropriation bills, bills involving hundreds of millions of dollars, are read scientifically from that desk frequently, with half pages skipped here and there. Does not the gentleman know he cannot raise a point of order to that procedure afterward unless the point of order is raised at the time of the reading? The presumption is that the bills are read according to the rules.

Mr. BEEDY. Whether that can be done or not, I submit, would be irrelevant to the issue here involved.

The rules in committee are analagous to the rules of the House. No bill which was not read for amendment in the House would be considered legally passed, and the same is true in a committee. But the question is asked, Was this point of reading the bill for amendment raised there? No; it was not. And I submit that the failure to raise it cannot forfeit the rights of the House to control the action of its committees in this or any other respect.

If the gentlemen will bear with me I will cite a decision which I think will disabuse anyone's mind of any doubt.

Mr. BYRNS. The gentleman is a lawyer?

Mr. BEEDY. I used to be.

Mr. BYRNS. I am sure the gentleman was a good lawyer. May I ask the gentleman what he thinks a Supreme Court would do on a general objection such as the gentleman just stated he made in committee? In other words, the gentleman voted present.

Mr. BEEDY. Yes.

Mr. BYRNS. The gentleman made no specific objection. What would a Supreme Court do under these circumstances if that sort of procedure were followed in an inferior court of law?

Mr. BEEDY. If the gentleman from Tennessee desires an answer, it seems to me that if the Supreme Court exercised good judgment and sound sense, as I think it would, the Supreme Court would say that my conduct was absolutely consistent, that by having objected to the proceedings and refusing to become a party to the proceedings by a vote either in the affirmative or negative, I very properly voted "present."

Mr. WEIDEMAN. If they were acting in equity, there would not be any doubt but what they would listen to the resolution.

Mr. HASTINGS. Will the gentleman state upon what specific grounds he is offering the resolution?

Mr. BEEDY. The grounds are stated in the resolution. I refuse to yield further; I desire to go on with my statement.

Whether there is a question of privilege involved in this resolution or not, I submit to the Speaker that, in any event, a Member of the House may at any time rise in his place; and if he objects to the receipt of a report of a committee by this House, the Speaker must put the question to the House, whether the House will receive the committee report or not.

I call the attention of the Speaker to a rule in the manual, which is to be found at the top of page 222, section 39, of the manual. The manual is here dealing with the putting of a question, whatever the question may be. The section is as follows:

> But in small matters, and which are, of course, such as receiving petitions, reports, motions, etc., the Speaker most commonly supposes the consent of the House where no objection is expressed and does not give them the trouble of putting the question formally.

If the Speaker will bear with me further, I will make myself a little clearer. It is very apparent from the reading of this section that for the convenience of the House the Speaker does not ask the House if it will receive a report every time one is offered. Yet, bear in mind that the House at all times is in full control of the actions of its committees. That is an inherent right of this House.

In small matters even the Speaker makes the same assumption if there is no objection, viz, that the House will receive the report, no objection being offered. The plain inference is that if there is objection raised the Speaker then must put to the House the question, Will the House receive the report of the committee?

I refer the Speaker to two decisions, one to be found in Hinds' Precedents, volume 4, page 938, section 4591. This decision was made by the eminent Speaker, Charles F. Crisp. On the 1st of February 1895, a Representative from Illinois, then a member of the Banking and Currency Committee, attempted to submit a privileged report to the House. One of the Members raised an objection to it, stating that it did not present fully or accurately the views of the committee. The Member claimed it was irregular in this respect. The Speaker stated this, and mark these words, Mr. Speaker:

> If objection were made, the question would be, Shall the report be received by the House?

The mere raising of an objection brings up that inherent right of the House to control the conduct of its committees, and the Speaker at that time stated that the question immediately arises, Shall the report be received by the House?

Permit me to make another point clearer here. I refer again to Hinds' Precedents, the same volume, page 937, section 4588. In this case there was an attempt by a Committee on Public Lands to bring in a report on a bill. It was contended that there were irregularities in the proceedings of the committee in passing upon the bill. There was a statement as to just what those irregularities were. A request was made that the question be submitted to the House whether the House would receive the report of the committee. Speaker John White, of Kentucky, stated:

> No question of order is involved. The question is, Shall the bill be received as the report of the committee? That is for the House alone to decide, and if the reception of the bill was objected to, that question would be put to the House.

Mr. Speaker, thereupon Mr. Cox, who was making the objection, said, "I withdraw the objection." I do not withdraw my objection. I make the objection that this report of the committee is not regularly made. It is born of an infringement of the rules of this House.

It is not necessary, however, that the Speaker now decide whether there were irregularities in committee, as I view it. If a question of privilege is raised by my resolution, then it is in order to be passed on by the House.

The Speaker must put the question to the House, Shall the House receive this report of the committee? And I ask, on my objection to this report, that the Speaker put to the House the question, Shall the House receive the report of the committee on H.R. 7908?

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. BEEDY. I am pleased now to yield to the gentleman.

Mr. KOPPLEMANN. The gentleman will recall that I was present in committee when this matter was under consideration. At that time, when the vote was being taken on reporting out this measure, the gentleman will recall that when the Clerk called his name he voted "no." The gentleman will also recall that when the Clerk said to him, "How did you vote?" the gentleman said, "Well, I had

better vote "present", and the gentleman withdrew his vote of "no."

Mr. BEEDY. Oh, no.

Mr. KOPPLEMANN. I recall that, sir.

Mr. BEEDY. The gentleman does not recollect correctly what transpired.

Mr. KOPPLEMANN. I recollect that.

Mr. BEEDY. The gentleman is incorrect. I did not vote "no." I had no hesitation whatever as to my vote. I announced in advance to the gentleman from Ohio [Mr. HOLLISTER], who sat near me, that I was about to vote "present", and he it was who said, "I thought I might vote 'no'", or words to such effect, "because I am, in fact, opposed to this legislation, but I shall vote 'present.'" I take it the gentleman from Ohio did not wish to soil his hands with the procedure then being followed by the committee.

Mr. KOPPLEMANN. Oh, no.

Mr. BEEDY. The action of the committee was not to secure legislation but to defeat the will of the Membership of the House as expressed in a petition to inaugurate the discharge rule.

Mr. WEIDEMAN and Mr. KOPPLEMANN rose.

Mr. BEEDY. I yield to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. In other words, there is not any doubt that when this matter was considered before the gentleman's committee the Members who were most active in getting the McLeod bill before the House and the members of the Banking Committee were willing to accept most of the Brown bill as an amendment to the McLeod bill, and when the committee voted on that they knew the only way they could obstruct this legislation from coming before this House was by passing out some bill and amending the McLeod bill, and this was the only way it could be obstructed, was it not?

Mr. BEEDY. Yes; but in my opinion the committee does not desire any action on that bill either.

Mr. KOPPLEMANN. Will the gentleman yield? I had not concluded my questions.

Mr. BEEDY. I do not care to yield any further.

Mr. STEAGALL. Will the gentleman yield to me for a moment?

Mr. BEEDY. I yield to my chairman.

Mr. STEAGALL. Was the gentleman from Maine present at all the meetings of the Committee on Banking and Currency when the McLeod bill was under consideration?

Mr. BEEDY. Prior to Saturday's meeting I was not present for the reason, as the chairman knows——

Mr. STEAGALL. Then I want to call the gentleman's attention to the fact——

Mr. BEEDY. For the reason, I was about to state, that I received notice of the meeting from the chairman, and as the chairman knows, the meeting was irregularly held, and the gentleman himself had to come into the House and try to remedy the error made in holding the meeting. I did not participate in it and I am pleased to say that I was not present. I had no part in those irregular proceedings, nor do I acquiesce in the irregularity of the proceedings of Saturday. I stand on my rights as a Member of this House fighting for the rights of the House to control at all times the action of its committees. [Applause.]

Mr. STEAGALL. Will the gentleman yield for another question?

Mr. BEEDY. Yes, indeed.

Mr. STEAGALL. Does the gentleman understand that at a prior session of the committee the McLeod bill and the amendment adopted to the McLeod bill and reported were read in full and considered by the committee?

Mr. BEEDY. I have no such understanding; in fact, the bill was not even introduced until after that meeting was held.

Mr. STEAGALL. I will say to the gentleman his failure to understand it grows out of the fact that he was not present. It is a fact that at a former meeting of the committee the McLeod bill was read, the substitute offered by the gentleman from Michigan [Mr. BROWN] was read, amended, and adopted and ordered reported as a substitute for the McLeod bill, and the meeting on Saturday was simply called for the purpose of filing a subsequent report on the measures read and considered at a former meeting, as every member of the committee who was present will testify.

Mr. WOLCOTT. Will the gentleman yield?

The SPEAKER. The Chair is ready to rule.

Mr. BEEDY. Mr. Speaker, I think these facts should be cleared up for the benefit of the House.

I yield to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. I want to call the attention of the gentleman from Alabama to the fact that the committee met and adopted what was presumed to be at that time the Brown bill on the 12th of the month. The bill which was substituted for H.R. 7908 on Saturday last was not introduced in this House until April 17, and that bill has never been read in committee, and the bill H.R. 7908 was not read in the committee when the substitute was adopted.

Mr. STEAGALL. I may say to the gentleman in that connection, if he will permit——

Mr. BEEDY. I do not care to yield further.

Mr. STEAGALL. Will not the gentleman yield to me?

The regular order was demanded.

Mr. BEEDY. This is the regular order. I desire to conclude my remarks. The bill which was adopted on Saturday, the subject matter of the so-called "Brown bill", was never read before the committee for amendment, and this is the irregularity which I do not waive.

Mr. SISSON. How do you know—you were not there?

Mr. BEEDY. I stand on my right to object to and to question the legality of the report filed by this committee, and I ask that the question be submitted to the House, whether the House will receive the report of the Banking and Currency Committee.

The SPEAKER. The Chair is ready to rule.

Mr. BEEDY. Mr. Speaker, a question has been raised which reflects upon the accuracy of one of my statements. The gentleman from Alabama, I believe it was, who cried out, without addressing the Speaker, and generally he is very much of a gentleman and obeys the rules of this House—if I am wrong the gentleman will correct me—I thought I recognized his voice, yet I thought it was quite unlike the gentleman. But somebody behind me said, "How do you know"—possibly it was the gentleman from New York [Mr. SISSON] who said, "How do you know, you were not there at the meeting." My answer is that I know, because the bill in question, which was substituted on Saturday last, was not introduced until the 17th of this month. Therefore it could not have been read for amendment prior thereto.

Mr. BANKHEAD. Was the gentleman alluding to me as the gentleman from Alabama?

Mr. BEEDY. I was. I alluded to the gentleman who I have found to be always decorous and always the gentleman.

Mr. BANKHEAD. I thank the gentleman, but the assumption that I made the remark is entirely in his imagination, for I made no such statement during the course of the debate.

Mr. BEEDY. I accept the gentleman's statement. It was the gentleman from New York [Mr. SISSON], I understand, who made the remark without addressing the Chair.

Mr. BANKHEAD. I do not see how the gentleman could pick me out. [Laughter.]

Mr. BEEDY. I thought I recognized the gentleman's voice.

The SPEAKER. The Chair is ready to rule. It is contended by the gentleman from Maine [Mr. BEEDY] that the resolution he has presented, of which he is the author, presents a question of privilege affecting the rights of the House and the integrity of its proceedings.

When Mr. Reed, of Maine, was Speaker of the House in 1891 a matter very much like this was presented to him. At that time there was no rule of the House prescribing a method of discharging a committee from the consideration of a bill.

A report had been ordered to be made by a committee. It was not made within a reasonable time, and a resolution

directing the report to be made was decided by Speaker Reed to present a question of the privilege of the House.

Questions of privilege are, first, those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings.

The ruling of Speaker Reed to which I have alluded can be found in volume 3, Hinds' Precedents, page 1085.

The Chair holds that the resolution presents a question of privilege, and it is for the House to adopt or reject the resolution. The Chair therefore overrules the point of order.

Mr. BYRNS. Mr. Speaker, I move to lay the resolution on the table.

Mr. GOSS. And on that, Mr. Speaker, I ask for the yeas and nays.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. If I vote "aye", does that mean——

Mr. BYRNS. Mr. Speaker, the gentleman is out of order. We are discussing whether we will have a roll call.

Mr. RICH. Before I vote on this I should like to know——

Mr. BYRNS (interrupting). The gentleman is an intelligent Member of this House, and he ought to know the rules.

The question was taken, and the yeas and nays were ordered.

Mr. McLEOD. Mr. Speaker——

Mr. O'CONNOR. Mr. Speaker, the gentleman from Michigan cannot interrupt a roll call.

Mr. McLEOD. The roll call has not yet begun. I should like to ask the Speaker what is the significance of an "aye" vote and the significance of a "no" vote?

The SPEAKER. The Clerk will call the roll.

The question was taken; and there were—yeas 227, nays 123, not voting 80, as follows:

[Roll No. 130]

YEAS—227

Abernethy	Delaney	Larrabee	Robinson
Adams	DeRouen	Lea, Calif.	Rogers, N.H.
Andrew, Mass.	Dickinson	Lee, Mo.	Romjue
Andrews, N.Y.	Disney	Lehr	Ruffin
Arnold	Dobbins	Lewis, Colo.	Sabath
Auf der Heide	Dockweiler	Lloyd	Sanders
Ayers, Mont.	Doughton	Lozier	Sandlin
Ayres, Kans.	Doxey	Luce	Scrugham
Bankhead	Driver	Ludlow	Sears
Berlin	Duncan, Mo.	McClintic	Secrest
Biermann	Eagle	McDuffie	Shallenberger
Black	Edmiston	McFarlane	Sisson
Bland	Ellzey, Miss.	McGugin	Smith, Va.
Blanton	Faddis	McKeown	Smith, W.Va.
Boehne	Farley	McMillan	Snell
Brown, Ga.	Fernandez	McReynolds	Snyder
Brown, Ky.	Fitzpatrick	Maloney, La.	Somers, N.Y.
Brown, Mich.	Flannagan	Mansfield	Spence
Buchanan	Fletcher	Mapes	Steagall
Buck	Ford	Marland	Strong, Tex.
Bulwinkle	Foulkes	Martin, Colo.	Stubbs
Burch	Fuller	Martin, Mass.	Sumners, Tex.
Burke, Nebr.	Fulmer	Martin, Oreg.	Swank
Busby	Gambrill	May	Tarver
Byrns	Gavagan	Mead	Taylor, Colo.
Caldwell	Gillette	Meeks	Taylor, S.C.
Cannon, Mo.	Glover	Merritt	Terrell, Tex.
Carden, Ky.	Goldsborough	Millard	Terry, Ark.
Carmichael	Granfield	Miller	Thom
Carpenter, Kans.	Gray	Milligan	Thomason
Cartwright	Greenway	Mitchell	Thompson, Ill.
Cary	Gregory	Montague	Thompson, Tex.
Castellow	Griswold	Montet	Tinkham
Chapman	Hancock, N.C.	Moran	Treadway
Christianson	Harter	Morehead	Turner
Claiborne	Hastings	Murdock	Umstead
Clark, N.C.	Henney	Norton	Underwood
Cochran, Mo.	Hill, Samuel B.	O'Connor	Vinson, Ga.
Coffin	Holdale	Oliver, N.Y.	Wallgren
Colden	Hollister	Owen	Walter
Cole	Hope	Parker	Warren
Colmer	Huddleston	Parks	Wearin
Condon	Hughes	Parsons	Weaver
Connery	Jacobsen	Patman	Werner
Cooper, Tenn.	Johnson, Tex.	Pettengill	West, Ohio
Cox	Johnson, W.Va.	Peyser	West, Tex.
Cravens	Jones	Pierce	White
Cross, Tex.	Kee	Polk	Whittington
Crosser, Ohio	Keller	Prall	Wilcox
Crowe	Kerr	Ramspeck	Williford
Crump	Kleberg	Randolph	Williams
Culkin	Kloeb	Rankin	Wilson
Cullen	Kocialkowski	Rayburn	Wood, Ga.
Cummings	Kopplemann	Reilly	Wood, Mo.
Darden	Kramer	Richards	Woodrum
Dear	Lambeth	Richardson	Zioncheck
Deen	Lamneck	Robertson	

NAYS—123

Adair	Duffey	Kinzer	Sadowski
Allen	Dunn	Kniffin	Schuetz
Arens	Durgan, Ind.	Knutson	Schulte
Bacharach	Ellenbogen	Kurtz	Seger
Bakewell	Eltse, Calif.	Kvale	Shannon
Beam	Englebright	Lambertson	Simpson
Beedy	Evans	Lehlbach	Sinclair
Blanchard	Fiesinger	Lemke	Smith, Wash.
Bolleau	Fish	Lesinski	Stalker
Britten	Foss	Lundeen	Strong, Pa.
Brumm	Frear	McCormack	Studley
Brunner	Gifford	McFadden	Sweeney
Burke, Calif.	Gilchrist	McGrath	Taber
Burnham	Goodwin	McLean	Taylor, Tenn.
Carter, Calif.	Goss	McLeod	Thomas
Cavicchia	Guyer	Marshall	Tobey
Chase	Hancock, N.Y.	Mott	Traeger
Clarke, N.Y.	Hart	Moynihan, Ill.	Truax
Cochran, Pa.	Healey	Muldowney	Utterback
Collins, Calif.	Higgins	Musselwhite	Wadsworth
Connolly	Hildebrandt	O'Brien	Weideman
Cooper, Ohio	Hoeppel	O'Malley	Welch
Crowther	Holmes	Peavey	Whitley
Darrow	Imhoff	Perkins	Wigglesworth
De Priest	James	Powers	Withrow
Dingell	Johnson, Minn.	Ransley	Wolcott
Dirksen	Johnson, Okla.	Reece	Wolfenden
Ditter	Kahn	Reed, N.Y.	Wolverton
Dondero	Kelly, Ill.	Rich	Woodruff
Douglass	Kelly, Pa.	Rogers, Mass.	Young
Dowell	Kenney	Rudd	

NOT VOTING—80

Allgood	Church	Hamilton	Nesbit
Bacon	Collins, Miss.	Harlan	O'Connell
Bailey	Corning	Hartley	Oliver, Ala.
Beck	Crosby	Hess	Palmisano
Beiter	Dickstein	Hill, Ala.	Peterson
Bloom	Dies	Hill, Knute	Plumley
Boland	Doutrich	Howard	Ramsay
Bolton	Drewry	Jeffers	Reid, Ill.
Boylan	Eaton	Jenckes, Ind.	Rogers, Okla.
Brennan	Edmonds	Jenkins, Ohio	Schaefer
Brooks	Eicher	Kennedy, Md.	Shoemaker
Browning	Fitzgibbons	Kennedy, N.Y.	Sirovich
Buckbee	Focht	Lanham	Stokes
Cady	Frey	Lanzetta	Sullivan
Cannon, Wis.	Gasque	Lewis, Md.	Sutphin
Carley, N.Y.	Gillespie	Lindsay	Swick
Carpenter, Nebr.	Green	McCarthy	Thurston
Carter, Wyo.	Greenwood	McSwain	Turpin
Celler	Griffin	Maloney, Conn.	Vinson, Ky.
Chavez	Haines	Monaghan, Mont.	Waldron

So the motion to lay the resolution on the table was agreed to.

Mr. KENNEY, Mr. BRITTEN, Mr. McCORMACK, Mr. BEAM, and Mr. KELLY of Illinois changed their votes from "yea" to "nay."

The Clerk announced the following pairs:

On this vote:

Mr. Boylan (for) with Mr. Doutrich (against).
Mr. Corning (for) with Mr. Hartley (against).
Mrs. Jenckes of Indiana (for) with Mr. Stokes (against).
Mrs. McCarthy (for) with Mr. Buckbee (against).
Mr. Harlan (for) with Mr. Carter of Wyoming (against).
Mr. Lanham (for) with Mr. Jenkins of Ohio (against).
Mr. Hamilton (for) with Mr. Turpin (against).
Mr. Drewry (for) with Mr. Bolton (against).

General pairs:

Mr. Greenwood with Mr. Bacon.
Mr. Collins of Mississippi with Mr. Plumley.
Mr. Oliver of Alabama with Mr. Beck.
Mr. Maloney of Connecticut with Mr. Swick.
Mr. Lindsay with Mr. Thurston.
Mr. Sullivan with Mr. Edmunds.
Mr. McSwain with Mr. Eaton.
Mr. Hill of Alabama with Mr. Hess.
Mr. Bloom with Mr. Reid of Illinois.
Mr. Vinson of Kentucky with Mr. Waldron.
Mr. Griffin with Mr. Shoemaker.
Mr. Bailey with Mr. Frey.
Mr. Kennedy of New York with Mr. Crosby.
Mr. Green with Mr. Carpenter of Nebraska.
Mr. Celler with Mr. Peterson.
Mr. Lanzetta with Mr. Schaefer.
Mr. Sutphin with Mr. Cady.
Mr. Allgood with Mr. Sirovich.
Mr. Browning with Mr. Beiter.
Mr. Haines with Mr. Kennedy of Maryland.
Mr. Chavez with Mr. Ramsay.
Mr. Jeffers with Mr. Monaghan of Montana.
Mr. Boland with Mr. Cannon of Wisconsin.
Mr. Dickstein with Mr. Gillespie.
Mr. Dies with Mr. Knute Hill.
Mr. Gasque with Mr. O'Connell.
Mr. Lewis of Maryland with Mr. Eicher.
Mr. Brooks with Mr. Carley of New York.
Mr. Fitzgibbons with Mr. Church.

The result of the vote was announced as above recorded.

On motion of Mr. BYRNS, a motion to reconsider the vote by which the resolution was laid on the table was laid on the table.

JURISDICTION OF DISTRICT COURTS OF THE UNITED STATES

Mr. O'CONNOR, from the Committee on Rules, reported the following resolution for printing under the rules:

House Resolution 350 (Rept. No. 1297)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 752, an act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; that after general debate, which shall be confined to the bill and shall continue not to exceed 5 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

THE WIRT COMMITTEE

Mr. LEHLBACH. Mr. Speaker, I ask unanimous consent to proceed for 7 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. LEHLBACH. Mr. Speaker, recently there was created by resolution of the House a select committee to investigate certain charges made by Dr. William A. Wirt, of Gary, Ind. The committee held certain hearings and has concluded its activities.

The charges of Dr. William A. Wirt, which form the basis of this inquiry, may be summarized as follows:

Certain persons in positions of influence and authority in the administration hold these beliefs:

The depression demonstrates that the political, economical, and social organization of our country, heretofore accepted as the embodiment of American traditions and ideals, is inadequate to insure the temporal well-being and security of the people. The concept that American men and women constitute a free people must be scrapped.

In its stead must be erected a planned economy wherein the everyday activities of American citizens in agriculture, industry, transportation, merchandizing, and other pursuits, including labor, are controlled and regimented by the Government functioning through numerous bureaus. It necessarily follows that remuneration for such activities and the wealth invested therein likewise are in the control of the Government, even if the naked title to such properties are left in the present owners.

Inasmuch as the Constitution of the United States is the keystone of the arch supporting the concept of a free people, its provisions must be disregarded and allowed to fall into desuetude.

Dr. Wirt further charges that these persons holding the opinions above set forth are using their positions in the administration to draft measures, ostensibly temporary in character and purported to accelerate present recovery, which, in effect, operate to further the regimented economy plan. Such measures necessarily retard immediate economic improvement, which is all right with the economic planners, because the more serious the plight of the people the more readily will they submit to the proposed new order.

No suggestion was advanced that any such persons contemplate physical violence, or that the established agencies of the Government be forcibly overthrown.

This, in substance, is the contention of Dr. Wirt, the truth of which this committee was created to probe. The committee limited its activities to an attempt to ascertain the sources of information upon which Dr. Wirt based his statement.

This was an utterly futile proceeding. Every well-informed person knows from the speeches, published writings, and radio addresses by Government officials constituting what is commonly known as the "brain trust" that their political, economic, and social philosophy is substantially as set forth by Dr. Wirt.

Activities in furtherance of the establishment of a socialized economy seem apparent to an increasing number of our people. They view with misgiving a securities act purported to protect investors from cheaters, drying up sources of much-needed credit for industry struggling toward recovery; a proposed law to regulate stock and commodity exchanges, ostensibly to check insensate speculation, threatening to convert a business investment into a frozen asset by the destruction of its market; the absorption of available credit resources of our banking system by dumping upon it huge Government issues. The inability or unwillingness of the Government to stabilize our currency renders it prohibitive for business to engage in long-term commitments of international character. These are but a few instances that have engendered doubt and dismay.

This committee is not authorized to sit in judgment upon the relative merits of the old order of a free people or a Government-regulated mode of American life. Under a broad, common-sense construction of the resolution creating the committee, we were commissioned to investigate whether Government officials believing in a socialized American order were so functioning as to facilitate its establishment. In short, What are the purposes of the "brain trust" and what are they doing about it?

This the American people are entitled to know. This it was not only the privilege but the duty of the committee to ascertain.

Unfortunately, the committee booted away its opportunity. [Applause.]

PAYMENTS OF ASSETS IN CLOSED BANKS

Mr. McLEOD. Mr. Speaker, I call up the motion to discharge the Committee on Banking and Currency from the further consideration of the bill H.R. 7908, which is on the Calendar of Motions to Discharge Committees.

Mr. STEAGALL. Mr. Speaker, I make the point of order that the motion is not in order and does not lie, because of the fact that the committee has reported the bill, and, therefore, cannot be discharged from its consideration.

Mr. McLEOD. Mr. Speaker, will the gentleman withhold his point of order for an inquiry?

Mr. STEAGALL. I cannot withhold the point of order.

Mr. McLEOD. Will the gentleman reserve his point of order and yield for a question?

Mr. STEAGALL. I yield for a question.

Mr. McLEOD. Will the gentleman, as Chairman of the Committee on Banking and Currency, advise the House if it is the intention of that committee to call up that bill this week, which the committee has reported out?

Mr. BLANTON. Mr. Speaker, that is immaterial.

Mr. COCHRAN of Missouri. Mr. Speaker, I make the point of order that the gentleman from Michigan is out of order, and I demand the regular order.

Mr. BLANTON. The point of order should be acted upon.

Mr. BEEDY. Mr. Speaker, I raise a point of order.

Mr. STEAGALL. The gentleman's question does not in any way involve the matter before the House.

Mr. BEEDY. Mr. Speaker, the gentleman from Alabama [Mr. STEAGALL] reserved the point of order.

Mr. STEAGALL. Oh, no.

Mr. BEEDY. And yielded to the gentleman from Michigan for a question. That was the specific request that the gentleman from Michigan made, and the question is not out of order.

Mr. McLEOD. The gentleman attempted to answer the question when he was cut off.

Mr. STEAGALL. Mr. Speaker, I make the point of order.

Mr. WOLCOTT. Mr. Speaker, I would like to be heard on the point of order.

The SPEAKER. The Chair will hear the gentleman from Michigan.

Mr. WOLCOTT. Mr. Speaker, it is my understanding that if a bill is improperly reported to the House—and I believe in this particular instance the Chair has already ruled,

that where a committee sits during the sessions of the House without receiving permission of the House—the action of the committee in reporting out this bill is a nullity. It is void ab initio; that is, from the very beginning and for all intents and purposes the bill has never left the committee. In the case of other irregularities, not perhaps of a like nature but of equal importance, whereby members of the committee were shut off in the exercise of their rights, under the rules of the House and the committee, to offer amendments to perfect the bill, then that is of equal importance and effect and that bill as reported out and the report is equally void.

I call the Chair's attention to the rule, with which he is familiar, section 412 of Jefferson's Manual, which reads in part as follows:

> In every case the whole paper is read first by the Clerk and then by the chairman by paragraphs pausing at the end of each paragraph and putting questions for amendment, if proposed.

It is my contention, Mr. Speaker, that if that were not done—and I want to say on my own responsibility as a member of that committee and as a Member of this House—that in none of the proceedings of the Committee on Banking and Currency neither the bill H.R. 7908 or the so-called "Brown bill", the number of which I do not remember, which was substituted for H.R. 7908, was read. If the bill was not read, and any right of any Member in his legislative capacity was denied to him to discuss each paragraph and offer amendments thereto, then that bill is not properly or legally upon the calendar, and the action of the Committee on Banking and Currency in reporting it out is void.

Mr. BLANTON. Mr. Speaker, I desire to be heard on the point of order.

Mr. Speaker, there is but one question for the Chair to decide: Is the gentleman from Michigan privileged at this time to call up the McLeod bill on the petition that was signed? This is the sole question. There is no question here involving the integrity of the action taken by the Committee on Banking and Currency. This bill, reported by that committee, is on the calendar until the Speaker takes it off the calendar. It is properly on the calendar until the Speaker rules that it is not properly on the calendar.

Under the operation of the discharge rule, a committee can be discharged from consideration of a bill only for failure to act. Certainly a committee cannot be discharged from the consideration of a bill when the committee has finished its consideration of the bill and has returned it to the House with its report. The committee has brought the bill back here, has reported it, and the report is before the House. The committee has discharged itself and could not, if it wanted to, further consider the bill. The committee is through with it. The bill as reported is before the House; and this action of the committee absolutely nullifies every action that was taken under the petition to discharge. This is the sole question, so what is the use of wasting the time of the House fooling with a lot of infinitesimal, inconsequential points raised in an effort to impede business and to muddy the waters?

Mr. DOWELL. Mr. Speaker, I desire to be heard on the point of order.

Mr. Speaker, the discharge rule provides for a special procedure.

The question now before the House is not on the rule to discharge; it is on the question of procedure after the petition has been signed by 145 Members. I call the attention of the Chair to page 435 of the Manual. I read therefrom the following:

> When Members to the total number of 145 shall have signed the motion, it shall be entered on the Journal, printed with the signatures thereto in the CONGRESSIONAL RECORD, and referred to the calendar of motions to discharge committees.

Then follows the provision that such a motion can be called up on the second or fourth Mondays of each month; and from page 436 I read the following:

> When any motion under this rule shall be called up, the bill or resolution shall be read by title only.

Then the rule recites what the procedure shall be.

Mr. Speaker, the question now before the House is one of procedure. A petition has been signed by 145 Members, as required by this rule. The rule prescribes what the procedure shall be. The gentleman from Michigan has proceeded exactly in accordance with this rule, and there is no provision in the rules that the operation of the discharge rule can be interfered with by any action of any committee of the House. In other words, when this petition has been signed by 145 Members, the procedure shall be as prescribed by this rule, and the rule makes no exception whatever. Whatever any committee may do, the rule brings the matter directly before the House for its attention; and this rule was adopted for that specific purpose.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. DOWELL. I yield.

Mr. WEIDEMAN. Does the rule state anywhere that the committee by any action can thwart the will of the 145 Members who signed the petition to discharge?

Mr. DOWELL. It does not. On the contrary, it affirmatively prescribes what the procedure shall be. We are now operating under this rule and the question here is one of procedure and is not on the action of the committee in reporting this bill or on whether or not a report has heretofore been made. As a matter of fact, when this petition was signed by 145 Members, this bill was lying in the committee. The action of the 145 Members in signing this petition immediately put into force this rule; and when the rule is put into force, no action of any committee can operate to nullify this rule.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield further?

Mr. DOWELL. I yield.

Mr. WEIDEMAN. In other words, before the committee reported this bill, the petition had been signed by 145 Members.

Mr. DOWELL. Yes.

Mr. WEIDEMAN. And the committee report was not received until today. So, previous to the time the bill was reported the discharge rule had been invoked by the 145 signers of the petition, thus making the motion to discharge the committee in order today.

Mr. DOWELL. The rule states that whenever 145 Members sign a petition this rule is put into effect and jurisdiction is taken from any committee of the House having the bill under consideration. [Applause.] The House by that action took immediate charge of this bill and it is now before the House.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. DOWELL. I yield.

Mr. BYRNS. What is the motion on which the House would be called upon to vote under the contention of the gentleman from Iowa?

Mr. DOWELL. There will be a motion here.

Mr. BYRNS. What is the motion?

Mr. DOWELL. It follows this rule exactly to discharge the committee.

Mr. BYRNS. I ask the gentleman—the gentleman has the rules before him—what is the motion upon which the House will be called upon to vote?

Mr. DOWELL. Yes; it is to proceed in accordance with this rule to take it from the committee and to bring it directly before the House.

Mr. BYRNS. The gentleman is begging the question. If the gentleman is not willing to be specific in his answer, I will state for him that the motion is a motion to discharge the committee from further consideration of the bill.

May I ask the gentleman how in all common sense he is going to discharge a committee when it does not have the bill before it?

Mr. DOWELL. The motion which will be before the House is for the immediate consideration of the bill under this rule.

Mr. BYRNS. No. May I read the rule to the gentleman?

Mr. DOWELL. That is exactly the effect of it.

Mr. BYRNS. May I read the rule to show that it is a motion to discharge the committee? The motion is first

taken up for consideration, and then the bill, if the committee is discharged, will be taken up for consideration. The gentleman will find that at the bottom of page 435 of the Manual.

Mr. DOWELL. This rule specifically provides that nothing shall interfere with the immediate consideration of the bill under this rule.

Mr. BYRNS. Consideration of the motion, not the bill. The motion is to discharge the committee from consideration of the measure.

Mr. DOWELL. No.

Mr. WOLCOTT. Will the gentleman yield?

Mr. DOWELL. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I call attention of the Members of the House to the fact that this rule embraces two distinct questions. One is the discharge of the committee and the next is the immediate consideration of the bill. We discharged the committee to get consideration of the bill. We cannot get immediate consideration of the bill under this rule unless we discharge the committee.

Mr. BYRNS. How is the gentleman going to discharge the committee on a bill which has been reported?

Mr. WOLCOTT. It is not important whether the committee has made a report or not. The report of the committee should not be used to prevent an immediate vote on the bill.

Mr. DOWELL. Mr. Speaker, may I get clearly before the Chair the very purpose of this rule.

This rule all the way through provides specifically for the immediate consideration and determination of this bill. The whole purpose of it is to take the bill from the committee and bring it before the House. As soon as 145 Members have signed the petition, the bill comes directly before the House on this motion without the action of any committee and under the rule of the House on a certain day this motion shall be called up and then certain definite procedure is outlined. This rule specifically provides for every means by which it can be immediately forced to a conclusion in this House. If there is a majority who do not want to consider it, that is another question, but the question now is on the rule for the consideration of this bill and the action of the committee has nothing to do with the matter.

The whole purpose of this rule and the whole reason for its existence is to get the immediate vote of the House on the bill. Everyone who has been interested in this rule knows that that is the purpose of the rule, and that is why it has been so framed that nothing shall intervene until a final conclusion is had on the bill under consideration.

Mr. STEAGALL. Will the gentleman yield?

Mr. DOWELL. I yield to the gentleman from Alabama.

Mr. STEAGALL. Does the gentleman contend that the question before the House is not the discharge of the committee from consideration of the bill?

Mr. DOWELL. The question before the House is to follow the rule bringing this matter now to a vote. The bill was brought before the House by 145 names to the petition. That action brought it directly before the House.

Mr. STEAGALL. Will the gentleman read the specific language of the rule?

Mr. DOWELL. This is a question of procedure. May I say that if this rule can be sidetracked or if this rule can be defeated by the action of some other committee or of some committee of this House after 145 names have been signed to the petition which brought the matter before the House, and if it can be taken back and defeated by a committee, then this rule is not what the House intended to have when it passed the rule.

Mr. BEEDY. Will the gentleman yield?

Mr. DOWELL. I yield to the gentleman from Maine.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the gentleman from Iowa cannot yield to anyone.

Mr. DOWELL. I am not yielding the floor to anyone. I yield to the gentleman from Maine for a question.

Mr. BEEDY. Has any answer been made to the contention of the gentleman from Iowa other than that there is now on the calendar a bill which has been reported by the Banking and Currency Committee?

Mr. O'CONNOR. We will answer if the gentleman will give us a chance.

Mr. BEEDY. Just a moment. I have asked the gentleman from Iowa a question. There is no other answer to the contention of the gentleman from Iowa than that there is a bill on the calendar from the Committee on Banking and Currency. Is that not the fact?

Mr. DOWELL. So far as I know.

Mr. BEEDY. Let me call the attention of the Members of the House to the incorrectness of the view of the gentleman from Tennessee, who claims the Committee on Banking and Currency has reported H.R. 7908, which is now on the calendar. It cannot be refuted here that there was an irregularity in the consideration of this bill by committee. On Friday, the 20th, when the gentleman from Alabama admitted that his committee had met during a session of the House and reported the so-called "McLeod bill", the Speaker, in answering his question as to the regularity of such a proceeding said that the bill was in effect still before the committee. That any irregularity in its consideration renders the committee action void. In the case of Friday, as well as in the case presented today, there is no denial as to the irregularity of the committee's proceeding. I now quote from the ruling of the Speaker on last Friday:

> In reply to the parliamentary inquiry, the Chair will state that the action of the committee in so reporting the bill is absolutely void, and the Chair will direct that the report and the bill be stricken from the calendar. The purported report on the bill H.R. 7908 made to the House on April 12, 1934, being invalid, the Chair holds that the bill is still before the Committee on Banking and Currency.

A bill is never on the calendar if there is irregularity in the proceedings of the committee reporting it. There is no bill from the committee now before the House which can thwart the operation of the discharge rule. Therefore the way is clear, I submit to the Speaker, to bring up the motion of the gentleman from Michigan to discharge the committee.

Mr. DOWELL. Mr. Speaker, if the statements here relative to the action of the committee are correct, some other bill, as I understand it, has been presented to the House. To my mind, it is immaterial whether there is another bill or something else that has been presented.

My position is, and I want the Chair to understand it and I want to emphasize it, when the petition has been signed by 145 Members the bill is taken away, and it follows the procedure of this rule. This is my contention, and I believe it was the contention of the House when it adopted this rule, and I believe the rule should be followed.

Mr. O'CONNOR. Mr. Speaker, this is an important matter upon which the Chair is about to rule. So far as I know it has never been ruled upon, and there are more situations possible to arise under the discharge rule (rule XXVII, subdiv. 4) than the McLeod bill; in fact, I think another somewhat similar situation will arise today immediately following the disposition of this matter.

If the contention of the gentleman from Iowa [Mr. DOWELL], were sound, the rule in its language would be ridiculous and meaningless.

First, however, let me say that the Chair or this House cannot take cognizance of the statements of fact made by the gentleman from Michigan [Mr. WOLCOTT], or the gentleman from Maine [Mr. BEEDY], as to what happened in the committee. These facts are not before the Chair or before the House. There is up to this minute no proof of what happened in the Committee on Banking and Currency.

All through this rule is the reference to a motion to discharge a committee. That rule provides that such a motion as is called up today, is a motion to discharge the committee, and as has been said, the committee has already discharged itself. But to proceed further, the rule states that:

> If the motion prevails to discharge one of the standing committees of the House from any public bill or resolution pending before the committee—

Of course, this bill does not longer pend before a committee, and to read further from the rule at the bottom of page 436 of the Manual—

Should the House by vote decide against the immediate consideration of such bill or resolution it shall be referred to its proper calendar and be entitled to the same rights and privileges that it would have had had the committee to which it was referred duly reported the same to the House.

And so on throughout the rule, the intent being that the rule does not reach a bill reported from a committee and only reaches a bill which has not been reported.

Further, as you know, in the past few years this question has been discussed many times informally, although the question has never come specifically before the House, as for instance on the bonus legislation and possibly in connection with some other legislation where a committee assumed that by reporting a bill adversely it could defeat the efficacy of the petition to discharge. That, of course, could be done, as was generally agreed among the parliamentarians of the House, to the effect that if the committee reports at all, favorably or adversely, it annuls the petition lying on the desk. In a proposed new rule not yet adopted it is proposed to provide that after a petition is lodged the committee cannot, under the existing rules, report adversely, but right now if the committee reports favorably or adversely it defeats the efficacy of the petition to discharge.

The gentleman from Wisconsin [Mr. O'MALLEY] has said—

By that method any committee can strangle all legislation.

That statement is not correct under our rules.

Mr. O'MALLEY. The gentleman has used my name. Will not the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. O'MALLEY. Was I not correct when I said that if 145 Members have signed a petition for a specific piece of legislation, after the completion of the petition, if a committee reports an amended bill, does not that defeat the purpose of the discharge rule entirely, if the committee sees fit to do this?

Mr. O'CONNOR. I was just about to state that the gentleman is mistaken.

Mr. O'MALLEY. Now, will the gentleman point out to me how I am mistaken?

Mr. O'CONNOR. If the gentleman will permit me, I shall attempt to do so.

There are two features of this discharge rule which were carefully considered and debated upon its adoption. You ladies and gentlemen probably all know that the author was one of the greatest parliamentarians this House ever had, Mr. Crisp, of Georgia. The gentleman from Wisconsin [Mr. O'MALLEY] says that if the committee reports a bill immediately after the petition is completed the House is helpless. Of course that is not correct.

The second feature of the rule provides that a petition can then be filed to discharge the Rules Committee from a resolution to consider the bill, and thus force the consideration of the measure, despite any action on the part of the Rules Committee. Mr. Speaker, if the gentlemen anxious for the consideration of this measure do not succeed today, they will, and speedily, propose to do that very thing—petition to discharge the Rules Committee. After 7 days elapse the matter will be before the House. The bill having now been reported from the committee, and that destroying your petition, they can and will now file a resolution with the Rules Committee to make the bill a special order of business.

Mr. WEIDEMAN. Will that be satisfactory to the gentleman?

Mr. DINGELL. Will the gentleman yield?

Mr. O'CONNOR. Please wait until I have completed my statement.

Mr. O'MALLEY. Will the gentleman yield to me? The gentleman is convincing me, or trying to convince me.

Mr. O'CONNOR. I have not answered your question completely.

The gentleman from Wisconsin [Mr. O'MALLEY] says that when a committee amends a bill it defeats the purpose of some Members of the House. Of course, the committee does not and could not do that.

This bill as it comes in here reported from the committee or as it will be taken up under a discharge petition directed to the Rules Committee, has the McLeod bill in it. It is physically in the bill. It has merely been amended by the committee. If this House prefers the McLeod bill it can vote down the committee amendments and enact the McLeod bill. The McLeod bill has not been taken away from the House. The McLeod bill will be read to the House first. The committee amendments, which I understand are substantially the Brown bill, will be offered as committee amendments. Those Members who prefer the McLeod bill will vote down the committee amendments.

Mr. O'MALLEY. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. O'MALLEY. In the placing of a petition in the well it is required that a copy of the specific legislation be placed in there, so that the Members signing know they are signing for a specific piece of legislation immediately upon the completion of the petition. If a committee can report in an amended bill or a bill which does not correspond with the exact bill upon which the Members signed the petition, are they not in this way defeating the entire purpose of the petition?

Mr. O'CONNOR. They could do that if it had the power, which it has not. They reported the McLeod bill with committee amendments. They could not physically strike out the entire language of the McLeod bill. That is still in the bill for the consideration of the House.

Mr. O'MALLEY. Let me correct the gentleman. They struck out all of the language. There is nothing left of the McLeod bill but the title. They struck out everything after the enacting clause.

Mr. ELLENBOGEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ELLENBOGEN. The gentleman from Iowa stated that 145 Members had signed the petition, and that they were on the petition the day the report was made. My impression was to the opposite, and I ask the Speaker to inform the House whether the report was filed before the petition was completed?

The SPEAKER. That is what the Chair is going to pass on.

Mr. LUCE. Mr. Speaker, for the benefit of the parliamentary procedure, and in order that the Chair may have occasion to comment on one phase of the situation that has not been brought to the attention of the House, I would ask the gentleman from New York whether he is of the opinion that when passing on the application of the rule referring to the motion to discharge the committee, it is within the province of the Chair to pass judgment on the futility that such a motion may come to have? Can it be pressed to a vote that will be fruitless? I hope the Chair will see fit to answer the question.

Mr. O'CONNOR. I think the point of order was that the motion is not now in order.

Mr. LUCE. But the discussion has covered the whole course of the procedure. I hope we may have it clear whether the Chair may pass on the futility of a motion that technically will still be valid.

Mr. BANKHEAD. It is not the province of the Chair to undertake to construe the philosophy of the rule, but only as to the proper parliamentary procedure.

Mr. O'CONNOR. Of course, in all this discussion of the parliamentary procedure, we are not passing on the merits of the McLeod bill or any other bill. There is no possible way for any individual or any committee of this House to prevent the ultimate consideration of the proposals contained in the McLeod bill or any other bill. A majority of this House can always function. That is as it should be, but it should function under the established rules of the House. To attempt to enact legislation in direct violation

of the rules would be most disastrous to ourselves and our people.

Mr. BYRNS. Mr. Speaker, I am going to take but a few minutes. I hope Members will not forget that this is purely a question of parliamentary procedure. The merits or demerits of the bill have absolutely nothing to do with the present question before the House. The rule was adopted for one purpose, and for one purpose only, and that was to prevent a committee from undertaking to smother a report. It would be contradictory if this rule prevented a committee from making a report before a motion is taken up. Here is the proposition—you are asked to take 20 minutes under the rule on a motion to discharge the committee, when the committee has not the bill in its possession, and it is on the calendar. It seems to me the question answers itself.

The committee has discharged itself, and so the motion of the gentleman from Michigan falls to the ground. He has his remedy. This does not prevent him from introducing a rule and getting a discharge petition with reference to that rule, and that is what the gentleman proposes to do. I call attention to this one fact, and then I am through. This rule was introduced in a previous term of Congress by the gentleman from Georgia, Mr. Crisp, at that time a Member of this House, a man recognized as a splendid parliamentarian, one of the best in the House at the time. That gentleman stated in his remarks on the rule with reference to the bonus bill which had been reported by the Committee on Ways and Means, that it did not apply to the bill. Those favoring the bonus bill abandoned the intention of filing a petition to bring that bill from the Committee on Ways and Means, and adopted the course that I have outlined after 7 days had expired, and the Committee on Rules had failed to take action. So I say, Mr. Speaker, that this matter is purely a question of parliamentary procedure, and certainly the House does not want to put itself in the foolish position of debating seriously for 20 minutes a motion to discharge the committee when the committee has already discharged itself.

Mr. KVALE. Mr. Speaker, will the gentleman from Tennessee yield?

The SPEAKER. The Chair is ready to rule.

Mr. KVALE. Mr. Speaker, may I be heard briefly? I endeavored to interrogate the majority leader. It seems to me we all agree that the Speaker was correct on Friday last when he ruled the earlier action of that committee was illegal. That left the discharge rule in full operation. The Committee on Banking and Currency, therefore, had no parliamentary right to report the bill now, because it had been discharged from further consideration of that measure, and I hope the Speaker will rule accordingly.

Mr. CONNERY. Mr. Speaker, I should like to be heard for just a moment on this. I think it is of tremendous importance. I have been listening attentively to all of these observations, and it seems to me that the question which the Speaker will be called upon to decide is whether if the Banking and Currency Committee came in at a quarter past 12 today with their report and before a quarter past 12 the gentleman from Michigan had moved to discharge the committee, the 145 names being signed, then the gentleman from Michigan would be entitled to bring up the motion to discharge the committee. I merely say this because I hope the Chair will pass on the question of whether the 145 names being signed to the petition gives the right at the moment the one hundred and forty-fifth signature is placed there to permit the gentleman to call up his bill or whether the committee, between the time the one hundred and forty-fifth signature is signed and the next second or fourth Monday, can report the bill and thus defeat the right of the gentleman from Michigan to call up the motion to discharge the committee.

The SPEAKER. The Chair is ready to rule. The discharge rule has not been construed in the House up to the present time. It provides:

> When Members to the total number of 145 shall have signed the motion it shall be entered on the Journal, printed with the signatures thereto in the CONGRESSIONAL RECORD, and referred to the Calendar of Motions to Discharge Committees.

That has been done in the instant case. The motion is pending now on the Calendar of Motions to Discharge Committees. The question raised is one of procedure. Last Friday a parliamentary inquiry was submitted to the Chair with reference to this same bill. It appeared that the bill had been reported out by the Committee on Banking and Currency, or that that committee had attempted to report it out when the House was in session, that committee having no authority to sit when the House was in session, not having obtained that permission from the House. The Chair held at that time that the action of the Committee on Banking and Currency in reporting out the bill or attempting to report it out under those circumstances was absolutely void, and the bill was still before the committee. The question now arises as to whether the bill is still before the committee. If it is still before the committee, then it is in order to call up the motion to discharge the committee at this time. The question now is whether the committee has the bill yet or not. If the committee still has the bill, it can, of course, be discharged from the consideration of the bill. If the committee has discharged itself by reporting the bill out, another question arises. It appears from the argument that the bill has been reported out and that the committee no longer has the bill before it. The Chair is informed by the Clerk that the report on the bill was filed in the House this morning, and the bill was placed on the calendar.

This matter is a rather important one, and the Chair thinks it deserves some consideration at length.

The question presented to the Chair for decision may be stated as follows:

Is the motion to discharge a committee from the further consideration of a bill, as provided in clause 4 of rule XXVII, applicable to a bill that has been reported by a committee during the interval between the placing of the motion to discharge on the calendar and the day when such motion is called up for action in the House?

The discharge rule is what its name implies; that is, a rule providing a method of taking a bill from a committee which has refused to consider or report it. The House has had one form or another of a discharge rule since the Sixty-first Congress. The purpose of all those rules was to provide a method of forcing a committee to report bills instead of pigeonholing them, the theory being that once a bill was placed upon one of the calendars of the House a majority of the House, if it saw fit, could consider it under the general rules of the House.

That was the purpose of the present discharge rule. Mr. Charles R. Crisp, formerly a Member of the House, in discussing the discharge rule on May 10, 1932, said:

> The smothering of bills in the committee is what led to the demands for a discharge rule. * * * The discharge rule is needed only to prevent a committee from smothering a bill in the committee room.

It will be clearly seen from the remarks of Mr. Crisp, who who was a very able parliamentarian and who drafted the present rule, that the fundamental purpose of the discharge rule was to provide a method of taking a bill from a committee that refused to consider and report it.

It will be apparent to those who read the present discharge rule that there is no prohibition attaching to a committee to the extent that such committee is forbidden or deprived of the right to report a bill merely because a motion to discharge such a committee from the consideration of a bill has been filed in the House. Nor is there any restriction upon a committee as far as reporting a bill is concerned, even after a motion to discharge has received the requisite number of signatures and the motion has been placed on the calendar of motions to discharge committees.

In other words, a committee of the House has it within its power to report a bill any time it sees fit, notwithstanding the discharge rule. Inasmuch as the purpose of the discharge rule is to compel reports by committees, it would be contradictory to say that the rule should be construed to prevent committees from reporting. Mr. Crisp, on May 10,

1932, addressing himself to this particular point, in reply to a question asked him upon the floor, said:

> * * * Of course, the discharge rule now does not apply against the Ways and Means Committee which has reported the bill * * *.

In that case the Ways and Means Committee had reported adversely the bonus bill. As Members will recall, the proponents of the bonus bill at that time abandoned their original intention of filing a motion to discharge the Committeee on Ways and Means, and filed a second motion to discharge the Committee on Rules from a resolution providing a special order of business for the consideration of the bonus bill. Members recognized at that time—and the present discharge rule was then newly adopted—that the discharge rule could not apply to a case where a committee reported a bill, and thereby divested itself of any jurisdiction over it. Mr. Crisp at that time stated that—

> The action of the Ways and Means Committee in reporting the bill adversely has in no wise taken away any of the privileges, rights, or opportunities of the proponents of the measure to bring it up if they can meet the requirements of the rules; and the rules are not adopted for this particular case, but the rules were adopted on the 9th of last December.

Under a fair interpretation of the discharge rule it would seem that where a committee had reported a bill and thereby divested itself of all its authority and jurisdiction over that bill, a motion to discharge such a committee would not be in order. After a committee has reported a bill, it has lost possession of it and it is then in the possession of the House. The House can take any action on such a bill as it sees fit; as a matter of fact, the rules provide an order of business, and the proponents of the bill may utilize the rules for the purpose of getting any reported bill up for consideration. Once a bill is in the possession of the House, the House can always dispose of it as it sees fit, under the general rules of the House.

In order to bring about a condition wherein a committee may be discharged, it is necessary to meet all the requirements of the discharge rule. First, a bill must be in a committee for 30 days before a Member may present a motion to discharge the committee; then such a motion after it is presented must receive 145 signatures of Members. When that is done the motion is placed on the Calendar of Motions to Discharge Committees. After the motion has been on that calendar for 7 legislative days any Member who has signed the motion to discharge may on the second or fourth Mondays of a month call up the motion for consideration in the House. If, however, at any time before the House begins consideration of a motion to discharge on the second or fourth Mondays of a month, the committee to which the bill has been referred reports the bill, then the motion to discharge falls by reason of the fact that the committee has by its own action divested itself of its jurisdiction over the bill.

The Chair thinks that inasmuch as the Committee on Banking and Currency has reported the bill, that the effect of that action nullifies the motion to discharge and makes it inoperative.

The Chair, therefore, sustains the point of order.

Mr. BEEDY. Mr. Speaker, I make a point of order.

The SPEAKER. The gentleman will state it.

Mr. BEEDY. Mr. Speaker, I make the point of order that the amendment to the McLeod bill, so called, was not introduced in the House until the 17th of April subsequent to the time when any bill of the kind was ever read for amendment in the committee. This fact is undenied.

The bill that was reported never was read for amendment in the committee. It is not legally or validly upon the calendar of the House. While the decision of the Chair well presents the fact, assuming that the bill were legally before the House, the Chair has not touched upon the question as to whether it may be in order to call up the discharge rule if the bill attempted to be reported by the committee concerned was not regularly before the House, not having been considered according to the rules of the House.

Mr. Speaker, I make the point of order, therefore, that the bill alleged to have been reported is not legally reported, is in violation of the rules of the House and of the committees of the House, and has no valid standing in the House.

The SPEAKER. The House passed on that question a few moments ago in a resolution raising the question of the privileges of the House, and passed upon the question adversely to the position taken by the gentleman from Maine.

The Chair has no information as to what occurred in the committee. The only thing the Chair knows is that the McLeod bill, bearing the number it has always borne and with the same title, and with some amendments in which the Chair is not interested, has been reported out, is on the calendar, and can be taken up under the general rules of the House when an opportunity presents itself.

The Chair overrules the point of order.

Mr. WOLCOTT. Mr. Speaker, I respectfully appeal from the decision of the Chair.

Mr. BLANTON. Mr. Speaker, I make the point of order that the gentleman's appeal comes too late, intervening business having been transacted, to wit, a separate, distinct point of order having been made and ruled on by the Chair. Intervening business having been transacted, the gentleman's appeal comes too late.

The SPEAKER. From which point of order is the gentleman from Michigan appealing?

Mr. WOLCOTT. Mr. Speaker, the point of order and the remarks of the gentleman from Maine were an interruption of the Chair in view of the fact that the Chair in ruling on the point of order of the gentleman from Maine reiterated the reasons why the Chair so ruled.

Mr. BLANTON. That was separate and distinct business.

Mr. WOLCOTT. It is from that, Mr. Speaker, that I respectfully appeal.

The SPEAKER. The time to have appealed from the decision of the Chair was at the time the decision was made. Since that time the gentleman from Maine presented another point of order, a very different point of order and argued it at considerable length, and the Chair made a ruling on that point of order.

Mr. WOLCOTT. Mr. Speaker, I respectfully appeal from the decision of the Chair.

The SPEAKER. Which decision is the gentleman appealing from?

Mr. WOLCOTT. The decision of the Speaker on the point of order made by the gentleman from Maine.

Mr. BYRNS. Mr. Speaker, I move to lay the appeal on the table.

Mr. WOLCOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER. The question is on the motion of the gentleman from Tennessee.

The motion was agreed to.

Mr. GOSS. Mr. Speaker, on April 13, the gentleman from Michigan introduced a resolution known as House Resolution 332, which was referred to the Rules Committee. This is a resolution providing for the consideration of the McLeod bill, and in view of the proceedings here today may I ask now whether it is in order to file a petition to discharge the Rules Committee from the further consideration of this resolution?

The SPEAKER. The Chair will answer the question of the gentleman from Connecticut by saying that it would be in order to file a motion to discharge the Committee on Rules from the further consideration of the resolution after 7 legislative days have passed from the time of its introduction and reference to that committee.

REFUSAL TO SERVE NEGROES IN THE HOUSE RESTAURANT

Mr. DE PRIEST. Mr. Speaker, I rise to propound a parliamentary inquiry, which is similar to the one just decided by the Speaker.

On the 24th day of January I filed a resolution in the House. At the expiration of 30 legislative days I prepared a petition to discharge the committee, and laid it on the desk. I subsequently received the necessary 145 signatures on the 23d day of March. After that the Committee on Rules reported the bill out favorably, and I am glad they did.

Under the ruling of the Chair today, if my interpretation is correct, it is impossible to call up this resolution on the Discharge Calendar?

The SPEAKER. The Chair will pass on the gentleman's point of order. The Chair feels a different question arises here.

Mr. DE PRIEST. The rule was not enforced last Monday because I was out of the city and I ask that it be allowed to go over. The House very kindly postponed action until I returned to the city. I have been out in Illinois trying to be renominated, and I am happy to say that I succeeded.

The SPEAKER. The gentleman from Illinois presents a rather important question and the Chair will pass on the matter.

Mr. DE PRIEST. I want to find out from the Chair whether the Rules Committee, or any other committee for that matter, can come in and block legislation? I am speaking on the broad, general question now. Can a committee report a bill out, after 145 Members of the House have signed a petition to discharge the committee, and block legislation in this way?

Mr. O'CONNOR. Mr. Speaker, I would like to be heard on the question when the gentleman is through.

Mr. RANKIN. Mr. Speaker, I demand the regular order.

The SPEAKER. The gentleman from Illinois is propounding a parliamentary inquiry.

Mr. DE PRIEST. This is a very important question and upon the ruling of the Chair today will depend the validity and the effect of the discharge rule. The committee reported out my resolution by striking out the preamble, and I had no objection to that.

This is simply a question of Members knowing their rights in this House under the discharge rule. I understood that this was to come up next Wednesday, and that is perfectly all right with me. May I have a ruling so that we Members especially in the minority group may know where they stand on this rule?

The SPEAKER. The Chair is ready to rule.

Mr. O'CONNOR. Mr. Speaker, I would like to be heard on this point of order. The question here is not identical with the other situation upon which the Speaker has just ruled, in connection with the McLeod bill.

The gentleman from Illinois [Mr. DE PRIEST] introduced a resolution which was referred to the Rules Committee. It could not have been first referred to any other committee, because that resolution provided for the setting up of a special committee to investigate a certain alleged situation in connection with the conduct of the House restaurant. While his resolution was pending in the Rules Committee, the gentleman filed a petition to discharge that committee, and obtained the necessary 145 signatures. Thereafter the Rules Committee favorably reported the resolution to the House.

Mr. Speaker, I want it distinctly understood by the House that there was no pressure that could have been exerted on the Rules Committee to report out the gentleman's resolution. The Rules Committee reported the resolution voluntarily because it felt that the matter should be submitted to the House, and, further, because it knew, as every Member should have known, that the gentleman's petition was not worth the paper it was written on. It was completely futile under our rules. No such petition could lie to discharge the Rules Committee from such a resolution. Therefore the action on the part of the Rules Committee was entirely voluntary and not compelled or influenced in any manner by reason of the petition to discharge. The gentleman has not moved to bring up the petition for the reason that undoubtedly he has been advised by his Republican colleagues, more learned in parliamentary procedure, that not only would such a motion not now lie, because the Rules Committee has reported, but further, and for the more vital reason, that his petition was worthless ab initio. Incidentally, such an experience might serve as an example to some Members who sign such petitions indiscriminately.

Under the rules the Rules Committee can only be discharged from consideration of either a special order of business or a special rule for the consideration of any public bill or resolution reported by a committee. The gentleman's resolution was a mere House resolution, which he could not have brought up on a discharge day if he wanted to, as, for instance, 2 weeks ago today or even today. The Rules Committee, realizing full well the futility of the petition and that it could not possibly serve the gentleman's purpose, reported out the resolution in fairness to the gentleman and the House, and for weeks have been prepared to bring up the matter. I personally reported the resolution, with pleasure. It bears my name. I have not called it up before, for the sole reason that the gentleman requested that it not be called up until after his primary election. He also informed the Speaker that he would not return to Washington until the 23d of April, which was yesterday, and did not want the resolution reported from the Rules Committee called up before that date. So all his hullabaloo here today comes as a surprise to us.

I have been trying to arrange to call up the resolution today, tomorrow, or Wednesday of this week at the latest. This arrangement is entirely agreeable to the leaders on the other side of the House.

But what I want understood, Mr. Speaker, is that no attempt has been made to block or sidetrack the gentleman's effort. On the other hand, I want it understood that the Rules Committee reported his resolution voluntarily, a resolution from which it could not have been discharged under the rules.

Mr. DE PRIEST. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. DE PRIEST. Will the gentleman kindly tell the Membership of the House when the resolution will come up, if the gentleman can?

Mr. O'CONNOR. As I understand, the leaders on both sides hope to take it up Wednesday. I would like to take it up today, but Wednesday has been more or less tentatively agreed upon as the first chance it will fit into the program.

Mr. RANSLEY. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. RANSLEY. It was virtually agreed to take it up the first free day this week.

Mr. O'CONNOR. Yes.

Mr. MARTIN of Massachusetts. Is it not also true that all rights are protected, because any member of the Rules Committee, whether a member of the majority or minority party, can call the rule up at any time?

Mr. O'CONNOR. Surely. The calling up of the resolution has simply been awaiting the return of the gentleman from Illinois [Mr. DE PRIEST], who made the specific request that we not call up the resolution until his return from the arduous duties of his primary. Now that he has been successfully renominated as the Republican candidate for Representative in the Congress of the United States, he has happily returned. We have patiently waited upon the pleasure of the gentleman and are now ready to proceed.

The SPEAKER. The Chair is ready to answer the parliamentary inquiry submitted by the gentleman from Illinois.

The resolution introduced by the gentleman from Illinois reads:

That a committee of five Members of the House be appointed by the Speaker to investigate by what authority the Committee on Accounts controls and manages the conduct of the House restaurant and by what authority said committee or any members thereof issued and enforced rules or instructions whereby any citizen of the United States is discriminated against on account of race, color, or creed in said House restaurant—

And so forth. The discharge rule we are considering this morning provides very specifically, as follows:

Under this rule it shall also be in order for a Member to file a motion to discharge the Committee on Rules from further consideration of any resolution providing either a special order of business, or a special rule for the consideration of any public bill or resolution favorably reported by a standing committee, or a special rule for the consideration of a public bill or resolution, which has remained in a standing committee 30 or more days without action.

The gentleman's resolution which the Chair has just read does not provide for a special order of business or a special rule for the consideration of any public bill or resolution favorably reported by a standing committee, or a special rule for the consideration of a public bill or resolution, which has remained in a standing committee 30 or more days without action, and, therefore, a motion to discharge the Committee on Rules will not lie, in the judgment of the Chair, under the discharge rule.

OLD-AGE SECURITY IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 4548) to provide old-age securities for persons over 60 years of age residing in the District of Columbia, and for other purposes.

Mr. JONES. Will the gentlewoman from New Jersey withhold that so that I may submit a unanimous-consent request.

Mrs. NORTON. I yield to the gentleman from Texas.

THE SUGAR BILL

Mr. JONES. Mr. Speaker, pending that motion, I ask unanimous consent that the conferees may have until midnight tonight to file a conference report on the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

Mr. BLANTON. Mr. Speaker, I reserve the right to object to ask a question. This is what bill?

Mr. JONES. The sugar bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LABOR LEGISLATION

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an address delivered over the radio by the gentleman from Massachusetts [Mr. CONNERY].

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LESINSKI. Mr. Speaker, under the leave to extend my remarks in the RECORD and include the radio address of the Honorable WILLIAM P. CONNERY, Jr., Chairman of the Committee on Labor, as well as my own radio address.

For the first time in the history of our Government, the Democratic majority and our Democratic President have passed legislation to conform to the Jeffersonian theories but contrary to the Republican legislation of the Hamiltonian theories.

For the benefit of the laboring man the Democratic majority has passed various labor legislation, and this has been brought on certain manufacturers owing to their unscrupulous tactics toward their employees.

Although stating they would cooperate with our Government in supporting beneficial measures, they have defied it in many instances. Therefore, in support of the 30-hour week bill, I wish to point out that because of the speed-up systems which are now being used in their factories by certain manufacturers, this legislation is very necessary in order to spread employment and to bring us such prosperity as we formerly enjoyed.

The addresses above referred to are as follows:

RADIO ADDRESS OF HON. WILLIAM P. CONNERY, JR., APRIL 21 1934

Mr. Chairman and friends: It is gratifying to note the deep and sincere interest which those outside the ranks of industrial workers have taken in problems affecting the welfare of the worker.

The House Committee on Labor, a year ago, unanimously reported a 30-hour work bill to apply to all those workers employed in the manufacturing industries of this country. The Senate of the United States, twice last year voted in favor of limiting the hours of industrial workers to 30 hours per week. Last year we were prevailed upon to give industry an opportunity of putting its own house in order, with a direct promise that weekly hours of labor would be reduced to a point where the millions of unemployed industrial workers would be provided with gainful employment in industry. That promise has not been kept.

Those in control of manufacturing in this country have not only repudiated their implied promise to the Congress of the United States, but, they have ignored, or, refused the request of the President of the United States, publicly made on March 5, that hours of labor be shortened and wages of industrial workers be increased.

The House Labor Committee has again unanimously reported a 30-hour work week bill with wages to be paid to the workers for 30 hours which they now receive for 40 or more hours per week.

The industrial workers of our country, the Congress of the United States, and the President of the United States were promised by industry that, with the suspension of the antitrust laws, permitting industry to get together legally, that industry would find employment for millions of unemployed industrial workers. What do we find?

The vast majority of codes approved by General Johnson provide for a work week of 40 hours. We are told that the average hours prevailing in 1929 were 50 per week, and some persons try to create the impression that the reduction from 50 hours per week to 40 hours per week would absorb many of the unemployed. The truth is that with the added productivity per worker the average workers today produce more in 40 hours per week than they produced in 50 hours in 1929. The people of America are not blind. There may be some among us who follow the ostrich in the fable, who stuck his head in the sand, hoping that he would not be seen; but from our knowledge of the American people I have no hesitancy in saying that the sooner industry hides its body in the sand and places its head up where it can see what is going on, the sooner will its investments be safeguarded.

Not only are the codes in effect dominated by the employing interests, as they alone govern American industry through their control of code authorities, but contrary to the understanding and intent of Congress very few of these codes provide for any representation of the workers. In passing the National Industrial Recovery Act Congress and the American people understood that the N.R.A. would bring about real partnership in industry on the part of employers with bona fide representatives of the workers. The Connery 30-hour work week bill will make effective this understanding of real partnership in industry as it specifically provides that there shall be equal representation on all codes of both employers and workers.

I am particularly conversant with the industries of my own district, which happen to be basic industries, namely: Textiles, shoes, leather, and electrical products. What are the facts? The textile industry was placed on a 40-hour week under the code, with a minimum wage of $13 per week in the North and $12 per week in the South. The textile workers of Massachusetts were not averaging 40 hours per week when the textile codes went into effect, or for many, many months before it. I want to point out that the minimum wage of $13 per week provided for textile workers in Lawrence increased the wages of very, very few textile workers there.

The reason for this being that the minimum wages prevailing in Lawrence before the code took effect were in excess of the minimum wages provided in the code. In the case of shoes this industry normally employs some 205,000 workers. When the code took effect 160,000 were employees and 45,000 were unemployed. We were promised that the code would provide employment for the unemployed; and, after 6 months of operation, we find that only 4,000 of these unemployed shoe workers have secured employment.

As an illustration, on February 14 of this year I read the following telegram into the record of the hearings on the 30-hour work week bill before the House Committee on Labor:

Congressman WILLIAM P. CONNERY, Jr.,
House of Representatives, Washington, D.C.:

Forty-hour week has proved useless to leather-tanning industry. More workers unemployed now than at beginning of codes.

DANIEL J. BOYLE,
National Leather Workers Association.

I cite these cases simply as illustrative of what is equally true of all other industries.

After 10 months' trial of the N.R.A., dominated as it is by employers who have continued to exploit the worker and exploit the consumer—without any restraint on the part of the Government—the House Labor Committee unanimously demanded that if the eight or ten millions of unemployed workers of our country are to secure employment, it is essential that Congress enact the 30-hour-work week bill now on the House Calendar, with wages no less than they now receive, which we all will admit are too low.

The Congress, to my mind, fully realizes the necessity of forcing American industries to do that which the President of the United States asked them to do, and which they have not done. The farmers of America are suffering at the present time owing to the lack of purchasing power on the part of our industrial workers. In passing, I want to compliment the Washington representatives of the farm organizations for their foresight in endorsing the Connery 30-hour work week bill. They realize that they can hardly expect to receive the costs of production for their products with from eight to ten millions of industrial workers unemployed, or dependent upon private or public charities.

Incidentally, let me say that the Congress of the United States has never sanctioned the formation of company-controlled unions under the N.R.A. On June 8, 1933, under the leadership of Senators NORRIS and WHEELER in the Senate, and myself and other Members of the House, Congress specifically rejected an amendment which would have legalized company unions.

To all real Americans who desire to assist in promoting the welfare of our country, the one vital and absorbing question is that of providing our millions of unemployed with gainful employment at a fair living wage. At this time the only legislative manner in which this can be done is the immediate passage of the Connery 30-hour work week bill with the same wages for 30 hours that they now receive for longer periods.

RADIO ADDRESS OF HON. JOHN LESINSKI, APRIL 15, 1934

Ladies and gentlemen of the radio audience—

I have been afforded the privilege to speak over this station and am taking the liberty to deliver my message to the listeners and endeavor to explain section 7–A of the National Recovery Act.

The feeling and the unrest among the labor ranks is due to the fact that many of the laborers have been exploited through the speed-up system in our industries inasmuch as the industries in their continuous competition have attempted to produce products at a continual reduction of price, so that not only the domestic trade, but also the foreign trade would absorb our products on account of the low price.

Industry has forgotten one fundamental part, and that is—that by constantly attempting to lower the price of the commodity that is manufactured, the cost must be taken out of labor and the industries knowing that the present Government's desire is to increase the wage-earner's income, many of them have cooperated with the Government to that extent; but by so doing, they have speeded up the production per man to such a point that today an employee in many of the factories is only a mechanical machine working at a top speed, which in no way aids the welfare of the worker but makes him a mechanical slave.

The average worker is only able to give so many years of his life to the industry; and by the time he reaches the age of 40 years he is no more wanted, as the industry has taken the best part of his life and no longer considers him efficient. There is only one solution to this—and that is, that the industry must be fair to its employees and slow down the production lines, which, of course, will put many more men to work and will naturally add to the cost of the product. I realize fully, that the industry is not willing to do this, and on account of its stand the present unrest and dissatisfaction among the employees exist.

The present government has done more for the laborer than any other previous government has done for many years. When section 7–A became a part of the National Recovery Act, it was not put there as a gesture. It was placed on the statute books of this country for the benefit of labor, and it is up to labor to use it fully, and the Government is willing to use its offices for the benefit of labor when such demand is made. This procedure, of course, is slow, but in a long run it is the best, because both the employee and employer should have a certain amount of time to settle their differences which arise when demands are made either by the employer of the laborer, or employee of the manufacturer.

Realizing that the unemployment situation in this area has been beyond the comprehension of many people, and knowing that the labor cannot constantly wait until all arguments between themselves and the employers are settled, many temporarily resort to strikes, as that is the only remedy left for the employee. Relative to this matter, I still would say to the laborer that before an attempt is made to force any employer to agree to the demands of labor by striking, that labor should first use the machinery of the Government to settle their differences before they resort to other means of forcing the employer to give heed to their demands.

Being an employer for many years myself, I have always followed a rule which I personally thought was best for my business, and that was by seeing that my employees were always paid fair wages, as by paying them a fair wage I knew that I was creating a power which not only helped my business, but helped merchants along the avenue, who in turn became customers of mine. I think that the manufacturers should do likewise and treat their employees the same way.

It is up to all of us to do our share to restore prosperity back to this Nation by following a certain course and willingness to cooperate fully with the Government for the benefit of both labor and manufacturer.

I know that the President is keenly interested to bring about the recovery of the whole Nation, and he is also greatly interested that the labor should be allowed the American standard of living. A few days before I left Washington I corresponded with him regarding the situation of the speed-up system of our factories and presented to him these matters as I thought were for the benefit of the laborers. His reply to me reads as follows:

"Thank you for your note of March 24. I know a good deal about the speed-up system and that in many cases it has been carried too far in certain industries. It occurs to me, however, that it would be more practical to ask the Department of Labor to make a preliminary study of the problem. I think the Department is equipped to do this. Later on, after such a study has been made, we could determine whether a congressional investigation was or was not desirable."

I have since taken this matter up with the Labor Department and have a promise that an investigation is going to be made. I fully realize that if the speed-up systems and mass productions are not checked, it will be a long time before we can expect a full recovery of this Nation.

I am attempting to show labor that everything possible is being done for its benefit; but, of course, we also realize that labor must be fair in its demands and should not overstep its bounds and create unemployment. At the present time, in this district, or in this territory, the major portion of our labor is not organized, and I believe that great consideration should be given the welfare of its families; and for that reason I am asking labor to go along cautiously, and believe that by using the proper agencies of the Government they eventually will not only gain their point but the manufacturer will also be satisfied to go along on a program of this type.

I also realize, of course, that all the employers do not want to abide by any actions of the Government, as evidenced by the facts in the coal industry. An agreement has been reached with the producers on hours and wage scale, and a statement made by Forney Johnston, coal operator, reads as follows:

"As between the civil war in the industry and subjection of the industry to three proconsuls working through a military ringmaster, we prefer civil war."

Speaking at the closing session of the Recovery Administration's coal-wage hearing, Johnston said:

"So far as we are concerned, we have definitely and finally determined that we will not conform any further to any one-man determination of policy and dictation in repudiation of essential basis and covenant of the code."

If industry will take this type of stand, then there will be nothing else left for Congress or the Government to do but to make a law enforcing all the laws, which would then upset the condition in this country of free speech and the collective bargaining between the employee and the employer.

The industry must realize that the Government has been very lenient not to upset the traditions of the Government; but if that employer will take a stand as the Alabama coal operators did, then there is nothing left for the Government to do but enact laws which will force the employer to abide by the law as it is written. When the National Industrial Recovery Act was enacted, it was not only to protect organized labor or the unions, but it was also intended for the benefit of all employees to have the right of collective bargaining. The employees of any individual plant, if they so elect, can form their own organization in that particular industry free from any intimidation of the employer.

The employer has no right to help organize nor has he any right to prepare bylaws for the employees. The employee in this case must stand on his own right and can demand in the particular industry in which he is employed that an organization be formed by the employees, and through their efforts only. The reason for this is so that the collective bargaining between employer and employee is free from intimidation or coercion.

I also wish to say that I am always at the service of both the laborer and employer, and my office is open at all times to all my constituents, be they laborers or manufacturers.

DISTRIBUTION OF NATIONAL INCOME

Mr. LEHLBACH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein certain figures compiled by the National Industrial Conference Board concerning the distribution of the national income and which are useful in the consideration of tax matters and public business.

The SPEAKER. The gentleman from New Jersey asks unanimous consent to extend his remarks in the RECORD as indicated. Is there objection?

There was no objection.

Mr. LEHLBACH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following figures, compiled by the National Industrial Conference Board, concerning the distribution of the national income, which are useful in the consideration of tax matters and public business.

Distribution of national income produced and paid out, 1929 and 1932

	1929		1932		Percent decline per capita, 1929 to 1932
	Amount, in millions	Per capita	Amount, in millions	Per capita	
Total income produced	$83,032	$1,877	$39,365	$1,153	38.6
Net gain or loss of capital assets	+1,906		−6,529		
Total income paid out	81,126	(1)	46,894	(1)	
Paid to employees in wages, salaries, etc.	52,706	1,500	31,533	1,239	17.4

[1] Number of individuals not known.

Distribution of national income produced and paid out, 1929 and 1932—Continued

	1929		1932		Percent decline per capita, 1929 to 1932
	Amount, in millions	Per capita	Amount, in millions	Per capita	
Total income paid out—Con.					
Paid to farmers, withdrawn by business proprietors and professional persons, and net rents and royalties	$16,136	(1)	$8,800	(1)	
To farmers [2]	5,574	$1,002	1,291	$222	77.8
Other	10,562	(1)	7,599	(1)	
Paid as interest and dividends and net income from abroad	12,206	(1)	8,472	(1)	
To savings institutions, and directly as interest and dividends to individuals with net incomes of less than $10,000 [3]	7,501	(1)	6,925	(1)	
Interest and dividends paid directly to individuals represented in returns of net income of $10,000 and over [4]	4,705	(1)	[5] 1,547	(1)	

[1] Number of individuals not known.
[2] Net income available for farm operators' labor, capital, and management, estimated by the Department of Agriculture.
[3] Obtained by subtraction.
[4] From Statistics of Income, Treasury Department, interest partly estimated for 1929.
[5] Partly estimated.

Number of gainful workers reduced to equivalent number of fully employed

[Thousands]

	1929	1932
Agriculture:		
Entrepreneurs	5,565	5,804
Employees	2,027	1,484
Total	7,592	7,288
All other industries:		
Entrepreneurs	3,455	2,873
Employees	33,178	23,969
Total	36,633	26,843
All industries:		
Entrepreneurs	9,020	8,677
Employees	35,205	25,453
Total	44,225	34,131

NATIONAL INDUSTRIAL CONFERENCE BOARD,
New York, April 19, 1934.

Total tax collection, Federal, State, and local, in the United States in 1932 were equal to 20.3 percent of the total national income of the American people, according to computations announced today by the National Industrial Conference Board in a study of The burden of taxation in the United States and European countries. In 1929, total tax collections in the United States were equal to 11.8 percent of the national income.

In the period from 1929 to 1932 the ratio of taxes to national income increased in three European countries as follows: United Kingdom, from 21 to 28 percent; Germany, from 19 to 22 percent; and France, from 23 to 25 percent.

American tax collections in 1932, the last year for which comparable data are available, were almost equal to the combined total of the three European countries, the figures being as follows: United States, $8,000,000,000; United Kingdom, $4,400,000,000; Germany, $2,400,000,000; France, $2,300,000,000.

Aggregate tax collections in the United States reached an all-time peak of $10,300,000,000 in 1930. Of this total Federal taxes accounted for $3,500,000,000; States taxes, $1,800,000,000; and local taxes, $5,000,000,000. In 1932, Federal taxes amounted to $1,800,000,000; States, $1,700,000,000; and local, $4,500,000,000. The principal factor in the decline in total tax collections after 1930 was the marked drop in Federal taxes, particularly income taxes and customs. Federal tax returns for the fiscal year 1933 were at the 1932 level, and for 1934 the indications are that collections will be substantially higher.

The ratio of taxes to national income was almost constant in the United States in the predepression years, 1926 to 1929, moving no lower than 11 percent nor higher than 11.8 percent. In 1929, taxes totaled $9,800,000,000, compared with total national income of $83,000,000,000. Taxes increased to $10,300,000,000 in 1930, while national income decreased to $70,300,000,000, with the result that the ratio of taxes to national income rose to 14.6 percent. In the next 2 years taxes fell off to $8,000,000,000, but national income dropped even more rapidly, to $39,400,000,000, and the ratio for 1932 rose to 20.3 percent, the highest figure on record.

LOCKS IN THE OHIO RIVER AND ITS TRIBUTARIES

Mr. MANSFIELD. Mr. Speaker, the bill (H.R. 9205) prescribing tolls to be paid for the use of locks in the Ohio River and its tributaries has been referred to the Rivers and Harbors Committee. I am of opinion it should be referred to the Committee on Interstate and Foreign Commerce, and the Parliamentarian agrees with me. I therefore ask that the measure may be withdrawn from the Committee on Rivers and Harbors and referred to the Committee on Interstate and Foreign Commerce.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

SPECIAL COMMITTEE ON AIR- AND OCEAN-MAIL CONTRACTS OF THE SENATE

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing I send to the desk a privileged Senate concurrent resolution (S.Con.Res. 13).

The Clerk read as follows:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Special Committee on Air and Ocean Mail Contracts of the Senate be, and is hereby, empowered to have printed 1,500 additional copies of each and all parts of the testimony taken before said special committee during the Seventy-third Congress in connection with its investigation of air-mail and ocean-mail contracts: *Provided*, That 10 copies shall be distributed to each Senator.

With the following committee amendment:

In line 9, strike out the proviso reading, "*Provided*, That 10 copies shall be distributed to each Senator."

The committee amendment was agreed to.

The concurrent resolution as amended was agreed to.

CALL OF THE HOUSE

Mr. BLANTON. Mr. Speaker, the motion of the lady from New Jersey is to take up a most important bill, and I think we should have a quorum present. I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mrs. NORTON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 131]

Allgood	Disney	Hoidale	Oliver, Ala.
Bacharach	Doughton	Imhoff	Peavey
Bailey	Douglass	James	Peterson
Beck	Doutrich	Jeffers	Pierce
Bloom	Drewry	Jenckes, Ind.	Plumley
Boland	Eaton	Jenkins, Ohio	Rayburn
Bolton	Flannagan	Johnson, W.Va.	Reid, Ill.
Boylan	Focht	Kennedy, Md.	Rogers, N.H.
Brennan	Foulkes	Kennedy, N.Y.	Romjue
Britten	Fulmer	Kvale	Sadowski
Brooks	Gasque	Lanham	Schaefer
Browning	Gillespie	Larrabee	Shallenberger
Burke, Calif.	Goldsborough	Lea, Calif.	Shoemaker
Cady	Green	Lesinski	Sirovich
Cannon, Wis.	Greenway	Lindsay	Smith, W.Va.
Carley	Greenwood	Lloyd	Stokes
Carpenter, Nebr.	Griffin	McCarthy	Sullivan
Celler	Haines	McCormack	Sutphin
Church	Hamilton	McDuffie	Swick
Claiborne	Harlan	McLeod	Thurston
Collins, Miss.	Hartley	McMillan	Treadway
Condon	Hastings	McSwain	Turpin
Cooper, Ohio	Hess	Marland	Vinson, Ky.
Corning	Hildebrandt	Merritt	Wadsworth
Crosby	Hill, Ala.	Milligan	Waldron
Crowther	Hill, Knute	Montague	Withrow
Cummings	Hill, Samuel B.	Nesbit	
Dickstein	Hoeppel	O'Connell	

The SPEAKER. Three hundred and nineteen Members have answered to their names. A quorum is present.

Mr. O'CONNOR. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to; and the doors were opened.

Mr. HARTER. Mr. Speaker, I wish to announce that the following Members are in attendance on a subcom-

mittee of the Committee on Military Affairs: Mr. ROGERS of New Hampshire, Mr. HILL of Alabama, Mr. JAMES, Mr. GOSS, and Mr. KVALE.

CONTESTED ELECTION CASE—M'ANDREWS *v.* BRITTEN

Mr. PARKER, from the Committee on Elections No. 1, presented a privileged report in the contested-election case of *James McAndrews* v. *Fred A. Britten*, which was referred to the calendar and ordered printed.

EXTENSION OF REMARKS

Mr. BROWN of Kentucky. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address made Saturday night by the Assistant Secretary of Agriculture, Mr. Tugwell, which gives his philosophy of government, which has been of so much interest to the minority side.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. BLANTON. Mr. Speaker, I object to any of Mr. Tugwell's philosophy going in the RECORD. In my opinion, his so-called "Tugwell bill" would have closed up every country drug store in the United States, and would have put out of business every country newspaper. He did a great injustice to a high class, highly respected mineral-water business in my district, at Mineral Wells, Tex., which has been curing afflicted people from all over the United States for nearly a hundred years. He had this product in his "Chamber of Horrors" at Chicago until we forced him to take it out. I do not like his philosophy.

OLD-AGE PENSIONS

Mrs. NORTON. Mr. Speaker, I will renew my motion that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 4548) to provide old-age securities for persons over 60 years of age residing in the District of Columbia, and for other purposes. And pending that, I ask unanimous consent that general debate on the bill be limited to 1 hour, one half to be controlled by the gentleman from New York [Mr. STALKER] and one half by myself.

Mr. BLANTON. Reserving the right to object, the bill is of so great importance it ought to be debated generally under the rules of the House, and I shall be forced to object to the unanimous-consent request.

The motion of Mrs. NORTON was then agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. THOMPSON of Illinois in the chair.

The Clerk read the bill, as follows:

Be it enacted, etc., That there shall be established in the District of Columbia an Old Age Security Board, hereafter referred to as the board, to be composed of the three Commissioners of the District of Columbia, who will serve without additional compensation during their term of office.

SEC. 2. The board shall perform all the duties imposed upon it by this act and shall have authority to appoint such persons and to make such rules and regulations consistent with the provisions hereof as are necessary to carry out the provisions of this act. The board shall meet at such times and places as shall be fixed by its rules.

SEC. 3. Every person (man or woman, married or single) shall, while residing in the District of Columbia, be entitled to a security in old age, subject to the restrictions and qualifications hereinafter noted.

SEC. 4. The amount of said security shall be the amount which when added to the income of the applicant will make the total income of an applicant not to exceed $9 per week.

SEC. 5. A security may be granted only to an applicant who (a) is a citizen of the United States; (b) has attained the age of 60 years or upward; (c) resides and has his domicile in the District of Columbia, and has so resided and had his domicile continuously therein for not less than 10 years immediately preceding the date of the application for a security: *Provided*, That continous residence in the District of Columbia shall not be deemed to have been interrupted by occasional absences therefrom where the total period of such absences does not exceed 4 years; (d) that the claimant is not at the time an inmate of any prison, jail, workhouse, insane asylum, or any other public reformatory, or correctional institution.

SEC. 6. The income of the claimant from all sources at the date of application for relief shall not exceed $468 per annum; and the value of his property or the value of the combined property of husband and wife living together shall not exceed $3,000.

(a) The claimant must not have deprived himself, directly or indirectly, of any property for the purpose of qualifying for old-age relief.

(b) The aged person must have no child or any other person legally responsible for the support of the aged person under the laws of the District of Columbia fully able to support the applicant.

(c) At the death of the person to whom the security is granted, or of the last survivor of a married couple, the total amount of the security since the first grant, together with 3 percent of interest, shall be deducted and allowed by the proper courts out of the proceeds of his property as a preferred claim against the estate of the person so assisted, and refunded to the Treasurer of the United States to the credit of the District of Columbia Relief Aid Fund, leaving the balance for distribution among the lawful heirs in accordance with law: *Provided*, That upon sufficient cause, such as mismanagement, failure to keep in repair, or the inability to properly manage such property, the board may demand the assignment or transfer of such property upon the first grant of such security or at any time thereafter that it deems advisable for the purpose of safeguarding the interest of an applicant or a security certificate recipient or for the protection of the funds of the State. The board shall establish such rules and regulations regarding the care, transfer, management, and sale of such property as it deems advisable, and also provide for the return of the balance of the claimant's property into its hands whenever the pension is withdrawn or the claimant ceases to request it.

SEC. 7. The annual income of any property, inclusive of a homestead, shall be computed at 3 percent of its determined value.

(a) In ascertaining a claimant's income and the amount of security, his income for the past preceding year shall be deemed his annual income, and the property owned at the end of that year as his accumulated property: *Provided*, That when the claimant shows to the satisfaction of the board the loss of personal income derived from personal earnings it shall be deducted from the income of the preceding year in considering the amount of security to be granted.

SEC. 8. A claimant for an old-age security under this act shall deliver his claim in writing to such person or persons as may be authorized by the board, the same to be forwarded to the board within 10 days, together with such recommendations as are considered consistent with the rules and regulations of the board, or said application may be filed with the board.

SEC. 9. When the claim is established and the rate of the first year's old-age security is fixed the board shall, in the manner it may prescribe, certify same to the Secretary of the Treasury, together with the claimant's name, residence, age, the amount of weekly payments, the date of issuance, and who shall draw his order on the United States Treasury.

(a) The old-age security certificate shall be required each subsequent year, to be renewed after satisfactory investigation.

SEC. 10. The old-age security shall commence on the date named in the certificate issued to the claimant. A decision shall be made within 30 days after claim is filed.

(a) All old-age securities shall be paid in monthly payments by warrants drawn on the District of Columbia Aid Relief Fund thereof.

SEC. 11. If at any time during the currency or continuance of an old-age security certificate the recipient, or the wife or husband of the recipient, becomes possessed of any property or income in excess of the amount allowed by law in respect to the amount of security granted, the board may on inquiry either cancel the security or vary the amount thereof during the period of the certificate, and it shall be the duty of the recipient immediately to notify the board of the receipt and possession of such property or income.

(a) If on the death of any recipient of an old-age security it is found that he was possessed of property in excess of the amount allowed by law in respect to the amount of security granted, double the total amount of the relief granted in excess of that to which the recipient was by law entitled may be recovered by the board as preferred claim from the estate so found in excess. The Attorney General shall take the necessary proceedings to recover such claims and the amount so recovered shall be paid into the United States Treasury.

SEC. 12. On the death of a recipient of old-age security the installments then accruing, and such other reasonable funeral expenses as are necessary for the burial of such person, shall be paid to such person or persons as the board directs: *Provided*, That these expenses do not exceed $100: *Provided further*, That the estate of the deceased is insufficient to defray the expenses: *And provided further*, That these provisions for providing old-age securities shall not be construed as a vested right in the security recipient.

SEC. 13. During the continuance of the old-age security no recipient shall receive any other relief from the District of Columbia except for medical and surgical assistance.

SEC. 14. All securities shall be absolutely inalienable by any assignment, sale attachment, execution, or otherwise, and in case of bankruptcy the old-age security shall not pass to any trustee or other persons acting on behalf of creditors.

SEC. 15. If at any time the board has reason to believe that any security certificate has been improperly obtained, it shall cause special inquiry to be made and may suspend payment of any installment pending the inquiry. If, on inquiry, it appears that the certificate was improperly obtained, it shall be canceled

by the board, but if it appears that the certificate was properly obtained, the suspended installment shall be payable in due course.

SEC. 16. Any person, who by means of a willfully false statement or representation, or by impersonation, or other fraudulent device, obtains or attempts to obtain, or aids or abets any person to obtain (a) an old-age security certificate to which he is not justly entitled, (b) a larger amount of assistance than that to which he is justly entitled, (c) payment of any forfeited installment grant, (d) or aids or abets in the buying or in any way disposing of the property of an old-age security recipient, without the consent of the board, shall be guilty of a misdemeanor and upon conviction thereof shall be sentenced to pay a fine of not more than $500 or imprisonment not exceeding 6 months, or both.

SEC. 17. Where on old-age security recipient is convicted of an offense under section 16, the board may cancel the security certificate in respect to the issue of which the offense was committed.

(a) When a claimant has received a notice that his claim for a security has been denied he shall have the right to personally appear before the board to defend his claim for a security after due notice has been made to the board of such desire.

SEC. 18. In case of forfeiture of any old-age security certificate the person whose security is so forfeited shall be disqualified from making an application for a new certificate until the expiration of 1 year from the date of forfeiture.

SEC. 19. The funds for the payment of old-age securities shall be furnished by the District of Columbia and all expenses incurred in the administration of the act by the board shall be paid from the funds of the District of Columbia Aid Relief Fund, which shall be established, the funds to be deposited in the Treasury of the United States. The sum of $—— is hereby appropriated for said purposes.

SEC. 20. Within 90 days after the close of the calendar year the board shall make a report of the preceding year to the President, stating (a) the total number of recipients; (b) the amount paid in cash; (c) the total number of applicants; (d) the number granted securities, the number denied, the number canceled during the year, and such other information as the President may deem advisable.

SEC. 21. All methods of procedure in hearings, investigations, recording, registration, and accounting pertaining to the old-age securities under this act shall be in accordance with the rules and regulations as laid down from time to time by the board.

SEC. 22. Every old-age security granted under the provisions of this act shall be deemed to be granted and shall be held subject to the provisions of any amending or repealing act that may hereafter be enacted, and no recipient under this act shall have any claim for compensation or otherwise by reason of his old-age security being affected in any way by any such amending or repealing act.

SEC. 23. That whenever in this act the masculine pronoun is used, it shall be held to include the feminine pronoun also.

SEC. 24. This act shall be named and cited as the Old Age Security Act of the District of Columbia.

SEC. 25. This act shall take effect January 1, 1934: *Provided, however,* That said Old Age Security Board shall be appointed on or before July 1, 1934, and thereupon said board shall perform all the duties required by this act from date of said appointment.

With the following committee amendments:

Page 2, section 4, line 11, strike out "$9" and insert "$35". Strike out "week" and insert "month".

Page 2, section 5, line 14, strike out "sixty" and insert "sixty-five".

Page 3, section 6, lines 9 to 11, strike out subsection (b). Line 13, strike out (c) and insert (b).

Page 6, section 11, lines 11 and 12, strike out "Attorney General" and insert "Corporation Counsel".

Page 10, section 25, line 3, strike out "January" and insert "July".

During the reading of the foregoing bill the following occurred:

Mrs. NORTON (interrupting the reading). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, I reserve the right to object. This is such an important bill that we should have the provisions of the bill printed at length in the RECORD at this place, so that the membership and the country may know its provisions as they are read. It is only 10 pages long, and I object.

The Clerk continued the reading.

Mr. ELLENBOGEN (interrupting the reading). Mr. Chairman, I move that the further reading of the bill be dispensed with.

Mr. BLANTON. Mr. Chairman, I make the point of order that the motion is out of order.

The CHAIRMAN. The point of order is sustained.

The Clerk continued the reading of the bill.

Mr. TABER (interrupting the reading). Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and seven Members present, a quorum, and the Clerk will continue the reading.

The Clerk continued with the reading of the bill.

Mr. BLANTON (interrupting the reading). Mr. Chairman, it is very evident that there is not a quorum here now. I make the point of order that there is no quorum present, so that we may get the Members in out of the cloakrooms.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and four Members present, a quorum.

Mr. BLANTON. Mr. Chairman, I ask for tellers on that.

Mr. DUNN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DUNN. May I ask the Members who are now present please to stay here and make a quorum so that we can dispose of this humanitarian piece of legislation?

The CHAIRMAN. That is not a parliamentary inquiry.

Mr. BLANTON. Mr. Chairman, I ask for tellers on that vote.

The CHAIRMAN. The Chair does not think that its count can be impeached from the floor in committee. The Clerk will continue with the reading.

The Clerk concluded the reading of the bill.

Mrs. NORTON. Mr. Chairman, I yield myself 15 minutes. I find it very difficult to understand why every committee in this House is treated courteously until the Committee on the District of Columbia comes in with a bill that is not approved by certain Members of the House. Two weeks ago I had this bill on the calendar. I was asked at that time by a certain Member not to bring up the bill on that day. We had a great many other bills of importance on the calendar and we thought that we would dispose of those bills first. I did so, with the understanding that the bill would be brought up today, that it would be a special order of business. I ask no concessions from any Member of this House, but I do want plain, simple justice. [Applause.] This certain Member who objected to the bill came to me and the reason he gave me for objecting—and please bear this in mind—was that he did not have any such law in his State and that as it was a congressional year, and he was coming up for election it would probably put him in a very embarrassing position there. Of course, I feel very sorry for any Member who is having a hard time in the election. I may have a hard time myself and I would want all the cooperation that I could get from the House to support me, if I deserved it, but does any Member of this House think that that is a fair reason for depriving the old people of the District of Columbia of a pension bill? Does any Member of the House think that is the proper procedure? I cannot believe it. I want to know if this House is going to support the Members who have worked very faithfully on District matters, or if it is possible that one Member can frustrate the work that we are trying to do? I have tried to be absolutely fair in my dealings with every committee.

I recall last week, when the Subcommittee on the District of Columbia of the Committee on Appropriations had under consideration the District appropriation bill here, there were many parts of that bill that I strongly objected to and which I should like to have seen amended. I could have done, or any Member could have done, exactly what is being done here today, namely, filibuster all day long and make it impossible for the committee to finish its work, but I did not believe that that was the fair way to proceed. If a bill is to be rejected, let it be rejected by the Membership of the House on its merits, but it is not fair to reject it because one or two Members in the House oppose it for personal reasons. Therefore I did not make points of no quorum when the District appropriation bill was under consideration, although I may say that there were many times when I should like to have done so. I did not consider that that was a fair way to proceed. Today I think we have been subjected to the most unfair treatment that has ever been witnessed in this

House and I appeal to the membership to sustain the Committee on the District of Columbia and to give this bill a chance to be voted up or down upon its merits.

I want now to explain something about the bill. I do not think it is necessary to call the attention of the membership of the House to the importance of this bill. We have here a bill taking care of old people. In 28 States of the Union at the present time there is a similar bill, and in every State which we have investigated we have found that it costs less to keep the people in their own homes and give them this so-called "pension" than it does to send them to institutions. If for no other reason than that, the bill should pass; but there is another reason, and I think a very much more humane one, why the bill should pass. I do not know whether any of you have ever had experience with aged dependent people. Before I came to Congress I gained some knowledge of this question as chairman of the county institution in my own county, and I saw many sights that led me to believe that while institutional care is very good and at times absolutely necessary, particularly in case of illness, it is not in any sense to be compared with keeping these old people in their own homes.

This bill merely provides $35 a month in order to keep these people in their own homes. You know and I know that in these days of stress many people have found it necessary to apply for help who never dreamed of doing so before. We are living in a different age, under different conditions; and none of us knows when the day may come that we, too, may have to appeal for support from somebody. If you have children who are able to support you, that is very fine; but there are many children today who, with all the good intentions in the world, find it impossible to help their fathers and mothers. If they could do so, they should be obliged to do so. If, however, they cannot help them, surely these aged people should not suffer in this, the Capital of the wealthiest Nation in the world. If the Government contributes $35 a month, that father or mother, instead of being a liability, becomes an asset; and certainly they can be very much happier surrounded by their dear ones than they can when sent to Blue Plains or any other institution where old people are kept together.

Mr. PARSONS. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. Gladly.

Mr. PARSONS. From what source will come the funds to establish this relief?

Mrs. NORTON. From the District of Columbia funds.

Mr. PARSONS. How will it be raised?

Mrs. NORTON. In the usual way that all District funds are raised.

Mr. PARSONS. In the regular tax rate?

Mrs. NORTON. Exactly.

Mr. ARNOLD. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. ARNOLD. I notice on page 3 of the bill the committee struck out this language:

> The aged person must have no child or any other person legally responsible for the support of the aged person under the laws of the District of Columbia fully able to support the applicant.

Will the lady give us the reason why this language was stricken from the bill?

Mrs. NORTON. Yes; the language was stricken because there is no such law in the District of Columbia.

Mr. ARNOLD. Should there not be such a law in the District of Columbia?

Mrs. NORTON. I think so; but, of course, such a bill would have to be reported by the Judiciary Committee.

Mr. WHITTINGTON. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. WHITTINGTON. I think the bill should carry language which would eliminate those who have children able to support them.

Mrs. NORTON. The committee did not feel that it was proper to leave that language in the bill, inasmuch as there is no law to compel children to support parents. However, I shall be very glad to accept an amendment covering the point the gentleman has in mind if he will prepare one.

Mr. WHITTINGTON. I will keep that in mind. If the gentlewoman will permit a further question, the gentlewoman said, in answer to the gentleman from Illinois, that funds to provide for this relief must come from taxes levied against property in the District of Columbia.

Mrs. NORTON. Exactly. Of course, the gentleman knows the Government makes a small contribution to the District funds.

Mr. WHITTINGTON. And is no part of it to come from Federal contributions or Federal appropriations for the operation of the District?

Mrs. NORTON. It will come from District of Columbia funds.

Mr. WHITTINGTON. And no part will come from the Federal Treasury?

Mrs. NORTON. I do not know exactly what the gentleman means by that.

Mr. WHITTINGTON. I should like to know definitely whether any part of the funds for the support of these pensioners is to come from the Federal Treasury?

Mrs. NORTON. My understanding is that it does not. When the Federal Government makes a contribution to the District it belongs to the District.

Mr. WHITTINGTON. A provision should be inserted in the bill specifying that no part of the funds shall come from the Federal Treasury.

Mr. GLOVER. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. Certainly.

Mr. GLOVER. I am vitally interested in this principle of legislation both for the District of Columbia and for the States. I was just wondering if the gentlewoman had made a survey of the city and is able to inform the House about how many persons would be cared for, and whether or not the District funds at this time are sufficient to carry the amount that is proposed in the bill?

Mrs. NORTON. I may say to the gentleman from Arkansas that the District funds are not now sufficient. We would, of course, be obliged to authorize the District to use additional funds for this purpose.

Mr. GLOVER. How many people would be affected by the bill?

Mrs. NORTON. According to a recent survey and estimate 1,240 men and women would be eligible for this pension.

The estimated average annual cost per person is $200. The total cost, therefore, would be $248,000 on the figures at present available; and this is much less than the cost per person at Blue Plains.

Mr. DONDERO. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. DONDERO. I am interested in the rate. The State of Michigan recently passed legislation of this character and fixed the rate at $30 per month. Could the gentlewoman inform the House why it was fixed at $35 in the District of Columbia? Is it because of higher costs of living?

Mrs. NORTON. Living costs are higher in Washington. Living costs in Washington are comparable to those in New York and most of the eastern cities.

Mr. DONDERO. One more question: I notice that the tax rate has been reduced to $1.20.

Mrs. NORTON. No; it has not been reduced. An effort was made to reduce it, but the rate was not reduced.

I may say that in my own State, New Jersey, we have found that it is considerably cheaper to keep people in their own homes than it is to maintain them in institutions.

The Commissioners of the District of Columbia endorse the principle of this legislation.

Mr. WHITTINGTON. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. WHITTINGTON. Will the gentlewoman inform the House a little more fully with regard to the operation of this

law in her own State? What is the amount per person, and what is the age at which the relief starts?

Mrs. NORTON. For the present year the annual appropriation for my State per person was $177.60.

That was the rate in New Jersey.

Mr. WHITTINGTON. Fifteen dollars in New Jersey; and $35 is the amount in the pending bill.

Mrs. NORTON. Yes; but we provide in this bill that the $35 includes all of the income that an applicant must have. In other words, if an applicant had $2, $3, or $10 a month income from some other source, this would be deducted from the $35 granted by the District.

Mr. McFARLANE. Did I understand the gentlewoman to say that in New Jersey the average was $177 a year?

Mrs. NORTON. Yes.

Mr. McFARLANE. That would be a little less than $15 per month.

Mrs. NORTON. That is the average annual pension.

Mr. McFARLANE. And $177 a year is a little over $14 per month.

Mrs. NORTON. That is about the average for the State; the counties make their contribution.

Mr. WHITTINGTON. Will the gentlewoman explain the New Jersey provision inasmuch as she has brought the matter up? What is the minimum age in order to obtain a pension in the gentlewoman's State?

Mrs. NORTON. The minimum age in my State is about 65 years. That is the minimum age in this bill.

Mr. WHITTINGTON. How do they get $24 when the total amount on the average per year is less than $180?

Mrs. NORTON. I presume that is the average. They have not applied probably for more than that. I am merely quoting the average.

Mr. WHITTINGTON. What does the investigation show as to the amounts paid in other States?

Mrs. NORTON. The Department of Labor has furnished these statistics.

State	Average annual pension	Average annual cost of poor-house care per inmate	Saving to taxpayer per pensioner
California	$275.28	$484.12	$208.84
Delaware	113.91	495.62	381.71
Idaho	132.21	528.52	396.31
Kentucky	60.00	295.95	235.95
Maryland	332.38	459.79	127.41
Massachusetts	312.00	539.33	227.33
Minnesota	192.36	631.86	439.50
Montana	158.35	634.19	475.84
Nevada	300.00	949.16	649.16
New Hampshire	232.79	503.72	270.93
New Jersey	177.60	479.86	302.26
New York	302.88	405.59	102.71
Utah	116.76	512.33	395.57
Wisconsin	236.04	399.99	163.95
Wyoming	170.66	908.68	738.02

Mr. WHITTINGTON. What is the age?

Mrs. NORTON. I cannot tell the gentleman.

Mr. WHITTINGTON. What are the minimum property qualifications?

Mrs. NORTON. I cannot answer that question. Perhaps the gentlewoman from California can tell us something about that.

Mr. WHITTINGTON. We would like to have some information.

Mrs. KAHN. I do not know anything about that feature.

Mr. BLACK. The minimum rate shows the cost on the taxation basis as against the cost on the poorhouse basis.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield myself 5 additional minutes.

In Wisconsin the average has been $236.04 for the year. The average cost of the poorhouse care in that State was $399.99. It is contended that they have saved $163.95 through having this pension.

Mr. WHITTINGTON. I appreciate that and understand the principle involved, but what I am trying to ascertain is the amount allowed pensioners who have no property, income, or children responsible for their support in the various States where the pension law has been adopted.

Mrs. NORTON. I have not that information. If the gentleman would like to have me secure the information, I will do so and include it in the RECORD.

Mr. WHITTINGTON. Has the gentlewoman any definite information for any particular State?

Mrs. NORTON. What is the particular question that the gentleman wishes to ask?

Mr. WHITTINGTON. My particular question is the amount allowed a person 65 years of age in New Jersey or any other State.

Mrs. NORTON. The amount allowed in my State is $14.

Mr. ELLENBOGEN. The amount allowed in Pennsylvania is $30.

Mr. WHITTINGTON. For what age?

Mr. ELLENBOGEN. Seventy.

Mr. WHITTINGTON. What is the average amount paid?

Mr. ELLENBOGEN. I may say that this law has been passed, but does not take effect until December.

Mr. WHITTINGTON. I am wondering if someone can give us the information as to the definite amount allowed pensioners 65 years of age or over.

Mr. ELLENBOGEN. May I say to the gentleman that I have sent for a book which will give the information as to all the States.

Mr. WHITTINGTON. What was the poorhouse charge per person?

Mrs. NORTON. The poorhouse charge—and this is a comparison per inmate—is $42.13.

Mr. ELLENBOGEN. The gentlewoman quoted the amount paid out and the amount allowed by law?

Mrs. NORTON. That is correct.

Mr. O'MALLEY. The gentlewoman quoted figures from the State of Wisconsin?

Mrs. NORTON. Yes.

Mr. O'MALLEY. May I ask the gentlewoman where she obtained those figures? I should also like to get the amount given, and to learn where she obtained the figures.

Mrs. NORTON. This shows the number of pensioners as of December 31, 1933, for Wisconsin as 1,760. I obtained them from the most recent poorhouse investigation made by the Department of Labor.

Mr. O'MALLEY. Old-age pensions paid in Wisconsin?

Mrs. NORTON. Yes.

Mr. O'MALLEY. By the State?

Mrs. NORTON. Yes. The average pension per annum is $236.04. The poorhouse cost in the gentleman's State was $399.99—a saving to Wisconsin taxpayers of $163.95 per pensioner.

Mr. O'MALLEY. May I inquire where the gentlewoman obtained these figures, because I did not know that the pensions were paid by the State? I thought they were being paid by the county.

Mrs. NORTON. It may be that the county is contributing to the State fund. My statistics are from the Department of Labor.

Mr. O'MALLEY. In my State the situation has been that the counties are supposed to be helped by the State, but, the State not having the money, the counties are still paying it.

Mrs. NORTON. I may say to the gentleman I think that is true in a great many States.

Mr. O'MALLEY. And I cannot believe those figures are reliable, and I should like to know where they were obtained.

Mrs. NORTON. I received these figures from the Department of Labor.

Mr. PEYSER. Under the provisions of the bill providing $35 a month, is it not fair to assume that in many cases the person applying for help may receive $5, $10, or $15 a month from a member of the family, so that the average expenditure may be less than even $20 a month?

Mrs. NORTON. Yes; every dollar contributed to the pensioner from any other source will be deducted from the $35.

Mr. DONDERO. I am interested in the age limit that has been placed in the bill. Can the gentlewoman from New

Jersey give the House any information why it was fixed at 65 years of age? In my State it has been fixed at 70.

Mrs. NORTON. The original bill called for 60, and it seemed to be considered that a person of 60 was just as needy, if destitute, as one older. Then we had some discussion to raise the age to 68, and we compromised on 65.

Mr. DONDERO. What is the age limit in the various States?

Mrs. NORTON. The gentleman, I am sure, will admit that a person needy at 60 is in just as difficult a position as if he were older, and today, with prevailing conditions, it is difficult for any man or woman to secure a position when past 60 years of age.

Mr. DONDERO. Can the gentlewoman give the House any information as to what is the average age in the States that have adopted this kind of law?

Mrs. NORTON. I am not sure I have that information, but I think the average age is about 65. There are some States under, some States over this, but I believe from the evidence brought out in the committee that the average is about 65, and this is one of the reasons we arrived at this particular age.

Mr. RANDOLPH. If the gentlewoman from New Jersey will permit, I believe the average is about 63½ years, to be exact.

Mrs. NORTON. Yes; I thank the gentleman for the information.

Mr. RANDOLPH. In my own State it happens to be 65.

Mr. DUNN. Will the gentlewoman from New Jersey yield?

Mrs. NORTON. I yield to the gentleman from Pennsylvania.

Mr. DUNN. I presume the gentlewoman knows there are about 28 States in the Union giving these old-age pensions?

Mrs. NORTON. Yes; I stated that at the beginning of my argument. There are 28 States with such legislation, and I think there are about 10 other States with pending legislation which they hope to complete within the next year or two.

Mr. HENNEY. Will the gentlewoman from New Jersey yield?

Mrs. NORTON. Yes.

Mr. HENNEY. In regard to the State of Wisconsin, I may state that previously it has been optional with the counties as to whether they would take care of their aged people or not, but at a recent election the vote was 531,915 to 154,726 to make it compulsory on the State, and it is proposed to raise the money through a tax on incomes of over $15,000 and also on labor-saving machinery.

Mrs. NORTON. I thank the gentleman for his contribution.

I have here an editorial from one of the Washington papers which I should like to read into the RECORD:

[From the Washington Post of Apr. 4, 1934]

THE MODERN WAY

Old-age pensions are no longer a novelty. Twenty-seven States are now caring for indigent aged people in their own homes. From experience over a considerable period they have found that old folks who are unable to support themselves can be saved from the humiliation of going to a poorhouse without any additional expense to taxpayers. The average cost of old-age pensions runs from about $8 to $24 per month, depending upon local conditions and the terms of various State laws. The average cost of maintaining a person in the District Infirmary at Blue Plains is $22.50 per month, exclusive of interest on a large capital investment.

No one questions the need for some action to relieve aged indigents of Washington. Blue Plains is always overcrowded. The enactment of an old-age pension law appears to be the only alternative to the investment of more money in institutions of this kind. The principle that aged people without means of support must be assisted by the State is no longer open to question. The real issue is whether Congress shall adopt for the District the most modern as well as the most satisfactory system of discharging this inevitable obligation.

May I say in this connection that we have held hearings on this bill and it has received the unanimous support of all the associations of the District as being the very best way of taking care of the poor people.

Mr. RANDOLPH. May I ask the gentlewoman from New Jersey if she does not believe that the passage of an old-age pension bill for the people of the District of Columbia will advance the enactment of a national old-age pension law in this country?

Mrs. NORTON. I think so, but I do not know that that is important in the consideration of this measure. It would appear to be a matter for the States to decide, and I should like to see every State in the Union adopt its own old-age pension bill. I believe in State rights.

Mr. WHITTINGTON. If the gentlewoman from New Jersay will now yield, as I understand the figures she read a moment ago of the average rates in the 28 States that have old-age pension laws, they range from $8 to $24 a month?

Mrs. NORTON. That is about the average.

Mr. WHITTINGTON. May I ask why it is necessary to make it almost twice the average in the District of Columbia?

Mrs. NORTON. The people in the District seem to think this is a fair amount, and, after all, they should have something to say about spending their own funds.

Mr. WHITTINGTON. All the States should have that right.

Mrs. NORTON. Mr. Chairman, I reserve the balance of my time.

Mr. BLANTON and Mr. BLACK rose.

Mr. BLANTON. Mr. Chairman, I ask for recognition against the bill.

The CHAIRMAN. Does the gentlewoman from New Jersey desire to yield the balance of her time?

Mrs. NORTON. I yield the balance of my time to the gentleman from New York [Mr. BLACK].

Mr. BLANTON. I make the point of order that under the rules someone opposing the bill should now be recognized.

Mr. BLACK. Mr. Chairman, I move that the Committee do now rise.

Mr. BLANTON. Mr. Chairman, I ask for recognition first.

The CHAIRMAN. Does the gentleman from New York insist upon his motion?

Mr. BLACK. Yes. Mr. Chairman, I move that the Committee do now rise.

Mr. BLANTON. That is not fair. The gentleman intends to try to close the debate. We must vote that motion down.

The question was taken; and on a division (demanded by Mrs. NORTON and Mr. BLACK) there were—ayes 30, noes 47.

So the motion was rejected.

Mr. BLANTON. Mr. Chairman, may I make a parliamentary inquiry? It is of course permissible under the rules for the chairman of the committee, or anyone else, who has an hour, to yield a part of their time to others.

The CHAIRMAN. It is.

Mr. TABER. Will the gentleman yield to me for a question?

Mr. BLANTON. I would rather the gentleman would get his time in his own hour. If he is recognized he has an hour. I want to use all of my hour.

Mr. TABER. I wanted to ask the gentleman one question, and it is very important. I went to the desk and asked for a copy of the hearings on the bill and there are none. I was wondering whether the gentleman knew whether there were hearings on this important bill.

Mr. BLACK. That inquiry should be directed to the committee.

Mr. BLANTON. Since the committee does not answer, I will state that I have not been able to locate any hearings, and I do not believe there are any hearings. Mr. Chairman, as long as I remain a Member of this House, whenever I think a piece of legislation is unwise you are going to find me here on this floor doing everything within the limits of parliamentary law to stop that legislation. I am going to do it whether the chairman of the committee is a man or a woman. I am going to do it whether the chairman likes it or not.

When anyone is elected to Congress he takes his seat in this House as a Member of the House to abide by the rules. The rules of this House permit every Member to use to the utmost all his skill, if he has any, to fight for legislation which he thinks ought to pass and to fight against legislation which he thinks ought not to be passed, and no

one has any right to become peeved when he opposes such a bill. You will find me opposing all bills that I deem bad as long as I am a Member, and nothing is going to stop me.

When we had a former District day there were about 15 or 20 bills on the calendar. This bill was up near the top. I went to the chairman of this committee, and I went to the chairman's straw boss, Mr. BLACK, and I also went to the assistant straw boss, Mr. PALMISANO, and told them all that if they called up this bill they would not pass many bills that day on the calendar, that I was against it, and that I was going to use every bit of parliamentary knowledge of the rules that I had to stop it. And after consultation they sidetracked this bill, and put it down at the bottom of the list, and I helped them to pass quite a number of noncontroversial measures that day. They knew then that I opposed this bill, and intended to do everything within my power to stop it.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. I am sorry, I cannot yield. I want to have the lady obey the rules as the men have to do. I cannot answer the lady like I could a man, and I do not want to be placed at a disadvantage.

Mr. ELLENBOGEN. Mr. Chairman, I make the point of order that the gentleman is reflecting on a Member of the House.

Mr. BLANTON. No; I am not. I am simply protecting my own rights.

Mr. BLACK. I do not mind the gentleman calling me a straw boss.

Mr. BLANTON. Well, the gentleman from New York has been very active in helping to guide District legislation through this House. The proponents of a measure should never become personally offended because other Members disagree with them, and see fit to oppose their measure. The District of Columbia Committee has always brought some bad legislation, once in a while, on the floor ever since I have been here. I see a former chairman of the District Committee now on the floor. I helped to kill scores of bad District bills when he was chairman of the committee every year during the time I served on this committee in the House. I helped to kill about half the bills he favorably reported.

SEVERAL MEMBERS. Name him!

Mr. BLANTON. It was Fred Zihlman, who sits over there smiling. I know that it seems natural to my old chairman, Fred Zihlman, to see me on this floor vigorously fighting a District bill. For several years while he was chairman of the committee I was the ranking Democratic member, and we had it back and forth across the table.

Members here have already expressed their great surprise that respecting a bill of this importance the committee has furnished us no hearings whatever. And question after question was propounded in an attempt to obtain pertinent information, all to no avail. At least we should have been informed of the fact that the District Commissioners reported to the chairman of this committee that the District budget cannot possibly carry the financial load of supporting old-age pensions in the manner prescribed by this bill at this time. When the Commissioners said that, they in effect said that this bill should not be passed. If their District budget cannot possibly carry the financial load which the provisions of this bill places on them, then how is the financial load to be carried? Are we Congressmen to ignore their warning? They say they cannot carry the financial load of this bill. Are we going to put on them a load they cannot carry? Or is it expected that the Government will carry the load?

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry; I cannot yield.

Something was said about somebody being afraid of votes at home. I made no such statement. I never have been afraid of votes back home since I have been a Member of this Congress. If this Congress is in session when my primary comes up you will find me still here very busy and working hard on this floor, 2,000 mile away.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No. I would prefer for the gentleman to use his own time.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No. I am going to use my own time. I have such confidence in the people I represent back home that I know that if I do my duty here on this floor and help to kill bad bills they are going to look after me when election time comes.

Mr. RANDOLPH. Will the gentleman be kind enough to yield?

Mr. BLANTON. In just a minute, then I will. I have confidence in my constituents, and they have confidence in me, and that is the reason they take care of me, whether I am there or not. They know that when I am here they can depend on me to fight to stop bad bills.

Mr. BLACK. Mr. Chairman, a point of order. It is about time the gentleman said something about the bill.

Mr. BLANTON. That is not a point of order, Mr. Chairman, and if I desired, I could omit it from my remarks. It so happens that under the rules I can use my time in discussing any subject that suits me.

Mr. RANDOLPH. Will the gentleman be kind enough to yield?

Mr. BLANTON. I am not going to let any of these "side swipers" on the side lines interject anything I do not like into my remarks.

Mr. BLACK. Why reduce me from a "straw boss" to a "side-swiper"?

Mr. BLANTON. Oh, as the gentleman changes, I change. What he says here is futile when I have the floor, because I am going to use my hour in my own way. Do you know what the gentleman from New York [Mr. BLACK] tried to do, Mr. Chairman, when they had had all of the time used in debate—this gentleman who talks about being fair? He knows that this is a very controversial measure, and I think that when the other gentleman over there from New York [Mr. TABER] in his own proper time moves to strike out the enacting clause, there will be enough votes here to strike it out. The gentleman knew that this is a controversial measure, and when his chairman had used all of the time in debate for the bill and there had been none against it, he made a motion for the committee to rise, so as to go into the House. He was then going to make a motion to close debate and keep the opposition from being heard at all. Oh, I am on to that, I will say to the great chief justice from New York.

Mr. BLACK. Chief justice? That is better. Now, I shall not make any points of order.

Mr. BLANTON. I yield to my friend the gentleman from West Virginia.

Mr. RANDOLPH. I was interested in hearing the gentleman say that he did not feel worried about how his constituents in Texas felt.

Mr. BLANTON. Oh, let us get away from that.

Mr. RANDOLPH. I want to ask the gentleman a question. The gentleman spent 2 weeks in his legislature when they were considering the redistricting bill when Congress was in session.

Mr. BLANTON. Oh, that is absolutely not true. I did not leave Washington and did not go near my Texas Legislature. Politicians down there gerrymandered my district and tried to frame me by stealing away 10 of my best counties. The gentleman does not know the facts but has been misinformed, and yet he is a pretty good scout at that. Somebody has misinformed him; and will not the gentleman take that back, since he has been misinformed?

Mr. RANDOLPH. Yes; I will.

Mr. BLANTON. I now want to talk about this bill. The very first paragraph in the bill provides that the three Commissioners shall constitute the Board. Suppose we should do away with the Engineer Commissioner. I am not going to vote to do it. I want to see Major Gotwals or somebody like Major Gotwals kept there. I am for Major Gotwals. I

believe in him and I believe he is honest, but there is a move here on both sides of the Capitol to do away with the Engineer Commissioner and have only two. Why don't you strike out the word "three" and leave it to the Commissioners if you want a good bill?

Mr. BLACK. We will accept that amendment.

Mr. BLANTON. Very well, I shall offer an amendment to that effect. So gentlemen can see that I am helping the committee frame a good bill. Let us take the next paragraph, which gives those three Commissioners carte blanche authority to employ just as many employees as they want to. There is no limitation on it; they can appoint 500 if they want to; they can appoint 5,000 employees if they want to. There is no limitation.

I have been in this House long enough to know that it is advisable to put a limitation as to the number of employees on these bills, or you will have several times the proper number of appointments.

There is no limitation on salaries. The Commissioners can fix the salaries just like they want to by calling the positions certain designated names, and then under the act of 1923 the Classification Board fixes those salaries automatically, with certain sums for certain positions. It is the name of the position that fixes the salary.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry, but I cannot. The lady can use her own time.

I do that because no matter what the lady says to me I have to smile and bear it, because I am a gentleman and I cannot talk back. I never say anything unkind to a lady. They can say anything they want to me, but I always smile. Unfortunately, sometimes, when we are fighting a bill that a lady wants we cannot yield to them. [Laughter.]

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. Oh, I yield to my good friend, because I am her friend, and the gentlewoman knows it. I am going to try to kill her bill, but I shall be pleased to yield to her.

Mrs. NORTON. The gentleman knows that in the end he will probably vote for it.

Mr. BLANTON. Never will I vote for it until the gentlewoman puts in the bill all the people of the United States. Then I would vote for it. [Applause.]

Mrs. NORTON. This is a District bill. I have no authority to insert such a provision. Please do not designate me as "the lady." I am a Member of the House, with exactly the same credentials as the gentleman from Texas, and I want no concession because of my sex. [Applause.]

Mr. BLANTON. Then everything will be lovely, and all of us who do not believe that this is a wise measure to pass at this time may oppose it without fear of anyone taking offense. It would be an unthinkable situation if Members of Congress were denied the privilege of opposing measures they deemed unwise and unsalutary because they were afraid it might be considered discourtesy to a lady chairman in charge of some bill. I try to be courteous to everybody, but I reserve the right to oppose bad bills, to object to them [laughter], and fight them from the floor.

Mrs. NORTON. The gentleman evidently thinks that he is the only Member in this House who has the interest of the country at heart.

Mr. BLANTON. Oh, there are lots of others here. When the vote comes on the motion to strike out the enacting clause of this bill, it is going to be a surprise to my friend.

Mrs. NORTON. It may be a surprise to the gentleman from Texas.

Mr. BLANTON. Let me discuss this bill; then I will yield to my friend. I want to get the facts before the committee. Are you gentlemen in favor of letting three Commissioners select all the appointees they want and fix their salaries?

Mr. STUDLEY. Will their salaries be fixed by the Civil Service Commission?

Mr. BLANTON. Their salaries will be fixed by designating them by names of jobs, calling them director of this or chief clerk of that, or assistant director or assistant chief clerk. That fixes the salary under the Classification Act, and they have found it out. I am not in favor of it.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Please let me proceed a little.

I am going to insist on Congress holding the purse strings. I am going to insist on this Congress saying how many employees shall be appointed and what their salaries shall be; and then you will not put a dreadful burden on my splendid friend and colleague from Texas [Mr. BUCHANAN], as head of the Appropriations Committee, to pass on these matters himself. You are placing a great burden on him to make him assume the responsibility to hold them in line. The Congress ought to hold them in line. And that is a vicious part of this bill. I will never vote for the bill as long as this matter is left indeterminate as to the number of employees and their salaries.

Now let me get to another point. Did you know that during this fiscal year, in addition to $6,500,000 in cash that your taxpayers have given to this District for its running expenses, that the P.W.A. and the C.W.A. have given to the District of Columbia out of your tax money, out of the Treasury of the United States, $9,000,000 more?

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No; I am sorry. I know more about it than my friend from Maryland. I have been checking this up.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry, but I cannot yield. I want to get these facts before the Committee. Now, that is what they got in the District. Do you know who got this relief money? I am told that the records show that about 91 percent of it has been received by the colored population of Washington. Now, if it were a legitimate population I would have no objection. I am one southern Congressman who has never had any prejudice against the colored race, when they conduct themselves properly. I am their friend. Why, DE PRIEST will come to me for a favor lots quicker than he will to some of his Republican colleagues over here. The colored men in this building know I am their friend, and they come to me when in trouble. Why, when our man Coates, back here in the cloakroom, had to have some money for an operation on his eye, did he go to WOODRUFF, MCFADDEN, or SNELL? No; he came to me. [Laughter.] I let him have the money. He knew where he could get it. They know who are their real friends.

The colored people in all the States around here have found out that it is an easy thing for a colored man to live in Washington and they have been drifting in here for years, and lots of them are so no account you could not make them work if you used a long prod pole. Some will not work. They have been getting this relief here; 91 percent of all these millions we have spent here has gone to them; and your taxpayers back home are paying for it.

Mr. LOZIER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes; I yield.

Mr. LOZIER. I wonder if the people of Washington who are insisting upon so-called "local" self-government remember their experience of the years 1871 to 1874, when Congress yielded to their importunities and established a territorial form of government in the District of Columbia, and for 3 years the National Capital had one of the most corrupt governments ever maintained in the United States, so venal, extravagant, and wasteful that the people of the District came to Congress and begged it to abolish the territorial government and again take over the administration of District affairs.

Mr. BLACK. That was in a Republican year.

Mr. LOZIER. And during this period of self-rule, one Sheppard was the political boss of the District. His statue stands in front of the District Building. During this orgy of self-government he ruled the District and managed its affairs with unprecedented prodigality. Taxes were high, and the District became hopelessly insolvent.

Mr. BLANTON. And Congress came along and paid off all their debts and has been paying their debts ever since.

May I tell you how good newspapers misrepresent? The Washington Star is one of the most reliable newspapers in

the United States, except when it gets into a discussion of District matters and the Federal contribution. It is a little bit biased and prejudiced then. The other day I called attention to the fact that the Government had spent lots of money on various things here. For instance, I stated that our Government had spent lots of money on this million-dollar bridge on Connecticut Avenue, and on the $2,000,000 Key Bridge. I did not say the Government paid all of it. Then I referred to this new Memorial Bridge that goes over to Arlington, and said the Government spent $14,000,000 on that bridge and I said that it all came out of the Treasury, and it did.

The Star had a long statement in yesterday's paper to the effect that I had said the Government spent all of the money on all of these bridges. I did not say that. I referred to the Memorial Bridge. The Government did spend a great big sum on the million-dollar bridge on Connecticut Avenue, and on the $2,000,000 Key Bridge, and on the bridge down next to the Southern Railroad, and they spent a large sum on every other bridge which has been built in the District of Columbia.

Mr. MAY. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Kentucky.

Mr. MAY. I was interested in the gentleman's statement that the appropriation for the District of Columbia as fixed last year by the Congress was six and a half million dollars and that the Civil Works Administration and the Public Works Administrator came along and gave them more.

Mr. BLANTON. The P.W.A. and the C.W.A. have given the District $9,000,000 this year.

Mr. MAY. Allotments have been made to a lot of these projects without Congress knowing anything about the matter and projects, too, are being withdrawn. I am wondering if they would not have the power to bring it back in here and give it to the District of Columbia.

Mr. BLANTON. They may. You have to watch them. They are fixing to bring up a $20,000,000 bill now. Secretary Ickes and these Commissioners had their pictures taken the other day, and they have arranged with the gentlewoman from New Jersey [Mrs. NORTON] to bring in a bill to permit the District of Columbia to borrow $20,000,000 from the Public Works Administration. Are you going to vote for that bill? I am not. I do not propose to permit them to do that when this District is now out of debt, when the tax rate was reduced to $1.50 per $100 last year, and the taxable values were reduced $80,000,000, with a rate of $1.50 to cover all taxes. They have a $5,000,000 surplus in their treasury this year. I do not intend to vote to permit the District to borrow a cent to be wasted down here in the Municipal Building. I know too much about this Municipal Building. I have been checking up on it for nearly 20 years, and I am not going to give them any leeway by my vote. I want you to help us kill this $20,000,000 bill that they are fixing to bring in here.

Mr. BLACK. I wonder if the gentleman will say a few words about this bill.

Mr. BLANTON. I know the gentleman does not like for me to tell you his plans; but we have to anticipate. The gentleman is a member of two of the worst committees that I ever saw—the Committee on Claims and the Committee on the District of Columbia—but he is a good fellow after all. Whenever we get tied up here and feel like the world is going backward and we want to relax, the only thing is to get him up on the floor for 5 minutes.

Mr. BLACK. The gentleman is quite a help himself.

Mr. BLANTON. May I say that this bill pays $35 a month to every man and every wife over 65 years of age. You notice that it does not just pay this sum to a family. It provides for $35 for the wife and $35 for the husband. Most people who are 65 years old are married yet. Most of the spouses are about the same age. There is $70 a month to be paid one family; $14 is paid in New Jersey and $24 is the highest average for the States, yet in the District of Columbia they are going to pay $35 to each person, man and wife, totaling $70 a month to the two of them. They are going to let them own a $3,000 piece of property for a residence and also nearly $1,000 of personal property.

Mr. ELTSE of California. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from California.

Mr. ELTSE of California. Under sections 2 and 3 the two spouses might have $930 of property and still get $70?

Mr. BLANTON. And they may also have a $3,000 home and still get $70 a month.

Mr. BLACK. The gentleman understands that under the present poorhouse system they would get $76 a month?

Mr. BLANTON. Oh, no; not in any State. May I say that a committee, when they bring in a bill like this, ought to be able to tell us all about it. I was surprised at this committee. Question after question was asked to obtain some definite information and they could not tell you a thing except that this bill carries $35 for each individual per month. They ought to know something about it. They ought to know all about this subject of old-age pensions in the various States.

Mr. McFARLANE. Will the gentleman yield?

Mr. BLANTON. I yield to my colleague from Texas.

Mr. McFARLANE. I have just asked for a copy of the hearings and I find there are no printed hearings on this bill.

Mr. BLANTON. That was called to the attention of the committee a few moments ago by our friend from New York [Mr. TABER].

Mr. RUFFIN and Mr. LEE of Missouri rose.

Mr. BLANTON. I yield first to the gentleman from Missouri.

Mr. RUFFIN. Would the gentleman mind referring to section 19 and telling me, if he can, the source from which the funds that are going to make up this relief fund will come?

Mr. BLANTON. All the tax money that comes from taxation on District property here goes into the Treasury to the credit of the District. Then it has a water fund which goes to its credit although the Government spent millions of dollars on that water system and the Government today owns the old, original water conduit itself, and paid for it, and yet the District gets the water. It has been getting so much from its water fund, that has gone into its general treasury this year, that the water rate has been cut another 25 percent so that now the ordinary family will only pay about $6 a year per family for the finest water in the world. We do not get that back home for $6 a year per family.

Then there is the gasoline tax. Tennessee has a 7-cent gasoline tax, while the District has only 2 cents; but that is another source of revenue that goes into the General Treasury to the credit of the District.

Then the Government came along last year and gave them $6,500,000 cash in a lump sum, which went to their credit. Then the P.W.A. and the C.W.A., which is nothing in the world but the money of the taxpayers—your constituents and mine—they like to call it "P.W.A. money", but it is nothing in the world but Government money out of your Treasury—they gave them $9,000,000, and it went into the Treasury to their credit. All this is to their credit in the Treasury, and they pay their obligations from it, but that does not keep your people back home from realizing that they will be paying part of this pension to the colored population of 150,000 that has drifted in here from every part of the globe.

Mr. RUFFIN. Will the gentleman yield further?

Mr. BLANTON. Yes.

Mr. RUFFIN. Is the gentleman in position to answer the question of whether any part of this fund I have asked about will come from the citizens of the District directly?

Mr. BLANTON. It will be such part as comes out of that general fund in the Treasury, which comes from the sources I have mentioned, coupled with the $6,500,000 we gave them and the $9,000,000 the P.W.A. gave them. They have this money to draw on, and they will draw on it. That is the way the money comes.

Mr. RUFFIN. In other words, am I to understand that all of it will come from the Federal Government, directly or indirectly? Is that a fair inference to draw?

Mr. BLANTON. No; it is not. I tried to explain that their taxes on real and personal property is used also.

Mr. RUFFIN. I wish the gentleman would cover that, because that is something I have been trying to get information on.

Mr. BLANTON. The bill provides these pensions shall come out of District funds. They will take this out of the actual taxes here in the District, but then they will use the Government fund of $6,500,000 which we gave them for something else. This is the way they will get around it. They will just beat the devil around the stump and shift it about. If you will get the hearings on the District appropriation bill, you will find where Chairman CANNON and myself made one department admit they had been taking money appropriated for maintenance and raising salaries during the past year.

Mr. LEE of Missouri. Will the gentleman now yield?

Mr. BLANTON. I yield to the gentleman from Missouri.

Mr. LEE of Missouri. The gentleman from New York, who is a member of the committee, stated that this bill would mean a saving in that it costs more to feed them at the poor farm than the pensions would amount to. If it is true that this would cost over $31 a month, then that is a dirty graft, because in my county we feed them for $10 a month better than you can feed them in this town.

Mr. KELLER. What do you feed them?

Mr. LEE of Missouri. We fed them everything that is right, and we do not ask the Congress to pay for them, either. We pay them ourselves in our State.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. BLANTON. I yield to one of the champions of the bill.

Mr. WEIDEMAN. I do not know about that. I want the District to pay for this, but I want to ask the gentleman a question. If I remember correctly, the gentleman advocated a reduction of the tax rate from $1.50 to $1.20. If we had left it at $1.50, we could have had the local people paying more taxes. I want to raise their tax rate and employ it for such purposes and take it off of the country as a whole and let the District support itself.

Mr. BLANTON. I will answer that statement. I have found out that money is wasted down here in this Municipal Building. If they have a surplus of money they waste it extravagantly, and when I found out that if you kept the tax rate at $1.50 they were going to have a surplus of about $6,500,000 to draw on, whenever they wanted it, for this or that, I decided it was best to earmark it and give the people of the District the benefit in a reduction of taxes. That is the reason we tried to provide for that rate, and I may tell you this. It is the most remarkable phenomenon in the world that you find the District papers here fighting a reduction of taxes.

Mr. WEIDEMAN. Of course, that covers a lot of territory.

Mr. BLANTON. I believe that the people I know here and the people that my friend from West Virginia [Mr. RANDOLPH] knows in Washington, the real taxpayers, 99 percent of them, were in favor of this reduction in the tax rate and a saving of their money, but the newspapers caused this 30-cent tax raise to be put on the people here. The newspapers did this, coupled with the help of the Commissioners.

If you will get the hearings, you will find that the first question I asked was if they were going to oppose a reduction of taxes. I said, "Mr. Commissioner, are the papers correct yesterday and today in saying that you are not going to stand for reduction of taxes? How about that?" I asked the auditor if he had given out any such statement. They reluctantly denied it, but you could see that they were against reducing taxes, and they came in here and caused it to be stricken out.

Mr. WEIDEMAN. Will the gentleman yield? They cannot operate the city in a proper way—the schools are among the worst that I ever saw.

Mr. BLANTON. I do not yield for that.

Mr. ELLENBOGEN. Will the gentleman yield to me?

Mr. BLANTON. No. I know more about this than the gentleman. The fact is you have the finest school system here in the whole world.

Mr. PALMISANO. Mr. Chairman, a point of order. The gentleman is not talking to the bill.

Mr. BLANTON. I do not have to talk to the bill. This is general debate. I can discuss any question from Maryland to Mesopotamia. [Laughter.]

Now, I am going to tell you about the schools. They have the finest school system in Washington there is in the world. They pay the highest salaries of any school system in the United States. They have the finest buildings; they have the finest playgrounds; they have the finest equipment. They teach the boys every kind of industrial work so that they can do something when they get out in the world. They have the finest cooking schools for girls, and they teach them sewing; they give them every kind of industrial instruction, and there has not been a single day in Washington during the depression that any teacher has had to wait 5 minutes for their money. They have it paid to them on time. When in Chicago their teachers have not been paid for 3 solid years, the teachers of Washington got it right on time.

Another thing—they have free schoolbooks here; some schools furnish lunches to them. I want to say that all this poppycock you hear about the schools not being good is pure rot, pure and simple rot.

They have the best teachers in the world, and one of the finest superintendents in the United States, Dr. Ballou, who gives the schools everything on God's earth that they can think of, and yet they are always complaining and coming to some Congressman, dissatisfied about something and making complaints, and having the Congressman get up and say that the school system is not what it ought to be.

Mr. WHITTINGTON. Will the gentleman yield? Is it not true that under the bill a husband and wife can get $840 annually and in addition burial expenses and doctor's bills?

Mr. BLANTON. And can be the owner of a $3,000 home and drawing $70 a month between them.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. BLANTON. I am sorry; I cannot yield. I am for old-age pensions. I should like to see the people of my State some of these days, when other States and the Government can do it, be provided for in their old age. But I do not want them taxed to help put $5,700,000 in the Treasury in a lump sum and then have the P.W.A. and the C.W.A. put $9,000,000 more into the Treasury to pay old-age pensions in Washington while my State is without it. Whenever you get to voting the Federal Government into an old-age pension law, let it be a general law; a law that applies to all of the 48 States in the Union; and then you will find me supporting and fighting for it on this floor.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Mr. Chairman, I am going to yield to my delightful colleague from Pennsylvania, who is one of the great proponents of this bill.

Mr. DUNN. I thank the gentleman. Can the gentleman tell me of any more economical way to provide relief than by the old-age pension system?

Mr. BLANTON. This District has taken care of its indigent people for many years, and there are fewer indigent people in Washington than anywhere else in the world.

Mr. BLACK. Then how is the bill going to be so expensive?

Mr. BLANTON. But because there are a few shacks in some alleys here—and have you not got them in all of your cities and towns—a great hullabaloo is raised. Have you not got them down on the Mississippi Delta, shacks that people live in? Oh, these Washington papers do not want any shacks in Washington at all. They want every colored sniper that slips in here from some farm to get an easy living, to live in a three-story house with basement, and they want to have the living provided for him, with two or three servants and a cook and washerwoman also.

Mr. STRONG of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Texas, who has had many years of experience along these lines.

Mr. STRONG of Texas. Does the gentleman not know that there will soon be before the House a national old-age pension bill?

Mr. BLANTON. We have a committee studying that subject now.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry that I cannot.

Mrs. NORTON. Will not the gentleman please yield for a question? I should like to ask the gentleman a question.

Mr. BLANTON. Certainly, if you put it that way.

Mrs. NORTON. Does the gentleman believe in State rights?

Mr. BLANTON. I used to, but I have been voting for so many things in this Congress that I have been taught against ever since my childhood that I have gotten all mixed up.

Mrs. NORTON. If the gentleman believes in State rights, there is nothing in the world to prevent his going back to Texas and seeing to it that his State passes a law taking care of the poor people there. I shall be glad to aid him in doing so.

Mr. BLANTON. I want to say that when normalcy gets back, and when this depression is over, you will find the gentleman from Texas on this floor fighting against every kind of measure he thinks is unsound.

Mrs. NORTON. That is not answering my question.

Mr. ELLENBOGEN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No; I am sorry. I want to use the remainder of my time. The gentleman can get his own time.

Mr. DUNN. Mr. Chairman, will the gentleman yield to me?

Mr. BLANTON. I yield to my friend from Pennsylvania [Mr. DUNN].

Mr. DUNN. I do not know whether the gentleman understood my question; but if he did, I did not hear his answer.

Mr. BLANTON. I thought I had answered the question, but I shall answer it now. I know what the question is.

Mr. DUNN. Does the gentleman know of any more economical way to provide relief for the aged than through an old-age pension system?

Mr. BLANTON. Yes. If you will inquire up in New Jersey, you will find out that the pensioners there under the old-age pension law are three times in number what they thought they would be when they passed the law. If you will check it up in California, you will find that they are paying three times as many as they expected to when they passed the law; and if you check it up in every other State, you will find the same thing. When you once pass a law that gives people easy money, you will find a lot of them coming in that ought not to come in. You will find a lot of them who are willing to live on the State and the Government and get something for nothing.

Mr. DUNN. Does not the gentleman believe it will cost a great deal more to construct and maintain poorhouses than to come to an old-age pension law?

Mr. BLANTON. We have been carrying on poorhouses for a long time, and I think we will do it much more easily in the future. But of course, we do not want to force indigent people to go to the poorhouse if we can help it. I am in favor of the principle. If the President right now would say to us that his financial policy would permit it, if he would say that it would not disrupt his policy, I would vote right now for a national old-age pension law that would take care of every person 70 years old in the United States, but the age ought to be 70 years.

Oh, they talk about 60 and 65. Why, most of the most valuable men and women in the Nation are 65 years old.

Mr. MEAD. Sam Insull is about 75, is he not?

Mr. BLANTON. Yes; Insull has stolen more money from the American people than any other grafter, and he is 75 right now, and we are having a terrible time catching him and bringing him back here. We have citizens over all the United States 75 and 85 years of age, men who are doing service to their country and to their State. We have them in this House. I saw Uncle Joe Cannon when he was 85 years old do some of the best service ever performed on the floor of the House.

Mr. WEIDEMAN. Then we have that Turk, who is 116 years old, still doing good service.

Mr. BLANTON. And we have a CONGRESSIONAL RECORD clerk out here, Mr. Andy Smith, who has been holding that job down with this Government for 55 years, and there is not a more capable man in the Capitol.

I hope that he will be here for 20 more years. Why, take Tyler Page, one of the leading men of this country, the author of the American's Creed, one of the brightest men in the Nation, has served this Government here for 50 years; and I will guarantee he will be with you Republicans for many more years [laughter]; and if you ever should get back into power about the only thing that will recompense us Democrats is that we will have him again for Clerk of the House.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. KVALE. The gentleman has cited the cases of Capitol employees, but under existing law it is the policy of the Civil Service Commission to retire people from service after they have given a lifetime in the service. The Civil Service Commission demands that at a certain age they retire. We have those people to deal with and to provide for.

Mr. BLANTON. I am one of those who believe that if Congressmen were allowed to make a few selections of the employees in their districts [laughter and applause] they would pick lots better ones because they would know them and would be responsible for them.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes; I am pleased to yield to the gentleman from New York.

Mr. MEAD. The gentleman has made the statement that he favors a national policy of old-age pensions rather than the policy of local administration?

Mr. BLANTON. Yes, I do; I will vote for a national policy.

Mr. MEAD. I should like to have the gentleman develop this thought: The gentleman also brought out the fact that under local administration there are conflicting delegations of power and authority, and there are many rates in conflict one with the other; the rates are high in some places and low in others; is it the thought of the gentleman from Texas that a centralized administration of a national law would be so far removed from local politics that it would be better administered and more uniform in its application throughout the country?

Mr. BLANTON. Why, certainly. It would cost the taxpayers of the Nation much less money; and my friend knows that it could be regulated better as a national law and there would be more justice in its administration than if it were left to the States, because there are 48 Governors and 48 State administrations to administer local laws, and they would not be administered in the same way. We should have one system centralized in Washington. When our committee gets through with its study and investigation of the national old-age pension system you will find me on this floor fighting for such a law.

Mr. ELTSE of California. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. ELTSE of California. To come back to the bill, may I ask this question: Under section 6 (a) and (b) will not shiftlessness increase? I should like to have the gentleman's reaction to that.

Mr. BLANTON. I think it is self-evident. If the gentleman will check up on the relief that has been going on in the District and check up the opportunities that recipients of the relief have had for getting work, of which they have

not taken advantage, he will see there is lots of shiftlessness.

Mr. ELTSE of California. Will there not also be a tendency for them to skin out their property under this law?

Mr. BLANTON. Certainly; and we will see property values go down. A house that has been worth $6,000 or $7,000 will be reduced overnight to $3,000.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. MEAD. Just this one question and I shall be through. With regard to national rather than local administration, does not the gentleman believe it would be helpful for the country if we made of this bill a model for the District of Columbia that would be copied by the States and would eventually become the national law?

Mr. BLANTON. I may say to the gentleman from New York that there is not a single paragraph in this bill that is a model, with all due respect and regard to the committee. It has been drawn for them by somebody else; I am not reflecting upon them. I do not believe it is a model. To pass this bill would be to pass the wrong kind of bill for the States to adopt. It is my belief that the committee now studying the question from the national viewpoint will bring in a much better bill.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BIERMANN. I understood the gentleman to say that he preferred a national law to a State law?

Mr. BLANTON. Yes.

Mr. BIERMANN. Let me call the gentleman's attention to a booklet that we ought to pay more attention to on this side of the aisle—the Democratic platform of 1932.

It says:

We advocate unemployment and old-age pension under State laws.

That is what we are doing right now in working out a bill for the District of Columbia.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania.

Mr. ELLENBOGEN. The gentleman knows that I favor a national old-age pension law, and that I am the author of a resolution under which a subcommittee of the Committee on Labor is investigating this subject.

Mr. BLANTON. Let me ask the gentleman this question: He got his idea from foreign countries?

Mr. ELLENBOGEN. No.

Mr. BLANTON. The gentleman brought that over here from a foreign country?

Mr. ELLENBOGEN. I may say to the gentleman——

Mr. BLANTON. Did not the gentleman bring that over from a foreign country?

Mr. FLLENBOGEN. No. I will answer the gentleman's question if he will give me an opportunity. I believe that the number of old people in the country is increasing. According to the figures available, and they are available to everyone, not only the total number of old people is increasing in the United States but also the proportion of older people to the rest of the population. I am in accord with the gentleman, and I believe in the end it will be too expensive for the old-age pensions to be paid out of the Public Treasury; therefore, I believe in a contributory system on a national basis, and I believe the gentleman has a somewhat similar idea, but in the meantime we should pass this bill.

Mr. BLANTON. I will not yield further to the gentleman.

Mr. TRUAX. I think the gentleman from Texas is sincerely in favor of a national old-age pension law when it can be applied universally and there is a means to finance the proposition. I agree with the gentleman from Pennsylvania that the Treasury cannot stand it, and I am not for the contributory system. I say it should come from the wealthy of the country and from the public utilities.

Mr. BLANTON. Mr. Chairman, I reserve the remainder of my time.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, while there was not much logic and there was not much social philosophy indulged in this afternoon, there were plenty of errors made as to what this bill is really intended to do. A great many medieval social suggestions have been made on the floor. The bill itself is to take care of the aged in the homes, if possible, instead of sending them to a poorhouse, the poorhouse system being more expensive to the taxpayers than the other and more modern system. That is all there is to this proposition.

It is true, probably, that the national old-age pension bill should have come before this one as far as some Members are concerned, but it is no fault of the aged of the District and it is no fault of the taxpayers of the District that they have to get their legislation from the Congress and that Congressmen come from States which have no old-age pension systems. However, the fact that Texas does not have an old-age-pension system should not keep the Congress, because it has Congressmen from the State of Texas, from legislating along advanced sociological lines for the good of the District of Columbia. The people of the District of Columbia have by force of law to depend on Congress. They would probably rather not do this, but that is the situation they find themselves in at this time. It is to be regretted that all the States of the Union have not an old-age-pension system, but 22 out of the 48 States have this modern method of taking care of their aged.

I was astonished to hear one gentleman here in an offhanded way—and I am sure if his remarks were carried back to his district, he would be defeated—state, "Oh, we feed them for $10." Imagine that statement on the floor of this Congress in this day and generation. As a matter of fact, it is costing the District of Columbia and the Federal Government as their contribution toward the District finances $38 a month for each inmate in the poorhouse. This system will cost about $20 a month, and instead of ultimately being a great charge on the taxpayers of the country and the taxpayers of the District there will be a saving by this bill.

There is another situation in connection with this bill, and that is that an old, indigent couple in the District under the system now prevailing cannot live out their old age together. They must be separated and put into separate institutions. Under this bill, if indigent, they will be allowed to live together during their declining years.

Of course you can use your imagination about any piece of legislation. You can see ghosts in any bill. You can say that any bill will be crookedly worked, and that any bill will not properly work; but this bill, with proper and decent administration, will work out the way it is intended to work out. We have no right to assume that a piece of legislation passed by the Congress will be improperly administered. The proper assumption to make is that any bill passed by the Congress will be prudently and efficiently taken care of in its administration.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BLACK. Surely.

Mr. SNELL. I am not opposed to the system of old-age pensions; but as I look through the bill, it is much more generous than the one we have in our State, and it seems to me it would be pretty expensive to start it at 60 years of age. Does not the gentleman think that is rather young?

Mr. BLACK. No; and I will tell the gentleman why I do not think so. Insurance companies have reported, after a conference, that 84 percent of people over 60 years of age are in need of support by somebody other than themselves.

Mr. WEIDEMAN. The gentleman from New York [Mr. SNELL] mentioned 60 years of age.

Mr. BLACK. My bill was 60, but the committee amended it to start at 65 years of age. There are other things to be taken into consideration, such as the conditions surrounding them and the ability of their relatives to support them, and all these things will be investigated. Everybody over 65 is not going to get $35 a month under this bill. This is not the thought of anybody. It is highly unfair to take what

might be possible under the most extravagant and imprudent system of administration and charge that up to a bill.

Mr. Chairman, there is a filibuster going on——

Mr. SNELL. Will the gentleman yield for just one more question?

Mr. BLACK. Surely; I am always pleased to yield to the gentleman from New York.

Mr. SNELL. Under the provisions of the law in our State, if a person applies for such a pension and has any property, he must turn it over to the county.

Mr. BLACK. There is a provision in this bill that such property ultimately will be turned over to District aid.

Mr. SNELL. That is after they die.

Mr. BLACK. After they die, but the fact they hold property is taken into consideration in the administration of the act.

Mr. SNELL. The experience has been in our State that there are a great many people who apply for an old-age pension and when they find they must give up their own property they are not willing to do this but go on and support themselves and I think this is a pretty good provision.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland [Mr. PALMISANO].

Mr. PALMISANO. Mr. Chairman, I did not care to take the floor at this time, but in view of the fact that the gentleman from Texas, the watchdog of the Treasury, has constantly refused to yield to me, I thought it would be more appropriate that I should at least take 5 minutes.

The excuse of the gentleman from Texas for not yielding to any Member of the House at the beginning was his suggestion that every member of the committee may have an hour to discuss this bill. This means 435 hours to kill time, as he stated, at the expense of the people of the country. This would mean a whole session. We have not an hour each allotted to us during the entire session of the Congress, and why the gentleman from Texas, with the experience he has had as watchdog of the Treasury should suggest a ridiculous proposition of this kind I cannot understand.

Furthermore, if there is objection to this bill, if there is a clause or paragraph in the bill that is not right, the bill has been before the House for some time, and the gentleman from Texas or any other Member of the House has the right to prepare such an amendment; but let us get down to the consideration of the bill under the 5-minute rule. If he wants to strike anything out entirely or to correct any matter in the bill, that is another matter.

Oh, the gentleman says that the Federal Government is going to pay for this. I agree with the gentleman in that I do not want the Federal Government to pay a cent toward this pension, and I say that on the same principle the Government has no right to be matching its funds for State functions. I say let us go right down to the root of the whole matter and cut out all Government allotments, and let us tax the people solely for Government functions and not for State propositions, and this would include State roads, schools, and everything else.

The gentleman referred to the fact they are going to strike out the enacting clause. Of course, they are going to move to strike out the enacting clause, if the gentleman has his way, and this means that the gentleman is against old-age pensions, because if he were not against old-age pensions, notwithstanding what he may say about being in favor of them in some form or other, striking out the enacting clause would demonstrate to the Members of this House that he is utterly opposed to them.

So far as I am concerned, I was opposed to this bill originally, not because I did not believe in the principle of the bill, but because I did not want anyone from the Virginia line or the Maryland line to come here and make the people of the District pay them a pension. I want the District people to take care of their own people instead of putting them in the poorhouse.

Now, with all due respect to the Members here, anyone who would suggest that every Member of this House should take an hour and kill time, if you please, at the expense of the Government——

Mr. TABER. Will the gentleman yield there?

Mr. PALMISANO. Yes.

Mr. TABER. Does not the gentleman think that somebody on the committee ought to take the floor and explain what this bill does before the House is asked to consider it? No such explanation has been made.

Mr. PALMISANO. We were trying to explain the bill, but the gentleman from New York, as well as the gentleman from Texas, has taken the position that he is going to strike out the enacting clause.

Mr. TABER. I have not taken any such position, and I refuse to permit the gentleman to say that.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I ask recognition against the bill.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I am for this bill for old-age pensions in the District of Columbia, because I think it is a just bill. I am especially for it because Congress has the entire right to legislate on this matter in this District. I am for it because if it is passed, an old-age pension law in the District of Columbia will be a guide to us when we come to pass a Nation-wide old-age pension law, which we are certainly going to do. It is for these reasons that I am for the bill. Whether minor changes should be made in it is another matter.

I want to call your attention to these simple facts: Every poorhouse in the United States is a disgrace to our intelligence, to our courage, and to our national spirit. We ought to wipe it out, and we ought to wipe it out by providing something better than it is.

The United States is the only civilized country in the world that has not already recognized nationally the duty of providing old-age pensions. Every other civilized country in the world has done it, and why should we stand here quibbling over whether it should be $35, $32, or some other amount per month? We ought to open our eyes to these facts.

The time was when our fathers and mothers could save something and provide something for old age, but conditions were not what they are now. Those conditions have changed beyond the possibility of solution so far as individuals are concerned. Time was when if a man, or a woman, lost his job he could go West, take up land, and grow up with the country. It was an easy matter to take up land back in those days.

There is no land now in the West to take up. Today when a man loses his job he is out. He cannot go anywhere else and take up land, or get another job if he is past 40.

It is true here in the District now. Here is where we ought to provide the first pension law, because it will give us something of an experience in our National Government that will be a guide to us hereafter when legislation is undertaken to give Nation-wide old-age pensions.

Industry is no longer confined to localities, States, or regions. It is purely and simply national in its scope; and if we would get the proper vision, we must recognize it nationally.

Granting old-age pension is not charity—it is a just reward to the man or the woman who has served in industry up to the time he can no longer serve because of age. The mother who has struggled out on the farm or in the home of the factory town, in the great cities, or the villages until she is 65 ought to have a pension if she needs it, because every day of her life she served her country as much as any man or woman can serve it anywhere in any way. The men who have produced the wealth of the country by their labor, whether in field or factory, in mines, or over the whirring wheels of transport, wherever you go, in whatever industry, have earned enough more than they have received to assure them a pension as a reward for their service, if they need it. There are about 500,000 men and women over 65 who would be eligible for old-age pensions under the average conditions

recognized by the State laws already granting old-age pensions. If we grant old-age pensions, it would cost about $172,000,000 a year, which would save a tremendous amount of money over the poorhouses and other systems of caring for our old people at present in use, quite outside of the rights of humanity.

Mr. Chairman, the property taxes in our States cannot stand the necessary burden to carry old-age pensions. Let us not deceive ourselves by thinking that they can. I was brought up as a strict State rights man, but I have sense enough to know that even the great State of Illinois cannot carry its part of the burden as it should be done. This burden of old-age persions does not belong to the States. It belongs to industry as a whole, and ought not to be placed anywhere else. Industry, properly carried on, is abundantly able to carry old-age pensions, as it does in every other civilized country. We ought not to deceive ourselves; we ought to open our eyes to the plain facts in the case and see that it is good economy as well as good humanity. I yield to the gentleman from Michigan.

Mr. WOODRUFF. Is it not a fact that every old person who has been a good citizen of this country, whether or not he has accumulated enough for himself in his old age, has all during his life contributed to the economic welfare of this country?

Mr. KELLER. I answer, "Yes, certainly", to that splendid question. I am glad the gentleman asked it. I endorse every word it implies.

Having been granted the right to revise and extend my remarks, I embrace the opportunity to quote the statements made in justification of my own national old-age pension bill introduced in the Seventy-second Congress and reintroduced in the Seventy-third Congress as H.R. 1623, and which is under consideration by a special subcommittee of the Committee on Labor. These statements are a part of the bill itself:

Modern industrial conditions have made old age a definite economic hazard. Specialized and standardized production has eliminated most of the need for skill and experience. The swifter pace required in modern industry produces greater nervous strain and tends to wear out workmen more rapidly than ever before. Many employers of labor, not being legally bound for the protection of their workers, feel no obligation for their support in old age.

American industry and commerce today are no longer confined to one locality, one State, or one region. Mergers and trusts have extended our major industries all over the Nation. Workers also move freely from one State to another and from one occupation to another. The problems which arise out of our industrial development are, therefore, no longer local or State-wide but National in scope. The questions of wages, hours of labor, employment and unemployment are questions for the Nation as a whole to solve rather than for each community or State. No one State can advance to a solution of these problems alone for fear of competition from neighboring States without such protection for their workers. This is best illustrated by the plethora of legislation now pending in Congress on these various subjects.

Old-age dependency is obviously a national problem, to be solved only by national or congressional action. State solutions of this problem, as of any other industrial problem, only aggravate the conditions in each particular State and leave a great portion of the problem unsolved.

The national character of old-age dependency has now been recognized by all industrial countries of the world except the United States. Everywhere else it is acknowledged that the honest and industrious workman or farmer who by industry and labor has added to the wealth of the Nation is entitled to humane consideration when, through no fault of his own, he is deprived of his earning power. He must not be made an object of charity, which serves only to embitter his declining years when his only crime is age and poverty. Industry has failed to deal with the question successfully. It is too directly interested in profits to consider men as they should be considered. Only the Nation acting as a whole can do this.

The maintenance of old men and women in their own homes on the basis of a self-respecting reward for their services has everywhere been found to be not only humane and honorable but also more economical than any other method of providing for them. This has been the case abroad and is also the experience of the 17 States which have already placed old-age security laws on their statute books. The average cost of a pension in California is $23.10 per month as against a cost of $44.74 in an almshouse. In New York the average pension amounts to only $26.30 per month as against $39.61 for almshouse maintenance.

It is estimated that within the United States there are about 500,000 men and women 65 years of age and over who are entitled to old-age relief as provided under the existing State laws. Less than one fifth that number, however, are now in receipt of this security. Many of our States are unable to raise their taxes and therefore cannot follow the lead of the 17 States now having more or less limited old-age pension laws. It is indeed a question whether even these wealthier States can continue these pensions, because the real-estate taxes are consuming the property. But if this burden were distributed equally over all industry it would relieve this menace to property and be easily borne by industry.

Since the problem of old-age dependency is essentially a national problem, it is obviously the duty of Congress to make such humane provisions for the aged citizens of America as they are justly entitled to.

It is in view of our national obligation to the aged who are least able to help themselves in these hard times that the following bill is presented.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Chairman, as my colleague from Texas, [Mr. BLANTON] is diligent in obstructing matters that he thinks bad, and in pushing matters that he thinks will do good, I want to inform him that there is another petition on the Speaker's desk to bring out the McLeod bill from the Committee on Rules and I want to put that in the RECORD here so that everybody is charged with that knowledge. All we want is a vote on that bill. If you vote it down, we shall be satisfied, but we want a day in court on this bill just like any other bill.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. Yes.

Mr. BANKHEAD. Does not the gentleman from Michigan think that the Rules Committee, both the majority and the minority members, were entitled at least to have a request made by those in favor of the McLeod bill for a hearing on that rule before the motion was filed to discharge?

Mr. WEIDEMAN. Normally, yes; except that at 4 minutes after 12 today a report was filed by the Banking and Currency Committee on this bill. If they wanted a vote on the McLeod bill, as amended, all the gentlemen needed have done who supported it was not to have filed a report, and we would have had the bill up today. We do not care whether it is the McLeod bill that passes or a good Democratic bill. All we want is the principle of this legislation voted on, and inasmuch as we are in parliamentary procedure, and as my friend from Texas says, it is just give and take, I want to say that I respect the Chairman of the Committee on Rules and think he is the greatest leader on this side of the House. I have gone with him many times, and I shall go with him again, but on this matter I just cannot follow him, and in the future, on other issues, we are going to be fighting side by side.

Mr. BANKHEAD. I do not want to get into any controversy with the gentleman, but in all candor it does seem to me that where a committee is charged with the responsibility of acting on matters of this sort, in good courtesy to that committee and to the precedents, it was at least entitled to have an opportunity to hear the resolution presented before you filed a motion to discharge.

Mr. WEIDEMAN. Normally I would agree with that, but these are days of emergency, just as when my good friend from Texas [Mr. PATMAN] filed the bonus petition, and in these emergency matters we have to be diligent. To be of any value to the country this bill must be passed at this session.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. Yes.

Mr. TRUAX. I think no one in this House has greater respect than I for the Chairman of the Committee on Rules, but I think the gentleman from Michigan takes the same position that I do, namely, that when 145 Members walk up to the desk and sign a petition to discharge a committee from further consideration of a bill, they are entitled to a prompt vote on that measure, just as we secured a prompt vote on the Patman bonus bill, and that we should vote it up or down.

Mr. WEIDEMAN. I agree with the gentleman, and I refuse to yield further. In other words, 145 Members of this House want to do just what 1 Senator can do on the other side of the Capitol, and that must be music to the

ears of my friend from Texas. We fought side by side in favor of another bill, and he said at that time that all we wanted was to give 145 Members of this House the same right that 1 Member of the other body had.

Mr. BLANTON. I think our good friend from Michigan is one of the most promising Members of the House. I admire all his splendid work he has done here, and I am his good friend, even when he is against me, and I think he is doing good work now, for he is doing his very best. But he did not answer the question my friend from Alabama [Mr. BANKHEAD], Chairman of the Committee on Rules asked him. That was a proper question, and that committee is a responsible committee of the House, and should have been shown some consideration.

Mr. WEIDEMAN. I agree with the gentleman. I came just about as close to answering it as my good friend from Texas did to answering the question of the gentleman from Pennsylvania [Mr. DUNN] as to how you are going to improve on the old-age pension proposition, so that we are about even there.

Now I want to divert and talk about the school system in the District of Columbia. The gentleman from Texas [Mr. BLANTON] said that he has watched these schools for 20 years, and they are among the best in the country. The gentleman's line of travel must have been over one line, Abilene to Washington and back again. I would like to have my friend go to the city of Detroit and see what a real clean school is and what a real playground is. The trouble is that he has seen that same school in the District for 20 years, and if he had traveled the route for 30 years he would still see the same school, because in 1908 a commission was appointed by this House and condemned many buildings still in use. One school which they had been using for 50 years in this District was condemned in 1908, but it is still being used.

We must help the schools. The Jefferson School in southwest Washington is only 50 feet from a railroad where trains are switched day in and day out, hour in and hour out; and the children cannot study on account of the noise. If you go up into the auditorium on the third floor of that school building, every time you take a step the floor bends under your weight.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I yield 1 minute to the gentleman from Michigan to resume our colloquy. He is under the impression I have never been to Detroit, when as a matter of fact I have visited there several times.

In 1907, in company with 168 Texans, I spent quite a nice sojourn in Detroit. Our party was royally entertained by the Detroiters, and we were shown everything you had, from your fine aquarium to your schools; and we were carried up to Marblehead on a fine boat, with an orchestra and dancing; and, oh, we were most royally entertained.

Mr. WEIDEMAN. The gentleman did not sample all the wines they had at Marblehead, I hope.

Mr. BLANTON. Oh, we had a good time, and picnicked all day at Marblehead. And I still think that our Washington schools, as a whole, are the finest in the United States.

Mr. WEIDEMAN. To complete my time, I am intensely interested in the schools in the District. I am not finding fault with the teachers; they are fine teachers and are doing the best they can. I do not find fault with the administration—and I have no patronage in the District; there is not a thing they can take away from me and there is not a thing they can give to me. I am fighting for the interest of the children. I want to see clean rooms for the little children to go to, and clean playgrounds for them to get their recreation in.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. ELLENBOGEN].

Mr. TABER. Mr. Chairman, I suggest the absence of a quorum.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise.

Mr. PATMAN. Mr. Speaker, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. Is that motion in order unless the gentleman withholds his point of order that there is not a quorum present?

The CHAIRMAN. The motion to rise is a preferential motion and is always in order.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMPSON of Illinois, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 4548) to provide old-age securities for persons over 60 years of age residing in the District of Columbia, and for other purposes, had come to no resolution thereon.

INVESTIGATION OF CHARGES OF FRAUD AGAINST WAGE EARNERS EMPLOYED OF FEDERAL BUILDING PROJECTS IN THE DISTRICT OF COLUMBIA

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, last Thursday I offered a resolution calling for an investigation into charges of fraud against wage earners employed on Federal building projects in the District of Columbia.

Since publication in the Washington Herald of the first charges of improper handling of pay rolls, I have been visited by many workers and have received letters from others, all indicating a sickening condition of coercion and extortion among the building-trades craftsmen employed on Government work. While my first information concerned only conditions in the District of Columbia, evidence brought to me since Friday indicates that these abuses are national in scope.

In appropriating the vast sums now being expended in public-works construction it was the clearly expressed intention of the Congress and the Executive that these undertakings were primarily designed to relieve unemployment and to restore in some measure the purchasing power of American labor. I do not think that many of us were in real opposition to such a worthy objective.

In awarding contracts for the construction of those buildings it was very definitely specified by both Congress and the Executive that the prevailing rate of wages in each community should be paid on Government work. The Bacon-Davis Act, which became a law at that time, was most explicit on this point.

When contracts were awarded costs were figured on the prevailing rates of wages and the contractors handling these projects are today collecting from the Treasury the money to pay such wages—but the prevailing rate of wages is not being paid in Washington. The contractors receive the money to pay them from the Treasury, but the employees do not get that money from the contractors.

The difference, Mr. Speaker, is going into pockets where it does not legally or morally belong. To speak with reserve, Mr. Speaker, that is graft. To give it its right name, it is theft—theft from workingmen who dare not protest lest their wives and children be again forced to sit down at bare tables, shiver in cold rooms, or walk abroad in rags and broken shoes. The Government building program was and is a splendid gesture in the fight against that sudden poverty which has conquered America. It was and is an honest gesture on the part of Congress and the part of the Executive. It was no part of our plan that thieves should enter the house and steal the benefits from those for whom we intended them—but the thieves are here and we must put them out. I for one have little stomach for years of taxation to pay off the great increase of our public debt, if the money so borrowed is to be spent to fatten the strange sort of people who can steal from hungry men.

In the last few days I have seen evidence of things that I never imagined could happen. I have seen letters between

contractors, speaking frankly and in detail of contributions to a slush fund raised for the purpose of squeezing Washington labor for the benefit of the contractors and their associates—not squeezing them, mind you, to reduce costs to the Government but squeezing them to increase profits for the contractors beyond the fair and legitimate profit allowed in the contracts signed by the Government.

These contracts were awarded in competitive bidding. One of the conditions of every bid was that the prevailing rate of wages should be paid. Every bid included funds to pay those wages; in awarding contracts the Government is paying for the prevailing rate of wages; but, I repeat, the employees are not getting the money that is intended for them.

Nor is this all. Not only are the prevailing rates of wages being ignored in public work here and elsewhere in the United States but employees drawing the reduced rates cannot even collect those reduced wages. Men working for subcontractors receive checks which are refused by the banks upon which they are drawn. Employees in desperate need have been prevailed upon by their employers to turn those checks back for small amounts of cash, the balance being paid in earnings certificates, which have proven to be entirely worthless. If they complain, they are discharged; not only discharged but they cannot secure similar employment on other Government projects in Washington. I know that the blacklist is illegal, but that is what is being done.

I have a verified statement from one carpenter who received alleged pay checks to the total amount of $333.42. On these checks the contractor paid him only $49.37 in cash, the balance of $284.05 being given in these fictitious earnings certificates. I have a photo of one of these earnings certificates here in my hand as I speak.

Now, this is not the charge of a disgruntled workman, nor is it an error in accounting, nor can it be questioned upon any other ground. When evidence of this transaction was presented to the Treasury of the United States, that Department forced the general contractor, under whom this subcontractor was working, to pay this man in full to the amount I have just recited. Not only was this man paid what was due him, but so were others who collectively received some $15,000 in restitution for their losses in this swindle.

Thousands of other men did not dare protest for fear that they would lose even the weekly pittance that they were receiving for their work. If they dared to object they were told, "You want your job, don't you? Then keep your damned mouth shut"!

When the Treasury forced those refunds, they convicted the contractors of guilt. When that tiny restitution was made it was evidence that far more restitution remained to be made. Mr. Speaker, that restitution still remains to be made.

I do not indict all contractors on Government work. I recite a condition which calls for a full investigation, in which the innocent can have a fair opportunity to clear themselves and in which the guilty can be convicted. I hope that most contractors are innocent. I sincerely hope that because of my own self-respect as a member of the human race. I hate to think that many creatures bearing the form of manhood can do the things that have been done in this terrible business.

I have been told of workmen being herded into a shanty in groups of a dozen or more on pay day, where a foreman dealt cards around the table and each worker laid down $15 as his stake in the supposed card game. Without even turning up the cards, the foreman would announce that the workmen had lost their money and they were hustled out to make room for another dozen victims of their employers' rapacity. In the perverted minds of these grafters, to be able to say that the men had lost their money gambling, gave some color of legality to the extortion of $15 per week from each man as the price of his job.

On one contract in Washington, I am told that bricklayers were hired by the wife of the superintendent of the job. This contract was on Army property and an Army officer was designated to inspect each pay envelop as the bearer of it left the grounds, to be sure that these envelops contained the full pay to which they were entitled. Evidently the Army had reason for suspicion. The envelops contained the proper amounts, but after they had been inspected, I am told, each workman had to meet this woman extortionist and pay her $4 out of his envelop for each day for which he had been paid. The penalty for failure to comply with this demand for $20 of graft money every week was immediate discharge and this other procedure which has seemingly succeeded the now illegal blacklist.

I could continue these stories for hours, but I have said enough to make plain the tenor of what has been told to me. This condition is a wanton insult to the President and to Congress. It is a revelation of cynical disregard for the decency which is supposed to characterize the human race. It is a cold-blooded overturning of our motives, of our efforts, and of the people's hopes for a return of reasonable prosperity. If recovery is to be bled at every step by these leeches she will never be able to complete the journey we are all hoping she will be able to make.

Men who do things like this are public enemies. We cannot deal with them, because there is no common ground upon which our minds can meet. All that we can do is to investigate them, identify them, and turn them over to the law to punish.

This is a question above partisanship. No question of politics enters into it. It is one absolutely necessary proceeding into which men of all parties can enter without jealousy or self-seeking.

Mr. Speaker, this investigation must be made. If it be thought necessary to have any number of these workmen appear before the Rules Committee, that can easily be arranged. The Rules Committee can also have such written and photographed evidence as it desires to establish the fact that these conditions do exist.

If it be desired to conduct this investigation under some other resolution than mine, I have no pride of authorship. This investigation must be made, and I urge upon you that we do not permit any unnecessary delay. This horrible state of affairs is undermining the confidence of the whole working class in the good faith of government. We owe it to ourselves as well as to the Nation to show that nothing like this will be permitted to continue after it has been brought to our attention.

OLD-AGE PENSIONS

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Speaker, Congress should, and will eventually, enact legislation that will provide a sustenance for aged people who are without property or income sufficient to enable them to at least be provided with the bare necessities of life.

The minimum age, both in States wherein old-age pension laws have been enacted, and in the minds of legislators who have given this subject considerable thought, is 65 years. In my judgment, the limit should be reduced to 60 years. The reason for this suggested reduction is twofold. First, it gives the needy individual 5 additional years in which to enjoy, if he can, the fruits of hard toil and industry during the earlier years of his life. Hence, I choose to call all such measures as the one under discussion "old-age rewards." Second, under the system of government which has permitted ultra-rich individuals and wealthy corporations and trusts to accumulate 95 percent of the wealth of this country, under a system which has created a mortgaged and bonded indebtedness, public and private, of approximately $230,000,000,000, largely controlled by the international Wall Street bankers and their fellow pirates, the mortgage-loan companies and 36-percent loan sharks, under a system which has resulted in massed finance, massed industry, and 10,000,000,000 idle men, it is impossible for a man 60 years of age to obtain work, even though he be able-bodied and willing to work.

The average longevity of persons reaching the age of 65 is about 11 years. Eleven short years of picking what few crumbs of happiness and contentment that may be gleaned from the festal boards of the modern Dives by the modern Lazarus. Surely, every human being reaching 65 is entitled to 11 short years of relaxation and contentment before being struck down by the withering hand of death.

In Ohio we passed, by a majority of 861,000 votes, an initiated old-age pension law at the November 1932 election. The funds to finance the pensions will be derived from the general revenue fund. It is estimated that approximately 14 percent of the aged population in Ohio will secure pensions; that the normal load of pension cost will not be reached until about 1938; and that in 1938 there will be nearly half a million people in Ohio who are 65 years of age and over. If 14 percent of the 482,000 aged pensioners in Ohio in 1938 receive a pension, there will be 68,908 pensioners on the rolls. If each of these pensioners receive $25 a month, or $300 a year, the annual normal cost of pensions in Ohio will be approximately $20,000,000. This maximum pension load of nearly $20,000,000 will not be reached until a pension law has been in effect for 5 years.

Mr. Speaker, that a comparatively small class of the men are absorbing the wealth of the country as fast as it is produced, leaving to those who create it scarcely a bare subsistence, is apparent to all.

The people I plead for are the struggling masses, the farmers, the wage workers, small business men and producers, who for 45 years have toiled with hand and with brain, toiling away day by day, month by month, and year by year, creating the wealth of the country, paying the taxes of the country, to have that wealth accumulated by the favored few of special privilege and grand larceny.

During the recent winter, one of the severest in history, practically all of the opponents of old-age legislation were happy and comfortable in their own homes. They were warm. Yet thousands and tens of thousands of little children shivered because of the inability of their parents to buy coal or gas. People still are hungry in a land of plenty. People freeze in a country that abounds in coal and oil. People are homeless because there are too many homes. Ten million men are still unemployed because there are too many men who want to work.

What shall be done with these distressed people? Why, give them the reward of a fixed annuity or retirement when they become 60 years of age.

You who have a home, who sit by the warmth of your fire in winter, in the coolness of your spacious porch in the summer, who are blessed with an income, it is you who must be your brother's helper in this great crisis. It is easy to be happy and contented when you have a good job or a good income.

Someone has said:

> It is easy enough to sail with wind and tide, to float over fair seas 'mid purple isles of spice, but the captain who goes down with his ship 'mid tempest dire, 'mid wreck and wrath, may be a far better and braver sailor than the master who rides his vessel safely to port with ensigns flying and rigging all intact.
>
> 'Mid the boast of heraldy and the pomp of power
> And all that beauty, all that wealth, e'er gave.

It were easy enough to be a good citizen and a consistent patriot. But it is poverty and economic slavery, suffering and distress, sorrow and disappointment that try men's souls, that proclaim to the world the kind of stuff of which they are made.

Mr. Speaker, we seek to rescue and rehabilitate, with old-age pensions, the human derelicts beached on the sands of misery and despair by the tidal wave of legalized burglary, organized plunder, and bloody racketeering of the Morgans, the Kuhn-Loebs, the Mellons, the Wiggins, the Lamonts, and all the other high priests of the money aristocracy and scavengers of human misery.

Oh, we have clipped the claws and fangs of the Wall Street wolves. For the first time in the history of the country we have a President who has had the courage to tell Wall street to "go to hell" and stay there. Franklin D. Roosevelt is a humanitarian. He lives, thinks, and acts for all the people. His heart throbs and his humanitarian motives are synchronized with those of the people who work for a living.

He has destroyed the pagan god of gold, worshipped by the Wall Street infidels. In comparison with the god of gold, the gods of Buddhism, Brahmism, Islamism, Confucianism are good and just gods. They are immutable gods. They can harm no one by themselves. But the god of gold is mutable. In times of great economic distress his ugly head rears itself from its golden shell, and like the sword of Damocles, hovers over the heads of the poor and distressed. His viperous tongue darts out at the unemployed worker and his home is gone. His fangs sink deep into the bankrupted farmer and he loses his farm. His sibilant hiss freezes in mortal terror the small business man and producer, until finally, like the human boa constrictor that he is, he destroys all of the debtor classes for the further enrichment of the capitalistic creditor classes.

Oh, they said it could not be done. They said we could not go off the gold standard. But the man of the hour, Franklin D. Roosevelt, like the mythical Hercules when he was invited by Anteaus, mighty giant and wrestler, son of Terra, the Earth, to grapple and wrestle in mortal combat, Hercules threw Anteaus repeatedly with ease, but each time when his feet came in contact with his Mother Earth, Anteaus arose with renewed vigor and energy, until finally Hercules seized Anteaus by the throat, raised him up, and strangled him in mid-air. Thus has our modern Hercules, Franklin D. Roosevelt, strangled the Wall Street money kings, and dragged them now and forever from their golden idol and pagan god, the gold standard.

Franklin D. Roosevelt has voiced his support of old-age pensions. Mrs. Roosevelt also heartily supports old-age pensions. So let us all join hands and fight for the old-age security of millions of men and women who have given their all for the supremacy of their country.

If we were to pass the proposed bill to benefit the aged of the District of Columbia without making the same provision for 120,000,000 people who are living elsewhere in this great country of ours, we would be guilty of a gross injustice to these 120,000,000.

Mr. Speaker, moreover, without question, the residents of Washington, D.C., have suffered less during the depression than any other community in the land. With upward of 74,000 Government employees, most of them under civil-service rules and regulations, which means a life job and a life meal ticket, Washington hardly knew that a depression existed.

The Government has always been kind to the District of Columbia. The Franklin D. Roosevelt administration and the Seventy-third Congress have been exceedingly kind to the citizens of Washington; but we must all remember that those sturdy citizens on the rolling prairies of the Corn Belt, in the semiarid regions of the Northwest and Southwest, on the magnolia-bedecked plantations of the Southland, and on the rock-bound cliffs bordering the Atlantic are entitled to equal consideration, equal compensation, and equal justice.

Unfortunately this bill, if enacted, means an extension of unbearable and obnoxious bureaucracy, in that it confers unlimited power upon a commission to administer the law and the funds and to make appointments without consulting Congress or the President as to the number of such appointments to be made, the qualifications of individuals for said appointments, and the salaries to be paid those receiving appointments.

Of necessity, then, those of us who have the constituency of our districts and of our States uppermost in our consciences and our hearts must condemn the weaknesses herein mentioned.

What about the farmer who lost his farm? What about the unemployed home owner who had his home cast upon the bloody altar of the money lender? What about those of us who have a home and means of livelihood? How many of us can sleep soundly tonight, secure in the knowledge that when we reach the age of 60 we will have a roof

for shelter and an income sufficient to provide food and warmth for our bodies?

What about the father who wielded the pick, the shovel, the hammer, the saw, that communities might be built? What of the humble tiller of the soil who blazed the trail and made the desert to blossom as the rose?

What of the men who have gone down into the bowels of the earth to bring forth the natural resources for the enrichment of the coal barons, the copper kings, the oil monarchs, the steel magnates, and the electric-power barons.

What of those who have gone down into the factories and shops to feed the roaring blast furnaces, to operate the turning lathe, the punch press, the trip hammer, to become mere cogs in the mechanistic equipment of the gigantic industrialists, only to be kicked out like yellow dogs when they reach middle age. Oh, the Fords, the Schwabs, and other great industrialists boast of high wages and short hours. Yet, with their mammoth conveyor systems the strain is so great, the toil so devastating, that men are worn out and crushed at 45 and 50 years of age.

What shall we do with these millions of toilers, with this so-called "surplus" of men? We cannot plow them under as Secretary Wallace is doing with the farmer's cotton. We cannot advocate birth control, as Wallace advocates for pigs. These men are here. They have been potent factors in the upbuilding of a great Nation. There is one solution, and one only. Retire them at three score with a living compensation.

What about the aged mothers who have gone into the shadows of death that the captains of industry, commerce, and finance may have an ever-increasing supply of young men and young women to feed into the insatiable maw of swollen incomes and fortunes. What about this mother, who nursed at her breast and fondled on her knee the same blue-eyed boy and the same curly haired girl, as did the mother of the multimillionaire spawn?

What about those mothers who sent their boys to defend the honor and glory of our country—those boys, who crossed the tossing, foaming billows of the Atlantic, who went down into the blood-soaked trenches, who fought arm to arm and shoulder to shoulder, who heard the roar and shriek of the bursting shells, the yells and crying of the dying and wounded, who closed their buddies' eyes in that eternal sleep that knows no awakening, 3,000 miles away from home—those mothers, who fell down on their knees when the armistice was signed, who welcomed back home with outstretched arms and streaming eyes those boys?

Today, thousands of these boys are jobless, partially or totally disabled. Their pensions have been reduced. They cannot support the mothers who gave them to their country.

Should these fathers and these mothers, now in their declining years, be consigned to the poorhouse, or left to beg, starve, or steal? Is that the reward of the richest, the greatest, the most powerful nation the sun ever shone upon?

Today these distressed people are penniless—not through any fault of their own—but through the vicious system that has permitted 4 percent of the people to amass 96 percent of the wealth. These toilers, the backbone of the Nation, in war and peace, should be rewarded with a competence sufficient to enable them to spend their declining days in contentment and happiness. This reward should be paid for by those who have profited most from their slavery and serfdom—the capitalists.

Mr. Speaker, I propose a plan that will mean a decent living for every American citizen:

A DECENT LIVING FOR ALL

First. A capital-tax levy on all fortunes of $1,000,000.

Second. Limit all incomes to $100,000 per year.

Third. Tax all inheritances of more than $1,000,000 95 percent.

Fourth. Enact the Truax moratorium bill and stop foreclosures of real estate.

Fifth. Pass the Frazier-Lemke bill to refinance farm mortgages at 3-percent interest, which includes amortization.

Sixth. Pay the soldiers' bonus with new currency, as provided for in the Patman bill recently passed by the House of Representatives by an overwhelming majority. Pay off depositors in full in all closed banks, up to $2,500.

Seventh. Nationalize the currency and credit. Restore the power to issue currency to the Congress of the United States.

Eighth. Enact old-age pension laws so that every aged person shall receive a minimum of $30 per month.

Ninth. Tax wealth to the limit, to provide Federal relief funds, instead of issuing and selling tax-exempt bonds to the Wall Street bankers.

Tenth. Tax public utilities, the huge bank accounts of the millionaires, and the millions lent to farmers and wage-workers by personal-finance companies, commonely known as "36-percent loan sharks."

If we, as a nation, are to countenance and condone a system that creates classes—the strong and the weak, the educated and the illiterate, the high and the low, the rich and the poor—then the strong must lend a helping hand to the weak, the educated must inform the illiterate, the high are in duty bound to help the low, and the rich must take care of the poor.

A SUMMARY OF CHOCTAW AND CHICKASAW INDIAN AFFAIRS AND OTHER MATTERS

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, under permission given me by unanimous consent of the House, I take this opportunity, in view of my inability to visit the various communities of my district, to bring a brief summary of Choctaw-Chickasaw affairs and other matters to the attention of my constituents. As Congress has not yet adjourned, my official duties will not permit me to leave Washington.

As ranking member (or vice chairman) of the Committee on Indian Affairs, it has been my duty and privilege to secure important data direct from the departments, and to make a close study of Indian affairs. Since the Choctaws and Chickasaws are practically all located in the third district, which I have the honor to represent, I have spent some time in gathering and compiling definite data and figures to show the exact standing of these two tribes and their connections with the Government of the United States.

PER CAPITA PAYMENTS

Following is a list of per capita payments made to the Choctaws and Chickasaws to date, and the years in which those payments were made:

Year	Chickasaw	Choctaw
1904	$40	$40
1906	35	35
1908	20	20
1911-12	50	50
1914	100	
1916	200	300
1917	100	100
1918	200	200
1919	200	140
1920	100	100
1921	30	50
1924		25
1929		10
Total per capita	1,075	1,070

Number of Chickasaws participating	6,304
Total amount received by Chickasaws	$6,776,800
Number of Choctaws participating	20,799
Total amount received by Choctaws	$22,354,930
Total cash per capita payments to Chickasaws and Choctaws	$29,031,730

The amount now on deposit with the Treasury Department to the credit of the Choctaws is $101,966. Commissioner Collier says that after the salaries and expenses of tribal officers are paid, and other necessary funds are expended, it will be an insufficient amount to warrant a per capita payment at this time. (Indian schools are no longer maintained by tribal funds.) These payments have been made principally from accumulated coal royalties, and you will note that since 1918 the payments have gradually

diminished, owing to the discovery of a great wealth of oil and gas and a consequent drop in the coal business. Of course, the Choctaws and Chickasaws are not located in oil territory and have not reaped the riches from this source that the Creeks and Osages have. Therefore, anyone who tells the Choctaws and Chickasaws they have a lot of money and should have a per capita payment is either afflicted with colossal ignorance or is a demagogue of the first water, and is willfully and maliciously misrepresenting facts for political purposes. It is to be hoped that certain suits pending in the Court of Claims will be decided favorably at an early date. If so, the Choctaws and Chickasaws will get some money, but of course Congress has no part in the decisions of the Court of Claims.

INDIAN SCHOOLS REMOVED FROM TRIBAL FUNDS

When first elected to Congress, I promised to do what I could toward relieving the Choctaws and Chickasaws of the financial burden of keeping up their Indian schools. As soon as I had been in Washington long enough to have any influence, with the cooperation of Congressman HASTINGS, who is on the Appropriations Committee, we succeeded in getting Government appropriation for the maintenance and support of Jones Academy and Wheelock Academy in the Choctaw Nation, and Carter Seminary in the Chickasaw Nation, so they are no longer supported with tribal funds.

BILL TO SELL COAL LANDS

I have worked incessantly from year to year on my bill to sell the Choctaw-Chickasaw coal and asphalt deposits to the Government at the Government's appraised value, the proceeds thereof largely to be distributed in per capita payments, but the administration has always opposed it. I have secured passage of numerous bills to re-lease the coal lands, thereby replenishing the tribal treasury to some extent.

LEASED DISTRICT

In 1932 we were successful in securing passage through Congress of the Pine-Cartwright leased district bill, authorizing the Choctaws and Chickasaws to sue the Government in the Court of Claims for approximately $7,000,000 in payment for certain western Oklahoma lands taken away from them in early days. Unfortunately, the bill was vetoed by President Hoover. But a special Senate resolution placed the claim in the Court of Claims for a finding of facts, where attorneys say it will be reported on before the next session of Congress. As Vice Chairman of the Committee on Indian Affairs, I shall be able to bring prestige and strong influence to bear on the final passage of this bill through Congress if it receives a favorable report from the Court of Claims.

OTHER CASES IN COURT OF CLAIMS

Numerous other cases totaling about $32,000,000 in behalf of the Choctaws and Chickasaws are also pending in the Court of Claims. Some of these are about ready for trial and some are expected to be won. If and when they are won, the money is expected to be distributed in per capita payments. These claims, however, are out of the hands of Congress and in full charge of tribal and special attorneys.

$400,000 REIMBURSEMENTS TO OKLAHOMA

Again, in cooperation with Congressman HASTINGS, I have aided in securing $400,000 per year in reimbursements to the State of Oklahoma for nontaxable Indian lands. When I came to Congress the State was receiving only $250,000 per year for nontaxable Indian lands, and much complaint was being made from certain school districts affected.

LET INDIANS HANDLE INDIAN AFFAIRS

It has always been my belief that Indians should hold Indian jobs, and that matters pertaining to the welfare of the tribes should be decided by the Indians themselves. It is therefore my policy to act on the the Wheeler-Howard administration measure as directed by the Indians of my district. I will say that recent amendments relieving the bill of certain strict and compulsory features have made it more acceptable, but I still find much opposition to it.

REPORT OF EMERGENCY CONSERVATION AND P.W.A. FUNDS ALLOTTED INDIANS OF MY DISTRICT

Following is a summary of the emergency conservation funds, road funds (P.W.A.), and construction funds (P.W.A.) allotted to the various Indian agencies in my district within the last year:

Agency	Emergency conservation	Public Works construction	Public Works roads
Carter Seminary	$1,350		
Choctaw and Chickasaw Sanitarium	30,000	$23,400	$3,000
Jones Academy	12,000	10,800	
Wheelock Academy	2,000	41,100	
Five Civilized Tribes	82,000	18,000	100,000

Out of the last-named item, funds are being used for such purposes as to establish subsistence homesteads for Indians, such as the project now being established at Wilburton, Okla., on 2,200 acres of tribal land, giving Indian families a chance to earn a livelihood in desirable surroundings with certain educational advantages. If these prove successful, more such projects will likely be established.

CONGRESSMEN ENTITLED TO COMMUNICATION WITH CONSTITUENTS

I have given you these facts and figures as valuable information on the Choctaw and Chickasaw tribes of Indians and an outline of my endeavors to serve them as one of their representatives in Congress.

Fortunately, this United States Congress many years ago provided by law the daily CONGRESSIONAL RECORD as a bulwark for its Members against base misrepresentations made to the people back home by designing politicians, while Congressmen were busily engaged in their duties at Washington with no means of communication with their constituents except through the mails. It was found that highly respected and able Members of Congress, while hard at work in Washington, were being ruined by false charges down home, because they could not leave their posts of duty and had no means of keeping their records before the people. Therefore, they passed a law providing that any Member of Congress, by paying the full Government printing charges, could send excerpts from the CONGRESSIONAL RECORD to the people in his district. My great trouble has been that owing to the tremendous amount of daily mail and business before the departments, my office clerks do not have time to send such material out, and in order to get it out occasionally, I must pay extra employees out of my own pocket, besides the printing charges.

MISREPRESENTATION AND ABUSE OF PUBLIC TRUST

Strange to say, such base misrepresentations and false charges often come from opponents who are holding public office, but who will neglect or desert that office and misuse their salaries, paid by the taxpayers, to travel around over the district and in public speeches lambaste and misrepresent the Congressman who is laboring 16 hours a day in Washington. This unfairness and abuse of public trust is going on in my district at the present time by opponents of mine who are holding public office, but spending their time at the expense of the taxpayers to the tune of $8 and $15 per day; proclaiming in public speeches such charges as, for instance, that I have my wife on the Government pay roll; that I voted to raise my own salary; that the Choctaws and Chickasaws have a lot of money and should be given a big per capita payment; all of which are either utterances of colossal ignorance or willful and malicious misrepresentations.

CHARGE WIFE IS ON PAY ROLL ABSURD

The charge that my wife is on the pay roll is too absurd to answer, because the records are wide open and anyone can see that she is not on the pay roll, and, although she works daily in my office, she does not draw a penny from the Government.

CHARGE VOTED TO RAISE SALARY FALSE

The statement made by Democratic Floor Leader BYRNS, found on page 6786 of the CONGRESSIONAL RECORD of April 17, 1934, should set at rest any doubt in the minds of the people on the salary-raising charge. Mr. BYRNS said:

I may say to the gentleman from Oklahoma that I think we all realize that if we had not overriden the President's veto there would have been a full salary restoration on the 1st of July.

In other words, we voted to reduce our salaries rather than to raise them, but folks did not understand that until they had a chance to read the bills involved.

WOULD REPLACEMENT BE WISE?

I am doing the very best I can for the people of my district, and it is that confidence and esteem they show by returning me to Congress by overwhelming majorities that remunerates me for my work. It would take any new man, no matter how able and industrious he might be, at least 7 years of hard work and study to gain the influence and knowledge I now have of Government business. In case of my defeat, the State of Oklahoma as well as the Third District would lose the chairmanship of the Roads Committee in Congress; and the Choctaws and Chickasaws, particularly, would suffer the loss of the vice chairmanship of the Committee on Indian Affairs. Owing to the scramble among new members for committee assignments, it is doubtful if a new Congressman from the Third District could even get on one of these important committees, and then if he were successful in getting on one of them, he would be placed at the foot of the committee where it would take years to work up to a position of influence.

However, should the time ever come that my constituents would feel that another would give them better service as their representative at Washington, I feel safe in saying they would never choose a man who could not stand on his own merits. I think I know the good people of the Third Congressional District well enough to predict they will never honor a man who abuses public trust and who takes advantage of my absence from the district to besmirch my good name, falsify and misrepresent me. Anyone who will misrepresent facts to obtain an office will misrepresent the people if he gets the office.

Above all, I believe in honesty and hard work. I shoot straight from the shoulder, give the plain facts, and keep my promises. I know my record will stand the test.

OLD-AGE PENSIONS

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mrs. NORTON. Mr. Speaker, the old-age-pension plan, now adopted by 28 States, has been given a sufficient test to demonstrate that it is the most practical and humane method of caring for aged, dependent people.

The District of Columbia adopted this principle a few years ago when three faithful horses, long connected with the fire department, were retired with a guaranty of food, shelter, and freedom from toil for the remainder of their lives, and again when it provided for dependent children by the mothers' pension plan, thus enabling them to be cared for in their own homes rather than to be placed in institutions at greater cost.

Dependent age and dependent youth should and does make a deep appeal to all of us. Those in between these two extremes usually can and do take care of themselves, except in periods of long-continued depression.

Almshouses will always be needed for the care of certain persons unable to care for themselves, but the old-age-pension plan will enable us to avoid inflicting a punishment more dreaded than death upon worthy citizens who have spent the best part of their lives providing for others.

To imprison an intelligent, worthy citizen, simply because he is old and out of money, among the insane, the idiotic, the feeble-minded, and the incurable, in a county poorhouse should be classed among the cruel but unfortunately not unusual punishments prohibited by the Constitution.

Aside from all sentiment, however, and disregarding the established fact that the old-age-pension plan is the most humane method of providing for the aged dependents, there is a financial phase to be considered which should appeal to all of us who represent tax-paying constituents.

Aged people who are in need must and are being cared for, either through public funds or private charity. The old-age-pension plan does not put an additional burden on the taxpayer, but, as the following table indicates, where adopted it has materially lessened the cost of this phase of relief.

State	Average annual pension	Average annual cost of poorhouse care per inmate [1]	Saving to taxpayer per pensioner
California	$275.28	$484.12	$208.84
Delaware	113.91	495.62	381.71
Idaho	132.21	528.52	396.31
Kentucky	60.00	295.95	235.95
Maryland	332.38	459.79	127.41
Massachusetts	312.00	539.33	227.33
Minnesota	192.36	631.86	439.50
Montana	158.35	634.19	475.84
Nevada	300.00	949.16	649.16
New Hampshire	232.79	503.72	270.93
New Jersey	177.60	479.86	302.26
New York	302.88	405.59	102.71
Utah	116.76	512.33	395.57
Wisconsin	236.04	399.99	163.95
Wyoming	170.66	908.68	738.02

[1] The poorhouse statistics are taken from a raport of the most recent poorhouse investigation by the United States Department of Labor. They include the cost of maintenance, plus the annual investment cost of the buildings and land figured at 6 percent. Depreciation has not been included.

I quote briefly the following facts cited by the Old Age Security Herald and append hereto a table showing chief provisions of the principal old-age pension laws in the United States compiled by the national old-age pension commission for the Fraternal Order of Eagles:

1. Old-age pensions have been definitely established as the cheapest form of relief.
2. Public leaders, officials, and newspapers, formerly opposing this form of relief, are now favoring it.
3. The old-age pension law is working out better than any other plan heretofore tried for rendering aid to old persons from public funds.
4. Self-reliance and greater independence, not pauperization, has resulted from the adoption of old-age pension laws.
5. The prediction that old-age pension laws would remove the terrors of the poorhouse and lead to the eventual abolishing of most of those relics of barbarism, is being borne out by pension experience.

Chief provisions of the principal oldage pension laws in the United States

Compiled by the National Old Age Pension Commission for the Fraternal Order of Eagles. The first old-age pension law in the United States was introduced by Lester H. Loble, of the Fraternal Order of Eagles and member of the Old Age Pension Commission of the State of Montana

State	Year of law	Kind of law	In effect	Residential qualifications	Property qualifications	Age limit	State jurisdiction	How administered	Funds, how raised	Pensions, how paid	Maximum amount of pension allowed
						Years					
Calif.	1929 (revised 1931)	Mandatory	Jan. 1, 1930.	United States citizen, 15 years; State, 15 years; county, 1 year.	Value of applicant's property (or combined property of husband and wife) must not exceed $3,000.	70	Division of State aid to the aged (created in State department of social welfare).	County board of supervisors.	By county levy.	State pays one half of pension (but not more than $180 a year), county pays other half.	$1 a day.
Del.	1931	do	July 1, 1931.	United States residence, 15 years; State, 5 years.	No limitation; but if additional property is acquired by aged person or his or her spouse, pension may be canceled or amount varied.	65	Vested in State old-age welfare commission; Governor to receive annual reports.	State old-age welfare commission.	Beginning July 1, 1931, $200,000 appropriated annually for 2 years out of general funds of State treasury.	State pays entire amount.	$300 annually; in no case to exceed $25 a month.

Chief provisions of the principal old-age pension laws in the United States—Continued

State	Year of law	Kind of law	In effect	Residential qualifications	Property qualifications	Age limit	State jurisdiction	How administered	Funds, how raised	Pensions, how paid	Maximum amount of pension allowed
						Years					
Idaho	1931	Mandatory	May 5, 1931.	United States citizen, 15 years; State, 10 years; county, 3 years.	Applicant's income must not exceed $300 annually.	65	State department of public welfare.	Probate judge under supervision of county commissioners.	Paid from poor fund or county current expense fund.	County paid	$300 annually; in no case to exceed $25 a month.
Mass	1930	do	July 1, 1931.	State, 20 years.	Applicant's income and value of property not specified, but are to be considered, together with ability of children and others to support aged person, in determining need of pension.	70	Department of public welfare.	Town boards of public welfare.	Tax of $1 on males 20 years old, or older, levied 1931 for 2-year period.	State pays entire amount.	Not specified, but amount shall be sufficient to provide suitable and dignified care.
Minn	1929 (revised 1931)	County option.	1929	United States citizen, 15 years; State, 15 years; county, 15 years.	Value of applicant's property (or combined property of husband and wife living together) must not exceed $3,000.	70		County commissioners, with special provisions in counties having boards of public welfare or poor commissions.	County levy. City, town, and village also levy annual tax.	City, town, and village to reimburse county for pensions paid to their 5-year residents.	$1 a day.
Mont	1923	do	1923	United States citizen, 15 years; State, 15 years.	Applicant's income must not exceed $300 annually.	70	State auditor to receive annual reports.	County commissioners.	County levy	County paid	$25 a month.
N.H	1931	Mandatory	Sept. 1, 1931.	United States citizen, 15 years; county, 15 years.	Value of applicant's property (or combined property of husband and wife living together) must not exceed $2,000.	70		County commissioners.	County treasurer to pay pensions unless otherwise arranged with proper officials of towns and State. Town and State officials whose duty it is to furnish assistance are authorized to make such agreements with commissioners as shall make purposes of act effective.	Counties to pay pensions in first instance; to be reimbursed by city or town legally chargeable for such assistance.	$7.50 a week.
N.J	1931	do	Jan. 1, 1932, pensions granted July 1, 1932.	United States citizen: State residence, 15 years; county, 1 year.	Applicant's real or personal property not to exceed $3,000.	70	Division of old-age relief (created in department of institutions and agencies).	County welfare boards.	Inheritance tax [1]	State pays 75 percent, county pays 25 percent.	$1 a day.
N.Y	1930	do	May 1, 1930, pensions granted Jan. 1, 1931.	United States citizen: State residence, 10 years; public welfare district, 1 year.	Applicant must be unable to support himself or be without children or other person able to support him and responsible for such support.	70	Division of old-age security. (Created in State department of social welfare.)	Public welfare district officials (a city forming part of a county public welfare district may elect to furnish aid to its residents.)	By levy in public welfare district; State's share included in executive budget of department of social welfare.	Public welfare district to provide relief in first instance; to be reimbursed by State for one half of the amount.	Not specified, but relief granted should be sufficient to provide for pensioner.
Utah	1929	do	1929	United States citizen, 15 years; State, 15 years; county, 5 years.	Applicant's income must not exceed $300 annually.	65		Board of county commissioners.	County levy	County paid	$25 a month.
Wis	1931	Mandatory (replaces county option law of 1925).	Jan. 1, 1932, pensions July 1, 1933, under mandatory law.	United States citizen, 15 years (or born in United States); State, 15 years; county, 15 years.	Value of applicant's property (or combined property of husband and wife) must not exceed $3,000.	70	Annual reports to be filed with State board of control and secretary of state.	County judge under supervision of board of control.	County levy; each town to levy tax if required.	County pays two thirds; State, one third (county may cause towns to reimburse it for county's share).	$1 a day.
Wyo	1929	Mandatory	June 1, 1930.	United States citizen, 15 years; State, 15 years; county, 5 years.	Applicant's income must not exceed $360 annually.	65	State auditor to receive annual reports.	Board of county commissioners.	County levy	County paid	$30 a month.

[1] Governor required to budget annually, and legislature required to appropriate from receipts of inheritance-tax department, sufficient sum to pay State's share. After this pension appropriation is made, $12,000,000 from the inheritance receipts shall be set aside for general State purposes. All surpluses over these two amounts shall be placed in a capital fund, until such fund alone will yield interest sufficient to pay all the State's share of old-age relief. Each county board of freeholders will annually appropriate a sum sufficient to pay county's share.

SUBSISTENCE HOMESTEADS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks on the subject of Subsistence Homesteads and to include therein an answer made to Dr. Wirt by the First Lady of the Land, also a telegram I sent to her and a copy of a letter she received from the Morgantown real-estate board.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, under leave granted me to extend my remarks in the RECORD I include the following newspaper article quoting Mrs. Franklin D. Roosevelt in answer to charges of Dr. Wirt; also a telegram, and letter

relative to charges of Dr. Wirt against subsistence homestead projects:

WIRT CHARGES BRING ANSWER BY FIRST LADY—DEFENDING SUBSISTENCE HOMES SHE ASKS "WHEN HAS WORK BEEN HELD COMMUNISTIC"

Shattering tradition that the First Lady should avoid controversies, Mrs. Franklin D. Roosevelt yesterday struck back vigorously at Dr. William A. Wirt in defense of the subsistence homestead projects which he labeled "communistic."

Mrs. Roosevelt said:

"Dr. Wirt said that the Reedsville project was communistic and would take 200 families out of Morgantown who are now paying rent in Morgantown and would therefore mean that taxes would be harder to collect and would upset the general economic situation in town.

FEW RENT PAYERS

"I should like first of all to point out that not many, if any, of the people who eventually will move into the 125 houses instead of 200 have paid any rent for quite a long while. Most of them were on relief or they would not have been employed there or had an opportunity to say they would like to move out there.

"I hardly think it would be found that people on relief were paying much, if any, rent. Most of them were out of mining camps and I doubt if mining camps will feel that they are losing any rent from these people.

"I do not understand how he considers it communistic to give people a chance to earn their own living and to buy their own houses. It is a fact that the Government will provide the initial capital, but I hope that many private enterprises will do it, for the Government is simply attempting to point the way for what may be done by many industries throughout the country in the future.

DROP IN BUCKET

"Never in this country, to my knowledge, has it been considered communistic for an opportunity to be given to people to earn their own living and buy their own houses.

"What the Government is doing in this homestead project is but a drop in the bucket in a big country like this, and its value, while it may be helpful to a few people, really lies in the suggestions it is making to the industry of the country that by decentralizing and moving out of large cities, it may make it possible for great numbers of people to have more in their lives than they otherwise would have."

[Telegram]

MRS. FRANKLIN D. ROOSEVELT,
The White House, Washington, D.C.:

Please accept my sincere admiration and approval for the courageous answer you have made to what I believe to be unfair and faulty criticism by Dr. Wirt relative to the subsistence homestead program under way among stranded population groups in our Nation. The Roosevelt administration is actually planning in behalf of humanity. These mountaineers of West Virginia have been down for the count of 9, but through your active interest and that of the new deal leaders these discouraged folk will stand on their own feet again and not continue to be kept on an unsatisfactory dole which destroys initiative. As First Lady of the land, let me assure you that you are first in the hearts of the men and women of the West Virginia hills whom you are aiding. When you visit them on June 7 they will again express their gratitude.

JENNINGS RANDOLPH,
Member of Congress.

APRIL 21, 1934.

MRS. FRANKLIN D. ROOSEVELT,
White House, Washington, D.C.

DEAR MADAM: Our local real estate board has learned through newspaper reports of the testimony of Dr. Wirt before the congressional committee which is investigating his charges, that Dr. Wirt said the removal of 200 families to Arthurdale would greatly disturb the economic situation in Morgantown, especially in reference to real estate. This is somewhat amusing to us.

So far as we have been able to learn, but one family accepted for the Arthurdale project, resides in Morgantown. If every family accepted had come from Morgantown the result would be a relief in the housing situation. There is at this time a distinct shortage of small homes here which we see no way to relieve until mortgage money for construction is available.

If Dr. Wirt's accusations have generally no more basis in fact than the specific part here referred to, they do not, in our opinion, deserve serious consideration.

Very truly yours,

THE MORGANTOWN REAL ESTATE BOARD,
By R. C. SMITH, *President.*

ELECTION CONTEST—ELLIS *v.* THURSTON

Mr. PARKER, from the Committee on Elections No. 1, submitted a report in the contested-election case of *Lloyd Ellis* v. *Lloyd Thurston*, from the Fifth Congressional District of Iowa (Rept. No. 1305), which was referred to the House Calendar and ordered printed.

ELECTION CONTEST—LOVETTE *v.* REECE

Mr. HANCOCK of New York, from the Committee on Elections No. 1, submitted a report in the contested-election case of *O. B. Lovette* v. *B. Carroll Reece*, from the First Congressional District of Tennessee (Rept. No. 1306), which was referred to the House Calendar and ordered printed.

LEGISLATIVE APPROPRIATION BILL, 1935

Mr. LUDLOW. Mr. Speaker, I call up the conference report on the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes.

Mr. SNELL. How long will this take? It seems to me this request comes rather late in the day.

Mr. LUDLOW. I do not think it will take very long.

Mr. SNELL. The committee should have risen earlier if we were to consider this conference report today.

Mr. LUDLOW. I may say to the gentleman from New York that there are two or three matters of emergent necessity in this conference agreement that should be taken care of at once. There is no controversy to speak of with regard to the conference report.

Mr. SNELL. It is a privileged matter; but I say that as a general proposition a conference report should not be called up at this late hour. If a conference report is to be brought in, the committee should rise earlier to give proper time for consideration of the report. Why cannot this matter be put over until tomorrow noon?

Mr. LUDLOW. If the gentleman insists, it can be done.

Mr. SNELL. I cannot insist, for it is a privileged matter.

Mr. LUDLOW. I think it can be disposed of very briefly. As I say, there are some urgent matters in the bill, some appropriations, for instance, in which the State Department is greatly interested, to equalize pay of employees in the Foreign Service. This is important, and it is of emergent necessity.

Mr. SNELL. Do the minority members of the conference committee know the gentleman intends to call it up at this time? Who are they?

Mr. LUDLOW. They are the gentleman from Michigan [Mr. MCLEOD] and the gentleman from North Dakota [Mr. SINCLAIR]. I called up their offices, but they were not there.

Mr. SNELL. As I pointed out, we are acting hurriedly in this matter. I think it ought to go over until tomorrow.

Mr. LUDLOW. There is no difference between the conferees. As far as I am aware we are unanimous.

Mr. SNELL. I think the minority members of the conference committee should at least be given the opportunity of being here.

Mr. LUDLOW. As I said, I notified their offices, but they did not happen to be in.

Mr. SNELL. I am not going to object, but I am bitterly opposed to bringing up conference reports at this late hour of the day.

Mr. GOSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Will the gentleman withhold his point of order for a moment?

Mr. GOSS. I will withhold it for a moment; yes.

Mr. LUDLOW. May I ask the gentleman from New York if he contemplates maintaining his position in reference to the matter?

Mr. SNELL. I have made all the statement I care to make. It is too late in the afternoon to call up a conference report. I think the gentleman should have given notice or else have taken them up earlier in the day.

A 12-POINT PROGRAM

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address delivered by Hon. Homer Cummings, Attorney General of the United States, before the Continental Congress of the Daughters of the American Revolution at Washington, D.C., on April 19, 1934.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The address is as follows:

Madam President General, ladies, and gentlemen, permit me, at the outset, to express my deep appreciation of the honor you have done me in inviting me to address the Continental Congress of the Daughters of the American Revolution. It is not only a delightful privilege in itself, but it affords me an opportunity to renew, in very pleasant fashion, a semiofficial tie of long standing between the Department of Justice and the D.A.R. The history of your society records that, shortly after its organization in 1890, the national board of management selected as its first legal adviser a distinguished lawyer of St. Louis, the Honorable George H. Shields, who was, at that time, an Assistant Attorney General during the administration of President Harrison.

Since its inception your society has devoted itself with enthusiasm to patriotic causes. You have, as enjoined by your constitution, truly perpetuated the memory and the spirit of the men and women who achieved American independence. You have erected monuments to commemorate those whose heroic deeds have lighted the fires of patriotism within the hearts of the American people. You have caused to be introduced into the public schools patriotic exercises to celebrate the anniversaries that are closely connected with our national history. You have sponsored the writing of essays upon historical subjects. You have carried on educational work among applicants for naturalization, to the end that they might be instructed regarding the great figures and the important events of American history. You have sponsored legislation to protect the dignity of the flag from disrespect at the hands of the thoughtless and the irreverent.

In these ways, and by many other means, you have consistently stimulated disinterested service and fostered reverence for the glorious traditions of our Nation. By so doing you have made a vital contribution to the public welfare; for, as an ancient Greek statesman once said, "Through admiration of what is heroic, men rise to higher levels."

Therefore, knowing full well your devotion to our common country and your deep concern for its welfare, I speak to you tonight of certain matters of wide and immediate importance.

The suppression of crime has become a national problem of the first magnitude. Hundreds of millions of dollars are expended each year in efforts to arrest, to prosecute, and to restrain the criminal classes. Moreover, large sums are spent annually by private individuals and corporations in the maintenance of guards and industrial police forces and for insurance against loss by criminal acts. The yearly toll exacted of society by predatory criminals, in the form of property destroyed, values converted, money stolen, and tribute enforced, constitutes a ghastly drain upon the economic reserves of the Nation. Undoubtedly crime costs our country several billion dollars each year, and it is conservative to say that there are more people in the underworld carrying deadly weapons than there are in the Army and the Navy of the United States.

Clearly the institutions and agencies upon which we have relied for the enforcement of the law have not adequately performed their proper functions.

In many localities there exists an unholy alliance between venal politicians and organized bands of racketeers.

Then, too, certain unworthy members of the bar maintain a close contact with the criminal classes and prostitute an honorable profession by resorting to improper practices in order to save their clients from the legitimate consequences of their crimes.

These recreant members of the legal profession take skillful advantage of the cumbersome and archaic procedural rules governing criminal cases which still persist in many of our jurisdictions. Trials are delayed, witnesses die or disappear, and appeals upon frivolous grounds are all too frequent.

As Mr. Justice Holmes once very shrewdly observed: "At the present time in this country there is more danger that criminals will escape justice than that they will be subjected to tyranny."

In many parts of the country law enforcement officers are not selected primarily because of their training and general qualifications, but are given positions on a basis of political preferment. Where this is true, each change of political administration is accompanied by a reorganization of the local constabulary. It is impossible to build up an efficient and courageous force of officers so long as they are constantly subject to the whims of political fortune.

Another difficulty grows out of the unfortunate situations which result from a lack of cooperation so often characteristic of the activities of the various law enforcement agencies of the country.

Another serious phase of the problem has to do with the relative uncertainty which exists with respect to the dividing line between the jurisdictions of the Federal and State Governments. Here lies an area of relative safety—a twilight zone—in which the predatory criminal takes hopeful refuge.

At the time of the adoption of the Constitution of the United States there was little need that the Federal Government should concern itself with the problem of crime. Due to the isolation of the different settlements, the operations of criminals were, of necessity, local in their nature. You will recall that when John Adams first went from Boston to Philadelphia, his wife, the famous and delightful Abigail Adams (who, by the way, has been called the "patron saint of the D.A.R."), made note of the fact that it took 5 weeks to receive a return letter from that "far country."

We are no longer a nation whose problems are local and isolated. The growing density of our population and the development of high-speed methods of transportation have resulted not only in a large increase in our crime rate but also have given to many offenses an interstate character. As a celebrated American jurist has said, "The maintenance of an organized society has come to involve much more than repression of local offenders against local laws. Where 100 years ago the chief concern was the common defense against foreign aggression and savages, today it is rather a common defense against organized, antisocial activities extending beyond State lines, operating without regard to political boundaries and threatening any locality where there is possibility of plunder or profit."

Crime today is organized on a Nation-wide basis, and lawbreakers extend their activities over many States. In a well-remembered kidnaping case, which occurred during the past year, the operations of the criminals took place in 7 States; and it was necessary for the agents of the Department of Justice to go into 9 additional States in their successful efforts to solve the crime and bring its perpetrators to justice. The seven States referred to have an area of about 683,000 square miles, which exceeds in extent the combined areas of Austria, Denmark, France, Germany, Italy, Holland, Switzerland, England, Scotland, and Wales. This illustration indicates the extent of the difficulties involved and accentuates the need of Nation-wide approach to the problem. The Federal Government has no desire to extend its jurisdiction beyond cases in which, due to the nature of the crime itself, it is impossible for the States adequately to protect themselves. In response to this manifest necessity, and entirely within constitutional limitations, the Department of Justice is urging the Congress to pass certain important bills now pending before that body, as follows:

First. A law dealing with racketeering which will make it a felony to do any act restraining interstate or foreign commerce, if such act is accompanied by extortion, violence, coercion, or intimidation.

Second. A law making it a Federal offense for any person knowingly to transport stolen property in interstate or foreign commerce.

Third. Two laws strengthening and extending the so-called "Lindbergh kidnaping statute."

Fourth. A law making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in felony cases.

Fifth. A law making it a criminal offense for anyone to rob, burglarize, or steal from banks operating under the laws of the United States or as members of the Federal Reserve System.

Sixth. A law making it a criminal offense for any person to kill or assault a Federal officer or employee while he is engaged in the performance of official duties, and a law to provide punishment for any person who assists in a riot or escape at any Federal penal institution.

Seventh. A law to make the husband or wife of a defendant a competent witness in all criminal prosecutions.

Eighth. A law to limit the operation of statutes of limitations by providing that such statutes shall not prevent the prompt reindictment and prosecution of a person after a prior indictment has been held to be defective, and a law to prevent dilatory practices by habeas corpus or otherwise.

Ninth. A law to provide that testimony on behalf of the defendant to establish an alibi shall not be admitted in evidence unless notice of the intention of the defendant to claim such alibi shall have been served upon the prosecuting attorney at or before the time when the defendant is arraigned.

Tenth. A law to repeal the statutory provision which has been held to prohibit comment upon the failure of the accused to testify in a criminal case.

Eleventh. A law to regulate the importation, manufacture, or sale, or other disposition, of machine guns and concealable firearms.

Twelfth. A law authorizing agreements between two or more States for mutual cooperation in the prevention of crime.

This is the 12-point program of the Department of Justice. I not only invite your attention to it—but I solicit for it your earnest support.

I believe that thus it will be possible for us to observe the letter and the spirit of the Constitution and, at the same time, work out a better and more effective system of crime control.

It is seemly that we should venerate the heroes of the Revolutionary period; and that we should honor the patriots whose courage and daring have added luster to our flag. At the same time we should remember that we are now engaged in a war that threatens the safety of our country—a war with the organized forces of crime. It is an undertaking of serious import and constitutes a test of our citizenship and of our capacity for successful self-government. In this fight your organization can render valiant service.

You can, if you will, direct your efforts toward the building up of a stout-hearted public morale which will cause citizens, as a matter of course, promptly to furnish to the officers of the law the information that may come to them regarding known fugitives from justice, to give testimony freely in criminal cases, and to render jury service gladly when opportunity is afforded to perform this high function of American citizenship. You can help in putting an end to the maudlin glorification of the gangster, which has at times disgraced our public thinking and has led to episodes like that which recently occurred at Crown Point.

You can aid in speeding the activities of police and prosecutors, in enabling courts to establish proper rules and practices, and in

securing desirable laws from State legislatures and from the Congress.

No more worthy enterprise could possibly engage your attention. A serious danger faces this country. Organized bands of criminals prey upon legitimate business, exact tribute from the timid or the fearful, and constitute an ever-present threat not only to property but to the safety of our homes and the sanctity of life. This open challenge to orderly government must be met with a courage worthy of our intrepid ancestors.

To this sacred cause I urge you to devote your thoughts and dedicate the energies of your great organization.

LEGISLATIVE APPROPRIATION BILL, 1935

Mr. LUDLOW. Mr. Speaker, in deference to the wishes of the gentlemen on the other side, for whom I have the highest regard, I withdraw the request to take up the conference report at this time, but I serve notice now that I shall call up this conference report the first thing tomorrow. In calling up the report I did not have the slightest intention or desire to take advantage of anyone. It was simply that we might make progress because of the emergencies involved.

Mr. GOSS. Mr. Speaker, I withdraw my point of order.

PERMISSION TO ADDRESS THE HOUSE ON FOREIGN WAR DEBTS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House on the subject of foreign war debts and increased armaments of war.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, the British Government last week announced that it was making no provision in its budget this year to pay any of the principal or interest due the United States on war debts. That means that England is again defaulting on these debts, although a magnanimous Congress several years ago and before I was a Member extended the time of payments over a period of 60 years and also granted her request of the outright cancelation of more than a billion dollars of England's debt to America on the assurance that Great Britain would pay her future installments of principal and interest promptly. It is needless to add that she has broken faith in her failure and refusal to do so.

This House only a few days ago passed a reciprocal tariff bill at the suggestion of the President in order to show our good faith toward foreign governments, in the hopes that such a bill when enacted would create better trade relations between the United States and foreign nations, more especially those who owe war debts and claim they have been unable to pay because of our tariff policies. As a reply to our magnanimous attitude toward these foreign governments, France has also indicated she will follow England's lead in refusing to pay any part of the principal or interest this year on her debts due the United States.

PROPAGANDA OF INTERNATIONAL BANKERS

During my four terms in Congress there has hardly been a week in any session that some Member of this body with an international complex has not risen in his seat to pay a glowing tribute to France, England, or some other foreign government. A majority of these speeches have been pleas for cancelation of foreign war debts due the United States. It has been somewhat amusing to hear Congressmen who never have set foot on foreign soil speak in this Chamber and before the committees about "poor poverty-stricken France."

Others have lauded France to the skies for staying on the gold standard, and have praised her financial system as being far superior to that of the United States. This sounds like propaganda from the international bankers, who predicted disaster and business stagnation when the President very wisely took the United States off the gold standard.

Mr. Speaker, I have no animosity toward France or any other foreign government; but as I have stated on this floor many times, I am not an internationalist. Neither am I in sympathy with all the propaganda in and out of Congress by half-baked economists, political opportunists, supporters and apologists for the Hoover administration, and would-be statesmen who worry more about the affairs of the Old World than they do of the many perplexing problems facing our own people of America.

It will be recalled that during the Hoover administration many self-admitted economists and supposed-to-be statesmen were telling the country that our terrible financial and business catastrophe could not be avoided because of world conditions. Yet, under the able leadership of our great President, Franklin D. Roosevelt, it must be admitted that America is gradually, slowly but surely, pulling out of the depression, while world conditions apparently are becoming more complicated. Recent events in Austria, China, France, and other nations beyond the seas would indicate this to be true.

SHOULD STAY OUT OF ENTANGLING ALLIANCES IN EUROPE

Having spent many months in France several years ago in doing my very humble part to make the world safe for democracy, and having visited France and some of the other countries of Europe in recent years, where I went as a representative of Congress to world-peace conferences, I have been especially interested in the manner in which European countries have handled their problems. I am becoming more and more convinced that America should henceforth and forever stay out of entangling alliances with the Old World. But we should do more than that. We should quit trying to emulate France or other unfriendly and unappreciative foreign governments.

We are told by the international bankers and their henchmen, big and little, that America must cancel all foreign war debts in order to assure better trade relations. That is the burden of the argument of all of those advocating outright cancelation, whether they be the Wall Street bankers, with millions of foreign securities, or their spokesmen in and out of Congress. As I recall, this is some of the same argument used back in December 1931, when former President Hoover asked Congress to declare a year's moratorium on all war debts. In opposing that moratorium bill then on the floor of this House, I predicted that such action by Congress would not help trade relations but would only leave the impression with foreign nations that this Government does not actually expect European countries ever to pay the debt they owe us—a debt they contracted when they had their backs to the wall and could not borrow a dime elsewhere on the face of the earth.

PASSED MORATORIUM AT BEHEST OF BIG BUSINESS

In addressing this House in opposition to the Hoover moratorium bill, known as "House Joint Resolution 147", on December 18, 1931, I said in part:

If you will examine the RECORD you will find that almost the identical argument that has been made on this floor today and for the past week in favor of this alleged 1 year's postponement was made by some of the same leaders here a few years ago in favor of cancelation of a major portion of war debts due America by other nations. Be it remembered that 51 percent of the French debt and 74 percent of the Italian debt was canceled in order that America might show her brotherly love and play the part of the good Samaritan to those supposedly impoverished nations. We were also told that it would be a valuable aid in helping France and Italy to prosper, and that their prosperity would be indirectly reflected in America, and that our magnanimity to France and Italy would mean a revival of business in the United States. Congress was also assured that France and Italy were to reduce their armaments of war. Both nations prospered to considerable extent by our overgenerous move, and neither nation felt obligated to keep faith with America. Did trade with either France or Italy improve? No; both nations went across to the cut-rate store—Russia—and began buying their cotton, wheat, and other supplies that they were morally obligated to buy from the United States. Did either nation reduce its armaments of war? Oh, no; but, on the other hand, both France and Italy have decidedly increased their standing armies, their navies, and increased their appropriations for aircraft. In short, France and Italy took Uncle Sam, the big-hearted Santa Claus, on a "snipe hunt" and left him holding the sack.

The Congress granted that moratorium. The international bankers, who had inspired the whole scheme, collected some of their private loans to European countries at the expense of this Government. Did business conditions improve? It is well known that they did not improve especially in America, despite the glowing promises and enthusiastic predictions made on this floor when the Hoover moratorium was pending.

World conditions also continued to grow worse. The slump in America developed into a panic and on the 4th day of March, 1933, when Franklin D. Roosevelt was inaugurated as President, practically every bank in this land was closed. It was the darkest page in American history.

Then came the new deal. The bankrupt policy of internationalism was thrown overboard and America, under the leadership of President Roosevelt, is emerging from the chaos and ruin that had thrown the country into bankruptcy, left millions of homeless, hungry people, and more than 12,000,000 heads of families without jobs. No one pretends to say that the country is fully out of the woods but, as the President has so aptly said, "we are on our way." Yet few of those gentlemen here who boast of their international complexes will claim that conditions are growing better in the European countries.

BOMBARDMENT HAS BEGUN AGAINST CONGRESS

Just now Republican leaders in Congress and a few bitter, partisan newspapers with a Wall Street complex, have begun their bombardment of criticism and vilification of the President and the Congress. Some of these same Republican leaders promised faithfully to cooperate as a loyal, patriotic duty at the beginning of this session but have decided, as the coming campaign approaches, to be bitter partisans rather than patriotic citizens. Some of the same leaders and big daily newspapers who were calling on Democrats to support the Hoover moratorium, the infamous Hoover program of farm relief, the Reconstruction Finance Corporation, and declared, with so much eloquence, it to be the patriotic duty of Members of this House to do so against one's own convictions, are leaders in a concerted movement now to discredit the Congress as well as our great President and his entire program. Some of them have the nerve and audacity to tell us we ought to return to the era of internationalism, otherwise known as the "Hoover administration." President Roosevelt as well as this Congress, that has generally followed his leadership, no doubt has made mistakes and probably will continue to do so in the future. But I am firm in my conviction that the great heart of our beloved President beats in sympathy with the toiling masses and that under his able leadership this country shall never be turned over to the money changers and international bankers. [Applause.[

UNCLE SAM PLAYS ROLE OF SANTA CLAUS

Mr. Speaker, I want to repeat again today what I have said on the floor of this House many times, that I favor the payment in full of the balance of the foreign war debts due the United States. I am opposed to so-called "token payments", or bad-faith gestures under the disguise of good will on the part of ungrateful foreign governments. Our people are becoming weary of watching Uncle Sam continue to play the role of Santa Claus to Europe. They are tired of seeing the greatest peace-time armies in the world being financed in Europe with dollars that belong to the American taxpayers.

Mr. McFARLANE. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I am delighted to yield to the gentleman from Texas.

Mr. McFARLANE. These same countries that owe us war debts, instead of trying to pay the war debts, have increased their armament to the amount of nearly $2,000,000,000 annually.

Mr. JOHNSON of Oklahoma. That is true. Instead of cooperating and showing good faith, they have begun to build up their standing armies to an alarming degree. Only recently, France announced that she proposed to construct 8,000 of the fastest and most powerful airplanes in the world, yet she pleads poverty in justification for her failure and refusal to pay any part of the debts she owes this country.

Mr. Speaker, if Europe really has any good will for the United States and desires to show as much as a spark of appreciation to the American people, I would suggest that a practical way of showing to the world her sincerity of purpose would be by reducing, rather than substantially increasing, her standing armies, navies, and aircraft. Let her come to the United States with clean hands. Let her lower her unreasonable trade barriers that have excluded practically all products of the American farmer. But let it never be said that this Government would go so far as to cancel Europe's war debts and thus aid in building up the greatest military forces the world has ever seen for ungrateful and unfriendly nations across the sea. [Applause.]

Mrs. NORTON. Mr. Speaker, I move the House do now adjourn.

The SPEAKER. Will the gentlewoman withhold her motion just a minute?

Mrs. NORTON. I withhold it, Mr. Speaker.

BOARD OF VISITORS TO ANNAPOLIS

The SPEAKER laid before the House the following letter of resignation, which was accepted:

APRIL 23, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House,
Washington, D.C.

DEAR MR. SPEAKER: On account of unexpected matters just developed that prevent my attendance, I hereby resign from the position to which appointed of the Visitors' Board to Annapolis.

Very sincerely yours,

JAMES A. FREAR.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CADY, for 4 days, on account of official business.

To Mr. CLARK of North Carolina, for several days, on account of being a witness in important litigation.

To Mr. HAMILTON, for today, on account of important business.

To Mr. LANHAM, for today, on account of illness.

To Mr. SWICK (at the request of Mr. DARROW), for this week, on account of death in family.

To Mr. THURSTON (at the request of Mr. DOWELL), on account of death in family.

To Mr. VINSON of Kentucky, indefinitely, on account of illness.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I renew my motion that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 11 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 24, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Tuesday, Apr. 24, 10:30 a.m.)

Room 328, House Office Building.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Tuesday, Apr. 24, 10 a.m.)

Hearings for the consideration of H.R. 8172 and S. 2835. Hearings to be in the committee room.

EXECUTIVE COMMUNICATIONS, ETC.

402. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting a letter from the Chief of Engineers of the Army renewing a former recommendation for legislation for the relief of the heirs of Mr. Burton S. Adams, formerly a civilian employee of the War Department, who lost his life in the performance of his duty, was taken from the Speaker's table and referred to the Committee on Claims (H.Doc. 420).

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BROWN of Michigan: Committee on Banking and Currency. H.R. 7908. A bill to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks; with amendment (Rept. No. 1288). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. House Joint Resolution 325. Joint resolution extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter; without amendment (Rept. No. 1289). Referred to the Committee of the Whole House on the state of the Union.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 8714. A bill to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.; without amendment (Rept. No. 1290). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Interstate and Foreign Commerce. H.R. 8908. A bill to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky.; with amendment (Rept. No. 1291). Referred to the House Calendar.

Mr. PETTENGILL: Committee on Interstate and Foreign Commerce. H.R. 8937. A bill granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River at or near Delphi, Ind.; without amendment (Rept. No. 1292). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Interstate and Foreign Commerce. H.R. 8951. A bill authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky; with amendment (Rept. No. 1293). Referred to the House Calendar.

Mr. CROSSER: Committee on Interstate and Foreign Commerce. H.R. 8958. A bill authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.; with amendment (Rept. No. 1294). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 9000. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County; without amendment (Rept. No. 1295). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 9257. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County; with amendment (Rept. No. 1296). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 350. Resolution for the consideration of S. 752; with amendment (Rept. No. 1297). Referred to the House Calendar.

Mr. PARKER: Committee on Elections No. 1. House Report 1298. A report in the contested-election case of *McAndrews* v. *Britten*. Referred to the House Calendar.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. House Joint Resolution 282. Joint resolution requiring 50 percent of the cargo imported and exported under trade agreements between the United States and foreign nations to be carried in vessels of the United States; with amendment (Rept. No. 1299). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 5266. A bill to amend section 4548 (U.S.C., title 46, sec. 605) of the Revised Statutes of the United States; with amendment (Rept. No. 1300). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 8639. A bill to repeal certain laws providing for the protection of sea lions in Alaska waters; without amendment (Rept. No. 1301). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. H.R. 9241. A bill to authorize the Postmaster General to award 1-year contracts for carrying air mail, to establish a commission to report a national aviation policy, and for other purposes; without amendment (Rept. No. 1302). Referred to the Committee of the Whole House on the state of the Union.

Mr. BURCH: Committee on the Post Office and Post Roads. H.R. 7212. A bill to remove the limitation upon the extension of star routes; without amendment (Rept. No. 1304). Referred to the Committee of the Whole House on the state of the Union.

Mr. PARKER. Committee on Elections No. 1. House Report 1305. A report in the contested-election case of *Ellis* v. *Thurston*. Referred to the House Calendar.

Mr. HANCOCK of New York: Committee on Elections No. 1. House Report 1306. A report in the contested-election case of *Lovett* v. *Reece*. Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KELLER: Committee on the Library. House Joint Resolution 224. Joint resolution to retire George W. Hess as director emeritus of the Botanic Garden, and for other purposes; with amendment (Rept. No. 1286). Referred to the Committee of the Whole House.

Mr. FITZPATRICK: Committee on Military Affairs. H.R. 4440. A bill to correct the records of the War Department to show that Guy Carlton Baker and Calton C. Baker or Carlton C. Baker is one and the same person; without amendment (Rept. No. 1287). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Rivers and Harbors was discharged from the consideration of the bill (H.R. 9205) prescribing tolls to be paid for the use of locks in the Ohio River and its tributaries, and the same was referred to the Committee on Interstate and Foreign Commerce.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SMITH of Washington: A bill (H.R. 9278) providing for a survey of the Chehalis River from the mouth of the Skookumchuck River extending up the Chehalis River to the Ocean Beach Highway Bridge at Riverside Park, Chehalis, and to the deep water of the Chehalis River at the Grays Harbor County line, Washington; to the Committee on Rivers and Harbors.

By Mr. BAILEY: A bill (H.R. 9279) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system through the use of the Federal farm-loan system, the Federal Reserve

Banking System, and creating a board of agriculture to supervise the same; to the Committee on Agriculture.

By Mr. McDUFFIE: A bill (H.R. 9280) relating to deposits in the United States of public moneys of the government of the Philippine Islands; to the Committee on Insular Affairs.

By Mr. COLDEN: A bill (H.R. 9281) to apply the quota system to immigration from the Republic of Mexico and the Philippine Islands, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. RANDOLPH: A bill (H.R. 9282) authorizing the establishment and maintenance of an industrial plant at Reedsville, W.Va.; to the Committee on the Post Office and Post Roads.

By Mr. JEFFERS: A bill (H.R. 9283) to provide for the designation of beneficiaries by employees subject to the provisions of the Civil Service Retirement Act of May 29, 1930, as amended, and for other purposes; to the Committee on the Civil Service.

By Mr. HOWARD (by departmental request): A bill (H.R. 9284) to authorize the addition of certain names to the final rolls of the Blackfeet Tribe of Indians in the State of Montana; to the Committee on Indian Affairs.

By Mr. McCORMACK (by request): A bill (H.R. 9285) to provide for the appointment of deputy collectors of the Internal Revenue Service; to the Committee on Ways and Means.

By Mr. CORNING: A bill (H.R. 9286) authorizing the Secretary of the Treasury to convey certain land to the city of Albany, N.Y., for a public park or other municipal purposes; to the Committee on Public Buildings and Grounds.

By Mr. LLOYD: A bill (H.R. 9287) authorizing the county of Pierce, a legal political subdivision of the State of Washington, to construct, maintain, and operate a bridge and approaches thereto across Puget Sound within the county of Pierce, State of Washington, at or near a point commonly known as "The Narrows", and repealing the act approved February 28, 1929; to the Committee on Interstate and Foreign Commerce.

By Mr. FERNANDEZ: A bill (H.R. 9288) to amend the act approved April 13, 1934, known as "Public Law No. 160", and for other purposes; to the Committee on Ways and Means.

By Mr. GILLETTE: A bill (H.R. 9289) to amend paragraph 5 of section 771, title 12, United States Code, supplement VII, United States Code, and subsection (b) of section 1016, title 12, United States Code, supplement VII, United States Code; to the Committee on Agriculture.

By Mr. O'CONNOR: Resolution (H.Res. 350) for the consideration of S. 752; to the Committee on Rules.

By Mr. JOHNSON of Oklahoma: Resolution (H.Res. 351) to appoint a special committee to investigate the proposed textbook code; to the Committee on Rules.

PRIVATE BILLS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUMM: A bill (H.R. 9290) for the relief of Martha Palitis; to the Committee on Claims.

By Mr. COLLINS of California: A bill (H.R. 9291) for the relief of Bessie L. Fenn; to the Committee on Claims.

By Mr. FULMER: A bill (H.R. 9292) granting a pension to Joseph M. Caughmam; to the Committee on Pensions.

By Mr. LEMKE: A bill (H.R. 9293) for the relief of Otto C. Asplund; to the Committee on Claims.

By Mr. SOMERS of New York: A bill (H.R. 9294) for the relief of the Sachs Mercantile Co., Inc.; to the Committee on Claims.

By Mr. WILLIAMS: A bill (H.R. 9295) granting an increase of pension to Hester A. Young; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9296) granting a pension to Frances E. Newton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9297) granting a pension to Mary A. Lane; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9298) granting an increase of pension to Susan A. Taylor; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9299) granting a pension to Mary Ann Eskew; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9300) granting a pension to Frances E. Tucker; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9301) granting a pension to James E. Hamilton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9302) granting an increase in pension to Sarah McGuire; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9303) granting a pension to Famie Kerr; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9304) granting a pension to Mary E. Mecomber; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9305) granting a pension to Ella Strutton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9306) granting an increase of pension to Sallie A. Nunn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9307) granting an increase of pension to Ida Nagel; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9308) granting a pension to Ruah L. Martin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9309) granting a pension to Mary M. Norris; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9310) granting an increase of pension to Jeritha Love Claxton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9311) granting a pension to Nan A. Benson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4143. By Mr. BEITER: Petition of the Senate and Assembly, State of New York, urging Congress to amend the Securities Act of 1933 by eliminating certain provisions; to the Committee on Interstate and Foreign Commerce.

4144. Also, petition of Genesee-Jefferson Business Men's and Taxpayers' Association, Inc., Buffalo, N.Y., urging enactment of the Cartwright bill; to the Committee on Roads.

4145. By Mr. BLOOM: Petition of the members of St. Joseph's parish, of Ronkonkoma, N.Y., favoring the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4146. By Mr. BOYLAN: Resolution unanimously adopted by the members of St. Joseph's parish, Ronkonkoma, N.Y., favoring the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4147. Also, letter from the United Umbrella Workers Union, Local No. 19164, American Federation of Labor, New York City, favoring the Wagner-Connery Disputes Act; to the Committee on Labor.

4148. Also, resolution unanimously adopted by the St. Bernard's Branch of the Holy Name Society, New York City, urging an increase of broadcasting time for station WLWL and favoring amendment to section 301 of the Radio Act; to the Committee on Merchant Marine, Radio, and Fisheries.

4149. By Mr. BRUNNER: Petition of Holy Name Society of the department of sanitation, Boroughs of Brooklyn and Queens, room 914, Municipal Building, Brooklyn, N.Y., protesting against the action of the Radio Commission in discriminating against and cutting down the allotment of hours for station WLWL to such an extent that it interferes with its religious, cultural, and educational program; to the Committee on Merchant Marine, Radio, and Fisheries.

4150. By Mrs. CLARKE of New York: Petition of William F. Flagg and family, and Yo Bryn and family, of Springfield Center, N.Y., favoring an amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4151. By Mr. CONNERY: Resolution of the Commonwealth of Massachusetts, opposing the proposed imposition of a 1 day's furlough each month on certain employees in the Postal Service of the United States; to the Committee on the Post Office and Post Roads.

4152. Also, resolution of the City Council of Revere, Mass., favoring House bill 7986, pertaining to radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4153. By Mr. DIES: Petition of O. D. Baker, of Orange, Tex., and numerous other citizens of Texas, endorsing the old-age pension bill and urging an immediate vote on this bill; to the Committee on Labor.

4154. By Mr. FITZPATRICK: Petition of the members of the Children of Mary Sodality of St. Mary's Parish of the city of Yonkers, N.Y., signed by Rev. John J. Dyer, pastor, urging the adoption of amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4155. Also, petition of the Westchester County (N.Y.) District Council, United Brotherhood of Carpenters and Joiners of America, signed by John Connelly, secretary, protesting against the United States participating in the League of Nations or in the World Court of the League of Nations, with or without reservations; to the Committee on Foreign Affairs.

4156. By Mr. GOODWIN: Petition of the executive committee Tannersville Chamber of Commerce, Tannersville, Greene County, N.Y., on Tuesday, April 17, 1934, favoring enactment of Senate bill 3171 for Federal regulation of motor carriers, introduced by Senator DILL March 23, 1934; to the Committee on Interstate and Foreign Commerce.

4157. By Mr. IMHOFF: Petition of G. C. Davis and other citizens of Wellsville, Ohio, and surrounding communities, urging passage of the McLeod bill; to the Committee on Banking and Currency.

4158. By Mr. JOHNSON of Minnesota: Resolution by the Minnesota Farm Bureau Federation, urging the immediate passage of legislation to give farm refinancing at a rate of interest not higher than 3 percent; to the Committee on Banking and Currency.

4159. By Mr. KELLY of Pennsylvania: Petition of citizens of the District of Columbia, urging passage of measure for relief of needy blind; to the Committee on the District of Columbia.

4160. Also, petition of 1,018 citizens of Pittsburgh, Pa., protesting against furloughs and curtailed service in the Post Office Department; to the Committee on the Post Office and Post Roads.

4161. By Mr. KRAMER: Resolution adopted by the Los Angeles County Council on April 6, 1934; to the Committee on Immigration and Naturalization.

4162. Also, resolution adopted by the executive committee of the American Legion, Department of California, on March 25, 1934; to the Committee on World War Veterans' Legislation.

4163. By Mr. KVALE: Petition of residents of Freeborn County, Minn., urging emergency relief measures for providing for the unemployed; to the Committee on Ways and Means.

4164. Also, petition of Oscar I. Mongeau Post, No. 742, American Legion, Marshall, Minn., expressing sorrow at the passing of John Simpson, the national president of the Farmers' Union, and urging the enactment of the Frazier bill, which he sponsored; to the Committee on Banking and Currency.

4165. By Mr. LINDSAY: Petition of the Holy Name Society, department of sanitation of Brooklyn and Queens, N.Y., Rev. Leo A. Arcese, spiritual director, favoring the proposed amendment to section 301 of Senate bill 2910 as contained in House bill 8977; to the Committee on Merchant Marine, Radio, and Fisheries.

4166. Also, petition of the United Umbrella Workers Union, Local No. 19164, American Federation of Labor, New York City, favoring the passage of the Wagner-Connery bill; to the Committee on Labor.

4167. Also, petition of Walter Parker, of New Orleans, La., concerning the Fletcher-Rayburn securities bill; to the Committee on Interstate and Foreign Commerce.

4168. Also, petition of the Welfare Association of the Blind, Youngstown, Ohio, urging support of the Dunn bill (H.R. 8751); to the Committee on Labor.

4169. Also, petition of the Central Union Label Council, New York City, favoring the Wagner-Lewis unemployment insurance bill and the Wagner-Connery Disputes Act; to the Committee on Labor.

4170. Also, petition of All Saints Roman Catholic Church, Brooklyn, N.Y., Rev. John M. Mulz, pastor, favoring the proposed amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4171. Also, petition of Upholsterers, Carpet, and Linoleum Mechanics International Union of North America, New York City, favoring the Wagner-Connery bills and the Wagner-Lewis bill; to the Committee on Labor.

4172. By Mr. MILLARD: Petition of the Westchester County (N.Y.) District Council, United Brotherhood of Carpenters and Joiners of America, protesting against the United States participating in the League of Nations and World Court; to the Committee on Foreign Affairs.

4173. By Mr. RICH: Resolutions of St. Bernard Rectory of Bradford, Pa., favoring amendment to section 301 of Senate bill 2910; to the Committee on Interstate and Foreign Commerce.

4174. By Mrs. ROGERS of Massachusetts: Petition of the City Council of the city of Cambridge, Mass., endorsing the Costigan-Wagner antilynching bill; to the Committee on the Judiciary.

4175. Also, petition of the City Council of the City of Cambridge, Mass., endorsing the so-called "McLeod bill"; to the Committee on Banking and Currency.

4176. By Mr. RUDD: Petition of the United Umbrella Workers' Union, Local No. 19164, American Federation of Labor, New York City, favoring the passage of the Wagner-Connery Disputes Act; to the Committee on Labor.

4177. Also, petition of Holy Name Society of the department of sanitation, Boroughs of Brooklyn and Queens, city of New York, Rev. Leo. A. Arcese, spiritual director, favoring the proposed amendment to section 301 of Senate bill 2910 as contained in House bill 8977; to the Committee on Merchant Marine, Radio, and Fisheries.

4178. By Mr. WOLCOTT: Memorial of the Common Council of the City of Detroit, Mich., urging enactment of the McLeod bill (H.R. 8479), providing for the pay-off of depositors in closed banks; to the Committee on Banking and Currency.

4179. Also, petition of H. E. Neal, of Smiths Creek, Mich., and 51 others, urging the enactment of legislation providing for the pay-off of depositors in all closed banks; to the Committee on Banking and Currency.

SENATE

TUESDAY, APRIL 24, 1934

(Legislative day of Tuesday, Apr. 17, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Brown	Copeland	Fletcher
Ashurst	Bulkley	Costigan	Frazier
Austin	Bulow	Couzens	George
Bachman	Byrd	Cutting	Gibson
Bailey	Byrnes	Davis	Glass
Bankhead	Capper	Dickinson	Gore
Barbour	Caraway	Dieterich	Hale
Barkley	Carey	Dill	Harrison
Black	Clark	Duffy	Hastings
Bone	Connally	Erickson	Hatch
Borah	Coolidge	Fess	Hatfield

Hayden	McNary	Robinson, Ark.	Townsend
Johnson	Murphy	Robinson, Ind.	Tydings
Kean	Neely	Russell	Vandenberg
Keyes	Norbeck	Schall	Van Nuys
King	Norris	Sheppard	Wagner
La Follette	Nye	Shipstead	Walcott
Logan	O'Mahoney	Smith	Walsh
Lonergan	Overton	Steiwer	Wheeler
Long	Patterson	Stephens	White
McCarran	Pittman	Thomas, Okla.	
McGill	Pope	Thomas, Utah	
McKellar	Reynolds	Thompson	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. LEWIS] and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate, and that the Senator from California [Mr. MCADOO] is absent on account of illness.

Mr. FESS. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from Pennsylvania [Mr. REED], and the Senator from Maryland [Mr. GOLDSBOROUGH] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

HOARDERS OF SILVER (S.DOC. NO. 173)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting in partial response to Senate Resolution 211 (submitted by Mr. ROBINSON of Indiana, and agreed to Mar. 20, 1934), a list of names, commencing with A through H, of hoarders of silver, which, with the accompanying papers, was ordered to lie on the table and to be printed, and the letter was read as follows:

THE SECRETARY OF THE TREASURY,
Washington, April 24, 1934.

Col. EDWIN A. HALSEY,
Secretary United States Senate.

MY DEAR COLONEL HALSEY: In talking to you about a week ago, I said that it would take me several days to complete the survey of information relative to holders of silver. I now find that the clerical labor of listing and copying the names and other information is considerable, and I am afraid that it will be a number of days before all the material now on hand can be completed and placed in your hands.

In the meantime, however, I am sending you herewith the first installment of the list consisting of the names, commencing with A through H, on which information appears to be complete. As rapidly as possible additional installments of this list will be forwarded to you.

In addition, there are certain cases where our information is not yet sufficiently complete to warrant including these names on the present list. As soon as these cases can be completed they will be forwarded separately, although, in all probability, not in their proper alphabetical place in the present list.

Finally, considerable difficulty is being experienced in getting the necessary information in certain cases. It may develop that the only successful method of obtaining this will be for the Senate to proceed with the investigation of these cases in its own behalf.

Sincerely yours,

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the United Irish Societies of Brooklyn and Long Island, N.Y., opposing any attempt on the part of the United States to join the League of Nations or the World Court, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the United Irish Societies of Brooklyn and Long Island, N.Y., favoring amendment of the proposed radio legislation so as to provide adequate broadcasting facilities for religious, educational, and agricultural subjects, and particularly favoring the granting of a reasonable extension of broadcasting time to station WLWL, operated by the Missionary Society of St. Paul the Apostle, in New York City, which was referred to the Committee on Interstate Commerce.

Mr. WALSH presented resolutions adopted by members of St. Stanislaus Parish, of South Deerfield, Mass., favoring the amendment of proposed radio legislation so as to provide adequate broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by a rank and file unemployed conference, representing 10 American Federation of Labor local unions, at Boston, Mass., favoring the passage of House bill 7598, the so-called "workers' unemployment insurance bill", which was referred to the Committee on Education and Labor.

He also presented petitions and papers in the nature of petitions from Local Union No. 381, International Molders Union of North America, of Springfield; Moving Picture Machine Operators Local Union, No. 437, International Alliance of Theatrical Stage Employees of the United States and Canada, of Brockton; Local Union No. 94, Brotherhood of Painters, Decorators, and Paperhangers of America, of Pittsfield; Local Union No. 95, Hotel and Restaurant Employees and Beverage Dispensers' International Alliance, of Worcester; Local Union No. 220, Musicians Protective Union, of North Hampton; Local Union No. 1929, Silk and Rayon Weavers' Union, of Holyoke; and Local Union No. 1711, United Textile Workers of America, of Adams, all in the State of Massachusetts, praying for the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which were referred to the Committee on Finance.

RELIEF OF DEPOSITORS IN CLOSED BANKS

Mr. WALSH. Mr. President, I present and ask that it be printed in full in the RECORD and appropriately referred a resolution adopted by the City Council of Cambridge, Mass., in favor of the McLeod bill.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

CITY OF CAMBRIDGE,
IN CITY COUNCIL,
April 10, 1934.

Resolved, That the city council of the city of Cambridge endorse the McLeod bill, which is now pending before Congress and proposes to authorize the Federal Government through the Reconstruction Finance Corporation to take over the "frozen assets" of closed banks belonging to the Federal Reserve System, issue currency upon these assets, pay the depositors with these new assets, and in the course of 10 years gradually liquidate the assets, in this manner reimbursing itself and retiring the currency from circulation. The passage of this bill would be fulfilling a moral obligation and duty to the depositors of these banks who relied on the Government's word that they were safe and sound and it would provide a stimulus to business recovery by converting useless bank deposits into available purchasing power. As this measure affects a local institution holding thousands of dollars of frozen assets owed to hundreds of depositors, it concerns the welfare of this community to a great extent. Therefore, a copy of this resolution shall be sent to our Senators and Representatives in Congress.

Adopted by the affirmative vote of 15 members.

A true copy.

Attest:

FREDERICK H. BURKE, *City Clerk.*

Introduced by Councilor Duffy.

COSTIGAN-WAGNER ANTILYNCHING BILL

Mr. WALSH. I also present and ask that it be printed in full in the RECORD and lie on the table a resolution adopted by the City Council of Cambridge, Mass., endorsing the so-called "antilynching bill."

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

CITY OF CAMBRIDGE,
IN CITY COUNCIL,
April 10, 1934.

Whereas the Congress of the United States has before it for consideration the Costigan-Wagner bill, termed the so-called "antilynch bill"; and

Whereas the bill has received the approval of legion of our citizens both in the Commonwealth of Massachusetts and in our own city of Cambridge: Be it

Resolved, That the City Council of the City of Cambridge endorses the proposed legislation and urges the Congress of the United States to enact the same into law; and it is further

Resolved, That a copy of this resolution be forwarded to the presiding officers of both Houses of Congress, to the Massachusetts Senators and Representatives therein, and to Senators COSTIGAN and WAGNER.

Adopted by the affirmative vote of 15 members.

A true copy.

Attest:

FREDERICK H. BURKE, *City Clerk.*

Introduced by Councilor Roche.

THE WORLD COURT

Mr. WHITE. I present a resolution in the nature of a petition from the Waterville (Maine) Branch of the Association of University Women, bearing on the subject of United States adherence to the World Court, and ask that it be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas it is now 35 years since the First Hague Conference, at which the United States urged the other nations of the world to establish just such a World Court as was brought into existence 12 years ago and as has since proved its value in the settlement of 46 disputes, many of which could have been the cause of war if left unsettled; and

Whereas in 1926 the Senate of the United States, by a vote of 76 to 17, passed a resolution providing for our entrance into the World Court under five reservations; and

Whereas, according to the Department of State and other competent authorities, the three World Court protocols now awaiting the Senate's ratification entirely meet the position which the Senate took in its 1926 reservation: Now, therefore, be it

Resolved, That the Waterville (Maine) branch of the Association of University Women, meeting on April 4, 1934, urges the Foreign Relations Committee of the Senate to report the three World Court treaties, which it now holds, to the Senate without delay, and earnestly requests the United States Senate to take favorable action upon them before the present session adjourns; and be it further

Resolved, That a copy of this resolution be transmitted—

1. To as many members of the Foreign Relations Committee as possible, including the Chairman, Mr. KEY PITTMAN.

2. To Senator WALLACE H. WHITE, with the request that he have it printed in the CONGRESSIONAL RECORD, and also to Senator FREDERICK HALE, with a request that he support ratification of the Court treaties.

3. To the local newspapers.

CRUSADER WHITE SHIRTS—ALLEGED SUBVERSIVE ACTIVITY

Mr. SCHALL. Mr. President, I have just received a letter from Emil E. Holmes, who was a former commander of the Disabled American Veterans and who ran for Congress on the Democratic ticket in 1932, calling attention to a self-styled organization known as the "Crusader White Shirts-American Facisti." With the letter there are enclosed two pamphlets describing this outfit, saying that it will be a military organization armed with wooden staffs, officered and drilled in accordance with United States Army regulations, wearing white shirts with a large red crusader cross on the front middle, and with small crossed American and red crusader flags on the left breast, sort of a Bolshevik, Hitler, Ku-Klux Klan all in one. I ask that the letter and pamphlets be printed in the RECORD and lie on the table.

Only today the newspapers say that the House Committee on Nazi-ism has uncovered some evidence. If we have not the proper facilities we should either cooperate with the House or set up an organization of our own to help to uncover these foreign influences inimical to our form of government and to our people.

There being no objection, the letter and pamphlets were ordered to lie on the table and to be printed in the RECORD, as follows:

MINNESOTA DEMOCRATIC STATE CENTRAL COMMITTEE,
Minneapolis, Minn., April 20, 1934.

TO MEMBERS UNITED STATES SENATE,
Washington, D.C.

GENTLEMEN: Attached herewith are documents that would seem to be of extreme importance, especially in view of the recent charges that revolutionary activity has been encouraged for the purpose of establishing a dictatorship.

First, the Crusader White Shirts-American Facisti, as they call themselves, are inspired from Chattanooga, Tenn., and, as will be noticed, the claim is made in its instructions to organizers that at a conference on December 1, 1932, at Warm Springs, the President, Franklin D. Roosevelt, gave his support to this movement.

Second, under what is termed "general orders" this Crusader White Shirt organization makes plain its first objective to be the taking over of local city governments; however, the very interesting part of this order is in the statement that local units of this society can secure requisitions and that such will be honored for the purpose of obtaining funds and other things needed. Reference is also made to the use of pineapples to loosen up fat pocketbooks.

It does, of course, state that the temptation to use pineapples should be righteously resisted; this, I take it, would mean a mild form of resistance.

It would seem that we have in this combination a movement of fanatics that even exceed the Ku-Klux Klan in its campaigns following the Civil War.

It should not be necessary to remind Members of the Congress that in view of the present economic conditions of our country a movement such as this would make great headway in membership, and that only an immediate action by the Congress may prevent those pineapples from being hurled, only action to remove the cause will be effective; this is especially true if their claim is correct that the President has given the movement his support.

The writer was a Democratic candidate for Congress in the last election and supported the President. It is my hope that this claim will be proven untrue, but until that is done I must insist that Members of the Congress make a thorough investigation, especially into the financial operations of this organization. I am interested to know what sort of support the President gave, if any.

This matter is placed before you by United States Senator THOMAS D. SCHALL, of my State. It is our duty to cooperate with Republicans or anyone else if we find that the leaders of our own party are disloyal to those American ideals which are incorporated in the Constitution of our country and that have been secured for us all on the field of battle by the American soldier.

This Crusader White Shirts movement makes great claims for a bill known as "H.R. 4747", and every Member of the Congress should at once become familiar with this measure. What appears to have merit must be enacted into law, if trouble is to be prevented, and the Department of Justice should be given sufficient appropriation to enable them to have organization, that movements of this sort cannot be developed to the point of danger. In the past efforts have been made to utilize the Department of Justice for the purpose of breaking legal organizations and prevent freedom of speech. Its duty, however, is clearly outlined under present laws and regulations, and all that is necessary is the money to build a worth-while Department.

Every Democrat in the Congress must help remove this stain. It has been charged many times that President Roosevelt actually favors a dictatorship, and this seems to furnish proof that he has had such a plan under consideration. It is now the duty of us all to force action that will restore economic liberty to our people without violence and yield none of the liberty we have had in the past, but, to the contrary, increase that freedom.

EMIL E. HOLMES,
Post-office Box 516, Minneapolis, Minn.

CRUSADER WHITE SHIRTS

INSTRUCTIONS TO ORGANIZERS

The crusade for economic liberty has gone over the top of the mountain. Now we are going down the other side. Let's make it an avalanche. Meeting and winning the support of President-elect Roosevelt at Warm Springs on December 1 has established the validity of our claims beyond all doubt. It is now only necessary to smash our program through. It took the mob to get us what we wanted at Warm Springs. It will take the mob to get us what we want at Washington.

For the purpose of getting numbers quickly, a new organization to be known as the "Crusader White Shirts" is being formed to supplement our present organization which is too ponderous and slow for fast action. This new organization is born from the present organization and will be controlled by it in accordance with its constitution which provides that the president, by proclamation, may organize drill teams, etc. In expanding the new organization, long economic arguments will be eliminated by merely referring to our accomplishment at Warm Springs, and point out that now all we need is the numbers to finish the job.

The Crusader White Shirts will be a military organization armed with wooden staffs, officered and drilled in accordance with United States Army regulations. They shall wear white shirts with a large red crusader cross on the front middle and with small crossed American and red crusader flags on the left breast, the white shirts denoting the purity of our purpose; the red crusader cross denoting the religious significance of the crusade; the American flag, patriotism; and the red crusader flag, courage and sacrifice.

You will need no credentials or authority other than these instructions to organize Crusader White Shirts anywhere. Merely get a group together and furnish them with an American and a red crusader flag and the insignia which can be sewed on any white shirt.

The initiation ceremony merely consists of lining up the applicants in military formation, having them give the military salute to the American flag, then read to them the American declaration of economic independence, and then, while giving the crusader salute, which consists of raising the outstretched right arm with the fist clenched to the red crusader flag, have them repeat in unison the last sentence of this declaration. They should then elect their officers, hold frequent parades and mass drills and

report for assignment and instructions to their State and regional commanders, if known, or to the national capital of the Crusaders for Economic Liberty, at Chattanooga, Tenn.

Organizers can obtain from the Chattanooga Button & Badge Manufacturing Co., Chattanooga, Tenn., 3 by 5 feet crusader flags at the cost of $3 and sets of insignia at 15 cents each (cash must accompany order), or he may get them elsewhere if he cares to. It is recommended that the flags be sold for $5. It is recommended that in new localities that the insignia be sold for $1 per set at the start and that the price be reduced thereafter until finally those who have no money can be told that they can paint a red cross on any old white shirt or make their own. National headquarters is interested in numbers only. You will find that you will be well paid for your efforts.

The official purpose of this organization is the creation of a very powerful lobby to insure the enactment of H.R. 11698, "A bill to establish economic liberty in the United States of America, and for other purposes." It might also be stated that we purpose to restore America to Americans, to make the crooked politicians in Washington walk straight for the first time in their lives, or that we purpose to smash the gold standard racket and establish economic liberty in America under the guidance of the divine providence.

Proclaimed and signed December 1932 by

GEO. W. CHRISTIANS,
President Crusaders for Economic Liberty,
Commander in Chief Crusader White Shirts.

AMERICAN DECLARATION OF ECONOMIC INDEPENDENCE

When, in the course of human events, it becomes necessary for a people to dissolve the economic government under which they have existed, and to assume the control which the laws of nature and of nature's God entitles them, a decent respect for the opinions of mankind requires that they should declare the causes which impel them.

We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness. That, to secure these rights, economic as well as political, governments are instituted among men, deriving their just powers from the consent of the governed; that, whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute a new government, laying its foundation on such principles, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness. Prudence, indeed, will dictate that governments long established should not be changed for light and transient causes; and accordingly all experience hath shown that mankind are more disposed to suffer while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute poverty, it is their right, it is their duty, to throw off such economic government, and to provide new guards for their future security. Such has been the patient sufferance of this country; and such is now the necessity which constrains them to alter their former system of economic government. The history of the present economic kings of finance is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute tyranny over this country. To prove this let facts be submitted to a candid world.

Through the iniquitous gold-standard system they have brought about periodic depressions which have—

Deprived the workingman of the pursuit of happiness by taking away his job;

Fostered the trusts by destroying independent business;

Enabled the idle mortgage holder to rob the active equity holder of his property;

Made the rich richer and the poor poorer;

Brought poverty, misery, and distress to thousands;

Kept us in idleness and lowered the standard of living.

Nor have we been wanting in our attentions to our money kings. We have warned them, from time to time, of attempts to extend an unwarrantable jurisdiction over us. We have appealed to their native justice and magnanimity; and we have conjured them to disavow these usurpations, which would inevitably bring disaster. They, too, have been deaf to the voice of justice. We must, therefore, acquiesce in the necessity which announces our rebellion, and hold them as enemies to our welfare.

These economic financial kings, like the political kings of old, have no constitutional authority. Theirs is a rule of might over right. Against them we raise the red flags of rebellion and the torch of liberty in defiance. In doing so we are not unmindful of, and pledge ourselves to cherish and protect the political freedom already dearly won. We swear to uphold the Constitution and the laws of the United States and to accomplish our purposes through the political power of the ballot and to avoid and denounce all forms of disorder and violence.

We believe—

That our standard of values should be based upon human effort and not upon gold;

That our monetary system should be cleaned up, eliminating everything except the Federal Reserve System;

That the Federal Reserve System should be cleaned up, eliminating the private banking interests;

That the Federal Reserve System should be a wholly public institution, its deliberations open to the public, and its services available to the public;

That basic interest rates should be determined by basic employment conditions only.

These changes will, we believe, eliminate the business cycle, eliminate unemployment, automatically balance production and consumption, deconcentrate wealth, continuously raise the standard of living, and provide an economic government of the people, by the people, and for the people.

We, therefore, citizens of the United States of America, in mass assembled, appealing to the Supreme Judge of the world for the rectitude of our intentions, do, in the name of and by the authority of the good people of this country, solemnly publish and declare, that we citizens are and of a right ought to be, free and independent economically as well as politically, and that we are absolved from all allegiance to our kings of finance, and that all economic control by them over our monetary system ought to be totally dissolved and that the people of this country should have full power to control credit for the general welfare and to do all other acts which economically free and independent people may of right do. And, for the support of this declaration, with a firm reliance on the protection of Divine Providence we mutually pledge to each other our lives, our fortunes, and our sacred honor.

Proclaimed and signed by the first dedication class of the Crusaders for Economic Liberty on historic Signal Mountain, Chattanooga, Tenn., on July 4, 1931.

Demand the enactment of House bill no. 4747, "A bill to establish economic liberty in the United States of America, and for other purposes."

CRUSADER WHITE SHIRTS

General orders:

No unit of the Crusader White Shirts should attempt any positive action until it has been thoroughly drilled and officered and perfect discipline has been obtained, nor should it attempt to move until it is sufficiently strong to accomplish its purpose without any chance of failure.

The first objective should be to take control of the local government in the following manner: March in military formation to and surround the governmental buildings. Then by sheer numbers and a patriotic appeal force the officials to accept and act under the direction of an economic adviser appointed by the president of the C.F.E.L. This adviser's first duty will be to repudiate the public debt and utilize the payments assigned thereto for the public welfare.

Dishonest officials should immediately be brought to justice. You should remember that most politicians are unfamiliar with modern business methods, and that their accounts are apt to be badly muddled and may be short. Great care should be exercised so that the situation does not get out of control and some poor, muddle-headed but honest politicians get hung without a fair and legal trial.

When this is accomplished Crusader White Shirts should assist law-enforcement officials in maintaining the kind of order we consider essential.

Preparations should then be made at once for the crusade to Washington. Crusader White Shirts requisitions will be furnished for the purpose of obtaining funds and other things needed. This work should be assigned to a thoroughly trustworthy and carefully instructed X committee.

Generous donations can be obtained from most people for the crusade by merely appealing to their patriotism. However, a patriotic appeal will probably not have much effect on the people who have most of the money nowadays. There will be a great temptation to use a few pineapples to loosen up those fat pocketbooks, but this temptation should be righteously resisted.

As soon as you are fully equipped and prepared to go to Washington, report to the commander in chief of the Crusader White Shirts at Chattanooga, Tenn., stating the number of men, how equipped, and the time required to reach Washington, but do not move until ordered. Nothing must fail.

This is a lawful organization and it cannot be stopped by lawful means. If anyone uses unlawful means to start a fight, just be sure that you finish it.

Read these orders very carefully. Strike hard, straight, and swiftly. Get what you start out to get.

GEO. W. CHRISTIANS,
Commander in Chief, Crusader White Shirts;
President, Crusaders for Economic Liberty.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on the Judiciary, to which was referred the bill (S. 1842) to amend sections 211, 245, and 312 of the Criminal Code, as amended, reported it without amendment.

Mr. STEPHENS, from the Committee on the Judiciary, to which was referred the bill (H.R. 1567) amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court, reported it without amendment and submitted a report (No. 818) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them each without amendment:

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their applica-

tion to the Territory of Alaska, and for other purposes", approved August 1, 1912; and

H.R. 6013. An act to authorize the sale of land and houses at Anchorage, Alaska.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. VANDENBERG:

A bill (S. 3437) granting a pension to Florence L. Collins (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 3438) for the relief of William F. White; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 3439) relating to deposits in the United States of public moneys of the government of the Philippine Islands; to the Committee on Territories and Insular Affairs.

A bill (S. 3440) for the relief of George F. Jones; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 3441) for the relief of J. R. Osgood; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 3442) to dissolve the Ellen Wilson Memorial Homes; to the Committee on the District of Columbia.

By Mr. BARKLEY:

A bill (S. 3443) to provide for the creation of the Pioneer National Monument in the State of Kentucky, and for other purposes; to the Committee on the Library.

By Mr. BULOW:

A bill (S. 3444) to create an Indian Claims Court for the immediate settlement of Indian tribal and band claims, defining the powers and functions thereof, and for other purposes; to the Committee on Indian Affairs.

By Mr. McKELLAR:

A bill (S. 3445) to authorize the Post Office Department to hold railroad companies responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the railroad company or an agent or employee thereof;

A bill (S. 3446) to authorize the Postmaster General to receive, operate, and to maintain for official purposes, motor vehicles seized for violations of the customs laws;

A bill (S. 3447) to authorize the Post Office Department to hold contractors responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the contractor or an agent or employee thereof;

A bill (S. 3448) for the relief of Ralph C. Irwin;

A bill (S. 3449) to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service;

A bill (S. 3450) to authorize the Postmaster General to charge an additional fee for effecting delivery of domestic registered, insured, or collect-on-delivery mail, the delivery of which is restricted to the addressee only, or to the addressee or order;

A bill (S. 3451) to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226);

A bill (S. 3452) to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborer;

A bill (S. 3453) to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier or an agent or employee thereof;

A bill (S. 3454) to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service; and

A bill (S. 3455) to amend the provisions of laws relating to appointment of postmasters; to the Committee on Post Offices and Post Roads.

By Mr. LOGAN:

A joint resolution (S.J.Res. 108) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Eloy Alfaro and Jaime Eduardo Alfaro, citizens of Ecuador; to the Committee on Military Affairs.

CHANGE OF REFERENCE

On motion of Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 3310) to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes, and it was referred to the Committee on Public Lands and Surveys.

REGULATION OF SECURITIES EXCHANGES—AMENDMENT

Mr. STEIWER submitted an amendment intended to be proposed by him to the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, which was ordered to lie on the table and to be printed.

A CENTURY OF PROGRESS EXPOSITION IN CHICAGO, 1933 (S.DOC. NO. 174)

Mr. STEPHENS. I ask that there may be printed as a Senate document a communication, with the accompanying papers, signed jointly by the Secretary of State, the Secretary of Agriculture, and the Secretary of Commerce, members of the Chicago World's Fair Centennial Commission, relating to a Century of Progress Exposition in Chicago during the year 1933.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

PAYMENT TO WORLD WAR VETERANS

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the Boston Sunday Post of April 15, 1934, entitled "Who Gets Money Congress Voted Vets?"

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Sunday Post, Sunday morning, Apr. 15, 1934]

WHO GETS MONEY CONGRESS VOTED VETS?—FRANK DISCUSSION OF WHETHER WORLD WAR FIGHTERS ARE PATRIOTS OR "PLUNDERERS OF UNITED STATES TREASURY"—"PENSION ACT" OFTEN CONFUSED WITH BONUS BILL

By Daniel Davis

Is this fair?

The boys in the blue American Legion uniform are going to be in for a lot of nasty looks this coming week as they take part in various patriots' day celebrations throughout the State.

As they swing down the street behind the local band, many of the folks on the sidewalks are going to keep their hands at their sides instead of clapping as usual. Where there were once smiles and nods of appreciation, there are going to be a lot of villagers giving the boys an imitation of the Mussolini scowl.

"Patriots, my eye", someone will spill out of the corner of his mouth, "plunderers instead of patriots. There go the crowd who raided the United States Treasury. There go the birds who browbeat Congress into appropriating millions and millions of dollars the other day for their own fat selves, while the rest of us will have to pay the bills."

Before we make snap judgments on backing up such a view, suppose we examine the whole case a bit further. Some of our preconceived ideas may need testing.

"LOOT THEIR COUNTRY"

This is the present attitude of a great many people toward all World War veterans, especially towards all Legionnaires and Vet-

erans of Foreign Wars. Listen to this, an editorial in a famous weekly commenting on the independent offices appropriation bill—the so-called recent "veterans act"—passed overwhelmingly over a Presidential veto: "It is another indication of what all previous history has taught, that the men who, in theory, go out to defend their country, return to loot it and put it under a financial vassalage more severe than any the alleged enemy would have been able to impose.

"The way in which legislators in democracies repeatedly knuckle under to strong minority groups of voters is one of the most discouraging features of the system", continues the Nation. "Advocates of communism or fascism could hardly have a better argument put in their mouths to prove one of the essential weaknesses of democratic government than that afforded by action of Congress in giving in to the demands of the American Legion."

All over the country there is an uproar of rage against the men who, this very month—a few years ago—put on the blue and the khaki uniform of Uncle Sam. The howl is amplified many times by newspaper editorials, Economy League propagandists, big business interests, and also by many other very excellent and public-spirited persons who feel that a piratical crew of veterans have climbed aboard the ship of state and, after herding a terrified Congress into a cabin, have almost scuttled the old craft.

And while this shout of disapproval goes up, you will find groups of men sitting around the front room in American Legion posts all over the State, bewildered and puzzled by the bitterness of the attacks. If there is a student of poetry in the midst, perhaps he will quote from Kipling:

"'Chuck him out, the brute!'
But it's 'Savior of 'is country'
When the guns begin to shoot."

VETERANS' SIDE OF CASE

Those who oppose veteran benefits have had able advocates. Their reasons for their views have been well presented to the Bay State public. But so many printed attacks have been made upon the World War veterans and upon Senator WALSH and upon all the Massachusetts congressional delegation, save two, and yet so little has been said about their position in the matter that the fair-minded people of Massachusetts might like to consider the "other side" of the case on this the eve of Patriots' Day.

A frank discussion may help give an answer to the question: "Is an American World War veteran still a patriot or just a plunderer?"

NOT A BONUS BILL

If we strive to keep consideration of the problem on an intelligent plane of truth, impartial persons will appreciate at once that there is much misinformation about the actual bill in the minds of many good people, who have never had a chance to study what the money really goes for. "I think it very wrong for Congress to have passed the soldiers' bonus bill", is a remark that many such people make about the recent legislation.

Although many believe this, still the record shows that the bill had nothing whatever to do with adjusted-compensation certificates. No bonus was passed. The bonus is not even mentioned in the bill. The American Legion at its national convention in Chicago voted against Congress' passing the bonus, and Congress hasn't passed it, either.

"Well," says another well-intentioned critic, "I believe the Government is indebted to the men who were disabled in the World War. I don't object to their getting money, but I do object to men getting paid for diseases and injuries that had nothing whatever to do with war service."

If that is the attitude, then such people should be satisfied, because, so far as World War veterans are concerned, this bill did not restore any of those numerous disabilities, classified as not connected with the service, which were cut off last year in the Economy Act. Nor did the American Legion ask to have them restored.

UNBALANCED THE BUDGET

"But I object to a Treasury raid that unbalances the Budget", insists another excellent citizen.

Of course, there are those who will say in reply that there are budgets and budgets, the so-called "regular Budget" of current expenses and the so-called "extraordinary or emergency Budget" of billions and billions for various national recovery schemes.

BILLIONS FOR RELIEF

It may be rather difficult for anyone to get it through the head of many Americans that it is all right to pay C.C.C. boys fat sums, to pay so-called "unemployed carpenters" $1.20 an hour on C.W.A. or E.R.A. for a skill that they don't really have, and yet it is all wrong to pay a permanently and totally disabled war veteran a dollar a day, Budget or no Budget.

In fairness it should be admitted that there is a paper distinction. The so-called "veteran benefits" are paid out of current revenues and not out of long-distance bonds. Moreover, the veteran benefits are supposed to go on for years, and the extraordinary depression aids may stop at the end of the present financial emergency.

It is the permanent drain on national finances that alarms many citizens, as well as what they feel is "special privilege" to a particular class of citizens at the expense of all.

ONLY PART FOR VETERANS

Yet it should be remembered that out of the $209,712,500 appropriated in the independent offices bill as an increase over last year's economy bill only about $43,000,000 goes to World War veterans. A fat chunk goes to Charlestown and other navy yards and arsenals, another sum goes to restore some of the pay of the present underpaid mailman who trudges daily to your door, and for other Federal employee payments and Spanish War pensions.

On page 6296 of the 1934 CONGRESSIONAL RECORD, David Lawrence, a famous journalist and an impartial observer, points out that of the less than fifty-odd millions appropriated for World War veterans, the difference between what Senator WALSH and his colleagues voted and what President Roosevelt had already recommended was less than $20,000,000.

So, while blessings are being showered on the billions and billions spent for all other forms of relief, some feel the only crime in the case is that twenty millions are to be given to World War veterans who are shell-shocked, insane, or have tuberculosis as a result of their war service.

Perhaps the World War veterans are somewhat justified in feeling that this is a weak argument on which to base a national charge of plunder.

ONLY FEW BENEFIT

Another thing that should be recognized by just persons is that of the 4,000,000 World War veterans in this land only a very small number benefit by this act—or any past act. Most of the veterans believe in the justice of the act not for themselves but for their helpless comrades. Most of them are automatically barred from ever receiving aid under this act, since the disabilities are based upon service.

But while most of the democracy, now made safe by the sacrifices of the soldier and sailor, forget the disabled human wreckage of the war, the veterans themselves never forget.

In solemn conclave wherever they assemble in their various posts they repeat together their preamble of memorial tribute to those who have fallen.

And most of them today are willing to face this barrage of what they feel is misinformed criticism, just as yesterday they faced a barrage of German scrap iron, because of their keen, never-dying devotion to their helpless comrades now too sick to fight for themselves.

WHO GETS THE MONEY?

Who, then, gets the benefit of this "raid on the Treasury?" Some who can never see the money Uncle Sam is going to give them. The new law reinstates to former compensation rates those lads whose eyes were put out by the monster, war. The stone blind reaps his delayed compensation again.

The act restores the compensation of those direct service-connected cases—the wounded and those service-connected cases whose tiny financial help was cut drastically as a temporary economy measure last year. This amounts to $31,308,000.

The President himself favored this restoration as soon as practical. With living costs mounting, Senator WALSH and his colleagues thought the time for restoration had arrived. Nearly everyone is in favor of the principle that actual service-connected disabilities should be compensated.

STORM CENTER

The second class are those whose disabilities are presumed to have been caused by war service. Upon this class most of the hostile criticism is hurled. There are only 29,000 "presumptives", and death is fast removing this pathetic group from the arena of controversy. The cost for these is estimated at $10,900,000. They get 75 percent of their former compensation.

These men are those who, a few years after the war, broke down from diseases which Government doctors studied and rated as having been caused by actual war service. They are what are called "presumptive cases." They are miserable, helpless human beings in need of assistance from somebody.

If the Federal Government did not care for them, the State or the cities and towns would. In any event public charity would be their only refuge. The nub of classification is whether such a man is a responsibility of the whole Nation or of his home town.

Since his disabilities were received serving the whole Nation, it is felt by many that the whole Nation should take care of him rather than have his assistance paid out of local taxes.

SERIOUS ILLNESSES

It should be remembered that these unhappy creatures must have broken down before 1925. The break-down must have been a grave one such as mind, lungs, or heart. Up to 1933 they were rated as service-connected cases. While it is undoubtedly true that some "chiselers" formerly have got on these rolls, the same can be said of any public welfare aid and that wrong doesn't cancel the rights of those who properly qualify.

Many of the men on this list now are as directly service-connected men as those who have bayonet scars to show as proof. All of them have service connections, rated as such by impartial medical men.

But it is a fair question to ask along with Senator COPELAND, of New York, himself a doctor, "How could an insane man, after a lapse of 15 years, produce evidence to prove the war was the cause of his insanity, even though there was no doubt about it? And how is a man flat on his back with tuberculosis to get affidavits from doctors who are now dead and from buddies who have disappeared?"

TWENTY-NINE THOUSAND LOST SOULS

These 29,000 lost souls, for whom the sands in the hour glass of life have nearly run out, are not men with warts on their fingers and scratches on their chins. They are totally and permanently disabled.

They are doomed for life. They are sad, demented human beings whose minds are gone. They are frail creatures, coughing on their death beds. They are men whose hearts hang on slender hairs. These are the men whom some call "plunderers of the United States Treasury."

FRAUDS NOT ADMITTED

No person can qualify for aid in this class where his service connection has been established by fraud, clear and unmistakable error, or misrepresentation. But if the disability has run the gauntlet of expert examination, then he may have his last hours of life eased by Uncle Sam's generosity.

Are such men plunderers? Are their comrades who have stood up for such men plunderers? Just this past week a mere handful of white-haired men assembled in Faneuil Hall. Only 68 of the thousands of Massachusetts lads who once rallied to Abraham Lincoln's call to arms. The last remnant of the Grand Army of the Republic, with eyes too dim to see the tears in the eyes of the audience there assembled, with ears too weak soon to hear the sounding of the final taps.

They called these brave old fellows plunderers in their generation. They said they stole money from the Treasury, too. These harsh words, however, have been stilled through the passing of the years.

IS CONGRESS AFRAID OF VETS?

While it may be true that some Congressmen "jumped through the hoop when the Legion snapped the whip", this charge should not be placed at the feet of all those who voted for the bill. Many of the Representatives came from "safe" districts, where neither the enmity of the American Legion nor the pats on the back from the National Economy League are of avail. Many of the Senators are not up for reelection. Besides a vote that may please a Legionnaire may infuriate another voter, and the net result may not be a political gain.

But when 373 out of 472 Senators and Representatives voted for a bill, may we not suppose that all would not have acted merely from fear of political reprisal? These legislators had a chance to study the bill. They listened to days of debate. They examined many personal records. They heard, with their own ears, the cry of distress from thousands of helpless men. Isn't it fair to them to assume that mercy and justice may have been reasons why they, and so many of the Bay State group, voted to restore this aid?

The following Massachusetts Congressmen, as well as Senator WALSH, both Republicans and Democrats, voted for the bill: CONNERY, DOUGLASS, MCCORMACK, GRANFIELD, HEALEY, ANDREW, FOSS, HOLMES, MARTIN, Mrs. ROGERS, TREADWAY, GIFFORD, and WIGGLESWORTH. Isn't it reasonable to assume that worthy motives had something to do with their stands?

ONE CONGRESSMAN'S EXPERIENCE

Suppose, before this discussion is closed today, we listen to the statement of just one Congressman as to his personal experiences and why he voted as he did. We shall take one far away from home, lest we seem to be favoring one of the many local Representatives above another. This is an extract from the speech of Congressman FRANCIS H. SHOEMAKER of Minnesota, made in Congress, as to his personal experiences with the National Economy Act, whose sharpness this bill has smoothed away. Said he:

HEART-RENDING SCENE

"Upon my arrival at Minnesota after the last session, I drove out one day to the Veterans' Hospital at Fort Snelling. As we came through the gate, I met a little, old, gray-haired, stooped-over mother who had just gotten off a street car. She had five or six blocks to walk to the hospital, so I picked her up.

"I said, 'Mother, can I be of service to you?'

"She said, 'Yes.'

"I put her in the car and drove up, and I asked her where she was from.

"She told me her sad story. She was a mother from the State of Oregon. She had received a telegram that her son was about to die of tuberculosis, and that if she wanted to see her son alive she would have to hurry. She had no money, so the neighbors of her community got together and took up a collection and bought her a railroad ticket to St. Paul and return, that she might see her son alive.

"I was familiar with the hospital, so I took this little mother into the tuberculosis ward where her son was suffering with tuberculosis, and I took her where her son was. I want to say to you Members of this House that I saw one of the most heart-rending scenes I have ever experienced in my life.

"This mother told me on the way to the hospital she had only been eating one meal a day on her trip, because she had no money to pay for her food. The employees at the hospital took up a collection to feed this poor little old lady.

"When we went to the ward where this boy lay, it almost seemed the work of Providence, for when that mother stepped across the threshold that young man who had been in a semiconscious state of mind for some days opened his eyes; a smile came over his face as that mother walked up to that bed.

MOTHER'S PRAYER FOR HER SON

"In his weakened condition, with his last feeble physical effort he attempted to raise his arms and enfold that dear old mother, but his weakened condition caused him to fall back upon that bed.

"She fell over him and down upon her knees by that bedside and offered up such a prayer as I have never heard in my lifetime.

"Four hours after she saw her son, he passed over the Great Divide into the unknown land. Then came the sad part of it. The interne, in the presence of officials of the veterans' hospital, and in my presence, went through the pockets of that man, that soldier, that patriot, and there they found $3."

"The burial benefits had been cut from $100 to $75. Even the size of the flag that was to be used at a military funeral had been cut.

"Not only that, but, under the provisions of Public, No. 2, if there was any money on the body of a veteran, that money was to be deducted from the $75 funeral allowance that was to be allowed toward the burial of that patriot.

WE DID INJUSTICE

"Oh, my friends, we did a great injustice in this economy bill. We made a rule whereby Uncle Sam could reach down into the pockets of the dead, lifeless corpse, a patriot, a man who had fought for his country, and pilfer his pocket to the tune of $3 before the very eyes of the little, old, stoop-shouldered, withered mother.

"I want to say that the responsibility for these conditions rests upon the shoulders of the Congress of the United States, and it is our duty today to right some of those wrongs."

It is for fair-minded people to weigh all the facts in the so-called "pension grab." Then decide for themselves whether those World War veterans, who fought to aid their unfortunate comrades, are plunderers—or if they may still be classed among those patriots in whose honor next Thursday has been set aside.

FEDERAL TAXATION—ADDRESS BY SENATOR LA FOLLETTE

Mr. NYE. Mr. President, I ask unanimous consent to print in the RECORD an address on the subject of taxation delivered by the senior Senator from Wisconsin [Mr. LA FOLLETTE] on the evening of April 9 and which was broadcast over the network of the National Broadcasting Co.

There being no objection, the address was ordered to be printed in the RECORD as follows:

TAXES NEEDED BY UNITED STATES

Taxation is one of the most vital issues confronting the people. Graduated income and estate or inheritance taxes are based upon the sound principle that taxes should be levied in accordance with the ability of the taxpayer to meet the burden. After a long and bitter contest a graduated system of taxation became a part of the Federal Government's tax policy.

Ever since the constitutional amendment was adopted there has been a sharp conflict in Congress at each session when a tax bill is taken up for consideration. On the one hand have been those who have fought to prevent the levying of higher rates of taxation upon large fortunes and upon big incomes. On the other hand have been those who have contended that in a democratic form of government taxes should be levied in accordance with ability to pay and that more and more of the burden of government and the costs of war should be shifted to the graduated form of taxation as embodied in the income and estate taxes.

During the war my father led the fight to tax war profits 100 percent and to tax incomes and large fortunes to the limit in accordance with ability to pay, in order that oncoming generations should have to carry as small a burden of debt as possible. He was unsuccessful and the Congress at that time determined that a larger percentage of the cost of war should be borne by the generation that fought it, and their children and their children's children.

We get some appreciation of the enormous debt which was thus thrust upon the people from the following figures: In 1916, the year before we entered the war, the Federal per capita debt was $12.50. Today, many years after that conflict closed, the Federal debt on every man, woman, and child, attributable to the war, is approximately $150.

Therefore, even at this late date we are still fighting over the issue in Congress in the pending tax bill as to whether those who reaped enormous profits out of the war shall be required to come forward and carry their fair share of the cost of the war.

As a result of the tax policies adopted during the war, 21,000 individuals accumulated a million dollars or more of capital. In other words, the war created one new millionaire in this country for every three American boys who gave up their lives in France.

After the war, in succeeding sessions of Congress, the progressives fought for the maintenance of high income- and estate-tax rates in order that the war debt should be discharged insofar as possible by contributions in the form of taxes from those who had profited during the war. But in 1921 Andrew W. Mellon, one of the richest men in this country, became Secretary of the Treasury. Soon after he was appointed in a secret session of the Finance Committee he revealed his opposition to the graduated form of taxation and advocated in its stead sales taxes. The sales tax is based upon a diametrically opposite theory from the graduated income and estate taxes because it falls upon the taxpayer without regard to his ability to meet the burden. During the long period that Mr. Mellon was Secretary of the Treasury taxes were reduced upon wealth to the extent of approximately $4,000,000,000.

Many economists and tax experts are coming to recognize that the Mellon tax policy was a large contributing factor in stimulating the excess of speculation and the wild finance which charac-

terized the boom period that ended so disastrously in the fall of 1929.

One of the principal causes of the depression was failure of purchasing power to keep pace with our increased capacity to produce both manufactured and agricultural products. Mass production and scientific agriculture cannot be maintained unless there is an equitable distribution of purchasing power among the people.

In 1932 the Taylor Society published a study of purchases by income groups in the year 1929. This study shows that individuals with incomes of $5,000 or less purchased approximately 80 percent of all the goods sold that year, and that those with incomes of $5,000 or more purchased approximately only 20 percent of all goods sold.

It has seemed obvious since the beginning of the depression that until we restore the buying power of that group in the United States who in 1929 furnished approximately 80 percent of the purchasing power, we shall continue to suffer the agonies of this economic depression.

The concentration of wealth in the hands of a relatively small number of people has been the inevitable consequence of a maldistribution of income. This process has gone on in this country for many generations. The war speeded up concentration of wealth and it went forward apace during the period after the war. Recognized studies of this problem were made by Dr. Wilford I. King. Taking these studies as a basis and translating them into a simple illustration, we get a startling picture of the extent to which wealth is now concentrated in the United States.

Let us assume that $100 represents all the vast wealth of this country, the richest nation on earth. Let us assume that 100 individuals represent the entire population of the United States. Now, if we divide that $100, representing our vast wealth, among those 100 people, representing all our citizens, as wealth is today divided in this country, what do we find? We find that 1 individual would have $59, 1 individual would have $9, 22 persons would have $1.22 each, and 76, or all the remainder, would have less than 7 cents apiece.

This illustration not only presents the problem which must be solved, if we are ever to find our way out of this depression, but it also presents a situation which should give pause to every citizen who desires to see the institutions of democracy maintained. All history clearly demonstrates that a concentration of wealth such as has taken place in the United States is inimical to the perpetuity of democratic institutions. Upon this basis the advocates of higher taxes upon those who are best able to bear the burden could rest their case. But there are equally if not more important considerations to which I now desire to direct your attention. This economic crisis is graver than war. It is more fraught with danger to the institutions of the Republic than any war in which we have ever engaged.

To meet the emergencies in this crisis it has been necessary for the Federal Government to come to the aid of its citizens to relieve distress and want, and to prevent in part human suffering and malnutrition. It has been necessary likewise for the Federal Government to provide employment for a part of those who are out of work and who cannot find employment in normal business activities. I am convinced that the Federal Government will have to carry on a much larger program of employment than has thus far been adopted. It will be necessary to continue these huge collective expenditures over a long period of time. Failure to recognize this fact will court disaster.

All the way through this recent period those who have been fighting for an adequate program to restore purchasing power on the farms and in the cities have been defeated because of the unwarranted optimism of people who have refused to face the facts. Year after year, when we have come forward with adequate measures, we have been told that prosperity was just around the corner. It was this belief that prevented the adoption of a program in session after session. It was only the deepening of the crisis and finally the collapse of the banking structure which made it possible to secure the enactment of a program, inadequate though it was.

In connection with the tax bill now pending in Congress we must decide how we are to meet the cost of government, the cost of war, and the cost of the extraordinary expenditures to meet the emergency. In all justice, in all equity, there is only one sound course open and that is to require that the increased taxes shall fall upon those who have the ability to pay. Not only because this policy is sound in principle, but there is another reason. The improvement in business has been largely due to expenditures made by the Federal Government. We are therefore doubly justified in requiring those who have been in part the beneficiaries of this program to come forward and to assume their fair share of the tax burden which these expenditures make necessary.

Consistent with the tax policy outlined, I offered an amendment in the Senate which provided a normal tax of 6 percent, which is 2 percent higher than that proposed by the Senate Committee on Finance.

The surtax rates in my amendment began with a surtax of 5 percent on net incomes in excess of $4,000, with gradual increases, bracket by bracket, reaching a maximum surtax rate of 71 percent on net taxable incomes above $1,000,000.

I shall give a few examples of how this amendment would have operated. Assuming a married man with no dependents, having a net taxable income, after all exemptions, of $3,000, my amendment would have imposed a tax of $12, as compared with a tax of $20 under the existing law. In Great Britain this taxpayer, under their rates, would pay $311.

A taxpayer with a net taxable income of $10,000 under my amendment would have paid $618; under the present law, $480; in Great Britain, $1,862. If the taxpayer had a net income of $50,000, under my amendment he would have been required to pay $12,955; under the existing law, $8,600; and in Great Britain such a taxpayer would have paid $19,655.

If the taxpayer had a net taxable income of $100,000, under my amendment he would have paid $42,993; under the existing law, $30,100; and in Great Britain a tax of $48,102 would be imposed.

A taxpayer with $1,000,000 of net taxable income, under my amendment, would have paid $716,318; under the existing law he would have paid $571,158; and in Great Britain he would be taxed $639,160.

The Treasury estimated that the amendment which I offered would have raised $185,000,000 more taxes than are received under the existing income rates. Opponents of higher income taxes contend past experience demonstrates that lower rates produce more aggregate revenue than higher rates would yield. They also argue that with tax-exempt securities existing in this country in such large volume, high income-tax rates will cause large income-tax payers to invest in tax-exempt securities in order to escape the rates imposed, if they are heavy. Opponents also argue that very heavy rates may induce a flight of capital from the United States.

The answer to the first contention is that we have no statistics which prove that low rates of income taxation produce more revenue than higher rates would yield. The figures which opponents cite are based upon the high revenue collected under the relatively low rates imposed during the past three Republican administrations. These figures are entirely misleading because they do not take into account the very large increase in economic activity which characterized the so-called "boom period."

Insofar as the tax-exempt securities argument is concerned, I am perfectly willing to concede that we shall never have a satisfactory tax system in this country so long as tax-exempt securities afford a means for persons of large wealth to escape income taxes by investment in this type of security. Nevertheless, I am convinced that this argument is grossly exaggerated. The most recent figures which we have come from the Federal Trade Commission and show that in 1924, following the relatively high rates of the war and post-war period, only 3.16 percent of the income of all persons receiving $10,000 a year or more was derived from tax-exempt securities. Furthermore, I think it is absurd to contend that men who have invested in industrial and other types of taxable securities would be willing to give up their partial or complete control of these corporations in exchange for tax immunity. In addition, with taxable securities at their present levels in the market, it would be a very difficult if not impossible feat for the owners of these industrial stocks to sell them for the purpose of reinvestment in tax-exempt securities without sustaining a terrific loss.

It is noteworthy also that we meet the tax-exempt security argument both coming and going when a tax bill is under consideration. Those who employ the argument that we cannot impose high income taxes because wealthy individuals will invest in tax-exempt securities usually vigorously oppose higher estate-tax rates, although they know full well that tax-exempt securities are taxed just as are all other assets of an estate following the death of the taxpayer.

The experience in England, with much higher rates than we have imposed upon wealth, completely answers those who fear a flight of capital.

The amendment I offered to increase the income-tax rates was defeated in the Senate by a vote of 47 to 36. The Senate probably will adopt an amendment proposed by Senator COUZENS to provide an emergency surtax of 10 percent additional. This amendment is estimated to increase the yield over the income tax from existing law by $55,000,000.

I have offered an amendment to increase the rates on estate taxes which probably will be adopted in the Senate. This amendment lowers the exemption upon estates from $50,000 to $40,000. Beginning at 1 percent, the amendment increases the rates until upon a net estate in excess of $10,000,000 a tax of 60 percent is imposed upon the excess. This amendment is estimated by the Treasury to produce about $92,000,000 over and above the revenue from estate taxes imposed by existing law.

Under this amendment a net estate of $50,000 would pay $100 tax. In Great Britain, under existing rates, such an estate would pay $2,500.

An estate of $100,000 under the existing law would pay $1,500; under my amendment it would pay $1,600, and in Great Britain $9,000 would be collected from such an estate. An estate of $500,000 under existing law would pay $42,500; under my amendment it would pay $60,200, and in Great Britain $105,000. An estate of $1,000,000 would pay $117,500 under existing law, $170,800 under my amendment, and $270,000 under the British law. An estate of $5,000,000 would pay $1,149,000 under existing law, $1,691,000 under my amendment, and $2,050,000 in Great Britain. An estate of $10,000,000 under existing law would pay $3,000,000, under my amendment $4,387,000, and in Great Britain $5,100,000.

I also shall offer an amendment to make income-tax returns public records just as property-tax returns are public records in every State in the Union. Aside from the rate schedules, the pending tax measure is largely devoted to an effort to plug up loopholes which wealthy income-tax payers have found in the present law. The exposure of this legal form of tax dodging came as the result of an investigation conducted by the Senate Committee on Banking and Currency. Obviously we cannot carry on a continuous investigation by congressional committees for the

purpose of ascertaining and exposing new devices which the wealthy income-tax payers and their high-priced tax lawyers have discovered. If we make income-tax returns public records it will do more to put an end to legal taxdodging than any other thing which could be done.

In the greatest crisis in this Nation's history we must carry on huge expenditures to relieve suffering and to increase purchasing power. To carry on this program requires an efficient tax system, with heavier burdens upon those able to bear them than ever before in our history. I do not make this statement because I believe that we must balance the Budget in the technical and arithmetical sense. As a matter of fact, I think we have been trying to balance the wrong budget. The budget that I should like to see balanced would list upon the assets side 125,000,000 people. It would list our natural resources, our oil, our coal, our lumber, our minerals, our waterpower. It would list our transportation system. It would list the greatest industrial development that the world has ever seen. It would list our great agricultural resources. On the other side of the budget would be listed the obligation of any society and of any government worthy of the name to assure to every man, woman, and child a decent and a full life. If we will discharge that obligation, if we will balance this greater budget, we will put the operating Budget into balance overnight. If we fail to balance this larger budget, if we fail to discharge this obligation we owe to the people of this country, then no matter how long we go on with cheese-paring methods on the regular Budget, we shall never balance it so long as the level of economic activity remains at its present point or sinks even lower.

This program of necessity requires a tax system which will produce sufficient revenue, not to balance the operating Budget, but to maintain Government credit.

We have reached the point where we must ascertain whether those who give lip-service to our present system are willing to pay the price to save it. We must ascertain whether those who have the biggest stake in saving this system are willing to contribute to the Government through graduated income and estate taxes a sufficient revenue to make it possible to carry on these collective expenditures until the war against depression has been won.

PEACE AND WAR—ADDRESS BY SECRETARY OF WAR DERN

Mr. SHEPPARD. Mr. President, I present for incorporation in the RECORD an address by Hon. George H. Dern, Secretary of War, before the Forty-third Continental Congress of the National Society, Daughters of the American Revolution, at Constitution Hall, Washington, D.C., April 16, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

To be invited to address this distinguished convention is an honor which any man might covet and which I appreciate most highly.

I realize, however, that the invitation came to the Secretary of War rather than to me personally, and so I have tried to keep from getting conceited over the compliment.

Since the preparation and delivery of this address is in the line of my official duty, I assume that you expect me to speak to you on a theme connected with the War Department, and that you will not deem it bad taste if I talk shop.

Talking shop, in this case, involves talking about one of the most important problems in the world—the problem of peace and war; peace and how to preserve it; war and how to avert it.

For the past few years our minds have been busy with the depression and how to get out of it. That is tremendously important, but after all it is temporary. One of these days we shall wake up and find that the depression is gone and that the country is prosperous again.

But the question of war will remain with us even then. It is the one overwhelming question that mankind has never solved. It is a question that affects and involves every human being. It is a question that began long before the dawn of recorded history and is as much of a riddle in our own civilized epoch as it was away back in the primitive days of barbarism and savagery. Wise men and philosophers of all ages have wrestled with it. Statesmen and churchmen have cried, "Out, damned spot!", but the spot is still there. Nobody can deny that, and every person, no matter what his ideals may be, must be willing to face the facts.

War is not a pleasant thing to talk about, and it is not my purpose to gloss over its hideousness by dwelling upon its glory, heroism, and sacrifice. You women do not need to be reminded that our country was born in war, and that therefore the results of war are not always wholly bad. There is no doubt that war has played a major part in shaping history. Nevertheless, the desire for peace is universal, and I prefer to speak to you about preserving peace rather than about the glory of war.

There is much superficial talk about peace and war. Extremists for national defense have a habit of dubbing all who do not agree with them pacifists. In retaliation, those who are active in the peace movement are prone to call the others militarists. Both are wrong, and both hurt their respective causes by calling names.

A pacifist, strictly speaking, is opposed to war under any circumstances, and hence is opposed to any sort of military establishment, even for defensive purposes. He believes in the doctrine of nonresistance or turning the other cheek—a fine Christian precept which hardly any Christians practice. There is only a handful of that sort of pacifists in the United States, notwithstanding the fact that we have millions of earnest peace advocates who may be willing to turn the other cheek but do not find anything in the Scriptures that tells them what to do after being smitten on both cheeks.

A militarist, in the strictest sense, believes in wars and battles as the only proper means for settling quarrels between nations. Militarists of this sort are scarce as hen's teeth in the United States, even in the Army and Navy. This type of militarist is largely a figment of the imagination.

Since the extremists of both types are so rare, we may, for all practical purposes, dismiss them from our minds. Let us talk about the rest of us who are in between.

The human species is a strange paradox. All history proves man to be a fighting animal, and yet his soul yearns for peace. The peace movement did not originate in this generation. Away back in Old Testament times prophets were dreaming of beating swords into plowshares and spears into pruning hooks; and yet if swords have been beaten into plowshares at all, the only reason is that the sword has become an obsolete weapon.

Nineteen hundred years ago the Prince of Peace preached peace on earth. Although we Christians give lip service to that exalted ideal, yet candor compels us to admit that the Christian era is a record of one war after another. Our own peace-loving country has had six major wars and has been at war 1 year in every 8 of its brief existence. This is worse than the record of the world as a whole, which, it has been estimated, has had 1 year of war in every 13 during the same period. It looks as if human nature were not changing very fast. It also looks as if democracy were not a cure for war.

And yet most good people (and nearly all people are good people) yearn for permanent peace. One of the chief reasons why we went into the World War with such fervor and enthusiasm is that it was supposed to be a war to end war. Our boys felt that such a sublime cause was worth dying for, and they went to their death with smiles on their lips believing that their sacrifice had helped to abolish war. No human being ever received the adulation that the whole world accorded to Woodrow Wilson, the great apostle of a just and lasting peace.

Since the human family longs for peace I cannot find it in my heart to find fault with those who want to abolish war. Indeed, to that extent I am a pacifist myself. Although I have never believed in disarming our country while the rest of the world remains armed to the teeth, yet I instinctively sympathize with every attempt to make armed conflict less probable. I hope and believe I am typical of the average American citizen in that respect. I cheerfully give the peace advocates full credit for sincerity of purpose, purity of intention, and devotion to a lofty ideal. We need their inspiration to keep us from sinking into the despair of gross materialism and narrow selfishness.

To avoid the approbrium that attaches to the words "pacifist" and "militarist", let us drop those terms and say there is one school which holds that the best way to insure peace is to be prepared for war, and another school which contends that preparedness is either unnecessary or else dangerous because it provokes war. If that is a fair statement, the first thing to catch our attention is that both schools want to prevent war. They both have the same objective, but are trying to reach it by different if not opposite routes.

Those who are actively devoting themselves to the cause of world peace should not be condemned or denounced for what they would like to bring about. I sometimes wonder, however, if they are always wise in the kind of campaign they are carrying on against war. Very properly, they attack the causes of war, for the way to cure a disease is to remove the cause. But when they attack the United States Army and Navy as one of the causes of war, I wonder if they are acting advisedly and if they are actually promoting peace.

Patrick Henry said, "I have but one lamp by which my feet are guided, and that is the lamp of experience. I know of no way of judging the future but by the past." Is there any experience to warrant the accusation that the United States Army is or ever has been a cause of war? When and where did the Army ever provoke a war? And when I say Army I mean our whole national-defense establishment, including the Navy.

Did the Army start the Revolutionary War? Hardly, for there was no Army until after that war began.

Did the Army start the War of 1812? History has never laid the responsibility for that war for sailors' rights at the door of any but civilian agitators.

Did the Army have any part in instigating the Mexican War? No one has ever said so. The expansionists who brought it on were all civilians.

How about the Civil War? Did the Army incite that? It would be most ridiculous to make such a charge when the Army itself was divided in that conflict, many of its outstanding officers going over to the side of the Confederacy because they put State loyalty ahead of national loyalty.

Was the Spanish-American War incited by the Army? There are plenty of us who remember that those who stirred up that war were not soldiers but crusading civilians in and out of Congress.

There remains only the World War. We do not need to strain our memories very hard to recall that there was hardly an Army officer among those who inflamed the public mind until Congress was forced to declare war.

No; the Army did not cause any of our wars, but it stopped every one of them. The people bring about wars and the Army brings about peace.

Since the Army of the United States has never in the slightest degree been responsible for bringing on a war, where is the experience which justifies the friends of peace in listing the Army among the causes of war? It seems to me they are barking up the wrong tree, and that denouncing the Army is a waste of energy that might be more profitably directed. It would be as logical to say that fire departments cause fires, and that the way to stop fires is to disband our fire departments.

Our six major wars were all started by the people, for whenever Congress has declared war it has always been in response to public opinion. The people are therefore a fruitful cause of war. If those who claim that one of the ways to prevent war is to abolish the Army pretend to be consistent, they must also say that another way to prevent war is to abolish the people. That is the reductio ad absurdam of the argument and exposes its fallacy. Since we cannot abolish nor even reduce the people, and since it is not in accord with our political philosophy to control the utterances of newspapers, orators, and jingoistic propagandists, who incite the people to war, the most rational way to promote world peace is through education, exhortation, international understanding and the promotion of good will.

We may have such confidence in our own pacific intentions as to feel that we do not need an Army, but are we certain that there are no potential aggressors in the world who would look with covetous eyes upon our lands and wealth if we are not able to protect them? Does the history of the world during recent years give any comfort to those who would like to believe that aggressive warfare is a thing of the past, and that force and violence have been relegated to the limbo for forgotten evils?

As a matter of fact, there is a touch of absurdity in the peace advocates on the one hand and the Army and the Navy on the other hand standing off and snarling at each other, for they both have the same objective. Instead of fighting each other they ought to unite in fighting the common foe.

The Army desires peace just as fervently as do the civilian peace lovers, for soldiers know better than any others what a hellish business actual warfare is. They suffer most from its horrors, and they want none of it if it can be avoided. It is a grotesque fallacy that the Army and Navy are always spoiling for a fight and are dangerous trouble makers. Their real mission is to keep us out of trouble and to get us out of trouble.

The peace advocates are idealists, and live in an imaginary world of intelligence, honesty, justice, tolerance, and good will—the world of our dreams and aspirations, which we have never yet approached. Soldiers are realists. They take the world as they find it, and as it has always been. They face the facts. I believe these two ought to understand each other better and to cooperate in the great effort to make war more remote. Perhaps the Army is too narrow in relying solely upon military preparedness for national defense. Perhaps one of the functions of the War Department should be to educate the public in the real causes of war. Perhaps so, but I do not believe it. Under our conception of government that is not the business of the Military Establishment.

The Army realizes that wars are nearly always caused by nationalistic hatred and fear or by economic conditions. It knows that trade restrictions which are intended to benefit one country by destroying the industries and impoverishing the workers of another country are themselves a form of warfare, and are liable to lead to armed conflict. Nevertheless, the Army is thoroughly indoctrinated with the sound American principle that such matters are the proper business of the civil authorities. If these things cause actual war, it is not for the Army to reason why, but to do and die. In short, the Army should not meddle with economic and political questions, even though these questions are the most potent causes of war. The most dangerous situation that we could have in this country would be to have the Army meddling in political questions, because military usurpation of the Government would then be near at hand.

The officers of the United States Army are drawn from all elements of society and constitute a good cross section of American citizenship. They have homes and parents and wives and children just like civilians. They have the same mental, moral, and spiritual reactions as the rest of us. They are patriotic and know the spirit of America. They do not want to be part of a military machine for foreign aggression. They do not want to tell our statesmen what policies are best for the country. They want the Army to be an efficient organization to be used for defense only. They believe in the good old American motto, "Millions for defense, but not one cent for tribute." And they are not convinced that the world as a whole has yet reached the millenium in which national avarice and ambition have been outgrown and renounced forever.

And so they feel, as most Americans feel, that while we covet the lands or wealth of no other country, yet we had better carry a little burglary insurance for a while yet.

The Father of his Country was wise in his day and generation, and much of his advice is still good, despite the fact that industrialism, science, and the machine have completely transformed the country which he knew. On the subject of national defense his philosophy was "in time of peace prepare for war." Surely no one would accuse George Washington of being a truculent, swash-buckling militarist, who wanted an army so as to be able to stir up a war every now and then. Surely he had seen enough of the hardship and cruelty, the horror and waste of war to be heartily sick of it. But Washington was not a man to blink the facts. Although endued with deep love for his fellow man he, too, took the world as he found it. He did not expect too much of human nature. He took man as God had made and endowed him—not as an angel from Heaven.

He knew that man is imperfect, that he has been and always will be subject to human frailties and limitations. He knew that man, whether individually or in large groups called nations, is often selfish and foolish. He knew the limitations of the human mind, and its inability always to determine what is right and what is wrong, especially when bewildered by propaganda. He knew that the most useful human attribute is good judgment, and that good judgment, or the power to determine what is the best course to pursue, is not too common among men. And he understood that when national hatred and organized, patriotic lying are let loose among the people they are very few who can tell what is fact and what is fiction. And knowing these human weaknesses he felt that war was inevitable. Perhaps he did not claim that preparedness would always prevent war, but he was very certain that when once drawn into a war a prepared nation ran less risk of being defeated than an unprepared nation.

Moreover, Washington was a keen enough observer and knew enough history to understand there can be no organized society without some form of police power. Even in a small town where all the residents are presumed to be friends and neighbors the policeman is still necessary, and in a large city a large armed police force is required to protect the lives and property of the citizens. The Father of his Country might have asked, "If we need protection against our own neighbors and fellow citizens, how can we feel secure against the evil intentions of distant enemies whose ambitions and jealousies we do not comprehend?" And so he rightly concluded that when domestic crime and violence are abolished within the nations it will be safe to say that there is no danger of international trespasses, but not until then.

The most ardent peace advocate will advance his own hopes faster if he will frankly recognize these facts. When he does he will not dissipate his strength in setting up straw men and then fighting them.

This does not mean that the peace societies should disband. On the contrary, it will simply release them for more effective activities in behalf of world peace, in which your society will, I am sure, gladly join. So will the Army and the Navy, insofar as it is legitimate for them to participate.

What are some of the causes of war? Trade restrictions are one, as I have pointed out.

Mutual distrust is another thing that keeps nations jumpy and ready to fly at each other's throats.

Racial and national prejudices are another cause of friction that may generate heat enough to start a conflagration.

Lack of some suitable tribunal to adjudicate international disputes sometimes forces recourse to arms.

In these directions the peace organizations can find an outlet for all their energies. Let them begin at home by breaking down our own bumptious sense of superiority, our prejudices against other countries and other forms of government, our selfishness, and our provincialism, so that we shall recognize that peoples of other nations are human beings like ourselves, and not some other sort of animal to be hated and feared. A little more fairness and tolerance, a little more Christian charity, a little more friendship and brotherhood—these are the things that will reduce the danger of war.

Let them inculcate the advice of George Washington, who said, "Observe good faith and justice toward all nations. Cultivate peace and harmony with all. Religion and morality enjoin this conduct. And can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and at no distant date a great nation to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence."

Let them continue their efforts toward intelligent disarmament, and use the cost of armaments for more constructive purposes.

Let them work for a revision of the rules of war. War used to be waged between opposing armies, but in our so-called "enlightened times" the civil population, including women and children, are also subject to attack. One of our generals said to me the other day that if airplanes and submarines could be eliminated and all fighting done on the surface of the land and the water, it would be a long step forward.

Finally, let the efforts toward international cooperation be kept up. A policy of isolation is a dangerous policy, so far as preserving peace is concerned. We ought to put ourselves into the right frame of mind to be good neighbors and good world citizens.

The good citizen does not live exclusively for himself and his family but recognizes that he has duties to his city, State, and country. If he does not attend to those duties, he is a slacker who forfeits the title of good citizen.

Surely we want our beloved country to be a good citizen in the community of nations—not selfishly minding her own business only but performing an honorable part of the world's work. Surely we want the United States loved and honored throughout the wide world; and if, by reason of our justice and benevolence, we gain and hold the confidence, admiration, and friendship of all the world there will be little danger of becoming embroiled in disputes and conflicts; and to be an American then will be an even prouder title than it has ever been before.

DICTATORSHIPS AND DEFICITS—ADDRESS BY SENATOR ROBINSON OF INDIANA

Mr. FESS. Mr. President, I ask unanimous consent to have inserted in the RECORD an address delivered by the senior Senator from Indiana [Mr. ROBINSON] over the General Broadcasting System Monday, April 23, on the subject of "Dictatorships and Deficits."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

DICTATORSHIPS AND DEFICITS

The trend toward dictatorship in this country is unmistakable, and it has given the American people just cause for alarm. To say nothing about the drastic legislation that has been enacted under the Executive lash, there have been many autocratic acts of administration that have shocked all believers in free government.

There was, for instance, the attempt to muzzle the press, thinly concealed, that had not the newspapers of the country risen up in defense of their rights, might easily have throttled free speech.

Then came the ruthless cancelation of the air-mail contracts which resulted in the deaths of 12 brave young pilots and the destruction of hundreds of thousands of dollars worth of public property.

Here there was no national emergency. The President of the United States could have waited 3 weeks or 3 months, if necessary, until he was certain his action would not destroy aviation and a great industry in this country. But rashly, hastily, and without giving the facts the consideration that the American people expect the Chief Executive of the Nation to give to great questions of this kind, the President canceled all these contracts and refused to give the carriers an opportunity to be heard in their own defense, violating the Constitution of the United States, certainly in its spirit, violating all the traditions of the American people throughout the centuries.

At a time when the President is urging, through the N.R.A., that business over all the United States increase employment, increase wages and salaries, he took this action that practically destroyed an entire industry which is absolutely essential to the defense of the Nation, and threw thousands of men and women out of employment.

Finally, after having taken this rash and hasty action which the country, notwithstanding what has been said on the other side, undoubtedly believes was ill-considered, the President ordered the mail to be carried by the Army; without any emergency existing at all, he sent these pilots into the air over routes with which they were not familiar, with equipment that certainly was not adequate for the task; with beacons having been discontinued through false economy so that pilots could not find their way; with no hangars provided over the routes so that the ships could be taken care of properly and inspected; and that ill-considered action resulted in the deaths of 12 of the bravest pilots in the United States. That cannot be laughed off on the ground of politics; nor will the American people laugh it off; nor will they consent to have it laughed off; nor is it a laughing matter in the homes of tragedy, woe, and despair, that have been wrecked because of these deaths.

There is just one question involved here; that is, Why did the Executive in the first place cancel these mail contracts without giving those who held the contracts a fair hearing? We accord a fair trial, and his day in court, to the worst criminal who ever lived. If a man is charged with murder, we give him his opportunity to be heard. In this instance, with 31 of the contracts practically unquestioned—only 3 contracts have been drawn into the controversy to any considerable extent—the President of the United States canceled all 34 of them—the good and the bad, the just and the unjust—and refused to hear what the contractors had to say. Of course, that is un-American and contrary to the whole spirit of American tradition. Then the Executive order was issued.

As soon as the order was issued, there was protest from one end of this country to the other, which has continued to this very day. The American people believe in fair play, and one great aviator in the country who holds the admiration of every American citizen, Colonel Lindbergh, was bold enough to protest against the ill-considered action of the White House. Immediately he was insulted and abused, and in the most scathing manner it was suggested that he was a publicity seeker—he who has dodged publicity all his life, who goes out of his way to avoid publicity. Yet that was the cowardly charge made against Colonel Lindbergh.

Then the fatalities began, just as he said they would. One pilot was killed directly as a result of the Executive order; then 2, then 3, then 4, and still no action at the White House. Then 5, then 6, and still no action. Then 7, then 8, and still no Executive action. Then 9, and still no action. Then 10. Somehow or other 10 was considered to be the limit. That was the point where it seemed necessary to the Executive to call a halt on the whole ghastly business, and a halt was called.

What happened? The young man they had insulted, Colonel Lindbergh, who continues to hold the admiration of the American people, in whom the country still believes, notwithstanding the cowardly attack made on him, was sent for by the Secretary of War to come here and get them out of the ghastly mess in which the administration found itself. The Secretary of War had his picture taken with the colonel, in intimate conversation as if they were old and tried and true friends. Then he gave out an interview to the effect that "this is our leading authority on aviation." Of course, the country knew that without any statement from the Secretary of War. Then finally they insulted him again by asking him to come to Washington and become a member of a commission to undertake to work out some details in connection with that same Executive order which has all but destroyed the aviation industry in this country, and of course Colonel Lindbergh promptly refused. That is the history of this thing, in a word, up to date. It was an autocratic procedure—directly in line with the prescribed methods of dictators.

The President now demands full tariff-making power; the bill insisted on by him has been passed by the House and is now pending in the Senate. Passage of the measure would deal one of the most dangerous blows to the Constitution which has been threatened in the entire administration program. The Congress has abdicated much of its constitutional power to the Executive under the guide of emergency. With disturbing swiftness since last March we have seen our liberties vanishing to the point where it is now fair to question whether or not we are still living under a representative form of government. If this bill passes, there will be no question. The journey toward Executive dictatorship will be virtually ended—so far have we gone from Government of, for, and by the people to a Government by Executive fiat and unchecked bureaucracy.

Under the Constitution the tariff-making authority is lodged in the Congress, which is, in turn, responsible to the people. Now, however, Congress is directed to give the President absolute power to effect trade agreements without knowing what kind of pacts will be made, without knowing what industries will be sacrificed, without knowing anything at all beforehand.

Regardless of the action taken by the Executive, Congress would be helpless. Nor is this vast delegation of power considered as emergency legislation. It is to be a permanent innovation.

It has been the policy of the administration to hold out glittering promises of prosperity to gain support for its measures. The trade-agreement arguments now advanced are in line with this practice—we are told that our export trade will go far toward restoring prosperity notwithstanding the fact that not more than 6 to 7 percent of our total production is sold abroad. Ninety to ninety-five percent of all American production is sold in the American market, and this market must be preserved for the American people. Otherwise there can be no return to prosperous times. We have been witnessing the rise of dictatorship and the decline of constitutional government step by step with the passing of legislation clothing the Executive with autocratic power. Unless a halt is called on such procedure, representative government in America will soon have perished.

The methods pursued in this proposed legislation give rise to grave suspicion. The bill was drawn by someone in the executive department of the Government and sent to the House of Representatives for introduction—although the constitutional and traditional procedure is for Congress to initiate and to pass legislation. On March 5 it was announced that hearings would be held beginning March 8—the hearings to last 1 week. The administration had a year to prepare for these hearings while those who might be opposed to the plan were given only 3 days' notice.

While the hearings were conducted, Mr. Sayre, Assistant Secretary of State, who is purported to have drafted the bill, appeared. He was asked if he could give the committee some idea of the bargaining that would be undertaken. He said: "* * * I don't feel that it is quite possible to reveal the approaches the foreign governments made in confidence to the State Department. I think, really, sir, it would not be politic or wise or fair to reveal such approaches as have been made."

Here we have a member of our own State Department admitting that foreign approaches have been made to our Government, yet he refuses to disclose the slightest information as to the character of those approaches, even to the direct representatives of the people. The bill would empower the President to enter into reciprocal agreements without advising with or consulting Congress either before or after the agreements are made. This vast authority would not only be given to the Executive but he would also be permitted to exercise it secretly, and as he alone saw fit. The constitutional power of the Senate to ratify treaties would then become a dead letter.

Thus the administration takes another step forward in bureaucratic control; authority is to be placed in the Executive who in turn must delegate much of it to subordinates and bureaucrats who are not selected by, nor responsive to, the electorate.

Innumerable bureaus have been set up with thousands of additional employees, and the country is confronted with a National Treasury deficit that will run into the billions while the national debt threatens to exceed 32 billions within the next year. Verily dictatorships, debts, and deficits are all of the same stripe—they go hand in hand.

A few days ago Dr. William A. Wirt, a very prominent educator, superintendent of the Gary schools since 1907, made his statement with reference to the trend of this Government toward Russian communism or toward communistic methods under the direction of the so-called "brain trust." Tremendous publicity was given to the utterance of Dr. Wirt. I suppose the country was stirred by that statement as probably by nothing else in recent weeks, unless, indeed, by the ruthless cancelation of the mail contracts, which was itself originally a tragic blunder, to be followed by blunder after blunder, until we have now reached the point where the aviation industry in America is practically destroyed, and a method for reestablishing the mail routes has been pro-

posed by the Postmaster General that seems to have in it neither method nor reason.

No sooner had Dr. Wirt's statement been given publicity than prominent members of the Democratic Party over all the United States sprang to their feet attempting to indict Dr. Wirt. Prominent Members of Congress of both Houses have pounced upon him as if he were a criminal; and since there was no real answer to the charges he had made, they have sought to poison public opinion against Dr. Wirt himself by attempting to laugh off the charges, as if he were a common clown. That just simply cannot be done.

The reason there has been the tremendous interest in the charges made by Dr. Wirt is that the American people—I think a majority of them—have been thinking along the same lines, and Dr. Wirt has expressed in concrete terms the fears of the country. Because of that fact his charges have had wide attention, and will continue to have wide attention, regardless of whether or not the House committee may give him an opportunity to develop those charges. Many people here and throughout the country believe that the attempt has been to convict Dr. Wirt, when, as a matter of fact, it is the "brain trust" and their wild idiosyncrasies of government that are under fire. It is not Dr. Wirt who is under fire; it is the "brain trust." Let no one ever forget that for a moment.

Dr. Wirt is a public-spirited, patriotic American citizen who has a tremendous audience every time he speaks, who is known to every educator in the country, and who has done valuable constructive work in the educational world.

That there is much ground for the Wirt charges nobody can deny; that the "brain trust", utterly without responsibility to the people, functions behind closed doors, and is therefore invisible, everybody knows. That the Government should function in the open and in plain view of the people is also a conservative statement. Let the country be vigilant. We need no dictator in America. Representative government should be restored in this Republic before it is everlastingly too late.

SOME ASPECTS OF THE FEDERAL FISCAL SITUATION—ADDRESS BY VIRGIL JORDAN

Mr. TOWNSEND. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered on April 5, 1934, before the Chamber of Commerce of the State of New York by Virgil Jordan, president of the National Industrial Conference Board, on Some Aspects of the Federal Fiscal Situation.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SOME ASPECTS OF THE FEDERAL FISCAL SITUATION

I am glad to have this opportunity to draw your attention to certain features of the fiscal situation and program of the Federal Government which are usually ignored, minimized, or confused in current discussion of special developments in Federal policy that are relatively unimportant in themselves. Much emphasis was recently put, for instance, upon the dispute between the President and Congress over the independent offices appropriation bill, as though this dispute involved a fundamental issue of major significance. It really concerned only a difference of about some $80,000,000, and probably arose out of a misunderstanding or accidental confusion in handling the bill between the Executive and the party leaders in Congress rather than out of a conflict over a question of basic principle. Likewise, at the moment, a great deal of artificial excitement is being aroused over the refunding of the fourth Liberty bonds on terms favorable to the Treasury and with a $10,000,000 saving in interest, as though this event were an indication of a fundamentally sound credit position for the Federal Government. In such incidents the underlying actualities of the situation and the basic implications of Federal fiscal policies are overlooked.

We are accustomed to look at the Federal fiscal situation in terms of an ordinary budget in which the actual expenditures for operating the Federal Government are balanced against regular revenue income. But it is no longer possible or realistic to consider the financial operations of the Federal Government in this fashion. The days of simple straightforward budget balancing in our Federal bookkeeping are gone, probably forever.

The change that has taken place is more than a mere matter of nomenclature, under which deficits are disguised by a distinction between an ordinary and an extraordinary Budget or between regular and emergency expenditures. As a matter of fact, the figures in the financial statements of the Federal Government no longer lend themselves to simple analysis in this way. Like most of the data being given out by the Federal Government today, they are misleading except to those who have the patience and knowledge necessary to understand what they really mean; and in this respect it would require a superaccountant to untangle and translate them into terms intelligible to people accustomed to the financial statements of private business.

It is not too much to say that the Federal Government is keeping its books and rendering reports of its operations in ways which the Federal Trade Commission would not allow any private corporation to use under the new Securities Exchange Regulation Act. Under this act corporation executives would be liable to very severe penalties if they kept their stockholders and the general public as much in the dark as the average citizen or holder of Government securities is today regarding the actual business and investment activities of the Federal Government.

At present there are embraced within the financial machinery and operations of the Federal Government numerous agencies with more or less independent processes of financing. The present Federal administration involves an elaborate apparatus of wheels within wheels, with holding companies, investment trusts, banking and credit agencies, separate taxing agencies, and forms of Federal income or receipts other than tax revenue.

For example, the business of bribing farmers to curtail production, carried on by the Agricultural Administration, is financed out of revenue from a series of special processing taxes, but all this income and expenditures are included in the ordinary Budget of the Federal Government. There are several banking and investment agencies with power to raise funds independently of the Treasury, to make loans, and buy and sell securities, separately from the regular financial operations of the Federal Government. There are several corporations with the customary Delaware charters empowered to go into any kind of business and to manage their revenues and expenditures independently of Treasury operations and without liability of the Federal Government.

In such a picture the ordinary fiscal operations of the Federal Government which we were accustomed to consider in the past in judging its financial position have become a subordinate part, so that usual tests of fiscal soundness can no longer be applied to the Federal financial statements. It can fairly be said that all these new features of the accounts of the Federal Government and its financial operations make our Federal securities perhaps the most speculative of all securities now on the market, although, except for State and municipal issues they are the one class exempt from the drastic regulation that is being attempted in recent legislation to protect the investor.

In saying this I am not referring to the familiar fact that the Federal Government has been engaged in extensive speculative operations in the gold market by which it has acquired a large paper profit, and that with this paper profit it is empowered to manipulate or support the value of its own securities by large-scale pool operations. In this apparently paradoxical statement there are more fundamental considerations involved, and it is to these that I wish particularly to invite your attention today.

The first and most fundamental fact which we must bear in mind in studying the financial situation of the Federal Government is that the Federal fiscal system has developed into a vast machinery for the redistribution of private wealth and income and the extension of national socialism or State capitalism. The Federal fiscal machinery is no longer merely a means of financing the running operations of the Federal Government, but is now an instrument for the reconstruction of our economic and social system.

This is to be seen in two important developments which have been under way since 1930. The first is the vast increase in the proportion of the national income and of the national savings which is being drawn off and distributed or spent through governmental channels; and second, the large proportion of private-capital funds and bank credit which are now being invested or which it is planned to invest in public or private enterprise through agencies of the Federal Government, as a result of Federal policies which have closed the private capital market, discouraged direct private investment, and practically absorbed the banking system and the banking resources of the country into governmental use. These two developments, taken in conjunction with other economic policies of the Federal Government, constitute a silent and steady process of socialization of our entire economic system which is already far advanced.

Few people realize the extent to which this process has gone. According to preliminary estimates of the conference board in 1933, about a third of the total national income produced was taken and distributed in governmental channels, including Federal and all other governmental agencies; and this year it is safe to say that about 40 percent of the total national income produced is being used in this way. Moreover, since 1929, or in the past 4 years, the Federal Government alone, through the cumulative Federal deficit, has absorbed about twice as much of the new private savings and bank credit of the Nation available for investment as have been absorbed by all private industry and business. In the past 2 years practically all the new private savings and bank credit available have been absorbed in financing Government deficits since the amount of new investment in private industry and business enterprise has been negligible. Whether you like it or not, the fact is that this situation represents a very advanced stage of State socialism, and it is, in my opinion, futile to attempt to understand the Federal fiscal operations in any other sense than as an elaborate machinery operating to that end.

To see the picture more clearly let me summarize briefly some of the significant figures involved in the financing of the new deal as it stands at the present. Taking all of the agencies involved, with their appropriations, authorized borrowing powers and commitments to date, the conference board estimates that the new-deal program, so far as it has gone, implies expenditures and investments of the Federal Government aggregating $15,000,000,000. Of this aggregate the total of outright relief expenditures, which are not intended to be repair, amounts to $5,700,000,000, and the total involved in the investment program amounts to somewhat more than $9,000,000,000.

Of the relief expenditures, those for direct unemployment relief so far appropriated amount to about $2,200,000,000. The Federal Government has already actually spent approximately a billion and a quarter for this purpose. About a third of the

appropriations for Public Works projects were allocated to other purposes, leaving a little over $2,000,000,000 for public construction loans and expenditures, of which all has been allotted but only about $350,000,000 have actually been spent so far on construction.

The major credit and investment agencies, which are the Farm Credit Administration, the Home Owners' Loan Corporation, and the Reconstruction Finance Corporation, in the aggregate have resources of about $9,000,000,000, which is equivalent to about a quarter to a fifth of the total bank resources of the United States. The Reconstruction Finance Corporation, which has almost unlimited powers for the application of credit in every field, of course, is the largest financial institution, bank, or investment trust ever known, with lending resources more than twice those of the largest bank in the world.

These general figures leave out of account the potential financial operations of other special corporations I have mentioned which have really unlimited powers of using funds in any field of business, for buying and selling commodities, land, real-estate construction, or what not, and which will operate with a very nominal working capital and without any direct financial responsibility on the part of the Federal Government.

By the middle of next year if all of the commitments and projects involved in this structure of Federal expenditure and investment are carried out the cumulative deficit built up since 1930, or in the past 5 years, will approximate $15,000,000,000. This amount represents a diversion of an average of $3,000,000,000 of private savings and bank credit annually into expenditure and investment by the Federal Government during this 5-year period. This was about the annual average of new capital funds raised by domestic private corporations for productive use during the years preceding 1929, so that it may fairly be said that the Federal financial program has involved essentially the principle of replacing normal private capital investment by public investment and expenditure during this period.

Fortunately, the Federal Government is at present in a very favorable position to pursue this policy. As a result of revaluation it has a large fund for supporting the value of its securities in the market. It has practically taken over the Federal Reserve System as its security-distributing agency, and it has shut off the private-capital market so as to force private savings into Government securities. Finally, by maintaining for public consumption the old-fashioned superstition of balancing the ordinary budget it has met the requirements of the ordinary standards for a favorable Federal securities market. As matters stand at the moment Federal securities are not only a good short-term investment, but they are in fact almost the only investment possible. Ordinary revenue, which now includes the specially allocated processing taxes, is running ahead of ordinary expenditures and the rate of emergency expenditure and investment for this fiscal year will be far below the Budget estimate. But this picture, while superficially reassuring from a short-term point of view, is much more problematical in the long run.

This brings me to the second point that deserves emphasis in this connection, which is that this Federal fiscal machinery and its operation are not developments apart from the administration program as a whole. This total program must be kept in mind in judging the value of Federal securities as a long-term investment. The present fiscal machinery and operations of the Federal Government are essentially only the financial side of an almost complete system of Government policies supported by an elaborate and closely integrated legislative structure, all having the effect of gradually enforcing the nationalization of productive wealth and the operation of productive enterprises by Federal agencies.

Several weeks ago I described in another address how this process is already far advanced in the field of railroad transportation as a result of the comprehensive bureaucratic operation of the railroads and the destruction of a private-capital market for them, which together have led to a considerable measure of governmental investment and will probably lead within the next 6 years to complete Government ownership. The same process is at work in other industries and even in agriculture today. It may safely be said that for all practical purposes the effective direction and management of American industry has already been taken out of the hands of private management and American industry as a whole is rapidly being forced into the position in which it will become increasingly dependent upon Government for its capital requirements.

The analysis of this process is a long story for which there is no time on this occasion. It has been told piecemeal by a few objective observers who have studied the underlying forces at work during the past year, but we are only beginning to see the picture as a whole now. The principal elements or steps in the process are these:

(1) The increasingly direct and detailed determination of wages, prices, production profits, labor relations for all industries, including agriculture, by agencies of the Federal Government. This stage is rapidly nearing completion under the organization of the N.R.A., the A.A.A., the I.C.C., and several other alphabetical bureaus. It involves not merely the code system and the expending machinery for direct control of agricultural production, but also the special tariff and foreign-trade control powers to be granted the Executive in the bill now going through Congress. Especially important is a means of direct pressure upon private enterprise, although not very largely used as yet, is the power of direct governmental competition with private enterprise implicit in many of the Federal financial agencies. The net effect of all these elements in this first stage of the process is to speed up the dissipation of capital in private enterprise and to discourage new private investment in expectation of profit.

(2) The second stage is to put a damper on new investment by sabotaging managerial initiative through direct Federal control of financial policies of private corporate enterprise. Except for the investigation and publication of corporation executive salaries, which was a crude attempt to employ public opinion as a weapon for such control, it has not been attempted directly but indirectly through the provisions of the Securities Act and the Securities Exchange Regulation Act, in which control of the security market and protection of investors was used as a disguise for direct Federal control of corporation finance.

(3) This stage is accompanied or closely followed by the direct closing of the private capital market. This is involved in the Securities Act and the Stock Exchange Control Act as well as in direct prohibition of foreign lending.

(4) The next phase, which is already largely developed, is the substitution of governmental financing for private financing of enterprise. Many of the new deal agencies involve this principle, but its largest applications are still to be developed. A system of Federal loans to industry, particularly for stimulation of the capital-goods industries, is under way, and it is probable that the pay-roll tax provided for in the Wagner bill now under consideration, and which will involve an accumulation of an independent reserve fund of about a billion and a half dollars a year, will evolve into a system of direct forced Federal subsidies of industrial pay rolls as a basis for allocating employment and for other types of loans to private business.

(5) Finally, to provide the essential basis for a system of state capitalism it has already been necessary practically to nationalize our banking structure. So far this has taken the form of converting the private banking system largely into an adjunct or agency of governmental financing. Our banking system at present has become merely a means for mobilizing private individual and business bank deposits for financing Government deficits. This is reflected in the fact that over the past year practically the entire increase in loans and investments of member banks of the Federal Reserve System has taken place in holdings of Government securities.

From this description of the process that is at work I hope you will not have the impression that I am implying anything in the nature of a deliberate plan or conspiracy on the part of any individual or group. What is happening is not a question of anybody's intentions but the logical consequence or inevitable effect of a series of measures or steps that may or may not be parts of a conscious or consistent program. During the past 10 months I have been trying objectively to explain the inherent implications and inevitable outcome of these measures and policies and the underlying ideas that are involved in them in order to indicate how, in such a process, once set in motion by powerful political forces, one thing leads inevitably to another and each step compels a successive step which carries us farther toward the end. We have been carried along this road to state capitalism or socialism by a curious combination of circumstances, mostly accidental, which I need not discuss here.

Perhaps the most important of these circumstances has been the widespread absence of any real understanding among business men themselves of the nature of the system of private enterprise under which we have been living and by which this country has developed in the past. In my opinion, private enterprise is being undermined in this country and our economic system is being socialized under our eyes today, mainly as a consequence of the mistaken conceptions of its nature among the men who are responsible for the management of our industries. We must remember that it is mainly the American business man who has been so enthusiastic about the code system and has demanded increasing governmental intervention in business and regimentation for regulation of competition, and indeed it is the farmer himself who has insisted upon the regimentation of agriculture. Not all—if, indeed, any—of the most influential and effective devotees of communism are to be found in the Capital.

We are now becoming more aware of some of the implications of this process, thanks largely to the somewhat whimsical episode of the schoolmaster from Gary, Ind. But if you will excuse my pessimism, I must say that I am afraid that our outcries of surprise and indignation at his alarms and our talk of plots and conspiracies and revolutions will not avail us much in this situation. The fact is that we ourselves have set up, under the legislation that has been adopted and the agencies that have been established, almost a complete system of State socialism or Federal capitalism in this country. We have started it going in full force, and the logic of history tells us that we cannot unravel this system and destroy it as rapidly or as easily as we have set it up.

We must realize that behind what has happened in the United States there are very powerful forces at work which have their source outside our own situation. In this accidental revolution that has occurred here we have been caught in a world-wide process of economic, social, and moral disintegration which is reflected in the Bolshevizing of almost every country since the war. All that we can do, I believe, is to try to understand more clearly and realistically what has happened and is happening to us, examine its implications more closely, and attempt to operate the system that we have so suddenly established for ourselves more carefully and intelligently so as to prevent it becoming altogether European and alien in its outlines and ideals. I regard what has occurred in the United States during the past year as perhaps the greatest catastrophe in the history of civilization, and certainly the most profound that has happened to us in America. Acci-

dentally and unconsciously in this catastrophe much of the essential and unique virtues of the American system have been destroyed, but perhaps we still have a chance to preserve some of those essential elements and to foster and protect some of the force of those indispensable energies of individual effort and responsibility that have brought the United States to the high level of economic development that we have reached. But to do this will require all of the intelligence, knowledge, and courage that we can command among that part of our population to whom these fundamental American ideals and principles still mean something, and who are willing to sacrifice for them all considerations of expediency and immediate self-interest.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the concurrent resolution (S.Con.Res. 13) to authorize the printing of additional copies of the hearings held before the special committee appointed to investigate air- and ocean-mail contracts, with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended; and

H.R. 8471. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following joint resolution and acts:

On April 20, 1934:

S.J.Res. 70. Joint resolution to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution.

On April 23, 1934:

S. 1076. An act authorizing adjustment of the claim of the Franklin Surety Co.; and

S. 3296. An act to revive and reenact the act entitled "An act granting the consent of Congress to Meridian & Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927.

On April 24, 1934:

S. 828. An act to authorize boxing in the District of Columbia, and for other purposes.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. AUSTIN. Mr. President, my remarks of yesterday were aimed at putting on the air brakes.

To bring up to the instant the points made yesterday, it is sufficient to say—

That evidence was referred to which tended to show that there was no cause and no excuse for cancelation of the air-mail contracts;

That the charge of collusion and fraud wholly failed for the lack of any ingredients of fraud or collusion;

That the alleged illegality of extensions in time were seen to be not illegal, but were directly authorized by law;

That the transformation from contracts into certificates was not arbitrary, as claimed, but was accomplished with the consent of the operators and for the benefit of the Government;

That the meetings to consider pioneering equities, and to employ the method of extensions and consolidations, rather than the method of bidding, to revamp the air-mail map, were free from collusion and fraud, were in harmony with the law and the policy of Congress, were ratified by Postmaster General Farley, and, in fact, were employed by him for a similar purpose;

That these meetings resulted in disagreement and therefore were without collusion;

That the bidding was not limited, save as it was limited by law and by the economic interests of the bidders;

That competitive bidding is a myth, more or less, where independence of each other in the great transcontinental routes and well-balanced competition in operation is sought, and that all did bid who desired to bid and who were qualified to bid, and that no operator was excluded from bidding by force, by bribery, or by agreement;

That the condemnation of officials of Government who had accomplished a great good for the public was without notice, without trial, without confrontation of witnesses, without separation and specification of charges and of persons charged, and solely by the might of official fiat; and

That the constitutional right of due process of law, the statutory obligation of notice, hearing, and damages, the policy of Congress expressed at only the last session, all were violated, and a great mass of honorable citizens were attainted by the might of official decree.

This morning I intend to point out the testimony and the record which shows beyond question that the objective of this cancelation was selfish and was not in the public interest; that groups of operators who did not have air-mail contracts, which were not in existence at the time of these events about which complaint is heard, working separately and jointly upon various branches of the Government, kept up their propaganda and pressure, using political influence for their purpose, until cancelation, without notice and hearing, was accomplished.

When this is done, this will have finished the case from our point of view, for it will have proven the evil significance economically, politically, and socially of permanent legislation passed at this time without restoration of the status quo.

I first call attention to the record of hearings of November 12, 1930, relating to the Post Office appropriation bill before a subcommittee of the House Committee on Appropriations, at page 149. I refer to this record in order to prove beyond question that Representative BYRNS, of that committee, a committee of which he was not then chairman, but of which he afterward became chairman, construed the power to make extensions and consolidations in exactly the same way Postmaster General Brown construed it, and that he disagreed with the opinion, if that opinion was given the meaning that was asserted before our special committee, which meaning, by the way, I claim is a distortion of the Comptroller General's opinion. The first section of it was read by Mr. BYRNS:

> The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established.

After he had read that, several Members of the House debated the meaning of the Comptroller General's opinion relating to extensions and finally Mr. BYRNS said:

> I read section 7 a while ago. It seems to me that it clearly and unequivocally gives the right to the Postmaster General to extend or consolidate. I do not care whether the Comptroller General says to the contrary or not. If the English language means anything, it means that.

This was November 12, 1930. One of the purposes of referring to that record today is to remind Senators that the McNary-Watres Act and this section of it had become law April 29, 1930, and many of the events about which complaint is now made had occurred and the groundwork for all the attacks which have been made upon the administration of that law was already laid and the issue, the identical issue which is now made with respect to extensions and the power to use them for connecting up the transcontinental routes, was then made; and further, to show that the question was free from political color.

At that time these Democratic Members of the other House took exactly the same position the Republican Postmaster General took, and the question was free from politics. It has been my desire and the desire of my associates

on the special committee to keep it so if it was possible to do so.

The amendment which is under discussion in connection with this debate has not as yet been offered, but has been printed and laid upon the table, and will be offered later. The amendment is designed to take the whole matter out of politics, to postpone the consideration of permanent legislation until such time as we may enter upon it with all the facts and information that a special investigation ought to bring out and at a time when all of the gas and smoke has blown away and we can calmly and deliberately pass upon permanent legislation which will not be subject to a hasty decision here.

The next item in the record is correspondence from Mr. Braniff to a Mr. Williams. I refer to the transcript of hearings before the special committee at page 8549. Here is a letter to Mr. Williams, of the Wedell-Williams Air Line, which is located down in Texas. This letter is dated July 11, 1931:

DEAR MR. WILLIAMS: There was held in Kansas City yesterday, July 10, a meeting of all passenger air lines in this territory which operate without mail subsidy. The meeting was attended by the following gentlemen:

Mr. E. D. Dennis, Wedell-Williams Air Service.
Mr. Walter F. Halley, Rapid Air Transport.
Mr. George Halsey, Midland Air Express.
Mr. Landis, Wyoming-Montana Airways.
Mr. T. H. McKee, Wedell-Williams Air Service.
Mr. McDuffey, Bowen Air Lines.
Mr. A. F. Pyle, Western Air Service.
Mr. Ray Schraeder, Braniff Airways, Inc.
Mr. Tuxhorn, Tuxhorn Airlines.
Mr. Paul Braniff, Braniff Airways, Inc.

Senators will identify the names of some of these gentlemen and their air lines with some of those who have bid on the advertisements for temporary bids, especially Braniff Airways, Inc.

The meeting was called to discuss the organization of all nonsubsidized lines into a group whose immediate objective will be the correction of unfair practices and discrimination in the administration of the Air Mail Act and in the distribution of the air-mail subsidy.

It was unanimously agreed that an association of independent lines should be formed without delay.

A definite plan of action to obtain mail contracts for member lines and to reduce the present mail payments being made to the existing contractors was detailed by E. W. Savage, who has been associated with the Ludington Lines in an advisory capacity.

For the past 6 months, Mr. Savage has been engaged in extensive research into the whole air-mail situation. He has developed a mass of facts which, if made public, might prove very embarrassing to the present postal administration, and most effective in obtaining satisfaction for the independent operators. He has set up an organization, including G. P. Putnam, New York publisher, and Capt. J. J. Bailey, public relations counsel, who handled the details of the Byrd Antarctic Expedition, which organization offers its services to member lines.

The services offered are in the nature of two sections: First, publicity; second, representation before congressional committees. A thorough publicity campaign will be launched through every medium—newspapers, magazines, radio—to inform the public mind correctly as to the equities of the independent lines, and as to the present inefficiency, waste, and favoritism being practiced in the Air Mail Service.

In addition to conducting national and local publicity, Mr. Savage offers to present before the proper congressional committees a brief setting forth in detail the interests and the rights of each member line, together with the statement of how these rights have been violated. He further proposes to assist in drafting legislation which will obtain satisfaction for all independent lines.

It was the unanimous opinion of all present at yesterday's meeting that only through such a campaign of public education and aggressive, unified action can the nonmail lines remove the oppression under which they are now laboring. It was also the opinion of those present that Mr. Savage's organization is eminently qualified to conduct the suggested campaign to a successful end.

Because of the necessity of immediate action in this matter it was decided to call a meeting of all interested lines to be held at the Hotel President, Kansas City, Mo., Friday, July 17, at 10 a.m.

I have been asked by the lines represented at yesterday's meeting to urge that you send delegates to the forthcoming gathering who are fully empowered to act for your respective companies, both in the matter of forming a permanent association of independent lines and in contracting for the service of Mr. Savage's organization.

Please advise me by wire who will represent your company and the time of his arrival in Kansas City.

Respectfully yours,

PAUL R. BRANIFF.

Senators are about to hear the name of Braniff throughout the record. He took a leading part. There were two Braniffs. The writer of the letter is Paul R. Braniff, manager of the Braniff Airways, Inc. His brother, T. E. Braniff, also appeared in this picture, and was president of another organization which was formed immediately after the election in 1932. The election having occurred on November 7, 1932, T. E. Braniff was out with his prospectus for the organization of another association with a long name on the 10th day of November, 3 days afterward, and directly, expressly connected the organization of that association with the new deal.

I now call your attention to a letter of July 18, 1931, from Mr. Braniff to Mr. Williams, which appears at page 8554 of the transcript:

DEAR MR. WILLIAMS: As a result of the conference of Independent Passenger Operators at the Hotel President, Kansas City, July 17, to which you were invited to send a representative, it was voted unanimously to form an association to further the interests of the nonsubsidized air lines.

I suspend reading long enough to call attention to the objective of that organization, and to point out that its objective was not the public interest but was purely selfish. It appears that the writer of that letter, Paul Braniff, was chosen temporary president, and he was empowered to have a charter drawn and to proceed with the incorporation under the name of the Passenger Air Line Operators' Association.

Among the lines represented at that meeting was the Century Air Line. Its importance will be seen in just a moment, when I refer to the records which succeeded this meeting. It will be observed, as we pass on, that this was the corporation of E. L. Cord, and that he was the original person to start an organization having for its objective the opening up to bids of all contracts—not extensions, not certificates, but all contracts—and in order to attain that objective he made a flat proposition to carry all the mail of the United States for 50 percent of what it was being contracted for at the time.

The item of cost has been from the beginning one of the implements used by these various societies and various companies to break into the contracts of the air-mail carriers and to try to take them away from them.

I say it was so then because it is significant of the fact that there occurred an investigation in 1932 which comprehended all and the identical charges which are made today, and which resulted in the committee finding no collusion or fraud, and no excessive, exorbitant charges.

So Mr. Cord's Century Air Line was present at that meeting. I will not weary the Senate by undertaking to state the names of all who were there, but they can readily be found in the transcript at pages 8555 and 8556. However, I will read an excerpt from pages 8556 and 8557, for the purpose of showing that the objective was a purely selfish one; that it was not in the public interest, but was for private accommodation. I quote:

There was further discussion, in detail, of the facts and the program as set forth in my previous letter to you. There was a unanimous agreement that the independent operators were in danger of being driven to the wall unless they banded together and asserted themselves as a group. It was also agreed that the first step was to obtain the membership application of every independent line.

I skip some and come to this statement on page 8557:

I most sincerely hope we can have your application in at once, whether you were represented at the meeting or not. The matter is vital to your continuance in business, and the time for successful action is short.

It will be observed, I suppose, that the objective was the continuance of the members in business. It was not the public interest.

I now refer to a letter of November 12, 1931, found in the transcript at page 8467. This was a letter signed by E. L.

Cord, addressed to Mr. L. D. Manning, dated November 12, 1931. I will not read it all; I will refer to that part which was not read by the chairman of the committee in examining the witness, as follows:

Senator AUSTIN. Did you hear anything about this which follows:

"I think also that we should make up our minds to get as many lines open and running as possible before that date, and that we should have a plan and solution of this situation for Requa to argue."

Did you hear anything about that?

Mr. DENNING. No, sir.

Senator AUSTIN. Did you hear this?

"What little thought I have given to it at the moment leads me to believe that we should try to have all mail contracts thrown open for bidding."

Mr. President, that is significant. That was 1931. It was before the investigation made in 1932. It was before the introduction of a bill in the House of Representatives empowering the Postmaster General to cancel the mail contracts without any cause, without any hearing, without any notice, and without any damages found. It was before the introduction in the Senate of the resolution by virtue of which the special committee is operating. It was before the adoption of the independent offices appropriation bill, which carried a rider authorizing the President of the United States to cancel these contracts upon notice, hearing, and damages.

This evidence in the record tends to show clearly that as early as 1931 the event of February 9, 1934, was in the minds and purpose of the men who were forming these organizations or societies, and that the objective of cancelation was not the public interest, but was their own private interest.

We should try to have all mail contracts thrown open for bidding—

Mr. Cord said on November 12, 1931. Of course, we know that that is just what was done.

Now, I call attention to a hearing before a subcommittee of the House Committee on Appropriations, held February 1, 1932. It will be seen that we are following these events in chronology, so that they may easily and logically be understood and interpreted. In this meeting we find a reference to Mr. Cord at page 286:

The CHAIRMAN. This Cord Corporation, through its representatives, made a positive and definite statement to the committee that on both day and night flying they would take over all the lines that are now operated by the Government, foreign as well as domestic; that they would perform the same number of trips and make the same number of deliveries at approximately, they said, one half of what it is now costing the Government.

That is a familiar proposition, is it not? It will become more familiar as we pass through this record.

If that be true, and if the company has sufficient financial strength, as they claim they have, to guarantee the performance of the contracts, is there any reason why they should not be given that opportunity?

Ah, we have listened to that blandishing question many times in the last few days. We have heard on the Senate floor that all that was needed to protect the public, all that was needed in the public interest, was a bond, was assurance of the financial responsibility of the operator to answer to damages if he should fail to serve the public. But listen to the testimony of Postmaster General Brown, whose objective was constantly and always the public benefit.

Mr. BROWN. Well, of course, we have entered into contracts with other people, contracts that practically run for 10 years from the time that they were made. I do not know of any way to get out of the contracts that we have. Then, the operation that our people carry on is a very substantially different operation than that that the Cord company has. The Cord company has been carrying a lot of passengers and has been doing some good work, but their planes are not equipped with two-way radio; they do not get the weather service; they pay their pilots only a fraction of what the regular air-mail pilots are paid; and there are a great many differences in operation.

I have some notion about what it costs all these operators to fly a mile. For instance, we have two air-mail contractors who use the same equipment that Cord is using, according to them, and we have access to all their figures, and we know what it costs them to fly a mile. It costs them about 46 cents, and anybody who says that he can fly for 30 cents a mile with present-day equipment is, we think, mistaken about it. If they put on the two-way radio and the other aids to navigation, and their own weather reporting service, it is quite a different matter.

It is one thing, gentlemen, to have your whole operation confined to an airplane and a pilot, and it is another to set up a complete plant for flying.

That pictures to the rational mind a hazard besides damages in money. It shows that here was a Cabinet officer who had in mind the safety, the lives of the pilots who flew these planes, and the lives of the people of this country who became passengers on the air-mail routes. That is in decided contrast to the situation as we see it at the present instant under the specifications for carrying the mail during this period of collapse of a great industry under the hammer of Postmaster General Farley.

In that hearing not only did the item of cost come up, as it comes up before us today, but also the subject of extensions came up as an objection to the administration of the Air Mail Service by Postmaster General Brown. The policy of the Department was under fire in that committee. The chairman, at page 293 of the same hearing, propounded a question to Mr. Glover, who was the Second Assistant Postmaster General under Postmaster General Brown. This is a very significant testimony, because happening as it did it characterizes the report of the investigating committee of 1932 before that investigation was authorized or made. I read:

The CHAIRMAN. Another matter that perhaps you will want to refer to before we adjourn, since you cannot be here tomorrow, is that there have been some representations made to the committee about the failure of the Department to advertise for bids in connection with extensions, and so forth, of routes.

Does that not sound familiar? Is not that one of the principal defenses put up by Postmaster General Farley for cancelation? Is that not one of the things that he assigned as an ingredient of fraud? It is.

I continue to read:

It is claimed that certain air companies have not had an opportunity to bid on routes by reason of the policy of extensions which has been followed under the Watres Act, is it?

Mr. GLOVER. McNary-Watres Act.

The CHAIRMAN. It is claimed that these companies are not permitted to engage in the bidding, resulting, as they claim, in a loss to the Government.

That is very familiar; is it not?

What is the policy of the Department with reference to that?

Mr. BROWN. In all of our large operations—and there have been only two since I have been in the Department, the one from New York to Los Angeles and the one from Atlanta to Los Angeles—

Senators, identify those lines. One is the midtranscontinental route; the other is the southern transcontinental route, about which all this noise has been made relating to the alleged elimination of competitive bidding.

I continue to read:

We put them out on competitive bidding. We are taking advantage of the provisions of the Watres Act to piece out and complete certain systems. In every case we have done it, and we have been able by so doing to extend under the route certificate feature of the law that gives us control of the compensation. If we put it up to competitive bidding—

Now, notice this—

If we put it up to competitive bidding, we have to pay the low price, whatever anybody bids, and we cannot control it for 2 years in any way.

It is not possible to operate a short air line profitably. An airplane has to fly a certain number of miles a day, somewhere around 1,000, in order to get the full value out of the plane, and the line must be long enough to get that much out of the planes every day. There must be enough planes in use so that one is always in the shop; otherwise you would have your mechanics waiting for a plane to come in. There is a certain economic length to a line, and we have discovered that an operator who is losing money or who has not capital enough to put on what we regard as a first-class operation is a menace to the thing that we are trying to accomplish, which is to build up a commercial independent aviation industry. We look forward to the day when we will not have to pay a subsidy, when we will simply pay for the actual value of moving the mail as we pay the railroads now. Every time we cut our rate we are getting nearer to the point where we will pay merely for the service performed.

Now I skip over to page 295 and call attention to the answer of the Postmaster General, showing that he did not construe the opinion of the Comptroller General as being in opposition to his own opinion regarding the power of extension; and he based it not only on the text of the opinion, but on the conduct of the Comptroller General in making payments on every one of these extensions.

Mr. THATCHER. The suggestion was made here the other day that the Comptroller General had given an opinion adverse to that practice. What about this?

Mr. BROWN. That is not correct. He approved every one of them. He approved every single extension, and ultimately approved everything that the Department has done.

Now we come to a significant part of this hearing, which is recorded on page 315. Here is the scene of investigation. The committee is meeting there, and E. L. Cord's organization is represented there. That organization is advocating cancelation of all contracts and the substitution of E. L. Cord in the place of the contractors. That is the picture when Mr. ABERNETHY, a Representative from North Carolina, breaks out with this statement, which I read:

I do not know how long it will take. It may take a week or a month, but I intend to go fully into it.

Mr. GLOVER. What the chairman asked for I have clearly in mind, and you want the names of the officers and boards of directors of the companies carrying the domestic mail.

Mr. ABERNETHY. And a list of the bondholders also.

Mr. GLOVER. We do not have that.

Mr. ABERNETHY. You had as well sit down and give us all that information. I have a little inside information about it.

Mr. GLOVER. You are asking for that information with reference to the domestic air-mail companies?

Mr. ABERNETHY. I want to know all about this Air Mail Service.

Mr. GLOVER. I am perfectly willing to furnish any information you ask, but I want to get it straight.

There is the germ of investigation. According to my search of these records, that is the first time and occasion when any Member of the House suggested the idea. It will be noticed it was not formally suggested at that time, but, nevertheless, there was the thought of investigation. It will develop in this record as we proceed.

Now I will call attention to page 327 of the same hearings relating to the Government policy respecting extensions.

Mr. WOOD. * * * The Government could dictate the policy, just exactly like they do in reference to the railroads.

The CHAIRMAN. Now, you have probably heard this before, but it is the claim of some of these men, some of these companies, that the policy now followed, even though you have nine contractors, tends to build up a monopoly in that it does not permit them, when they come along on these certificates of extension, to bid.

That is the same complaint, as will be observed, that we have here.

I realize, of course, that when you have an extension of a few hundred miles, as the Postmaster General said the other day, it is entirely impracticable to expect a company to go in there and fly a few hundred miles; it must be a route of sufficient length to justify the equipment, the attention, and everything that is required. But they claim that the very policy of the Department tends to create a monopoly in that they do not have an opportunity to present bids.

Of course, this was too early to characterize the then existing situation, the interpretation of power, the administration by Postmaster General Brown as fraudulent. All they were then pushing was the theory that conditions tended to create a monopoly; but the Senate will see how they advance and progress and gradually reach the point of audacity where they will charge collusion and fraud for these very same things which they were not dubbing as fraud at this early time. Of course, they complained about consolidations and the creation of large units rather than having a lot of small units under a strict Government policy.

This is what occurred, as shown at page 331 of the hearings:

Mr. THATCHER. Have you accepted any consolidation in order to cut down this great overhead?

Mr. GLOVER. Yes; we have.

Mr. THATCHER. And with what result?

Mr. GLOVER. We have had good results. We have had a consolidation of fields; we have had a consolidation of radio facilities. We had in Cleveland an outstanding case where there is one main dispatching office.

Mr. THATCHER. What about a consolidation of companies?

That is the very thing that was accomplished by the payment of $1,400,000 for the property and goodwill of Safeways paid to Halliburton.

Mr. THATCHER. What about a consolidation of companies?

Mr. GLOVER. I should say that the consolidation of companies has gone just about as far as it can, so far as we are concerned. Of course, you must bear in mind that the Postmaster General cannot bring two companies together, and say, "Here, we want you to consolidate."

And that is why we find in this record an agreement in writing by the constituent companies that formed the great units that run from coast to coast and constitute the mid-transcontinental outfit and the southern transcontinental outfit. It has to be done by agreement; it cannot be done by fiat.

Senators will observe, in passing, that no disapproval is expressed by this great committee, not even a complaint is made, not even a criticism of the policy relating to consolidations and its effect on operating costs.

Now, I refer to page 359 of the same hearing, where Mr. Young, attorney for the Cord corporation, is testifying. It will be recalled that the Cord corporation was not in existence when the meetings were held in 1930, and that when the advertisements were published for the creation of the transcontinental route he could not bid; he did not want to bid; he was not a sufferer by anything that took place at all. His only objective was to get away from the contractors their contracts and to take them over unto himself. This attorney on the witness stand is being examined. It has appeared that the Comptroller General has approved the accounts of these companies to whom extensions and sublettings were made. And the chairman says to this lawyer:

Why does he approve their accounts?

Mr. YOUNG. Well, as I understand it, up to the present time there has not been a protest filed.

Remember that, because it is very significant. This meeting was in February 1932, almost 2 years after the event about which they are again complaining, and for the same objective and reason.

Well, as I understand it, there has not been a protest filed.

And here is the answer, here is the quick retort made by that great committee to this lawyer. Mr. Thatcher says:

You do not have to file a protest with the Comptroller General.

Here is an officer of the United States whose term of office is 16 years. He is outside of politics; he is outside of threats of removal; he is outside of any influence that may divert him from the straight and narrow way of his certain duties. One of them is to act as watchdog of the Treasury, and it is his business and his objective always to guard that Treasury against payment upon illegal contracts, and he does not need a protest from a citizen in order to make him perform that duty. Mr. Thatcher tells this lawyer so in the following language:

Mr. THATCHER. You do not have to file a protest with the Comptroller General.

The CHAIRMAN. If he thinks they are illegally made, he ought not to approve their accounts.

And Mr. Young then admits it, and says:

I do not think he should, either.

Again, later on the same page, Mr. Thatcher says:

Mr. THATCHER. The law does not contemplate extensions.

The CHAIRMAN. Because it seems to me to be the duty of the Comptroller General not to approve these accounts if he knew they were illegally made.

Mr. YOUNG. I should think that would be his duty.

When the accounts come in annually under the law and the regulations of the Postmaster General and are scrutinized by the Postmaster General's Department and by Comptroller General McCarl, repeatedly month after month after month, 12 months in the year for 5 years payments are made on these contracts, and the Comptroller General never questions their validity. What is the result? It is his duty not

to pay if there is anything irregular about them. It cannot be said that he did not know about them, for he had studied the whole question; it had been up for consideration by him several times, and he was familiar with it. More than that, Postmaster General Farley, the man who arrogates to himself the right to pronounce judgment without trial here, declared positively, affirmatively, in the first month of his incumbency in office, that the Postmaster General did have the right to make these extensions.

He so declared in writing, and he sent his opinion to the Comptroller General, and asked him this question: Since it is true—I am not quoting literally, of course—since it is true that the Postmaster General has this authority to make extensions, has he not the authority to cancel extensions? He found out long afterward, July 24, 1933, that the Postmaster General could not cancel the extensions for the purpose of opening them up to bids; and that was the only objective which they had. They could satisfy the independent operators only if by cancelation they could open the routes up for bids, because their objective was not saving the Government money; that could be done under the fiat of the Postmaster General, who had the power to reduce rates. That was not their objective. Their objective was to acquire the property of others and to do it through the arbitrary exercise of the power of cancelation. They were at work in November 1932 trying to induce this great committee of the House to adopt that theory, and Senators are my witnesses that the chairman and members of that committee were steadily saying to the Cord corporation, "These extensions were within the power of the Postmaster General to make. You cannot cancel these extensions. He had the power to make them." The Cord corporation's lawyer said, "Oh, but they were illegal." The committee said, "No; the Comptroller General has been paying on them from month to month ever since they were made. Every payment is a ratification of them. Every payment is a clean bill of health for them, and this is accepted by the committee." That is the effect of the record.

The next thing to which I wish to refer is one of the most important bits of testimony in the record. What I shall read is taken from a written statement dated January 28, 1932, to Hon. JOSEPH W. BYRNS, Chairman of the Appropriations Committee of the House of Representatives, Washington, D.C., from the Cord Corporation, the company which was sending emissaries out through the country. The record shows that two men went to Williams and invited him to join the society which Cord was forming in order to break into the contracts, not in the public interest but solely for the benefit of the members of that society.

Here they are, after having testified before the committee, filing with the committee, this written attack. Here is the best evidence obtainable in any court of justice or before any committee of investigation of what was the intention of these operators, of their identity, of the fact that they themselves had nothing of which to complain, because they were not in existence at the time the events occurred about which they complain, and of the fact that they are interested in cancelation for the purpose of obtaining other men's contracts.

Listen to this and see if it is not true beyond any question of doubt at all that their objective was cancelation in 1932, and it is significant that that objective is connected through the record to the final accomplishment of that result. I quote:

> We believe that the Congress should direct the Postmaster General to immediately cancel all contracts and extensions of contracts or consolidations of routes which have been made by his Department without advertising for competitive bids. A number of the extensions which he has made without competitive bidding have been hereinabove listed. But all extensions or consolidations of routes should be—

Listen to this—

> examined into and wherever it appears an extension has been granted without competitive bidding we believe the same should be canceled and that the Postmaster General should be required to immediately advertise for bids to cover each particular route where a cancelation has been made. We also believe that two transcontinental air-mail contracts which were awarded in 1931 should be investigated with reference to—

With reference to what? Notice with reference to what, because this characterizes the present investigation. This proves beyond any doubt what actuated the Senate of the United States in beginning and conducting an investigation, and what its objective was and what stirred up the whole awful mess here:

> We also believe that two transcontinental air-mail contracts, which were awarded in 1931, should be investigated with reference to whether or not the advertisement for bids was so conditioned that it was not a true and fair opportunity for public bidding. These routes are A.M.–33, Atlanta, Ga., to Los Angeles, Calif., and A.M.–34, New York City to Los Angeles, Calif. Should it be further found that the provisions of the law have been violated in connection with awarding any contracts or extensions by the Postmaster General, there would be no difficulty in replacing the present service by submitting for public bids at this time all routes which might be canceled.

Mr. FESS. Who was the witness?

Mr. AUSTIN. This is a declaration by the Cord corporation, in writing. It is signed, "Lindel L. Young, attorney for the Cord corporation." He concludes with this significant piece of selfishness:

> Our company is in a position to bid for all of these routes as well as all air-mail routes in the United States, and would do so at a much lower rate than the present cost to the Government, as hereinabove stated.

There, in black and white, is the origin of cancelation. Cancelation for the public good? No! Cancelation in order that E. L. Cord's corporation could fly the mail throughout all the United States. That was in November 1932.

I invite attention to page 407 of the same record, which shows that the policy of Congress, as expressed by that great committee, was directly in line and consistent with the interpretation of the law made by Postmaster General Brown:

> Mr. WOOD. The trouble with the whole business is that they got started wrong by allowing the Postmaster General to put in lines as he pleased, without any regard to Congress.

Here is the complaint, it will be seen.

> They have gone ahead and put in extensions instead of doing the things that many of us think they should have done. Instead of putting in these extensions, it would have been better, probably, to have taken care of these services.
>
> Mr. LANKFORD. I think you heard the Postmaster General say yesterday that this was a necessary route and one that was badly needed. I appreciate this opportunity to appear.
>
> The CHAIRMAN. I think it should be said, following Mr. Wood's suggestion—because that is not the fault of the Appropriations Committee, which was presided over so ably by Mr. Wood for a number of years—that that is a question of legislation. The right—

Observe this significant statement—

> The right to make these extensions has been given to them by legislation which does not come from this committee, which, as you know, is not a legislative committee.

There is no question about that language, and it was uttered by a Democratic chairman.

I now refer to page 408, where the Representative from North Carolina [Mr. ABERNETHY] again comes to the front with the suggestion of investigation of air-mail contracts. This hearing was in February 1932. Later it will be seen that there was an investigation, and that it was based on identically the same charges that had been made here, and proved to be unfounded.

> Mr. BRANIFF. May I make this observation while you gentlemen are here: I have some information that has come to me from one of those big companies, a responsible company, and I think this committee ought to investigate it. I am informed that some of these transcontinental lines have offered to carry some of this mail without any cost whatsoever, but they have been denied that privilege. I do not think they would be willing to come before the committee, as a general proposition, but I think that if we took time enough to go into this domestic air-mail situation we could find enough inside of it to justify a re-set-up of the whole business.

What was his objective at that time?—

> We could probably take care of Mr. Lankford, Mr. Larsen, Mr. Wright, and these other gentlemen here.

That is his objective.

The CHAIRMAN. Let me say this: I will be glad to join you, and I am sure that every member of the subcommittee will be glad to join you, in any resolution that you may propose for an investigation; but we have this Treasury-Post Office bill to report. An investigation such as you indicate would take 3 or 4 months. You cannot tell, when you get into an investigation of that sort, how much time will be required, and we have got to get this bill out. We have to prepare and report it.

Now, note this significant language:

Then, besides, we are not a legislative committee, and we cannot change the law, no matter what we find. We cannot change the law, and the law provides that the Postmaster General may make these extensions and give these certificates. That is a matter of administration. We might investigate here until doomsday, and we could not change the law. We have no jurisdiction to report legislation, unless we get a resolution authorizing us to do it. I will be glad to join you and any other member in investigating it, because I agree with you that there ought to be an investigation, not only of this service but of the ship subsidy.

Mr. President, we know that there was an investigation by that very committee. There was introduced in the House a bill which, if enacted into law, would have carried out the objective of the independent operators, led by E. L. Cord and Mr. Braniff, namely, cancelation of all the contracts and turning over the business to the independents.

I now refer to the air-mail hearings before the Committee on Post Offices and Post Roads in March 1932. On page 2 the bill will be found. It is very significant that the Congress refused to pass it. The dropping, after an investigation, of all efforts to get this bill passed, and the subsequent passage of the rider to the independent offices bill, is a declaration of policy by Congress that no contract of a citizen of this Government ought to be canceled until after notice, hearing, and a provision for damages—a declaration of a policy which was broken and transgressed and trampled in the dust by a Cabinet officer in February 1934.

Mr. President, I read that bill, omitting the formal parts of it:

The Postmaster General is hereby directed to cancel all contracts, route certificates, extensions, or consolidations of either, for the transportation of air mail both in the United States and foreign countries which have been awarded by the Postmaster General without advertising publicly. The Postmaster General is hereby directed to advertise publicly within 60 days for bids to transport the air mail by aircraft on all mail routes covered by all such canceled contracts, route certificates, or extensions of either as provided herein. The Comptroller General of the United States is hereby directed to designate all contracts, route certificates, and/or extensions and/or consolidations of either which have been awarded without advertising bids.

That bill was before the House in March 1932. That was early, as will be noticed. It was 2 years before cancelation was effected, but the objective of these men is revealed by it. Their objective was cancelation. Senators will notice the absence in this bill of any provision for notice or hearing or damages, or any of the provisions which went into the subsequent legislation.

On that bill there was a hearing, as well as a hearing on another bill, to which it is not necessary to refer. I refer to this particular item of evidence in order to show the reaction of labor to this movement, and to show that labor disapproved of this plan of the independents to take away contracts from responsible operators who were able to give them employment regularly and to pay them suitable wages for their service. Here is the statement of Frank E. Ormsbee, representing the Air Line Pilots' Association, from which I read at page 21.

Mr. BRUNNER—

Who was the author of that bill—

A carpenter gets so much and a bricklayer gets so much, usually a union scale. I am wondering whether pilots have that.

Mr. ORMSBEE. No. The principal reason for the organization of the pilots was that there are independent lines which if they are encouraged will set up practically what you might call cutthroat methods of competition that will lead to dangerous practices, such as competitive flying, men flying because they are hungry, and there will be general dissatisfaction in the ranks of the workers. At the present time the Air Line Pilots' Association is the only representative group in commercial aviation. We are not in a sense dictating any of the policies to any of the operators. We get along splendidly with most of them. We have no disagreements or arguments with them that have not been satisfactorily settled, with the exception of Mr. Cord. At the present time he has a bunch of pilots which he locked out in Chicago. He started them to work on a plea of economy, promising to give them an increase in salary after his company became a going concern. In other words, he asked them to accept a lower scale in the beginning, 40 percent lower than the average wage of pilots in other lines, with the understanding that when his concern had developed he would give an increase in pay. As a matter of fact, a bonus was offered, but I may say that the bonus was never paid.

Mr. WHITE. Mr. President, will the Senator yield at that point?

Mr. AUSTIN. I yield.

Mr. WHITE. Was there not testimony with respect to the company in which Mr. Braniff was interested to the effect that the pilots were paid only nominal amounts, and that they were obliged to sign a contract that they would not take out any indemnity insurance, or other provision of that kind?

Mr. AUSTIN. Mr. President, that is correct. A pilot appeared before the special investigating committee and testified to his own experience with the company. He was unable to collect his wages, and finally left the company because he could not do so. Afterward he was obliged to bring suit to recover his wages; and after he had left, employees of that company were forced, if they stayed in the employment if the company, to enter into a composition agreement in writing by which their wages were reduced to payments of $15 per week, and the payment of the rest of their compensation was dependent wholly upon whether the company, after paying all operating expenses, had anything left with which to pay them. This is one of the companies which has been so active in the scheduled Independent Operators' Association—a name I can never remember. I will call it "the society of the long name." This is one of the companies which maintained a lawyer in Washington throughout this period in order to reach the Post Office Department, committees of Congress, individual Senators and Congressmen, the special investigating committee, and even the N.R.A., with the object of cancelation. This is the company which undertook to say that it could fly the air mail at a cost of 15.2 cents a mile—this company which did not have the two-way radio system, which did not have copilots, which did not have the safety devices for flying by night and in fog, which did not have hangars and other ground equipment of its own, but rented them; this is the company which now appears here in Washington on this temporary bidding plan. Does it bid 15.2 cents a mile? Oh, no; it bids substantially the same price of which it was complaining, namely, 39 cents a mile.

It is interesting to have that coupled up with the testimony of Mr. Ormsbee with respect to Mr. Cord's corporation, because it will be observed as this record proceeds that these two companies, Cord's corporation and the Braniff corporation, were ringleaders in the organized propaganda which finally resulted in the cancelation of the air-mail contracts.

I now proceed to expose the purpose of these independents, which was cancelation. The investigation to which I am now referring was before the House Committee on Appropriations. Mr. Young, the attorney of E. L. Cord's company, is on the stand again, and Mr. LAMNECK is examining him. I refer to page 40:

Mr. LAMNECK. You are a lawyer?

Mr. YOUNG. Yes.

Mr. LAMNECK. You know that the Government has contracts with these various interests now hauling mail, and some of them run for 10 years?

Mr. YOUNG. Those are the route certificates.

Mr. LAMNECK. They are contracts, are they not?

Mr. YOUNG. They are route certificates issued in lieu of a contract.

Mr. LAMNECK. In effect they are contracts?

Mr. YOUNG. Yes; I think that would be the legal construction of their name.

Mr. LAMNECK. Are you advocating the cancelation of all contracts that have been made as extensions in the hope that you might, if they were readvertised for bids, secure these contracts? Is that your attitude?

Mr. YOUNG. The bill before your committee was introduced by Mr. MEAD, your chairman. I assume that is his hope.

It will be observed that, with customary evasion, this lawyer did not answer the question, but undertook to pass the buck to the chairman of the committee, who introduced the bill empowering the Postmaster General to effect their purpose, namely, cancel all contracts, without cause, without notice, without hearing, and without considering damages. He evaded the question and said, "I assume that is his hope"; that is, that Mr. Cord's company could get that contract and fly the mail for 50 percent of what it had previously cost the Government. That was his attitude.

Mr. LAMNECK. I am only trying to get your attitude.

Mr. YOUNG. Our attitude is that we will bid on any available air-mail route in the United States that is advertised for bid.

We heard a lawyer in our committee repeat that same answer to the same question, not in the identical language, but in meaning, at least a hundred times, in order to evade answering, and walk out and admit that their objective was cancelation for the purpose of obtaining the contracts for themselves.

I proceed with the reading:

Mr. LAMNECK. If this bill were passed it would cancel only the contracts that have this morning been called extensions; it would not affect the original contracts?

Mr. YOUNG. I do not know what the original contract is or what the extensions are. I have never seen one of these.

Mr. LAMNECK. How do you expect to get these contracts, if they are contracts, until they expire? How do you expect to get a chance to get them?

Mr. YOUNG. I think it is a pretty serious condition when the United States Government votes a subsidy of $20,000,000 a year to aid and assist the aviation industry, and no part of that is to be expended on perhaps the largest independent factor in the industry. I would not like to accept your statement that for 10 years we have no hope of bidding and participating in that subsidy.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Does the Senator from Vermont yield to the Senator from Maryland?

Mr. AUSTIN. I yield.

Mr. TYDINGS. Mr. President, without taking issue with the Senator from Vermont, I should like to ask him if this is not a correct statement of the situation: The Senator from Vermont and many other Senators on both sides of the aisle are of the opinion that perhaps these contracts were not fraudulent, and therefore should not have been canceled. However, there are many others in the Chamber and in the administration who believe that the contracts were fraudulently entered into.

Acting upon the thought that the contracts were fraudulently entered into, the administration has abrogated them. Is it not, therefore, a fact that the air-mail companies whose contracts have been abrogated are in the position, as matters now stand, that there is no chance of their contracts being reinstated unless by the passage of the pending bill, which would give them the opportunity to rebid, and, if they were successful, to carry the mails once more? Is that correct?

Mr. AUSTIN. Mr. President, I think that is correct in a way. If I may explain my answer, I feel that the action of the Postmaster General legally has not canceled anything. Those contracts are still in existence; they are valid and binding contracts. The contractors have no way of defending and proving that they are so. These are the type of contracts which cannot be canceled without cause. They are the type of contracts which can be defended by an injunction in an equity proceeding. The Government has dodged behind sovereignty in order to escape any trial in equity upon the question of whether it shall be estopped from cancelation. Nevertheless, until a judgment is handed down by a proper tribunal that these contracts are invalid for fraud or collusion, they stand valid and they are subsisting contracts today.

This debate is aimed at trying to persuade the Senate to adopt an amendment to the pending bill which will merely put the brakes on, and put the mail back on these lines under these contracts pending an investigation of the facts which will be thorough, and pending legislation by Congress for a permanent air-mail system. That is all there is to this debate.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. AUSTIN. I yield.

Mr. TYDINGS. I understand the Senator's position, and, as I said before, I am not taking issue with his view, but I am trying to reduce the matter to one of practicality.

As I understand the situation, the Post Office Department and the administration have taken the position that these contracts are fraudulent, and that therefore they should be abrogated.

So long as the administration adheres to that point of view, it occurs to me that there is no way in which these companies can prove that fraud was not present, and thereby have their contracts reinstated. Therefore, it seems to me that the option of one who might agree with the Senator, for example, is whether or not these companies shall be kept out entirely under the present status of the matter, or be permitted to bid once more under the bill now pending.

Mr. AUSTIN. Mr. President, if the amendment of which notice has been given should not be adopted, then the other proposed amendment, which has not as yet been offered, but which lies upon the table, might be considered. It provides a three-judge court for passing upon the very question to which the Senator from Maryland alludes. I realize the practical difficulties in our present situation, and I want the Senator from Maryland to understand there is involved in the position which we take something more than the contract itself. There is involved the question of whether the Congress can afford, as a matter of legislative policy, to ratify and treat as a sound method of government procedure the transactions which created this situation.

Mr. TYDINGS. Mr. President, will the Senator yield again?

Mr. AUSTIN. I yield.

Mr. TYDINGS. As I understand, then, in voting upon either one of the two amendments, on the one hand, those supporting the amendments would say that no fraud had been present, while on the other hand, those who did not support the amendments would say that fraud had been present.

Mr. AUSTIN. Mr. President, that is not quite accurate. I think that if the amendment, which will be proposed, were voted for it would not pass upon the question of fraud at all. It would merely say that for the emergency, during this period of investigation, the status quo shall be maintained. That is all. It would be expected under the amendment to which I now refer that there would be an investigation to determine if fraud existed, and then a report submitted upon which Congress would act.

Mr. TYDINGS. Mr. President, will the Senator further yield?

Mr. AUSTIN. I yield.

Mr. TYDINGS. In another case, detached from the Post Office Department and the air mail, let us suppose that fraud was actually present and shown to be present by a set of facts which no reasonable man could question; would the Senator then think that the contractor should be permitted to go ahead until the matter had been threshed out in court?

Mr. AUSTIN. No. Mr. President, there is an express policy set forth in the law; there is an express direction as to what must be done. Under the McNary-Watres Act, if there is ground for cancelation, Congress says it can be obtained in this way: That the Postmaster General shall give 45 days' notice and give a hearing on the question before he cancels. The other means, provided during the last session of Congress, which is the more recent method, started in, as I pointed out here, with a plan to permit cancelation without hearing, but finished with a power in the President to cancel only after a notice of 60 days, and an opportunity to have a public hearing, and a provision for damages in cancelation.

Those are the two laws which lay out the course that ought to be pursued and the course that must be pursued, and they do not involve a trial by a court of justice to establish the facts; but, as I think, they absolutely deny

an arbitrary use of force, of might on the part of a Cabinet officer to take the carriage of the mail away from the contractor by saying at the time that he is canceling the contract.

Mr. TYDINGS. Will the Senator further yield?

Mr. AUSTIN. I yield.

Mr. TYDINGS. I realize that this question is purely hypothetical, and I want to say to the Senator that I ask it only to get his complete philosophy on this proposition. Let us suppose that under the contract which the Senator is discussing there were 12 men in the whole country who were successful bidders. Let us suppose that all 12 of them confessed that they had obtained their contracts through fraudulent means. In that case, would the Senator then maintain that they should be able to carry on their contracts for 45 days until proper notice was promulgated?

Mr. AUSTIN. Mr. President, that contention would amount to a waiver, of course.

Mr. TYDINGS. It does not say so in the contract.

Mr. AUSTIN. In that case we have a contractor coming in and, if the fraud went to the essence of the contract, saying, "My contract is of no force." That is the equivalent of waiving and surrendering.

Mr. TYDINGS. I do not think so, under the Senator's argument, unless the contract specifically so provided. However, I do not want to detain the Senator by going far afield except to present this concluding interrogatory. Is it not a fact that even if we shall pass the pending bill the situation will remain in statu quo, and that there will not be any change in the air-mail situation whatever unless the administration, feeling that fraud was present, provides once more some new means for competitive bidding and reestablishes the air-mail system through that method?

Mr. AUSTIN. Mr. President, I cannot answer that question.

Mr. TYDINGS. I will say to the Senator that the reason I ask the question is to try to find out what alternative a Senator has if he supports or fails to support the amendment offered by the Senator from Vermont. I know the Senator from Vermont feels that there was no fraud present. Many other Senators feel that there was fraud present. What I am trying to ascertain is whether with or without this amendment there can be any redress unless the administration cares to go along with the spirit of the proposed amendment.

Mr. AUSTIN. Mr. President, I cannot quite agree with the Senator from Maryland about that. If it should occur that the Senate should adopt the amendment offered by the Senator from Pennsylvania, the Senator from New Jersey, and myself, the contracts would be restored to the original contractors, save where the Postmaster General should see fit to press the charge of collusion and fraud, and then there would be a judicial determination of that fact. So the whole matter would be remedied, no one would be foreclosed, and there would be no prejudgment. Furthermore, the door would be open to save the position of those who think there was collusion and fraud. If there was, it could be determined under the bill proposed by us. But if the pending bill, without amendment, should pass, we would have a complete confirmation of the action by the Postmaster General, with all its implications, and with all the charges approved and ratified by the Congress.

Mr. TYDINGS. I thank the Senator for permitting the various interruptions. As I see the matter, I will say in conclusion, our choice is a very simple one. Either these companies are permitted to rebid under the bill as introduced, and thereby regain their business, or without a bill they remain in the position in which they find themselves today. I believe that will be the ultimate result of any legislation we may enact.

Mr. AUSTIN. Mr. President, I will continue the reading from the record of March 1932, which I am reading for the purpose of exposing that the purpose of the independents was a selfish purpose from the beginning, and that it persisted through to the end, when it became effective. This evidence also tends to support the claim which we make, that there was no cause for cancelation, that there was no reason for it, and no excuse for it, and the other necessary conclusion that cancelation was for the purpose of carrying out the selfish objective of the independents. Therefore I continue to read from page 41 as follows:

Mr. LAMNECK. If this bill were passed it would cancel only the contracts that have this morning been called extensions; it would not affect the original contracts?

Mr. YOUNG. I do not know what the original contract is or what the extensions are. I have never seen one of these.

Mr. LAMNECK. How do you expect to get these contracts, if they are contracts, until they expire? How do you expect to get a chance to get them?

Mr. YOUNG. I think it is a pretty serious condition when the United States Government votes a subsidy of $20,000,000 a year to aid and assist the aviation industry, and no part of that is to be expended on perhaps the largest independent factor in the industry. I would not like to accept your statement that for 10 years we have no hope of bidding and participating in that subsidy.

It can be plainly seen that what he is after is to cut off the contract before this time expires and to obtain the contract by virtue of a cancelation.

Mr. LAMNECK. I am asking you for the facts of the matter. If the Government has a contract running for 10 years, you will not have an opportunity to get that contract before it expires?

Mr. YOUNG—

Note this answer, for this answer is the admission of the offense:

Mr. YOUNG. Not unless it is set aside. The Comptroller General in a report to Congress for 1931 mentions a specific number of extensions that were not let in accordance with the McNary-Watres Act.

It will be seen that there were exactly the identical claims in this investigation of 1932 as Braniff and the society of the long name were making in our investigation in 1934.

Mr. LAMNECK. Those extensions are the only part of the business that you hope to get if they are advertised?

Mr. YOUNG—

This is very significant—

I do not know what the future might develop. Some of these companies might go out of business.

That is a sinister thought in the mind of that witness. I sincerely hope that we may put the brakes on here at this time so that some of those companies may not have to go out of business which have been serving the people of the United States so efficiently, so safely, and so magnificently; that prior to February 19, 1934, when the contracts were canceled, we had the finest air-mail system in the world.

Let us look now in the same hearing, on page 55, at the testimony of Paul R. Braniff, Braniff Airways, Oklahoma City, who appeared before the committee and advocated the same causes, unfair competition, ability to fly for less money, and the same objective, namely, cancelation. I read from page 56 this brief excerpt from Braniff's testimony:

The question was brought up yesterday as to how the present contracts could be canceled.

This was in 1932, it will be remembered—March 2, 1932.

I have a copy of a mail contract in my pocket, which was received from Mr. Ludlow, and it has a clause in it saying that the contract is cancelable after 45 days' notice, and I believe all contracts were signed with that provision in it.

Then they were talking about cancelation with notice and under the law. They had not reached that point of audacity when they were advocating cancelation in any event.

Again, on page 58:

Mr. KENDALL. Speaking with respect to existing contracts, what would be your idea as to how we should proceed? Would you have the Post Office Department cancel existing contracts and throw them all open for competitive bidding?

There is the question; there is the milk in the coconut. The answer to that question will expose the objective of those independent mail-contract seekers. I read the answer:

Mr. BRANIFF. That is the only way I see it can be done.

Have the Postmaster General cancel them all, so that his company and other independent companies could get them away from those who already have the contracts.

When this record is read, do you believe, Mr. President, that any citizen of intelligence in this country is going to have any doubt about the underlying cause of the cancelation of the air-mail contracts and about the objective of that action and about who initiated it?

I now refer to page 60, Mr. Braniff still testifying:

Mr. LAMNECK. Suppose these contracts were canceled and you secured the mail contract from Oklahoma City to Chicago. That would have a disastrous effect on the man having the mail contract over the same route, would it not?

Mr. BRANIFF. The question is who is the man who has it. It would have no disastrous effect on the personnel concerned.

Mr. LAMNECK. I am talking of the company operating the line.

Mr. BRANIFF. Any company would have a very hard time if it could not compete on an economical basis, and if it cannot do that it has no place in the business.

Now comes a significant piece of evidence, on page 61:

Mr. LAMNECK. You want to get in the position that the fellow who has the contract is in? You are not concerned about him; you are concerned only about yourself.

Mr. BRANIFF. I am concerned with giving a great deal more service, a great deal faster service at less expense, and only through economy and efficiency in operation do I expect to make a profit.

That is the same old song, the same old fallacy, because we know that his service, according to the evidence, did not compare with the service of those who were flying from coast to coast; it did not compare in speed; it did not compare in ability to transport passengers in planes; it did not compare in financial responsibility; indeed, it was in such a miserable condition that it could not pay its pilots.

So far as the suggestion as to less expense to the Government is concerned, that was a fallacy, because the Postmaster General did not need to cancel; he could reduce, and was bound to reduce, the expense to its proper position and level at any time, and he was in touch every month with the economic conditions of these companies and the amount of business they were doing. But that old fallacy, used 2 years ago, we hear used again in 1934.

I am trying hard as I may to show how identical were all the claims made by the independent operators, because there was a great committee, a committee of many more men and many more judgments than ours, who passed on that question and passed on it against their claims.

The record shows further, as follows:

Mr. LAMNECK. You do not mean to say that you are a better operator than any other operator of an airplane?

Mr. BRANIFF. I mean to say that I operate my airplane line at a great deal less expense than the present operators have.

Yes; he did; he operated it at the expense of his pilots; and he operated it without the safety devices which his competitors used—

Mr. SANDERS. Is it not a fact that all these companies would have claims against the Government in the Court of Claims to enforce a contract if we canceled these contracts?

Mr. BRANIFF. That is a question that would have to be answered by an attorney, although the contract I have in my pocket, which contract was sent to me by Mr. Wardlow, states in paragraph 7 that—

"It is hereby further stipulated and agreed that this contract may be terminated whenever, in the judgment of the Postmaster General, the interests of the Postal Service shall so require, by serving notice upon the contractor at least 45 days prior to such termination, provided that in case of such discontinuance of service, as a full indemnity to the contractor, 1 month's extra pay or the full period of service if less than 6 months may be allowed. The contractor may be relieved of this contract at any time upon giving the Department 45 days' notice of desire to retire.

It will be seen he was telling them how it could be done; he was showing them that cancelation could be effected; and he admits, right in this connection, that his company was not in business when these events occurred about which he complains.

Mr. Foss asked him:

Was your company in operation when this mail contract was let?

Mr. BRANIFF. At the time the mail contract was let over the territory served by us we were not in business.

Now I refer to page 62 of the same record, to the statement of Paul Henderson.

The bill introduced by the chairman seems to be the one which is really at issue. This bill proposes the cancelation by congressional act of route certificates and air-mail contracts and consolidation of air-mail routes which have been arrived at by the Post Office Department without, in the language of the bill, "public advertising."

That is read for the purpose of showing how they narrowed that investigation down to that very specific objective, namely, cancelation.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Maine?

Mr. AUSTIN. I yield.

Mr. WHITE. I make the point that there is not a quorum present.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ind.
Ashurst	Couzens	Keyes	Russell
Austin	Cutting	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Logan	Shipstead
Bankhead	Dieterich	Lonergan	Smith
Barbour	Dill	Long	Steiwer
Barkley	Duffy	McCarran	Stephens
Black	Erickson	McGill	Thomas, Okla.
Bone	Fess	McKellar	Thomas, Utah
Borah	Fletcher	McNary	Thompson
Brown	Frazier	Murphy	Townsend
Bulkley	George	Neely	Tydings
Bulow	Gibson	Norbeck	Vandenberg
Byrd	Glass	Norris	Van Nuys
Byrnes	Gore	Nye	Wagner
Capper	Hale	O'Mahoney	Walcott
Caraway	Harrison	Overton	Walsh
Carey	Hastings	Patterson	Wheeler
Clark	Hatch	Pittman	White
Connally	Hatfield	Pope	
Coolidge	Hayden	Reynolds	
Copeland	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. AUSTIN. Mr. President, I now call the attention of the Senate to conditions in October 1932. It will be observed that we are moving forward in an orderly way through the time which has elapsed since the passage of the McNary-Watres Act, and the events which have been complained about and which are asserted as constituting fraud and collusion. I am calling attention to these records from time to time in order to show that fraud and collusion had not then entered the minds of any of those who are making these vigorous assaults upon the very same contracts, and trying to take them away from the contractors. At this time they had not begun to yell "fraud" and "collusion", although they soon did so.

I refer to page 239 of the hearings on October 13, 1932, in the postal investigation. Here we find the same man, Braniff, making a speech and testifying in that postal investigation. That postal investigation corresponded to the investigation that has been conducted and is still being conducted by the special investigating committee of the Senate. Therefore, what I am about to read is of very great importance, because it shows the total failure of these very same charges, made against these very same contracts, considered by a similar committee, and decided. That decision ought to have ended the matter, but it did not do so.

The decision was in favor of the old contracts and against the independents; but they were not to be content with that decision. As soon as arrangements could be made, another investigation was provided for by the Senate; and it is very significant that the resolution provided that the appointment of the special committee to make the investigation should not be made until after the Democratic administration was inaugurated. That resolution was offered in the Senate on February 6, 1933; but it provided that the appointment of the members of the special investigating committee should be made after March 4, 1933, and that the committee should consist of three members of the majority and two members of the minority. It was immediately after the inauguration of the new administration that this fresh and new attack was begun, upon the same old basis, and for the same old objective, namely, cancelation.

It is suggested by my colleague from Maine [Mr. WHITE] that that postponement until after March 4, 1933, was to prove that there was no politics in the investigation.

Now, I read from Mr. Braniff's statement before the postal investigation, on page 239:

I wonder if there is any connection between Mr. Cord's withdrawal from this hearing last March and the fact that it is much easier to take one's profit by remaining quiet than fighting. We non-mail-carrying operators looked upon Mr. Cord and his organization as having sufficient assets and ability to wage a successful fight for the opening up of these mail contracts to competitive bidding, and it seems strange that a pilots' strike should occur on his lines just before this body met last March, and that Mr. Cord should take over the control of the second heaviest subsidized air line in the country and abandon the fight which he was so instrumental in starting—

Here we find these men turning State's evidence on each other; no honor at all among them; one of them claiming that the other is black—

the fight which he was so instrumental in starting, and that he should now be able to get along with the same personnel that was so bitterly opposed to him only a few months ago. Twenty million dollars a year subsidy warrants some pretty sharp practices and plenty of politics.

Think of it! Here were these men who, up to that time, had been banded together in the same objective. You may call it what you please, Mr. President; one does not have to characterize a transaction such as that. It carries its own meaning. A selfish objective, a design to take away another's property, does not need characterization; and here is this man, comrade as he was in those intentions and in those efforts, accusing his comrade of "pretty sharp practices and plenty of politics."

On the next page we find him talking in this way:

We have continued to operate for nearly 2 years on our own capital, and in the event we are successful in—

Successful in what? The answer shows what his objective was:

in the event we are successful in opening these contracts to bidding we will bid a fair price—a price far below that now being paid, a price permitting us a fair profit, and we will offer a much speedier service. We do not feel that the present mail contractors have any God-given right for the exclusive subsidy of the Government. We are basing our plea for an opportunity to carry the mail upon two things—

And I call attention to the fact that they are the same old two things that were advocated before our committee:

Economy to the Government in a willingness to take over the present contracts for half of what is now being paid, and a superior service offering greater speed than that now being maintained by the present mail contractors. In the event we are successful in obtaining a mail contract, we have the capital immediately available to make any extensions necessary and will furnish performance bond for the term of our contract.

How was that viewed by the committee? On page 241 is the evidence of that:

Mr. KELLY. Will you tell us how, under the present law, you can possibly be given an air-mail contract?

Mr. BRANIFF. All mail contracts call for cancelation in 45 days.

There we have it. That was their objective.

Mr. KELLY. But there is a certificate that has been granted to the company carrying over your line to Tulsa, and that was a very advantageous contract to begin with.

Mr. BRANIFF. I think so.

Mr. KELLY. Then they got a change in the contract and under the special act passed afterward a 6-year certificate. There would have to be some charges to cancel that certificate. I want to know how you expect to get a contract on that route covered by the 6-year certificate.

Mr. BRANIFF. I do not have the wording of the certificate; but I know the present contracts can be canceled in 45 days.

Mr. SWEENEY. You think they can be arbitrarily canceled?

Mr. BRANIFF. I think so.

Now, this man has become so bold that he asserts that the thing can be done which was done on February 9, 1934. This was as early as October 13, 1932; but he was asserting it before the wrong committee. Although that was a committee of a Democratic House, nevertheless the committee, looking upon the problem as one not of politics, not of saving anybody's face, answered Mr. Braniff by their report on that hearing, to which I shall presently allude.

Before referring to that report, I call attention to some events which occurred between October 13, 1932, and the submission of the report in February 1933. Here is some evidence of the activities in 1932 of the Scheduled Independent Air Transport Association, or something like that—the society of the long name. This letter of November 10, 1932, it will be observed, was written within 3 days after the election. It is a letter addressed to the Kohler Aviation Corporation, and appears on page 8571 of the transcript of evident before the special investigating committee. It is signed by Mr. Braniff, to whose testimony I have been calling attention. It reads as follows:

GENTLEMEN: The election probably means a new deal for we air-line operators who are not blessed with mail contracts, and I am firmly of the opinion that a concerted effort on our part, laying before the new administration the actual operating costs and facts and figures relative to our various services, will unquestionably bring beneficial results to us.

That is "u-s", meaning "us", the writers, the independent operators. It is not "U.S.", meaning the United States. That objective was not in his heart, not in his mind, it was not expressed in his letter.

I read further, as bearing upon his objective:

It is certain that we will not make any progress by sitting back and waiting for a contract to be laid in our laps, and unless we receive a mail contract we will eventually be put out of business.

With these thoughts in mind, I am anxious that all the non-mail-carrying operators in this country assemble and form an organization to carry out this fight.

We will grant you free transportation over our lines from the point on our system nearest your headquarters, and I urgently request that you attend the meeting in Oklahoma City on Tuesday, November 22, and wire me immediately upon receipt of this letter as to whether or not you can attend.

I am enclosing a copy of the testimony which I presented at the last congressional hearing before the Committee on Post Office and Post Roads. I believe every other nonmail operator can show figures as economical as these, and a combination of our cost figures and a grouping of the many millions of miles we have all flown should certainly open the eyes of the congressional committee.

I am depending upon you to cooperate with me, and am extremely anxious to receive your wire that you will attend this meeting.

Yours very truly,

PAUL R. BRANIFF.

The record which he enclosed to each one of the independent operators was the record where, as we have seen, Mr. LAMNECK called his attention to the fact that what he wanted was to get in the position in which was the one who had the contract.

I notice, in studying the enclosure, that it does not contain so much of the record. It contains other statements by him sufficient to show that their objective was cancelation, and cancelation in order to save the independents, and give them the contracts which belonged to the contractors.

He wrote:

We have continued to operate for nearly 2 years on our own capital, and in the event we are successful in opening these contracts to bidding, we would bid a fair price.

That will be recalled. That was one of his objectives, stated in the enclosure attached to his letter.

Mr. President, the curious thing is that these gentlemen, so banded together in the Scheduled Independent Air Transport Operators' Association, were not content to confine their activities to the Postmaster General's Department and to the regular committees of Congress, but they also came into our special committee, and the trail there is not very pleasant.

It appears in writing that they tendered their services to the committee, that the investigator for the committee accepted those services, and that the committee investigator went even so far as to ask the counsel for this band of independent operators to recommend three or four expert accountants to be employed by the committee in making an investigation which had for its object the cancelation of the air-mail contracts; that that attorney of the society of the long name wrote to Mr. Braniff and told him to keep the matter confidential, but that Mr. Patterson had asked for such recommendations, and that he thought best that he not tell the applicants of the fact, but keep it con-

fidential, and tell him—the attorney—the names of those they would recommend, let the attorney go to the committee with the names, and let the committee employ them as if the committee originated the plan. Of course, the committee's investigator did originate the plan, and the counsel for the independents, who were so associated together, wanted to keep secret that the suggestion came from outside the committee to an interested party to furnish investigators and accountants.

Here is a letter from Mr. Patterson to Mr. Braniff, president of Braniff Airways, Inc., dated October 16, 1933, found at page 8615 of the transcript:

DEAR MR. BRANIFF: I thank you very much for your letter of recent date regarding the air-mail investigation.

Senators will understand that the special committee had not begun to take testimony at that time. It is quite likely that investigators had gone all over the United States trying to obtain information, but the first meeting of the committee dealing with air mail occurred after Christmas. This is what Mr. Patterson said to the president of Braniff Airways:

We are continuing to secure important data and information relating to this investigation and hope that the Independent Operators' Association, which I understand is being formed, to assist this committee, will function actively in the investigation. It will probably be the latter part of November or the first of December before we hold public hearings on the air-mail situation.

I appreciate the importance of the suggestion contained in the second paragraph of your letter—

Note this, for it is very important:

as to cancelation of one important extension and advertising of the same for competitive bids. I fear that we would not be able to get the Post Office Department to adopt this suggestion. However, I am taking the matter up with the committee for their consideration and termination.

I will appreciate your further suggestions or information in this matter.

Very truly yours,

A. G. PATTERSON,
Investigator for the Committee.

There it is, in plain language, in black and white, the investigator of our committee stating that he understands that this organization is being formed to assist the committee—think of it—and in this letter a suggestion to do the very thing which that organization had already been formed to accomplish spoken of favorably by the investigator of our committee. Think of it!

Mr. President, here is the reply to Mr. A. G. Patterson, dated October 20, 1933, signed "T. E. Braniff, president":

I have your letter of October 16 and am mighty glad to know you are taking up with your committee for consideration the suggestion contained in my recent letter. It is my firm conviction if you can induce the Post Office Department to adopt this suggestion you will develop evidence of conclusive significance concerning the discrepancy which now exists between the price actually paid by the Post Office Department for carrying the mail and the price at which this service can be purchased under a system of competitive bidding.

In order that the accusation cannot be made that this would throw valuable franchises open to incompetent, inexperienced, and perhaps irresponsible bidders, proof of the facts can be established by limiting competition to scheduled air-transport operators who have been in business at least 1 year prior to the advertising for bids. I can assure you that the results of such procedure would go a long way toward establishing the case of the committee which you represent.

Evidently his idea was that the committee, this arm of the great Senate of the United States, apparently had a case; that it was a prosecutor, and was going out to prove somebody guilty of something. It was not going out to ascertain facts and report to the Senate, so that the action of the Senate by way of legislation could be governed by the facts ascertained. It had a case.

As evidence bearing upon what would happen if some of these extensions were thrown open to competitive bidding, I enclose to you herewith copy of letter written by me under date of December 23, 1932, to Mr. P. G. Johnson, president of the United Airlines, together with copy of his reply. You are at liberty to make use of this correspondence if you see fit to do so.

The independent operators formed an organization more than a year ago—

This was in October 1933, and that organization was formed immediately after the election.

The independent operators formed an organization more than a year ago, which is still in existence and known as the Scheduled Air Transport Operators' Association. This organization functioned officially in representing the independents during the hearings by the N.R.A. code committee held in Washington on August 31 last. Enclosed herewith is a copy of brief filed by our association with the code committee following the hearing. I also enclose to you an opinion of William I. Denning, an attorney in Washington, on certain phases of the situation prior to the code hearing.

This is quite a long letter. It supports the claim that this organization was employing its subtle means of influence not merely upon the regular departments of Government but also upon the special committee of ours.

My brother, Paul, before his departure for Chicago this week, left with me an unsigned memorandum, which I am enclosing herewith and which contains information, some of which must necessarily be regarded as the gossip of the business and which may or may not be substantiated by an investigation of the facts.

He knew whether it was gossip or not. He had been advocating those ideas for years. He had been presenting the same ideas before another investigating committee without success, and now he is trying them out on us.

His explanation is that you asked for a statement from him and that you would go into the question of securing evidence which would either prove or disprove such portions of the statement as were of value in connection with your activities. You will understand, of course, that neither Paul nor I nor the Braniff Airways vouch for the accuracy of these statements, but they are made solely as the basis of an investigation. I am quite sure you could develop considerable additional information of interest by a conference with Mr. William I. Denning, of Washington, the attorney previously referred to.

Yes; he was sure he could get the information from Denning, for Denning was his attorney.

He would, I am sure, be glad to go over the matter with you, and could probably give you most interesting information concerning conditions under which the Robertson Airline was starved into retirement by the granting of a mail extension to the American Airways from St. Louis to New Orleans, and how the extension was granted the American Airways from Cleveland to Louisville, then to Memphis and Fort Worth, thereby completing their transcontinental operation.

Both my brother, Paul, and myself personally and the Scheduled Air Transport Operators' Association, of which I am president, are prepared to render you our whole-hearted cooperation in connection with this investigation. We are now convinced your committee is making a sincere effort to uncover the facts of the air-mail situation as the basis of new legislation, and since we have been the principal sufferers from conditions as they have existed, we are naturally interested in the successful outcome of the work you have undertaken. Upon the occasion of my next trip to Washington I shall be very glad indeed to get in touch with you and discuss this matter personally. In the meantime I should be very glad to know of the reaction of the members of your committee to my suggestion concerning—

What?—

the cancelation of an extension and the letting of same to competitive bidding.

That dossier of material went to our committee, and it lay there until the minority discovered it, although these men appeared as witnesses before the committee. In that dossier was a brief or an opinion by the lawyer, Denning, who was the legal representative and the local representative of the Scheduled Air Transport Operators' Association in Washington, who kept going to the Post Office Department, who had a friend down there, a Mr. Cisler, who was appointed a short time after this administration came into power.

It will be seen that there was a nice set-up down there. All those gentlemen from Texas were there: Solicitor Crowley, Mr. Cisler, and Silliman Evans. The Braniff Airways people and Bowen, and all the group that took such an active part in the formation of this association, came from the same general section of our country. They were writing each other back and forth to the effect that "the situation is very favorable, now that we are going to have in the Department this man Cisler, who is a friend of my heart for 30 years, who was in the Postal Service with me", as Attorney Denning said, "and we are comrades. Now that we are substituting for Mr. Wadsworth this man Cisler, Mr. Howes will give the subject of our problem more intelligent consideration."

That was what was going on. Here they were dealing with the investigator of our special committee and submitting a brief in connection with that letter which dealt with nothing but the subject of cancelation—cancelation not merely of extensions but cancelation of all contracts and all certificates.

Can anyone who has heard even these few extracts from this large and voluminous record have any doubt whatever what agency was at work on this problem, what influence was being brought to bear?

Later, we see in the record men admitting that they brought to bear upon the Post Office Department all the political influence they could summon—Governors, national committeemen, Representatives in Congress, Senators, and all the others who loved to keep the Democratic donkey alive, as the witness said—and that honorable man, Mr. Howes, who is now the First Assistant Postmaster General, came in and admitted that they finally came down upon him like a cloud of grasshoppers, and they were so numerous, so impetuous, so insistent, that they were a pest. He stepped out of the position in which he had charge of the air mail, at a very significant time, namely, on January 17. He saw the thing coming, in my opinion, and did not care to have his garments smelling of brimstone, so he got out of there in due season. After he steps out, and someone else has taken his place, and we have that fine set-up there, and we have Solicitor Crowley, who is willing to give the advice and make the recommendation that would put the thing over, they come down there and turn on the heat until it gets so hot for those people in the Post Office Department that they cannot wait.

Mr. LONG. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. LONG. I believe the Senator from Vermont is using the wrong simile. I do not think it is a matter of heat. I think he should phrase it in the term of hunger. An animal which has been away from the trough for 12 years is bound to be hungry. I think that would be the more charitable way to phrase this matter. The elephant has been in here for 12 years. In the case of those of us who have been away from the trough for 12 years, watching the victuals spread around pretty generously, it is only natural that our mouths should water when something is in sight, for we have been in sight of it for 12 years, but have not had a chance to come to the trough. So I think instead of using the words "smoked out" it is just a matter of porridge rather than brimstone.

Mr. AUSTIN. Mr. President, I feel rather tolerant of any man's view, and very liberal with others who assign a different reason for certain actions.

I am perfectly willing to let the Senator from Louisiana have his way about that matter, and if that reason for this action were adopted, we would still arrive at the same conclusion at which I have arrived, and that is that there was no fraud, no collusion, but there was another and a selfish reason for the cancelation of these contracts.

Mr. LONG. Mr. President, if the Senator will pardon me——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Vermont yield to the Senator from Louisiana?

Mr. AUSTIN. I yield.

Mr. LONG. It seems like about every time we change administrations in this country there is always some good ground for changing contracts and jobs and everything else. I never have been able to see how they can write contracts in strong enough terms as that they cannot be changed on some ground or other. I imagine, the Democrats being in, if the Republicans came in that they would find some ground to change them, some reason for doing so. I speak advisedly as I do, for I still have that yearning, and mine has not, as yet, been satisfied.

Mr. AUSTIN. Mr. President, I ought to call attention at this time, in view of the suggestions of the Senator from Louisiana, to the statements of the Democratic Chairman of the Committee on Appropriations of the House of Representatives, Hon. JOSEPH W. BYRNS, of Tennessee. I think this closes the incident so far as the welfare of the Government is concerned, and the interest of the public is concerned, for this is an admission that the institution that was about to be destroyed in 1934 was a very splendid one and that there was no cause for its destruction. Mr. Glover, who was at that time testifying, had said—I am reading from the hearings on the Post Office appropriation bill for 1934, held in November 1932, at page 165—Mr. Glover said:

> Improvements are being made all the time. You have a wonderful service here, gentlemen. I am passing out of the picture before long.
>
> The CHAIRMAN. Well, you have done a wonderful work, and I want to say that and I think we will all agree on it.

Mr. LONG. Who was Mr. Glover?

Mr. AUSTIN. Mr. Glover was at that time Second Assistant Postmaster General.

Mr. LONG. Under the Republican administration?

Mr. AUSTIN. Yes; under the Republican administration, and here was a Democrat, Chairman of the Appropriations Committee in the other House, telling him that he had "done a wonderful work."

Mr. LONG. That was before the Democrats had a chance to get it for themselves. There is no reason why a Democrat should compliment a Republican when he is passing out and the Democrat has a chance to get his job, and why there should be all this great hubbub and claptrap about the welfare of the people, and this, that, and the other, I do not see. When they want the plums they find a way to get them, and they have, of course, some reason.

That does not apply only to the Democrats, but also to Republicans, for ninety-nine times out of a hundred they both give some reason. Their discretion is wide. The fact is, if there is forage to be had in jobs, and so forth, that are being given out by one party, in due course of time the other party is going to find some way to get it. That is what always happens in this land of the free and the home of the brave, and that is what always will happen until we set our face against the policy.

Mr. AUSTIN. Mr. President, I appreciate this contribution in support of the claims that we are making here, and I thank the Senator from Louisiana for it. That is one of the claims we make, namely, that there were two influences at work. There were this band of independents, who were bound to take away these contracts, and there were those who sought political plums; and I see that the Senator from Louisiana agrees with us in respect to the political plums.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield further to the Senator from Louisiana?

Mr. AUSTIN. I yield.

Mr. LONG. I do not want to be disturbing the Senator, for he is making his own logical argument; I have sat here and heard most of it, but to my mind the thing about which all of us are unsatisfied is this: Here is a bunch of contracts existing; they probably were too high, in view of recent developments, for I understand that bids lately submitted are considerably lower, but they have been in existence, we will say, for a number of years. In comes the Democratic administration, and they come along with the same policy; they pay the rentals for this service month after month; it is charged they extend one of the contracts in the same manner as the others have been extended. That goes on and everybody seems to be happy. Free airplane trips are available over the country, and high officials take them. There is no mistake about the thing, and everybody seems to be pretty happy. Then, all of a sudden, the bubble bursts. What makes us poor fellows who sit outside the breastworks feel like we know but little about it is that we cannot comprehend how anything that has been glossed over and passed over and fairly well understood all the time can suddenly erupt live Vesuvius, and there is nothing left but the lava of corruption. I think this thing has just been painted and repainted to the point where Senators are bound to say that evidently somebody remained in the most innocuous state of ignorance for the longest period of time surrounded by the hottest burning flame, and then suddenly

there is an eruption, and they find nothing but a crater of corruption of crime and disaster that they have been sitting on all the time and did not know anything about it.

That is why I say we are not fooling the American people by this kind of business. The Democrats wanted the jobs, just as the Republicans wanted the jobs when they were on the outside. When the Republicans had the forage to pass out they were passing it out to their friends, and when the Democrats came in they wanted to pass it out to their friends. I do not care what kind of reason they give so long as the old system remains some reason will be found so that the Democrats are going to follow the same kind of a system the Republicans follow, and all this "hurally" and investigation and everything does not amount to anything, regardless of what is discovered, unless they want to take advantage of the case.

Three years from today, if the Republicans get in power, unless we change the system, they will have an investigation, and find out there is a whole lot of fraud, and that the late Postmaster General, as he was coming out of a dining room one night, was spoken to by a man who said he would like to have a route. They will say that the Postmaster General associated with him a little while, and they met another man and went down the street and they got two contracts the next day. If the Democrats shall be put out the Republicans will get them, if the system remains.

This is not fooling anybody. Until you change the policy it will remain a whole lot of "hurally", much ado about nothing. What ought to be done is to let them go ahead and if the Democrats want to cancel the contracts, and let the contractors go into the Court of Claims; there their claims may be settled. Then let us legislate to guarantee against departmental discretion making or unmaking cases of this kind.

A year or two ago I sat in this Chamber and voted against a man by the name of Humphrey whose nomination was being confirmed as a member of the Federal Trade Commission. I think it was the first day I sat in the United States Senate. I voted against Mr. Humphrey being confirmed as a member of the Federal Trade Commission. There were enough Republicans who voted against Mr. Humphrey if the Democrats had stayed together long enough so that Mr. Humphrey's nomination would not have been confirmed; but the Democrats overwhelmingly voted to confirm Mr. Humphrey as a member of the Federal Trade Commission. After that was done, Mr. Humphrey took the oath for the 6-year term of office. Then, in comes the Democratic administration and Mr. Humphrey is removed on the grounds which had existed all the time and because of which he should never have been confirmed, and we knew it all the time. We raised a whole lot of "hurally" about Mr. Humphrey and said that he ought to have been kicked off the Federal Trade Commission in the first place, when, as a matter of fact, Mr. Humphrey would not have been on the Federal Trade Commission if we had not voted on both sides of the Chamber to confirm him as a member of that Commission.

I do not believe in wasting the time of the United States Senate day after day. We ought not to come here and pass a bill that is going to allow one party to do the same thing that the other party did. If we are going to come out of this situation with any good resulting let us have a bill that will not allow the next crowd that gets into office to put the other gang out and put their own gang in by a mere wave of the wand, because rightfully or wrongfully this will be cited as a precedent.

If we are going to get any good out of it, let us pass a bill that divorces this service from politics, and that does not make it possible for some man to come in and annul overnight everything that has been done and unseat somebody whose work they said was all right 2 or 3 days before he retired from office. [Manifestations of applause in the galleries.]

The PRESIDING OFFICER. The Chair will call the attention of the occupants of the galleries to the fact that no demonstrations of approval or disapproval are permitted under the rules of the Senate, and if there shall be another disturbance the galleries will be ordered closed.

Mr. AUSTIN. Mr. President, I thank the Senator from Louisiana for his contribution.

Mr. LONG. Mr. President, I hope that the occupants of the galleries will be permitted to remain. This is the only mark of approval that I have had in several days. [Manifestations of applause in the galleries.]

The PRESIDING OFFICER. The Presiding Officer will ask the ushers in the gallery to execute the order of the Chair, and either keep order or close the galleries.

Mr. AUSTIN. Mr. President, I call attention now to the fact that this is not a sudden eruption; this is not the bursting of a volcano. The same complaints were made in 1932. The committee that made the investigation in 1932 made findings, and as a result of those findings the bill which was introduced to give authority to the Postmaster General to cancel contracts was suppressed and nothing further was ever done with it. Those findings appear in House Report No. 2087, investigation of the United States Postal Air Mail Service, a report of the Committee on the Post Office and Post Roads, House of Representatives, filed February 21, 1933.

I want it to be observed that the filing of this report came right along coincidentally with Senate Resolution No. 349, which was offered here in the Senate on February 6, by virtue of which a committee was appointed by the President of the Senate after March 4, 1933.

In other words, somebody in the Senate was not satisfied that a great Democratic committee in the House had studied these same charges and given a clean bill of health to a Republican administration, and so they wanted to have a whack at the matter. They wanted a new committee appointed to hash over the same old matters. There is no such thing evidently in Congress as arriving at the end of an investigation. The investigation had been concluded; the whole subject had all been gone over; the same witnesses appeared before the House committee, and a finding was made of no fraud, no collusion. There was approval of the administration's policy and no criticism of it. The interpretation made by Postmaster General Brown with respect to extensions was approved, and recommendations were made, based on the validity of his acts. There were end-to-end extensions, about which we have heard a great deal of criticism here, actually recommended by that report.

Ultimately, after a very thorough examination of the whole subject, the general policy recommended by the committee was as follows, reading from page 52 of the report to which I have referred:

> Finally, a definite policy should be formulated by the Government with respect to the future status of the air-mail operators. The uncertainty of their future status at the present time makes it necessary for them to write off their equipment at a very high rate, which naturally increases their operating expenses. In addition, it becomes exceedingly difficult for them to plan ahead and make decisions with respect to new capital expenditures. Because of their uncertainty, they may refrain from expenditures which might, if made, result in greatly reduced operating expenses.

I invite attention to this report because we are on the eve of enacting permanent legislation. What is there in that proposed legislation with respect to the future of the operator? There is absolutely no hope at all. No operator or contractor for such a short period of time as 3 years can undertake to lay out a long-time program or can interest capital in the development of such a new and growing industry as that of aeronautics.

As a result of that report, and of the withdrawal of the legislation intended to give them arbitrary power of cancelation, which was exercised, but which was not authorized by law, we had finally an amendment offered by the Senator from Oregon [Mr. STEIWER] to that rider to the independent offices appropriation bill which gave the President the power to cancel the contracts provided there was notice of 60 days and public hearing, and provided a means of awarding damages were allowed to the operator whose contract was canceled. I shall not take the time to read that. It is section 5 of the Independent Offices Appropriation Act, approved June 16, 1933.

There is the situation in June of 1933, and here is the record of a meeting on August 25, 1933, of the society with the long name. I refer to only a part of it in order to show how aggressive they had become and how interested they were in their objective. This will reveal the astonishing fact that this society was employing its influence not merely with the regular departments of Government to obtain a cancelation, but now was going into the N.R.A. and undertaking to obtain cancelation by means of a code under the N.R.A. I have here a certified copy of the record of the annual meeting of the society, in the course of which appears the following:

Mr. Braniff was instructed to object to articles VI and VIII of the proposed code. He was instructed to call to the attention of the National Recovery Administration and the Government the unfair competitive position of contract operators as against non-contract operators, and to present further the illegality and the discrimination involved in the present allocation of air-mail contracts, as provided for under existing statutes affecting air mail.

He was instructed to insist upon governmental consideration of such unfair competition, discrimination, and illegality in connection with the adoption or promulgation of a code for the air transport industry, and to insist upon a redistribution on an equitable basis among all eligible operators of the Government subsidy involved in air-mail contracts, either through a code promulgated by the National Recovery Administration or action by other officers of departments of the Government.

There was nothing that restrained them. Absolutely their objective was at all points brought to bear wherever they could get at the Government.

The meeting authorized and granted to Mr. Braniff the broadest discretion in action as a representative of the association, and authorized him to adopt any tactics or procedure to accomplish the ends as above stated.

That was in August 1933. Now, we come to the hearings in December on the appropriation bill. There is very significant evidence here, it will be marked, wherever we find this gentleman testifying, the first Assistant Postmaster General, Mr. Howes, an honorable gentleman, an honest witness, a man who speaks without fear, a man who speaks without any particular color to his testimony. He sat before the appropriations committee asking for money to operate the air mail in 1935. This meeting was held December 11, 1933. He had been in office since March 4, 1933. He himself had acquired some vision. Like Postmaster General Brown, he had the theory that the air-mail problem was not merely a problem of carrying the mail, but was also a problem of the development of passenger service in safety and efficiency as an instrument for the improvement of business and for contributing to the welfare of mankind, and also as an arm of the national defense. A broad vision this man Howes had.

Mr. Howes made use of identically the same means of getting expert information regarding the operation of the air mail as did Postmaster General Brown. He admitted freely, without any reserve, that the official sitting behind a desk in the Post Office Department cannot know the terrain. He cannot know the conditions of flying. He cannot know the usages of pilots or mechanics and others away out in the country. He sits behind a desk and administers as best he can, but he needs the light of the special knowledge, the facts gained by those who fly the mail. Mr. Howes had the problem of revamping the entire air-mail map of the country in order to fit it to a reduced appropriation. It was a large reduction; so he gathered together all the operators, and obtained from them suggestions and information, and, as a result, secured six different plans.

They were plans for what? Plans for adapting that great service to the reduced appropriation. That meant curtailment of service. That meant reduction of pay. That meant elimination of routes. That meant taking cities off the service. Every essential characteristic of those contracts had to be modified, and the whole system thereby was revamped to fit the changed conditions. This man did not evade; he did not dodge. He walked up to the room of the Appropriations Committee and told them what he had done; and when he appeared before our special investigating committee he was exactly as frank and open and honest as he had been before the Appropriations Committee, and he told us the whole story. He said:

It is the only rational plan you can adopt. It is the only available means you have for finding out the specific and necessary facts in order to rearrange the air-mail map to fit the reduced appropriation. There is nothing collusive about it. There is nothing fraudulent about it. It is the right thing to do.

I felt when it was over that we had accomplished a great good, for I made this discovery:

First. United Airlines, one of the great carriers, came in and offered to take a cut without any reduction of service, and for less money to perform that service as well as they previously had performed it, in order to help out the Government. Then along came another concern, the one flying the midtranscontinental route, and made a similar offer, though not quite the same as that of United Airlines. Thus, they were able by agreement, by talking this matter out, to readjust themselves to the change in their situation. Mr. Howes felt when he got through that he had saved as much of the service as could be saved in view of the reduced appropriation, having always in view the benefit of the public, and that the contractors had met him in good faith, and had shown a good spirit.

What was the result? Mr. Howes said, "I never recommended the cancelation of any route or of any extension"; that is, for opening it up to bids. He said, "I did not know but what I should have to exercise that power in order to adapt this situation to the money; but the operators came in and cooperated with me so fully that no such power had to be exercised, and we agreed on everything that was done." He is a responsible man, to whom the Postmaster General referred us when we were trying to find out from the Postmaster General the facts regarding this matter, and the significance of the use of the very same type of procedure which Postmaster General Farley condemned. The Postmaster General referred us to Mr. Howes and Mr. Howes told us the story; and there the Senate has it as we see it, the admission in effect of the Postmaster General, through Mr. Howes, that those meetings in May 1930 were not wrong, were not illegal, were entirely proper, were beneficial, and that they were the only way in which information regarding pioneering rights and equities could be obtained.

As a matter of fact, Mr. Farley himself directly in writing made this statement:

It is believed that, inasmuch as there appears to be the right to extend routes, it should also follow that the Department may cancel or curtail.

That was the Postmaster General's statement over his own signature, addressed to the Comptroller General, for the purpose of obtaining an opinion as to the right to cancel an extension. Therefore it seems to us that down to December 1933 we have Postmaster General Farley; we have Second Assistant Postmaster General Howes appearing before the Appropriations Committee asking for money, and justifying that request upon these very contracts, assuring this great committee in effect that those contracts were without fraud, without corruption, and entirely legal, and that they justified Congress in giving the Department the money to operate them. Not only did Mr. Howes list all those contracts in the justification, but he also listed two more which he himself would like to extend.

So we have down to December 1933 a clean bill of health from an investigating committee of the House, a clean bill of health from the Postmaster General himself, and a clean bill of health from Mr. Howes, who was performing the actual work for the Postmaster General during the present administration and down to January 17, 1934.

Mr. President, I have a great mass of evidence here; but I am sure that if the Senate is as weary of it as I am it will be a great mercy if I refrain from reading it. I beg leave, however, to comment upon it, and to point out that it can be read; that although it is only in the form of printer's proof at the present time, it will be printed. I make these assertions subject to any correction which the Senator from Alabama [Mr. BLACK] desires to suggest. If there is any

belief that I have made an error, we will then turn to the proof here and undertake to justify the statement.

I assert that the record shows that from December 1933 right down to the time when these cancelations were made, the activities of this scheduled society of the long name increased; that the activities of the constituent corporations increased; that their attorney was busy from day to day; that he was seeing Mr. Cisler, in the Post Office Department, as he writes, twice a week; and that all the time these people were crowding and pushing to see if they could not get these contracts canceled. First, they were trying to get an opinion from the Comptroller General to the Postmaster General which would assure the latter that he had authority to cancel the extensions and open them up for rebidding. When that opinion came in they were greatly disappointed in it, however, because the only authority which the Comptroller General said the law gave the Postmaster General was to cancel for cause, and upon notice and hearing; that the curtailments he might make under the power to extend and consolidate might in effect accomplish a cancelation, but that was not an opening of the contract for bidding.

So it developed that after months of waiting to get an opinion from the Comptroller General which would justify the Postmaster General in making these cancelations contrary to the law, to the great grief of these men they got an opinion which showed that the Postmaster General did not have the authority. To their sorrow there was pointed out to them the policy of Congress, expressed in the law, which was against arbitrary cancelation and which required notice. The Comptroller General pointed directly to that power of the President granted in the act of June 16, 1933, in the independent offices appropriation bill, and said, "The only way you can cancel under that act is upon 60 days' notice and a hearing and awarding of damages." He pointed to the section in the McNary-Watres Act and said, "The Postmaster General may cancel for cause, but there must be 45 days' notice and a hearing." He pointed to phrases in the contracts relating to cancelation and said, "Sixty days' notice and hearing are required."

So here were these men, confronted with these agreements, confronted with the policy of Congress expressed in the McNary-Watres Act, confronted with the policy of Congress expressed in the amendment to the independent offices bill, namely, that there could be cancelation only after notice and hearing. They were also cognizant of the fact that Congress had refused to pass a bill which would give the Postmaster General power to do what he did do. There was pending in the House the bill to empower the Postmaster General to cancel these contracts without hearing, and the bill was turned down after the investigation of 1932.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Vermont yield to the Senator from Nevada?

Mr. AUSTIN. I do.

Mr. McCARRAN. I wonder if the Senator from Vermont does not misquote the proposed legislation, and the enacted legislation as well. If my memory serves me correctly, this was not a power which was to be given to the Postmaster General, nor to the head of any other Federal department, but it was a power which was to be given to the President of the United States; and that power, as proposed by the first provision of the bill, was amended by the Steiwer amendment.

I am afraid the Senator did not listen to my question.

Mr. AUSTIN. I think I have the question.

Mr. McCARRAN. In other words, what I wanted to say was this: The Senator from Vermont uses the term "the Postmaster General might cancel." As a matter of fact, the legislation which was proposed provided that the President of the United States might cancel the contracts; and then, under the Steiwer amendment, it was limited as to the power and the provisions connected therewith.

Mr. AUSTIN. Mr. President, my recollection is proven to be correct by reference to the bill, which I now hold in my hand. The bill which was offered, and which was under consideration, and which was not further prosecuted after the report of the investigating committee of the House, was not a bill to invest the President with the power of cancelation; it was a bill to invest the Postmaster General with the power of cancelation, and it was dropped after the investigation. I will read it so that the learned Senator may hear it.

Mr. McCARRAN. Was that measure ever brought before the Senate of the United States?

Mr. AUSTIN. No, indeed. I will call attention to what killed it. It was referred to the Committee on the Post Office and Post Roads of the House of Representatives. It provoked an investigation of the air-mail contracts, during which the independent operators made the same accusations that were made in our special committee's investigation. They took much of the same testimony we have taken. The Braniffs appeared there, Cord's representatives appeared there, and the independents all appeared and made charges of fraud, collusion, and so on.

As a result, the committee made a finding and a recommendation that there was no such fraud and no such collusion. They did not even criticize the policy of the Government, but supported it, and made a definite recommendation as to the future, and the bill (H.R. 9841) was dropped in that committee. I wish to read the language of the bill.

Mr. McCARRAN. Mr. President, I do not mean to interrupt unduly, but what I have in mind is this; I am recalling legislation which came before this body which in the first instance provided that the President of the United States might cancel contracts, without any limitation, and then came the Steiwer amendment, which placed limitations upon it, and we passed the legislation containing the amendment offered by the Senator from Oregon.

Mr. AUSTIN. Mr. President, that is all right; I referred to that particular matter in my former remarks, and undertook to say that Congress had declared the policy in that amendment to the independent offices appropriation bill; that is, by refusing the bestowal of the sheer power of cancelation and adopting an amendment, first, that there must be notice of 60 days, public hearing, and an arrangement for payment for damages. Thereby Congress declared the policy that cancelation shall not occur in the manner in which it did occur, without hearing, without notice.

Then I was saying that they were also aware of the declaration of the policy of Congress by their conduct with respect to that bill, House bill 9841, which they dropped, and did not consider further after the report of the committee investigating these very contracts. I wish to read, before being interrupted again, the language of that bill, because it sustains the claim I make that it had reference specifically to the power of the Postmaster General to cancel. This was not with reference to the power of the President to cancel. The bill read in section 10:

> The Postmaster General is hereby directed to cancel—
>
> Notice the word "directed"—
>
> The Postmaster General is hereby directed to cancel all contracts, route certificates, extensions, or consolidations of either, for the transportation of air mail, both in the United States and foreign countries, which have been awarded by the Postmaster General without advertising publicly.

The effect of their conduct, judged by the same standards by which any men are judged, was that they said to the Postmaster General, "We are not in favor of your arbitrarily canceling contracts. The only power we think you ought to exercise is that contained in the law, the McNary-Watres Act, namely, that if you have cause for cancelation, cite the man and give him 45 days' notice, and give him an opportunity for hearing before undertaking to make the cancelation."

Mr. McCARRAN. Mr. President, will the Senator permit another interruption?

Mr. AUSTIN. Certainly.

Mr. McCARRAN. I want to say, as regards the proposed legislation of which the Senator makes mention as having come before a committee of the House of Representatives,

that I am not familiar with that, but I do recall very distinctly the proposed legislation which came before us in connection with the independent offices appropriation bill. I also recall that, as a member of the subcommittee of the Committee on Appropriations having that bill in charge, I saw fit to vote in the committee against the right of the President to cancel. Notwithstanding that, however, the bill, after it was amended by the amendment offered by the Senator from Oregon, passed the Senate.

Mr. AUSTIN. Mr. President, I am sure that a man with the experience of the learned Senator from Nevada, who served on the bench of the highest court of his State, could never tolerate the idea of investing an official of our Government with any such arbitrary power as that. I am sure that he, together with all other good Americans, has too much regard for those fundamental rights which are set forth in the Bill of Rights, too much respect for what is regarded as right per se, things which we know are right by instinct, ever to tolerate a law which would give to any of our officials the authority and power of an autocrat. It is a great pleasure to me to serve with the Senator on this special committee because of his broad views and because of what I know is his pure intent.

Mr. President, there is much contained in the record of the proceedings before the special committee showing how Mr. Howes was urged by the independents to exercise that arbitrary power in spite of everything. After the Comptroller General's opinion was rendered on June 26, 1933, they had the audacity to treat that opinion as if it were an opinion which supported their claim that cancelation could be arbitrarily made by the Postmaster General, and a route opened up for bidding.

On June 29 they filed with him, he being then in charge of this particular business, a letter saying:

> I understand that you now have an opinion from the Comptroller General concerning the legal status of extensions of air-mail contracts. This, coupled with the authority granted in the independent offices appropriation providing for cancelation of contracts, has doubtless enabled you to determine the policies of your Department for the coming year. I wish to advise you that the Braniff Airways desires to submit bids for carrying the mail on routes which are already covered by certificates of extensions.

Observe the audacity of that declaration, away back in June 1933. In the face of the opinion of the Comptroller General, Braniff is trying to have the Post Office Department open up routes which are already covered by certificates of extension, so that he may get in there and obtain the other man's contracts. It is amazing that any such thing can be found in the record, but there it is. Is he after any small thing? Not at all. He lays out first, second, third, fourth, fifth, sixth, seventh, eighth in detail, great groups which take in much of the thickly settled areas of the United States east of the Mississippi, and part of it west of the Mississippi River.

The ambition of this man grew by leaps and bounds as he began to feel the strength of the organization they had formed, and the political influence that was coming down like a cloud of grasshoppers upon the Post Office Department, as Mr. Howes admitted was the case. Braniff was growing stronger and stronger, braver and braver, and he laid out a new air map. At one time he claimed that it would be all right and equitable if they left to the old operators the main trunk lines from ocean to ocean, and divided up all the feeder lines among the independents. Afterward he said they could carry all the mail from coast to coast and from Canada to the Gulf.

On January 30, 1934, Postmaster General Farley appeared before our committee, and admitted that, of course, no prejudgment of contractors should be made; that, of course, there should be a hearing for them. He admitted that he had found nothing substantially wrong with the contracts, upon which he had acted by cancelation, and further admitted that he had taken this course of conduct to which I have alluded with respect to these contracts based on their validity, and that his conduct could be interpreted as a ratification of those contracts. That was on the 30th day of January.

At another place in the record Postmaster General Farley testified straight from the shoulder that he had ratified those contracts and approved them.

What happened between January 20 and February 6, when the written representations drafted by Solicitor Crowley and Attorney Ristine were taken to the White House? We must not forget who killed Cock Robin here. There is not any question at all on this record that the one man, if there is one, who is responsible for the representations made in this case, is Solicitor Crowley. At least 17 times the Postmaster General testified before us that he did what he did upon the advice of and upon the representations made to him by that man. We have Crowley's admission that what was taken to the President was the document which we had in our committee, and which shows misrepresentation after misrepresentation in order to create the impression that there had been fraud and collusion in letting the contracts, in making the extensions, and in changing contracts into certificates.

The record shows that Mr. Howes on the witness stand regarded those meetings as not subject to criticism. He regarded extensions as authorized by the law. He himself had never recommended cancelation; and when asked point-blank who did, he testified that Solicitor Crowley was the man who recommended cancelation.

In the meantime, on February 2, tremendous pressure was brought to bear upon that office. Was it for the public interest? Was it to gain anything that would benefit the Treasury of the United States, or the millions of air-minded people who have been deprived of this great agency of speedy communication? Not at all.

That pressure, as shown by the record here, had for its sole objective saving the existence of the independent operators. They set up a Macedonian cry for help—"Save us, save us, lest we perish!" Against the policy of the law, against the command of the Constitution that every man shall have the benefit of due process of law, the Postmaster General canceled all those contracts. That was the first time in the history of the United States that men in a group were condemned in any such way. Yet these men, including a former great official of our Government, were condemned, and the badge of collusion and fraud was planted upon their foreheads by fiat of an official of Government.

Mr. President, I am going to close my remarks. The Post Office Department is apparently elated over the low bids which it received in response to its advertisements for 90-day air-mail contracts. Either its officials are putting up a bold front in an effort once more to deceive the public, or else they are still so much in the dark about the technical side of carrying air mail that they do not realize that the tragic experience of the Army will be repeated if these hastily organized air-mail bidders actually begin carrying the mail. In any event, they are "whistling in the dark." The only question is whether or not they realize how dark it is.

It appears that if the route from the Nation's Capital to Detroit is awarded to the low bidder, the equipment used will be airplanes which had been discarded by the former operator as obsolete and unsatisfactory for the service. Naturally, a bidder purchasing airplanes off the junk heap can afford to underbid a carrier using more expensive and more efficient equipment.

While I believe in economy, I am not willing to approve the saving of 4.2 cents a mile in the cost of transporting air mail when it means less efficient service and greater risk to human life.

Brushing aside the injustice which has been done to those who developed and pioneered the route by the ruthless cancelation of their contract, the Government owes a duty to the postal users and to the traveling public to provide them with the best service possible. If the Postmaster General does not recognize this responsibility, it is high time Congress brought it forcefully to his attention.

Another former operator, clad in a veil of Farley cellophane, who failed to cut his price sufficiently to be the low

bidder on his former route, has just taken delivery of a new twin-engined passenger and mail plane with a cruising speed of about 190 miles an hour. The low bidder on this route proposes to use an assortment of equipment which is 5 or 6 years old, and which cannot possibly render as safe and efficient service as that rendered by the former operator.

I call attention to the fact that on the route between Boston and Fort Worth, which is 1,750 miles long, the low bidder proposes to use eight single-motored airplanes capable of carrying only two passengers with the mail load. Furthermore, it is doubtful whether they can maintain a cruising speed of 110 miles an hour. If these new operators attempt to render as efficient service as did their predecessors by maintaining schedules under adverse weather conditions, the loss of life is going to be more severe than that experienced by the Army. It is true the weather conditions for the next few months will not be so severe; but between now and the time Congress meets again, bad weather will be encountered, and tragedy will again stalk our airways.

Esau sold his birthright for a mess of pottage, but at least he was dealing with something that was his own. The present postal administration is willing to risk the lives of passengers and pilots, not to mention the United States mail, in discarded second-hand equipment, for a paltry saving of a few cents a mile, and its officials have the effrontery to pride themselves on their achievement!

It is true that not all the lines are passing into new and inexperienced hands. On 8 out of 17 routes there was no competition. By that I mean there was only one bidder. On eight of these routes the bid price was 10 cents a mile above the average of the other nine and more than 22 cents a mile above the lowest bid, which goes to show that some at least had a pretty good idea on which routes real competition was to be expected and actually did occur. As a matter of fact, the average on the eight single-bid routes is practically the same as the average that was being paid the contractors prior to cancelation. However, there were instances where a reorganized management under the actual threat of the loss of their route, with a resultant scrapping of millions of dollars invested in fixed assets along their airways, bid ridiculously low rates in order to maintain their right to carry the mail.

The air-mail companies have been submitting their financial statements to the Post Office Department, month after month, for the past year of the present administration. These statements show that they were losing money prior to cancelation when they were receiving as mail pay from 10 cents to 20 cents a mile more than they bid, in order to protect their fixed investments and their goodwill.

There is no question in the mind of anyone but that these low bids were made because the bidders believed that within a year the compensation which they would receive for carrying the mails would be determined by a nonpartisan commission; and rather than see millions of dollars invested in their routes made practically worthless, they concluded to incur additional losses in order to protect their investments and secure a franchise. Their action in so doing should not be construed as an admission of overpayment in the past, but merely the bowing before an autocratic and unscrupulous abuse of power in an effort to save something out of the wreck of the finest air transport industry the world has ever seen.

How can the administration justify compelling corporations to do business for the Government on a cost-minus basis, when they have written into many of the N.R.A. codes the provisions which make it illegal to sell goods or services below cost, and have branded as a criminal a man who pressed a suit for 35 cents in violation of a code, when the code price was 40 cents?

In a letter of November 10, 1933, from Gen. Hugh S. Johnson to the President, transmitting a code of fair competition for the air transport industry he said:

> The total increase in pay roll will be about 20 percent. It is considered that this is a substantial contribution to the reemployment program in view of the fact that the Post Office Department mail payments, which form the largest item of the air-mail income, have been reduced approximately 28 percent for 1933.
>
> Through the provisions of this code, the industry has an opportunity to provide for the control of new operations so that it will not be subject to uneconomic paralleling of lines, and the destructive competition experienced during the course of development by the railroads and bus lines.

The President approved this report, and by so doing in effect covenanted that his administration was opposed to destructive competition in the air transport industry, and within less than 6 months from that date his own Postmaster General, who doubles as the chairman of the Democratic National Committee and chairman of the Democratic State committee for his own State of New York, invites and encourages—nay, he goes further and coerces and compels—destructive competition in this very industry.

Even at the risk of seeming to be sacrilegious, which I do not intend, I can almost hear the Democratic rooster crow thrice. But I look in vain for an expression of shame on the countenance of the present Postmaster General. On the contrary he has all the self-righteousness of the Pharisees of old.

Mr. President, what I have undertaken to do here has been to show the record as fully, as currently, and as logically as possible in order that Senators and others might be influenced by it, and to show the need of putting on the air brakes and of keeping this institution in statu quo until an adequate investigation shall have been made, findings returned, a report accepted, and permanent air-mail legislation based on sound information adopted.

Mr. LONG. Mr. President, I should like to ask the Senator from Vermont a question. I understood him to say that on 8 out of the 17 routes the bids were about the same as those on the routes which had been canceled. I understood from the public press—I have not seen the documents—that the new bids have been much less, as a general rule, on these routes.

Mr. AUSTIN. On eight of them there was nearly the same rate. I called attention to the facts yesterday. I had here the entire list in detail and may be able to find it in a moment.

Mr. LONG. I just want to ask one more question. Perhaps the Senator from Alabama, who is going to take the floor, can tell me. However, are the 8 of the 17 comparable with the other 9, or are they what might be termed exceptions?

Mr. AUSTIN. No; I do not think they are comparable. If the Senator will give me the time, I will search for the papers and will furnish him that information later.

Mr. BLACK. Mr. President, I desire at this time, in view of the many statements that have been made concerning the cost of carrying the air mail and the result of the recent bidding, to insert in the RECORD a detailed statement covering the facts. In the first place, preliminary to the insertion of the statement in the RECORD, I call attention to the fact that before the investigation began to which reference has been made, the Government was spending practically $20,000,000 for carrying the air mail. Last year Congress cut down the appropriation to $15,000,000. The Budget then cut it down to $14,000,000. It became necessary, therefore, to have a further reduction in the contracts. Some few were eliminated; some few schedules were abandoned.

At the time of the annulment the average rate paid per airplane-mile was 37 cents. The average rate per airplane-mile under the bids opened April 20 was 28.88 cents. The annual cost of the service under the bids opened April 20, 100-percent performance, will be $6,105,221. If the same average prevails for the service for which bids will be opened on April 27 and for the proposed additional route mileage, the total annual cost will be approximately $7,720,103. It is therefore clear that the Government will obtain the carriage of the mails over all the lines where the contracts were annulled for less than $10,000,000.

I ask that the statements be included in the RECORD. They show the mileage before the contracts were annulled, the daily mileage schedule, the daily mileage schedule of the Army, the route mileage under the bids opened recently,

and the route mileage covered by bids which are returnable April 27.

A great deal has been said about equipment and lack of safety. We will have the safest flying we have ever had.

Something has been said about a change to the use of single-motor planes. I have had prepared a complete list of the routes on which single-motor planes have been in use under the old commercial contracts. That will appear on page 2. On the same page will appear the routes on which single-motor planes may be used under the new contracts.

I also asked that I be given a statement from the Post Office Department as to the requirements in former contracts with reference to multimotored equipment, and I found that it did not exist. There was nothing in the old contracts with reference to multimotored equipment. The advertisements on routes 33 and 34 had a column reading:

Multimotor operation when necessitated by mail and passenger loads.

But the specific load was not stated.

The Department of Commerce has had a requirement for multimotored equipment which is still in existence under exactly the same conditions as heretofore.

I have found, also, that there have been a number of routes heretofore which were not carrying passengers at all. The contract did not require it, and it did not happen.

I found, also, with reference to the cruising speed which was mentioned, that the cruising speed required under the old contract was 90 miles, the cruising speed required under the advertisement A.M.–33 and A.M.–34, in 1930, was 100 miles, and the cruising speed required under the advertisement of March 30 was 110 miles.

This will give a very clear picture of the various contracts. All the dire prophecies to the contrary notwithstanding, the mail is going to be carried for far less than 50 percent of what it was previously carried, and it is going to be carried in safer planes, with more rigid requirements, and at greater speed.

I am not saying that the bids received are as low as they should be. I have no fear of any company's going bankrupt. I am too familiar with what they have been doing in the past. There will be no bankruptcy, and there will be no excuse for their trying to reduce the wages of any pilot or anybody else. I shall show tomorrow some of the profits they have been making—that one of them, for instance, which was not one of the biggest profit makers, in 1 year made over 300 percent profit on a mail contract—enough to last it for quite a number of years and to pay the pilots all they ought to be paid.

I do not want to go into detail, but merely to place in the RECORD at this time this full and detailed statement of the mileage heretofore flown, the mileage that will be flown, and the difference between what the people of the United States are going to have to pay and what they have been paying. I ask that the statement may be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

POST OFFICE DEPARTMENT,
SECOND ASSISTANT POSTMASTER GENERAL,
Washington, April 24, 1934.

MEMORANDUM COVERING AIR MAIL SERVICE MILEAGE

		Miles
(1)	Route mileage authorized to be flown by contractors as of Feb. 19	25,248
	Daily mileage scheduled to be flown	97,076
(2)	Route mileage authorized to be flown by Army, Feb. 20	11,543
	Daily mileage scheduled to be flown	40,830
(3)	Route mileage authorized to be flown by Army on resumption of service Mar. 19	7,457
	Daily mileage scheduled to be flown	25,514
(4)	Route mileage covered by bids opened Apr. 20	18,672
	Daily mileage scheduled to be flown	57,904
(5)	Route mileage covered by bids to be opened Apr. 27	3,665
	Daily mileage scheduled to be flown	7,872
(6)	Total route mileage covered by bids returnable Apr. 20–27	22,337
	Total daily mileage scheduled to be flown	65,776

MEMORANDUM COVERING AIR MAIL SERVICE MILEAGE—continued

		Miles
(7)	Additional route mileage proposed to be advertised	3,722
	Additional daily mileage to be flown	7,444
(8)	Grand total route mileage in temporary system advertised and proposed	26,059
	Grand total daily mileage to be flown	72,678
	(This can be increased by additional trips being authorized where service needs. The decrease in proposed scheduled daily mileage, notwithstanding an increase in route mileage, is explained by a reduction in the number of schedules on some routes where the needs of service did not warrant former frequency.)	
(9)	Additional route mileage in territory not heretofore given Air Mail Service	1,693
	Number new offices made stop points thereon	11

COST

(10)	Average rate paid per airplane-mile at time of annulment	$0.37
(11)	Average rate per airplane-mile under bids opened Apr. 20	$0.2888
(12)	Total amount authorized for Air Mail Service current fiscal year	$14,000,000
(13)	Annual cost of service under bids opened Apr. 20 (100-percent performance)	$6,105,221
(14)	If the same average prevails for the service for which bids will be opened on Apr. 27 and for the proposed additional route mileage, the total annual cost will be approximately	$7,720,103.30

INCOME

Receipts by Post Office Department sale air-mail postage, fiscal year 1933 ..... $6,116,441.57

PLANE EQUIPMENT

(15) List of routes on which single-motor planes are permitted under advertisements:

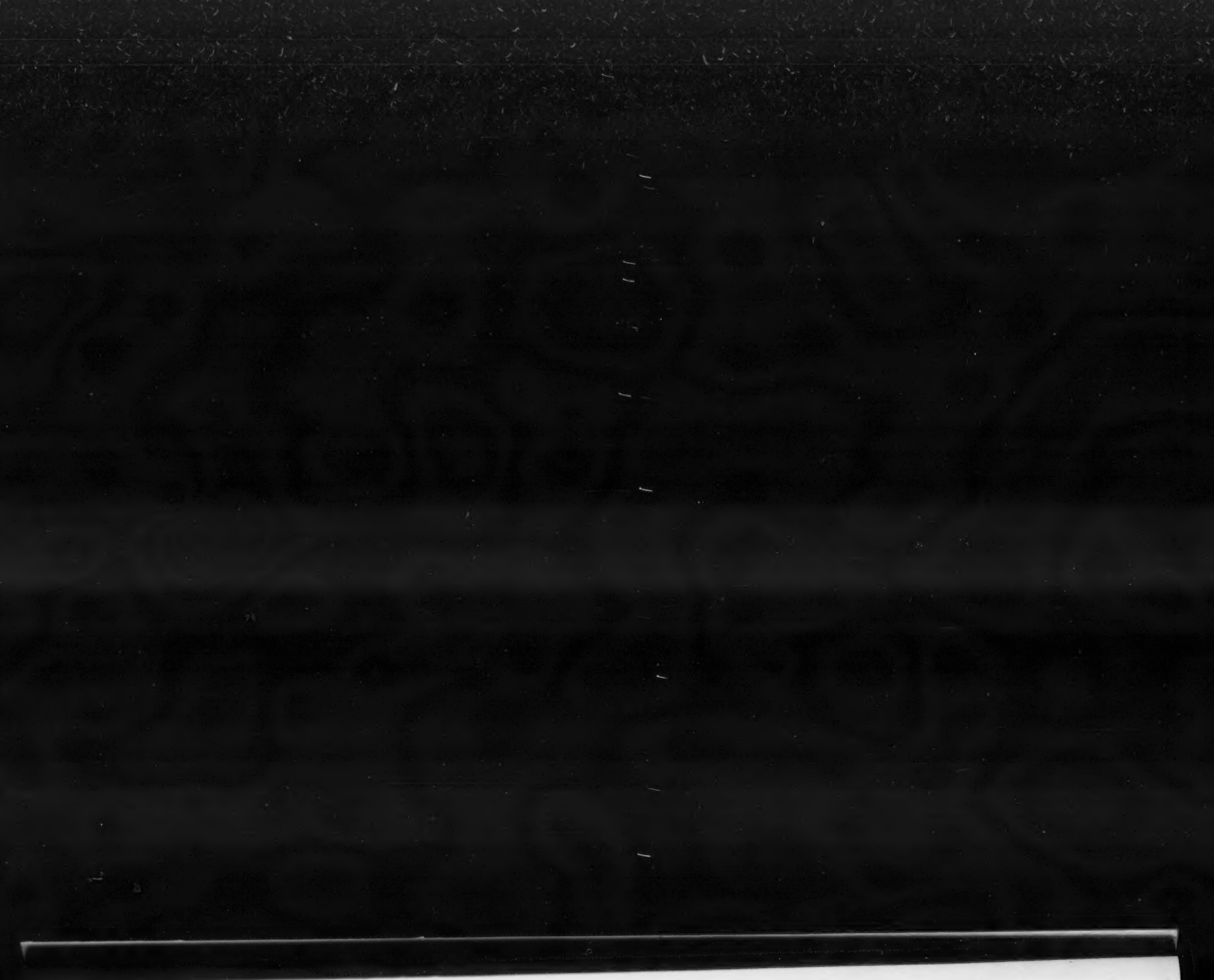
Route—	Route mileage	Mileage on which single-motor equipment is permissible	Remarks
Newark-Miami	1,195	1,195	If passengers carried multimotored equipment required on night schedules.
Newark-New Orleans	1,305	1,305	Multimotored equipment required for night schedules.
Boston-Fort Worth	1,753	1,753	If passengers carried multimotored equipment required on night schedules.
Chicago-Pembina	772	772	Do.
Chicago-Jacksonville	928	928	Do.
Chicago-Dallas	955	955	Do.
Amarillo-Brownsville	1,125	1,125	
Salt Lake City-Great Falls	517	517	
Cheyenne-Pueblo	201	201	
Chicago-New Orleans	903	903	
Fargo-Seattle	1,256	588	Multimotors on night schedules between Fargo and Billings.
Detroit-Milwaukee	257	257	Single motor if amphibian, multimotor if not.
Newark-Chicago (via Buffalo)	794	504	Single motor permitted on day schedule between Buffalo and Chicago.
Total	11,991	11,003	

(16) Character of equipment operating prior to annulment:

Route:
Newark-Miami, single- and multi-motor.
Newark-New Orleans, single- and multi-motor.
Boston-Fort Worth, single- and multi-motor.
Chicago-Pembina, single- and multi-motor.
Chicago-Jacksonville, single- and multi-motor.
Chicago-Dallas, single- and multi-motor.
Amarillo-Brownsville, single- and multi-motor.
Salt Lake City-Great Falls, single motor.
Cheyenne-Pueblo, single motor.
Chicago-New Orleans, single- and multi-motor.
Fargo-Seattle, single motor in operation Fargo to Billings.
Detroit-Milwaukee, single motor.
Newark-Chicago (via Buffalo), single- and multi-motor.

(17) Which of former route contracts or certificates required multimotor?

With reference to requirements in former contracts, multimotor equipment was not specifically required in any of the old contracts. The advertisements on routes 33 and 34 had a column reading: "Multimotor operation when necessitated by mail and passenger loads." The specific load, however, was not stated, although the formula indicated that 563 pounds of mail would authorize payment for multimotor. It appears that its use was voluntary, however. So it may be stated no positive requirement by Post Office Department existed as to operating multimotor equipment.



PASSENGERS

(18) At time of annulment the following schedules were not carrying passengers:

Route—	Remarks	Route miles
Newark-Kansas City	1 round trip	1,135
Kansas City-Los Angeles	do	1,474
Chicago-Cincinnati	do	271
Cleveland-Fort Worth	do	1,141
Fort Worth-Los Angeles	do	1,329
Chicago-Atlanta	do	641
Atlanta-Jacksonville	do	282
Newark-Miami	do	1,195
Total		7,468

(19) Routes advertised March 30 and April 6 which leaves optional as to carrying passengers.

Route:	Route miles
Chicago-Jacksonville	928
Chicago-Dallas	955
Boston-Fort Worth	1,753
Total	3,636

SPEED

	Miles
(20) Cruising speed required under old contracts	90
Cruising speed required under advertisement for AM 33 and 34 in 1930	100
Cruising speed required under advertisement March 30	110

NOTE.—Since the above was written, it is proposed to add new service from Boston via Portland and Augusta to Bangor, and from Boston, via Concord, to Montpelier, total milage 370 miles, with a total annual mileage of 24,055, and with an annual cost on the basis of 30 cents per airplane-mile of $81,030. This would bring the total route mileage as shown in item 8 to 26,429 and would change item 9 to 2,063 miles, and increase the number of new offices from 11 to 16. This addition will increase the total daily mileage to be flown, as shown in item 8, from 72,678 to 73,418.

ORDER FOR CONSIDERATION OF THE CALENDAR TOMORROW

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Alabama yield to enable me to submit a unanimous-consent request?

Mr. BLACK. Certainly.

Mr. ROBINSON of Arkansas. I ask unanimous consent that tomorrow, at the conclusion of routine morning business, the Senate proceed to the consideration of unobjected bills on the calendar.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, would that permit us to call up bills on motion? For instance, I may desire to submit a motion to discharge the committee from the further consideration of a bill.

Mr. ROBINSON of Arkansas. No; under the agreement I have proposed the Senate can consider only unobjected bills on the calendar.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

EXECUTIVE MESSAGES REFERRED

The Presiding Officer (Mr. McGILL in the chair), as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

ADJOURNMENT

Mr. ROBINSON of Arkansas. Mr. President, I understand the Senator from Alabama does not desire to proceed further this afternoon.

Mr. BLACK. I am perfectly willing to yield the floor if any other Senator desires to speak this afternoon.

Mr. ROBINSON of Arkansas. I so understood. I also understand there is no other Senator who desires at this time to discuss the pending bill. Therefore, I move that the Senate adjourn until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 3 o'clock and 15 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, April 25, 1934, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate April 24 (legislative day of Apr. 17), 1934

UNDER SECRETARY OF THE TREASURY

Thomas Jefferson Coolidge, of Massachusetts, to be Under Secretary of the Treasury, to fill an existing vacancy.

UNDER SECRETARY OF AGRICULTURE

Rexford Guy Tugwell, of New York, to be Under Secretary of Agriculture.

UNITED STATES ATTORNEY

Thomas D. Samford, of Alabama, to be United States attorney, middle district of Alabama, to succeed Arthur B. Chilton, deceased.

UNITED STATES MARSHAL

Lon Warner, of Kansas, to be United States marshal, district of Kansas, to succeed Donald H. MacIvor, term expired.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 24, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Blessed Lord, hear our prayer; give ear to our supplications. Thou art so good and Thy mercies are over all Thy works. May we be made men of the knightly spirit, laboring for the things outside of our own desires and taking chief pleasure in lowly service for others. Keep before us the truth, namely, "no one is our enemy unless he makes us hate." Oh, may that arch foe never enter the doors of our souls. Heavenly Father, inspire us with the spirit of the Great Teacher, which produces the finest type of life, the most persuasive endeavor, and resolves the discords into brotherly harmonies. O God, keep us from presumptuous sins, which so often cause good intentions to dwindle into small proportions. We earnestly pray that the ministry of this Congress may be most fruitful for all our people throughout our country. In the Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

QUESTION OF PERSONAL PRIVILEGE

Mr. BLANTON. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Mr. Speaker, Mr. Hearst's Herald this morning, under large headlines, prints the following:

AGE PENSIONS SACRIFICED TO ABILENE RACE—DISTRICT BILL BLASTED BECAUSE TEXAN FEARS IT MAY BE HURTFUL TO HIS REELECTION

By Pat Frank

Because the Representative from Abilene is up for reelection this year, 1,240 aged and wrinkled and needy residents of the District are almost certain to be deprived of an old-age pension and happiness in their declining years.

Down in Texas, they haven't an old-age pension. The Representative from Abilene, who by some strange freak believes it his duty to keep the people of Washington from getting what they want, isn't going to let the District have what they haven't got down where he comes from.

* * * * * * * *

This was after the panhandler, with a 3-hour filibuster, single-handed, practically blocked any hope of the passage of the District old-age pension bill.

* * * * * * * *

(Texas papers please copy.)

Then the article goes on to attack me further in my representative capacity for having opposed yesterday a bill which I believed to be unsound.

I hold this gives me a question of privilege.

The SPEAKER. The Chair thinks the statements affect the gentleman in his representative capacity and that the gentleman states a question of privilege. The gentleman from Texas is recognized for 1 hour.

Mr. BLANTON. Mr. Speaker, I shall consume only a few minutes of time, because I know we have important

business to transact, but I am getting tired of Mr. Hearst and his reporters hamstringing me every time I faithfully perform my service here for the people whom I have the honor to represent.

I opposed this District of Columbia old-age pension bill yesterday because it is a bad bill. I am in favor of a national old-age pension bill for all of the people of the United States whenever our Nation can afford it. I called attention to the fact that the District Commissioners had sent word here to the committee that hte District budget could not possibly stand up financially under the provisions of this bill, and yet the committee were going to put it over on the people of the District when their budget would not stand it. Why? They must have thought the Government of the United States would come in and furnish the money. I did not want my constituents and the rest of the United States taxed to furnish an old-age pension to Washington, when they had none of their own.

I called attention to the fact that the provisions of this bill authorized the Commissioners to appoint just as many employees as they saw fit and gave them carte blanche authority without any limitation. It also gave them the right by designating them by name as director or assistant director or chief or assistant chief to pay any kind of salary they wanted authorized under the Classification Act of 1923, and the right to appoint employees without number and the right to fix their salaries by naming the office they hold is an authority we should not delegate to Commissioners, but should be exercised alone by Congress.

I showed provision after provision in this bill that is unsound. I showed that they allowed a home to be owned by the pensioner worth $3,000 and that they allowed personal property of nearly $1,000 to be owned; that they attempted to pay $35 to both the husband and the wife, or $70 to a family, when in New Jersey they paid $14, and in Michigan I think they pay $24, and in California not over $30.

Mr. PATMAN. Will the gentleman yield?

Mr. BLANTON. I only want to take up a few minutes of time.

When this House adjourned yesterday and I was leaving the House floor I found a plant at that door when I went to leave here, so arranged with a lady present that I could not say what I would like to say to outsiders who would accost me. I found two newspaper reporters present, whose names I did not know, but one of whom I understood was one of Mr. Hearst's reporters, attempting to call me to order for what I had done on this floor. I told him I did not have to account to him or to Mr. Hearst or to anybody else for what I did on this floor. Then he told me he was going to give me "hell" in his paper this morning, and I told him whenever he did I would give them just as much as he gave me. [Laughter and applause.] And in the Herald this morning I find this attack by Pat Frank, and hence I presume that he must have been one of the two reporters who accosted me. I do not live in any panhandle, and have never lived in a panhandle, hence when Hearst's Herald referred to me as "the panhandler" it was unwarranted abuse, and nothing else. My district is the geographical heart center of the great State of Texas.

Has the time come in the history of this country when a Representative in his representative capacity has to account to Mr. Hearst's Herald and other Washington newspaper reporters, when the House adjourns, for what he does on the floor of the House—not with me. I am one Member here who does not have to account to them.

Mr. PARSONS. Will the gentleman yield?

Mr. BLANTON. I am sorry, but I want to use only a few minutes. I do not have to account to Mr. Hearst. Just what excuse did Hearst's reporter, Pat Frank, have for thus attacking me? None! I want to put Mr. Hearst and his papers on notice right now that if he ever makes a dirty, little, cowardly dig at me in his papers again, I am going to take this floor and I am going to give his life history to the people of the United States. [Applause.] Has he forgotten the speech made in this House in 1898? Has he forgotten Sullivan's later speech? He loves to print the sensational in his paper. Does he know what good men and women in California are now saying about him? Ah, if he forces me to it, I will give you something that will make the old CONGRESSIONAL RECORD so sensational that they will quit reading the Hearst papers and read the CONGRESSIONAL RECORD. [Laughter.] I have a stack of affidavits in my office from the good men and women of California, telling me about some of the escapades of Mr. Hearst on the west coast that would make the mothers of this country sit up and take notice of what a multimillionaire moron can do with his money in the United States.

Do you think I am going to let this rounder continue to abuse me in his papers? Mr. Hearst, you had better look out, I have got your number and I am going to put you in this RECORD if you libel me any more. [Laughter and applause.]

I have a letter here from one of the most prominent clerks of one of the most prominent committees that ever served this House and he tells me he was here when Mr. Hearst was sworn in, and he mentions the very few scattering times in the Fifty-eighth and Fifty-ninth Congresses that Mr. Hearst appeared in this House, and practically all he did was to draw his salary. He was sworn in and drew his salary, but he performed no service here. When I take an oath and draw my salary, I serve the people for it.

That is all I have to say, Mr. Hearst. Go your way and "give me hell" when you want to, but look out that you do not get a little of it yourself. [Laughter and applause].

CALENDAR WEDNESDAY BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection?

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. I understood there was a prior order of the House for another speaker on the program.

The SPEAKER. The gentleman is correct but the gentleman from New York has yielded.

Mr. BANKHEAD. I have no disposition to object.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Speaker and Members of the House, our President published a book recently, the title of which is "On Our Way." Not only is our Nation on its way but the Democratic Party is also on its way to greater achievements. I should like to read a short article from a newspaper published in my district to this effect:

REPUBLICAN LEADER IN ARCADIA IS CIRCULATING PETITIONS THIS WEEK IN SUPPORT OF CONGRESSMAN HOEPPEL

A. L. Parker, for many years an active leader in the Republican ranks, who was head of the organization 2 years ago in Arcadia to organize by precinct in Arcadia for the reelection of President Hoover, said yesterday he will change his registration at once to the Democratic Party.

Mr. Parker is now circulating a petition in support of Congressman J. H. HOEPPEL for reelection.

"On my petition yesterday I obtained the signatures of four Republicans and two Socialists, who said they would change their registrations at once to the Democratic Party", Mr. Parker said.

More than 3,000 names have already been attached to Hoeppel petitions now being circulated in the Twelfth District. The circulators are seeking a total of 18,000 names.

Success, however, always stimulates the activity of the enemy and so, with the growing confidence of the American people in the principles of our party, we have, at the same time the renewed opposition of selfish interests, evidenced by the insidious criticisms of our Democratic leadership appearing in the press. In time of war, the enemy is very anxious to snipe a general or any other high-ranking officer who goes into the front lines. In political life our leaders are always in the front lines, and in this administration their courage

and determination to lead us in the enactment of liberal legislation in the interests of the people has made them the target of those whose only fear is the destruction of their own special privileges.

I do not believe that the sniping comes from the Republican side. In my opinion, all of this sniping comes from sinister interests, from interests opposed to the progressive legislation we have enacted, and especially from interests opposed to the proposed legislation for the regulation of stock-exchange practices.

Mr. BLANTON. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. BLANTON. Our friend the distinguished gentleman from California realizes that right now our able Speaker of this House and our able and beloved Democratic leader, Mr. BYRNS, have the confidence, esteem, and solid backing of the Democrats of this House. Is not that so? [Applause.] And they also have the confidence and respect of the Republicans on the other side of the aisle.

Mr. HOEPPEL. Not only do they have the solid backing of the Democrats of this House but they also have the solid backing of the American people. [Applause.] While I have sometimes been in the ranks of those who voted against the so-called "administration policies", my opposition was, in the aggregate, in the interests of the veterans and the Federal employees. I pledged my loyalty to the cause of the Democratic Party, to our distinguished Speaker and the Democratic leadership, and in my voting here I have adhered to the principles of the Democratic platform. [Applause.] Our leadership may have made some mistakes, but I do not approve of the sniping that has been going on in some newspapers in opposition to our able Speaker and floor leader.

Mr. DUNN. Will the gentleman yield?

Mr. HOEPPEL. Yes; I yield to the gentleman.

Mr. DUNN. Is there really any difference between a progressive Republican and a progressive Democrat?

Mr. HOEPPEL. I do not want to differentiate now between the characteristic qualities of progressive Republicans and progressive Democrats, but at this time I do want to express my appreciation of the service of our distinguished Speaker. He may have made some mistakes, but all good leaders make mistakes, and he is the type of man I wish to follow. [Applause.]

I wish to follow him especially on one thing uppermost in his mind, and which is also uppermost in the minds of a majority of the Democratic Members. The mere fact that our distinguished Speaker is in favor of the remonetization of silver, notwithstanding any mistake that he may have made before, establishes him in the new deal as a progressive leader in the interests of the people.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. MARTIN of Massachusetts. Will the gentleman kindly confide to the House these mistakes that he is talking about?

Mr. HOEPPEL. Perhaps if the report is true, the Speaker may have made one mistake when the purported black list was published, but I do not believe the Speaker is responsible for that.

I should like to say a word now in appreciation of the service of our able floor leader. [Applause.]

Where could we find a more amiable and worthy individual than our present floor leader? He is the personification of all that the word "gentleman" implies. It is a distinct pleasure to me to watch him unlimber the political Big Berthas when the need is imperative to hold Democratic lines. Even though individuals like myself are not always compliant, nevertheless I hold myself subject to the leadership of our distinguished Speaker and our floor leader, especially when they are attacked by our political enemies and the agents of special interests. In this I feel our entire Democratic membership is in accord.

Before I was a Member of Congress I came here and contacted our floor leader, and I found him an outstanding American and liberal in his views. I was especially interested in him some 2 years ago when I found him to be a man with a heart as big as this Hall. He was sincerely in favor of liberal legislation, and we are going to get liberal legislation if we will surmount the opposition and unite to combat the sniping which is directed at our leadership. If the snipers can discredit our leadership, naturally they will destroy our effectiveness, and this Congress will lapse into a stalemate as far as liberal legislation is concerned.

The discrediting of the House Democratic leadership is of especial interest to Wall Street agents, that special lobby which is spending untold sums to frighten Congressmen into emasculating the stock-exchange regulation bill, notwithstanding that the great bulk of the American people want this legislation enacted. The stock exchanges should be brought under the regulation and surveillance of the Government in the interest of honest business, and we will attain this objective if we will disregard the sniping directed at our leadership and continue to rally to their support. We cannot permit sniping in any form to frustrate the endeavors of the Democratic Party to enact liberal legislation in the interests of the people.

In the words of our President in his recent book, we are on our way, and I repeat that we will attain our objectives more expeditiously if, united under a progressive leadership, we will ignore the sniping of the Wall Street interests which seek to control us. [Applause.]

The SPEAKER. The time of the gentleman from California has expired.

EXTENSION OF REMARKS

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to extend the remarks I made in the House on April 17.

The SPEAKER. Is there objection?

There was no objection.

THE SUGAR BILL

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent to extend my remarks to include a news item containing a statement made by Senator COPELAND on the sugar bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANZETTA. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following news item containing a statement by Senator COPELAND on the sugar bill.

[From the Washington Herald, Saturday, Apr. 21, 1934]

PUERTO RICANS GET RAW DEAL, SAYS COPELAND—ATTACKS SUGAR BILL PASSED BY SENATE AS UNFAIR TO ISLAND AND COSTLY TO UNITED STATES CONSUMER

By ROYAL S. COPELAND, United States Senator from New York

American citizens living in Puerto Rico had a raw deal yesterday. By an overwhelming vote the Senate refused to increase the sugar quota for the island and thus improve living conditions of its inhabitants.

There will be many a hungry Puerto Rican by reason of what was done by the Congress.

OVERLOOK OBLIGATIONS

It would be bad enough to disregard the needs of the inhabitants of some island lying off the coast of Africa, subjects of some country in the Eastern Hemisphere. But to overlook the obligations we owe to Puerto Rico is something I cannot approve.

I made an appeal yesterday on behalf of the Puerto Ricans and their sugar quota by pleading that they are our fellow citizens. I pointed out what their trade means to us.

I could do this in all truth because Puerto Rico is one of our best customers, buying more than Cuba does. All these arguments fell on deaf ears.

INTERESTED IN CUBA

I have always been interested in Cuba. Almost the first public speaking I ever did was to urge that the United States intervene in Cuba. I went up and down the country with Quesada, the able advocate of Cuban freedom. Naturally I have sentimental reasons for wishing Cuba to prosper.

But frankness compels me to say that if I must choose between Cuba and Puerto Rico, an American possession, I must be for Puerto Rico.

It would seem to me that everybody should favor our fellow citizens in that island, but what we did yesterday helps Cubans instead of Puerto Ricans.

ADDS TO SUGAR COST

The American public will pay the bills for what the Senate did. The act will add at least $200,000,000 a year to the cost of sugar sold to United States housewives.

This enormous bill is presented to us in order that the inordinately expensive production of beet sugar may continue at the expense of the American people.

In short, we ruthlessly abandon Puerto Rico and dig into our pocketbooks for the beet sugar farmers.

EXTENSION OF REMARKS

Mr. DE PRIEST. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by publishing an article appearing in the magazine Today, edited by Mr. Moley.

The SPEAKER. Is there objection?

Mr. BYRNS. What is the subject? We have not been permitting publications of that kind to be put into the RECORD.

Mr. BLANTON. Has the gentleman from Pennsylvania [Mr. RICH] passed on this proposed insertion? He is a member of the Joint Committee on Printing, whose duty it is to keep out all extraneous matter.

Mr. RICH. Mr. Speaker, that is the duty of the chairman, the gentleman from North Carolina [Mr. LAMBETH], to take care of the Republicans, and I hope he will be able to do that.

Mr. BLANTON. The gentleman from Pennsylvania [Mr. RICH] is very active sometimes in the performance of his duties, and I am glad to see that he is here, as we do not want to overlook anything. I know that if he lets this go by it must be all right.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I reserve the right to object. If the chairman of the committee thinks that we should permit these articles to go in, I have no objection.

Mr. RANKIN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

REPUTATION OF CONGRESS

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio speech delivered on April 17, by my colleague from New York [Mr. CELLER].

The SPEAKER. Is there objection?

There was no objection.

The speech is as follows:

Someone asked me the subject of my discourse this evening, and I replied, "Reputation of Congress." My questioner asked, "Has it any left?"

This tendency to hold Congress in derogation is a favorite indoor sport. This custom has prevailed since the inception of Congress. When I first came to Washington as a Representative 12 years ago, I asked a little girl why the streets were lettered instead of numbered. Why "F" Street and "M" Street? She retorted, "That is the only way we can teach the Congressmen the alphabet."

Indeed, finding fault with Congress is nothing new. As far back as 1780, Jeremiah Wadsworth, a Member of the Continental Congress, in writing Gen. Nathaniel Greene, advised him that he had come to the conclusion that his colleagues were governed by principles unworthy of the meanest of God's creatures. I picked up a western paper dated 1890 and found the following item: "Great discovery made in Arizona. Seven-inch skull sent to Washington without the formality of an election." Very likely, if you would peruse the newspapers and periodicals of 1800 or during Andrew Jackson's decade you would find the following quip, "A Congressman is the lowest form of animal life."

During Abe Lincoln's decade, you will find the following colloquy reported:

Query. What is a Congressman?

Answer. One who wears a long black coat, a black hat, and a black tie, talks an hour and never stops to think a minute.

When women were first being impaneled for jury duty in one of our States, the lawyers questioning prospective female candidates, asked one who was called if she believed in capital punishment. "Yes," she promptly replied, "all those Congressmen should be punished."

John Sharpe Williams, retiring from Congress, said he fled from it as one would from a charnel house.

Former Vice President Marshall emphatically declared, "Congress is the omnium-gatherum."

Congress often bears the brunt of humorists such as Will Rogers and Irvin Cobb.

However, we in the lower House, if we can believe some mad wags, are not too bad off. One said the Senate is the place where good Representatives go when they die. Another, when asked the name of the lower House, inquired, "Is there anything lower than the Senate?" And, being a Democrat, I may be pardoned for saying, "And perhaps we Democrats in the lower House are better off than the Republicans, for it is said 'the Republicans are going from bad to Wirt.'"

Why all the sarcasm? Why all the spleen and venom? Why the jokes at the Gridiron Clubs? The reason is not hard to find. Congress is compelled, for example, to raise taxes to defray the expenses of government. In doing so it passes an income-tax amendment to the Constitution. It passes inheritance taxes and excise taxes, like imposts on checks and gasoline, most of which affect a large majority of the citizenry. Their "pocket nerve" is touched. They feel that something is being unwarrantedly filched from them. Congress even interferes with the people's leisure by a tax on admissions to movies and amusements. The rank and file conclude, finally, that the Congressmen are just a bunch of conscienceless bandits.

Congress passed a prohibition statute. It wounded the sensibilities of a great many people by doing so. The "wets" felt that their personal rights were being tampered with. They rebelled and called Congress some terrible names. When Congress remedied the situation by repealing prohibition it received little credit for its benefaction. The "drys" now yelled furiously. It was their turn to feel offended at Congress. Thus the circle of congressional enemies widened.

The voices of one's foes are always loud and articulate. The voices of friends are usually mild. The saying goes, "Your friends sometimes sleep. Your enemies never do." The friends of Congress seldom praise; the foes always scold. The friend of today easily becomes the enemy of tomorrow. Once an enemy, always an enemy. Any one bill adverse to his interests is never forgotten by the citizen.

Congress passed a bill providing for female suffrage. While most women rejoiced, many men bore resentment against Congress for giving their better halves the right of suffrage.

So with the passage of the child-labor laws. Many in the South were very resentful. We interfered with their liberties and the conduct of their business.

Thus with most statutes. Somebody's corns are trod upon. They wince. They place upon Congress the responsibility for all their ills. They curse it up hill and down dale. Small wonder, therefore, that the reputation of Congress now, as ever, is at low ebb. Of course, that reputation is ill deserved. If Congress were as black as it is painted, one wonders how the country ever grew great during all the years that Congress has prevailed. One would imagine that with such a halter as Congress around its neck, the country would be strangled.

If one of the most important branches of the Government, such as Congress, has been so sinful and remiss as the quips and thrusts of humorists and captious critics would have you believe, then the wonder grows how we made any progress at all.

Yet, casting one's eye back over 100 years, legislation has been passed which has built up the West, expanded trade and agriculture, made possible the great growth of railroads, made way for our merchant marine, telephone and telegraph and radio communications. Congress has helped in the building of the great airplane and automobile industries. It gave us the N.R.A., the A.A.A., the R.F.C., and other recovery agencies. It opened up the continent to immigration in the early days and closed the gates to the newcomers when that was deemed wise. It has guided the ship of state through the perils of war and the vicissitudes of peace.

Modesty forbids one of its Members to enumerate the many favors bestowed upon the Nation by Congress.

Another difficulty we must overcome is the fact that most people believe that all great men are dead. There are many brilliant and worthy men in the present House and Senate. All the famous men in public life who lived 50, 60, or 70 years ago seem to be the only ones to merit the laurels. The heroes are dead. Yet a comparison between many Members of the present Congress and the Members of any Congress that you might select of years ago would indeed show that there is no great difference between those now living and those dead as far as wisdom, vision, initiative, efficiency, and statesmanship are concerned. The great heroes of the past were human, subject to the same foibles and sins to which we, the present Members of Congress, are subject. We revere and set high on a pedestal men like Webster and Clay. Yet those legislators were realists and opportunists, at times even trimmers and hedgers and evaders, just as our Representatives and Senators of today. Both Clay and Webster were consumed by an overwhelming ambition to become President, and this ambition frequently clouded their judgment in the matter of voting. It may be that villianies of many sorts were indulged in by them. It is well known that Clay gambled too much and Webster drank too much.

The story is told that Webster went to the official of a certain bank in Washington and asked to borrow $500. He offered his note. The banker told him it was not the practice of the bank to loan money to private individuals without an endorsement. Webster was told to get a friend of his to endorse his note. He searched his memory but could not think of anyone who would be willing to oblige him. He left the bank rather crestfallen. He walked down Fifteenth Street and met Henry Clay. He said, "Henry, I need $500. The bank tells me they will not make this loan to me unless I have an endorser on my note." Clay's face lit up and he said, "That's fine, Dan. I also need $500. You endorse my note and I will endorse yours." Legend has it that the bank still possesses the notes.

I do not know how true the story is, but, judging from what I have read of the two gentlemen, it is typical of their habits.

It is not disparaging to speak of Clay and Webster in this manner. They were not perfect. They were not mealy-mouthed saints. They were subject to many of the ills to which the human flesh is heir. Well might we say that they were entitled

to some sins. Giants can carry a thousand sins, and even the sun has its spots. No one is perfect. Yet Clay and Webster and Calhoun are always looked upon as perfect specimens, and it is held that the present Members of the House and Senate cannot hold a candle to them.

One of the best hated men who sat in the United States Senate was Senator Sumners, of Massachusetts. In New England he is the outstanding hero of the Civil War period. Yet General Grant despised him. When it was alleged that Sumners did not believe the Bible, Grant said, "No; I suppose not. He did not write it." Sumners had an overweening sense of conceit. Monuments have been erected to him, yet he had a bitter tongue and was often most unjust to his colleagues. He made a very ferocious attack on Senator Butler. It was so foul in its billingsgate that a nephew of Butler, Preston Brooks, pounced upon him in the Senate Chamber and well-nigh caned him to death. Incidentally Preston Brooks, who was a Member of the House, was censured by that body. He resigned, was reelected, and was presented with a new cane by the delighted citizenry of South Carolina, which State he represented. In Massachusetts Sumners is always a hero. In South Carolina Preston Brooks is always a hero. I doubt whether there is anyone in the present Membership of congress who could use the foul billingsgate indulged in by Sumners, or anyone like Brooks who would attempt to cane a colleague to death.

Remember further that the Congress represents a fair slice of the American population. Just as water never rises above its source the Members of Congress do not rise above the worthiness of the people who elect them. Very often, as soon as a man is elected to public office, intellectual miracles are expected of him. He is pitched or catapulted into a position of power and, therefore, great deeds are immediately anticipated.

There often arises the question as to whether a Congressman should lead or follow the public opinion of his district or his State. Shall he vote the way his constituents indicate or shall he attempt to vote contrary to their wishes, in the hope of lifting them out of the quagmire of error. A Member may, in true statesmanlike fashion, too often vote against the will of his constituents. It may seem to him the statesmanlike thing to do. But he cannot hold his seat and at the same time brave too often the onslaughts of his erring constituents. He brings the pitcher to the well too often. He finds himself soon defeated. Senator WADSWORTH, of New York, honestly and conscientiously voted against the soldier's bonus, voted against female suffrage, and voted against the eighteenth amendment. There soon united against his minority, forces resulting from these negative votes consisting of suffragettes, prohibitionists, and veterans. They became the majority and defeated him. It is difficult, therefore, for a conscientious Member of either House to follow the dictates of his own reasoning and do what he personally believes to be right, and at the same time satisfy his constituents or a great many of them who believe he is doing wrong. Ofttimes a Member will hedge and trim as did Clay and Webster, whom we now revere.

Indeed, Congress is far better than its reputation. On the whole its Members are worthy and efficient. Never forget Congress is the repository of the liberties of the people. It is the touchstone of democracy. With it there can be no dictatorship, no communism, no fascism, no Hitlerism. It is a worthy and efficient Congress that guards you from these evils.

LEGISLATION OF THE SEVENTY-THIRD CONGRESS

Mr. CROWE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and in the second place to extend my remarks by including letters received from James E. Van Zandt and the legislative chairman of the American Legion.

The SPEAKER. Is there objection?

Mr. TABER. Mr. Speaker, as to the second part of the request I object. I refer to the matter of the letters.

The SPEAKER. Is there objection to the request of the gentleman from Indiana to extend his own remarks in the RECORD?

There was no objection.

Mr. CROWE. Mr. Speaker, one of the greatest days in American history was March 4, 1933. On that bleak March day, with the banks closed, more than 13,000,000 idle working men, 30,000,000 farmers in distress, the eyes of the Nation and the world were turned to Washington, where a great leader was to take the oath of office of President of the United States—Franklin D. Roosevelt.

President Roosevelt's program, for the most part, is a progressive program. Much of the old order must of necessity be discarded. A lot of it must be discarded for the reason, according to the old slang phrase, "it was everybody for himself, and the devil take the hindmost man." The so-called rugged Americanism had resolved itself into a situation where a few could practically own, rule, and control the Nation. This, to the detriment and great loss of the great mass of the American people.

It is stated that President Roosevelt said at or near the time he took office that if he could be right 75 percent of the time, his tenure of office would be a success. There is no question in my mind, looking back at the picture from that date until now and looking into the future with what I can see and know of the administration, that his batting average has been and will be much higher than 75 percent, hence I predict his administration to go down in history as one of the greatest, and he will be recorded as one of the greatest, if not the greatest of American Presidents.

Personally, I have long prided myself as being a progressive. Accordingly his progressive legislation has been music to my ears. Since the Nation had gone into the slough of despond and the entire country had reached such a low ebb, both as to finances and spirits, it required progressive legislation to revive those drooping spirits and bring the Nation back again to prosperity.

For the information of those who have not followed my voting record in Congress, will say that I have worked for, supported, and voted for almost every measure of the recovery program, both the large measures and the smaller ones. My voting has been consistently in the public interest as against the special interests and against graft and greed. In the special session of Congress the following major bills were enacted into law: Emergency banking relief, maintenance of Government's credit (economy), permit and tax beer, emergency agricultural relief, farm-mortgage relief, and currency issuance and regulation, unemployment relief (reforestation), Federal emergency relief, Muscle Shoals and Tennessee Valley development, relief of small home owners, supervision of traffic in securities, railroad reorganization and relief, industrial recovery, public construction, taxes, and governorship of Hawaii.

Every one of these I voted for and worked for except one. At the end of the special session I received the following letter from the Honorable James A. Farley, which indicates that my record met with the approval of the administration:

HON. EUGENE B. CROWE,
House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN: I want you to know that I greatly appreciate the support you gave the administration program during the session just closed. I feel certain the people of the country generally realize that more beneficial legislation was passed at this session of Congress than ever before in the Nation's history.

For the part you played in these remarkable accomplishments, I want you to know that I am personally grateful.

With best wishes, I am, sincerely,

JAMES A. FARLEY,
Chairman Democratic National Committee.

In the present session of Congress, I have voted for and have earnestly supported every measure of the recovery program, the major measures of which are as follows: Independent offices bills; intoxicating liquors, tax; farm debts, refinancing, establishing corporation to aid; Reconstruction Finance Corporation, authorizing to continue; currency system, protect; naval vessel, authorize construction to treaty limits; civil works, and so forth; Revenue Act of 1934; Tariff Act of 1930, amendment.

My record, as can readily be seen, and is of record, is one of which I am not ashamed and ranks among the highest among the Members of Congress in the support of the President's recovery program. Twenty-two major bills have been enacted into law in the special and regular session, besides numerous smaller bills which had administration support, all of which I have supported except two, which is a very high percentage.

I have the personal endorsement of the Speaker of the House, the Honorable HENRY T. RAINEY, and of the floor leader, the Honorable JOSEPH W. BYRNS, in clear language, complimenting my work and my voting record and my general standing in the House of Representatives.

I have a clear, defined belief concerning the rights of veterans. I feel the same toward them when they are marching home from war as I do when they are going forth to war. When they are drafted or volunteer and offer their lives and all they have to their country, everyone is strong for them. I feel the same way toward them when they

come home, when they are disabled, when they are sick and afflicted. I have many times expressed myself thus to them. I have promised to support any veterans' legislation which I deemed fair and just. I never consider promises made just a thing to run on. I consider my promise a thing to stand upon and to live up to when the test comes; accordingly, I have consistently voted for what I consider to be just and fair veterans' legislation. In my recent vote for the Senate amendments to the appropriations bill for which I voted, which was for the most part legislation to restore pensions and compensation to presumptive, afflicted veterans, some of whom have been gassed, but are unable to prove their service connection. These amendments restored pensions to the aged Spanish-American War veterans, who are unable to prove their service connections at this late date. My promises had already been made to these veterans as well as to the veterans of our other wars. I had pledged them my support. I kept my word with them.

The recovery program of our great leader, President Roosevelt, is a many-sided, large program. It is difficult to tell which one of the larger programs of relief and recovery is of the greatest value. A great number of bills have been enacted into law, every one of which is of tremendous importance, all of which I have supported with exception noted above.

We have a progressive President, and I am a progressive follower of that great leader, whose leadership is speedily, surely, and certainly bringing the Nation out of this great panic and depression which engulfed us back in the year 1929.

HAS PROFESSOR TUGWELL REALLY CHANGED HIS VIEWS?

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McGUGIN. Mr. Speaker, Professor Tugwell in speaking before a group of editors Saturday night was hedging. I am disappointed in the professor. I had thought he would stand by his principles. I had not expected him to turn to insidious propagandizing. That is the role for lesser personalities among the "new thoughters."

The professor was quoted in the press as saying:

I suppose there does not exist in the whole country today a more convinced believer in the Democratic process than I am.

This is quite a contrast to his views as expressed before the American Economic Association in December 1931. In a speech before that association, he pointed out:

We have a century and more of development to undo.

He stated that there must be three great changes: First, changing statutes, constitutions, and government once and for all; second, destroying business as it has existed; and third, destroying the sovereignty of the States. After summing up these three requirements for a planned economy, Professor Tugwell boldly and bluntly said:

All three of these wholesale changes are required by even a limited acceptance of the planning idea.

Surely the professor and all will concede that the N.R.A. and A.A.A. are at least "a limited acceptance of the planning idea." Three years ago the Professor, as an economist speaking before other professional economists, frankly stated that even a limited planning required a change of constitutions and statutes once and for all, a destruction of our form of business, and an abandonment of the use of the States as sovereign powers. At this time, as a holder of political office, when he speaks before the molders of public opinion, he regards this planning as only an experiment to preserve democracy.

At this meeting of the editors Professor Tugwell was reported in the press as stating that the most vigorous opposition to the administration's experimenting is coming from industrialists and financiers. However, he did not point out that the particular industrialists who are offering most serious opposition are the smaller industrialists, who are being crushed by large monopolistic competitors, which competitors are delivered from the antimonopoly laws by the N.R.A. codes. In the light of the recent report of the Federal Trade Commission that the steel industry under the N.R.A. steel code is enjoying an extra profit of millions of dollars annually, which profit was specifically denied before the adoption of the N.R.A. program, surely the Steel Trust is not one of the complaining industries. The Nation is anxiously waiting for publication of the Darrow report on the subject of the N.R.A.'s favoring monopolistic industries.

Likewise, the professor did not point out that it is the small country bankers or financiers who are bitterly complaining. When in Kansas more than 400 of the something over 500 State banks refuse to enter the new regimenting banking program, it is not international financiers who are complaining; it is small local country bankers who are fighting with their backs to the wall defending their very existence.

Professor Tugwell, as Assistant Secretary of Agriculture, has much control over the A.A.A. In the case of the A.A.A., with bonuses based on the last few years of production, paid from processing taxes collected on all the products of all the producers, the large producers are given special privilege and the smaller ones penalized. The greater premiums and bounties are going to those who were financially able to produce during the last few years in the face of unfavorable prices. As they are being administered, the N.R.A. and A.A.A. and the banking act support and extend special privilege to the great and strong and are deadly to the small institutions and individuals engaged in industry, agriculture, and finance. This the professor did not point out. The professor knows that with our economic opportunity sufficiently centralized in the hands of a few who are great and strong, that the despair of the masses will in the end force one grand centralization of all business and finance in the Government. That will be not unlike Russia under the Soviet.

Professor Tugwell, before the editors, spoke critically of the frequent criticism of his communistic views. He was quoted as saying:

Seven years ago I visited Russia for 2 months. That visit has often been considered sufficient proof of my adherence to communism, as though communism could be caught by contagion, like mumps or measles.

It is not his trip to Russia which inspires many of us to believe that the Russian system of government and business is more dear to him than the American system. Rather, it is the words which he has uttered and written since he returned from that trip that prompt this belief. As examples of these statements I quote the following from his speech before the American Economic Association:

Many observers are observing the contemporary Russian practice and are recording carefully the experience there, which later may be of assistance to us, for instance, my (Tugwell's) Experimental Control in Russian Industry, also Henrichs and Brown, The Planned Economy of Soviet Russia. * * *

Decrying the profit motive in business, Professor Tugwell in that same speech said:

Most of us ought not to have been quite so free in our predictions that the institutions of Soviet Russia would break down from a failure of a motive. Yet some of us have gone on saying that even in the face of evidence. Not more than a month ago a past president of this association assured me again, as he had done before, that here was the source of the weakness which must finally ruin all the Russian plans.

I also quote the following from a speech which Professor Tugwell made in Philadelphia on December 29, 1933:

Private control has failed to use wisely its control of land. * * * For the first time, the Government is thinking of the land as a whole. For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources, not merely for the benefit of those who happen to hold title to it but for the greater welfare of all the citizens of the country.

In addition to these utterances, his many acts and deeds lead many to believe that he prefers the Russian system to the American system. An example of these is his determination and efforts leading to the socializing and communizing of the Virgin Islands, as well as using the A.A.A. as a means to control the land, "that greatest of all natural

resources, not alone for the benefit of those who happen to hold title to it." It will be remembered that Congress has enacted no legislation which authorized the Government to engage in a land program for the direct purpose of controlling the land. As far as direct legislation is concerned, the Government has no control over the land except the public domain. If the Government is now engaged in a program to control the land, as Professor Tugwell said in his Philadelphia speech, it can only be doing it through a perversion of the A.A.A. The Agricultural Adjustment Act was not enacted by Congress for the purpose of Government controlling the land. It was enacted for the primary purpose of obtaining a better income for the man who now owns and tills the land. Yet Professor Tugwell has said boldly that the Government is engaged in a program which is "not merely for the benefit of those who happen to hold title to the land." Such is the Russian program. The Soviet is controlling the land of Russia, not for the benefit of those who happen to hold title but for what the Soviet proclaims to be for the greater welfare of all the citizens.

PERMISSION TO ADDRESS THE HOUSE

Mr. TREADWAY. Mr. Speaker, on roll call no. 131, on page 7165 of the RECORD of yesterday, a call of the House, the names of Messrs. BACHARACH, DOUGHTON, SAMUEL B. HILL, and myself appear among those failing to answer to their names. The reason we were not present is because we were in conference on the tax bill and could not answer to our names.

LEAVE OF ABSENCE

Mr. BROWN of Kentucky. Mr. Speaker, the gentleman from Wisconsin [Mr. O'MALLEY] is unable to be here today because of illness. He requested me to ask leave of absence for him for today.

The SPEAKER. Without objection the request is granted.

There was no objection.

THE ADMINISTRATION OF PRESIDENT ROOSEVELT

The SPEAKER. At this time under the special order of the House the gentleman from New York [Mr. SIROVICH] is recognized for 1 hour.

Mr. SIROVICH. Mr. Speaker, I most respectfully request that in order that I may present my thoughts in orderly sequence I be not interrupted until I shall have finished my discussion. I shall then be glad to yield for questions from any Member of the House.

Mr. Speaker, ladies, and gentlemen of the House of Representatives, the day is March 4, 1933. The hour is noon. The place is a pavilion erected over the east steps of the Capitol. The eyes of a crowd of 50,000 persons are fixed intently on two men standing in the forefront of a large group of distinguished men and women.

The elder man, wearing his robes of office, is the Chief Justice of the Supreme Court, Charles Evans Hughes. The younger man, about to be inaugurated into the highest office in the gift and disposal of the American people, the Presidency, is Franklin Delano Roosevelt, of New York.

The vast crowd is silent as the Chief Justice holds out an open Bible on which the incoming President lays his hand. The Chief Justice recites the momentous oath of office, which the incoming President repeats after him in a clear and cultured voice.

As the last words were said, the great crowd, almost as one person, broke into loud cheers and applause. President Roosevelt began to read his inaugural address, and this event, long awaited as the keynote of the policy of the new administration, was given earnest attention by all. The President's historic words on that occasion were his desire to do first things, first, and that the only thing the American people need fear is fear.

The immediate result over the Nation might be summed up by the statement so often made in the next few days:

Now we have a President who will do something.

Optimistic hope succeeded pessimistic depression in the public mind.

For 4 years the American people had manfully stood up under a condition in economics, finance, industry, agriculture, and commerce in all its branches that was astounding. There was no planning ahead in economics. In finance there had been an orgy of flotation and speculation in bonds and stocks. In industry there were 18,000,000 men idle, willing and anxious to work, who were drifting about the country unemployed, helpless, and hopeless.

Agriculture had become overproductive, with the result that wheat was a glut on the market, while men, women, and children in cities were without bread. Commerce was in confusion. The railroads found their mainstay—the hauling of freight—decreasing and passenger transit dropping steadily. Banks were closing by the thousands, tying up and freezing the deposits and savings of the people.

Farms and homes were being foreclosed all over the Nation. Federal expenditures were excessive and often for futilities. Prohibition absorbed countless millions of appropriations in order that a fanatical theory might be enforced upon our people.

Capitalism had gone mad with a lust for power. Eighty-five percent of the money and resources of the entire Nation was held by 15 percent of the people. Many highly placed executives were being paid fabulous salaries and commissions running individually into millions annually, while workmen who had jobs were being grudgingly paid a bare subsistence or starving wage.

Political leaders were taking hopeful views, but were not doing anything to produce definite results in recovery. Without a charted course, no reliable compass, and no captain, the ship of state was drifting like a derelict on the ocean of events.

The vicious practices of frenzied capitalism in the issuance and manipulation of alleged securities, as exposed by Pecora during the investigation of stock exchanges and banking methods, astounded the average citizen beyond all measure. It was a rule-or-ruin policy, designed for the greedy benefit of a favored few at the expense of the plundered many.

Gold was hoarded in sums from a few hundred dollars to millions, and great amounts of gold were sent out of the United States to foreign countries for "safety's" sake, as if American gold would be any safer in the vaults of Europe, in the event of a catastrophe, than it would be in the United States Treasury or in the Federal Reserve banks.

To the south, from the Rio Grande to the Straits of Magellan, our American neighbor nations were suspicious of the policies of the United States. We may be assured that these suspicions were carefully fostered by European nations which were and are jealous of our great country.

American marines in Nicaragua and in Haiti were a source of objection to the larger South American nations as well as to the nations on which they were billeted. This objection took the form of continuous and emphatic protest from our Latin-American neighbors. The free United States was commonly referred to among them as "the Colossus of the North."

Continued depression in agriculture heavily reduced the purchasing power of farmers. Since the 40,000,000 farmers could not buy the products of industry, the purchasing powers of industrial workers fell off, and for 4 years these two conditions continued to act and react on each other in a lamentable and tragic reciprocation.

The people of our country lost faith in the administration at Washington and its reactionary stand-still policy, if what was not done can be called a "policy." Our people became distrustful of all financing and financiers. When billions were lent to banks, railroads, life-insurance companies, and other financial institutions with the foolish claim that prosperity would percolate and filter down to the great mass of people from the top, the great common sense of the people showed them that such an economic policy was not and could not be for the benefit of the many, but was deliberately designed as a dole for the advantage of the privileged few.

Small groups of men in allied and interlocked banks and industries were rapidly absorbing the resources of the Nation. Light, heat, and power companies, public utilities, public

service of transport were owned or controlled by a few, and the utmost was extorted from the people in the way of charges to pile up profits. Alleged securities, sold to the public at high expansion prices, were bought back at low depression prices. They were salted away for the so-called "long haul", pending the time when another boom market could be worked up and these same securities resold at new expansion prices. It was an old game. This plan had been worked before. It had always been effective. Even if the quotations of these securities dropped to bottom prices on the stock exchange, they represented ownership and control.

All that these groups wanted was to be left alone, and so the infamous laissez faire policy of other days became supreme. All any racketeer, gunman, burglar, or easy-money man wants is to be let alone. But as it is the business of the police not to let the criminal alone, so it is the business of the Government not to let alone this unscrupulous laissez faire outfit.

The old dealers have had their day, and the way they dealt with the American public is shameful in its exhibition of avarice and greed. No application of social justice to the people ever was discussed at secret board meetings. The American consuming public was a huge cow, they thought, to turn the grass of agriculture, industry, and commerce into rich, thick cream of profits for those who controlled the pastures. [Applause.]

All these conditions that I have enumerated occurred prior to March 4, 1933. That was yesterday that I have outlined to you, but today there is an actual new deal abroad in the land. Living human beings and human rights were placed above nonliving property, and alleged property rights take second place to human rights. [Applause.]

It has been the great, good fortune of the United States of America that, at every crisis in its history, Providence has raised up a man to lead the way out of depression and tribulation. Today the United States of America has such a man in Franklin Delano Roosevelt, who combines high idealism with splendid practicality. [Applause.] President Roosevelt by most of his acts, as well as his words, during his first year of office has done more than restore hope for the present and future in the American people. He has given them confidence in themselves and their country, and has instilled again the national courage that had almost disappeared between November 1929 and March 1933. [Applause.]

President Roosevelt acted as promptly as the contingencies of the moment demanded, and as he had told the American people he would act. Within a short time he issued a proclamation prohibiting the hoarding or exporting of gold coin, currency, or bullion, and forbidding all banks to reopen except under such conditions and restrictions as might be set by the Secretary of the Treasury. Congress was summoned on the same day to meet in special session by President Roosevelt.

There was need for this prompt action. Public distrust of banks spread to the dollar. Within a short time the growing confidence of the American people toward President Roosevelt manifested itself by their return of hoarded money to banks. Gold came out of hiding, and the panic of the public, so far as preferring gold in hand to a bank account, was over.

A short time later President Roosevelt placed 250,000 of the unemployed youth in our Republic in the Civilian Conservation Corps, the so-called "C.C.C."

Soon after this the President, through congressional enactment, created the Tennessee Valley Authority, through which the Muscle Shoals project is to be finished.

This tremendous undertaking provided more work for the unemployed and gave cheap power for the development of that great region in the Middle South.

At the urgent solicitation of the President of the United States, legislation was immediately enacted providing for relief of mortgage distress among the farmers and the home owners of the Nation. This was accomplished through the agencies of the Farm Credit Administration and the Home Owners' Loan Corporation. President Roosevelt was leading the forces of unemployed toward the road of recovery.

There were two halves to the sphere of action. One was reform. The other was recovery of prosperity. But recovery of prosperity without reform of methods that had led to the debacle of 1929, after 2 years of boom, would only again lead to the morass through which the people of the United States had floundered for 4 years—4 years of terrible depression to balance 2 years of whoopee and hoop-la speculation.

The sore spot in the body politic was finance and financial means and methods. The farmers had overprodced; so had industrialists. But the land was still fertile and could produce crops; skilled workingmen could still produce machine and hand products. Finance had gone wild. It had to be put in a strait-jacket and control. The only institution capable of controlling finance is the National Government.

So a series of legislative acts and Executive orders were put through. The Banking Act and the Securities Act were passed by Congress. The first required commercial banks to separate themselves from the security affiliates which banks had established in the boom days for the purpose of selling stocks and bonds, a method of doing business never countenanced by good banking ethics.

The functions of investment selling and those of deposit banking were dissociated and a guaranty of deposits up to $2,500 for each deposit account in National and State banks under the Federal Reserve System was established.

The Securities Act was modeled on the British companies act of Parliament, but went further in controlling and in penalizing than the English act.

Federal supervision was established over the sale of investment securities, and purchases of such securities were protected by giving them the right of legal action in case of omission or of misrepresentation of material facts by the issuers and sellers of securities. The Securities Act was passed without a dissenting vote in either the House or the Senate of the United States. [Applause.]

Abandonment of the gold standard, fixing the price of gold from $20.67 an ounce to $36 an ounce, followed. Thus the dollar was devaluated, with a view that such depreciation would be followed by higher commodity prices for goods that the dollar buys.

The chief difficulty in escaping from the depression was the tragedy of unemployment because of the maladjustment prevailing between the prices of products and produce and the load of private and public debt.

In a few quick legislative recommendations the Congress of the United States and the President immediately enacted several legislative enactments, such as the Agricultural Act, the Reconstruction Finance Corporation Act, the National Recovery Act, the Banking Act, Emergency Railroad Transportation Act, and Farm Credit Act.

No previous Congress in the history of our Republic has ever passed such a series of legislative acts affecting the welfare of the Nation in such a short period of time. [Applause.]

That this legislation has operated for the welfare, happiness, and prosperity of the people of our Nation is attested by the present improved condition of agriculture, industry, commerce, transportation, and the wholesale and retail trades.

Under the National Recovery Act, the so-called "N.R.A.", the major industries of the United States to the extent of 90 percent, affecting 20,000,000 employees, have been brought under codification. The first code covering the cotton textile industry was approved by President Roosevelt on July 9, 1933. Between this first code and the end of March 1934, 975 national codes have been prepared, of which 362 national codes have been passed to approval by the President.

Codes of industry to the number of 478 have been prepared and are in various stages of development leading toward Presidential approval, leaving 135 industrial codes in works and under initial consideration. All of these codes are subject to revision, under the procedure that has been followed, if they are found to work hardship on either the employers or employees whom they affect, and many have been so amended.

Only 10 percent of industrial concerns, and they the lesser companies, are still working without codes, and this 10 percent employ 4,000,000 persons. All this has been accomplished in 9 months and is an index of the marvelous speed at which President Roosevelt and Administrator Johnson of the N.R.A. have worked to bring about the codification of industry according to the economic planning of the new deal.

The ideas on which these industrial codes are based are three in number. First, minimum wages for employees, to increase the amount of wages paid and thereby increase the purchasing and consuming power of industrial employees; second, maximum hours that employees may work, to increase the number of employed and spread employment; and third, collective bargaining by employees through their own organizations, to thus prevent the exploitation of labor by capital. This legislation is the Magna Carta of Labor. It is their emancipation proclamation. [Applause.]

Because of my belief in the principles of the N.R.A., as outlined, I voted against the economy bill, which took 15 percent of their wages, amounting to almost $190,000,000, from over 1,000,000 Government employees. I felt that the Government, in fairness, should not reduce the wages and the consuming power of its own employees and ask industry in general to increase wages of its employees. I objected to taking away and reducing the pensions and compensation of service-connected and disabled American soldiers who fought for the United States in Europe during American participation in the World War or who were under military command ready to go overseas when called to the colors. My vote in this case has since been approved and sustained by Members of Congress who have come to realize that I was right in my negative vote on the economy bill, and have by congressional act and vote restored their former pensions.

Congress voted an appropriation of $3,500,000,000 for the Federal Public Works bill, commonly known as the "P.W.A.", for the purpose of providing labor with employment in the building of bridges, tunnels, viaducts, roads, in the language of the National Recovery Act. As experience proved and forethought should have shown, a long course of preparation of plans, examination of proposed projects, and other essential technical work was necessary before men could be put to actual work, outside of drafting, surveying, and specification writing. So the Federal Civil Works Administration was set up for the proclaimed purpose of providing work to C.W.A., as it became known, financing of which came through a series of transfers from other emergency administrations.

It is my point of view that while the spending of this money for emergency relief did furnish emergency work to the unemployed, in the last analysis it is a dole; it is charity covered with the cloak of emergency employment.

Doles or charity are not what the American workman wants. He wants work, real work, because work means self-supporting labor, and self-supporting labor means self-respecting labor. [Applause.]

Self-supporting and self-respecting labor of any sort means good American citizens. [Applause.] Charity in any form means a treatment of the symptoms and not of the disease. It does not go to the cause. The present situation and the situation of the past 4 years was considered by many Americans as evidence of the impending collapse of the capitalistic system. If the capitalistic system cannot cure its own ills and bring back a decent prosperity for all, the Government of the United States will have to bring back decent, self-respecting, permanent prosperity by means that will have to be devised, that will go to the root of affairs, and not merely trim the leaves and twigs of one season. [Applause.]

Is the capitalistic system following lines of the decline and fall of Rome? You remember that in the late days of the Roman Empire the plebian populace were fed and entertained by panem et circensis—bread and the circuses. This marked the ending of the great Roman Empire. Many Americans contend that C.W.A. marks the beginning of the end of the American Republic.

Let us pause, ponder, and deliberate over this contention.

A few months ago I stood in the crypt of the cathedral in Warsaw before the tomb of Henrik Sienkiewicz, the brilliant and distinguished novelist of Poland, the author of the great novel Quo Vadis, which means "Whither goest thou?" To paraphrase it to my present purpose, I translate Quo Vadis into Which Road?

Which road are Americans traveling?

Dr. William A. Wirt, of Gary, Ind., says it is by a secret bypath to communism.

I say, "No."

Several Members of Congress have characterized it as the road to socialism.

Again I say "No."

Our distinguished colleague the Honorable JAMES M. BECK contends that Congress has abdicated its constitutional powers and has made our Government one of dictatorship. Is it the type of dictator symbolized by the despotic "ethnocrat", Adolph Hitler, of Germany?

No.

Is it the autocratic dictatorship of the theocrat, Adelbert Dollfuss, of Austria?

No.

Is it the absolute dictatorship of "proletariocrat" Stalin, of Soviet Russia?

No.

Is it the road trod by the British Empire to the British Commonwealth of Nations, with its peculiar organization of autonomous nations, created from former dominions which, while establishing practical independence, yield only voluntary allegiance to the British Crown?

Again I say "No."

Is it the old, smooth, well-oiled exclusive road dedicated to big business and the policy of laissez faire, or let us alone?

No.

Is it the road of democracy as built by Jefferson, Jackson, and Wilson?

Some say "yes" and some say "no."

Then what is the road we are taking to reach the ideal temple of democracy as conceived and designed by the founders of our Republic? Our Commander in Chief, Franklin Delano Roosevelt, says it is the road of the new deal that will lead us to a remodeled republic that will bring economic security, equal opportunity, happiness, prosperity, and justice to the people of the United States. [Applause.]

That there may be no misunderstanding let me state to the membership of this House that I am not a disciple of reactionaryism; I am not a follower of ultraconservatism; but that in all my deliberations and actions I have uniformly fought for stability and order in government, coupled with progress and reform. I am therefore a liberal and progressive in my political faith and ideals. [Applause.]

Let me briefly analyze the social, economic, and political philosophies and practices of the various forms of government I have enumerated.

Mr. Speaker, what is communism? Communism pleads for an economic administration where all land and material capital shall be public instead of private property; where the state and not the individual capitalists shall be the employers of labor; where production and distribution shall be left not as they are today, subject to speculation and competition, but through a planned economy they shall be regulated in conformity with the laws of supply and demand, so that no one need be left idle, uncared for, ignorant, illiterate, or poor. Furthermore, through world revolution communistic concentration would come from the proposed organization of nations of the world into one gigantic confederation of mankind. Concentration of all private wealth into communistic control and its subsequent dispersion to labor would then be in order. Persuasion, propaganda, and in the end violence and revolution by force, are the means proposed to attain these ends. This is communism in the abstract. In the concrete it is actually an attempted return to the methods of patriarchial days; a breaking up into original units of nations and a vague plan of bringing all mankind to a common level based on manual labor. Communism is an extreme form of collectivism.

There is nothing in this formula of communism that I have just presented, wherein can be found one iota with which the President of the United States is in sympathy. It is a shame to pillory and excoriate the ideals and principles of our liberal and progressive democratic President as being in accord with the program of the Communist Party of the world. [Applause.]

In socialism the state would retain its national existence as a political entity and own, control, and manage all means of production and distribution. The Socialists claim that it was the purpose of the proposed Socialist Party in each country where it was established to educate the masses politically. Revolution by force and great general strikes were originally opposed. Labor, manual labor, was to be made class-conscious and to be organized into militant trade unions, as well as into political parties. The strongest weapon was not, in the ideal socialistic program, the general strike, or the bullet and bayonet of revolution, but the ballot. By political means the Socialists proposed to wrest control of production and distribution from the present-day ruling classes for the present-day ruled classes; to shift ownership and control from exploiting classes to the exploited classes. The Socialists originally were known as "Communists", but after suppression of the Commune of Paris in 1871, and adoption by the anarchists of that time of the name of Communism, their party name was changed to that of Social Democrats.

The great past prophets of social democracy were Karl Marx, Frederick Engels, Ferdinand La Salle, William Liebknecht, August Bebel, Jean Jaures, and Karl Kautsky.

No fair-minded man in this House of Representatives, or elsewhere, could accuse the President of the United States of being a devotee of socialism as I have just outlined it to you. [Applause.]

Mr. Speaker, I now come to the subject of dictatorship. When the executive, legislative, and judicial powers of government are ruthlessly seized through strategem, force, or revolution by an arrogant individual and fused into a one-man power, this form of government is called "dictatorship." In Germany Adolph Hitler is a despotic "ethnocrat"—a racial autocrat—where only the pure Aryan or Teuton can be the beneficiary of the munificence of the state.

Nazi-ism is Hitlerism. Originally it started as a revolt against the rigorous terms of the Versailles Treaty and the economic tragedy that the German people had to contend against. Nazism has become a farce, a one-man farce, that came into being with Hitler and will pass out of being with his passing. It is a temporary fever of sadistic emotionalism besetting the German people, a transitory stage in the renationalism of Germany, which the good sense of the great mass of the great German people eventually will discard into the sewer of time. Soiled brown shirts can never be satisfactory substitutes for Goethe, Wagner, Kant, and Schiller. [Applause.] It is too bad that the swastika was adopted to the debased use it has been put as the emblem of Hitlerism. The swastika is a geometrical design which is the symbol of a great natural truth known to some deep students, but it can never mean Hitlerism, for its inference and scope is cosmic, not national.

State capitalism instead of private corporate capitalism finds its greatest expression and operation today in Germany, where it is in full control of the lives and liberties of the German people. The state and not mankind is the doctrine—man is made for the state, and not the state for man. This doctrine is not new. In one form or another it has always been the doctrine of tyrants, exemplified by the statement attributed to Louis XIV, "L'Etat c'est moi!": "I am the state!" Tyrants were the state of their time and place. Hitler symbolized the State of Germany. Hitlerism and the German State typify the combined racial tyranny of the person and the state.

Mr. Speaker, I shall not insult the intelligence of the Membership of this House by considering a comparison between despotic Hitleristic government with that of the program of our President of the United States. [Applause.]

Democracy is dead in Austria. The autocratic dictatorship of Dolfuss has succeeded it. State capitalism reigns supreme. The claim of the Hapsburg dynasty to rule by the divine right of kings has been transferred to the new Austrian State. There again the state is supreme. Freedom of the press, freedom of speech have been denied to the individual. The bullet has supplanted the ballot. Liberty and freedom are a myth in that former socialistic stronghold. Instead of the first article of the former constitution, which declared that Austria is a democratic Republic and that its laws emanate from the people, the first article of the new constitution is that Austria is a federal state and its laws emanate from God, the Almighty.

Mr. Speaker, I challenge the assertion that there is the remotest similarity between the "archonocrat" of Austria, Dolfuss, and the Democratic President of our Republic. [Applause.]

It is 17 years since, in the midst of the World War, social revolution burst out in Russia. I shall not review the first days of this gigantic turn-over, nor the conflicts between the Bolsheviki, the majority party, and the Menshiviki, the minority of the Socialist Party, but come directly to Nicholas Lenin and Leon Trotsky, Russian disciples of Karl Marx. Until that momentous day both had entertained the belief of the other Social-Democrats the world over, that social revolution would have to be contemporary and world-wide to be successful. Lenin and Trotsky seized their historic hour to expropriate the lands owned by the crown and the nobles and to allot sections of this seized land to the peasants of Russia, title however to remain with the Social-Democratic government. Out of this action grew the present Union of Soviet Socialist Republics, composed of seven constituent republics, or the "Soviet", as it is now called. Mines, railways, mills, factories, and workshops were seized for the benefit of the workers and the people as a whole.

A planned economy was thought out and worked out and a 5-year plan was put into operation. This later was extended to an additional 5 years. Planned economy was the base of the Soviet system. Under this system crops were controlled on distributed lands, industrial development and operation on a gigantic scale was begun; discovery and export of materials of which the Russian and Siberian lands had a natural monopoly, and development of water power, rail, and road communication were encouraged; rationing of the Russian people was inaugurated; huge initial purchases of American and other machinery were made; Lenin was practically deified after death; all resources were conscripted to the state; abandonment of the old religion was decreed; the academic, manual, and technical teaching of the young of both sexes and the primary and common education of illiterate adults was started. The erection of huge housing systems for the masses; the formation and spread of close Soviet groups, called cells, into all parts of the Union of Soviet Socialistic Republics to act as bonds with Moscow; the organization, training and equipment of a huge army; the spread toward the Pacific Ocean in Siberia; are some of the things which Stalin, the successor of Lenin, has put into operation since his accession to the absolute dictatorship of Russia and Siberia—a dictatorship such as Peter the Great or any of the subsequent Romanoffs never conceived possible. The latest development of Sovietism is the recognition of the Soviet Government by the United States of America, modified by insistence that no American credits be granted the Soviet until the old Russian Kerensky debts are paid. This is the sovietism of today. That is social-democracy as it has been developed in Russia and Siberia.

What characteristic of political sovietism can be found in the program of the President of the United States? None. [Applause.]

Those developments and utilizations of the resources of the vast Russian country which have proven successful have really been adopted from the business methods of other countries. The Government of the United States is not indebted to Russia, but the Soviet Government is in-

debted to the United States for many innovations that they have adopted in developing their country.

Syndicalism was the base of Mussolini's Black Shirts, but since the day in 1922 that Il Duce marched at their head into Rome and took possession of the Italian Government that form of government by syndicates of workers' unions has been expanded to the present fascism and has been so modified that Mussolini has become the Italian Government. One after another he has assumed the titles of the departmental chiefs and absorbed their duties in addition to those of the commander in chief of the Army and Navy of Italy. Mussolini transformed Italy into a closely united nation, rescued her people from poverty, restored all her production of materials and farming—nay, raised them to a higher plane than they had ever occupied. Today Il Duce is Italy more than Augustus ever was the Roman Empire or Napoleon the French Empire. Napoleon won great battles of war; Il Duce has won great battles of peace. He, too, has a long-haul plan—a 60-year plan for Italy—at the end of which time he asserts that Italy will be even greater than his present dream. Italy is looking to the sea again. She is looking toward northern Africa. She is looking toward the Danube and the western shores of the Adriatic. Sixty years hence—what?

We are familiar with Mussolini the man, but fascism, the system, is not so well known.

In fascism the state is absolute, superior to individuals or groups. It is claimed to be a guiding spirit with a will and personality and represents the spirit of the Italian Nation. In fascism the individual is deprived of individual liberty and freedom, save that which the State wishes to give him. In fascism the rulers have no responsibility or obligation to those whom they rule. They make the law and are superior to the law. Hence dictatorship follows. In fascism the law is an agent of power, but dictatorship—authority—is above the law. In Italy the dictator, Il Duce Mussolini, is the state.

Where is there any comparison between the situation in the Government in Italy and that of the Government of the United States? Again I say none. [Applause.]

Let us behold the Great British Government. It is no longer the British Empire. That great political institution has ceased to be. It has been succeeded by the British Commonwealth of Nations. There we find a union of free and independent nations only vowing allegiance to the British Crown. The people of these nations control their own domestic and extraterritorial affairs, which are beyond the pale and scope of the King and the British Parliament.

The new union of English-speaking people has given to the dominions of Great Britain a great freedom that is almost equal to complete independence. Commonwealth means common weal. It was the common welfare of the people in the various sections of the British Empire that has been the stronghold of the establishment of the British Commonwealth of Nations. Please observe the word is "nations", not dominions.

The only visible economic condition that we find present in the Roosevelt administration which is comparable to the social, economic, and political set-up of the British is the Civil Works Administration, which is equivalent to the British dole system in camouflage.

Kemal Pasha, the dictator of Turkey. What a name to conjure with. Its former sultans would not recognize Turkey under the present regime. The removal of the capital from its historic site on the Bosphorus—which as Byzantium and Constantinople had been the capital city since 657 B.C.—to Angora, in Anatolia, shows the far-reaching peaceful revolution to which the Turks have been subjected. The liberation of women from Moslem restrictions; the expansion of commerce; the education of the young; the liberalism introduced by Kemal Pasha under the strict reign of a dictator, as well as many other changes, have created and brought forth a new nation with new ideals, dedicated to the principles of liberalism and progressivism.

That is why Turkey is growing and developing under the benign influence of occidental civilization. Surely there is nothing in the program of Kemal Pasha to which the President of the United States, Franklin Delano Roosevelt, is indebted.

Let us look over the great Republic of France. The French tricolor still reigns supreme as the symbol of united people that are ready to live for their country in time of peace and to die for it, if necessary, in time of war. France is still a republic, despite outbreaks in Paris and elsewhere, which cumulatively became so serious as to incite riots and other disturbances that resulted in a call to Gaston Doumergue to come from retirement to assume the presidency of the council of France.

His recent patriotic appeal to the French saved the day. Rioting ceased. Peace has been restored and the risk of foreign invasion has been dissipated. Surely this is an indication of the wonderful stability and order that French valor and courage always offer on the altar of their Republic.

What is there in the program of modern France to which this great Republic under Franklin Delano Roosevelt must pay tribute? None. [Applause.]

The situation in the rest of Europe, of Hungary, Poland, Czechoslovakia and Yugoslavia, Rumania, and the Balkan States, shows the same general unrest. Revolution is in the air. Discord, dissension, strife, and dissatisfaction with our modern economic condition seem to be prevalent everywhere. Many plans have been tried, yet no permanent solution seems to be visible upon the horizon.

This is not unusual in politics, but is unusual in economic, industrial, and agricultural affairs in Europe. A world-wide social, economic, financial, commercial, capitalistic, labor war is on. Great battles are being fought between new theories and established practices. The Soviet outlaws the accepted idea of God. Its followers seem to be atheistically inclined. The Fascisti restore God to honor and reverence. Hitler and Dolfuss substitute the state for God. Kemal Pasha knocks the shackles of Moslemism from the arms of the Turks and forbids the use of the fez for prayers. The Oxford movement spreads in England. Agnosticism seems to be growing in America. Expediency has supplanted sincerity. Opportunism discards rational development. Class is not only against class, but subclasses are opposed to each other. The world is at peace, officially, but there is no prospect for peace in the world. Warfare, not yet of bullets and bayonets, or rather of airplanes and poison gas, but of economics, commerce, political strategems, and the subtleties of diplomacy is as vigorous and as vicious as it had ever been in the history of the world.

Laissez faire is the wisdom of all the conservatives. The adherents of this principle believe that the state should not interfere in business, nor have anything to do in the quarrel between labor and capital, unless property rights are threatened and impaired. Its sole duty is to protect property and life. It is not concerned with human but with property rights and is deeply anchored in economic individualism. Its slogan is "Get it and keep it." But this principle is antiquated and can no longer regulate economic forces, because it endangers the existence of orderly government. [Applause.] Even the iron chancellor, Bismarck, the embodiment of ultra-conservatism, recognized the danger in the laissez-faire principle, and embarked upon a policy of economic and social reform, to secure the good will of the masses, for the authorities of the state. He introduced old-age pensions, social insurance, and all forms of social reforms, and made the state supreme, not only in matters military and political but also in matters economical and social. Within one generation after Bismarck's death all the western countries began to emulate this example. In England it was Lloyd George who by his income-tax and social-reform legislation dealt a death blow to the laissez-faire principle. In France it was Waldeck-Rousseau and the Socialists Briand and Clemenceau who first followed in Bismarck's path.

Today, only China, India, and the United States are still addicted to the laissez-faire principle. The world historic enterprise of President Roosevelt consists of giving up this antiquated principle of laissez faire in favor of a more modern, more advanced, and more humane social reformation theory of state, society, and government. [Applause.]

This theory reduced to its shortest formula is: The state has not only the right but also the duty to interfere with economic forces and determine their course, because the state is not only the watchman but also the dispensor of justice. It is the duty of the state not only to protect life and property but also to come to the aid of the weak and downtrodden. In short, the state is not only a source of power but must also be a source of economic justice to its people. [Applause.]

In abandoning the antiquated principle of laissez faire President Roosevelt has not abandoned the principles of Jefferson, Jackson, and Wilson. Democracy itself is an abstract principle and unless intelligently applied, to the emergencies of experience and pragmatic life, remains only a theory. President Roosevelt in planning and executing his new deal, is revitalizing democracy, by applying it to the new economic realities. Like all great historical enterprises of this sort, it requires initiative and courage. This philosophy has nothing in common with dictatorship. [Applause.] That the new deal has nothing in common with either communism, socialism, or fascism can clearly be seen from the following facts:

Communism appeals squarely to reason and to intellect. Communism is purely rationalistic in origin and motive and is unemotional, or free from all tinges of emotionalism. Hence the cold-blooded brutality communism displays in the execution of its plans, because emotions do not influence reason. Communism is born of logic to the exclusion of love. Hence its affirmation of equality and denial of freedom. Emotionalism originates in love and comes from the heart just as rationalism, reason, and intellect originate in hunger. There is nothing lovable and charming about communism. It is the very incarnation of severity and rigorism. Communism, both of the mind and of nature, is something artificial. It requires a dictatorship to translate it into reality. There is freedom in nature but there is no equality in nature. Real statesmanship consists of fusion and a synthesis between freedom found in nature and equality, the product of the civilized mind.

Communism is not a fusion of these two great outstanding features of life—equality and freedom—but an over emphasis of the first, equality, at the expense of the second, freedom. Since communism denies all and every freedom, it denies an important factor in the life of man, and hence has a perverse element in its make-up.

But, to say that the new deal denies freedom is either a misinterpretation or a falsehood. What the new deal attempts to do is to harmonize and to bring into cooperation the freedom of nature, with equality, which is the product of the civilized mind to fit into the present-day political and economic realities. That is the principle of true democracy. [Applause.]

While the principle of democracy is permanent and eternal, its forms change with the passing of time. Democracy in ancient times was different from democracy in modern times. Nineteenth-century democracy is vastly different from twentieth-century democracy because economic and political conditions have changed. To harmonize democracy with the new exigencies of life is the motive power of the new deal, and only gross mental aberration can misinterpret it as an attempt to plant communism in America. [Applause.]

Fascism, whether brown, black, green, or blue, is a revolt against reason in politics and statesmanship, and is wholly emotional in character. Its display of color, its appeal to the senses or to the blood, its bellicosity, its whipping the masses with slogans, and its opposition to all rationalistic methods of government—like parliamentism, the ballot, free press, and so forth—testify best to the emotional primacy of fascism.

In fascism the leader is the source of law. He creates the law. He is therefore superior to the law. To himself he takes all the freedom; to his subjects he grants a crumb of liberty. He claims to be the fountain of truth. To uphold the freedom of the leader the equality of man must be destroyed, for no equality originates in reason. The contempt of the fascists for men of intellect testifies best to their rebellion against reason. Just as the Communists rule with an iron hand because of the exclusive use of reason, so do the fascists rule with despotic power, because of the exclusive use of emotions. It is the emotional basis of fascism which explains best the sadistic brutalities perpetrated in the concentration camps in Germany. This denial of all reason on the part of fascism and its exhibited contempt for the intellect makes it the perfect antithesis to communism. The paradox of communism and fascism consists in this: The philosophy of communism is reason; the philosophy of fascism is emotion. Both, in practice, lead to despotism and dictatorship in government. The philosophy of true democracy, on the other hand, being more realistic than either communism or fascism, is a balanced fusion of reason and emotion in government. [Applause.]

Democracy recognizes man as both a rational and an emotional being who must be treated accordingly. Communistic or fascist rule is simple. All it requires is an iron hand. But democracy is constantly engaged with difficulties, because it is always striving to adjust and harmonize two opposing forces—reason and emotion. It requires true statesmanship to bring about this adjustment and deep knowledge of human nature to be a successful ruler of a democratic country.

Such a ruler is our President, Franklin Delano Roosevelt. [Applause.]

The topography of a country is conducive to either communism or individualism. European Russia is a great prairie. At one time it must have been the bed of a great ocean. Upon its steppes everywhere the poor Moujik, or peasant, cultivates the soil. The Russian agricultural plain cries aloud for equality. It reflects itself in the communistic philosophy that is found today in the Union of Soviet Socialist Republics. Therefore, the flat plain is conducive to a level common thought which is equality. Wherever a country has great mountain ranges that tower in their magnificent beauty, and to human eyes seem to defy the very heavens, that ruggedness of peak after peak reflects itself in the rugged individualism of the person who lives in those mountains. In such countries as Switzerland and other countries that have these mountain ranges, communism could never exist. Rugged individualism always manifests itself in either monarchial or democratic forms of government.

In countries where they have great forests nature reflects itself on individuals. In nature freedom exists. Man and animal can rove from place to place. No equality exists. The strong eat or destroy the weak. Therefore a great deal of cruelty manifests itself. This cruelty reflects itself in the long wars that such nations usually go into. They never know when they are beaten. That is why Germany, the land of great forests, has had the 40-year war, the 100-year war, and the recent war with the Allies. They never know when they are licked. That may explain the cruelty of present-day rulers of Germany against racial minorities.

Whenever a country has jungles, the tooth-and-talon law prevails. India being the land of jungles, reflects the laws of nature upon the people who live there. Class hatred, bigotry, and intolerance are found everywhere. The untouchables are manifestations of the contempt in which one group of human beings holds another.

Those who live in the foothills and in the Himalayas reflect the rugged individualism which conquers those who are the victims of jungle life.

Afghanistan being a great mountain region has held its own against Great Britain, India, and Russia and against the ancient Manchus and Mongols.

In the United States we have great mountain ranges, great valleys, and great plains. In the mountain sections of our Republic communism can never exist because of the influence of the character of the country. Rugged individualism will and must prevail. The hill people of the great States of Kentucky and Tennessee have remained independent and Elizabethan despite the development of the country all around them. During the American Revolu-

tion, the mountain citizenry from the White, Green, and Allegheny Mountain ranges were the most obdurate fighters for our Colonial forbears and fought a most valiant and courageous battle.

In later days many radical, liberal, and progressive movements of our Republic have usually sprung from the Middle West, the great central plain of our Republic. Greenbackism, the populist movement, silver movement, and abolition were either started or developed in that section. Only a year ago in one of our western prairie States a judge and sheriff were intimidated by a group of citizens to prevent the execution of the law. Law and order finally prevailed.

Let me call the attention of the Members of the House to the fact that these were group movements animated by community of thought and action. Therefore, communism is more likely to prevail in flat lands. The mountain regions of our country, whether north, south, east, or west, will always battle for democracy and the individualism that it represents.

The abuse of economic freedom by certain individuals is past history. It is the record of yesterday which, in terms of time, is the immediate past. It symbolized the freedom of unrestricted individualistic materialism which was known as rugged individualism or capitalism.

Another school of economic thinkers believe that today, which is the immediate present, sees the beginning of the disintegration of unrestricted individualistic materialism. It is the road which has led from rugged individualism to ragged individualism. This school believe that any leader, whether he be Roosevelt, Mussolini, Hitler, Dollfuss, or Stalin, who mostly disintegrates unrestricted individualistic materialism will be chiefly exalted. To many observers it seems that it is not the destiny of these five men to play other than necessary transitory roles toward a future ultimate system, which they believe is neither fascism or communism, but which some day will be known as "universalism." By universalism this school of economic thinkers mean the true fulfillment of Jefferson's illumined declaration that all men are created free and equal, just as they are in the universe. In universal law and principle this school of philosophic thinkers believe men are not equal physically, not equal emotionally, not equal mentally, but equal spiritually. They believe in spiritual leaders, and a spiritual government, with the material values subservient to them. This to their mind is but the recovery of the past, when ancient Jusae, Egypt, India, and Greece, had the same form of universal government. Therefore they contend true Americanism or real democracy is simply the fulfillment of the great universal motto, "E Pluribus Unum", which means one from many, one government from all governments, one corporation from all corporations, one religion from all regions, one race from all other races. That is what they interpret as the democracy of Jefferson, Franklin, and Lincoln. They are opposed to the plutocracy of Alexander Hamilton and the materialistic American leaders who inverted the spiritual destiny of this great universal country. The disciples of universalism see tomorrow's future as the end of material competition in our country and the beginning of material cooperation. This is the only way they claim they can destroy unrestricted individualistic materialism which is capitalism. They see the displacement of material competition with material cooperation and the establishment of economic security for everyone that is desirous of working with body or mind, and the great competition for the things that come from the mind and the spirit which is the only true individualism because in life the mind is the only individualist. Tomorrow or the near or distant future they contend, will bring the establishment of this material security, by material cooperation. Then mankind can compete, to become greater individualists, in the things of the mind and spirit, in the realm of science, art, and philosophy.

Vox populi, vox Dei. The voice of people is the voice of God. This they believe is true democracy—and true democracy is theocracy. In such a spiritual theocracy the spiritual leaders will be the mouthpieces of the people through whom the voice of God makes itself heard.

Ancient Greece, Egypt, India, and Judea when they reached their power and glory were theocratic—that is, democratic—for their rulers were spiritual rulers, referred to as priests and prophets, representative of the universal mind. Universalists point to the fact that they have had in this great universal country men and women who had carried on and are carrying on their universal work. One State alone, Massachusetts, the cradle of the new age, gave us great universalists, such as Ralph Waldo Emerson, Harriet Beecher Stowe, William Lloyd Garrison, Henry Thoreau, Julia Ward Howe, Margaret Fuller, Wendell Phillips, and Oliver Wendell Holmes, the father of the former Supreme Court Justice Holmes. This distinguished author and writer once said: "Build thee more stately mansions, oh, my soul." The stately mansions that they would erect in this country today is universal in its dimensions and fulfilling the dream of the American universalists. Thus, their economic philosophy is called "universalism."

These people stand neither with the nationalists or the internationalists but with the universalists of history who, through their present leader, David Sturgis, believed that the universe is the model for all governments and the guide for all people everywhere.

The rise of individualism in Europe coincides with the rediscovery of atomism in the sixteenth century. The atomistic world picture assumes freely moving atoms in infinite space. The scientists of the sixteenth century concluded that, as the macrocosmos consists of freely moving atoms, of free units, so must the microcosmos, or social cosmos, consist of freely moving social atoms, and that the social atom, the individual, must be as free in his movements as is the physical atom.

This is the philosophical background of liberalism and individualism. Its contrast, or opposite, is universalism, the philosophical background of which consists in the denial of atomism of every other individualistic force in the universe. The starting point of universalism is the oneness of God, the universe, nature, man, and humanity.

As a great liberal and progressive, President Roosevelt should like to give economic security to every man, woman, and child in our Republic. [Applause.] The curtailment of economic and financial individualism is not a violation of the principles of American democracy, but is an assurance of its continuation in the future. Without this curtailing of unbridled financial and economic individualism the future of American democracy would have become problematic within a very short time.

In conformity with the traditional ideal of democracy, President Roosevelt is now engaged in restatement of American democracy in terms of present-day political and economic realities. Thus does President Roosevelt emerge as the savior and redeemer of the heritage created by Jefferson, Jackson, and Wilson. [Applause.]

Just as the modern conception of government is different from the paternalistic order of things, so is modern democracy somewhat different from the democracy of yesterday. Since it is no longer the function of the State to exercise the duties of a watchman, so it is not the task of democracy to be limited to the ballot. Political democracy can survive only when it is economically orientated. Economic orientation of democracy is claimed by some for socialism, but socialism is still abhorent to the people of our Republic. It should be pointed out that socialism, as the symbol for Marxism, according to its disciples, stands for collectivism as opposed to free individualism and is exemplified by proposed national ownership of all industry, utilities, and all economic and material resources.

Many Americans are not afraid of national ownership and operation of industry, utilities, and natural resources. What are Muscle Shoals, Boulder Dam, the national forests, and other reservations but actualities of socialism? What are the water, light, heat, and power utilities operated by the cities but other examples of socialism?

American people are putting into practice many of the principles advocated by Socialists. Why be afraid of the name when they stand in no fear of the thing itself? There is certainly no cause for worry for our Republic so long as

the city, State, and National Governments strive to bring about good will between labor and capital, prevent the employment of children in mines and factories, provide constant employment for able-bodied men at saving wages, and take care of their citizens in their old age. [Applause.]

"Equal and exact justice for all; special privileges to none." This motto has been adopted by the Democratic Party, and under this motto America demands the abolition of special privileges to favored classes and equal justice to all who labor for their livelihood, whether by mind or hand, or both. [Applause.]

Men, fearful of the future, cling to the living order of things, and are afraid of innovation. It is for this reason that many people consider the changes wrought by our President as something revolutionary in character. His words and deeds are supposed to be in violation of the two great documents of our entire political fabric, the Declaration of Independence and the Constitution.

In my study of the President's program I can find nothing that is contrary to the principles of human rights. I can find nothing that sets the State above the citizen. I can find nothing that provides establishment of a dictatorship. I can find nothing that provides for great armies, in times of peace, of brown, black, blue, or any color shirts. I can find nothing that provides for any symbol of hammer and sickle, of battleax bound with rods, of the swastika, nor of any symbol except that of the free American eagle and the stars of heaven, set in a blue vault, one for each State of the Union, the white of peace and the red of courageous hearts that had bled to preserve our Republic. [Applause.] Even the Blue Eagle is intended to represent an eagle, heraldic rather than actual, but still an eagle.

The edifice erected on the specifications of the Declaration of Independence and the Constitution is still the temple of democracy. It is still the temple of the people. It is still the temple of "government of the people, for the people, and by the people", and I pray God that it may ever remain thus. [Applause.]

The additions made in the past by those who misread the specifications must be removed, and like Independence Hall in Philadelphia, the edifice restored to its original simplicity and beauty.

New architects have been called to the work. Some people call them the "brain trust." New workmen must build what they plan, and the edifice must be restored to its original lines. It must not have Russian iron, German paint, Italian marble, British oak, French decoration, or anything but American material. [Applause.]

The original temple of democracy was built in a hand age; the restoration will be completed in a machine age, but the object of the restoration is to bring about the greatest welfare to the greatest number of people and to reopen the temple doors to those who seek the pursuit of life, liberty, and happiness, guaranteed to them by the immortal Declaration of Independence. [Applause.]

Quo vadis?

Whither the road to the future?

I propose that we take the path of planned economy along the course of which there are 10 guideposts.

First. To continue and make a permanent part of our institution the National Industrial Recovery Act and the National Recovery Administration, to keep and consolidate the gains already achieved under this act, and eliminate those regulations that have proven to be impractical.

Second. To continue and make a permanent part of our institution the Reconstruction Finance Corporation. To enlarge its functions so that loans may be made to small as well as to the large corporations and business people, to employ the army of unemployed to make them self-supporting and self-respecting.

Third. To place agriculture on a parity with industry by extending loans and credit to independent farmers and especially to the present transient tenant and crop farmers to give them permanent tenure of the land they cultivate and also protect them in the foreign markets of the world against international price cutting. [Applause.]

Fourth. Planned, systemized, and correlated development on a national scale of all means of transportation and communication. There is to be no building of railroads, airways, highways, or development of water courses, or means of communication such as telephone, telegraph, radio, without approval of this planning board.

Fifth. The encouragement of foreign trade by the establishment of reciprocal trade agreements with other nations of the world, and the encouragement of the American merchant marine by favoring American ocean freighters through subsidies and other similar means.

Sixth. The strengthening and enlarging of the power of the Federal Trade Commission with a view of eliminating unfair trade and business prices, unfair competition and purchase of goods dumped on the market through fraudulent bankruptcies.

Seventh. The enactment of a uniform banking law through the establishment of a single national-banking system under Government control. The encouragement of savings accounts with the Government, either in Postal Savings or with the Treasury, at a nominal rate of interest, with the entire resources of the United States as security. [Applause.]

Eighth. National ownership and operation of natural resources, such as public utilities and means of transportation and communication, including coal mines, oil and gas wells, interstate railroads, bus and air lines, intercoastal steamships, light, heat, and power plants, telephone, telegraph, and radio companies. [Applause.]

Ninth. National and international bimetallism, and the use of both metals, in adjusted proportions, as a basis for currency. [Applause.]

Tenth. The national ownership of all munitions of war and armor-producing plants with the trade in munitions and firearms, explosives and war gases and other munitions of war, limited to the Federal Government, States, and municipalities. [Applause.]

We in the United States are molding the civilization of the future. In the short period of a century and a half the pioneers of our country animated by courage, by fortitude and bravery and inspired by ideals have converted a wilderness into a great nation. Associated with them in this gigantic achievement have been other liberty-loving men and women who have given up their old heritage, forsook what they held near and dear and have come to this new land seeking liberty and justice and bringing with them the will and capacity to work. In the great crucible of American principles and traditions these two elements are fusing into a new national alloy, which, like the alloys of modern metallurgy, will possess qualities beyond the capacities of any of the orginal elements. [Applause.]

I have briefly outlined before some of the characteristics of today's governments in Europe. Each form of government has originated either through the collective will of the people or has been forced upon the people by organized force, substituting might for right.

In our own country we have achieved a political union that has withstood the test of armed invasion, civil war, foreign wars, the World War, and attacks of undermining forces alien to American spirit. Ours is still—and pray God it may ever be—a great democracy in which vox populi, vox Dei—the voice of the people is the voice of God. [Applause.]

The Old Testament speaks of the Jews as the "chosen people." The rulers of Europe today have appropriated and altered this phrase. Thus we find that Italy is the "chosen nation"; Austria, the "chosen state"; Russia, the "chosen class"; and Germany, the "chosen race." But superior to all these is our United States, for ours is the "chosen land", where rule is not by race, nor class, nor creed, nor color, but in which human beings can realize for themselves the highest aspirations that can be found in life. [Applause.]

Under the liberty and freedom which our Republic grants to body, soul, mind, and spirit, from all these diversified national elements among us, will ultimately be developed

one group superior to all—the E Pluribus Unum of America, symbolic of one for all and all for one. [Applause.]

This great American group will carry on its constant faith in their Nation, founded in the struggles and the traditions of the past; glory in its peaceful triumphs and conquests of the present, and shine resplendent in the hope and confidence of its tremendous future. [Applause.]

Imbedded in the heart and soul of our people will be the two great mottoes—"E Pluribus Unum" and "In God We Trust"—the glorious symbols of America of yesterday, of America of today, and of America of tomorrow. [Applause.]

Mr. Speaker, I shall be pleased at this time to answer any questions that any Member is desirous of propounding to me.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. KELLER. I observed that in referring to the accomplishments under Bismarck in Germany, the gentleman left out old-age pensions. Was not that enacted under his regime?

Mr. SIROVICH. I included that. I am very glad the distinguished gentleman from Illinois has brought that up, because every bit of social legislation that we find in our own country was first enacted by the archreactionary, the ultraconservative, Iron Chancellor Bismarck, in 1881. And I was very much surprised to see my good friend TOM BLANTON as a liberal Democrat stand in opposition this morning to the subject of old-age pensions.

Mr. BOYLAN. Mr. Speaker, will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. BOYLAN. I congratulate the gentleman upon his very able speech. I am sure it proved very informative to the House. The gentleman believes, does he not, that the policies he has enunciated as the policies of today are the policies we are now pursuing? These principles and policies are based upon justice and equality and are in accordance with the tenets proposed by the gentleman?

Mr. SIROVICH. I am very glad that my distinguished colleague from New York, Mr. BOYLAN, asked that question. What I wanted to bring out is that the philosophy of the principles of Franklin D. Roosevelt are symbolic of the old principles of democracy. They are the same as those enunciated by Thomas Jefferson, Benjamin Franklin, and Thomas Payne. The only difference is the form, because democracy is eternal in its principle, and its form changes as the years come and go, just the same as clothing. The shape and design of clothing of 1934 is different than the shape and design of clothing that was worn in the days of our mothers and fathers. Still the cloth is the same. President Roosevelt is trying to orientate the democracy of today to fit the social, economic, and political conditions that confront us in order to give to every man and woman of our Republic economic security and enable them to compete for the mental and spiritual opportunities in life that will ennoble mankind. This is the philosophy that underlies the new deal of Franklin D. Roosevelt.

Mr. DUNN. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Pennsylvania.

Mr. DUNN. Will the gentleman please explain how we are going to get out of a depression when practically every factory in the United States has what they call an "age limit"? In other words, I am a member of the Labor Committee. When we were discussing the 5-day 6-hour bill, which I hope will be passed at this session, practically every man that appeared before us, who was the head of an industry, maintained that they had an age limit. I asked every one of them, What is your age limit? I do not hesitate to say that practically every one of them stated between 40 and 45 years of age. If the United States Government is not going to provide old-age pensions and unemployment insurance and all of our industries have an age limit, preventing men and women from getting a job when they attain the age of 40 or 45 years, how are we going to get out of the depression?

Mr. SIROVICH. In answer to my distinguished colleague from Pennsylvania [Mr. DUNN], who has loyally and consistently supported labor legislation in this House, permit me to advise him that at the present time in this mechanistic age the slogan or shibboleth of modern industry seems to be, "Equal opportunities for all with the exception of those past the age of 40."

It is a tragic indictment of the civilization of our machine age that men past the age of 40 are being relegated to the scrap heap. However, the 5-day week and the 6-hour day, with which I am in thorough sympathy and accord, would be instrumental in dividing the work so that all of our citizens who are willing to work could be employed.

The profit motive which is being utilized for the benefit of the few in industry should be distributed for the benefit of the great mass of our unemployed. Competition for individual materialism should be supplanted with cooperation, making it possible to have economic security for every man and woman who is willing to work to earn his daily sustenance. Since labor is the producer of capital and wealth, it should be entitled to a fairer share in the distribution of the wealth it creates. When men and women arrive at the age of 50 or 60 and are no longer able to work in the quarries of industry, commerce, and agriculture the Government of the United States, in cooperation with the States of the Union, should have old-age pension laws which would pension every worker, every father and mother who have contributed their all upon the altar of industry, to be provided for in their old age. If it is patriotic to pension every soldier who is ready to make the supreme sacrifice upon the altar of war that his country might endure, it is just as noble, just as humane, just as patriotic to pension through old-age pensions the worker, the toiler and laborer, including helpless fathers and mothers, who are dependent upon charity for having given of their lives, health, and strength to make our country great, glorious, and prosperous. [Applause.]

In 1927 I spoke for 1 hour upon the subject of old-age pensions. That bill has become the model for all other bills that have since been introduced upon the subject. The speech that I then made made a most profound impression upon Franklin D. Roosevelt. When he became Governor of the great State of New York he wrote me a letter that it inspired him to appoint a commission to investigate the subject of old-age pensions, and through his cooperation and magnificent effort an old-age pension law was written upon the statute books of the State of New York. Old-age pension is now operating in almost 14 States of the Union. Old-age pensions are found in every civilized country of the world with the exception of China, India, and the United States. I am appealing to the Membership of this House to help us secure an old-age pension act before China and India leave this, the greatest civilized Nation of the world, still in the background for having failed to do justice to those who have appealed for aid in their declining age.

Mr. Speaker, in 28 nations of the world we have the compulsory contributory form of old-age pensions, in which the state, the employer, and the employee contribute an equal percentage for an old-age pension fund. This usually amounts to about 3 percent of the salary of the employee, a like sum being contributed by the nation and by the employer. Second, the voluntary contributory form of old-age pension, which is found in 10 different countries of Europe, in which the state just grants old-age pensions to men and women who have grown old and feeble in the service of agriculture and industry. The workingmen do not have to contribute to any old-age pension fund. The state provides for it alone. Third, there is the old-age savings fund, as found in Japan, in which the nation matches the savings of the workingman and provides for him when he is no longer able to work in the quarries of industry.

Mr. MEAD. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from New York.

Mr. MEAD. I am very much interested in the splendid statement the gentleman is making and I agree with his statement that President Roosevelt is carrying forward the principles of true democracy. I should like to have my

distinguished colleague explain to the House, as I know he can, the fact that President Roosevelt is meeting with the same opposition that the reforms advocated by Jefferson and Jackson met with in their day; that he is meeting with the same opposition that the square-deal program advocated by Theodore Roosevelt met, that the new-freedom movement advocated by Woodrow Wilson met, and that that opposition, Torylike, as it was called in the reactionary days of early history, is ready and willing to step in in strong opposition. We see their opposition to the stock-market control, and yet they forget the Insulls and the Kruegers. We find their opposition to the Securities Act, to the Wagner Dispute Act, and we find partisan debate even in the matter of the air-mail cancelations. Much of this, in my judgment, is an organized effort to defeat the progressive reform advocated by the new deal and sponsored by Franklin D. Roosevelt.

Mr. SIROVICH. My distinguished friend has asked a very pointed question, but the question is age old in its conflict.

If the gentleman is conversant with the Bible, he will note the same battle being waged between the Sadducees and the Pharisees in Biblical times. You will find the same controversy between the "hoi aristoi" and the "hoi polloi" in Greece. You will observe the same discord, dissension, and disagreement between the Roman patricians and plebians. In medieval times the same conflict was waged between the barons, lords and dukes, and the serfs. In those days the serfs had economic security, but they had no liberty or freedom. Today the modern workingmen have liberty and freedom but have no economic security. To digress further, please observe that in the parliamentary constitutional form of Great Britain's Government the struggle between the Whigs and Tories and between the Conservatives and Liberals has always persisted. In this the Seventy-third Congress of the United States you can see the same line of demarcation between the reactionary element which is found on both sides of the aisle amongst Republicans and Democrats and the liberals and progressives found in both the Republican and Democratic ranks.

I am a great admirer of the President of the United States and was one of his early and first supporters as a Presidential possibility, yet I have never voted for a gag rule and I have never voted for a measure because the President wanted it. I voted for every measure of Franklin D. Roosevelt when I believed it was a liberal and a progressive measure designed to bring about the reforms that we have been speaking about. [Applause.]

Mr. KENNEY. Mr. Speaker, will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from New Jersey.

Mr. KENNEY. Will the gentleman explain why there should be any opposition to a great American institution and the first means of raising revenue that this country knew before a system of taxation was put into vogue? Will the gentleman explain to us why this body that objects to so many things should really object to a national lottery conducted by the Government for public benefit, such a lottery as is conducted by more than 30 countries of the world?

Mr. SIROVICH. For the benefit of my distinguished friend from New Jersey, I desire to say that we have to observe a moral code in this Republic. Every honorable man and woman in this country is against gambling. It is unmoral and unethical. However, we have legitimized gambling on Wall Street. We have gambling on race tracks in various States of the Union. We gamble in the future of wheat, cotton, and other commodities necessary for life. We should have a uniform law that is equitable and just to every American citizen. If we allow one form of gambling, we should allow another, and lotteries belong to this category. My theory therefore is, let us eliminate all forms of gambling and let men and women earn their living in conformity with the dictates of humanity, in which social and economic justice reign supreme.

Mr. DOUGLASS. Does the gentleman think a lottery improves the moral code?

Mr. SIROVICH. Does the gentleman think gambling in Wall Street improves the moral code?

Mr. DOUGLASS. No; but does lottery improve the moral code?

Mr. SIROVICH. Not at all; but, as I said, if you allow one form of gambling, you should allow all others. There should be no privileges for one that are denied for others.

Mr. DOUGLASS. Two wrongs do not make a right.

Mr. SIROVICH. I agree with the gentleman that two wrongs never made a right, so we are battling in this House to bring about a fundamental doctrine of democracy which is the greatest good for the greatest number. [Applause.]

LEGISLATIVE APPROPRIATION BILL, 1935

Mr. LUDLOW. Mr. Speaker, I call up the conference report on the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER pro tempore (Mr. BYRNS). Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 31, 32, 33, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 14, 18, 19, 20, 21, 22, 23, 24, 25, 27, 29, 35, 36, 37, and 38, and agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$187,345, of which $90,000 shall be for the fiscal year 1934"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "That the present incumbent as attending physician be advanced one grade as an extra number, provided that this shall not be considered as affecting the opportunity for advancement of any other person"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, and 30.

LOUIS LUDLOW,
JOHN N. SANDLIN,
J. P. BUCHANAN,
CLARENCE J. MCLEOD,
Managers on the part of the House.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
MARCUS A. COOLIDGE,
FREDERICK HALE,
J. G. TOWNSEND, JR.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying report as to each of such amendments, namely:

SENATE

On no. 14: Eliminates one skilled labor at $1,680, as proposed by the Senate.

On nos. 18 and 19: Appropriates $9,000 and makes $5,000 of that sum immediately available, as proposed by the Senate, instead of $4,000, as proposed by the House, for the Vice President's automobile, and makes the appropriation available, as proposed by the Senate, for the purchase of a new car.

On no. 20: Appropriates $57,323, as proposed by the Senate, instead of $55,312, as proposed by the House, for reporting debates and proceedings of the Senate.

On nos. 21 and 22: Appropriates $268,955 and makes $150,000 of that amount immediately available, as proposed by the Senate, instead of $144,455, as proposed by the House, for expenses of inquiries and investigations; and eliminates from the paragraph provision heretofore carried for the Joint Committee on Internal Revenue Taxation.

On no. 23: Appropriates $25,500, as proposed by the Senate in a separate paragraph for expenses of the Joint Committee on Internal Revenue Taxation instead of making provision for such committee in the item for expenses of inquiries and investigations.

On no. 24: Appropriates $35,000, as proposed by the Senate, for Senate kitchens and restaurants for the fiscal year 1934.

On no. 25: Amends the limitation in the House bill "that no part of any appropriation contained in this act shall be used for the operation of any restaurant" by exempting, as proposed by the Senate, appropriations made in the bill for Senate kitchens and restaurants for the fiscal year 1934 and appropriations available for heated and lighted space and janitor service for restaurants and kitchens.

On no. 26: Appropriates $187,345 and makes $90,000 of that sum available for the fiscal year 1934 for miscellaneous items, instead of $97,345, as proposed by the House, and $201,650.35, of which $90,000 should be available for the fiscal year 1934 and $14,305.35 for the fiscal year 1933, as proposed by the Senate.

HOUSE OF REPRESENTATIVES

On no. 27: Amends the limitation in the House bill "that no part of any appropriation contained in this act shall be used for the operation of any restaurant" by exempting, as proposed by the Senate, appropriations made in the bill for Senate kitchens and restaurants for the fiscal year 1934 and appropriations available for heated and lighted space and janitor service for restaurants and kitchens.

On no. 28: Provides that the attending physician be advanced one grade permanently instead of being advanced two grades permanently, as proposed by the House, and one grade temporarily, as proposed by the Senate.

OFFICE OF ARCHITECT OF THE CAPITOL

On no. 29: Appropriates $300,780 as proposed by the Senate, instead of $217,680 as proposed by the House, for maintenance and repair of the Senate Office Building.

LIBRARY OF CONGRESS

On no. 31: Appropriates $774,341, as proposed by the House, instead of $786,510, as proposed by the Senate, for salaries of the Library proper.

On no. 32: Appropriates $18,100, as proposed by the House, instead of $21,700, as proposed by the Senate, for development and maintenance of the Union Catalogues.

On no. 33: Appropriates $100,000, as proposed by the House, instead of $130,000, as proposed by the Senate, for increase of the Library.

GOVERNMENT PRINTING OFFICE

On no. 34: Strikes out the provision inserted by the Senate authorizing payment for leaves of absence to be at the rate paid for the position at the time leave is granted.

On no. 35: Appropriates $500,000 of the unexpended balance in the appropriation for public printing and binding for the fiscal year 1933 and makes the same available for the fiscal year 1934 for printing and binding for Congress and for payment for leaves of absence as authorized by law.

On no. 36: Appropriates $10,000, as proposed by the Senate, for carrying into effect the act of March 21, 1934, to provide a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia.

On no. 37: Appropriates $7,438,000, as proposed by the Senate, for carrying into effect the provisions of the act of March 26, 1934, authorizing appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar.

On no. 38: Corrects a section number.

DISAGREEMENTS

The following amendments, all relating to the Senate, are reported in disagreement:

On nos. 1, 2, 3, 4, 5, 6, and 15, increasing the compensation of certain employees.

On nos. 7, 8, 9, 10, 11, 12, 13, and 16, providing additional employees for the Senate.

On no. 17: Making permanent law of the changes in pay and numbers of employees proposed by the Senate amendments.

LOUIS LUDLOW,
JOHN N. SANDLIN,
J. P. BUCHANAN,
CLARENCE J. MCLEOD,
Managers on the part of the House.

Mr. LUDLOW. Mr. Speaker, this conference report was printed in the RECORD quite a while ago, and I think everybody is familiar with it.

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. DOWELL. Is this a complete agreement on the part of the conferees?

Mr. LUDLOW. There are a number of amendments in disagreement, which will be read a little later.

Mr. Speaker, I move the adoption of the conference report.

The conference report was agreed to.

Mr. LUDLOW. Mr. Speaker, there is a group of amendments here that are all in the same category, and in order to save time I ask unanimous consent that they may be considered en bloc. These are amendments nos. 1, 2, 3, 4, 5, 6, and 15. These amendments all deal with increases in salaries of Senate personnel, and the attitude of the conferees of the House is one of opposition to such increases, and for this reason I ask unanimous consent that the amendments may be considered en bloc.

The SPEAKER. The Clerk will report the amendments.

The Clerk read as follows:

Amendment no. 1: On page 2, line 15, strike out "$1,000" and insert "$2,000."

Amendment no. 2: On the same page, line 16, strike out "$4,500" and insert "$5,000."

Amendment no. 3: On page 2, line 20, after the word "clerk" insert "$4,000 and $1,000 additional so long as the position is held by the present incumbent."

Amendment no. 4: On page 2, line 22, strike out the words "and printing clerk, at $3,540 each" and insert in lieu thereof "$4,000 and $1,000 additional so long as the position is held by the present incumbent; printing clerk, $3,540."

Amendment no. 5: Page 3, line 10, strike out "$104,130" and insert in lieu thereof "$108,108."

Amendment no. 6: Page 4, line 2, strike out "$1,500" and insert in lieu thereof "$1,800."

Amendment no. 15: Page 8, line 18, strike out "$1,740" and insert in lieu thereof "$1,920."

The SPEAKER pro tempore. The gentleman from Indiana asks unanimous consent that the amendments may be considered en bloc. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendments.

The motion was agreed to.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that Senate amendments nos. 7, 8, 9, 10, 11, and 13, providing additional employees for the Senate, may be considered en bloc.

Mr. GOSS. Mr. Speaker, reserving the right to object, is it the gentleman's intention to consider amendments 7, 8, 9, 10, 11, and 13 en bloc and then have amendments numbered 12 and 16 considered separately?

Mr. LUDLOW. They are separate amendments and require a different motion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the amendments in disagreement as follows:

Amendment no. 7: Page 5, line 12, after the figures "$3,900" insert "assistant clerk, $3,600."

Amendment no. 8: Page 5, line 15, strike out the words "additional clerk, $1,800" and insert in lieu thereof "two additional clerks, at $1,800 each."

Amendment no. 9: Page 5, line 19, strike out "assistant clerk, $2,400" and insert in lieu thereof "two assistant clerks, at $2,400 each."

Amendment no. 10: Page 6, line 2, strike out "additional clerk, $1,800" and insert in lieu thereof "two additional clerks, at $1,800 each."

Amendment no. 11: Page 7, line 3, after the figures "$2,220" insert "assistant clerk, $2,000."

Amendment no. 13: Page 7, line 23, after the amount "$2,640", insert "one at $1,800 from April 1, 1934, to June 30, 1935, both dates inclusive, $2,250."

Mr. LUDLOW. Mr. Speaker, I move that the House recede and concur in the Senate amendments.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 12: Page 7, line 4, strike out "$433,170" and insert "$443,880."

Mr. LUDLOW. Mr. Speaker, I move to recede and concur with an amendment as follows:

The Clerk read as follows:

In lieu of the matter stricken out insert "$443,610."

The SPEAKER pro tempore. The question is on receding and concurring with the amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment 16: Page 8, line 22, strike out the figures "$212,259" and insert "$212,934."

Mr. LUDLOW. I move that the House recede and concur with an amendment.

The Clerk read as follows:

In lieu of the matter stricken out insert "$212,934."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment 17: Page 9, line 9, insert "The provisions of the Legislative Pay Act of 1929 are hereby amended so as to correspond with the changes made by this act in the designations and rates of salary of certain positions under the Senate."

Mr. LUDLOW. Mr. Speaker, I move that the House recede and concur.

Mr. GOSS. Will the gentleman yield?

Mr. LUDLOW. Yes.

Mr. GOSS. That makes permanent law of the new employees that we have just voted for the Senate, at the same legislative rate of the Legislative Act of 1929.

Mr. LUDLOW. The act of 1929 did not contain those. It makes it permanent statutory law.

Mr. GOSS. I want to say that I read some of the Senate debate on this question, and it was pointed out that all these positions might not be necessary—in fact, they tried to compromise by limiting it to September. If we pass this, we will authorize all of them with these increased prices.

Mr. LUDLOW. There has been an age-old comity between the two Houses, whereby one takes the good faith of the other as a matter of course, and when they represent that they need additional appropriations for help, I think one branch yields to the other; all of this, of course, within reasonable limitations. This is a very ancient tradition, and, so far as I know, it never has been abused.

Mr. GOSS. I want to say that Members of this House right here are just as much pressed and in need of help—in fact more than the Senators—for additional clerk hire. There has been nothing in the bill for an increase to anybody here.

Mr. LUDLOW. We, perhaps, impinged on the comity existing between the two Houses to a slight degree when we of the House conference committee refused to accept the increases in salaries which the Senate voted to some of its employees. I think we were perfectly justified in doing so, since we had declined to grant any increases to employees of our own legislative body. We stood firm, and will continue to stand firm, against these proposed Senate salary increases. They understand that we will not yield on that, but they insisted that these few additional clerks and assistants are absolutely necessary in the discharge of the work of the committees. As they know their own work better than we do, we were not inclined to dispute that point.

Mr. GOSS. The debate in the Senate further indicated that all of the Senators did not think they needed these clerks permanently, but some of them only through the emergency period. We have not a single bit of additional aid here in the House.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. Yes; I yield to my friend and chairman.

Mr. BUCHANAN. Let me say for the information of the gentleman from Connecticut [Mr. Goss] that the Senators have no personal secretaries. Each Member of the House has two secretaries, whether the Member is a chairman of a committee or not. The Senators who are chairmen of committees in the Senate do not have those secretaries. They are dependent upon the clerks of the committees of which they are chairmen not only to do the work of the committee but to attend to all of the correspondence of the Senator from his State.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Let me finish. There are four committees here where we have made increases. I am speaking about them now. Those committees have only four clerks, and those clerks have to attend to all of the duties of those committees and all of the correspondence of the Senators from an entire State. Take, for instance, the Interstate and Foreign Commerce Committee of the House. With the messenger or janitor, or whatever he may be called, that committee has 4 clerks and the chairman of that committee has 2 secretaries, making 6 in all. Therefore the chairman of the committee in the House has 6 to help out, and a Senator, with an entire State to attend to, has only 4. I think it is nothing but right that they be given these extra employees.

Mr. GOSS. Let us look at it is in a different way. I understand that each Member of the House is allowed $5,000 for his secretarial staff, split up as he sees fit, less the cut.

Mr. BUCHANAN. He is allowed to have two clerks under that.

Mr. GOSS. Or he could have three if he wanted it?

Mr. BUCHANAN. No.

Mr. GOSS. Under the $5,000?

Mr. LUDLOW. Just two.

Mr. GOSS. And he has $5,000 less the cut. What does the Senator have?

Mr. BUCHANAN. He has nothing if he is the chairman of a committee.

Mr. GOSS. How much is a Senator allowed in his office?

Mr. BUCHANAN. He is allowed nothing for clerks if he is a chairman.

Mr. GOSS. Oh, yes, he is.

Mr. LUDLOW. Then we must remember that a Senator acts for an entire State, composing many congressional districts.

Mr. GOSS. I grant that, but we have Representatives at large.

Mr. BUCHANAN. A Senator who is a chairman has nothing but the clerks of his committee. He does not have any in his office.

Mr. GOSS. I say that in the House we are allocated $5,000 to each Representative for his personal clerk hire. I am asking the chairman of the committee now how much is each office of the Senate allowed?

Mr. BUCHANAN. None, if he is the chairman of a committee.

Mr. GOSS. None?

Mr. BUCHANAN. The Senators who are not chairmen of committees are allowed four clerks.

Mr. GOSS. How much money?

Mr. BUCHANAN. The usual salary, about $10,000.

Mr. GOSS. How much money? Ten thousand dollars?

Mr. LUDLOW. I think it is $9,000.

Mr. GOSS. It is $9,000 or $10,000. There are many men on the floor of the House who are representing States at large who have just as much correspondence as a Senator does on the other side; and yet that Senator, if he does not happen to be the chairman of a committee, has 4 clerks, while the Members on this side have only 2. That does not seem fair to me. Some of us—and I am not in that class, as I represent only one district—have just as much mail as a Senator.

Mr. BUCHANAN. But the gentleman's argument about the Senator having four clerks aggregating $10,000, and that is what it is, does not apply to this amendment.

Mr. GOSS. I understand that it does not.

Mr. BUCHANAN. And those Senators are not chairmen of committees.

Mr. GOSS. That is all right; but when the bill was under consideration here we did not see fit to put in any new clerk hire, regardless of the fact that our mail has increased, but the bill comes back from the other side with not only new clerks but many of them with increases in salary. I am glad that the gentleman did not grant that on the part of the Senate.

Mr. BUCHANAN. Cannot the gentleman understand? The Senators who are not chairmen of committees have four clerks, aggregating an amount of $10,000.

Mr. GOSS. That is correct.

Mr. BUCHANAN. That is not in this amendment.

Mr. GOSS. I know it is not.

Mr. BUCHANAN. The Senators who have committees have only four clerks, with that committee work extra on their hands.

Mr. GOSS. That is true, with an increase in salary to those two extra clerks.

Mr. BUCHANAN. This bill gives them 1 more clerk to attend to the committee and 4 to attend to their correspondence, but no increases in salary.

Mr. GOSS. I am bringing up this point now, because every year the bill comes back with this idea of the Senate wanting this and that and the other thing, and I call the attention of the committee to the fact that there are Members in the House representing States at large, and I know the mail in most of our offices is about as heavy as the mail that goes to the Senate, if not heavier, and I hope in another year the committee will give that due cognizance, so far as the Members here are concerned.

Mr. LUDLOW. I think if the gentleman will look into this he will realize that these few increases of Senate personnel covered by this conference agreement are warranted.

Mr. GOSS. I hope they are warranted, and at least that it will be so with those Members on this side of the Capitol who are representing States at large, and that they, the same as the Senator, might have additional clerk hire another year.

I do not happen to be in that class, so I am not seeking anything for myself.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. LUNDEEN. The Members of this House are entitled to one more clerk. Why Senators should have 4 to 6 clerks while we struggle along with 2 is beyond me. We are all overloaded with unanswered mail in this great emergency. If we want to help the unemployed office worker, here is an opportunity right in the Capitol. Perhaps we cannot bring this about in the Seventy-third Congress. I hope we can. I am willing to vote for one more clerk to be employed at a fair salary. Our constituents ask prompt service. This will help us render better service. I hope the able gentleman will present a resolution along these lines.

Mr. LUDLOW. I may say to the gentleman that undoubtedly that could be taken up with the Committee on Accounts. I understand there is a resolution pending at the present time before the Committee on Accounts with that purpose in view.

Mr. LUNDEEN. Is there any prospect of its being brought up?

Mr. LUDLOW. I cannot tell the gentleman the status of the resolution.

Mr. LUNDEEN. I hope the gentleman will press it; we need another clerk, and unemployed clerks need work.

Mr. LUDLOW. The matter has been started, I may say, and is on its way. I think all will agree that the proper way to legislate on this subject is through a legislative committee and not on an appropriation bill.

Mr. LUNDEEN. I shall be glad to support it.

The SPEAKER pro tempore (Mr. BYRNS). The question is on the motion to recede and concur.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 30: Page 29, line 18, "*Provided*, That the quarters, heat, light, fuel, and telephone service heretofore furnished for the director's use in the Botanic Garden shall not be regarded as a part of his salary or compensation, and such allowances may continue to be so furnished without deduction from his salary or compensation notwithstanding the provisions of section 3 of the act of March 5, 1928 (U.S.C., supp. VI, title 5, sec. 75a), or any other law.

Mr. LUDLOW. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 30 and concur in the same.

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. DOWELL. Will the gentleman explain to the House why the conferees have agreed to this amendment, and for what reason he now seeks to have the House vote to give to this official certain emoluments and privileges not given to anyone else?

Mr. LUDLOW. I may say to the gentleman from Iowa that, as the gentleman recalls, the matter was discussed very thoroughly when the bill was before the House and the gentleman made a point of order on which the item was stricken from the bill.

Mr. DOWELL. I made the point of order against the item because there is no law to sustain it.

Mr. LUDLOW. That is true. Let me say to the gentleman that this matter was considered and adjusted many years ago on the basis of what at that time was thought to be a just and righteous compensation for this official. I grant that it is an unusual arrangement, but I do not believe it is unjust. I think it is just to the Treasury of the United States, because when we consider that even with the advantages and emoluments this official gets his compensation is very moderate considering his responsibility. He has under him about 100 employees. The utilities that he is allowed come from the Capitol power plant. There is no additional charge for the electric current he uses.

I have taken some pains to investigate this matter. I suppose the additional allowances and emoluments he enjoys amount to about $900. This brings his total compensation up to about $6,100, which I do not believe is out of line with the compensation paid other officials who have similar responsibilities. I grant that it is a very unusual arrangement. I think, as a matter of fact, it is entirely an anomalous arrangement. I do not believe there is another like it in the country; but at the same time I do believe it is just.

I think there is no element of injustice to the Government involved in it and I do hope the item will be allowed to stand.

Mr. DOWELL. Does not the gentleman think it would be much more preferable if the officer is not receiving sufficient salary that it be increased directly rather than by the granting of certain privileges that Congress does not give to other officers?

Mr. LUDLOW. It seems to me the matter is just about as broad as it is long. If we increase his salary and cut out these items, he would have to pay for them out of his salary. I do not understand why there should be any particular opposition to the present arrangement.

Mr. DOWELL. Mr. Speaker, so far as I am concerned, I am opposed to this method of appropriation. I think the Appropriations Committee should cut it out. I do not believe any privilege should be extended to any official that is not given to them all. There is no law for this item. The gentleman stated when the point of order was made that this had been allowed by somebody else prior to his appointment to the committee.

Mr. LUDLOW. That is true; it has been running along for many years.

Mr. DOWELL. The gentleman is responsible for this now, however; and I may say that while I shall not cause delay today by having this item voted upon, it is objectionable, and I object to it. I think it ought to be cut out; and unless this committee is inclined to cut it out, so far as I am concerned, I intend to do all I can to prevent legislation of this kind being passed.

Mr. LUDLOW. I have no way of prophesying whether I shall be a Member of the next Congress or not, but if I am, I shall be perfectly willing to take it up ab initio, to start at the beginning and discuss it.

Mr. DOWELL. One more question and I am through: Does the language as carried in the bill make this item permanent law?

Mr. LUDLOW. I am informed that it does not. It is the same language that has always been carried, and can be taken up with the Committee on Appropriations the next time the legislative appropriation bill is considered.

Mr. DOWELL. I fear this might be construed to be permanent law. If so, I do not want it in the bill.

Mr. LUDLOW. I am informed that it never has been so construed.

Mr. DOWELL. Is the present item in exactly the same language that has always been carried?

Mr. LUDLOW. I understand it is in the identical language.

Mr. DOWELL. And I understand the gentleman to say that hereafter he is going to see that there will be some permanent law for this item or that the committee will raise the question?

Mr. LUDLOW. No; if the gentleman from Iowa understood me to say that, he did not hear me correctly. That is not what I said. I said I would be perfectly willing to take it up from the beginning and consider it and submit the matter to the committee if I happen to be a member of the committee.

Mr. DOWELL. I may say to the gentleman that the principle of this is dead wrong. I am not, however, going to take the time of the House at this time to vote upon the matter; but unless this is corrected, and should the committee bring in further legislation of this character, I shall do all I can to see that a test is made of it.

The SPEAKER. The question is on the motion to recede and concur.

The motion was agreed to.

On motion of Mr. LUDLOW, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

SUGAR BEETS AND SUGAR CANE

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

Mr. LANZETTA reserved all points on the bill and report.

The Clerk read the conference report.

The conference report and statement is as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 47 and 48.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11½, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33; 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 49, 50, 51, 52, 53, 54, 55, 56, 57, and 58, and agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: On page 5 of the Senate engrossed amendments, line 20, after the word "section", insert a comma and the following: "except quotas fixed by paragraph (B) of this subsection"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: On page 9 of the House bill, line 15, after the word "Act", insert "relating to sugar beets, sugar cane, or the products thereof"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment insert: "and will fix minimum wages for workers or growers employed by the producers and/or processors of sugar beets and/or sugar cane who are parties to such agreements"; and the Senate agree to the same.

The committee of conference report in disagreement amendment numbered 59.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
W. F. GEORGE,
E. P. COSTIGAN,
JAMES COUZENS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments nos. 1, 2, 6, 7, 8, 11, 15, 28, 29, 41, 44, 45, 46, 51, 54, 55, 56, 57, and 58 are clerical amendments; and the House recedes.

On amendments nos. 9, 11½, 16, 21, 25, and 49 clarify the language used in the bill as it passed the House, but do not in any way change the substance of the provisions to which they relate. On these amendments the House recedes.

On amendment no. 3: The House bill defined the term "processing" in the case of sugar beets and sugar cane. The Senate amendment is a restatement, in clearer lan-

guage, of the definition, using the term "first domestic processing." The processing tax attaches upon the production of "direct-consumption sugar" whether this product is produced as a result of successive processings or in one continuous process. The House recedes.

On amendment no. 4: This amendment strikes out the definition of "processor", contained in the House bill; and the House recedes.

On amendment no. 5: This amendment does not change the substance of the definition of "sugar" in the House bill but states it in simpler and clearer language. The House recedes.

On amendments nos. 10 and 12: These amendments to the definitions of "raw sugar" and "direct-consumption sugar" provide that further preparation for distribution or use shall be the distinguishing characteristic, in addition to further refining or improving in quality, as contained in the House bill. The House recedes.

On amendment no. 13: This amendment clarifies the definition of "raw value", and fixes a definite measure to be used in determining quotas and the amount of tax. The House recedes.

On amendment no. 14: The House bill provided that the rate of the processing tax should not be in excess of the reduction of the rate of duty on a pound of sugar raw value, in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930—that is, "full-duty" sugar—as distinguished from sugar coming from Cuba, and provided that in the case of sugar beets and sugar cane the processing tax should be imposed upon the production of products and/or byproducts resulting from the processing thereof, and that the rate of the processing tax should be in accordance with the total sugar content. The Senate amendment provides that if the tax at the full rate on the processing of a commodity for a particular use or uses will cause an accumulation of surplus stocks of the commodity or depression of the farm price thereof, upon investigation, after due notice and opportunity for hearing, the Secretary of Agriculture may reduce the rate of the processing tax upon the processing of the commodity for such use or uses, or as to any designated product of the commodity. The amendment also provides that in the case of sugar beets or sugar cane the rate of tax shall not be in excess of the reduction of the rate of duty on a pound of sugar raw value, in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930, as adjusted to the Treaty of Commercial Reciprocity between the United States and Cuba. The amendment also clarifies the language with respect to the rate of the processing tax in conformity with the action of the conferees on amendments nos. 3, 5, and 13. The House recedes.

On amendment no. 17: This amendment extends the provision of paragraph 8 a (1) (A) (i) to the processing of sugar in any area to which the provisions of the title with respect to sugar beets and sugar cane may be made applicable for consumption in continental United States. The provision of the House bill related only to importation of sugar into continental United States for consumption therein and to sugar transported to be received in, processed, or marketed in continental United States. The House recedes.

On amendments nos. 18, 19, 23, and 24: These amendments strike out from the provisions of paragraph 8 (a) (1) (A) (i) (relating to foreign countries and other areas) the Territory of Hawaii and Puerto Rico. The House recedes.

On amendment no. 20: This amendment clarifies the language by specifically providing that the quotas referred to are the quotas fixed by the Secretary of Agriculture. The House recedes.

On amendment no. 22: This amendment, in connection with amendment no. 27, makes it clear that in determining quotas for the several supply areas outside continental United States areas provided for in paragraph (ii) (relating to Hawaii and Puerto Rico) will be included. The House recedes.

On amendment no. 26: This amendment provides for the readjustment of any quota subject to the provisions of the section—that is, quotas not fixed by Congress—and provides that the Secretary of Agriculture may appoint an officer, including the Governor General of the Philippine Islands, for that area in his name to allot any quota. The House recedes with an amendment making certain that the Secretary of Agriculture may not readjust quotas fixed in the bill for continental United States.

On amendment no. 27: This amendment makes separate provision for the Territory of Hawaii and Puerto Rico. In the House bill, these areas were covered in the preceding paragraph by the provision relating to various areas, including foreign countries. The House recedes.

On amendment no. 30: The House bill provided generally that, for any area producing less than 250,000 long tons of sugar raw value, during the next preceding calendar year, the Secretary may determine the quota. The Senate amendment does not change the substance of this provision but provides that the quota for the States of Louisiana and Florida, if fixed under this provision, shall not be less than the quota specifically fixed in paragraph (B). The House recedes.

On amendment no. 31: The House bill authorized the establishing of a separate quota or quotas for edible molasses and/or for sirup of cane juice produced in continental United States, in addition to the quotas established pursuant to the bill. The Senate amendment provides that the Secretary of Agriculture may establish a separate quota or quotas for edible molasses and/or sirup of cane juice produced in continental United States, in addition to, and/or for edible molasses, sirups, and sugar mixtures produced in any other area or areas to which the title relates, as part of or in addition to, the quotas established pursuant to paragraphs (A) to (C), inclusive, of the subsection. These provisions apply to the products referred to for use as such and not for the extraction of sugar. The House recedes.

On amendment no. 32: This amendment strikes out the provision in the House bill with respect to the proration of consumption requirements in excess of those determined for the year immediately preceding. In addition, it provides that continental United States shall have allotted not less than 30 percent of consumption requirements in excess of 6,452,000 short tons of sugar, raw value. The House bill left to the Secretary of Agriculture the determination of the base upon which the 30-percent participation applied. The House recedes.

On amendment no. 33: The effect of this amendment is to strike out the provision in the House bill with respect to the proration of consumption requirements found to be less than those determined for the year next preceding. The House recedes.

On amendment no. 34: This amendment provides that authorized agreements may contain provisions which will limit or regulate child labor. The House bill provided that agreements might contain provisions which would eliminate child labor. The House recedes with a clarifying amendment making certain that the agreements referred to are agreements relating only to sugar beets, sugar cane, or the products thereof.

On amendment no. 35: This amendment strikes out the provision in the House bill that all authorized agreements may contain provisions which will fix minimum wages for workers or growers employed by, or under the control of, the producers and/or processors who are parties to such agreements. The House recedes with an amendment restoring the substance of the language in the House bill but inserting a provision conforming to the limitation to sugar beets and sugar cane in amendment no. 34, and omitting the authority as to workers or growers "under the control of" producers or processors.

On amendment no. 36: This amendment reduces the fine for violating the Secretary's regulations from not more than $1,000, as in the House bill, to not more than $100. The House recedes.

On amendment no. 37: This amendment strikes out the provision in the House bill for imprisonment for violating any order or regulation of the Secretary. The House recedes.

On amendment no. 38: The House bill provided for forfeitures for exceeding quotas and allotments fixed under new section 8 (a) of the Agricultural Adjustment Act. The Senate amendment extends these provisions to the whole title. The House recedes.

On amendment no. 39: This amendment strikes out the provision in the House bill authorizing the appropriation, for the purposes of the Agricultural Adjustment Act, of amounts recovered as forfeitures. The House recedes.

On amendment no. 40: This amendment provides specifically that the district courts of the United States shall have the power to order specific performance of any order, regulation, agreement, or license. The House bill provided specifically that the several district courts should have power to prevent and restrain any person from violating any order, regulation, agreement, or license. The House recedes.

On amendment no. 42: This amendment provides that the enforcement powers may be exercised in any proceeding now pending or hereafter brought in the district courts. The House recedes.

On amendment no. 43: The House bill provided for the institution of procedings to enforce the remedies and to collect the forfeitures provided for in the title. The Senate amendment extends these provisions to remedies and forfeitures provided for "pursuant to" the title. The House recedes.

On amendments nos. 47 and 48: These amendments provide that in the case of sugar beets or sugar cane, the compensating tax shall apply only upon direct-consumption sugar. The House bill contained no such provision. The Senate recedes.

On amendment no. 50: This amendment specifically provides that for the year 1934 the marketing year shall begin January 1, 1934. The House bill provided, generally, that the calendar year shall be considered to be the marketing year. The House recedes.

On amendment no. 52: This amendment provides that the refund may be paid to the consignor named in the bill of lading under which the product is exported. The amendment also provides that section 17 (a) of the Agricultural Adjustment Act, relating to exportations shall be applicable to exports of products of sugar beets and sugar cane to the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the island of Guam, only if the act with respect to sugar beets and sugar cane is not made applicable thereto. The House recedes.

On amendment no. 53: This amendment strikes out the provision in the House bill that there shall be a tax upon the reimportation of any article with respect to which any tax under the act has been, or is to be, refunded. The House recedes.

DISAGREEMENT

The committee of conference report in disagreement amendment numbered 59.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

Mr. JONES. Mr. Speaker, the conference report with two or three exceptions involves merely clerical changes, or changes in language. There are two or three of the amendments which change the substance somewhat. These are explained in the statement accompanying the report and largely explain themselves. Amendment no. 59 has been reported back for a separate vote.

Mr. BLANCHARD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. As I understand it, the gentleman proposes to introduce an amendment to a Senate amendment which will deal with the subject of exemption of imported sugar from the floor tax.

Mr. JONES. That will come, of course, after the report is adopted. It has been worked out by some of the conferees, both of the House and Senate, in connection with representatives of the Department. I believe most of those who are interested are agreeable. That will be acted on separately.

Mr. BLANCHARD. So I understand.

Mr. JONES. It will exempt the sugar that pays the rate of duty prevailing on January 1, 1934. It will exempt that sugar from a further tax, because it will have paid the equivalent. The gentleman understands that they are simply putting that sugar on the same basis as sugar subsequently imported because the processing tax in no event can be larger than a reduction in the tariff; so it would simply put it on the basis of the other sugar. There is only a small amount of it, and practically all of the representatives of the beet-sugar States have agreed to the amendment.

Mr. BLANCHARD. Will the gentleman state how much domestic sugar is involved?

Mr. JONES. It is not known exactly, but the Department estimates something like 100,000 to 200,000 tons is all that could possibly be involved, and that some of that sugar, being in bond, will not pay the full duty. A good deal of it cannot be identified, so we are informed, and they estimate that there will be only about half that number of tons involved. That, of course, is an estimate.

Mr. BLANCHARD. Is it the gentleman's contention that the sugar that will come in and be exempt from the floor tax will be in the same position with reference to competition with domestic sugar as the result of this exemption?

Mr. JONES. It will be in exactly the position that sugar is in that comes in after the levying of the tax. That is, it will be in no better position, because the processing fee in no event can exceed the reduction; so it will be in at least as bad a position and maybe worse. It will practically have paid the tax in paying the higher duty.

Mr. BLANCHARD. It is the gentleman's theory, of course, that domestic sugar which will be subject to the floor tax will not be placed at a greater disadvantage than if the exemption were not made for the imported sugar?

Mr. JONES. No; it will not in the new arrangement, because in the new arrangement other sugar could come in at the lower duty—that is, assuming the tariff rates are reduced. Of course, if they are not reduced, there will be no tax of any kind. Besides, you understand, the funds will be used for the purchase and distribution of the surplus sugar and this should help the domestic situation.

Mr. LANZETTA. Mr. Speaker, I make the point of order that Senate amendment no. 59, subdivision (d), is an appropriation and not legislation.

Mr. JONES. There is no disagreement on that proposition, and it will come up after the conference report is adopted. We are going to submit that to a separate vote. It would be subject to a point of order but for the fact that the House conferees are going to call that up for a vote under clause 2 of rule XX.

Mr. Speaker, I move the previous question on the adoption of the conference report.

Mr. LANZETTA. Mr. Speaker, I make the point of no quorum.

Mr. JONES. Mr. Speaker, I move the previous question.

Mr. LANZETTA. Mr. Speaker, I withdraw the point of no quorum.

The previous question was ordered.

Mr. JONES. Mr. Speaker, I ask uanimous consent that the gentleman from Hawaii may have 3 minutes to address the House. I promised the gentleman this time and I overlooked the matter. I now ask unanimous consent that he may proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McCANDLESS. Mr. Speaker, this is a very serious piece of legislation. I think it is one of the most serious pieces of legislation that has come before Congress this ses-

sion. You are helping to partially destroy an industry that is now underproducing in the United States. This is the first time in years that Hawaii has sent a Democrat to Congress. I would like to come back here to Congress as a Democrat from Hawaii, but legislation of this character will make it even more difficult than it has been in the past to elect a Democrat in Hawaii. I want the Members of Congress to realize that the western sugar areas will bring into this coming election campaign the question of Congress reducing crops of a product that is now underproduced in the United States, in order to benefit Cuba. You gentlemen from the West will have to answer to your people for this at the next election.

I hear you gentlemen talk every day. I hear your best speakers on the floor talking against Wall Street.

Do you realize there is about $400,000,000 of the capital of Wall Street invested in Cuba, and you are trying now to curtail home products for the benefit of Wall Street and Cuba, a foreign country? You are doing this at the expense of Hawaii and the mainland sugar areas. Is it possible that you are going to vote for a bill of this kind?

Hawaii has suffered or will suffer from this bill. Hawaii is a part of the United States, just as much so as Colorado. Colorado, when a territory, was not in any different position in its relation to the United States from what Hawaii is today. Yet this bill deprives the Territory of Hawaii of a specific sugar quota, and treats us with even less consideration than it does a foreign country. Can you call this democratic or American?

Mr. TABER. Will the gentleman yield?

Mr. McCANDLESS. I yield.

Mr. TABER. Perhaps you have not the same kind of folks interested in your sugar that some of those in Cuba have.

Mr. McCANDLESS. I take it you mean that Hawaii has no Wall Street moneyed interests to fight for our sugar industry, as they fight for Cuba.

Mr. TABER. That is it exactly.

Mr. McCANDLESS. We in Hawaii are taking care of Hawaii ourselves, but we have no vote here, and must depend on your sense of justice for fair treatment. This is your obligation, and you gentlemen seem to have forgotten this duty.

I want the western Congressmen to realize what they are standing for and what they have got to answer for to their people when they go back home this fall. I want to show them that Hawaii's prosperity means a great deal to them. We buy about $80,000,000 worth of goods per year from the Pacific coast, and yet not one of the gentlemen from those States has lifted his voice to protect Hawaii, one of their best customers.

I have here a copy of the Marine Digest of Saturday, April 14, 1934, which shows some of the products we are buying from the Northwest alone. The article is as follows:

JONES-COSTIGAN SUGAR BILL AN INSULT TO AMERICANISM

(An editorial)

In its present form, the Jones-Costigan bill for the Federal regulation of the sugar industry is vicious, destructive, and un-American.

It is un-American because—as concerns the sugar industry—it expels Hawaii from the United States and treats her as foreign territory. If the Hawaiian industry can be treated as a foreign enterprise, the same deal can be handed Alaska canned salmon, or northwest apples, or northwest berries and eggs. They, also, can be forced from under the Stars and Stripes.

In his sugar message of February 8, President Roosevelt recommended fixed quotas for all the sugar-producing districts of the United States, including Hawaii.

But as it passed the House, the bill provides fixed quotas for only our continental districts. It decrees that the quotas for foreign nations and Hawaii shall be subject to the decision of the Secretary of Agriculture. In brief the great Hawaiian industry is to be treated as an alien, as a foreigner, as an outsider; its whole welfare is to be made subject to the arbitrary action of a single official in Washington, D.C. It is to be plunged into an era of doubt that will spell unemployment and impoverishment.

Why one deal for the continental districts and another deal for Hawaii? Why are our continental districts to be allowed to know clearly and definitely where they stand as regards production, and why is Hawaii to be left in a twilight zone of repressive uncertainty?

And when was Hawaii thrown out of the American Union?

Hawaii has been an integral part of the United States for more than a generation. She is subject to our coastwise shipping laws on precisely the same basis as any other part of the United States. The N.R.A. is in full force in her territory. The American flag flies over her.

Yet under the Jones-Costigan bill she is shunted out of the Union; she is shunted into the company of Cuba and other foreign nations. Cuba is not under our N.R.A., nor is she under our coastwise shipping laws, nor does the American flag fly over her capital.

The bill tramples roughshod on one of the greatest principles of Americanism, viz, that all parts of America, with all their inhabitants, shall stand on an equal footing under the Constitution.

The issue of Americanism is paramount. And on this issue the bill, as it now stands, is evil, destructive, vicious, immoral.

The issue of Americanism is paramount, but there is another issue that is vital—the economic issue. The Hawaiian sugar industry is the chief backbone of prosperity and progress in the islands. The bill aims a deadly blow at the industry. That blow will recoil with tragic effect on Washington, Oregon, and California. For Hawaii each year pours tens of millions of dollars into the Coast States for the purchase of our products. In 1933, one of the worst years of the depression, she poured $10,000,000 into the Northwest alone for the purchase of apples, dairy products, eggs, potatoes, feeds, wheat, flour, canned milk, canned salmon, paper, groceries, and other local products. Elsewhere in this issue will be found details on this phase of the problem.

Hawaii is one of the pillars of Northwest prosperity. Any impoverishment of her great sugar industry will recoil heavily on our own well-being.

Neither on the paramount issue of Americanism nor on the vital issue of economic welfare can the Pacific Coast States now afford to stand idly by and let Hawaii be hamstrung constitutionally and industrially.

The Senate on many an occasion has risen to the great heights of Americanism. The opportunity again presents itself. The remedy for this evil situation is simple—a mere amendment to the bill, an amendment providing that Hawaii, like the rest of the United States, shall have a fixed quota on her sugar.

On that proposition, the duty of the Northwest congressional delegations is clear.

HAWAII BUYS EGGS, FRUITS, FLOUR, OTHER NORTHWEST PRODUCTS

The following list comprehends but a few of the commodities, with a total value of purchases as indicated, that were bought and shipped in American vessels from Pacific Northwest ports to Hawaii in 1933:

Apples	$54,780
Butter and cheese	205,291
Confectionery	45,142
Corn	45,655
Caustic soda	55,480
Drugs and chemicals	48,599
Eggs	142,049
Explosives	47,920
Feed	563,448
Fish	94,461
Flour	777,017
Furniture and fixtures	478,748
Groceries	144,597
Hardware	133,589
Lard compounds	31,727
Lumber, piles, poles, etc	750,752
Meats	497,969
Milk (canned, etc.)	258,227
Paper	338,881
Potatoes	99,926
Salmon (canned)	112,249
Sashes, doors, and moldings	123,935
Wheat	30,969

(NOTE.—The valuations here shown are nowhere near normal because of prevailing low prices in all of these commodities.)

50,000 PERSONS GIVEN EMPLOYMENT BY THE HAWAIIAN SUGAR INDUSTRY

Statistics show that Hawaii produced approximately 1,000,000 tons of sugar in the crop season of 1932–33. There is nothing to prevent the Secretary, under this bill, from cutting their production down from 1,000,000 tons to approximately 800,000 tons if he so chooses, and thus do an irreparable injury to the industry and jeopardize a $75,000,000 annual bill of goods purchased largely from the Pacific coast, principally to supply the sugar industry. The sugar industry of Hawaii has an annual pay roll of $24,000,000 and gives employment to 50,000 persons.

Mr. LANZETTA. Mr. Speaker, I renew my point of no quorum.

The SPEAKER. The Chair will count.

Mr. LANZETTA. Mr. Speaker, I move that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 32, noes 70.

So the motion to adjourn was rejected.

Mr. JONES. Mr. Speaker, I ask for a vote on the conference report.

The question was taken, and the conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read, as follows:

Amendment No. 59: Page 25, after line 19, insert:

"SEC. 17. Section 16 of the Agricultural Adjustment Act, as amended, is amended by adding the following new subsections:

"'(c) The provisions of paragraph (2) of subsection (a) of this section shall not apply in the case of sugar beets or sugar cane or the products thereof.

"'(d) The Secretary of Agriculture is authorized to purchase, out of such proceeds of taxes as are available therefor, during the period this act is in effect with respect to sugar beets and sugar cane, not in excess of 300,000 tons of sugar raw value from the surplus stocks of direct-consumption sugar produced in the United States beet-sugar area, at a price not in excess of the market price for direct-consumption sugar on the date of purchase, and to dispose of such sugar by sale or otherwise, including distribution to any organization for the relief of the unemployed, under such conditions and at such times as will tend to effectuate the declared policy of section 8a of this act. The sugar so purchased shall not be included in the quota for the United States beet-sugar area. All proceeds received by the Secretary of Agriculture, in the exercise of the powers granted hereby, are appropriated to be available to the Secretary of Agriculture for the purposes described in subsections (a) and (b) of section 12 of this act.'"

Mr. LANZETTA. Mr. Speaker, I make the point of order that Senate amendment no. 59, subdivision (d), is an appropriation and not legislation. Under subdivision 4 of rule XXI it is stated that—

No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations, nor shall an amendment proposing an appropriation be in order during the consideration of a bill or joint resolution reported by a committee not having that jurisdiction. A question of order on an appropriation in any such bill, joint resolution, or amendment thereto may be raised at any time.

Mr. JONES. Mr. Speaker, under clause 2 of rule XX such an amendment is required to be brought in for a separate vote, and that is the procedure we are following here.

The SPEAKER. The Chair so understands the rule.

Mr. LANZETTA. May I say a word with respect to clause 2 of rule XX? It is my understanding that specific instruction or authority may be given to the conferees if the bill is sent back to the proper committee first.

The SPEAKER. The Chair is of the opinion that the rule to which the gentleman has referred places a restriction upon conferees to the extent that they are forbidden to agree to a Senate amendment providing an appropriation on a legislative bill. The rule, however, does not provide for a point of order against a Senate amendment when it is brought back to the House still in disagreement. The Chair holds that the conferees on this bill have conformed to the rule, and therefore overrules the point of order of the gentleman from New York.

Mr. JONES. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. JONES moves to accede and concur in Senate amendment no. 59 with the following amendment:

"In the matter proposed to be inserted by the Senate amendment, after the letter '(c)', insert the following: 'Any sugar, imported prior to the effective date of a processing tax on sugar beets and sugar cane, with respect to which it is established (under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury) that there was paid at the time of importation a duty at the rate in effect on January 1, 1934, shall be exempt from taxation under this title.'"

Mr. JONES. Mr. Speaker, I ask for a vote.

The SPEAKER. The question is on the motion of the gentleman from Texas to recede and concur in the Senate amendment with an amendment.

The motion was agreed to.

A motion to reconsider was laid on the table.

Mr. LANZETTA. Mr. Speaker, I ask for a division on the vote.

Mr. JONES. Mr. Speaker, I make the point of order that the gentleman's request comes too late. The matter has already been disposed of.

The SPEAKER. A motion to reconsider the vote has been laid on the table, and the Chair therefore thinks that the demand for a division comes too late.

CITIZENSHIP BILL

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up a privileged report from that committee, House Resolution 329.

The Clerk read as follows:

House Resolution 329

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 3673, a bill to amend the law relative to citizenship and naturalization, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

THE TAX ON COCONUT OIL

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. REED of New York. Mr. Speaker, opposition has been expressed by the President to the provision of the revenue bill levying an excise tax upon the first domestic processing of coconut and other oils. It is said that because this tax will apply to copra and coconut oil produced in the Philippines it is violative of the provisions of the recently enacted Philippine Independence Act. This act provides, among other things, that after the inauguration of the Philippine government trade relations between the United States and the islands shall be as now provided by law, with certain exceptions, one of which impliedly guarantees the entry into the United States tax free of 200,000 long tons of Philippine coconut oil annually. No limitation is placed upon the duty-free importation of copra.

Those who insist that the proposed tax is an infringement of the provisions of the independence act overlook the fact that no tax or tariff is laid upon the importation of coconut oil or copra. In view of this fact, there is no violation of that act. The proposed tax is levied upon the first domestic processing of coconut oil, and this is defined as the "first use in the United States, in the manufacture or production of an article intended for sale" of coconut and other oils. Thus the tax is no different in effect from the several processing taxes levied under the Agricultural Adjustment Act upon basic farm commodities. The tax is not laid at the customhouse but upon the first domestic processor.

Behind the technical objection to the proposed tax there lies a more important and fundamental question. The Agricultural Adjustment Act was passed to bring agricultural prices up to their pre-war purchasing power. Coconut oil competes with a number of domestic farm products, including cottonseed oil, butter, lard, tallow, and so forth. Because of its low price, the prices of competing domestic fats and oils are depressed. Essentially, therefore, the tax on coconut oil might be said to be an integral part of the farm program. The only question involved is whether Congress and the administration are going to sacrifice the American producer of oils and fats for the benefit of oriental workers and producers. At the present time the President seems to stand in opposition to the domestic farmer.

THE FRAZIER-LEMKE BILL

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Speaker, it was my good fortune today to have the privilege of meeting with Ohio farmers who are in Washington in the interests of the Frazier-Lemke bill. Each and every one of these men is an actual farmer, who lives on his farm, who has spent his lifetime farming, who heretofore has been able to realize a sufficient profit on his farming operations to build up his farm, erect buildings, buy equipment, furnish his house, and send his children to school and college.

Each and every one of these farmers is a delegate from the local unit of the National Farmers' Union, an organization founded by actual farmers, financed by actual farmers, and an organization which in all its history has never been accused of lobbying for special-privilege interests.

I think it is well at this juncture to inform my colleagues in the House of Representatives just how the National Farmers' Union is organized and maintained today. The membership organize themselves into local units, and when the required number of farmers have become members within a State, a State union is set up. Over and above that is the national organization, which was created by the members in the several States. The dues in the Farmers' Union vary from $1 to $2.50 or $3 per member a year, depending upon whether there is a State organization or not. In my own State of Ohio, the entire membership of the Farmers' Union have organized themselves, formed their own locals, and maintained their own officials and do their own work in conjunction with the national organization.

This organization has no high-salaried executives. It has no high-salaried farm doctors or quacks. It has no high-power lobbyists to pay. It is made up of farmers and farmers only, and the highest salary paid to any official today is $250 a month, and that includes only two officials.

The expenses of the delegates from the local unions who are here in Washington now were paid by voluntary subscriptions that were taken up among their own membership and other farmers and business men in their local communities, to finance their trip to Washington in the interests of the Frazier-Lemke bill.

It has been said by opponents of this bill that there has been no great demand for its passage except during this session of Congress. A number of Members contend today that they are unable to ascertain any concerted sentiment existing for it in their districts now. There is some degree of truth in some of these statements. First, it is an undeniable fact that when Franklin D. Roosevelt announced his candidacy for President of the United States and unfolded his program for agriculture, the farmers, by and large, Republicans, Democrats, and Farm-Laborites, firmly believed that the Moses whom they had long been seeking for deliverance had arrived. Naturally, because of this sentiment existing in their minds, they patiently went along month after month in the firm belief that their highest expectations would be fulfilled.

Personally, it was my privilege to encourage farmers in every section of Ohio in this line of reasoning and to inspire courage in them that the man who was to deliver them from the bondage and serfdom of the money lenders would be Franklin D. Roosevelt, the next president of the United States.

No one can charge that the President has not made a heroic effort to fulfill his pledges and the confidence the farmers reposed in him. He is essentially a humanitarian, but like all humans must do as all Presidents have done—delegate power and authority to his appointees. I refer to his Cabinet officials and to the heads of departments or of new bureaus of government created under this administration.

In the beginning of the session of the Seventy-third Congress there were many of us who declared at that time that the Frazier-Lemke bill was the only solution of the farmer's debt problem. We asserted on the floor of this House that the huge debt which hung over the farmer's head like the sword of Damocles was incurred during a period of the wildest inflation ever known in the history of this country. Those debts had been incurred while wheat was selling for $1.50 a bushel, while hogs were selling at 12 cents a pound, while fat steers were bringing 15 cents a pound, and all other farm commodities in proportion.

In other words, a bushel of wheat in those days would buy a dollar and a half. In the final analysis money is a commodity, instead of strictly a medium of exchange. Twelve and one third pounds of pork would buy a dollar, and, likewise, it takes the same number of pounds of pork or other products to pay a dollar of debt.

But following the great crash of 1929, at one period it required nearly 3 bushels of wheat to pay off that high-priced debt dollar contracted in an inflation period. Today it requires 1⅓ bushels of wheat to buy that same amount of money, which was formerly purchased by less than 1 bushel. And with all the glamorous predictions made for the corn and hog processing tax, we now find that it takes 33 pounds of pork to pay off that debt dollar which was contracted for with 12⅓ pounds of pork in the boom period.

During the May 1932 primary campaign in Ohio, I advocated a refinancing corporation for farm mortgages with a capital structure of $2,000,000,000. Remember, I said capital, and not bonds; instead of the Frazier bill with a currency set-up, we passed the Farm Loan Act with a bond set-up. While the Farm Loan Act of 1933 was debated on the House floor, opponents of the bill direly predicted that the bonds would not be negotiable or salable until the principal, as well as the interest, was guaranteed by the Government.

Their prophecies proved to be correct, with the result that loans negotiated up until a short time ago were made upon funds lent the Farm Credit Administration by the Reconstruction Finance Corporation. So, naturally, Congress was compelled to guarantee the principal of the bonds.

The acid test of the efficiency of the Farm Credit Administration is found in their own statement that after more than 1 year's operation, approximately $600,000,000 of the $2,000,000,000 made available by Congress has been alotted, the loans that are actually consummated being far less than this amount. At this rate of speed, and we have no reason to believe that there will be any increase in speed or efficiency, it would take 4 years for distressed farmers to be refinanced under the present system. During this time thousands and tens of thousand will have lost their farms.

Again, under the present set-up, when a loan is accepted, the farmer pays more than 10 percent the first year in interest, stock in the bank, and commission fees. Here is the proof. He pays 4½-percent interest. There is 5 percent of the amount of his loan deducted for stock in the land bank, and 1-percent commission, making a total of 10½ percent that the farmer must pay the first year under the present system.

In other words, if he applies for a loan of $10,000, and his application is approved, instead of receiving the $10,000 he actually receives only $8,950.

Under the present act the physical limitations of the bill will permit only a small number of farmers who are in actual distress and who are in immediate danger of losing their homes through foreclosure to be refinanced. The present law only permits a loan up to 50 percent of the value of the land and 20 percent of the value of the buildings in a first-mortgage loan, and this is entirely inadequate to meet the present mortgage situation.

Under the Frazier-Lemke bill the existing mortgage debt of the farmer would be refinanced up to the present fair value of the land. The contention is made that this is not sound business, but the real fact is that the test of whether a loan is good or whether a loan is not good is determined by the ability of the borrower to pay the interest and the principal of the debt.

Under the Frazier-Lemke bill a farmer with a $10,000 mortgage would have an annual carrying charge of both

principal and amortization payments of $300 a year, while under the present law a farmer with a $5,000 debt would have a carrying charge of nearly $300 per annum during the lifetime of the loan. Therefore, the Frazier-Lemke bill is entirely sound in lending up to 100 percent of the value of the land, providing the existing mortgage amounted to that much.

The funds for refinancing the existing mortgage debt under the Frazier-Lemke bill, are provided not by an issuance of bonds but by issuing Federal Reserve bank notes. The Government of the United States now prints Federal Reserve bank notes and turns them over to the Federal Reserve banks at a cost of about 0.7 of a cent per bill, whether the bill is small or large or whether the bank keeps such bill for 1 or 20 years, and that is the total cost to the Federal Reserve bank in securing money to lend to member banks and even to the Government itself as well as other borrowers.

The Frazier-Lemke bill provides that the mortgage bonds would be used as collateral for these Federal Reserve bank notes and the 1½-percent interest that the farmer pays would go directly to the United States Treasury and be a profit to the Government. At the preesnt time the amount of Federal Reserve bank notes that could be issued under this bill would be slightly in excess of $3,000,000,000. The question has been raised that the approximate $3,000,000,000 of Federal Reserve bank notes that can be issued under the Frazier-Lemke bill is insufficient to refinance the total farm mortgage indebtedness of around $8,500,000,000.

The Frazier-Lemke bill provides that the available surplus and net profit of the Federal Reserve banks shall be invested in the 1½-percent mortgage bonds and also the franchise tax that is now paid to the Government. In addition to this the amortization payments of 1½ percent could be accumulated, with which to purchase additional mortgage bonds. This would provide sufficient funds to refinance the existing mortgage debt as fast as it is humanly possible to refinance and apprize and complete the loans; and thus it is possible under the provisions of the Frazier-Lemke bill to refinance existing farm mortgage indebtedness in the United States.

It has been contended on the floor of this House that the liberal provisions of this bill would enable the owner of marginal land to sell it to the Government by the mortgage route. This, of course, is not true, because of the fact that the bill does not provide for the making of new loans, and such farms, or, in fact, any farm, could not be mortgaged unless it already had a mortgage upon it. It has also been contended by Members that if this bill is enacted into law the farmers who wish to take advantage of its provisions will be forced into involuntary bankruptcy before their mortgages can be refinanced. This is utterly untrue and without basis of fact to support it. The truth is that in certain cases where large loans have been acquired during prosperous years and where the landowner has been unable to meet his interest payments during the depression years, and interest has been compounded by every conceivable and dastardly means known only to the money lenders, bankruptcy proceedings will be resorted to.

I mean this: Where the total amount of the principal and interest charges today is more than the apprized value of the farm, then, under the provisions of the Frazier-Lemke bill, the principal and interest, which is in excess of such value, would be scaled down under the provisions of an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereto.

I have before me here a typical case where the mortgage on a 338-acre farm 3 years ago was $18,800. This farm is located in one of the best farming counties in my State. The farmer became delinquent on interest and principal in February 1931. The accumulations of interest and compound interest and costs are as follows:

Loan no. 98734–2, Clifford K. Showers

Principal	$18,800.00
Balance interest due Feb. 20, 1931	734.87
Accrued interest to Apr. 1, 1934	124.00

Loan no. 98734–2, Clifford K. Showers—Continued

Interest due Feb. 20, 1932	$1,034.00
Accrued interest to Apr. 1, 1934	118.00
Interest due Feb. 20, 1933	1,034.00
Accrued interest to Apr. 1, 1934	62.00
Interest due Feb. 20, 1934	1,034.00
Accrued interest to Apr. 1, 1934	6.00
Interest on loan from Feb. 20, 1934 to Apr. 1, 1934	114.90
Old foreclosure costs	5.25
Continuation of abstract	8.00
Insurance advancement	173.10
Interest to Apr. 1, 1934	10.98
Court costs and sheriff's deed	50.81
Revenue stamps	23.00
Attorney's fees	275.00
Recording and transfer of deed	1.20
Abstract	15.00
1930, 1931, and 1932 taxes	905.92
Interest on same to Apr. 1, 1934	20.00
First half 1933 taxes	118.38
Fertilizer	37.72
Repairs	19.05
Seed wheat	35.82
Insurance	137.13
Total	24,891.13

Under the Frazier-Lemke bill the total amount that can be lent is $18,800, the principal of the mortgage. If the mortgagee refuses to scale down the amount that is now due through interest charges, foreclosure costs, abstract fees, court costs, attorney's fees, and fertilizer, repairs, and seed wheat, then the mortgagor must of necessity avail himself of voluntary-bankruptcy proceedings to refinance his mortgage and to save himself and his family from the poorhouse or Government doles.

This farm has been foreclosed within the last few months. The owner had applied for a loan from the Federal land bank at Louisville. He received a commitment of $22,500, and by the time the expense of making the loan was deducted and the 5 percent of capital stock in the land bank was also deducted, the net amount he had with which to pay off the $24,891.13 was more than $3,500 short. The insurance company refused to scale in order that this loan could be completed and proposed to evict this farmer and his family, and it is only because of the activity of a large number of his neighbors and friends that this farmer remains on the farm and has a home over his head, as a tenant of the insurance company, hoping that this Congress will pass the Frazier-Lemke bill, so that he may have an opportunity to repossess his farm and his home and save what he and his family have spent a lifetime to acquire. It is circumstances similar to these that the provisions relating to scaling down, under the provisions of the bankruptcy laws, are intended to cover in the Frazier-Lemke bill.

The Frazier-Lemke bill is the most necessary piece of legislation before this Congress, first, because it provides for the saving to the farmer of his home and his farm and permits him to continue as an independent home-owning farmer, who is not only the backbone of this Nation but the backbone of every civilization; second, because it is necessary to reduce the rate of interest on the farm-mortgage debt; and, third, because it is necessary to provide for a reasonable and necessary expansion of the currency.

Since March 1933, according to the Treasury reports, we have had a decrease of the total money in circulation of more than $8 per capita; and since this session of Congress convened, the decrease in total money in circulation is about $3.65 per capita. It is absolutely necessary that this Congress take definite steps to increase the total money in circulation in order to raise the price level of farm commodities above the level of fixed charges of taxes and interest.

To do these things—and these things are necessary—the Members of this House who have not signed the discharge petition on the Speaker's desk should sign the petition and bring the Frazier-Lemke bill out on the floor of the House for vote and passage.

This is exactly what the delegation of farmers from my State are asking. Under present ruinous prices for their commodities, high rates of interest, and the unsympathetic attitude of officials and legislation designed to save them, they say that they are headed straight for an economic hell

and that the only measure that will head that off is the enactment of the Frazier-Lemke bill.

Of sympathy they have had much. Of the biennial-campaign concern of legislators who seek reelection they have had too much. They are fed up with sympathetic mouthings and utterances, and demand that the so-called "sympathy and ballyhoo" be replaced with action.

The action they demand now is the additional signature required to discharge the Committee on Agriculture from further consideration of the bill the farmers want, the bill sponsored by farmers.

Nothing less will satisfy them. Nothing will deceive them. The man who is facing foreclosure is the man who is facing the zero hour. He says what he means and means what he says.

Let this Congress, which has given industry the legislation it wanted, which has given labor the legislation it wanted, now give to agriculture, to the farmer, the legislation that he wants and demands. [Applause.]

THE CITIZENSHIP BILL

Mr. BANKHEAD. Mr. Speaker and gentlemen, I am confronted with rather an unusual situation this afternoon. There is a psychology that seems to be running around the Chamber with reference to an entertainment at some place other than the House of Representatives.

My only function in appearing here in support of this resolution is to get consideration of the bill on its way by the House.

I have no disposition to take any time in disposing of the rule. It is an open rule; it provides for quite generous debate on the merits of the bill, and if we can get the rule agreed to I think we can go over until tomorrow, as I understand that the bill will have the right-of-way in the morning.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. DICKSTEIN. If the rule is adopted and we adjourn, that will not take me off the calendar and allow other business to intervene?

Mr. BANKHEAD. No; the majority leader will confirm what I say, that the bill will have the right-of-way tomorrow.

Mr. BYRNS. If the rule is adopted the bill will have the right-of-way tomorrow.

Mr. BANKHEAD. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. I simply want to say that the report was a unanimous report. I know of no opposition to the rule, and I know of little or no opposition to the bill.

Mr. BANKHEAD. With the understanding that this bill will have the right-of-way for consideration tomorrow after disposition of papers on the Speaker's table, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent (at the request of Mr. LLOYD), Mr. KNUTE HILL was given leave of absence until April 30, on account of sickness and death in family.

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker and gentlemen, Congress appropriated a large amount of money to recondition the old frigate *Constitution*, and very properly so. The ship has been on the Atlantic coast, up Chesapeake Bay, and on the Pacific coast. It is now coming back by way of the Canal to the Atlantic coast, and eventually will reach Boston.

I am particularly addressing the Members from the Mississippi Valley States. We want the *Constitution* brought up the Mississippi River, and I am sure it is possible to do it.

We hope the Members from the Mississippi Valley will urge the Secretary of the Navy to order "Old Ironsides" up the Mississippi River so that the people in the center of the country will have a chance to see it. [Applause.] Can you conceive of anything that would provide more of an attraction and be more inspiring to the children of the Mississippi Valley than this historical ship?

I recall many, many years ago when the gunboat *Nashville* was brought to St. Louis. Hundreds of thousands came to have a look at the vessel at anchor in the middle of the river off St. Louis. With our present method of transportation, millions would come to the banks of the Mississippi from miles inland to see this famous vessel. It could be stopped along the line.

Write the Secretary of the Navy now and give your constituents a real treat. [Applause.]

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property; to the Committee on the Judiciary.

S. 3235. An act to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; to the Committee on the Library.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 8471. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Wednesday, April 25, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

421. Under clause 2 of rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, House of Representatives, fiscal year 1934, in the sum of $10,000 (H.Doc. No. 314), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WERNER: Committee on Indian Affairs. H.R. 5592. A bill to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims"; with amendment (Rept. No. 1308). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. PLUMLEY: Committee on Military Affairs. H.R. 2469. A bill to correct the military record of Lake B. Morrison; without amendment (Rept. No. 1309). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 9252) granting a pension to Louisa J. Humphrey; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H.R. 9253) granting a pension to Ida A. Evans; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KNIFFIN: A bill (H.R. 9312) to increase the statutory limit of expenditure for repairs or changes to naval vessels; to the Committee on Naval Affairs.

By Mr. PARKER: A bill (H.R. 9313) to extend the times for commencing and completing the construction of a bridge across the Savannah River, at or near Burtons Ferry near Sylvania, Ga.; to the Committee on Interstate and Foreign Commerce.

By Mr. DEROUEN: A bill (H.R. 9314) authorizing the Secretary of the Interior to issue patents for the designated school section lands in place, granted to the several States for the support of public schools, and for lands granted to States for other purposes; to the Committee on the Public Lands.

By Mr. WERNER: A bill (H.R. 9315) to create an Indian claims court for the immediate settlement of Indian tribal and band claims, defining the powers and functions thereof, and for other purposes; to the Committee on the Judiciary.

By Mr. CHASE: Resolution (H.Res. 352) requesting the President of the United States to exercise the powers conferred upon him by the National Industrial Recovery Act to eliminate abuses of the steel code; to the Committee on Ways and Means.

By Mr. BLAND: Resolution (H.Res. 353) for the consideration of S. 2660, a bill to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162); to the Committee on Rules.

Also, resolution (H.Res. 354) to provide for the consideration of H.R. 9015, a bill for the relief of persons engaged in the fishing industry; to the Committee on Rules.

By Mr. McREYNOLDS: Joint resolution (H.J.Res. 330) authorizing certain retired officers or employees of the United States to accept such decorations, orders, medals, or presents as have been tendered by them by foreign governments; to the Committee on Foreign Affairs.

By Mr. GAVAGAN: Joint resolution (H.J.Res. 331) requesting the President of the United States to make known to the Government of Germany, the feelings of the people and the Congress of the United States concerning the treatment of German minorities; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. TOBEY: A bill (H.R. 9316) granting an increase of pension to Sarah L. Gray; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H.R. 9317) for the relief of Elsie Werger; to the Committee on Claims.

Also, a bill (H.R. 9318) for the relief of Carolyn E. Howe; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4180. By Mr. DONDERO: Resolution of the commission of the city of Royal Oak, Mich., urging the passage of legislation looking toward the payment in full of deposits in closed banks which were members of the Federal Reserve System within 1 year prior to the closing of the banks after January 1, 1930; to the Committee on Banking and Currency.

4181. By Mr. LUCE: Resolution of the city council, Cambridge, Mass., approving the Costigan-Wagner, antilynching bill; to the Committee on the Judiciary.

4182. Also, resolution of the City Council, Cambridge, Mass., endorsing McLeod bill for the relief of depositors in closed banks; to the Committee on Banking and Currency.

4183. By Mr. PLUMLEY: Petition of the Woodsville-Wells River Board of Trade, favoring the adoption and passage of Senate bill 3231; to the Committee on Labor.

4184. Also, petition of some 50 residents and business men of Burlington, Vt., protesting the passage of the National Securities Act of 1934; to the Committee on Interstate and Foreign Commerce.

4185. Also, petition of Knights of Columbus, Michaud Council, 2025, White River Junction, Vt., and others, urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4186. By Mr. RICH: Resolution from Enterprise Council, No. 136, Sons and Daughters of Liberty, of Muncy, Pa., favoring restricted immigration; to the Committee on Immigration and Naturalization.

4187. By Mr. RUDD: Petition of Kruskal & Kruskal, Inc., New York City; Wells Treister Co., Inc., New York City; Balch Price & Co., Brooklyn, N.Y.; Fur Wholesalers Association of America, Inc., New York City; and Lamson & Hubbard Corporation, Boston, Mass., opposing section in House bill 7835, pertaining to exemption of excise tax on manufactured furs up to value of $75; to the Committee on Ways and Means.

4188. By the SPEAKER: Petition of the United Irish Societies of Brooklyn and Long Island, urging a reasonable extension of the broadcasting time of Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

4189. Also, petition of the United Irish Societies of Brooklyn and Long Island, opposing the entrance of the United States in the League of Nations; to the Committee on Foreign Affairs.

4190. Also, petition of the Provincial Government of Romblon, P.I., disapproving the 10-percent excise tax on oil and copra imported to the United States; to the Committee on Ways and Means.

4191. Also, petition of the National Farmers Educational and Cooperative Association of America, urging a law to use silver at a fixed ratio, with gold for a metallic base, for our currency; to the Committee on Coinage, Weights, and Measures.

4192. Also, petition of the Washoe County Bar Association, Reno, Nev., urging a stable and equitable regulated relationship between gold and silver; to the Committee on Ways and Means.

4193. Also, petition of the United Home Owners of Illinois, urging appointment of a committee to inquire into the workings of the Chicago branch of the Home Owners' Loan Corporation; to the Committee on Rules.

4194. Also, petition of the Immaculate Conception Parish, of Elkton, Md., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4195. Also, petition of All Saints Church, Eagle Butte, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4196. Also, petition of St. Mary's Parish, of Richardson, N.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4197. Also, petition of the Young Men's Society, of Richardson, N.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4198. Also, petition of the Christian Mothers Society, of Richardson, N.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4199. Also, petition of the Holy Name Society of Our Lady of Angels Parish, of the city of New York, urging adoption of the amendment to section 301 of Senate bill

2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4200. Also, petition of St. Aloysius' Parish, of Pottstown, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4201. Also, petition of Catholic Men's Society, of Richardson, N.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4202. Also, petition of St. Mary's Parish, of Newell, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4203. By Mr. DONDERO: Resolution or petition of the city commission, of Pleasant Ridge, Mich., urging the passage of the McLeod bank pay-off bill, providing for the full payment by the Government of all deposits frozen in closed National and State banks; to the Committee on Banking and Currency.

4204. By Mr. SMITH of West Virginia: Petition of G. E. Callison and other residents, of Fayette County, W.Va., favoring the passage of the McLeod bank bill; to the Committee on Banking and Currency.

4205. By Mr. WOLCOTT: Memorial of the Council of the City of East Detroit, Mich., urging the passage of the McLeod bill (H.R. 7903) for the relief of bank depositors; to the Committee on Banking and Currency.

4206. By the SPEAKER: Petition of the Lake County Deanery Council of Catholic Men, of the State of Indiana, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

WEDNESDAY, APRIL 25, 1934

The Senate met at 11 o'clock a.m.

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Gracious Father, by whose mercy we are brought to this another day, whose dawning hath revealed anew the blessedness of home and family ties, with all their tender fellowships made holy by the love enshrined in human hearts: Give us a higher, nobler vision of our country, that by our faith and insight we may strive to mold the destiny of America into one great family, wherein each shall share the burden of a common purpose to recover the lost sense of eternal values and to live not for himself but for his brother man.

Intensify in us Thy miracle of love, that we may emerge from the shadow of darkness into the clear dawning of a new day, hallowed by the sense of blest communion and fellowship with all the nations of the earth. We ask it for the sake of Him of whom the whole family in heaven and in earth is named, Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Monday, April 23, and Tuesday, April 24, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Borah	Clark	Dieterich
Ashurst	Brown	Connally	Dill
Austin	Bulkley	Coolidge	Duffy
Bachman	Bulow	Copeland	Ericksen
Bankhead	Byrd	Costigan	Fess
Barbour	Byrnes	Couzens	Fletcher
Barkley	Capper	Cutting	Frazier
Black	Caraway	Davis	George
Bone	Carey	Dickinson	Gibson
Glass	La Follette	O'Mahoney	Smith
Goldsborough	Logan	Overton	Steiwer
Gore	Lonergan	Patterson	Stephens
Hale	Long	Pittman	Thomas, Okla.
Harrison	McCarran	Pope	Thomas, Utah
Hastings	McGill	Reed	Thompson
Hatch	McKellar	Reynolds	Vandenberg
Hatfield	McNary	Robinson, Ark.	Van Nuys
Hayden	Murphy	Robinson, Ind.	Wagner
Johnson	Neely	Russell	Walcott
Kean	Norbeck	Schall	Walsh
Keyes	Norris	Sheppard	Wheeler
King	Nye	Shipstead	White

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is detained from the Senate by illness, and that the Senator from North Carolina [Mr. BAILEY], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Illinois [Mr. LEWIS] are necessarily absent.

Mr. FESS. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

HOARDERS OF SILVER (S.DOC. 173, PT. 2)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, in further response to Senate Resolution 211 (submitted by Mr. ROBINSON of Indiana, and agreed to Mar. 20, 1934), a list of names, commencing with I through Z, of hoarders of silver, which, with the accompanying paper, was ordered to lie on the table and to be printed, and the letter was read, as follows:

THE SECRETARY OF THE TREASURY,
Washington, April 25, 1934.

Col. EDWIN A. HALSEY,
Secretary United States Senate.

MY DEAR COLONEL HALSEY: I am transmitting herewith the remainder of the list of the indicated holders of spot silver and silver futures as of January 31, 1934, as to which information appears to be complete.

In the course of the inquiry, the names of certain other persons and firms have appeared as owners of spot silver and silver futures as of January 31, 1934, but in these cases the information is not complete. Since further investigation would be required to complete the information in many of these cases, I shall transmit these names to the Chairman of the Committee on Banking and Currency, which has cooperated in making the inquiry. If further information in this matter should come to me, I shall be glad to turn it over to the same committee.

Sincerely yours,

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

JANUARY REPORT OF FEDERAL EMERGENCY RELIEF ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Federal Emergency Relief Administration, transmitting, pursuant to law, the report of the Federal Emergency Relief Administrator covering the period from January 1 to January 31, 1934, inclusive, which, with the accompanying report, was ordered to lie on the table.

JUDGMENTS OF THE COURT OF CLAIMS

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims reporting that in certain cases, which were referred to the court on March 3, 1923, by resolution of the Senate, under the act of March 3, 1911 (known as the Judicial Code), the court filed orders entering judgments in the amounts and dates set forth: Congressional, No. 17627, Alton Boyd, trading as Washington Oil Co., March 5, 1934, judgment for $20,793.76; Congressional, No. 17626, Crescent Cotton Oil Co., April 2, 1934, judgment for $49,099.24, less $2,722.93 unpaid income tax due with interest at 1 percent per month from March 9, 1928, until date of payment; Congressional, No. 17346, New South Oil Mill, April 2, 1934, judgment for $4,138.10; Congressional, No. 17354, Warren Cotton Oil & Manufacturing Co., April 2, 1934, judgment for $12,248.75; Congressional, No. 17396, Marion Harper Cotton Oil Co., April 2, 1934, judgment for $34,358.24; and Congressional, No. 17628, Atlanta Cotton Oil Co., April 2, 1934, judgment for $25,929.15, which was referred to the Committee on Appropriations.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from the Publicity Committee of Welfare Association of the Blind, of Youngstown, Ohio, praying for the passage of the bill (H.R. 8751) to provide employment for the blind citizens in the United States and its possessions, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by Local Union No. 3831, United Mine Workers of America, of Rock Springs, Wyo., favoring the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which was referred to the Committee on Finance.

He also laid before the Senate a letter from Emmet Evans, of Stanberry, Mo., relative to existing business and employment conditions, enclosing a paper in the nature of a petition from the Ex-Service Men's Committee, Delta, Colo., praying for the passage of House bill 1, providing payment of adjusted-service certificates (bonus), which, with the accompanying paper, was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from William Platt, chairman of the Nebraska Legislative Committee, Order of Railway Conductors, Chadron, Nebr., praying amendment of the railway labor act so as to provide 6 hours' work with 8 hours' pay therefor, and also favoring other legislation in the interest of railway employees, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted by the City Council of Cambridge, Mass., favoring the passage of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by a mass meeting held at the Palace Ground, Honolulu, Hawaii, under the auspices of the Hawaii Labor Federation and the Filipino Labor Union, favoring acceptance by the Philippine Legislature of the so-called "Philippine Independence Act", which was ordered to lie on the table.

He also laid before the Senate a telegram from Anna Jarvis, founder of Mother's Day, Inc., Philadelphia, Pa., stating in part, "Mother's Day Senate Resolution 218 was put through Senate secretly from Mother's Day workers here. Resolution should not pass Senate until it is sent here for approval. Please respect our wishes", which was ordered to lie on the table.

Mr. CAPPER presented petitions of Salt Workers Union No. 19,346, American Federation of Labor, of Lyons, and sundry citizens of Topeka, in the State of Kansas, praying for the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which were referred to the Committee on Finance.

He also presented petitions and papers in the nature of petitions from Local Union No. 918, United Brotherhood of Carpenters and Joiners, of Manhattan; Local Unions No. 40 and No. 125, Amalgamated Meat Cutters and Butcher Workmen of North America, of Wichita; Local Union No. 1587, of Hutchinson, Local Union No. 1224, of Emporia, and Local Union No. 1445, of Topeka, all of the United Brotherhood of Carpenters and Joiners of America; Bricklayers and Masons' Union, No. 18, of Kansas City, and The Order of Railroad Telegraphers, of Humboldt, all in the State of Kansas, praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which were referred to the Committee on Education and Labor.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the joint resolution (H.J.Res. 10) requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America, reported it without amendment and submitted a report (No. 820) thereon.

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 518. An act for the relief of T. Perry Higgins (Rept. No. 821);

H.R. 2026. An act for the relief of George Jeffcoat (Rept. No. 822);

H.R. 2321. An act for the relief of Capt. J. O. Faria (Rept. No 823);

H.R. 2561. An act for the relief of G. Elias & Bro., Inc. (Rept. No. 824);

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey (Rept. No. 825); and

H.R. 5284. An act for the relief of the Playa de Flor Land & Improvement Co. (Rept. No. 819).

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 190. An act for the relief of Elizabeth T. Cloud (Rept. No. 826);

H.R. 2340. An act for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas (Rept. No. 827);

H.R. 3611. An act for the relief of Frances E. Eller (Rept. No. 828); and

H.R. 7279. An act for the relief of Porter Bros. & Biffle and certain other citizens (Rept. No. 829).

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 3463. An act for the relief of Walter E. Switzer (Rept. No. 830); and

H.R. 4847. An act for the relief of Galen E. Lichty (Rept. No. 831).

Mr. LOGAN also, from the Committee on Claims, to which was referred the act (H.R. 4516) for the relief of B. Edward Westwood, reported it with an amendment and submitted a report (No. 832) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 294) for the relief of Stanton & Jones, reported it with amendments and submitted a report (No. 833) thereon.

Mr. NORBECK, from the Committee on Indian Affairs, to which was referred the bill (S. 2585) authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge, reported it with an amendment and submitted a report (No. 834) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON of Arkansas:

A bill (S. 3456) for the relief of Harry Roland Burgess; to the Committee on Naval Affairs.

By Mr. SHEPPARD:

A bill (S. 3457) to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department (with accompanying papers); to the Committee on Military Affairs.

By Mr. ASHURST:

A bill (S. 3458) for the relief of Joseph A. Frayne; to the Committee on Naval Affairs.

By Mr. CAPPER:

A bill (S. 3459) to exempt from taxation certain property of the Daughters of Union Veterans of the Civil War in the District of Columbia; to the Committee on the District of Columbia.

A bill (S. 3460) granting a pension to Claude A. Pomeroy (with accompanying papers); to the Committee on Pensions.

By Mr. WAGNER:

A bill (S. 3461) for the relief of Mrs. Hugh J. Finn; to the Committee on Naval Affairs.

By Mr. DILL:

A bill (S. 3462) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

By Mr. WHEELER:

A bill (S. 3463) to authorize the addition of certain names to the final rolls of the Blackfeet Tribe of Indians in the State of Montana; to the Committee on Indian Affairs.

By Mr. FLETCHER:

A bill (S. 3464) to retire Walter L. Rasasco with the rank of second lieutenant, Air Corps, United States Army; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 3465) granting a pension to Hugh B. Furman (with accompanying papers); to the Committee on Pensions.

By Mr. KING:

A bill (S. 3466) relative to small loans in the District of Columbia; to the Committee on the District of Columbia.

CLAIM OF STATE OF VERMONT, WAR OF 1812

Mr. AUSTIN. Mr. President, I ask unanimous consent for the immediate consideration of a resolution, which I send to the desk.

The VICE PRESIDENT. The clerk will read the resolution.

The Chief Clerk read the resolution (S.Res. 224), as follows:

Resolved, That the Comptroller General of the United States be, and he hereby is, authorized and directed to audit the claim of the State of Vermont with respect to advances and expenditures made by such State for military purposes during the War of 1812–15, with Great Britain, and after applying the rules of evidence and settlement to this class of claims, provided for in resolution of May 14, 1836 (5 Stat.L. 132), and in section 12 of the act approved March 3, 1857 (11 Stat.L. 229), to submit to the Senate a report containing the results of an audit of such claim, in conformity with said rules.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the resolution go over.

The VICE PRESIDENT. The resolution will lie over, under the rule.

INVESTIGATION OF AIR-MAIL AND OCEAN-MAIL CONTRACTS—PRINTING ADDITIONAL COPIES OF HEARINGS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the concurrent resolution (S.Con.Res. 13) to authorize the printing of additional copies of the hearings held before the special committee appointed to investigate air- and ocean-mail contracts, which was, on page 1, line 7, to strike out all after "contracts" down to and including "Senator", in line 8, so as to make the concurrent resolution read:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Special Committee on Air and Ocean Mail Contracts of the Senate be, and is hereby, empowered to have printed 1,500 additional copies of each and all parts of the testimony taken before said special committee during the Seventy-third Congress in connection with its investigation of air-mail and ocean-mail contracts.

Mr. HAYDEN. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PURCHASE OF VEHICLES FROM EMERGENCY RECOVERY FUND

Mr. DICKINSON. Mr. President, will it be satisfactory to the Senator from Arkansas [Mr. ROBINSON] to take up for consideration at this time Senate Resolution 217, concerning which I spoke to him yesterday?

Mr. ROBINSON of Arkansas. Mr. President, with respect to the request of the Senator from Iowa, I understood in conference with him yesterday that some modification of the resolution was to be made, including the striking out of the preamble.

Mr. DICKINSON. I think it necessary, in order to obviate an entire rewriting of the resolution, that the first paragraph of the preamble should remain. It gives merely the facts to be ascertained and identifies the correspondence. I inquire if it will be satisfactory to the Senator from Arkansas merely to strike out the second "whereas"?

Mr. ROBINSON of Arkansas. Yes; that is the portion of the resolution in the preamble to which I object. If that is stricken out I shall interpose no objection to the present consideration of the resolution.

Mr. DICKINSON. Very well. I shall ask that the second "whereas" be stricken from the resolution, and then I have an amendment to offer, in line 3, following the word "with", to insert "copies of", so it will read "copies of correspondence."

Mr. ROBINSON of Arkansas. I have no objection to the amendment.

The VICE PRESIDENT. The clerk will read the resolution, and then the amendment may be stated.

The Chief Clerk read the resolution (S.Res. 217), submitted by Mr. DICKINSON on the 4th instant, as follows:

Whereas under date of April 4, 1934, an Executive order was made overruling the decision of Comptroller General J. R. McCarl wherein the Secretary of the Interior, Harold Ickes, was denied the right to purchase passenger-carrying vehicles out of emergency recovery funds under the National Recovery Act; and

Whereas it is of public interest to know whether the National Recovery Act supersedes other statutes controlling Federal expenditures: Therefore be it

Resolved, That Secretary of the Interior Harold Ickes and Comptroller General J. R. McCarl be requested to furnish the Senate with all correspondence, contracts, and memoranda in connection with such transaction, together with a copy of the Executive order made in connection therewith.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. DICKINSON. I now offer the amendment, in line 3, after the word "with", to insert "copies of", so as to read, "with copies of all correspondence", and so forth.

The VICE PRESIDENT. The Senator from Iowa offers an amendment, which the clerk will state.

The CHIEF CLERK. In line 3, after the word "with", it is proposed to insert "copies of", so as to read, "furnish the Senate with copies of all correspondence", and so forth.

The VICE PRESIDENT. Without objection, the amendment is agreed to; and without objection, the resolution as amended is agreed to.

Mr. DICKINSON. I now ask unanimous consent to strike out the second "whereas" of the preamble.

The VICE PRESIDENT. Without objection, that will be done. The question is on agreeing to the preamble as amended.

The preamble as amended was agreed to.

BEEF AND BEEF PRODUCTS

Mr. CAREY. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 182, submitted by me on February 12, 1934.

The VICE PRESIDENT. Let the resolution be read.

The Chief Clerk read the resolution (S.Res. 182), as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the Tariff Act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Beef and beef products dutiable under the provisions of paragraphs 701 and 706 of such act.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. CAREY. I desire to offer some amendments. I move to amend in line 6, by striking out the words "beef and beef products" and inserting in lieu thereof the words "preserved beef."

Mr. ROBINSON of Arkansas. I ask the Senator to let the resolution go over for the present.

Mr. CAREY. I merely want the resolution confined to canned beef rather than to general beef products.

Mr. ROBINSON of Arkansas. Let it go over for the present.

The VICE PRESIDENT. The resolution will be passed over.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 7, 8, 9, 10, 11, 13, 17, and 30, to the said bill, and concurred therein, and that the House had receded from its disagreement to the amendments of the Senate numbered 12, and 16, and concurred therein, each with an amendment, in which it requested the concurrence of the Senate, and that the House insisted upon its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, and 15 to the said bill.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, and that the House had receded from its disagreement to the amendment of the Senate no. 59 to said bill, and concurred therein with an amendment, in which it requested the concurrence of the Senate.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

LENIN'S "BEST WAY"—ARTICLE BY FREDERICK H. ALLEN

Mr. COPELAND. Mr. President, I ask permission to insert in the RECORD a communication to the New York Herald Tribune signed by Frederick H. Allen and entitled "Lenin's Best Way.'"

There being no objection, the communication was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Apr. 17, 1934]

LENIN'S "BEST WAY"

To the New York Herald Tribune:

When I was a member of the Peace Conference in Paris in 1919, some of us received information, based on reliable authority, that Lenin had declared that the best way to advance bolshevism and to destroy the capitalistic system was to debauch the currency. By the process of inflation, one step following the other, governments can confiscate a large part of the wealth of their citizens and continue this more or less quietly and without its being realized by them; and this confiscation, such as happened in Germany, impoverishes most people but at the same time enriches others.

Those who profit are the speculators, the get-rich-quick people, but the backbone of any country is the people who have saved, the owners of prime securities such as bonds, mortgages, etc.—these, the great middle classes, are wiped out if inflation goes far enough. Wealth-getting becomes a gamble. The relation of debtor and creditor, which is the foundation of capitalism, finally means nothing and, as happened in Germany, debts are wiped off with money of little or no value. Bonds of the great German companies which had been considered prime securities were paid off with worthless marks. The popular indignation aroused against the speculators in Germany will be remembered (the Scheibers).

What is happening in the United States today is very much like what happened in so many of the European countries during the war. Almost all the governments so expanded their currencies that these had greatly declined in value. One step leads to another. We have had a great expansion of credit. We have devalued the dollar to 60 percent of its former gold value. We now have the Dies silver bill, which looks to the nationalization of silver and the encouragement of the export of farm products by giving 25 percent discount under the value of silver to countries paying for these farm products in silver. Hence, a subsidy for the silver interests.

The bill is cleverly headed "A Bill to Encourage the Sale of American Agricultural Surplus Products Abroad." This is to secure the help of the farming interests for the passage of the bill; but what the farmer does not realize is that the prices of what he has to buy will probably go up much faster than the price he gets for his surplus crops. This bill has, furthermore, taken on a more inflationary aspect by the Thomas amendment in the Senate. It seeks further inflation by unlimited purchases of silver until a price of $1.29 an ounce is reached (the present price of silver is 48 to 49 cents). Purchases are directed at "the rate of not less than 50,000,000 ounces a month." These purchases are to continue "until the general domestic price level, as measured by the Bureau of Labor Statistics, equals the price level of 1926, or until 371.25 grains of fine silver shall equal in purchasing power $1 in gold * * * whereupon in either instance the purchase of silver under this section shall be suspended."

Further inflationary measures now before Congress are the McLeod bill, to force the Government to pay the losses of all depositors in closed member banks of the Federal Reserve System, and the Frazier bill, providing for the Government to refinance farm-mortgage debts through an issue of $3,500,000,000 in Federal Reserve notes. Then there has been the threat to pay the adjusted-service certificates with greenbacks.

Thus we seem to be taking, or trying to take, one step after another toward debauching the currency; and Lenin's statement may prove prophetic. In Germany, inflation, by wiping out the middle classes, has resulted in Hitlerism and state capitalism, and in Italy we have state capitalism also. Labor is under the yoke in both countries and will suffer most from the proposed inflation, together with everyone else except the speculators and the silver-mine owners. The priest, Coughlin, seems to be leading the dance.

FREDERICK H. ALLEN.

CHARLESTON, S.C., *April 14, 1934.*

INCLUSION OF SUGAR BEETS AND SUGAR CANE AS BASIC COMMODITIES—CONFERENCE REPORT

Mr. COSTIGAN submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 47 and 48.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11½, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 49, 50, 51, 52, 53, 54, 55, 56, 57, and 58, and agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: On page 5 of the Senate engrossed amendments, line 20, after the word "section", insert a comma and the following: "except quotas fixed by paragraph (B) of this subsection"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: On page 9 of the House bill, line 15, after the word "Act", insert "relating to sugar beets, sugar cane, or the products thereof"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment insert "and will fix minimum wages for workers or growers employed by the producers and/or processors of sugar beets and/or sugar cane who are parties to such agreements"; and the Senate agree to the same.

The committee of conference report in disagreement amendment numbered 59.

PAT HARRISON,
WILLIAM H. KING,
W. F. GEORGE,
E. P. COSTIGAN,
JAMES COUZENS,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

Mr. BORAH. Mr. President, I desire to ask the Senator from Colorado [Mr. COSTIGAN] a question with reference to the conference report. If the Senator will turn to the CONGRESSIONAL RECORD of yesterday, in the House proceedings,

at page 7470, he will see a certain amendment there set out. I should like to have his view as to the effect of the amendment which was attached to Senate amendment 59 in the conference report.

Mr. COSTIGAN. The Senator from Idaho refers to the House amendment to the Senate amendment numbered 59?

Mr. BORAH. Yes; and I want to know what is the effect of the House amendment to the Senate amendment. I have a view of it, but I do not know that I am correct.

Mr. COSTIGAN. The purpose of the amendment, which was urged by other Senators than myself, is apparently to prevent the addition of the processing tax to the cost of any imported sugar which has paid the effective duty of 2 cents a pound on Cuban sugar.

The Senator from Idaho will recall that the President, in his original message to Congress on the subject of sugar, stated in substance that it was not intended to increase the cost of sugar to consumers.

It is the contention of certain importers of sugar that if the processing tax is to be placed on the sugar which has already paid a duty of 2 cents a pound, the result will be to discriminate against that sugar and raise its aggregate tax cost to 2½ cents a pound, as against other imported sugar which, after the proposed tariff reduction of about one half a cent per pound, will pay a tariff duty of about 1½ cents a pound, plus a processing tax of one half cent a pound, a total of 2 cents a pound. This amendment was urged as calculated to relieve importers of sugar who had paid the tariff duty of 2 cents per pound from the further imposition of the processing tax.

Mr. BORAH. Mr. President, as I understand, the effect of this amendment is to favor certain large importers of sugar; and I think it ought to be understood before we adopt this report, first, whether that is its effect, and second, whether the conferees had power to adopt any such amendment. It was not a subject which was in conference, as I understand, at all.

Mr. COSTIGAN. Mr. President, may I suggest that the Senator from Georgia [Mr. GEORGE] has requested an opportunity to be present and ought to be present during the discussion of the amendment.

The VICE PRESIDENT. This whole proceeding is by unanimous consent.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the conference report go over for the present, and that we proceed with the consideration of bills on the calendar under the unanimous-consent agreement.

Mr. BORAH. I have to go away for a little while. Will the Senator from Colorado defer calling up the conference report until I can return?

Mr. COSTIGAN. Certainly.

THE CALENDAR

The VICE PRESIDENT. The clerk will proceed with the call of the calendar under the unanimous-consent agreement.

The first business on the calendar was the bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes.

Mr. ROBINSON of Arkansas. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 583) relating to the classified civil service was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 316) relative to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 867) to define, regulate, and license real-estate brokers and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks was announced as next in order.

The VICE PRESIDENT. This bill was passed on February 28, and was reinstated on March 7.

Mr. ROBINSON of Arkansas. Mr. President, some Senator indicated a desire to discuss that bill.

Mr. FLETCHER. I think the Senator from Pennsylvania [Mr. REED] said he desired to be heard about it. I do not know of any objection to the bill. It has been pending for some time.

Mr. FESS. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products was announced as next in order.

Mr. FESS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2018) relative to Members of Congress acting as attorneys in matters where the United States has an interest was announced as next in order.

SEVERAL SENATORS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

MAILING OF CERTAIN DRUGS AND MEDICINES

The Senate resumed the consideration of the bill (S. 822) to amend the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, with respect to the use of the mails for the shipment of certain drugs and medicines to cosmetologists and barbers.

The VICE PRESIDENT. This bill was considered heretofore, and the amendment of the committee was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the first proviso in the first sentence of the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, is amended to read as follows: "*Provided*, That the transmission in the mails of poisonous drugs and medicines may be limited by the Postmaster General to shipments of such articles from the manufacturer thereof or dealer therein to licensed physicians, surgeons, dentists, pharmacists, druggists, cosmetologists, barbers, and veterinarians, under such rules and regulations as he shall prescribe."

BILL PASSED OVER

The bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, this is an important bill. It is expected that it will be taken up in the early future. I do not think it can be disposed of under this order.

Mr. McNARY. At the request of several Senators, I shall ask that it go over for the day.

Mr. ROBINSON of Arkansas. Very well.

The VICE PRESIDENT. The bill will be passed over.

INDIAN PUBLIC-SCHOOL BUILDING, QUEETS, WASH.

The bill (S. 236) to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of $10,000 for the purpose of cooperating with the public-school board of district no. 20, Jefferson County, Wash., for the construction, extension, and betterment of a public-school building at Queets, Wash.: *Provided*, That the expenditure of any money so appropriated shall be subject to the express conditions that the school maintained by the said school district in the said building shall be available to all Indian children of the village of Queets and Jefferson County, Wash., on the same terms, except as to payment of tuition, as other children of said school district: *Provided further*, That such expenditures shall be subject to such further conditions as may be prescribed by the Secretary of the Interior.

INDIAN SCHOOL, FORT PECK INDIAN RESERVATION, MONT.

The Senate proceeded to consider the bill (S. 1826) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., which had been reported from the Committee on Indian Affairs with an amendment, on page 1, line 3, after the words "to be", to strike out "expended from the appropriation for public work contained in the National Industrial Recovery Act" and to insert "appropriated from any moneys in the Treasury not otherwise appropriated", so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be appropriated from any moneys in the Treasury not otherwise appropriated the sum of $20,000 for the purpose of cooperating with the public-school board of district no. 9, town of Poplar, Mont.: *Provided*, That the expenditure of any money so authorized shall be subject to the express conditions that the school maintained by the said school district in the said building shall be available to all Indian children of Fort Peck Indian Reservation, Mont., on the same terms, except as to payment of tuition, as other children of said school district, and that accommodations in said enlarged building to the extent of one half its capacity shall be available for Indian children from the Fort Peck Reservation: *Provided further*, That such expenditures shall be subject to such further conditions as may be prescribed by the Secretary of the Interior.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS, ETC., PASSED OVER

The bill (H.R. 2632) for the relief of Wilson G. Bingham was announced as next in order.

Mr. LOGAN. Mr. President, I ask that the bill go over. The Senator from New Hampshire [Mr. BROWN] is interested in it, and I do not see him present this morning. I believe it would be better to let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2411) to amend the Emergency Railroad Transportation Act, 1933, was announced as next in order.

Mr. McNARY. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S.J.Res. 31) consenting that certain States may sue the United States and providing for trial on the merits in any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name, was announced as next in order.

Mr. FESS. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 2788) to amend section 5219 of the Revised Statutes, as amended (relating to State taxation of national banking associations), was announced as next in order.

SEVERAL SENATORS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

WEYMOUTH KIRKLAND AND ROBERT N. GOLDING

The Senate proceeded to consider the bill (S. 2864) for the relief of Weymouth Kirkland and Robert N. Golding, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, to Weymouth Kirkland and Robert N. Golding the sum of $5,155.76 for legal services rendered to the Railroad Labor Board, under the direction and approval of the Department of Justice.

The VICE PRESIDENT. This bill was passed on March 24, and was reconsidered and sent to the calendar.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARTIN FLYNN

The Senate proceeded to consider the bill (S. 1998) for the relief of the estate of Martin Flynn, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after "4,000", strike out "with interest at the rate of —— percent per annum", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of Martin Flynn, deceased, of Des Moines, Iowa, the sum of $4,000, in full satisfaction of its claim against the United States for expenses incurred by the estate in restoring to their original condition the fifth and sixth floors of the Flynn Building, Des Moines, Iowa, which were vacated on September 30, 1929, by the United States Veterans' Bureau, at the expiration of its lease.

The amendment was agreed to.

Mr. DICKINSON. Mr. President, I desire to offer an amendment to this bill.

The VICE PRESIDENT. The Senator from Tennessee [Mr. MCKELLAR] has an amendment pending, which will be stated.

The CHIEF CLERK. On page 1, line 6, it is proposed to strike out "$4,000" and insert in lieu thereof "$3,025."

Mr. McKELLAR. I think that was in accordance with an understanding we had.

Mr. DICKINSON. It was in accordance with the report from the Veterans' Bureau. I now have a report from the Veterans' Bureau, of which I will read the last two paragraphs:

It now appears that the cost of installation of the lavatories by the owners of the building would be $785 rather than $975, the amount of the proposal for this work submitted by Robinson Bros.

It is considered that $785 is a reasonable charge for the installation of 18 lavatories, and, in view of the foregoing, it is recommended that the previous report of February 19, 1934, recommending payment of the claim in the amount of $3,025, be amended to recommend $3,810, which this administration believes would be a just settlement of the claim.

If it will be satisfactory to the Senator from Tennessee, I ask, in compliance with this report, to substitute the figures "$3,810" in place of "$3,025."

Mr. McKELLAR. The Senator has a report recommending the extra amount?

Mr. DICKINSON. Yes; and I will insert this letter from the Veterans' Bureau in the RECORD in support of my statement.

Mr. McKELLAR. Very well; the amendment is accepted.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

APRIL 7, 1934.

Hon. ERNEST W. GIBSON,
United States Senate, Washington, D.C.

MY DEAR SENATOR GIBSON: This will supplement my letter of April 4, 1934, furnishing a report regarding the estimate of $785 for the installation of lavatories in the Flynn Building, Des Moines, Iowa, which was considered in connection with S. 1998 (73d Cong.), "A bill for the relief of the estate of Martin Flynn", concerning which a report was furnished the Chairman, Committee on Claims, United States Senate, on February 19, 1934.

After a careful investigation of the facts in connection with this claim and consideration of the item of $785, including a review of the case by the solicitor, the following pertinent facts are elicited.

The lessors in this case had originally claimed $4,000 for the restoration of the premises in question and subsequently agreed

to compromise for $3,000. There were submitted by the regional manager, Des Moines, Iowa, by letter of September 4, 1931, estimates that were received and which total the $4,000 referred to. There was also submitted affidavit made by O. E. Lynch in which he sets forth:

"I further depose and say that no charge was made for doors and lavatories as the ones formerly used were put back in their proper place."

The affidavit in question, while showing that $3,000 would have been acceptable if payment had been made at that time in compromise of the original claim of $4,000, is not to be considered as limiting the amount to which the claimant is otherwise entitled, including the proper cost of reinstallation of the lavatories mentioned.

It now appears that the cost of installation of the lavatories by the owners of the building would be $785 rather than $975, the amount of the proposal for this work submitted by Robinson Bros.

It is considered that $785 is a reasonable charge for the installation of 13 lavatories and in view of the foregoing, it is recommended that the previous report of February 19, 1934, recommending payment of the claim in the amount of $3,025 be amended to recommend $3,810, which this administration believes would be a just settlement of the claim.

Very truly yours,

FRANK T. HINES, *Administrator.*

The VICE PRESIDENT. Without objection, the amendment of the Senator from Tennessee, as modified by inserting "$3,810" instead of "$3,025", is agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, was announced as next in order.

Mr. ADAMS, Mr. McKELLAR (and other Senators). Let that go over.

The VICE PRESIDENT. The bill will be passed over.

MEDICAL CORPS OF THE REGULAR ARMY

The Senate proceeded to consider the bill (S. 2455) to increase the efficiency of the Medical Corps of the Regular Army, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 6, after "1917", to insert "*Provided*, That no back pay or allowances shall be held to have accrued prior to the passage of this act", so as to make the bill read:

Be it enacted, etc., That for the purposes of promotion there shall be credited to officers of the Medical Corps all active service as officers of the Medical Reserve Corps rendered by them between April 23, 1908, and April 6, 1917: *Provided*, That no back pay or allowances shall be held to have accrued prior to the passage of this act.

Mr. ROBINSON of Arkansas. Mr. President, let me ask the Senator in charge of the bill to state the effect of the proposed legislation.

Mr. CAREY. Mr. President, this bill will grant certain promotions to officers of the Medical Corps which they have been denied, not by law but by action of the Secretary of War. Under the law, the Regular officer gets his promotion for the time he served during the war. These men are placed on the list so that they are not given credit for the time they served in the Organized Reserves during the period prior to the war.

Mr. ROBINSON of Arkansas. Is the committee report a unanimous one?

Mr. CAREY. The committee report was unanimous.

Mr. ROBINSON of Arkansas. Very well.

Mr. McKELLAR. May I ask how many officers are included?

Mr. CAREY. About 230, if I remember correctly.

Mr. McKELLAR. And what will be the cost of the measure?

Mr. CAREY. I cannot tell the Senator the cost; but this bill gives the medical officers the rank to which they are entitled on the same basis as other officers of the Army.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

OHIO RIVER BRIDGE, SISTERSVILLE, W.VA.

The bill (S. 3046) creating the Sistersville Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, hold, and operate a highway bridge across the Ohio River at or near Sistersville, W.Va., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, the Sistersville Bridge Commission (hereinafter created, and hereinafter referred to as the "commission"), and its successors and assigns, be, and is hereby, authorized to construct, maintain, hold, and operate a highway bridge and approaches thereto across the Ohio River at or near the city of Sistersville, W.Va., at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the commission and its successors and assigns the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of West Virginia and the State of Ohio as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of the State in which such real estate and other property are located, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in said States, respectively.

SEC. 3. All contracts made in connection with the construction of the said bridge which shall involve the expenditure of more than $5,000 shall be let by competitive bidding after reasonable advertisement for bids. Sealed bids shall be required, and all such contracts shall be let to the lowest responsible bidder.

SEC. 4. The commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches, and the necessary lands, easements, and appurtenances thereto, by an issue or issues of interest-bearing negotiable bonds of the commission, for the security of which the commission may mortgage, pledge, or otherwise hypothecate all of the property it is authorized to hold, together with the income therefrom.

SEC. 5. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for interstate commerce, the postal service, and military and other purposes authorized by the Government of the United States and said bridge and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such time or times and at such price as the commission may determine, so as to produce the cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith. The cost of the bridge shall be deemed to include interest during construction of the bridge, and all engineering, legal, architectural, traffic surveying, and other expenses incident to the construction of the bridge, and the acquisition of the necessary property, and expenses incident to the financing thereof.

SEC. 6. For transit over the said bridge there shall be charged tolls sufficient to pay the cost and expense of operating and maintaining the bridge, interest on the indebtedness of the commission, and provide a sinking fund to pay off the principal of said indebtedness at maturity. Such tolls shall be fixed by the commission, subject, however, to the power with respect thereto vested in the Secretary of War by the said act of March 23, 1906.

SEC. 7. After a sinking fund sufficient for the amortization of all indebtedness of the commission shall have been provided, the bridge shall thereafter be maintained and operated free of tolls, and the commission, its successors and assigns shall thereupon convey by proper instrument of conveyance all right, title, and interest in said bridge and its approaches to the State of West Virginia and the State of Ohio jointly upon the agreement of such States to accept and to maintain and operate such bridge as a free bridge.

SEC. 8. For the purpose of carrying into effect the objects stated in this act, there is hereby created the Sistersville Bridge Commission, and by that name, style, and title said body shall have perpetual succession and the right to contract, sue, and defend in courts of law and equity, possess a common seal, hold title to real estate and other properties, and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

SEC. 9. The commission shall consist of one person named by the governing bodies of each of the following governmental units,

to wit: Tyler County, W.Va.; city of Sistersville, W.Va.; Monroe County, Ohio. Any vacancy occurring in said commission shall be filed by the governmental unit that made the original appointment. The members of the commission shall serve without pay but shall be reimbursed out of any funds in its hands for necessary expenses incurred in the conduct of its business. The commission may employ a secretary, treasurer, engineers, attorney, and such other experts, assistants, and employees as it may deem necessary, and fix the compensation of such person.

SEC. 10. Nothing herein contained shall be construed to authorize the commission, or any member thereof, to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds becoming available under the provisions of this act.

SEC. 11. The right to alter, amend, or repeal this act is hereby expressly reserved.

ZINSSER & CO.

The bill (S. 1214) for the relief of Zinsser & Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to adjust upon a fair and equitable basis or to cancel any agreement, express or implied, that has been entered into in good faith by any officer acting under his authority, direction, or instruction with Zinsser & Co., Inc., Hastings-on-Hudson, N.Y., for the sale of War Department buildings, underground piping, and concrete foundations, together with all fixtures considered part of the building and located upon ground owned by the said company.

RECONSTRUCTION FINANCE CORPORATION

The bill (S. 3085) relating to the operations of the Reconstruction Finance Corporation, and for other purposes, was announced as next in order.

Mr. CLARK. Let that go over.

Mr. FLETCHER. Mr. President, may I ask the Senator from Missouri to consider the report on this bill? It has been strongly recommended by the Reconstruction Finance Corporation, and approved unanimously by the Committee on Banking and Currency. There is no controversy about it, and no objection to it that I have ever heard. It is very important that the bill pass and go over to the House. The explanation is made in the report, from which I will read very briefly:

Other leading industrial nations, almost without exception, have provided aid to their exporters by furnishing middle- and long-term credits, by establishing limited credit-insurance facilities, or by actually assuming a portion of the risk involved. The lack of similar governmental assistance in this country is said to have greatly reduced the volume of American industrial exports competing for markets with the goods of other nations.

The proposed amendment would enable the Corporation to establish or utilize corporations and other agencies wholly owned by the United States, which would cooperate with American manufacturers to enable them to compete upon a fair basis with foreign manufacturers, and which might even be able, in some cases, to effect actual exchanges of goods for goods.

Mr. ROBINSON of Arkansas. Mr. President, I desire to call the attention of the Senator from Florida to the fact that he apparently is speaking in reference to the next order of business on the calendar. The bill which has just been reached is Senate bill 3085, order of business 560.

Mr. FLETCHER. I find that is a fact; but I would say the same thing with reference to the bill to which the Senator refers. The Reconstruction Finance Corporation, as will be seen by the report on the bill, has made a strong recommendation that the amendments proposed be made to the Reconstruction Finance Corporation Act. It is very important that they should be made, and should be made now.

Some proposed amendments were sent to me after the bill was reported, which are merely formal and corrective, and I will offer those amendments, but it will take but a moment to act on them. There is very little involved in the bill other than procedure. For instance, it is designed to relieve the Reconstruction Finance Corporation from giving bond in appeal cases, where they take appeals, and to make their seal and their records evidence in court.

Mr. ROBINSON of Arkansas. It authorizes the use of authenticated copies of the record in evidence.

Mr. FLETCHER. Exactly. I should like to have the bill acted on.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. CLARK. I find from a hasty reading of the bill that it involves a number of amendments to the present Reconstruction Finance Corporation Act which have to do more with procedure before Federal courts than anything else, a subject within the jurisdiction of the Committee on the Judiciary, rather than a matter which actively concerns the Reconstruction Finance Corporation. For instance, I find in the letter of Chairman Jones a statement that the bill "provides a simple method for giving Federal courts jurisdiction of suits under $3,000 brought by corporations wholly owned by the United States, which jurisdiction is now obtained by cumbersome method of joining the United States." I should like to know what business it is of the Reconstruction Finance Corporation to be recommending changes in judicial procedure in courts of the United States?

Mr. FLETCHER. Mr. President, that is a practical question which they have to confront from time to time. They have suggested a number of amendments. For instance, they desire to have the privilege of having copies of books, papers, records, or other documents made evidence. That is a matter they encounter whenever they have any litigation, and I think it is proper that there should be an amendment of the act in that regard. It is a situation which the Reconstruction Finance Corporation is constantly meeting, and the necessity for the amendment is shown by Chairman Jones' letter, to which the Senator has referred.

I do not think it is necessary to refer a question of this kind to some other committee, for instance, the advisability of an amendment making their records evidence in court, having their seal attested, and all that sort of thing. Why should the Committee on Banking and Currency not handle it?

Mr. BLACK. Mr. President, will the Senator yield to me?

Mr. FLETCHER. I yield.

Mr. BLACK. The Senator from Missouri has raised a question in which I am very much interested, because I have an amendment now before the Committee on Banking and Currency designed to repeal a portion of the act with reference to the Federal Reserve banks, which has extended to the Federal courts jurisdiction over cases involving less than $3,000. It has worked out in this way, and I desire to call the Senator's attention to it, because if this would further extend the jurisdiction, I would not favor the passage of the bill.

Under the bill which we passed last year, if a Federal Reserve bank happens, as it has in a number of instances, to have as collateral security a note for $50 of a farmer in some section of this country, the Federal courts are given jurisdiction of such cases. The result is that men are frequently compelled to go 50 to 100 miles to employ a lawyer in a distant city. Is it understood that this measure would still further extend the jurisdiction of Federal courts in cases where collateral security is held by Government agencies? That is what I understand to be the effect of the bill.

Mr. FLETCHER. I do not so understand it. It seeks to provide a simple method for giving Federal courts jurisdiction of suits involving under $3,000 brought by corporations wholly owned by the United States.

Mr. BLACK. But that is exactly the point; I disagree with the Reconstruction Finance Corporation if they are seeking that jurisdiction. It is my judgment that it is fairer to the citizens of this country to have suits against them filed in courts close to them, rather than to extend the jurisdiction to cases involving less than $3,000 where a Government corporation happens to have as collateral security a note on which it desires to file suit. I think that is wholly unfair to the smaller individual whose note happens, without his knowledge, to be placed as collateral security with the governmental agency.

Mr. FESS. Let the bill go over.

Mr. BLACK. I should prefer to have the bill go over, if that provision is in the bill, unless it is to be stricken out.

The VICE PRESIDENT. On objection, the bill will be passed over.

FINANCING OF EXPORTS AND IMPORTS

The bill (S. 3138) authorizing the Reconstruction Finance Corporation to aid in financing exports and imports was announced as next in order.

Mr. FESS. Let that go over.

Mr. FLETCHER. Mr. President, that is the bill about which I just spoke. It has to do with providing means for handling exports and imports. I know of no objection in the world to it. It would help our manufacturers and would help other people who want to do an export business. The Corporation can deal only with United States corporations, and with nothing else, under the bill. We have set up an export corporation, and this would enable them to get their finances so arranged that they could do business. I hope the Senator will let the bill pass. It is reported unanimously by the committee.

Mr. FESS. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

BILL PASSED OVER

The bill (S. 1884) to prevent the use of Federal official patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends was announced as next in order.

Mr. McKELLAR. Let that go over for the present.

The VICE PRESIDENT. The bill will be passed over.

FEDERAL CREDIT UNION SYSTEM

The bill (S. 1639) to establish a Federal Credit Union System, to establish a further market for securities of the United States, and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, was announced as next in order.

Mr. ADAMS. Let that go over.

Mr. SHEPPARD. Will not the Senator withhold his objection for a moment in order to permit me to make an explanation of the bill?

Mr. ADAMS. Certainly.

Mr. SHEPPARD. As indicated in the title to the bill, it seeks to make available to people of small means credit for provident purposes through a national system of cooperative credit. The bill does not eliminate State credit unions. It provides for a Federal system which will go along with and parallel the State unions.

I assume that no question will be raised as to the general merit of credit unions, their extraordinary record during the depression, and the value of rapid credit-union extension.

Credit unions are organizations of working people which enable members of a given group to save money, generally in very small individual amounts, thereby gradually collecting their own capital, which is loaned to members of the individual group for provident purposes at normal interest rates. These credit unions, nationally extended, will close the great gap in the credit structure, a gap which leaves men and women of small means, when in need of legitimate credit, largely at the mercy of usurious money lenders.

This is a great national problem which knows no State lines. So great have been the abuses of the loan sharks that over 20 States have attempted to curb this evil by laws which permit the licensed private money lender to charge 3½ percent a month—42 percent per annum—on small loans, on the theory that the alternative to a legal high rate is an illegal rate which is tremendously higher.

This small-loan business at usurious rates totals more than $2,000,000,000 annually, destroying the normal cash buying power of the masses of the people to an appalling extent.

It is the purpose of the credit union to establish credit facilities for proper purposes at normal rates for men and women who otherwise must have recourse, in time of need, to the usurer; and this is a national problem. The credit unions have proved their capacity to solve the problem.

Credit unions originated in Germany 80 years ago. Massachusetts enacted the first State credit-union law a quarter of a century ago, and there are now such laws in 38 States. In 1932 Congress enacted such a law, in terms very similar to this bill, for the District of Columbia. Unions operate in the States under the same supervision as State banks, and in the District of Columbia subject to annual examination by the Comptroller of the Currency.

Composed of working people, intensely stricken by the depression, the credit unions have come through with no involuntary liquidations, establishing in the process a very extraordinary record. There are 2,350 credit unions in this country at present, with 450,000 members, earnestly desirous of this legislation, in order that credit unions may extend on a national scale more rapidly now that the national need has been so clearly established.

The bill involves no Government loans, no subsidy, no appropriations of money. Credit unions pay their own way. In fact, some revenue will be brought to the Government through permit fees.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. WALSH. Is the bill modeled after the Massachusetts law?

Mr. SHEPPARD. It is.

Mr. WALSH. I desire to say to the Senator that the Massachusetts law has been highly successful; that the credit unions have been of great benefit to the poorer and working classes of people of my State.

Mr. SHEPPARD. I am glad to have that statement.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. McKELLAR. Will it cost the Government anything; and if so, in what way?

Mr. SHEPPARD. It is my judgment that the supervision required can be taken care of by existing Federal supervisory personnel. This measure will bring revenue to the Government through permit fees.

Mr. McKELLAR. Does it require an appropriation of any kind?

Mr. SHEPPARD. No; it does not.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. BARKLEY. As the Senator from Texas knows, this bill came from the Committee on Banking and Currency, and we have made quite an investigation of the subject. There are many of these credit unions in the State of Kentucky, which State I have the honor in part to represent. Undoubtedly the credit unions have been the means by which small groups of people and even larger groups of people within an industry or within an establishment have been able to establish their own credit facilities——

Mr. SHEPPARD. That is correct.

Mr. BARKLEY. Without being subject to the outrageous rates of loan sharks and others who prey upon people of that class. They are a sort of a happy medium between the loan shark and the bank, which cannot extend credit to many of these people, because they do not have the required security.

Mr. SHEPPARD. And because the loans are quite small as a rule.

Mr. BARKLEY. Yes. I certainly hope that the Senator from Colorado [Mr. ADAMS] will not insist upon his objection to the present consideration and passage of this bill, because I think it is very meritorious.

The PRESIDING OFFICER (Mr. CLARK in the chair). Is there objection to the present consideration of the bill?

Mr. ADAMS. Mr. President, it seems to me that the statement which has been made by the Senator from Texas, supplemented by the statements of the Senators from Massachusetts and Kentucky, indicate that the bill is of very great importance. My objection is not because I am in opposition to the bill but because I think it deserves more consideration than can be accorded to it on a call of the calendar under the unanimous-consent rule.

I happened to be on the subcommittee which reported favorably upon the bill, but further consideration led me to the conclusion that it was entitled to some study by the Senate, particularly upon the question as to whether or not the United States Government wanted to embark upon a program of incorporation of credit unions, which are now subject to very exemplary State legislation, which would in large extent be superseded by Federal legislation. The bill further includes provisions by which credit unions may have access to the Federal Reserve System. I think before that bill is passed it ought to be studied somewhat further, and I, therefore, continue my objection.

Mr. SHEPPARD. Mr. President, in order that a complete explanation may be found in the RECORD, will the Senator from Colorado permit me to complete my remarks, which will take only a few minutes?

Mr. ADAMS. Yes.

Mr. SHEPPARD. Credit unions pay their own way. The bill simply recognizes the value of the credit-union plan and clears the way for a truly national development. I have never heard the value of the credit union questioned.

If there be an issue against this bill, it has to do with the need for Federal legislation. Banking has long been considered a matter of national as well as of State concern, and the enactment of this bill will in no wise affect credit unions operating under State laws; its operating practice follows the State laws closely. It does recognize that this matter of stopping wastes of mass buying power is of national concern, and it seeks to make possible credit-union development nationally at a time of great national need. Its enactment will make it possible for working people to organize credit unions in States which have no credit-union laws, and there are 10 of these. It will also simplify organization in States where existing State credit-union laws are oppressive or have become so hopelessly defective as to be practically inoperative. The second part of the bill will allow credit unions in the same State to have a central depository, of great value in times of industrial depression and at all times a means of keeping all credit-union funds operating effectively for the purpose of caring for short-term loans.

Eventually State central credit unions should be permitted to maintain a national central credit union—which could be accomplished only under a Federal law—enabling funds to be transferred from one section to another as the need develops, making possible a maximum national small-loan service.

In the United States there are both rural and urban credit unions, and much of the present development calls for a national program. In industrial groups, nationally distributed, for example, credit unions are being organized on a national scale, which development must stop at State lines where there either is no State law or where State laws are oppressive or inoperative. This bill is simply a permissive bill, giving the right to groups wherever located to ask for the privilege to organize credit unions under proper Federal supervision. It comes at a time when we are all concerned with national rehabilitation and when we are doing many things to hasten national recovery. It seeks to eliminate usurious money lending in the only way it can be done, namely, by enabling the average man to combine with his fellows to the end that, working together, they may solve their own short-term credit problems at normal rates. The worker who is spending a substantial part of his earnings on interest overcharges cannot spend that amount for the things he needs to buy. On the increased purchasing power of the masses of the people recovery mainly depends.

We seek here to solve a great national problem in the only way it can be solved—by making available to people of small means credit for provident purposes through a national system of cooperative credit.

Mr. President, I ask permission to have printed in the RECORD as a part of my remarks a statement by Mr. Roy F. Bergengren, entitled "Credit for All the People", which appeared in the current issue of the magazine Today.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement referred to is as follows:

[From Today of Apr. 21, 1934]

"CREDIT FOR ALL THE PEOPLE"—A PLEA FOR THE CREDIT UNION AS AN AID IN SOLVING THE PROBLEM OF CONSUMER CREDIT, WHICH NOW IS A MAJOR OBSTACLE TO RECOVERY

By Roy F. Bergengren

The consumer credit problem, unsolved, is a fundamental obstacle to industrial recovery. Cooperative credit will solve it.

To these two conclusions of fact we can add a third, that if a worker destroys his week's pay, he can buy nothing with it; if millions of other workers do the same, the result is industrial stagnation. By the same token, any circumstance which results in the destruction of any part of the worker's dollar, in that proportion, contributes to economic paralysis.

A great percentage (it has been authoritatively put at 80 percent) of everything that is manufactured or produced from the soil is bought, in normal times, by men and women who earn $35 a week and less. Obviously, the buying power of the worker's dollar is a primary consideration in any plan of recovery.

In the ideal state, we would be able to buy what we need in order to live comfortably and progressively and happily—and pay cash for it. We have not achieved that ideal state and, meantime, credit is essential. If the worker pays too much for credit, by the degree of overpayment he impairs his cash purchasing power and his ability to contribute to recovery.

The credit side of banking has never reached the masses of the people. Regardless of his fair credit limitations, the average man is urged to buy on credit, even though he mortgages his future earnings and often pays usurious installment charges. Our economic life has been built too much on the principle that "unto everyone that hath shall be given * * * but from him that hath not shall be taken away even that which he hath."

Four actual cases will illustrate this.

The first involved a railroad employee who borrowed $30 from a loan shark, paid in interest $1,080, and was then sued for the $30. He paid 3,600 percent.

The second incident involved a man whose affairs were tangled; with a $40-a-week job he was always getting caught up. He was surprised to find that he had undertaken to buy, on the installment plan, things calling for total weekly payments of $52.

The third had to do with a fireman who, 14 months ago, bought furniture which he could have had for $250 cash; his receipts showed he paid $325, and he still owed $300.

Finally, one of a group of farmers questioned the assertion that many of them were paying 42 percent for short-term credit. The meeting adjourned to the county recorder's office across the street and found that, of the group of 186 farmers, 82 had mortgaged all their movables for loans at 3½ percent a month.

How extensive is this consumer credit problem? In the Internal Debts of the United States it is declared that at the beginning of 1933 there were approximately $14,400,000,000 of personal and household short-term loans outstanding against American families (an increase of $500,000,000 in a single year) with an annual interest charge of $609,700,000.

Obviously, we must first reduce interest charges; obviously, our eventual objective must be to get out of debt. Cooperative credit will accomplish both objectives. It takes the private-profit motive out of the transaction.

That is why over 2,300 credit unions ("credit union" being the name given to cooperative credit societies in America) are already in existence in the United States, with a membership of more than 450,000 persons and resources of more than $65,000,000. They are growing at the rate of more than three every business day. They make, too, a saver out of the borrower, lifting him first out of the hole of debt he is in and then filling up the hole.

In 1909 Massachusetts enacted the first State credit-union law in the United States. It worked so well that, a few years later, President Taft called its value to the attention of the other Governors. Since then, 37 other States have enacted similar laws, and in 1932 Congress enacted such a law for the District of Columbia. A bill is pending before Congress which would authorize credit-union organization anywhere in the United States.

There are 95 credit unions among employees of Armour & Co. in 38 States. Of an average age of 18 months (and with no operating experience in average times) they have loaned approximately $2,000,000 with practically no losses.

There are 322 credit unions of postal employees, with over 70,000 members, savings of nearly $7,000,000, and an annual small-loan business of better than $10,000,000.

Credit unions have been organized recently within the Farm Credit Administration, the Tennessee Valley Authority, and the Department of Agriculture.

During its 17 years of operation the Municipal Credit Union of the City of New York (composed of city employees) has loaned $19,112,104 to 83,690 borrowers.

Seventeen thousand employees of the New England Telephone & Telegraph Co. are members of eight credit unions, in which they have saved more than $2,000,000, and have loaned, without appreciable losses, $18,500,000.

The Indiana Farm Bureau Federation has established 32 credit unions.

There are 32 credit unions among employees of the Chicago, Rock Island & Pacific Railroad.

The Alma Exchange Credit Union took the place of a small rural bank at Alma, Ga. After 3 years it has resources of $50,000, and is performing cooperatively every primary function of a community bank.

POOLING COMMON RESOURCES

It is a very simple business in which the credit union is engaged, and one which its directors understand—that of pooling common resources, managing the pool, and investing the results in the men and women who accumulated the pool in the first place. It introduces three new banking theories:

(1) Ordinary folks can develop the capacity to manage their own money.

(2) It puts money to work for the benefit of the people to whom it belongs.

(3) The purpose of the loan is the important thing.

Credit unions make loans only for provident purposes; that is the law. The loan must promise a real benefit to the borrower. They appreciate that if a loan performs a real service, the borrower is apt to make sacrifices to pay it back.

To the farmer, his credit union loans money for seed and fertilizer and stock and farm machinery and a thousand and one other purposes incidental to farming. To the city worker, it loans money to help him with his taxes or to pay the hospital or the college tuition or to enter a business. To both farmer and city worker the credit union brings the doctrine of cash buying, and it seeks in most practical fashion to make the installment buyer not only a cash buyer but also an intelligent buyer.

If the proof of the pudding lies in the eating of it, credit unions operate under the same rules as banks in 38 States—and they came through the depression practically without runs or failures. Eligible to relief from the Reconstruction Finance Corporation, only a half dozen of them have needed it.

There is no limit to their proper growth. They are to the banking business what the low-priced car is to the automotive industry. They are predicated on the supposition that the brotherhood of man is a good business principle.

BILL PASSED OVER

The bill (S. 2816) to extend the time for the refunding of certain taxes erroneously collected from certain building-and-loan associations was announced as next in order.

Mr. McKELLAR. Mr. President, will the Senator from Kentucky explain this bill?

Mr. LOGAN. Mr. President, under the revenue acts from 1918 to 1926 there were provisions for certain taxes, including those on building-and-loan associations. The building-and-loan associations paid these taxes for some years. The Supreme Court thereafter held the law unconstitutional, and there have been refunds from time to time. This bill simply provides that the building-and-loan associations may file their claims with the Commissioner of Internal Revenue, and that he may adjudicate them without the necessity of introducing separate bills. There are some 8 or 10 States involved and some 30 building-and-loan associations, and the amount, I understand, will probably not exceed $80,000.

Mr. McKELLAR. There is an adverse report from the Treasury Department, is there not?

Mr. LOGAN. I understand the Treasury makes an adverse report. It always does when we try to get money out of it.

Mr. McKELLAR. Will the Senator from Kentucky let the bill go over for today?

Mr. LOGAN. Of course, I am not personally interested in this matter at all. The building-and-loan associations, however, have paid in their money. The United States Government has held the money, which the Supreme Court says it has no right to hold, and therefore the Committee on Claims reported the bill favorably.

Mr. McKELLAR. Let it go over for today.

The PRESIDING OFFICER. The bill will be passed over.

SITE FOR A LIGHTHOUSE DEPOT AT NEW ORLEANS, LA.

The Senate proceeded to consider the bill (S. 2834) authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes, which had been reported from the Committee on Commerce with amendments.

Mr. OVERTON. Mr. President, I ask unanimous consent that House bill 7488 be substituted for Senate bill 2834, and that the Senate consider the House bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana [Mr. OVERTON]?

Mr. JOHNSON. Are the House bill and the Senate bill exactly alike?

Mr. OVERTON. Yes, Mr. President.

Mr. JOHNSON. And are the amendments to the Senate bill also incorporated in the House bill, so as to eliminate from the House bill the same language that is eliminated from the Senate bill?

Mr. OVERTON. The House bill is identical with the Senate bill, as reported by the committee, with the amendments which the committee believes will remove the objections that have been made.

Mr. JOHNSON. Is the amendment directing how the money shall be allotted eliminated from the House bill?

Mr. OVERTON. Yes.

The PRESIDING OFFICER. Is there objection to the present consideration of H.R. 7488 which the Senator from Louisiana has requested to substitute for the Senate bill? The Chair hears none.

There being no objection, the Senate proceeded to consider the bill (H.R. 7488) authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes, which was ordered to a third reading, read the third time, and passed as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to acquire, by purchase from the Board of Commissioners of the Port of New Orleans, New Orleans, La., a lease for not exceeding 99 years of a site on which is to be located the New Orleans Lighthouse Depot for a consideration of not exceeding $20,000 for the 99 years, payment thereof to be made upon approval of the lease by the Secretary of Commerce from funds allotted and made available for this project by proper authority. The site shall contain approximately 2.28 acres, description of which by metes and bounds shall be incorporated in the lease; and the Secretary of Commerce is authorized to erect upon such site such wharves, docks, and other structures as he may determine to be feasible and suitable for the purposes of the lighthouse depot, and to make payment therefor from funds allotted and made available for this project by proper authority.

The PRESIDING OFFICER. Without objection, Senate bill 2834 will be indefinitely postponed.

BILL PASSED OVER

The bill (S. 3170) to revise the air-mail laws was announced as next in order.

Mr. McKELLAR. Over.

The PRESIDING OFFICER. Being the unfinished business, the bill will be passed over.

CIRCULATION OF READING MATTER AMONG THE BLIND

The Senate proceeded to consider the bill (S. 2922) to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto.

Mr. McKELLAR. Mr. President, I desire to offer an amendment to that bill.

The PRESIDING OFFICER. The Senator from Tennessee offers an amendment, which will be stated.

Mr. McKELLAR. On page 2, line 11, I move to strike out, after the word "libraries", the words "or when sent by a printing press for the blind to a public institution for the blind or a public library."

The department requested that that amendment be made, and I think it should be made probably in the interest of fairness.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904 (33 Stat. 313), the supplemental provision in section 1 of the Post Office Appropriation Act for 1913, approved August 24, 1912 (37 Stat. 551), and the joint resolution entitled "Joint resolution to provide for the free transmission through the mails of certain publications for the blind", approved June 7, 1924 (43 Stat. 668; U.S.C., title 39, ch. 8, sec. 331), be, and the same are hereby, amended to read as follows:

"Books, pamphlets, and other reading matter published either in raised characters, whether prepared by hand or printed, or in the form of sound-reproduction records for the use of the blind, in packages not exceeding 12 pounds in weight, and containing no advertising or other matter whatever, unsealed, and when sent by public institutions for the blind, or by any public libraries, as a loan to blind readers, or when returned by the latter to such institutions or public libraries, magazines, periodicals, and other regularly issued publications in such raised characters, whether

prepared by hand or printed, or on sound-reproduction records (for the use of the blind), which contain no advertisements and for which no subscription fee is charged, shall be transmitted in the United States mails free of postage and under such regulations as the Postmaster General may prescribe.

"Volumes of the Holy Scriptures, or any part thereof, published either in raised characters, whether prepared by hand or printed, or in the form of sound-reproduction records for the use of the blind, which do not contain advertisements (a) when furnished by an organization, institution, or association not conducted for private profit, to a blind person without charge, shall be transmitted in the United States mails free of postage; (b) when furnished by an organization, institution, or association not conducted for private profit to a blind person at a price not greater than the cost price thereof, shall be transmitted in the United States mails at the postage rate of 1 cent for each pound or fraction thereof; under such regulations as the Postmaster General may prescribe.

"All letters written in point print or raised characters or on sound-reproduction records used by the blind, when unsealed, shall be transmitted through the mails as third-class matter."

OHIO RIVER BRIDGE, WHEELING, W.VA.

The bill (S.3099) authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and to provide for military and other purposes, the city of Wheeling, a municipal corporation of West Virginia, is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Ohio River, at a point suitable to the interests of navigation in Wheeling, W.Va., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. The said municipality of Wheeling may charge toll for the use of said bridge, which rates of toll may be so adjusted as to provide a fund sufficient to pay (a) the reasonable cost of maintenance, repair, and operation of the said bridge and its approaches; and (b) the amortization within a reasonable time and not exceeding 25 years from the date that the bridge is opened to traffic, and under reasonable condition of any loan or loans, including reasonable interest, taxes, and financing charges made, or to be made in connection with the construction of said bridge and its approaches.

SEC. 3. An accurate record of the cost of the bridge and its approaches and of all expenditures for maintaining, repairing, and operating the same, and of the tolls collected from time to time shall be kept and shall at all reasonable times be available for the information of all persons interested in the construction, operation, and maintenance thereof.

SEC. 4. The right to sell, assign, transfer, mortgage, or pledge any or all of the rights, powers, and privileges conferred by this act is hereby granted to the said city of Wheeling, or any corporation to which, or any person to whom, such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same through mortgage, pledge, foreclosure, or otherwise, including therein the United States of America acting by or through the President, the Federal Emergency Administrator of Public Works, such other agency or agencies as may be designated or created for such purpose pursuant to the National Industrial Recovery Act or any other amendment or supplement thereto, or any other agency or agencies as may be created for such purpose by the Congress of the United States, and such person or corporation is hereby authorized and empowered to exercise all of the rights, powers, and privileges conferred upon the city of Wheeling as fully as though conferred herein directly upon such corporation or person.

SEC. 5. Whenever a sum sufficient to amortize and pay off the amount of money used in building and constructing said bridge shall have been collected, the city of Wheeling shall declare said bridge free and open to the use of the general public without the imposition of any further tolls or charges for the use of said bridge.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

EXTENSION OF TIME FOR CONSTRUCTION OF BRIDGES IN OREGON

The bill (S. 3114) to extend the time for commencing the construction of certain bridges in the State of Oregon was considered, ordered to be engrossed for a third reading, read the third time and passed, as follows:

Be it enacted, etc., That the times for commencing the construction of the following bridges, authorized to be built by the State of Oregon, are hereby extended to October 1, 1934: (1) Across the Umpqua River, at or near Reedsport, Oreg., authorized by act of Congress approved June 13, 1933; (2) across Yaquina Bay, at or near Newport, Oreg., authorized by act of Congress approved June 13, 1933; (3) across Coos Bay, at or near North Bend, Oreg., authorized by act of Congress approved June 13, 1933; (4) across the Siuslaw River, at or near Florence, Oreg., authorized by act of Congress approved June 13, 1933; and (5) across Alsea Bay, at or near Waldport, Oreg., authorized by act of Congress approved June 15, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

WILBUR ROGERS

The bill (H.R. 4423) for the relief of Wilbur Rogers was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon retired officers of the United States Army, Wilbur Rogers, major, United States Army, shall be held and considered, notwithstanding any other provision of law, to have been classified in class A and to have been retired under section 1251 of the Revised Statutes for incapacity which was a result of an accident of service: *Provided*, That no bounty, back pay, pension, allowance, or any payment provided under the World War Veterans' Act, 1924, as amended, the World War Adjusted Compensation Act, 1924, as amended, or other benefit whatsoever to which said person may be or become entitled by law, shall be held to have accrued prior to the passage of this act.

ROBERT EMIL TAYLOR

The bill (S. 1725) for the relief of Robert Emil Taylor was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the adjudication of the claims of Robert Emil Taylor (C-267750), late private, Thirty-second Company, One Hundred and Sixty-sixth D. B., for disability allowance benefits under the World War Veterans' Act, as amended, and for adjusted compensation under the World War Adjusted Compensation Act, as amended, the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to include as active military service during the World War the service of the said Robert Emil Taylor from August 28, 1918, to the date of his discharge July 19, 1919, notwithstanding the industrial furlough on which he was ordered from November 16, 1918, to July 17, 1919.

BILLS PASSED OVER

The bill (S. 2334) authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans., was announced as next in order.

Mr. BULKLEY. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 7748) regulating procedure in criminal cases in the courts of the United States was announced as next in order.

Mr. McCARRAN. Over.

The PRESIDING OFFICER. The bill will be passed over.

CRIME PREVENTION BILL

Mr. ROBINSON of Arkansas subsequently said: Mr. President, I ask unanimous consent to recur to Calendar 618, being the bill (H.R. 7748) regulating procedure in criminal cases in the courts of the United States. The bill, which is one of the so-called "crime-prevention bills", was unanimously reported by the Judiciary Committee. It is intended to prevent dilatory action in cases in the Federal courts. I understand that the Senator from Nevada [Mr. McCARRAN] has considered the measure and no longer objects.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent to return to Calendar No. 618. Is there objection?

There being no objection, the bill (H.R. 7748) regulating procedure in criminal cases in the courts of the United States was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That no plea to abate nor motion to quash any indictment upon the ground of irregularity in the drawing or impaneling of the grand jury or upon the ground of disqualification of a grand juror shall be sustained or granted unless such plea or motion shall have been filed before, or within 10 days after, the defendant filing such plea or motion is presented for arraignment; and from the time such plea or motion is filed and until the termination of the first term of said court beginning subsequent to the final judgment on such plea or motion and during which a grand jury thereof shall be in session, no statute of limitations shall operate to bar another indictment of any defendant filing such plea or motion, or of any other defendant or defendants included in the indictment to which such plea or motion is directed, for the offense or offenses therein charged.

SEC. 2. No plea to abate nor motion to quash any indictment, upon the ground that one or more unqualified persons served upon the grand jury finding such indictment, shall be sustained if it appears that 12 or more jurors, after deducting the number so disqualified, concurred in the finding of said indictment: *Provided, however,* That no juror shall be permitted to testify, in this connection, as to whether he or any other individual juror voted for or against the finding of such indictment, but it shall be the duty of the foreman of each grand jury to keep a record of the number of grand jurors concurring in the finding of any indictment and to file such record with the clerk of the court at the time the indictment is returned. Such record shall not be made public except on order of the court.

SEC. 3. That this act shall be applicable to the district courts of the United States, including the district courts of Alaska, Hawaii, Puerto Rico, and the Virgin Islands, and to the Supreme Court of the District of Columbia.

ARTHUR R. LEWIS

The bill (S. 1992) for the relief of Arthur R. Lewis was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army, Arthur R. Lewis shall be held and considered to have been honorably discharged as a private, Second Company (Mobile), Coast Artillery Corps, January 13, 1924: *Provided,* That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued by reason of this act prior to its passage.

GENERAL PULASKI'S MEMORIAL DAY

The Senate proceeded to consider the joint resolution (S.J.Res. 36) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski, which had been reported from the Committee on the Judiciary, with amendments, on page 2, line 3, after the word "authorized", to strike out "and directed", and in line 6, after the numerals "11", to strike out "1932" and insert "1934", so as to make the joint resolution read:

Whereas the 11th day of October 1779 is the date in American history of the heroic death of Brig. Gen. Casimir Pulaski, who died from wounds received on October 9, 1779, at the siege of Savannah, Ga.; and

Whereas the States of West Virginia, New Jersey, Massachusetts, Kentucky, Illinois, Michigan, Tennessee, Indiana, Wisconsin, New York, Nebraska, Texas, Minnesota, Delaware, Maryland, Arkansas, New Hampshire, Pennsylvania, Missouri, Ohio, and other States of the Union, through legislative enactment designated October 11 of each year as General Pulaski's Memorial Day; and

Whereas the Congress of the United States of America has by legislative enactment designated October 11, 1929, and October 11, 1931, to be General Pulaski's Memorial Day; and

Whereas it is fitting that the recurring anniversary of this day be commemorated with suitable patriotic and public exercises in observing and commemorating the death of this great American hero of the Revolutionary War: Therefore be it

Resolved, etc., That the President of the United States is authorized to issue a proclamation calling upon officials of the Government to display the flag of the United States on all governmental buildings on October 11, 1934, and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies of the death of Gen. Casimir Pulaski.

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The title was amended so as to read: "Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski."

EXPENDITURES OF THE SPECIAL COMMITTEE ON CONSERVATION OF WILD-LIFE RESOURCES

The Senate proceeded to consider the resolution (S.Res. 201) increasing the limit of expenditures by the Special Committee on Conservation of Wild Life Resources, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate, with an amendment, in line 4, after the word "purposes", to strike out "$15,000" and insert "$5,000", so as to make the resolution read:

Resolved, That the special committee authorized and directed by S.Res. 246 on April 17, 1930, to investigate the conservation of wild animal life, hereby is authorized to expend in furtherance of such purposes $5,000 in addition to the amounts heretofore authorizesd.

The amendment was agreed to.

The resolution, as amended, was agreed to.

AMENDMENT OF LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

The Senate proceeded to consider the bill (S. 2794) to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes, which had been reported from the Committee on the Judiciary, with amendments, on page 3, section 4, line 22, after the word "commissioner", to insert "with the approval of the Commission", and on page 5, section 5, line 8, after the word "commissioner", to insert "with the approval of the Commission", so as to make the bill read:

Be it enacted, etc., That subdivision (a) of section 7 of the Longshoremen's and Harbor Workers' Compensation Act, as amended, is amended by adding at the end thereof the following new sentence: "If at any time during such period the employee unreasonably refuses to submit to medical or surgical treatment, the deputy commissioner may, by order, suspend the payment of further compensation during such time as such refusal continues, and no compensation shall be paid at any time during the period of such suspension, unless the circumstances justified the refusal."

SEC. 2. So much of subdivision (c) of section 8 of such act, as amended, as precedes paragraph (13) thereof is amended to read as follows:

"(c) Permanent partial disability: In case of disability partial in character but permanent in quality, the compensation shall be 66⅔ percent of the average weekly wages, which shall be in addition to compensation for temporary total disability paid in accordance with subdivision (b) of this section, and shall be paid to the employee, as follows:

"(1) Arm lost, 280 weeks' compensation.
"(2) Leg lost, 248 weeks' compensation.
"(3) Hand lost, 212 weeks' compensation.
"(4) Foot lost, 173 weeks' compensation.
"(5) Eye lost, 140 weeks' compensation.
"(6) Thumb lost, 51 weeks' compensation.
"(7) First finger lost, 28 weeks' compensation.
"(8) Great toe lost, 26 weeks' compensation.
"(9) Second finger lost, 18 weeks' compensation.
"(10) Third finger lost, 17 weeks' compensation.
"(11) Toe other than great toe lost, 8 weeks' compensation.
"(12) Fourth finger lost, 7 weeks' compensation."

SEC. 3. Paragraph (22) of subdivision (c) of section 8 of such act, as amended, is amended to read as follows:

"(22) In any case in which there shall be a loss of, or loss of use of, more than one member or parts of more than one member set forth in paragraphs (1) to (19) of this subdivision, not amounting to permanent total disability, the award of compensation shall be for the loss of, or loss of use of, each such member or part thereof, which awards shall run consecutively."

SEC. 4. Subdivision (j) of section 14 of such act, as amended, is amended to read as follows:

"(j) Whenever the deputy commissioner determines that it is in the interest of justice, the liability of the employer for compensation, or any part thereof as determined by the deputy commissioner with the approval of the Commission, may be discharged by the payment of a lump sum equal to the present value of future compensation payments commuted, computed at 4 percent true discount compounded annually. The probability of the death of the injured employee or other person entitled to compensation before the expiration of the period during which he is entitled to compensation shall be determined in accordance with the American Experience Table of Mortality, and the probability of the remarriage of the surviving wife shall be determined in accordance with the remarriage tables of the Dutch Royal Insurance Institution. The probability of the happening of any other contingency affecting the amount or duration of the compensation shall be disregarded."

SEC. 5. Section 22 of such act, as amended, is amended to read as follows:

"MODIFICATION OF COMPENSATION CASES

"SEC. 22. Upon his own initiative, or upon the application of any party in interest, on the ground of a change in conditions or because of a mistake in a determination of fact by the deputy commissioner, the deputy commissioner may, at any time prior to 1 year after the date of the last payment of compensation, whether or not a compensation order has been issued, review a compensation case in accordance with the procedure prescribed in respect of claims in section 19, and in accordance with such section issue a new compensation order which may terminate, continue, reinstate, increase, or decrease such compensation. Such new order shall not affect any compensation previously paid, except that an award increasing the compensation rate may be made effective from the date of the injury, and if any part of the compensation due or to become due is unpaid, an award decreasing the compensation rate may be made effective from the date of the injury, and any payment made prior thereto in excess of

such decreased rate shall be deducted from any unpaid compensation, in such manner and by such method as may be determined by the deputy commissioner with the approval of the Commission."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that the report of the Judiciary Committee accompanying the bill may be printed in the RECORD following the action of the Senate on the bill.

There being no objection, the report (No. 588) was ordered to be printed in the RECORD, as follows:

The Committee on the Judiciary, having had under consideration the bill (S. 2794) to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes, report the same favorably to the Senate and recommends that the bill do pass, with the following amendments:

On page 3, line 22, immediately after the word "commissioner", insert the words "with the approval of the Commission."

On page 5, line 8, immediately after the word "commissioner", insert the words "with the approval of the Commission."

The purpose and need of this legislation are set out in the following memorandum which was presented to the committee by Senator LA FOLLETTE, author of the bill:

The Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927 (Public No. 803, 69th Cong.), went into effect July 1, 1927, and has been notably successful in operation. Some obscurities in the law as revealed by experience, however, now make desirable a few improving amendments.

S. 2794 embodies six amendments which, as a result of extended conferences, have been agreed upon by representatives of longshoremen's and maritime employers' organizations as fair and equitable. These amendments represent a series of compromises among the groups affected and do not appreciably affect the cost to employers. They are in line with recommendations made in recent annual reports to Congress by the United States Employees' Compensation Commission which administers the act.

FIRST AMENDMENT

Section 1 of S. 2794 adds a new sentence to section 7 (a) of the existing act. It authorizes a deputy commissioner to suspend payment of compensation if the injured employee unreasonably refuses to submit to medical and surgical treatment. The United States Employees' Compensation Commission in its seventeenth annual report (June 30, 1933, pp. 18–19) states:

"Deputy commissioners have found it difficult in a number of cases to make awards which properly protect the interest of the employer due to the failure of the employee to carry out the entirely proper instructions of the physician or surgeon treating his case, and in some cases due to the deliberate acts of the employee in removing bandages or doing other things which clearly increase the period of disability."

The proposed amendment is in line with the recommendations of the Commission.

SECOND AMENDMENT

Section 2 of S. 2794 amends subdivision (c) of section 8 of the existing act so as to provide that in case of permanent partial disability—for example, the loss of an arm—compensation shall first be paid during the "healing period" and that such payments shall be in addition to the compensation payable on account of the permanent partial disability as fixed in the schedule, paragraphs (1) to (12) of section 8 (c).

This amendment sets forth clearly the intentions of those who drafted the original act. Subsequent court interpretation has resulted in some confusion and unexpected injustice (*Texas Employers Ins. Assn.* v. *Sheppeard* (32 Fed. (2d) 300); *Texas Employers Ins. Assn.* v. *Sheppeard* (Eq. No. 375 in the U.S. District Court for the southern district of Texas, Houston division); *Baltimore & Philadelphia Steamboat Co. et al.* v. *Norton et al* (40 Fed. (2d) 530, 48 Fed. (2d) 57, and 284 U.S. 408); *Crescent Wharf & Warehouse Co.* v. *Pillsbury* (54 Fed. (2d) 1077). The United States Employees' Compensation Commission describes the result of these decisions in its latest annual report (pp. 16–17) as follows:

"Among other things it may be pointed out that under the interpretation placed upon section 8 (c) (22) an injured employee who suffers a prolonged period of temporary total disability followed by a permanent partial disability consisting of a small percentage of loss of use of a member in many cases could not be awarded as much compensation for his entire disability, both temporary total and permanent, as he would be clearly entitled to have awarded him for his temporary total disability alone if he had had no ensuing permanent partial disability."

The Commission recommends an amendment "to correct this situation and avoid the incongruous and harsh results of such interpretation as well as to assure compensation in all cases for the disability actually suffered." The amendment proposed in section 2 of S. 2794 is in line with this recommendation.

THIRD AMENDMENT

The second amendment above described would result in a definite increase in compensation cost to the employers under the act were it not for the third amendment, as follows: Section 2 of S. 2794 amends section 8 (c) of the act by reducing the number of scheduled weeks of compensation payable for permanent partial disabilities in paragraphs (1) to (12). In each instance the reduction proposed is equal to the number of weeks of compensation specified in the present healing-period clause, section 8 (c) (22), which is repealed by this bill. This amendment, taken together with the previous amendment, constitutes a compromise which corrects injustices without increasing the cost to the employer.

FOURTH AMENDMENT

Section 3 of S. 2794 substitutes for the existing paragraph (22) of section 8 (c)—which is in effect repealed by the second and third amendments above—a new subdivision which makes it possible, in cases where a worker loses more than one member listed in the schedule (for example, a finger and a thumb), to pay compensation on account of each member lost. Such separate, consecutive awards are not possible under the existing act. This amendment is identical with that recommended by the United States Employees' Compensation Commission in its latest annual report (p. 17).

FIFTH AMENDMENT

Section 4 of S. 2794 amends section 14 (j) of the act so as to authorize the deputy commissioner to make partial lump-sum settlements. At present, lump-sum settlements, when made, must be for the entire amount of the compensation due. The Commission in its seventeenth annual report (p. 17) states:

"Deputy commissioners who have had occasion to apply this section have expressed the opinion that in many cases partial lump-sum settlements would be for the best interests of a person entitled to compensation although there is not sufficient justification for commuting the entire amount due in one payment."

This amendment is in accordance with the recommendation of the Commission.

The amendment also provides that in computing the lump sum payable to a widow, the probability of her remarriage shall be taken into consideration. Computations are to be made upon the basis of the remarriage tables of the Dutch Royal Insurance Institution, as is provided in the New York compensation law and in accordance with practice generally, since these are widely recognized as the authoritative tables for this purpose.

SIXTH AMENDMENT

Section 5 of S. 2794 amends section 22 of the existing act so as to broaden the grounds on which a deputy commissioner can modify an award and also while strictly limiting the period, extends the time within which such modification may be made. The Commission in its seventeenth annual report (p. 18) states:

"Section 22 of the Longshoremen's Act provides for a reconsideration or review by him (a deputy commissioner) of his action with less authority to do justice to the parties than is contained in any provision for a similar purpose in any State compensation law. A review now authorized 'during the term of an award' is not sufficient in the interests of justice. In many cases the 'terms of the award' has ended when the compensation order is issued."

The amendment is in line with the recommendation of the Commission except that it limits to 1 year after the date of the last payment of compensation the time during which such modification may be made. The amendment also permits an increase or decrease in the compensation under a modifying award when changed conditions or a mistake in a determination of fact makes such modification desirable in order to render justice under the act, such modifying award to date from the time of the accident.

CHARLES B. ARRINGTON

The Senate proceeded to consider the bill (S. 790) for the relief of Charles B. Arrington, which had been reported from the Committee on Military Affairs with amendments, on page 1, line 10, after the name "November", to strike out "12" and to insert "22", and in the same line, after the figure "1918", to insert:

Provided, That no pay, pension, privilege, or other emolument shall accrue by virtue of this act prior to its passage or subsequent thereto.

So as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, sailors, marines, their widows and dependent relatives, Charles B. Arrington, formerly first lieutenant, Company D, Four Hundred and Fourth Telegraph Battalion, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on November 22, 1918: *Provided*, That no pay, pension, privilege, or other emolument shall accrue by virtue of this act prior to its passage or subsequent thereto.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AUTHORIZATION OF ACCEPTANCE OF MEDAL BY VERNON C. DEVOTIE

The Senate proceeded to consider the bill (S. 1794) to authorize Vernon C. DeVotie, captain, United States Army, to accept a certain decoration tendered to him by the Colombian Government, which was read, as follows:

Be it enacted, etc., That Vernon C. DeVotie, captain, United States Army, formerly assigned as military attaché to the legation

at Bogota, Colombia, is authorized to accept the decoration known as the "Cross of Boyaca", second-class, tendered him by the Colombian Government in recognition of his efforts, while serving as such attaché, to bring about a better understanding between the peoples of Colombia and the United States, and the Department of State is authorized to deliver such decoration to the said Vernon C. DeVotie.

Mr. McKELLAR. Mr. President, will the Senator from Colorado explain the bill?

Mr. ADAMS. Mr. President, this is a permissive bill, approved by the Committee on Military Affairs, to authorize the receipt of a decoration by a captain of the United States Army for services rendered in promoting good will and peace between Colombia and the United States.

Mr. McKELLAR. What did he do?

Mr. LOGAN. Mr. President, having made the report, I will say that we do not know what he did, except as set out in the communication from the Colombian Government. He was military attaché of our Government at its legation in Colombia. The Colombian Government actually gave him this medal, but under our law he cannot accept it; so he deposited it in the War Department until he could secure authority to accept it. The War Department has no objection to the bill, except it says we ought to wait until we get some more medals and distribute them all at once. The Military Affairs Committee, however, could see no reason for that. So we reported Captain DeVotie ought to be allowed to go down to the War Department and get his medal. That is all there is to the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BRANCHES OF NATIONAL BANKS IN TERRITORIES OR POSSESSIONS

The bill (S. 3287) to authorize national banks situated in a Territory or possession of the United States to establish branches, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That any national banking association legally established and situated in a Territory or possession of the United States, may, with the approval of the Comptroller of the Currency, establish and operate new branches at any point in the Territory or possession within which such association is situated.

BENEFITS TO PROVISIONAL OFFICERS OF THE REGULAR ESTABLISHMENT

The Senate proceeded to consider the bill (S. 1595) extending the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to provisional officers of the Regular Establishment who served during the World War, which had been reported from the Committee on Military Affairs with an amendment, at the end of the bill, on page 2, line 12, to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the benefits of the act of May 24, 1928, entitled "An act making eligible for retirement, under certain conditions, officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability in line of duty while in the service of the United States during the World War", are hereby extended to those provisional officers of the Army, Navy, and Marine Corps of the United States who were appointed pursuant to the provisions of the act entitled "An act for making further and more effectual provisions for the national defense, and for other purposes", approved June 3, 1916, and the act entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States", approved May 18, 1917, and who served during the period from April 6, 1917, to July 2, 1921, and whose appointments were not made permanent, if application for such benefits is filed with the Veterans' Administration within 12 months after the passage of this act: *Provided*, That no back pay, compensation, benefit, or allowance conferred by this act shall be held to have accrued prior to the passage of this act.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill? I should like to ask the Senator from Texas how many officers it includes?

Mr. SHEPPARD. It includes about 42.

Mr. McKELLAR. What will be the cost of the bill?

Mr. SHEPPARD. I do not have the exact figures, but the cost will not be large. I shall explain to the Senator the circumstances. The World War officers who would be benefited are those who, because of being neither regular nor emergency officers, have been unable to secure the benefits of their service through the Veterans' Administration. This situation is due to the fact that a number of officers were appointed provisional officers in 1917 and continued to serve during the World War under such commissions and to render exactly the same service as any other commissioned officers. The bill is merely a matter of justice intended to correct an evident oversight in the act of May 24, 1928.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MAMMOTH CAVE NATIONAL PARK, KY.

The Senate proceeded to consider the bill (S. 618) to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes", which had been reported from the Committee on Public Lands and Surveys with amendments, on page 1, line 3, after the word "second", to strike out "proviso" and insert "and third provisos"; in line 7, after the word "same", to strike out the word "is" and insert "are"; and at the top of page 2 to insert the following:

Provided further, That no general development of said area shall be undertaken until a major portion of the remainder in such area, including all the caves thereof, shall have been accepted by said Secretary, and he shall have established a schedule of fees for admission to such caves.

SEC. 2. That in the establishment of the said Mammoth Cave National Park the Secretary of the Interior is hereby authorized to accept donations of money for the acquisition of lands and rights therein and to acquire the same by purchase, condemnation, or otherwise.

So as to make the bill read:

Be it enacted, etc., That the second and third provisos of section 3 of the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes", be, and the same are hereby, amended to read as follows: "*And provided further*, That the minimum area to be administered and protected by the National Park Service shall be, for the said Mammoth Cave National Park, 20,000 acres: *Provided further*, That no general development of said area shall be undertaken until a major portion of the remainder in such area, including all the caves thereof, shall have been accepted by said Secretary and he shall have established a schedule of fees for admission to such caves."

SEC. 2. That in the establishment of the said Mammoth Cave National Park the Secretary of the Interior is hereby authorized to accept donations of money for the acquisition of lands and rights therein and to acquire the same by purchase, condemnation, or otherwise.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WILLAMETTE NATIONAL FOREST, OREG.

The bill (S. 3007) to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That any lands which are in private ownership within the following-described area which are found by the Secretary of Agriculture to be chiefly valuable for national-forest purposes may be offered in exchange under the provisions of the act of March 20, 1922 (42 Stat. 465), as amended by the act of February 28, 1925 (43 Stat. 1090), and upon acceptance of title shall become parts of the Willamette National Forest; and, by proclamation of the President of the United States and upon recommendation of the Secretary of Agriculture, any lands in public ownership within such described area not now within the national forest found to be chiefly valuable for national-forest purposes may be added to the Willamette National Forest, subject to any valid existing claims. Townships 16 and 17 south, ranges 3 and 4 east, and sections 31, 32, 33, 34, 35, and 36 in township 15 south, range 3 east, of the Willamette meridian.

HANS DAHL

The bill (S. 113) for the relief of Hans Dahl was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of all laws conferring rights, benefits, and privileges upon persons honorably discharged from the United States Navy, Hans Dahl shall be held and considered as having been honorably discharged from the

United States Navy on January 15, 1929, as a seaman: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

JOSEPH GOULD

The bill (S. 164) for the relief of Joseph Gould was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Navy, Joseph Gould shall be held and considered to have been honorably discharged on June 25, 1920, as a seaman, second class, United States Navy: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

WILLARD HEATH MITCHELL

The bill (S. 309) granting an honorable discharge to Willard Heath Mitchell was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors Willard Heath Mitchell, who was gunner's mate on board the U.S.S. *Montana*, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States on September 23, 1932: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the pasage of this act.

The title was amended so as to read: "A bill for the relief of Willard Heath Mitchell."

CLARENCE LEROY WITHAM

The bill (S. 333) for the relief of Clarence Leroy Witham was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors Clarence Leroy Witham, who served honorably as an enlisted man in the United States Navy during the World War, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States as an enlisted man on February 2, 1922: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the date of passage of this act.

HUGH FLAHERTY

The bill (S. 367) for the relief of Hugh Flaherty was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, sailors, or marines Hugh Flaherty, private, United States Marine Corps, Spanish-American War, shall hereafter be held and considered to have been honorably discharged from the United States Marine Corps on the 22d day of April, 1899: *Provided*, That no pension, pay, allowance, or bounty shall be held to have accrued prior to the passage of this act.

EDGAR JOSEPH CASEY

The bill (S. 427) for the relief of Edgar Joseph Casey was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon persons honorably discharged from the United States Navy Edgar Joseph Casey shall be held and considered to have been honorably discharged from the United States Navy on the 1st day of September 1925: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

OFFICERS OF DENTAL CORPS OF THE NAVY

The bill (S. 1172) for the relief of certain officers of the Dental Corps of the United States Navy was announced as next in order.

Mr. WALSH. Mr. President, there is on the calendar a House bill of identical purport as the Senate bill, and I move that the House bill, being the bill H.R. 6690, be substituted for the Senate bill and be considered at this time.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H.R. 6690) for the relief of certain officers of the Dental Corps of the United States Navy was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That all commissioned officers now on active duty in the Dental Corps of the United States Navy who, while heretofore on active duty as reserve or temporary commissioned officers, had qualified for appointment to the Dental Corps of the United States Navy pursuant to an examination held at the United States Naval Medical School, Washington, D.C., in January 1920, and who since that date have continuously served on active duty, shall hereafter be entitled to a position on the precedence list in accordance with that attained in said examination: *Provided*, That such officers of the Dental Corps shall be assigned running mates for promotion purposes in accordance with their precedence as so determined: *And provided further*, That no back pay or allowances shall accrue to any officer by reason of the passage of this act.

The VICE PRESIDENT. Without objection, Senate bill 1172, for the relief of certain officers of the Dental Corps of the United States Navy, will be indefinitely postponed.

U.S.S. "NEWPORT"

The bill (S. 2681) authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport* was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized and directed to turn over to the municipality of Aberdeen, Wash., the U.S.S. *Newport* for use of the Grays Harbor district in connection with the training of the Naval Reserve organization of the district: *Provided*, That no expense to the Government shall be involved.

WILLIAM J. NOWINSKI

The bill (H.R. 408) for the relief of William J. Nowinski was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in computation of service for pay purposes, Lt. (Junior Grade) William J. Nowinski, Supply Corps, United States Navy, shall be held and considered to have entered a commissioned status in the Navy on April 19, 1926.

IMPROVEMENT OF DESTROYER BASE RESERVATION AT ASTORIA, OREG.

The bill (S. 1797) authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is authorized and directed to permit the State of Oregon, the county of Clatsop in such State, or any agent of or contractor with such State or county, or any department of the Government, to remove rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg., in any case where it is shown to the satisfaction of such Secretary that the rock sought to be removed is to be used exclusively in the construction of public works.

JOHN THOMAS SIMPKIN

The bill (H.R. 507) for the relief of John Thomas Simpkin was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers John Thomas Simpkin, who was a member of the naval forces of the United States, at the time of his discharge being confined in the United States naval prison at Portsmouth, N.H., shall hereafter be held and considered to have received a full, honorable discharge from the naval service of the United States on February 14, 1921: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

ELBERT L. GROVE

The bill (H.R. 909) for the relief of Elbert L. Grove was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors Elbert L. Grove, late of United States Navy, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States as a member of that organization on the 31st day of March 1901: *Provided*, That no bounty, back pay, pension, or allowance shall accrue by virtue of the passage of this act.

JOHN C. M'CANN

The bill (H.R. 1404) for the relief of John C. McCann was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is authorized and directed to correct the service record of John C. McCann, formerly of the U.S.S. *California*, so that he shall be held and considered to have been honorably discharged on August 26, 1908,

and to grant to such John C. McCann an honorable discharge as of such date: *Provided*, That no pension, pay, or bounty shall be held to have accrued by reasons of the enactment of this act.

P. JEAN DES GARENNES

The bill (H.R. 2040) for the relief of P. Jean des Garennes was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized and directed to pay to P. Jean des Garennes, formerly a professor at the United States Naval Academy, now blind and totally incapacitated, the sum of $50 per month for the remainder of his life, beginning with the month in which this act is approved, chargeable to the appropriation "Pay, Naval Academy."

HARVEY COLLINS

The bill (H.R. 2074) for the relief of Harvey Collins was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Harvey Collins, late of the United States Navy, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States as a member of that organization on the 20th day of September 1901: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

AUSTIN L. TIERNEY

The bill (S. 1979) for the relief of Austin L. Tierney was announced as next in order.

Mr. WALSH. Mr. President, there is on the calendar a practically identical House bill, being House bill 6871, which I ask may be substituted for the Senate bill and considered at this time.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 6871) for the relief of Austin L. Tierney, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Austin L. Tierney, who served as a fireman, third-class, United States Navy, shall be held and considered to have been honorably discharged from the naval service of the United States as a fireman, third-class, on April 25, 1918: *Provided*, That no pay, bounty, or allowances shall be held as accrued prior to the passage of this act.

The PRESIDING OFFICER. Without objection, Senate bill 1979, for the relief of Austin L. Tierney, will be indefinitely postponed.

BRONZE TABLET TO THE MEMORY OF GEN. ROBERT H. DUNLAP, UNITED STATES MARINE CORPS

The Senate proceeded to consider the bill (H.R. 276) to authorize the placing of a bronze tablet bearing a replica of the Congressional Medal of Honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va., which had been reported from the Committee on Naval Affairs with an amendment, on page 2, at the beginning of line 2, to insert "The Government shall be at no expense in connection with the preparation of or the placing of this tablet", so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be placed upon the grave of Robert H. Dunlap, former brigadier general, United States Marine Corps, in the Arlington National Cemetery, Va., a bronze tablet bearing a replica of a Congressional Medal of Honor, for distinguishing himself conspicuously by extraordinary courage on May 19, 1931, at La Fariniere, Cinq-Mars La-Pile, France, where he met his death in a supreme effort to save the life of a French peasant woman. The Government shall be at no expense in connection with the preparation of or the placing of this tablet.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

DEDICATION TO PHILADELPHIA OF TRACT OF LAND

The Senate proceeded to consider the bill (H.R. 3542) authorizing the Secretary of the Navy to dedicate to the city of Philadelphia for street purposes a tract of land situate in the city of Philadelphia and State of Pennsylvania, which was read, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized to dedicate to the city of Philadelphia, for street purposes, all that certain lot or piece of ground situate in the thirtieth ward of the city of Philadelphia and described as follows, to wit: Beginning at a point formed by the intersection of the southerly side of Bainbridge Street, 50 feet wide, and the westerly side of Twenty-fourth Street; thence south 75°18'58" E., 53 feet and 11⅛ inches to a point, the said point being the intersection of the former southerly line of Bainbridge Street, 50 feet wide, and the northwesterly line of Grays Ferry Road, 60 feet wide; thence south 57°14'27" W., 60 feet and 4⅛ inches along the said side of Grays Ferry Road to a point in the westerly side of Twenty-fourth Street; thence along the same north 15°4'32" E., 59 feet and 2¼ inches to the first-mentioned point and place of beginning, containing thirty-five one thousandths of an acre of land, more or less.

Mr. ROBINSON of Arkansas. Mr. President, what is the area that is proposed to be deeded to the city of Philadelphia?

Mr. WALSH. Mr. President, the bill simply releases to the city of Philadelphia a few feet of land in order to straighten out a highway and to make it safer for the public.

Mr. ROBINSON of Arkansas. Very well.

The bill was ordered to a third reading, read the third time, and passed.

MICHAEL J. BUDZINSKI

The Senate proceeded to consider the bill (S. 865) to correct the naval record of Michael J. Budzinski, which had been reported from the Committee on Naval Affairs with an amendment to strike out all after the enacting clause and insert:

That in the administration of any laws conferring rights, benefits, and privileges upon persons honorably discharged from the United States Navy Michael J. Budzinski shall be held and considered to have been honorably discharged from the United States Navy on the 15th day of December 1918: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Michael J. Budzinski."

IRWIN D. COYLE

The bill (H.R. 2041) for the relief of Irwin D. Coyle was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to credit the accounts of Irwin D. Coyle, lieutenant commander, United States Navy, in the sum of $911.94, representing payment made by him to an officer of the Navy in accordance with orders of the Navy Department, which payment was disallowed by the Comptroller General: *Provided*, That the Comptroller General of the United States is hereby authorized and directed to recredit the accounts of Chief Boatswain John B. Manghan, United States Navy, deceased, with the sum of $165.95, which amount was due and unpaid to Chief Boatswain Manghan at the date of his death on May 23, 1932, and was subsequently applied by the Comptroller General of the United States to offset in part the disallowance of $911.94 then outstanding in the accounts of Lt. Comdr. Irwin D. Coyle, Supply Corps, United States Navy.

DAISY M. AVERY

The bill (H.R. 880) for the relief of Daisy M. Avery was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of the funds not otherwise appropriated, the sum of $1,000 to Daisy M. Avery, in complete payment and settlement of all claims against the United States Government on account of an injury sustained by the said Daisy M. Avery while in the performance of her duty as an employee of the United States Government on March 28, 1922: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services

rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

FRANK WILKINS

The bill (H.R. 4542) for the relief of Frank Wilkins, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $100 to Frank Wilkins for the death of a horse caused by a shot on the military reservation at Fort McPherson, Ga., in December 1925.

DONGJI INVESTMENT CO., LTD.

The Senate proceeded to consider the bill (S. 3016) for the relief of the Dongji Investment Co., Ltd., which was read, as follows:

Be it enacted, etc., That Private Law No. 228, Seventy-second Congress, entitled "An act for the relief of the Dongji Investment Co., Ltd.," be, and it is hereby, amended by deleting from lines 5 and 6 the words "in excess of the amount of the performance bond given by such company."

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. LOGAN. Mr. President, during the last Congress a bill for relief of the Dongji Investment Co. of Hawaii was reported favorably and passed. This bill proposes to amend that act. The Government made a contract with the company for certain timbers for the navy yard at Pearl Harbor, Hawaii, but owing to circumstances which intervened it was impossible for the investment company to fulfill its contract and the Government exacted certain penalties. It is a charitable organization. So in the last Congress the bill to relieve it of the claim of the Government was introduced and passed. There was a bond filed to the extent of $2,400. It is proposed to relieve the company of everything except the amount of that bond as it does not have the money with which to pay it.

Mr. McKELLAR. I see that the Navy Department recommends the bill.

Mr. LOGAN. Oh, yes; it is recommended by the Navy Department.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GEORGE LAWLEY & SON CORPORATION, OF BOSTON

The bill (S. 3047) to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass., was announced as next in order.

Mr. McKELLAR. Mr. President, a very large amount seems to be involved in this bill. Is the Senator from Kentucky thoroughly convinced it is right?

Mr. LOGAN. It is true that the amount carried by the bill is large, amounting to about $93,000. It grew out of a contract made by the Government about 1898 to build two torpedo boats. The contractors lost a lot of money.

The Government did not know how to build them, neither did the contractor. The matter was referred to the Court of Claims some years ago. The court reported that the amount, about $93,000, was what the concern lost. It did not enter a judgment, and perhaps had not such authority under the resolution. The claim is undoubtedly just. There is no legal obligation on the Government to pay it, but it grew out of the change in plans and specifications through no fault of the contractor.

Mr. McKELLAR. The Senator and his committee believe it is all right?

Mr. LOGAN. We are satisfied the claim should be paid.

Mr. McKELLAR. Was it a unanimous report?

Mr. LOGAN. It was.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $92,781 to the George Lawley & Son Corporation, of Boston, Mass., being the difference between the actual cost of the construction of two torpedo boats and the amount paid under the contract entered into for the building of said boats, as found by the Court of Claims and reported in Senate Document No. 135, Seventy-third Congress, second session.

W. H. KEY AND ESTATE OF JAMES R. WILSON

The Senate proceeded to consider the bill (S. 2112) for the relief of W. H. Key and the estate of James R. Wilson, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out the initial "R" and insert "E"; in line 12, to strike out the numeral "2" and insert "21"; and on page 2, line 3, to strike out the initial "R" and insert "E", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $160 to W. H. Key and the estate of James E. Wilson, their heirs or assigns, as compensation for the NE¼NE¼ sec. 31, T. 7 S., R. 8 W., Huntsville meridian, Lawrence County, Ala., erroneously deeded to the United States of America by George E. Barnett, trustee of S. E. Gardner (bankrupt), by deed dated March 21, 1918, and recorded among the land records of Lawrence County in liber 2, folio 148, March 23, 1918: *Provided*, That the said W. H. Key and the estate of James E. Wilson, their and each of their heirs or assigns, shall quitclaim to the United States all of their rights, title, and interest in and to the said described land.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of W. H. Key and James E. Wilson."

MARY JOSEPHINE LOBERT

The bill (H.R. 4959) for the relief of Mary Josephine Lobert was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill from the Senator from Kansas [Mr. CAPPER]?

Mr. CAPPER. Mr. President, this is a bill for the relief of Mary Josephine Lobert. Her husband gave bond on or about February 22, 1928, for the appearance of one John Wunder in the Federal court to answer to a charge of violation of the National Motor Vehicle Theft Act. An indictment was returned against Wunder, and his case was called for trial May 16, 1928. He did not appear and later was found confined in the State penitentiary at Little Rock, Ark.

In the meantime judgment on the bond had been entered against Mr. Lobert but had not been paid. He promptly notified the Federal authorities of the whereabouts of Wunder and requested a remission of the judgment. With full knowledge of the fact that Wunder was in custody of the State authorities of Arkansas, the United States marshal insisted that Mr. Lobert pay the amount of the judgment, and this was done on December 31, 1929.

Under the circumstances it was not possible for Mr. Lobert to produce the defendant Wunder in the Federal court as required by his bond. The State of Arkansas had the defendant. They took good care of him until his term expired in June 1931 when he was turned over to the Federal authorities as required by his bond.

Mr. McKELLAR. Has he ever been produced?

Mr. CAPPER. Yes; he has. As I just stated, the State of Arkansas had the defendant. They took good care of him until his term expired in June 1931, when he was turned over to the Federal authorities.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mary Josephine Lobert, widow of M. J. Lobert, the sum of $1,632.68, in full settlement of all claims against the Government of the United States representing judgment in the amount of $1,632.68, secured to the United States for the United States District Court of the Western

District of Texas against M. J. Lobert, on account of bond of $1,500, for the appearance of Johnnie (Jack) Wander (Wunder), charged with a violation of the Motor Vehicle Theft Act, which bond was forfeited by reason of the failure of the said defendant to appear, and $132.68 being court costs, paid into court on December 31, 1929, and deposited by the United States marshal for the western district of Texas, and covered into the Treasury of the United States on January 9, 1930: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

KATHERINE G. TAYLOR

The bill (H.R. 2818) for the relief of Katherine G. Taylor was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Katherine G. Taylor, superintendent Taylor Hospital, Ridley Park, Pa., the sum of $159. Such sum shall be in full satisfaction of all claims against the United States for medical aid rendered to Laura Mae Kurtz as a result of being struck by United States Army Cadillac truck no. 60186 on March 20, 1929, near Ridley Park, Pa.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

ARTHUR K. FINNEY

The bill (H.R. 526) for the relief of Arthur K. Finney was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Arthur K. Finney, of Plymouth, Mass., the sum of $108.77 in full compensation for handling two carloads of coal, totaling 84.19 tons, sold to the United States Government and delivered to the Federal building at Plymouth, Mass.

MONUMENTAL STEVEDORE CO.

The bill (H.R. 6638) for the relief of the Monumental Stevedore Co. was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement of all claims against the Government of the United States, the sum of $677.75 to Monumental Stevedore Co., of Baltimore, Md., a corporation organized and existing under the laws of the State of Maryland, owner of lighter *No. 1*, on account of damages caused to said lighter by collision therewith of the United States Coast Guard cutter *Winnesimmet* in the Patapsco River on the 17th day of September 1923: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

JOHN H. MEHRLE

The bill (H.R. 879) for the relief of John H. Mehrle was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John H. Mehrle, of Columbus, Ohio, the sum of $1,000, in full settlement against the Government for injuries received when struck by a Government mail truck at the intersection of Fourth and Spring Streets, Columbus, Ohio, on September 5, 1930: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

MARY BLACK MEMORIAL HOSPITAL

The Senate proceeded to consider the bill (S. 2969) for the relief of the Mary Black Memorial Hospital, which had been reported from the Committee on Claims, with amendments, on page 1, line 7, to strike out "$2,800.35" and insert "$2,500.85", and on page 2, after line 4, to insert the following:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Mary Black Memorial Hospital, Inc., of Spartanburg, S.C., the sum of $2,500.85, in full satisfaction of all claims of such hospital against the United States for expenses incurred in furnishing hospitalization and medical and surgical treatment to Paul Henry Manning, a fireman, second class, United States Navy, from October 16, 1931, to February 1, 1932, pursuant to a telegraphic authorization dated October 16, 1931, from the Naval Hospital, Norfolk, Va., such claim having been subsequently disallowed by the Comptroller General: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection wtih said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CHICKAMAUGA AND CHATTANOOGA NATIONAL MILITARY PARK

The bill (S. 2440) to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Parks in the States of Tennessee and Georgia was announced as next in order.

Mr. BACHMAN. Mr. President, there is on the calendar, order of business no. 674, an identical House bill, no. 7200. I ask that the House bill may be substituted for the Senate bill and be considered at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

There being no objection, the bill (H.R. 7200) to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to accept in behalf of the United States lands, easements, and buildings as may be donated for an addition to the Chickamauga and Chattanooga National Military Park lying within what is known as the "Chattanooga-Lookout Mountain Park" (a corporation, Adolph S. Ochs, president) and/or any lands within 1 mile of said Chattanooga-Lookout Mountain Park in the States of Tennessee and Georgia.

SEC. 2. That all laws affecting the Chickamauga and Chattanooga National Military Park shall be extended and apply to any addition or additions which may be added to said park under the authority of this act.

The PRESIDING OFFICER. Without objection Senate bill, S. 2440, will be indefinitely postponed.

ANNA MARIE SANFORD

The bill (H.R. 232) for the relief of Anna Marie Sanford was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Anna Marie Sanford, widow of William Richard Sanford, deceased, former furnace man, Navy Yard, Washington, D.C., in the same manner and to the same extent as if said William Richard Sanford had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof, and notwithstanding the lapse of time between the injury sustained by the said William Richard Sanford at the Washington Navy Yard and his death: *Provided*, That no benefit shall accrue prior to the approval of this act.

CHARLES W. DWORACK

The bill (H.R. 666) for the relief of Charles W. Dworack was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended (U.S.C., title 5, secs. 767 and 770), are hereby waived in favor of Charles W. Dworack, who was injured while in the employ of the Federal Government on February 12, 1922, at the time of the burning of the airship *Roma*, and the said Charles W. Dworack is hereby granted the benefits of the other provisions of said act as amended: *Provided*, That no benefits shall accrue hereunder until the enactment of this act: *Provided*, Said compensation commission is to determine the merit and justice of this claim under the provisions of said compensation act.

WILLIAM K. LOVETT

The bill (H.R. 191) for the relief of William K. Lovett was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William K. Lovett, Wildwood, N.J., the sum of $2,050 in full settlement against the Government for loss of the motor sloop *Edith* and cargo while engaged in rendering assistance to the keeper and crew of the Holly Beach Life Saving Station at Cold Spring Inlet, N.J., on October 6, 1913: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

BOWERS SOUTHERN DREDGING CO.

The Senate considered the bill (S. 1690) for the relief of the Bowers Southern Dredging Co., which had been reported from the Committee on Claims, with an amendment, in line 6, to strike out "to reimburse said company" and insert in lieu thereof "in full settlement of all claims against the Government", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $3,400 to the Bowers Southern Dredging Co., in full settlement of all claims against the Government for the liquidated damages assessed against said company due to delay caused by World War conditions in the performance of its contract no. 2665, dated November 17, 1917, with the Bureau of Yards and Docks, Navy Department, for dredging and filling certain areas at the naval air station, Miami, Fla.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LUCY B. HERTZ AND J. W. HERTZ

The Senate proceeded to consider the bill (S. 887) for the relief of Lucy B. Hertz and J. W. Hertz, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "$5,600" and insert "$1,500", and, in line 9, after the word "service", to insert the following:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to Lucy B. Hertz and J. W. Hertz, out of any money in the Treasury not otherwise appropriated, the sum of $1,500, in full satisfaction of all claims against the United States on account of injuries sustained on February 18, 1931, when they were struck by a bus belonging to the United States Indian Service: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

A. H. MARSHALL

The Senate proceeded to consider the bill (S. 1231) for the relief of A. H. Marshall, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the word "full", to strike out "payment and settlement" and insert "settlement of all claims against the Government of the United States", and in line 11, after the words "Secretary of War", to insert the following:

: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

So as to make the bill read:

Be it enacted, etc., That the Secertary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to A. H. Marshall, of Charleston, Mo., the sum of $20,000 in full settlement of all claims against the Government of the United States for the destruction of lands on the Mississippi River in the vicinity of Buffalo Island by reason of the construction of certain river-control works under the direction of the Secretary of War: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H.R. 4013) to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of Feb. 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926, was announced as next in order.

Mr. ROBINSON of Arkansas. I ask that the bill go over.

The PRESIDING OFFICER. On objection, the bill will be passed over.

REPEAL OF SECTIONS OF REVISED CODE RELATING TO INDIANS

The bill (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following sections of title 25 of the Revised Code of Laws of the United States be, and they are hereby, repealed: Sections 171, 172, 173, 186, 219, 220, 221, 222, 223, 224, 225, and 226.

HAROLD S. SHEPARDSON

The bill (S. 2227) for the relief of Harold S. Shepardson was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Harold S. Shepardson, late of Company A, Fourteenth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged April 28, 1905, from the military service of the United States: *Provided*, That no bounty, back pay, pension, or allowances shall be held to have accrued prior to the passage of this act.

COLUMBIA RIVER BRIDGE, OREGON

The bill (H.R. 7060) to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg., was considered, ordered to a third reading, read the third time, and passed.

COLUMBIA RIVER BRIDGE, OREGON

The bill (H.R. 7801) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg., was considered, ordered to a third reading, read the third time, and passed.

POTOMAC RIVER BRIDGE, WEST VIRGINIA

The bill (H.R. 8477) authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va., was considered, ordered to a third reading, read the third time, and passed.

DES MOINES RIVER BRIDGE, IOWA

The bill (H.R. 8040) granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa, was considered, ordered to a third reading, read the third time, and passed.

BLACK RIVER BRIDGE, ARKANSAS

The bill (H.R. 8237) to legalize a bridge across Black River at or near Pocahontas, Ark., was considered, ordered to a third reading, read the third time, and passed.

GEORGE M. WRIGHT

The Senate proceeded to consider the bill (S. 2720) for the relief of George M. Wright, which had been reported from the Committee on Claims with an amendment, in line 7, to strike out " with interest ", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to refund and pay, out of any money in the Treasury not otherwise appropriated, to George M. Wright, Great Falls, S.C., the sum of $545.03, for income taxes erroneously collected for the taxable year 1924.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JAMES W. WALTERS

The bill (S. 1972) for the relief of James W. Walters was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he hereby is, authorized and directed to pass and allow credit for in the settlement of the disbursing accounts of James W. Walters, captain, Ordnance Department, United States Army, an item in the sum of $2,626.76, representing a shortage in the disbursing account of John D. Gallagher, civilian clerk, employed at the Raritan Arsenal, N.J., for which said James W. Walters has been held accountable: *Provided*, That any amounts stopped against the pay of Captain Walters on account of this disallowance which is cleared by the passage of this act shall also be refunded to him.

FREDERICK G. BARKER

The Senate proceeded to consider the bill (S. 379) for the relief of Frederick G. Barker, which had been reported from the Committee on Claims with amendment to insert, after line 9, the following:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frederick G. Barker, of Cleveland, Ohio, the sum of $3,000 in full settlement of all claims against the Government of the United States for injuries received November 14, 1919, when a United States mail truck collided with him: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

S. N. KEMPTON

The Senate proceeded to consider the bill (S. 819) for the relief of S. N. Kempton, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause, and insert:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to S. N. Kempton, of Salem, Oreg., out of any money in the Treasury not otherwise appropriated, the sum of $500 in full settlement of all claims against the Government of the United States for disabilities incurred while fighting a forest fire at Whetstone Mountain, Santiam National Forest, Oreg., on August 3 and 4, 1929.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE, MISSOURI-ILLINOIS

The bill (H.R. 7803) authorizing the city of East St. Louis, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets, in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill., was considered, ordered to a third reading, read the third time, and passed.

CONTRACTS AND AGREEMENTS UNDER AGRICULTURAL ADJUSTMENT ACT

The bill (S. 2817) to amend the act relating to contracts and agreements under the Agricultural Adjustment Act, approved January 25, 1934, was announced as next in order.

Mr. FESS. Mr. President, may we have an explanation of the bill?

Mr. FLETCHER. Mr. President, the bill was considered by the Committee on Banking and Currency and unanimously reported. On January 25, 1934, an act was passed providing that section 3741 of the Revised Statutes and sections 114 and 115 of the Criminal Code of the United States shall not apply to any contracts or agreements entered into under the Agricultural Adjustment Act. The sections referred to provide in effect that Members of Congress shall have no interest, direct or indirect, in any contract or agreement entered into in behalf of the United States by any officer or person authorized to make contracts in its behalf.

The purpose of the act of January 25 was to exempt Members of Congress from the application of the provisions of such sections so far as contracts and agreements under the Agricultural Adjustment Act are concerned.

The bill reported by the committee amends the act of January 25 so as to provide that the exemptions shall apply with respect to contracts and agreements entered into under the Federal Farm Loan Act, as amended, and the Home Owners' Loan Act of 1933.

Mr. FESS. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act relating to contracts and agreements under the Agricultural Adjustment Act", approved January 25, 1934, is amended by inserting before the period at the end thereof a comma and the following: "the Federal Farm Loan Act, as amended, and the Home Owners' Loan Act of 1933."

FLORENCE HUDGINS LINDSAY AND ELIZABETH LINDSAY

The bill (H.R. 233) for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Florence Hudgins Lindsay and Elizabeth Lindsay, mother and sister, respectively, of Roland Martin Lindsay and James Lawrence Lindsay, out of any money in the Treasury not otherwise appropriated, the sum of $10,000, one half to each, in full settlement of all claims against the Government of the United States, for loss and damages sustained by reason of the death of said Roland Martin Lindsay and James Lawrence Lindsay on account of injuries sustained on the 6th day of October 1931, from collision with a United States Army truck operated near Grafton, York County, Va., occasioned by the said truck being operated on a dark night and without being properly lighted: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

MARGUERITE CISCOE

The bill (H.R. 264) for the relief of Marguerite Ciscoe was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,000 to Marguerite Ciscoe, widow of William Ciscoe, who was fatally injured as a result of being struck by a United States mail truck No. 4182, New York City, N.Y., on July 18, 1931, suffering injuries which caused his death on November 12, 1931: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

HARVEY M. HUNTER

The bill (H.R. 323) for the relief of Harvey M. Hunter was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to reimburse Harvey M. Hunter, civilian ammunition foreman of the Ordnance Department, United States Army, the sum of $71.50, out of any money in the Treasury not otherwise appropriated, for damage done to household goods during transportation from station at Baltimore, Md., to new station at San Francisco, Calif., August 7, 1928, to October 18, 1923, in full settlement of all claims against the Government of the United States.

GLENDALE, CALIF.

The bill (H.R. 470) for the relief of the city of Glendale, Calif., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,157.96 to the city of Glendale, State of California, in full settlement of all claims against the Government of the United States for damages to a pump house and equipment owned by the said city of Glendale, State of California, caused by the crash of an airplane owned and operated by the United States Navy, and the fire resulting therefrom, on the 16th day of October 1924, said damages being without fault or contributary negligence on the part of the city of Glendale: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

WARD A. JEFFERSON

The bill (H.R. 520) for the relief of Ward A. Jefferson, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to cancel the indebtedness of Ward A. Jefferson in the amount of $1,197.57, arising out of the fact that for the period from March 1, 1929, to January 10, 1931, he was paid for services rendered by him as a bridge tender on the Cape Cod Canal and also as rural mail carrier on the route from West Wareham, Mass., the payment of such dual compensation being in contravention of the provisions of section 6 of the act of May 10, 1916, as amended by the act of August 29, 1916 (39 Stat. 582; U.S.C., title 5, sec. 58).

WILLARD B. HALL

The bill (H.R. 719) for the relief of Willard B. Hall was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Willard B. Hall, out of any money in the Treasury not otherwise appropriated, the sum of $75, being the value of a horn used by the claimant during his service with the First Kansas Infantry Band, the One Hundred and Thirty-seventh Infantry Band, and the One Hundred and Tenth Engineers' Band from July 31, 1917, to May 3, 1919.

WILLIAM E. BOSWORTH

The bill (H.R. 768) for the relief of William E. Bosworth, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of William E. Bosworth, coupon note no. A–131414 in the denomination of $500 of the Victory 4¾-percent convertible gold notes of 1922–1923, matured May 20, 1923, without interest and without presentation of said note which is alleged to have been stolen or destroyed, provided the said note shall not have been previously presented and paid: *Provided*, That said William E. Bosworth shall first file in the Treasury Department of the United States a bond in the penal sum of double the amount of the principal of said note in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the theft or destruction of the note hereinbefore described: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

JOHN MOORE

The bill (H.R. 2512) for the relief of John Moore was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine

the claim of John Moore, on account of injuries sustained by him while employed by the War Department at Detroit, Mich., on or about August 18, 1919, in the same manner and to the same extent as if said John Moore had made application for the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act: *Provided further*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

JOHN A. RAPELYE

The Senate proceeded to consider the bill (H.R. 211) for the relief of John A. Rapelye, which had been reported from the Committee on Claims with an amendment, on page 1, line 3, after "That the", to strike out "Postmaster General" and insert "Comptroller General of the United States", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the account of John A. Rapelye, postmaster at Flushing, N.Y., with the sum of $1,249.08 to reimburse him for money-order and postal funds stolen from the Jackson Heights station of the Flushing post office on the night of March 3, 1927: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

E. W. GILLESPIE

The Senate proceeded to consider the bill (H.R. 328) for the relief of E. W. Gillespie, which had been reported from the Committee on Claims with an amendment, on page 1, line 3, after "That the", to strike out "Postmaster General" and insert "Comptroller General of the United States", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the account of E. W. Gillespie, former postmaster at Rock River, Wyo., in the sum of $94.91, such sum representing the loss in the account of the said E. W. Gillespie caused by the failure of the First National Bank of Rock River, Wyo., where the post-office funds were deposited by the said E. W. Gillespie.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

IRENE BRAND ALPER

The Senate proceeded to consider the bill (H.R. 473) for the relief of Irene Brand Alper, which had been reported from the Committee on Claims with an amendment, on page 1, line 4, after the word "pay", to insert "out of any money in the Treasury not otherwise appropriated", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Irene Brand Alper the sum of $1,250 in full settlement of all claims against the Government of the United States in full settlement for an injury incurred by her when 19 years old, when she was seriously injured and crippled for life by being struck down and run over on the 11th day of August 1921 by the United States Navy car no. 2499, in the city of New York, through the careless and negligent operation of said car by an employee of the United States Government employed at the time to operate said car: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

POST OFFICE BUILDING, LAS VEGAS, NEV.

The bill (S. 2662) authorizing the Comptroller General of the United States to settle and adjust the claims of subcontractors for material and labor furnished in the construction of a post-office building at Las Vegas, Nev., was announced as next in order.

The VICE PRESIDENT. This bill is the same as House bill 3900, Order of Business No. 763.

Mr. McCARRAN. I ask that the House bill be substituted for the Senate bill.

The PRESIDING OFFICER. Without objection, that order will be made.

The Senate proceeded to consider the bill (H.R. 3900) authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev., which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to subcontractors, labor, and material men who furnish labor and material to the Plains Construction Co., defaulted general contractor for the construction of the post office at Las Vegas, Nev., such sums as he may consider equitable and just to reimburse said subcontractors, labor, and material men for unpaid accounts left by said Plains Construction Co at the time of its default, said sums to be paid only upon proper proof of actual losses sustained exclusive of profit; and there is hereby made available for this purpose not to exceed $20,000 from any sum which may remain from the lump-sum appropriations made for building-construction purposes, notwithstanding the amount of the claims of said subcontractors in addition to the cost of completing the building exceed the limit of the cost for the construction of the Las Vegas Post Office.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. McCARRAN. Mr. President, in explanation of the bill I desire to say that the bill is supported by the report of the Acting Secretary of the Treasury. It grows out of the con truction of a post-office building in Las Vegas, Nev., where the contractor furnished a bond which was discovered by the Government to be false and without validity and used the names of sureties that were not authorized. In other words, he forged the names of his sureties. He was afterward indicted and tried.

The materials and labor furnished went into the building and were used by the Government. The Government had the benefit of them; and when the contract was again let, the materials and the labor and everything that had been furnished under the first contractor were taken into consideration and deducted from the price of the second contract. The Government got all the benefit of these things. No one excepting those who furnished the material and the labor lost by it.

Mr. BULKLEY. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and in lieu thereof insert the following:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Goldsmith Metal Lath Co. the sum of $892.73, to Price-Evans Foundry Corporation the sum of $1,790.10, and to R. W. Felix the sum of $27.81, in full settlement of all claims against the Government of the United States for losses suffered by the said companies by reason of the default of the Plains Construction Co., general contractors for the construction of the post office at Las Vegas, Nev., and the contractor's

failure to furnish the valid bond as required by law for the protection of labor and material men furnishing labor and material on public works: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Ohio.

Mr. BULKLEY. Mr. President, this amendment provides for compensating certain additional subcontractors on the same job who are not covered under the language of the bill introduced by the Senator from Nevada. These claims have been passed upon and favorably reported by the Committee on Claims of the Senate, and also by the Committee on Claims of the House.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 2662 will be indefinitely postponed.

MARGOTH OLSEN VON STRUVE

The bill (S. 2875) for the relief of Margoth Olsen von Struve was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Margoth Olsen von Struve, widow of Henry C. von Struve, late American consul at Tenerife, Canary Islands, the sum of $5,000, equal to 1 year's salary of her deceased husband.

SEC. 2. That there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

STELIO VASSILIADIS

The bill (S. 2748) to authorize an appropriation for the reimbursement of Stelio Vassiliadis was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to be paid to Stelio Vassiliadis the sum of $406.53, being the equivalent of 790 gold rubles at $0.5146 to the ruble, for the reimbursement of certain expenditures made by him as vice consul of Spain at Kiev, Russia, in representing the interests of the United States at that post from March 1, 1918, to the end of February 1920.

CORNELIA CLAIBORNE

The bill (S. 2919) for the relief of Cornelia Claiborne was announced as next in order.

Mr. McKELLAR. Mr. President, I notice that this bill and the next one are bills to pay a year's salary to the widows of our foreign officers who died in the Service. Is there any law which provides for that?

Mr. JOHNSON. It is the custom. I do not think it is a law.

Mr. McKELLAR. It will involve a very heavy expense if we are to pay a year's salary in all such cases.

Mr. JOHNSON. I do not think it is the law, but I think it has been a universal custom.

Mr. ROBINSON of Arkansas. There are many precedents for it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossod for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to Cornelia Claiborne, widow of Hamilton Cabell Claiborne, late American consul at Frankfort, Germany, the sum of $7,000, being 1 year's salary of her deceased husband, who died while in the Foreign Service.

EMILE C. DAVIS

The bill (S. 2367) for the relief of Emilie C. Davis was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Emilie C. Davis, widow of Raymond Davis, late Foreign Service officer of the United States, and formerly American consul at Aden, Arabia; Paris, France; Rosario, Argentina; and Prague, Czechoslovakia, the sum of $4,500, being 1 year's salary of her deceased husband.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

The Senate proceeded to consider the bill (S. 2674) to amend an act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. ROBINSON of Arkansas. Mr. President, I will ask the Senator from Illinois [Mr. DIETERICH] to explain the provisions of this bill.

Mr. DIETERICH. Mr. President, this is a bill which relieves from taxation those commodities upon which a processing tax is charged when they are used by State or Federal charitable institutions. It is a bill in which many of the States are interested. They can get relief later, but this is a provision whereby they will not have to pay the processing tax in the first instance. The bill has been submitted to the Department of Agriculture and has the Department's O.K.

Mr. ROBINSON of Arkansas. The amendments suggested have been incorporated in the bill?

Mr. DIETERICH. They have been incorporated in it.

Mr. ROBINSON of Arkansas. I have no objection.

The PRESIDING OFFICER. The amendments of the committee will be stated.

The amendments were, on page 2, line 7, after the word "State", to insert "or Federal"; and on page 3, line 4, after the word "or", to strike out "use", with a quotation mark, and insert "use. The word 'State' as used in this section shall include a State and any political subdivision thereof," so as to make the bill read:

Be it enacted, etc., That subsection (c) of section 15 of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, is amended to read as follows:

"Any person, including any State or Federal organization or institution, delivering any product to any organization for charitable distribution or use, including any State or Federal welfare organization, for its own use, whether the product is delivered as merchandise or as a container for merchandise or otherwise, shall, if such product or the commodity from which processed is under this title subject to tax, be entitled to a refund of the amount of any tax due and paid under this title with respect to such product so delivered, or to a credit against any tax due and payable under this title of the amount of tax which would be refundable under this section with respect to such product so delivered: *Provided, however*, That no tax shall be refunded or credited under this section unless the person claiming the refund or credit establishes, in accordance with regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury (1) that he has not included the tax in the price of the product so delivered or collected the amount of the tax from the said organization, or (2) that he has repaid, or has agreed in writing to repay, the amount of the tax to the said organization. No refund shall be allowed under this section unless claim therefor is filed within 6 months after delivery of the products to the organization for charitable distribution or use. The word 'State' as used in this section shall include a State and any political subdivision thereof."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H.R. 6898) authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans., was announced as next in order.

Mr. BULKLEY. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

MARINO AMBROGI

The bill (S. 417) for the relief of Marino Ambrogi was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Marino Ambrogi, who was a member of Company B, One Hundred and Fourth Regiment ——— Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 20th day of December 1918: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

CHESAPEAKE BAY BRIDGE

The bill (S. 3211) to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Chesapeake Bay, between Baltimore and Kent Counties, Md., authorized to be built by the Chesapeake Bay Bridge Co. by section 11 of the act of Congress approved March 4, 1933, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

MISSOURI RIVER BRIDGE, FLORENCE, NEBR.

The bill (S. 3230) creating the Florence Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Missouri River at or near Florence, Nebr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, the Florence Bridge Commission (hereinafter created, and hereinafter referred to as the "commission"), and its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Missouri River at or near the city of Florence, Nebr. (now a part of Omaha, Nebr.), at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the commission and its successors and assigns the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of Nebraska and the State of Iowa as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of the State in which such real estate and other property are located, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in said States, respectively.

SEC. 3. The commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge in accordance with the provisions of this act.

SEC. 4. The commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the necessary lands, easements, and appurtenances thereto by an issue or issues of negotiable bonds of the commission, bearing interest at not more than 6 percent per annum, the principal and interest of which bonds and any premium to be paid for retirement thereof before maturity shall be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registrable as to principal alone or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 20 years from their respective dates, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the commission may determine. The commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity in such manner and at such price or prices, not exceeding 105 and accrued interest, as may be fixed by the commission prior to the issuance of the bonds. The commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also provisions for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by the bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge tolls or other moneys of the commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for interstate commerce, the postal service, and military and other purposes authorized by the Government of the United States, and said bridge and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such time or times and at such price as the commission may determine, but no such sale shall be made at a price so low as to require the payment of more than 6-percent interest on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith. The cost of the bridge shall be deemed to include interest during construction of the bridge, and all engineering, legal, architectural, traffic surveying, and other expenses incident to the construction of the bridge, and the acquisition of the necessary property, and incident to the financing thereof. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the commission may, under like restrictions, issue temporary bonds or interim certificates with or without coupons of any denomination whatsoever, exchangeable for definitive bonds when such bonds have been executed and are available for delivery.

SEC. 5. Upon the completion of such bridge, it shall be the duty of said commission, until said bridge shall be taken over or acquired by one or more governmental units as provided in this act, to supervise the collection of tolls and to authorize and audit all expenditures of money received from the collection of tolls, to see that all revenues received from the bridge, except such amounts as may be necessary for the repair, operation, and maintenance thereof, shall be paid into the sinking fund and used for the amortization of the outstanding indebtedness incurred for the construction or improvement of such bridge. After a sinking fund sufficient for such amortization shall have been provided, the bridge shall thereafter be maintained and operated free of tolls, and the commission, its successors and assigns, shall thereupon convey by proper instrument of conveyance all right, title, and interest in said bridge and its approaches to the State of Nebraska and the State of Iowa jointly upon the agreement of such States to accept and to maintain and operate such bridge as a nontoll bridge.

SEC. 6. For the purpose of carrying into effect the objects stated in this act, there is hereby created the Florence Bridge Commission, and by that name, style, and title said body shall have perpetual succession; the right to contract, sue, and defend in courts of law and equity; possess a common seal; hold title to real estate and other properties; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

The commission shall consist of one person named by the governing bodies of each of the following governmental units, to wit: Douglas County, Nebr.; city of Omaha, Nebr.; Pottawattamie County, Iowa. In the event that any of said governmental units shall fail to take the necessary action, then the person holding the office of county attorney of Douglas County, Nebr., and the person holding the office of county attorney of Pottawattamie County, Iowa, shall become members of said commission. Any vacancy occurring in said commission shall be filled by the governmental unit that made the original appointment. The members of the commission shall serve without pay but shall be reimbursed out of any funds in its hands for necessary expenses incurred in the conduct of its business. The commission may employ a secretary, treasurer, engineers, attorney, and such other experts, assistants, and employees as it may deem necessary, and fix the compensation of such persons. All expenses and salaries shall be paid solely from the funds provided under the authority of this act.

Nothing herein contained shall be construed to authorize the commission, or any member thereof, to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds provided by this act.

SEC. 7. The right to alter, amend, or repeal this act is hereby expressly reserved.

MISSISSIPPI RIVER BRIDGE, BETTENDORF, IOWA

The Senate proceeded to consider the bill (S. 3269) relating to the construction, maintenance, and operation by the city of Davenport, Iowa, of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, State of Iowa, which had been reported from the Committee on Commerce with an amendment, on page 3, line 18, to strike out "4 and 5" and insert "4, 5, and 6", so as to make the bill read:

Be it enacted, etc., That the city of Davenport, Iowa, and Davenport Bridge Commission are, and each of them is, hereby authorized to exercise all the rights, powers, and privileges conferred by the act of Congress entitled "An act authorizing B. F. Peek, G. A. Shallberg, and C. I. Josephson, of Moline, Ill.; J. W. Bettendorf, A. J. Russell, and J. L. Hecht, of Bettendorf and Davenport, Iowa., their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River, at or near Tenth Street, in Bettendorf, State of Iowa", approved May 26, 1928, and heretofore extended by acts of Congress, and the bridge constructed by said city of Davenport and said Davenport Bridge Commission, or either of them, under such authority, shall be deemed to be an instrumentality for interstate commerce, and said bridge and the approaches thereto and the revenues derived therefrom shall be exempt from all State, municipal, and local taxation.

SEC. 2. There is hereby conferred upon said city of Davenport and Davenport Bridge Commission, and each of them, the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such real estate, including real estate devoted to park purposes, and other property in the State of Iowa and the State of Illinois as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of the State in which such real estate or other property is situated, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in such States, respectively.

SEC. 3. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 4. Sections 4, 5, and 6 of said act approved May 26, 1928, be, and the same are hereby, repealed.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE, NEW BOSTON, ILL.

The Senate proceeded to consider the bill (H.R. 8429) to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931.

Mr. McKELLAR. Mr. President, will the Senator from Texas explain this bill?

Mr. SHEPPARD. It is one of the usual bridge bills.

Mr. McKELLAR. It revives the former act, as I understand?

Mr. SHEPPARD. It revives the former act. The persons named in the act did not take action within the time originally allowed.

Mr. McKELLAR. I understand. I have no objection.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act approved March 3, 1931, granting the consent of Congress to D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River at a point suitable to the interests of navigation, at or near the town of New Boston, Ill., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge and approaches thereto herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

ST. FRANCIS RIVER BRIDGE, LAKE CITY, ARK.

The bill (H.R. 8438) to legalize a bridge across St. Francis River at or near Lake City, Ark., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the bridge now being constructed across St. Francis River at or near Lake City, Ark., by the Arkansas State Highway Commission, if completed in accordance with the plans accepted by the Chief of Engineers and the Secretary of War as providing suitable facilities for navigation and operated as a free bridge, shall be a lawful structure, and shall be subject to the conditions and limitations of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

PEARL RIVER BRIDGE, MISSISSIPPI

The bill (H.R. 8516) granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge and approaches thereto across the Pearl River, at a point suitable to the interests of navigation, at or near Carthage, Leake County, Miss., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

WABASH RIVER BRIDGE, SULLIVAN COUNTY, IND.

The bill (H.R. 8853) to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge authorized by act of Congress approved February 10, 1932, to be built by Sullivan County, Ind., or any board or commission of said county which is or may be created or established for the purpose, across the Wabash River, extending from some point in the county across said river to a point opposite on the Illinois shore, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

BOARD OF INDETERMINATE SENTENCE AND PAROLE OF THE DISTRICT

The bill (S. 3290) to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of Congress entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932, be, and the same is hereby, amended by adding a new section to be numbered "10" and to read as follows:

"SEC. 10. The Board of Parole created by the act of Congress entitled 'An act to amend an act providing for the parole of United States prisoners, approved June 25, 1910, as amended', approved May 13, 1930, shall have and exercise the same power and authority over prisoners convicted in the District of Columbia of crimes against the United States and now or hereafter confined in any United States penitentiary or prison (other than the penal institutions of the District of Columbia) as is vested in the Board of Indeterminate Sentence and Parole over prisoners confined in the penal institutions of the District of Columbia."

BREWER PAINT & WALL PAPER CO., INC.

The Senate proceeded to consider the bill (S. 2553) for the relief of the Brewer Paint & Wall Paper Co., Inc., which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the words "sum of", to

strike out "$2,223.37" and insert "$1,981.29", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the Brewer Paint & Wall Paper Co., Inc., the sum of $1,981.29, in full settlement of all claims against the Government on account of extra painting work performed under contract no. W6174–qm–33, dated April 25, 1931, in connection with the construction of three barracks buildings at Langley Field, Va.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARTHA EDWARDS

The Senate proceeded to consider the bill (H.R. 6862) for the relief of Martha Edwards, which had been reported from the Committee on Claims with an amendment, on page 2, line 1, to strike out "Rowls" and insert "Rawls", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the legal guardian of Martha Edwards, of East Camp, Norfolk, Va., out of any money in the Treasury not otherwise appropriated, the sum of $3,000 in full settlement of all claims against the Government of the United States for permanent injuries sustained by her as a result of being struck by a United States naval airplane on the premises of her father at East Camp, Norfolk, Va., on October 30, 1929; and in addition, pay to the Norfolk Protestant Hospital the sum of $177, and to Dr. Julian L. Rawls the sum of $150, due them for care and attention to her as a result of said injury; *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

M. AILEEN OFFERMAN

The bill (H.R. 1301) for the relief of M. Aileen Offerman was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay M. Aileen Offerman, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 in full settlement of all claims against the Government of the United States for personal injuries and property damage resulting from a collision with United States truck no. 430870, at Five Corners of the Shore Highway, at Middletown, N.J., on December 4, 1930: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

LEWIS E. GREEN

The bill (H.R. 1398) for the relief of Lewis E. Green was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized and instructed to receive and determine the claim of Lewis E. Green, a former employee in the United States Arsenal at Tullytown, Pa., without regard to the limitation of time within which such claims are to be filed under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended.

AUGUSTUS THOMPSON

The bill (H.R. 4609) for the relief of Augustus Thompson was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there shall be paid out of the contingent funds of the House to Augustus Thompson, a former member of the House Office Building police force, the sum of $2,500 in full settlement of all claims against the Government of the United States on account of personal injuries sustained by said Augustus Thompson in the House Office Building on February 27, 1930, while in the discharge of duty: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

GOTTLEIB STOCK

The bill (H.R. 4784) to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement of all claims against the Government of the United States, the sum of $3,000 to Gottlieb Stock, as compensation for the total destruction of his home and personal property therein and trees and vines on the premises and other property during a fire set by the negligence of two prohibition agents in the employ of the Federal Bureau of Prohibition: *Provided*, That no part of the amount appropriated in this act, in excess of 10 percent thereof, shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

HARDEN F. TAYLOR

The bill (H.R. 4792) to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and allow the claim of Harden F. Taylor in the sum of $500 for services rendered to the Bureau of Fisheries in the preparation of a manuscript on the refrigeration of fish, notwithstanding provisions of existing law.

GALE A. LEE

The bill (H.R. 5936) for the relief of Gale A. Lee was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the account of Gale A. Lee, postmaster at Pueblo, Colo., with the sum of $861.02, being the amount of payments made by such postmaster during the period August 16, 1930, to October 31, 1932, as compensation at 65 cents per hour to Helen G. Engle, of Pueblo, Colo., for services as a substitute postal clerk qualified as a stenographer, which amount was disallowed in his account because the employee was during the same period a clerical assistant at $1,500 per annum in the office of the deputy clerk of the United States district court at Pueblo, Colo.

DISABILITY OF SENIOR CIRCUIT JUDGES

The Senate proceeded to consider the bill (H.R. 7356) to provide in case of the disability of senior circuit judges for the exercise of their powers and the performance of their duties by the other circuit judges, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 4, after the word "illness", to insert "or other cause", so as to make the bill read:

Be it enacted, etc., That in case of the senior circuit judge of any circuit is unable because of illness or other cause to exercise any power given or to perform any duty imposed by law, such power or duty shall be exercised or performed by the other judges of that circuit in the order of the seniority of their respective commissions.

Mr. ROBINSON of Arkansas. Mr. President, I will ask the Senator from Kentucky [Mr. LOGAN], who reported the bill, to explain the facts with reference to it.

Mr. LOGAN. Mr. President, the present law authorizes the circuit judge next in seniority to preside over the court in the absence of the senior circuit judge, but there is no statutory designation of the judge who shall perform the many administrative duties of the senior circuit judge in case of the latter's disability. This bill simply authorizes the senior judge, who is by the present law authorized to preside, to perform other administrative duties. Its passage is requested by the Department of Justice, and is recommended by that Department.

Mr. ROBINSON of Arkansas. Very well, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

WILLIAM G. BURRESS, DECEASED

The Senate proceeded to consider the bill (H.R. 2439) for the relief of William G. Burress, deceased, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 10, to strike out "That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act" and to insert "That no bounty, back pay, pension, or allowance shall accrue by virtue of this act prior to its passage or subsequent thereto", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers William G. Burress, who was a member of Company A, Eleventh Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 7th day of March 1897: *Provided*, That no bounty, back pay, pension, or allowance shall accrue by virtue of this act prior to its passage or subsequent thereto.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

LOUISE FOX

The bill (S. 1198) for the relief of Louise Fox was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Louise Fox, widow of William C. Fox, late minister to Ecuador, the sum of $10,000, being 1 year's salary of her deceased husband, who died of illness incurred while in the Consular Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

ANNE B. SLOCUM

The bill (S. 1199) for the relief of Anne B. Slocum was announced as next in order.

The PRESIDING OFFICER. This bill is the same as Order of Business 766, House bill 210. Without objection, the House bill will be substituted for the Senate bill.

The Senate proceeded to consider the bill (H.R. 210) for the relief of Anne B. Slocum, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Anne B. Slocum, widow of Clarence Rice Slocum, late American Consul at Fiume, the sum of $3,500, being one year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act; *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The PRESIDING OFFICER. Without objection, Senate bill 1199 will be indefinitely postponed.

AUGUSTUS C. HENSLEY

The bill (S. 2909) for the relief of Augustus C. Hensley was considered, order to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws and laws conferring rights upon honorably discharged soldiers, their widows, and dependent relatives, Augustus C. Hensley, late of Company K, Eleventh Regiment Missouri Volunteer Cavalry, shall hereafter be held and considered to have been honorably discharged on September 1, 1864, from the military service of the United States as a private of said company: *Provided*, That no back pay, pension, bounty, or allowance shall be held to have accrued prior to the passage of this act.

FIRE ESCAPES IN THE DISTRICT OF COLUMBIA

The bill (S. 2623) to amend the act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes", approved March 19, 1906, as amended, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes", approved March 19, 1906, as amended, is amended to read as follows:

"That it shall be the duty of the owner entitled to the beneficial use, rental, or control of any building three or more stories in height, constructed or used or intended to be used as an apartment house, tenement house, flat, rooming house, lodging house, hotel, hospital, seminary, academy, school, college, institute, dormitory, asylum, sanitarium, hall, place of amusement, office building, or store, or of any building three or more stories in height, or over 30 feet in height, other than a private dwelling, in which sleeping quarters for the accommodation of 10 or more persons are provided above the first floor, to provide and cause to be erected and fixed to every such building one or more suitable fire escapes, connecting with each floor above the first floor by easily accessible and unobstructed openings, in such location and numbers and of such material, type, and construction as the Commissioners of the District of Columbia may determine; except that buildings designed and built as single-family dwellings, and converted to use as apartment houses, in which not more than three families reside, including the owner or lessee, or rooming houses in which sleeping accommodations are provided for less than 10 persons above the first floor, not more than 3 stories, nor more than 40 feet in height, and having a total floor area not more than 3,000 square feet above the first floor, shall be exempted from the provisions of section 1 of this act; and except that buildings used solely as apartment houses, not more than 3 stories, nor more than 40 feet in height, so arranged that not more than 5 apartments per floor open directly, without an intervening hall or corridor, on a fire-resistive stairway, 3 feet or more in width, enclosed with masonry walls in which fire-resistive doors are provided at all openings, shall be exempted from the provisions of this section.

"SEC. 2. It shall be the duty of the owner entitled to the beneficial use, rental, or control of any building already erected, or which may hereafter be erected, in which 10 or more persons are employed at the same time in any of the stories above the second story, except three-story buildings used exclusively as stores or for office purposes, and having at least two stairways from the ground floor each 3 or more feet wide and separated from each other by a distance of at least 30 feet, from one of which stairways shall be easy access to the roof, to provide and cause to be erected and affixed thereto a sufficient number of the aforesaid fire escapes, the location and number of the same to be determined by the Commissioners, and to keep the hallways and stairways in every such building as is used and occupied at night properly lighted, to the satisfaction of the Commissioners, from sunset to sunrise.

"SEC. 3. It shall be the duty of the owner entitled to the beneficial use, rental, or control of any building used or intended to be used as set forth in section 1 of this act where fire escapes are required, or any building in which 10 or more persons are employed, as set forth in section 2 of this act where fire escapes are required, also to provide, install, and maintain therein proper and sufficient guide signs, guide lights, exit lights, hall and stairway lights, standpipes, fire extinguishers, and alarm gongs and striking stations in such locations and numbers and of such type and character as the Commissioners may determine; except that in buildings less than six stories in height, standpipes will not be required when fire extinguishers are installed in such numbers and of such type and character as the Commissioners may determine.

"SEC. 4. The Commissioners are hereby authorized and directed to issue such orders and to adopt and enforce such regulations not inconsistent with law as may be necessary to accomplish the

purposes and carry into effect the provisions of this act, and to require any alterations or changes that may become necessary in buildings now or hereafter erected, in order properly to locate or relocate fire escapes, or to afford access to fire escapes, and to require any changes or alterations in any building that may be necessary in order to provide for the erection of additional fire escapes, or for the installation of other appliances required by this act, when in the judgment of the Commissioners such additional fire escapes or appliances are necessary.

"SEC. 5. Each elevator shaft and stairway extending to the basement of the buildings heretofore mentioned shall terminate in a fireproof compartment or enclosure separating the elevator shaft and stairs from other parts of the basement, and no opening shall be made or maintained in such compartment or enclosure unless the same be provided with fireproof doors.

"Such buildings as are used solely for office buildings above the second floor and defined under the building regulations of the District of Columbia to be fireproof are exempted from the requirements of this act as to fire escapes, guide signs, and alarm gongs; but when the face of a wall of any such fireproof building is within 30 feet of a combustible building or structure, or when the side or sides, front or rear of such building or structure faces within 30 feet of a combustible building, or contains a light or air shaft or similar recess within 30 feet of a combustible building, then each and every window or opening in said wall or walls shall be protected from fire by automatic iron shutters or wire glass in fireproof sash and frames.

"SEC. 6. It shall be unlawful to obstruct any hall, passageway, corridor, or stairway in any building enumerated in this act with baggage, trunks, furniture, cans, or with any other thing whatsoever.

"SEC. 7. No door or window leading to any fire escape shall be covered or obstructed by any fixed grating or barrier, and no person shall at any time place any incumbrance or obstacle upon any fire escape or upon any platform, ladder, or stairway leading to or from any fire escape.

"SEC. 8. Any person failing or neglecting to provide fire escapes, guide signs, guide lights, exit lights, hall and stairway lights, standpipes, fire extinguishers, alarm gongs, and striking stations, or other appliances required by this act after notice from the Commissioners so to do, shall, upon conviction thereof, be punished by a fine of not less than $10 nor more than $100, and shall be punished by a further fine of $5 for each day that he fails to comply with such notice. Any person violating any other provision of this act or regulations promulgated hereunder shall be punished, upon conviction thereof, by a fine of not less than $10 nor more than $100 for each offense.

"SEC. 9. The notice from the Commissioners requiring the erection of fire escapes and other appliances enumerated in this act shall specify the character and number of fire escapes or other appliances to be provided, the location of the same, and the time within which said fire escapes or other appliances shall be provided, and in no case shall more than 90 days be allowed for compliance with said notice unless the Commissioners shall, in their discretion, deem it necessary to extend their time.

"SEC. 10. Such notice shall be deemed to have been served if delivered to the person to be notified, or if left with any adult person at the usual residence or place of business of the person to be notified in the District of Columbia, or if no such residence or place of business can be found in said District by reasonable search, if left with any adult person at the office of any agent of the person to be notified, provided such agent has any authority or duty with reference to the building to which said notice relates, or if no such office can be found in said District by reasonable search if forwarded by registered mail to the last-known address of the person to be notified and not returned by the post-office authorities, or if no address be known or can by reasonable diligence be ascertained, or if any notice forwarded as authorized by the preceding clause of this section be returned by the post-office authorities, if published on 10 consecutive days in a daily newspaper published in the District of Columbia, or if by reason of an outstanding unrecorded transfer of title the name of the owner in fact cannot be ascertained beyond a reasonable doubt, if served on the owner of record in the manner hereinbefore in this section provided, or if delivered to the agent, trustee, executor, or other legal representative of the estate of such person. Any notice to a corporation shall, for the purposes of this act, be deemed to have been served on such corporation if served on the president, secretary, treasurer, general manager, or any principal officer of such corporation in the manner hereinbefore provided for the service of notices on natural persons holding property in their own right, and notice to a foreign corporation shall, for the purposes of this act, be deemed to have been served if served on any agent of such corporation personally, or if left with any person of suitable age and discretion residing at the usual residence or employed at the usual place of business of such agent in the District of Columbia: *Provided*, That in case of failure or refusal of the owner entitled to the beneficial use, rental, or control of any buildings specified in this act to comply with the requirements of the notice provided for in section 9, the Commissioners are hereby empowered and it is their duty to cause such erection of fire escapes and other appliances mentioned in the notice provided for, and they are hereby authorized to assess the costs thereof as a tax against the buildings on which they are erected and the ground on which the same stands, and to issue tax-lien certificates against such building and grounds for the amount of such assessments, bearing interest at the rate of 10 percent per annum, which certificates may be turned over by the Commissioners to the contractor for doing the work.

"SEC. 11. The Supreme Court of the District of Columbia, in term time or in vacation, may, upon a petition of the District of Columbia, filed by its said Commissioners, issue an injunction to restrain the use or occupation of any building in the District of Columbia in violation of any of the provisions of this act.

"SEC. 12. As used in this act—

"(a) The terms 'apartment house', 'tenement house', and 'flat' mean a building in which rooms in suites are provided for occupancy by three or more families.

"(b) The term 'rooming house' means a building in which rooms are rented and sleeping quarters provided to accommodate 10 or more persons, not including the family of the owner or lessee.

"(c) The term 'lodging house' means a building in which sleeping quarters are provided to accommodate 10 or more transients.

"(d) The term 'hotel' means a building in which meals are served and rooms are provided for the accommodation of 10 or more transients.

"(e) The term 'elevator shaft' includes a dumbwaiter shaft.

"(f) The term 'fire escape' means an exterior open stairway or arrangement of ladders constructed entirely of incombustible materials and of approved design, or an interior or exterior stairway of fire-resistive construction with enclosing walls of masonry with fire-resistive doors and windows.

"(g) The term 'standpipe' means a vertical iron or steel pipe provided with hose connections and valves, so arranged as to supply water for fire-fighting purposes.

"(h) The terms 'fireproof' and 'fire-resistive' have the same meaning as is ascribed to the term 'fire-resistive' in the Building Code of the District of Columbia.

"SEC. 13. All acts or parts of acts inconsistent with this act are hereby repealed."

CARLSBAD CAVERNS NATIONAL PARK

The bill (H.R. 5397) to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein, was considered, ordered to a third reading, read the third time, and passed.

WABASH RIVER BRIDGE, INDIANA

The bill (H.R. 8834) authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River, was considered, ordered to a third reading, read the third time, and passed.

LUCY COBB STEWART

The bill (S. 3026) for the relief of Lucy Cobb Stewart, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lucy Cobb Stewart, widow of Nathaniel B. Stewart, late consul general at Barcelona, the sum of $9,000, such sum representing 1 year's salary of her deceased husband, who died while at his post of duty.

CONDEMNATION OF LAND BY THE UNITED STATES

The bill (S. 3303) to provide for the expeditious condemnation and taking of possession of land by officers, agencies, or corporations of the United States authorized to acquire real estate by condemnation in the name of or for the use of the United States for the construction of public works now or hereafter authorized by Congress was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That for the purpose of expediting the actual construction of public works now or hereafter authorized by Congress, with a view to eliminating unnecessary delay in the institution of such proceedings and in acquiring possession of land for such works and in increasing immediate employment thereon, any officer, agency, or corporation of the United States authorized to acquire real estate (hereinafter referred to as "condemnor") in the name of or for the use of the United States for such public works, shall, upon the filing of any petition for condemnation of any land or interest therein for such public works, have the right to take immediate possession of said lands, easements, or rights-of-way, to the extent of the interest to be acquired, and proceed with such public works thereon as have been authorized by Congress: *Provided*, That the court shall have power to fix the time within which and the terms upon which the parties in possession shall be required to surrender possession to the petitioner of all land (a) within 300 feet of dwellings and other structures actually and substantially in use or (b) actually used for agricultural purposes other than forestry or timber: *Provided further*, That certain and adequate provision shall have been made for the payment of just compensation to the party or parties entitled thereto, either by previous appropriation by the United States or by the

deposit of moneys or other form of security by the condemnor in such amount and form as shall be approved by the court in which such proceedings shall be instituted. The respondent or respondents may move at any time in the court to increase or change the amounts or securities, and the court shall make such order as shall be just in the premises, and as shall adequately protect the respondents. In every case the proceedings in condemnation shall be diligently prosecuted on the part of the condemnor in order that such compensation may be promptly ascertained and paid.

SEC. 2. In the institution of any such proceeding for condemnation, it shall be sufficient if the petition describes the land to be acquired by the external boundaries of the area to be taken and joins as parties to such proceeding only such persons who are in actual possession of such land or who are actually known to the condemnor to have any interest therein: *Provided*, That prior to the commencement of any hearing for the determination of the amount of just compensation to be paid in respect of the taking of any tract of land within such area, such petition may be amended to describe such tract in manner sufficient for the identification thereof, and all persons who shall have been found to have an interest in such tract shall be given notice of such proceeding.

SEC. 3. The provisions of this act shall not be construed to be in substitution for, but shall be alternative or supplemental to, any method of acquiring land or interests therein or possession thereof provided by law.

BILL PASSED OVER

The bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon, which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes, was announced as next in order.

Mr. FESS. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

RIFLE RANGES FOR THE ARMY

The Senate proceeded to consider the bill (S. 2130) to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States, which had been reported by the Committee on Military Affairs with amendments, on page 1, line 3, to strike out "$13,000" and to insert in lieu thereof "$16,000"; on line 6, to strike out "one thousand two hundred and eighty" and to insert in lieu thereof the words "one thousand six hundred", so as to make the bill read:

Be it enacted, etc., That a sum not to exceed $16,000 is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the purchase of 1,600 acres of land adjacent to Fort Francis E. Warren in the State of Wyoming for use of the United States Army for rifle-range purposes. All purchase of land under this act shall be made by the Secretary of War pursuant to law governing the acquisition of land for the use of the Army of the United States.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FRED HERRICK

The Senate proceeded to consider the bill (S. 250) for the relief of Fred Herrick.

Mr. McKELLAR. Mr. President, will not the Senator from Oregon explain this bill?

Mr. STEIWER. Mr. President, a similar bill for the relief of Mr. Herrick was introduced in an earlier Congress, but met with an adverse report, due partly to the form of the bill itself. The bill was then redrawn in order to meet the requirements of the Department, and it is no longer a claim bill, but is merely a bill to provide a payment in recognition of work performed by Mr. Herrick, of which work the Government obtained the benefit. There is a proviso at the end of the bill that Mr. Herrick, upon acceptance of this money, shall waive any claim he might have against the United States.

The facts are summarized in the report. An examination will disclose that Mr. Herrick entered into a contract with the Government under which he built railroad, logging roads, and partially constructed a sawmill. His total expenditures under the contract amounted to approximately $1,000,000.

Subsequently Mr. Herrick was overtaken with difficulties and was unable to complete his contract within the time set by the contract. Thereupon the Bureau of Forestry, acting under a provision of the contract, canceled the contract, and the Government became the beneficiary of all expenditures and improvements made by Mr. Herrick. The timber had been sold to Mr. Herrick at the price of $2.80 per thousand, and on the resale to another concern a higher price was obtained, yielding a net profit to the Government on the sale of the stumpage. The increased price obtained from the resale was undoubtedly due to the improvements made by Mr. Herrick.

Mr. Herrick is now a very old man, he is ill, he is bankrupt, and in justice this restitution should be made to him.

The committee reported the bill unanimously after full consideration of the facts.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Fred Herrick, of Spokane, Wash., the sum of $50,000 in recognition of work done by the said Fred Herrick in making more accessible the timber resources of the Malheur National Forest by railroad construction: *Provided*, That the said Fred Herrick shall disclaim and waive all right or claim to any money paid by him and covered into the Treasury in connection with that certain contract for the purchase of timber on the Malheur National Forest, Oreg., dated June 15, 1923.

EDNA B. WYLIE

The bill (H.R. 1362) for the relief of Edna B. Wylie was considered, ordered to a third reading, read the third time, and passed.

EDWARD V. BRYANT

The bill (H.R. 2169) for the relief of Edward V. Bryant was considered, ordered to a third reading, read the third time, and passed.

GLENNA F. KELLEY

The Senate proceeded to consider the bill (H.R. 1197) for the relief of Glenna F. Kelley, which had been reported by the Committee on Claims with an amendment, on page 1, line 3, to strike out the words "Postmaster General" and to insert in lieu thereof the words "Comptroller General of the United States", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the accounts of Glenna F. Kelley, postmaster at Goreville, Ill., in the sum of $48.34. Such sum represents the amount of a deficit in the accounts of the said Glenna F. Kelley, caused by the loss by said Glenna F. Kelley of postal funds deposited in the First National Bank of Goreville, Ill., which failed December 30, 1930.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

R. GILBERTSEN

The Senate proceeded to consider the bill (H.R. 1211) for the relief of R. Gilbertsen, which had been reported from the Committee on Claims with an amendment, on page 1, line 3, to strike out the words "Postmaster General" and to insert in lieu thereof the words "Comptroller General of the United States", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the accounts of R. Gilbertsen, postmaster at Glenburn, N.Dak., in the sum of $250.30 due the United States, on account of the loss of postal funds resulting from the failure of the Glenburn State Bank of Glenburn, N.Dak.: *Provided*, That the said R. Gilbertsen shall assign to the United States any and all claims he may have to dividends arising from the liquidation of said bank.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MARIE TOENBERG

The Senate proceeded to consider the bill (H.R. 1212) for the relief of Marie Toenberg, which had been reported from the Committee on Claims with an amendment, on page 1, line 3, to strike out the words "Postmaster General" and to insert in lieu thereof the words "Comptroller General of the United States", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the accounts of Marie Toenberg, postmaster at Alexander, N.Dak., in the sum of $239.89 due the United States, on account of the loss of postal funds resulting from the failure of the First National Bank of Alexander, Alexander, N.Dak.: *Provided*, That the said Marie Toenberg shall assign to the United States any and all claims she may have to dividends arising from the liquidation of said bank.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

EMMA FEIN

The Senate proceeded to consider the bill (S. 1633) for the relief of Emma Fein, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "$5,000" and to insert in lieu thereof "$3,500 in full settlement of all claims against the Government", and to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Emma Fein, widow of John W. Fein, the sum of $3,500 in full settlement of all claims against the Government as compensation for the death of her husband, who died as a result of injuries received on July 17, 1913, while employed in the Isthmian Canal Commission blacksmith shop at Pedro Miguel, Canal Zone: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the report on the bill just passed be printed in the RECORD in conjunction with the action of the Senate.

There being no objection, the report (No. 705) was ordered to be printed in the RECORD, as follows:

[S.Rept. No. 705, 73d Cong., 2d sess.]

Mr. BAILEY, from the Committee on Claims, submitted the following report (to accompany S. 1633):

The Committee on Claims, to whom was referred the bill (S. 1633) for the relief of Emma Fein, having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendments:

In line 6, strike out the figures "$5,000" and insert in lieu thereof "$3,500 in full settlement of all claims against the Government."

At the end of the bill add the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The bill, as amended, provides for the payment of $3,500 to Emma Fein, widow of John W. Fein, as compensation for the death of her husband, who died as a result of injuries received on July 17, 1913, while employed in the Isthmian Canal Commission blacksmith shop at Pedro Miguel, Canal Zone.

The records of the Panama Canal show that Mr. Fein was employed by the mechanical division as a blacksmith at 70 cents per hour; that on July 17, 1913, while working at a vise in the blacksmith shop at Pedro Miguel, Canal Zone, a locomotive was accidentally pushed off end of track, struck Mr. Fein, knocked him down, and he received a crushing injury to right foot and Pott's fracture, which resulted in amputation of distal half of right foot.

Mr. Fein filed claim for compensation under the act of May 30, 1908, as amended March 4, 1911; his claim was approved and payment made for the period from July 16, 1913, to July 16, 1914, in the sum of $1,737.60. (This law provided for the payment of 1 year's salary.)

Under date of January 29, 1916, Mr. Fein made the following statement:

"* * * I am crippled for life and will never again be able to work for my living, from the fact that my foot is still an open wound, bleeding, emission of pus, and high fevers. If I stand on it for more than 20 minutes, there is intense suffering, and I cannot walk at all without the use of a heavy cane."

On January 26, 1916, his doctor stated:

"* * * I have just made a visit to his home, and the examination made today discloses conditions about the same—abnormal tenderness and sensitiveness around the stump, two small sore and raw areas, and some suppuration from two fistulous openings. In my opinion there is evidently some bone necrosis as well as the unhealed stump, and I believe his disability to be practically permanent. Mr. Fein's general health has suffered from this accident on account of the fact that he was a particularly active man, and since the accident has been unable to get out and do anything for himself. The confinement and lack of exercise has worn on him very much both mentally and physically."

Mr. Fein died November 6, 1919.

Dr. Carmichael, of Little Rock, says:

"In my opinion the injury which he (Mr. Fein) received while in the employment of the Government in Panama was the cause of his death, as the medullary substance of the tibia was involved."

General Goethals, then Governor of the Canal Zone, stated:

"The case is only one of scores that have come to my notice within the past few years in which it appears to me that the compensation provided by law is quite inadequate. I have no objection to being quoted in this regard * * *."

Bills for the relief of John W. Fein and for the relief of his widow have been introduced in nine prior Congresses. The first bill was in the Sixty-fourth Congress, introduced March 29, 1916.

Mr. Fein left a widow, 3 daughters, and 1 son.

The facts are fully set forth in the following correspondence, which is appended hereto and made a part of this report.

THE PANAMA CANAL, WASHINGTON OFFICE,
Washington, D.C., March 31, 1916.

Hon. N. P. BRYAN,
Chairman Committee on Claims, United States Senate,
Washington, D.C.

SIR: I have the honor to acknowledge the receipt of your letter of the 30th instant, enclosing a copy of Senate bill 5314, for the relief of John W. Fein, and requesting a report thereon.

In reply there is enclosed herewith a copy of a letter addressed to this office by the auditor of the Panama Canal, dated January 13, 1916, reporting on House bill 5203, which bill appears to be identical with the one enclosed with your communication. The auditor's letter is self-explanatory, and shows that Mr. Fein has received all the compensation which the Panama Canal authorities were by law authorized to pay to him on account of his injury.

Very respectfully,

EARL I. BROWN,
Major Corps of Engineers, United States Army,
Chief of Office.

CANAL ZONE ACCOUNTING DEPARTMENT,
Balboa Heights, January 13, 1916.

Maj. F. C. BOGGS,
Chief of Office, the Panama Canal, Washington, D.C.

SIR: Referring to bill H.R. 5203, for the relief of Mr. John W. Fein, you are advised as follows:

The records show that Mr. Fein was employed by the mechanical division as a blacksmith at 70 cents per hour; that on July 17, 1913, while working at a vise in the blacksmith shop at Pedro Miguel, Canal Zone, a locomotive was accidentally pushed off end of track, struck Mr. Fein, knocked him down, and he received a crushing injury to right foot and Pott's fracture; which resulted in amputation of distal half of right foot.

Mr. Fein filed claim for compensation under the act of May 30, 1908, as amended March 4, 1911; his claim was approved and payment made for the period from July 16, 1913, to July 16, 1914, in the sum of $1,737.60.

Respectfully,

H. A. A. SMITH,
Auditor Panama Canal.

ISTHMIAN CANAL COMMISSION—REPORT OF ACCIDENT INVOLVING PERSONAL INJURY

Name of injured person in full, John W. Fein; nationality, American; place of birth, Brockenhaven, Germany; age, 60; sex, male; color, white; married; occupation, blacksmith; address on

Isthmus, Pedro Miguel, Canal Zone; other address (if any), no other; name and address of relative or friend, and how related to injured person, Mrs. Emma Fein, wife, Pedro Miguel, Canal Zone; rating, I.C.C., blacksmith, mechanical division, M.C. no. 37632; superior, A. L. Robinson, master mechanic; date and hour of accident, July 17, 1913, 4:18 a.m.; exact locality of accident, I.C.C. blacksmith shop, Pedro Miguel, Canal Zone.

Cause and nature of accident (describe fully): Mr. Fein was working at his anvil, which is located just inside the south end of the shop and about 10 feet from the end of the drop-pit track. A dead engine, no. 57, was standing on the end of the drop-pit track, with the tender toward Mr. Fein, and the switch leading from the coal-and-sand-chute track was open. A night hostler, J. Q. Aycock, white American, using the rear engine, pushed three others north on the coal-and-sand-chute track for coal and sand and, not knowing that the drop-pit track switch was open, ran in and struck no. 57 and knocked it back on Mr. Fein's anvil so suddenly that he had no opportunity to get out of the way and was caught under the tender, receiving the stated injuries.

On investigation it is learned that Hostler John T. Wilson put engine no. 57 on the drop-pit track about 30 minutes before the accident and, following yard custom, left the switch open. Mr. Aycock, who, had he followed yard rules, should have been on the leading engine of the four he was moving, explains that they were all dead except the one in rear and that owing to steam escaping from engines on a parallel track near the switch he was unable to see the switch light which was set against him (showing red), and did not know that he was on the drop-pit track until his leading engine struck no. 57. Aycock's brakeman, Julian Grant, M.C. no. 3892, who should have been on the lookout on the leading engine, disappeared immediately after the accident and has not returned.

Nature of injury sustained, crushed foot, right. Witnesses (state names, addresses, and occupations), J. Q. Aycock, Pedro Miguel, Canal Zone, night hostler, M.C. no. 136491; Thomas McCulloch, Empire, Canal Zone, machinist, M.C. no. 38342; to what hospital taken, Ancon Hospital, Ancon, Canal Zone; attending physician (name and address), Dr. T. W. Erhart, I.C.C., Ancon Hospital; did injury result in death (if so, state time, date, and place)? No.

Dated at Pedro Miguel, Canal Zone, this 18th day of July 1913.

JACK PHILLIPS,
Lieutenant No. 2, Zone Police, District Commander.

HEADQUARTERS, DIVISION OF POLICE AND PRISONS,
ANCON, CANAL ZONE, *July 21, 1913.*

Official copy respectfully referred to chairman and chief engineer, Culebra, Canal Zone, for his information.

C. W. BARBER, *Chief of Division.*

ISTHMIAN CANAL COMMISSION—STATEMENT OF WITNESS TO ACCIDENT

Name of injured person in full, John W. Fein; date of accident, July 17, 1913; place of accident, Pedro Miguel, Canal Zone; name of witness, Thomas McCulloch; nationality of witness, American; residence of witness on Isthmus, Empire; rating, I.C.C. machinist, mechanical division; metal check no. 38342.

Statement: Mr. Fein and I were at work together when engine no. 57 was pushed up into the blacksmith shop and caught him before he could get away. Myself, being on the outside, and nothing in my way, was able to get out of the way by crawling on my hands and knees and not taking the time to get up.

Dated at Pedro Miguel, Canal Zone, this 18th day of July 1913.

I certify that the above is a true statement of the facts as witnessed by me.

THOMAS MCCULLOCH.

Witness of signature:
LEO. A. MCINTIRE,
Sergeant, No. 18, Zone Police.

ISTHMIAN CANAL COMMISSION—STATEMENT OF WITNESS TO ACCIDENT

Name of injured person in full, John W. Fein; date of accident, July 17, 1913; place of accident, Pedro Miguel; name of witness, J. Q. Aycock; nationality of witness, American; residence of witness on Isthmus, Pedro Miguel; rating, I.C.C. night hostler, Pedro Miguel; M.C. no. 136491.

Statement: I was hostler in charge of engines 281, 252, 206, and 229 at Pedro Miguel shop on July 17. Taking these engines to coal chute to give them coal and sand, engine 281 was the only engine that had enough steam to handle engines. So I was on it and had the negro brakeman on back end of engine 229 and told him to look out for the rear end and not let me back into anything, and he got off and didn't throw the switch to drop it, and I backed in on engines 59 and 57 that were on drop track, and it pushed engine 57 back, and it is the one that hurt John Fein.

Dated at Pedro Miguel, Canal Zone, this 18th day of July 1913.

I certify that the above is a true statement of the facts as witnessed by me.

J. Q. AYCOCK.

Witness of signature:
JOHN M. DAVIS,
Corporal No. 12, Zone Police.

THE PANAMA CANAL,
Balboa Heights, October 7, 1914.

Mr. JOHN W. FEIN,
Little Rock, Ark.

SIR: I beg to acknowledge the receipt of your letter of September 16 with regard to your physical condition.

Under date of September 12 the claim officer advised you that all the injury compensation allowed by law had been paid to you. The only way, therefore, by which it would be possible for you to receive additional compensation would be the approval by Congress of a special claim for your relief.

Inquiries have been made with the end in view of finding a position on the Isthmus where the nature of the work would permit of your reemployment, but without success, and I regret very much that the gradual completion of the work here and the general reduction of force which is in progress militate against your reinstatement in this service at the present time.

Respectfully,

GEO. W. GOETHALS, *Governor.*

THE PANAMA CANAL,
Balboa Heights, October 31, 1914.

Miss MARY A. FEIN,
Little Rock, Ark.

MADAM: In reply to your letter of October 16, 1914, you are informed that there is very little on our files concerning the injury sustained by your father, Mr. John W. Fein, which is not already in his possession. The police report of the accident states that it occurred on July 17, 1913, at about 4:18 a.m. in the Isthmian Canal Commission blacksmith shop at Pedro Miguel, Canal Zone. The following is an extract from the police report:

"Mr. Fein was working at his anvil, which is located just inside the south end of the shop and about 10 feet from the end of the drop-pit track. A dead engine, no. 57, was standing on the end of the drop-pit track, with the tender toward Mr. Fein, and the switch leading from the coal-and-sand-chute track was open. A night hostler, J. Q. Aycock, white American, using the rear engine, pushed three others north on the coal-and-sand-chute track for coal and sand, not knowing that the drop-pit track switch was open, and ran in and struck no. 57 and knocked it back on Mr. Fein's anvil so suddenly that he had no opportunity to get out of the way and was caught under the tender, receiving the stated injuries.

"On investigation it is learned that hostler John T. Wilson put engine no. 57 on the drop-pit track about 30 minutes before the accident and, following yard custom, left the switch open. Mr. Aycock, who, had he followed yard rules, should have been on the leading engine of the four he was moving, explains that they were all dead except the one in the rear, and that owing to steam escaping from engines on a parallel track near the switch he was unable to see the switch light was set against him (showing red), and did not know that he was on the drop-pit track until his leading engine struck no. 57.

"Aycock's brakeman, Julian Grant, M.C. No. 3892, who should have been on the lookout on the leading engine, disappeared immediately after the accident and has not returned."

The medical reports show that all the toes of the right foot were amputated; that the foot was mashed, with laceration at the right elbow, Pott's fracture. On December 1, 1913, the surgeon at the hospital, Dr. A. B. Herrick, certified that the amputation was in the fore part of the right foot through the proximal metatarsals, and that the subjective symptoms were a very tender and painful stump. On April 1, 1914, he reported "tender stump with ulcerating cicatrix; pain and pressure over stump; disability partial permanent." On May 1, 1914, the surgeon reported "tender stump with ulcerating cicatrix." This report was iterated on June 1, 1914, and reiterated on July 1 and July 31, 1914.

The record noted above is all the information we have concerning your father's injury. The case is only one of scores that have come to my notice within the past few years in which it appears to me that the compensation provided by law is quite inadequate. I have no objection to being quoted in this regard, if it will assist you in any way in obtaining further compensation for your father.

Respectfully,

GEO. W. GOETHALS, *Governor.*

LITTLE ROCK, ARK., *January 26, 1916.*

Hon. H. M. JACOWAY,
Member of Congress, Washington, D.C.

DEAR SIR: With reference to the case of John W. Fein, beg to advise that Mr. Fein first consulted me on May 15, 1914. The cause of consultation was an unhealed amputation wound of the right foot. The stump was very tender and the skin had come away in several places and there was an exudation of pus from, at that time, rather deep-seated cavities.

I was at that time of the opinion that the chief cause of this wound not healing was in the skin, part of which had been lost and only a partially successful skin graft emplanted.

Since that time, whenever Mr. Fein uses that foot to any extent, in spite of the fact that all possible paddings and precautions are used, this skin breaks down and suppurates.

I have just made a visit at his home, and the examination made today discloses conditions about the same, abnormal tenderness and sensitiveness around the stump, two small sore and raw areas, and some suppuration from two fistulous openings.

In my opinion, there is evidently some bone necrosis as well as the unhealed stump, and I believe his disability to be practically permanent.

Mr. Fein's general health has suffered from this accident on account of the fact that he was a particularly active man, and since the accident has been unable to get out and do anything for himself. The confinement and lack of exercise has worn on him very much both mentally and physically.

Respectfully,

MILTON VAUGHAN, M.D.

LITTLE ROCK, ARK., *January 29, 1916.*

To the Members of Congress, Washington, D.C.

GENTLEMEN: I take the liberty of dictating the following statement in connection with my claim, H.R. 20754, in order to give facts upon which you may work:

I received official orders from the Washington offices of the Chief Engineer of the Commission to report for duty at Colon, on September 22, 1906, and my services began on October 11, 1906. From that date I worked steadily, with the exception of one vacation, until July 17, 1913, on which date, about 4:30 o'clock in the morning I was run down by an engine while at my post of duty in the shops at Pedro Miguel.

This accident occurred without any warning whatever. I was absolutely without means of protection; in other words, there was nothing to prevent an engine from running through the shops. The stopping post had been removed, for reasons unknown to the writer.

After the accident, the Commission and surgeons did everything that could be done for one so broken up and bruised, as far as authorized by Congress. During the long months of illness that followed, I received good nursing and later was given an artificial extension to my foot.

But for all this, I am crippled for life and will never again be able to work for my living, from the fact that my foot is still an open wound, bleeding, emission of pus, and high fevers. If I stand on it for more than 20 minutes, there is intense suffering, and I cannot walk at all without the use of a heavy cane. On account of the long confinement on the Isthmus, and since at home in Little Rock, my health and strength have left me and I am indeed a very weak man. Since my arrival at Little Rock on May 10, 1914, I have been under constant care of Dr. Milton Vaughan, an ex-Government surgeon, and it has now cost me much of the money I earned in Panama to meet expenses incident to such a condition, and unless I get relief in the very near future, what little I have left will soon be gone also.

I have a young son that I am trying to educate, and unless financial relief is received the boy will have to be taken from school and prospects of an education abandoned.

I do not believe it is the spirit of our Congressmen to turn down the appeal of a man who has given his best efforts for over 7 years in assisting to build the Canal; therefore, I ask that I be given relief in Congress, this request being made as per instructions of Colonel Goethals contained in his letter attached to this file.

In conclusion, I wish to state that I have in my possession copies of every business transaction that has ever occurred between the writer and the Commission, which are at your disposal, if needed.

During my long service on the Isthmus, I never received a reprimand from my superiors and was never absent from my work except when confined to my bed in the hospital there with an attack of malaria.

My entire record is on file in the office of the Commission at Washington and open for your inspection at any time.

Very respectfully,

JOHN W. FEIN, No. 37632.

LITTLE ROCK, ARK., *July 27, 1921.*

Mr. JACOWAY,
House of Representatives, Washington, D.C.

DEAR MR. JACOWAY: In regard to the cause of the death of John W. Fein, will state that, in my opinion, the injury which he received while in the employment of the Government in Panama was the cause of his death, as the medullary substance of the tibia was involved.

Yours truly,

A. L. CARMICHAEL, M.D.

This sworn to by me the 27th day of July 1921.

A. L. CARMICHAEL, M.D.

C. A. DICKSON

The Senate proceeded to consider the bill (H.R. 916) for the relief of C. A. Dickson, which had been reported from the Committee on Claims with amendments, on page 1, line 3, to strike out the words, "Postmaster General" and to insert in lieu thereof the words, "Comptroller General of the United States", and on line 6, to strike out the words "and to certify such credit to the Comptroller General", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the account of C. A. Dickson, postmaster at Cleburne, Tex., in the sum of $72.45. Such sum represents the amount of United States postal funds lost by reason of the failure of the Home National Bank and the Farmers & Merchants National Bank of Cleburne, Tex., and charged in the account of the said postmaster as a balance due the United States after the payment of final dividends in respect of such deposits.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

RELIEF OF ARMY DISBURSING OFFICERS

The Senate proceeded to consider the bill (S. 2046) to provide relief for disbursing officers of the Army in certain cases, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and to insert:

That the act of July 11, 1919 (ch. 9, 41 Stat. 132; U.S.C., title 31, sec. 105), be, and is hereby amended as follows: Wherever the word "Navy" appears in said act the words "or Army" be added, and wherever the words "Secretary of the Navy" appear the words "or the Secretary of War" be added.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOHN F. PATTERSON

The bill (S. 1338) for the relief of John F. Patterson was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army, John F. Patterson shall be held and considered to have been honorably discharged as a private, Company D, First Regiment Minnesota National Guard Infantry, on August 14, 1917: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued by reason of this act prior to its passage.

PUNISHMENT OF THE CRIME OF LYNCHING

The bill (S. 1978) to assure persons within the jurisdiction of every State the equal protection of laws, and punish the crime of lynching, was announced as next in order.

Mr. GEORGE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

JOHN N. KNAUFF CO., INC.

The bill (S. 2972) for the relief of John N. Knauff Co., Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $19,032.78 to John N. Knauff Co., Inc., in full settlement of all claims against the Government for damage and loss incurred by said corporation in complying with the orders of the Surgeon General of the United States or his representatives on contract duly executed between the Government of the United States and the plaintiff corporation on January 28, 1920, providing for the making of certain repairs and alterations for the United States in the United States Public Health Service Hospital at Hudson, Jay, and Staple Streets, New York City, in 1920 and 1921, as found by the Court of Claims and reported in Senate Document No. 128, Seventy-third Congress, second session.

JOSEPH Y. UNDERWOOD

The Senate proceeded to consider the bill (S. 2431) for the relief of the estate of Joseph Y. Underwood, which had been reported from the Committee on Claims with amendments, on page 1, line 7, to strike out "$282,075" and to insert in lieu thereof "$10,000", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Robert C. Underwood, of Brooklyn, N.Y., as executor of the estate of Joseph Y. Underwood, deceased, the sum of $10,000, in full satisfaction of all claims of such estate against the United States arising out of services rendered by such Joseph Y. Underwood in effecting the sale of 15 wooden vessels in June 1919 and of 11 wooden vessels in January 1920 by the United States Shipping Board to the Nacirema Steamship Corporation: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in con-

nection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOANNA A. SHEEHAN

The bill (S. 3335) for the relief of Joanna A. Sheehan, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem, in favor of Joanna A. Sheehan, of Haverhill, Mass., United States Liberty Loan permanent coupon bond no. 321498, in the denomination of $1,000, of the third 4¼'s, issued May 9, 1918, matured September 15, 1928, without presentation of said bond, the said bond having been lost, stolen, or destroyed: *Provided*, That the said bond shall not have been previously presented and paid: *And provided further*, That the said Joanna A. Sheehan shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of the said Liberty Loan bond, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury, with condition to indemnify and save harmless the United States from any loss on account of the Liberty Loan bond hereinbefore described: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

MRS. C. A. TOLINE

The Senate proceeded to consider the bill (S. 2752) for the relief of the legal beneficiaries and heirs of Mrs. C. A. Toline, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "$10,000" and insert in lieu thereof "$5,000", and to insert at the end of the bill a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the legal beneficiaries and heirs of Mrs. C. A. Toline, out of any money in the Treasury not otherwise appropriated, the sum of $5,000, in full settlement of all claims against the Government on account of the death of Mrs. C. A. Toline, which occurred November 7, 1923, at the National Military Home for Disabled Volunteer Soldiers, Wis.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MURIEL CRICHTON

The bill (S. 3264) for the relief of Muriel Crichton was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

MAUDE G. NICHOLSON

The bill (S. 3128) to pay certain fees to Maude G. Nicholson, widow of George A. Nicholson, late a United States commissioner, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Maude G. Nicholson, widow of George A. Nicholson, late a United States commissioner in the western district of New York, at Canandaigua, N.Y., the sum of $183.45 in full settlement of all claims against the Government of the United States for fees earned by said George A. Nicholson, notwithstanding his failure to file a statutory oath in accordance with the provisions of volume 44, United States Statutes, page 918, approved December 11, 1926, and volume 44, United States Statutes, page 1346, approved March 2, 1927: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000.

RECONSTRUCTION FINANCE CORPORATION

Mr. JOHNSON. Mr. President, I ask unanimous consent to return to order of business 560, being Senate bill 3085, which is an important measure, and which met with some objection on the part of the Senator from Alabama [Mr. BLACK] and, I think, the Senator from Missouri [Mr. CLARK]. The objectionable feature of the bill, I think, the Senator from Florida is now ready to eliminate.

The PRESIDING OFFICER. The Senator from California asks unanimous consent that the Senate return to the consideration of Senate bill 3085, relating to the operations of the Reconstruction Finance Corporation, and for other purposes. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments.

The amendments of the committee were, on page 6, after line 9, to insert a new section, as follows:

SEC. 6. Notwithstanding any limitations on its power, the Reconstruction Finance Corporation, upon request of any borrower under section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended, may adjust the maturities of any obligations of such borrower now held by it, or hereafter acquired by it under lawful commitments, to such periods as may in the discretion of the Reconstruction Finance Corporation be proper, but such adjustment shall not extend any such maturity to more than 20 years from the advancing of the sum or sums evidenced thereby.

On page 6, line 20, to strike out "6" and insert "7"; in line 23, to strike out "(1) By striking from the first sentence thereof '$50,000,000' and inserting in lieu thereof '$100,000,000'", and insert:

(1) By striking from the first sentence thereof "$50,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts" and inserting in lieu thereof "$100,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, mutual nonprofit companies and incorporated water users' associations."

On page 8, line 3, after the word "repairs", to insert the words "and necessary extensions"; on line 7, after the word "repairs", to insert the words "and necessary extensions"; on line 21 to strike out "7" and to insert "8"; and at the end of the bill to add a new section, so as to make the bill read:

Be it enacted, etc., That (a) section 882 of the Revised Statutes (U.S.C., title 28, sec. 661) is amended to read as follows:

"SEC. 882. (a) Copies of any books, records, papers, or other documents in any of the executive departments, or of any corporation all of the stock of which is beneficially owned by the United States, either directly or indirectly, shall be admitted in evidence equally with the originals thereof, when duly authenticated under the seal of such department or corporation, respectively.

"(b) Books or records of account in whatever form, and minutes (or portions thereof) of proceedings, of any such executive department or corporation, or copies of such books, records, or minutes authenticated under the seal of such department or corporation, shall be admissible as evidence of any act, transaction, occurrence, or event as a memorandum of which such books, records, or minutes were kept or made.

"(c) The seal of any such executive department or corporation shall be judicially noticed."

(b) Section 4 of the Reconstruction Finance Corporation Act, as amended (U.S.C., supp. VII, title 15, sec. 604), is amended by inserting immediately before the semicolon following the words "corporate seal" a comma and the words "which shall be judicially noticed."

SEC. 2. Section 1001 of the Revised Statutes, as amended (U.S.C., title 28, sec. 870), is amended by inserting immediately

after the word "Government" the following: "or any corporation all the stock of which is beneficially owned by the United States, either directly or indirectly."

SEC. 3. Paragraph "First" of section 24 of the Judicial Code, as amended (U.S.C., title 28, sec. 41), is amended by inserting immediately after the words "authorized by law to sue" in the first sentence thereof a comma and the following: "or by any corporation all the stock of which is beneficially owned by the United States, either directly or indirectly."

SEC. 4. The Reconstruction Finance Corporation Act, as amended (U.S.C., supp. VII, title 15, ch. 14), is further amended by inserting after section 5a thereof the following new section:

"SEC. 5b. Notwithstanding any other provision of law—

"(1) The maturity of drafts or bills of exchange which may be accepted by the Corporation under section 5a of this act, and the period for which the Corporation may make loans or advances under sections 201 (c) and 201 (d) of the Emergency Relief and Construction Act of 1932, as amended, and under section 5 of this act, may be 5 years, or any shorter period, from February 1, 1935: *Provided*, That in respect of loans or advances under such section 5 to railroads, railways, and receivers or trustees thereof, the Corporation may require as a condition of making any such loan or advance for a period longer than 3 years that such arrangements be made for the reduction or amortization of the indebtedness of the railroad or railway, either in whole or in part, as may be approved by the Corporation after the prior approval of the Interstate Commerce Commission.

"(2) The Corporation may at any time, or from time to time, extend, or consent to the extension of, the time of payment of any loan or advance made by it, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond 5 years from February 1, 1935: *Provided*, That the time of payment of loans or advances to railroads, railways, and receivers or trustees thereof shall not be so extended except with the prior approval of the Interstate Commerce Commission, and, in the case of a loan to a railroad or railway, with the prior certification of the Interstate Commerce Commission that the railroad or railway is not in need of financial reorganization in the public interest.

"(3) In connection with the reorganization under section 77 of the Federal Bankruptcy Act, approved July 1, 1898, as amended, or with receivership proceedings in a Federal court or courts, of any railroad or railway indebted to the Corporation, or of any railroad or railway the receivers or trustees of which are indebted to the Corporation, the Corporation may, with the prior approval of the Interstate Commerce Commission, adjust or compromise its claim against such railroad or railway, or any such receiver or trustee, by accepting, in connection with any such reorganization or receivership proceedings and in exchange for securities or any part thereof then held, new securities which may have such terms as to interest, maturity, and otherwise as may be approved by the Corporation, or part cash and part new securities so approved: *Provided*, That any such adjustment or compromise shall not be made on less favorable terms than those provided in the reorganization of the railroad or railway for holders of claims of the same class and rank as the claim of the Corporation."

SEC. 5. Section 301 of the National Industrial Recovery Act (U.S.C., supp. VII, title 40, sec. 412) is amended by inserting before the period at the end thereof a colon and the following: "*Provided further*, That in connection with any loan or contract or any commitment to make a loan entered into by the Reconstruction Finance Corporation prior to June 26, 1933, to aid in financing part or all of the construction cost of projects pursuant to section 201(a)(1) of the Emergency Relief and Construction Act of 1932, as amended, the Corporation may make such further loans and contracts for the completion of any such project, or for improvements, additions, extensions, or equipment which are necessary or desirable for the proper functioning of any such project, or which will materially increase the assurance that the borrower will be able to repay the entire investment of the Corporation in such project, including such improvements, additions, extensions, or equipment; and the Corporation may disburse funds to the borrower thereunder, at any time prior to January 23, 1939, notwithstanding any provisions to the contrary contained in this section or in section 201(h) of the Emergency Relief and Construction Act of 1932, as amended: *Provided further*, That any such further loans shall be made subject to all the terms and conditions set forth in the Emergency Relief and Construction Act of 1932, as amended, with respect to the loans authorized by section 201(a)(1) of said act."

SEC. 6. Notwithstanding any limitations on its power, the Reconstruction Finance Corporation, upon request of any borrower under section 201(a) of the Emergency Relief and Construction Act of 1932, as amended, may adjust the maturities of any obligations of such borrower now held by it, or hereafter acquired by it under lawful commitments, to such periods as may in the discretion of the Reconstruction Finance Corporation be proper, but such adjustment shall not extend any such maturity to more than 20 years from the advancing of the sum or sums evidenced thereby.

SEC. 7. Section 36 of the Emergency Farm Mortgage Act of 1933, as amended (U.S.C., supp. VII, title 43, sec. 403), is amended as follows:

(1) By striking from the first sentence thereof "$50,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts" and inserting in lieu thereof "$100,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, mutual nonprofit companies, and incorporated water users' associations."

(2) By amending clause (4) thereof to read as follows:

"(4) the borrower shall agree, insofar as it may lawfully do so, that so long as any part of such loan shall remain unpaid the borrower will in each year apply to the repayment of such loan or to the purchase or redemption of the obligations issued to evidence such loan, an amount equal to the amounts by which the assessments, taxes, and other charges collected by it exceed (a) the cost of operation and maintenance of the project, (b) the debt charges on its outstanding obligations, and (c) provision for such reasonable reserves as may be approved by the Corporation; and".

(3) By adding at the end thereof the following new paragraph:

"When any loan is authorized pursuant to the provisions of this section and it shall then or thereafter appear that repairs and necessary extensions or improvements to the project of such district or political subdivision are necessary or desirable for the proper functioning of its project or for the further assurance of its ability to repay such loan, and if it shall also appear that such repairs and necessary extensions or improvements are not designed to bring new lands into production, the Corporation, within the limitation as to total amount provided in this section, may make an additional loan or loans to such district or political subdivision for such purpose or purposes. When application therefor shall have been made by any such district or political subdivision, any loan authorized by this section may be made either to such district or political subdivision or to the holders or representatives of the holders of their existing indebtedness, and such loans may be made upon promissory notes collateraled by the obligations of such district or political subdivision, or through the purchase of securities issued or to be issued by such district or political subdivision."

SEC. 8. (a) Sections 2 and 3 of the act entitled "An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes", approved June 10, 1933, as amended (U.S.C., supp. VII, title 15, secs. 605f and 605g), are amended to read as follows:

"SEC. 2. In the event that any such insurance company shall be incorporated under the laws of any State which does not permit it to issue preferred stock, exempt from assessment or additional liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, or upon notice of more than 20 days, or if the insurance company is a mutual organization without capital stock, the Reconstruction Finance Corporation is authorized for the purposes of this act to purchase the legally issued capital notes of such insurance company, or, if the company is a mutual organization without capital stock, such other form or forms of indebtedness as the laws of the State under which such company is organized permit, or to make loans secured by such notes or such other form or forms of indebtedness as collateral, which may be subordinated in whole or in part or to any degree to claims of other creditors.

"SEC. 3. The Reconstruction Finance Corporation shall not subscribe for or purchase any preferred stock or capital notes of any applicant insurance company, (1) until the applicant shows to the satisfaction of the Corporation that it has unimpaired capital, or that it will furnish new capital which will be subordinate to the preferred stock or capital notes to be subscribed for or purchased by the Corporation, equal to the amount of said preferred stock or capital notes so subscribed for or purchased by the Corporation: *Provided*, That the Corporation may make loans upon said preferred stock or capital notes, or other form or forms of indebtedness permitted by the laws of the State under which said applicant is organized, if, in its opinion, such loans will be adequately secured by said stock or capital notes or other form or forms of indebtedness and/or such other forms of security as the Corporation may require, (2) if at the time of such subscription, purchase, or loan any officer, director, or employee of the applicant is receiving total compensation in a sum in excess of $17,500 per annum from the applicant and/or any of its affiliates, and (3) unless at such time, the insurance company agrees to the satisfaction of the Corporation that while any part of the preferred stock, notes, bonds, or debentures (or, in the case of a mutual insurance company, other form or forms of indebtedness permitted by the laws of the State under which the company is organized) of such insurance company is held by the Corporation, the insurance company, except with the consent of the Corporation, will not (a) increase the compensation received by any of its officers, directors, or employees from the insurance company and/or any of its affiliates, and in no event increase any such compensation to an amount exceeding $17,500 per annum, or (b) retire any of its stock, notes, bonds, debentures, or other forms of indebtedness issued for capital purposes. For the purposes of this section, the term 'compensation' includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services."

(b) Section 11 of such act of June 10, 1933, as amended (U.S.C., supp. VII, title 15, sec. 605i), is amended by adding at the end thereof the following new sentence: "As used in this section and in sections 1, 2, and 3 of this act, the term 'State' means any State, Territory, or possession of the United States, the Canal Zone, and the District of Columbia."

SEC. 9. The Reconstruction Finance Corporation is authorized and empowered to make loans upon full and adequate security, based on mineral acreage, to recognized and established incorporated managing agencies of farmers' cooperative mineral rights

and pools not engaged in drilling or mining operations, said loans to be made for the purpose of defraying the cost of organizing such pools.

The amendments were agreed to.

Mr. FLETCHER. Mr. President, I offer certain amendments sent to me by the Reconstruction Finance Corporation, mainly corrective in character.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 7, line 7, after the word "and" where it occurs the second time, it is proposed to insert "mutual nonprofit"; on page 7, between lines 8 and 9, to insert the following new paragraph:

(2) By striking from the second sentence thereof "district or political subdivision" and inserting in lieu thereof "district, political subdivision, company, or association."

On page 7, line 9, to strike out "(2)" and insert "(3)"; on page 7, line 23, to strike out "(3)" and insert "(4)"; on page 8, lines 4, 11, 13, 15, 18, and 20, to strike out the words "district or political subdivision" where they appear in each such line and insert in lieu thereof "district, political subdivision, company, or association."

The amendments were agreed to.

Mr. BLACK. Mr. President, I move to amend the bill by striking out section 3, which reads:

SEC. 3. Paragraph "First" of section 24 of the Judicial Code, as amended (U.S.C., title 28, sec. 41), is amended by inserting immediately after the words "authorized by law to sue" in the first sentence thereof a comma and the following: "or by any corporation all the stock of which is beneficially owned by the United States, either directly or indirectly."

I will state exactly the effect of the amendment, so that it will be understood.

I have looked up the United States Code, title 28, section 41. Section 3 of the pending bill is an amendment to that code section. If section 3 should be adopted, it would extend to the Federal courts jurisdiction to try any case involving any amount under $3,000, and any case where a suit would be brought by a corporation all the stock of which is owned by the United States, either directly or indirectly.

I am offering this amendment because I believe that the State courts should continue in the future, as in the past, to have jurisdiction of suits involving under $3,000. I move to strike section 3 from the bill.

Mr. FLETCHER. Mr. President, this is regarded as facilitating procedure, and I will not object to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

W. C. GARBER

The bill (H.R. 1418) for the relief of W. C. Garber was considered, ordered to a third reading, read the third time, and passed.

HARRY L. HABERKORN

The bill (H.R. 2337) for the relief of Harry L. Haberkorn was considered, ordered to a third reading, read the third time, and passed.

RELIEF OF FOREIGN SERVICE OFFICERS

The bill (S. 380) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to Matthew E. Hanna, American minister to Nicaragua, the sum of $25,368.58, of which the sum of $25,215.50 represents the value of reasonable and necessary personal property lost as a result of the earthquake at Managua, Nicaragua, March 31, 1931, and the sum of $153.08 represents the amount of money and vouchers destroyed when the contents of the safe in the legation were burned.

To Willard L. Beaulac, secretary of the American Legation at Managua, Nicaragua, the sum of $1,006.82, such sum representing the value of reasonable and necessary personal property lost as a result of the earthquake at Managua, Nicaragua, March 31, 1931.

To Marion P. Hoover, clerk in legation at Managua, Nicaragua, the sum of $80, such sum representing the value of reasonable and necessary personal property lost as a result of the earthquake at Managua, Nicaragua, March 31, 1931: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent of any claim thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with any such claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated for any claim in this act in excess of 10 percent of such claim on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000. The aforestated amounts shall be considered in full settlement of the aforesaid claims.

REGISTRY OF ALIENS

The Senate proceeded to consider the bill (S. 2692) relating to the record of registry of certain aliens, which had been reported from the Committee on Immigration with amendments. The first amendment of the committee was, on page 2, line 1, after the word "and", to insert "(a)".

The amendment was agreed to.

Mr. McKELLAR. Mr. President, will not the Senator from New York explain this bill?

Mr. COPELAND. Mr. President, this is a bill to take care of certain Russian refugees who are in this country and who were promised that they would not be interfered with in the arrangements we have made with Russia. But they cannot go back to Russia. They would meet death, I suppose, if they did so. All the authorities here and all the departments have favored this legislation.

The PRESIDING OFFICER. There is another amendment of the committee to be acted on, which the clerk will state.

The CHIEF CLERK. On page 2, line 3, after the word "him", it is proposed by the committee to insert the words "or (b) who was in the United States as a bona fide political or religious refugee", so as to make the bill read:

Be it enacted, etc., That subdivision (a) of section 1 of the act entitled "An act to supplement the naturalization laws, and for other purposes", approved March 2, 1929, is amended by adding to the end thereof the following:

"Upon application filed with the Commissioner General of Immigration within 1 year after the approval of this act such registry may also be made as to any alien not ineligible to citizenship who entered the United States prior to January 1, 1933, in whose case there is no record of admission for permanent residence and (a) who prior to that date could not be deported to any country to which it was lawful to deport him, or (b) who was in the United States as a bona fide political or religious refugee, if such alien shall make a satisfactory showing to the Commissioner General of Immigration, in accordance with regulations prescribed by the Commissioner General of Immigration, with the approval of the Secretary of Labor, that he—

"(1) Has not been out of the United States since entry;

"(2) Is a person of good moral character;

"(3) Is not subject to deportation under any law other than the Immigration Act of 1924; and

"(4) Did not, before January 1, 1933, withhold from the immigration authorities of the United States necessary information concerning his personal history sought in connection with their application to the authorities of any foreign country for permission to deport him thereto."

The amendment was agreed to.

Mr. COPELAND. Mr. President, there is a typographical error in line 8 on the first page, where, after the word "Commissioner", the word "General" should be stricken out, and after the word "Immigration" the words "and Naturalization" should be inserted.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 1, line 7, it is proposed, after the word "Commissioner", to strike out the word "General", and after the word "Immigration" to insert the words "and Naturalization"; and on page 2, lines 5 and 7, to make the same amendment.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATURALIZATION LAWS

The bill (S. 3346) to amend the naturalization laws with respect to records of registry and residence abroad was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subdivision (a) of section 1 of the act entitled "An act to supplement the naturalization laws, and for other purposes", approved March 2, 1929, is amended to read as follows:

"That (a) the registry of aliens at ports of entry required by section 1 of the act of June 29, 1906 (34 Stat.L., pt. I, p. 596), as amended, may be made as to any alien not ineligible to citizenship in whose case there is no record of admission for permanent residence prior to July 1, 1924, if such alien shall make a satisfactory showing to the Commissioner of Immigration and Naturalization, in accordance with regulations prescribed by the Commissioner of Immigration and Naturalization, with the approval of the Secretary of Labor, that he—

"(1) First entered the United States prior to July 1, 1924;

"(2) Has resided in the United States continuously since such entry;

"(3) Is a person of good moral character; and

"(4) Is not subject to deportation."

SEC. 2. The last proviso in the first paragraph of the seventh subdivision of section 4 of the Naturalization Act of June 29, 1906, as amended, is amended by inserting after "American-owned vessels" the following: "or vessels operated under a demise charter by a corporation organized under the laws of the United States, or of a State, Territory, District, or possession thereof."

SEC. 3. The second paragraph of the fourth subdivision of section 4 of the Naturalization Act of June 29, 1906, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: "except that absence from the United States for a period of not exceeding 2 years shall not break the continuity of residence for naturalization purposes if the alien proves to the satisfaction of the court that he was absent from the United States during such period principally as a representative of American business interests."

BURIALS IN NATIONAL CEMETERIES

The bill (S. 3023) to amend sec. 4878 of the United States Revised Statutes, as amended, relating to burials in national cemeteries, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 4878 of the United States Revised Statutes, as amended, be further amended by adding at the end of said section a new sentence reading as follows: "Persons who were members of the Cabinet of the President of the United States at any time during the period between April 6, 1917, and November 11, 1918, may be buried in any national cemetery: *Provided*, That the interment is without cost to the United States."

CITY OF BALTIMORE

The bill (S. 3272) for the relief of the city of Baltimore was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. LOGAN. I will make an explanation, Mr. President. The claim is in all respects just, and why it has not been paid before I do not know. It is money the city of Baltimore advanced to the Federal Government during the Rebellion, or the War between the States. There is no dispute over the facts. We have been paying similar claims from time to time, and this one has just been delayed. The committee could not find any way to keep from reporting it favorably.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the city of Baltimore the sum of $171,034.31, being the balance of the amount incurred and expended by said city of Baltimore to aid in the construction of works of national defense in 1863, at the request of Maj. Gen. R. C. Schenck, United States Army, and as found and reported to the Senate on May 3, 1930, by the Comptroller General of the United States.

BRIDGE OVER NIAGARA RIVER

The joint resolution (H.J.Res. 315) granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada, was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the consent of the Congress of the United States be, and it is hereby, given to the State of New York to enter into the agreement or compact with the Dominion of Canada set forth in chapter 824 of the Laws of New York, 1933, and an act respecting the Buffalo and Fort Erie Public Bridge Authority passed at the fifth session, Seventeenth Parliament, Dominion of Canada (24 George V 1934), assented to March 28, 1934, for the establishment of the Buffalo and Fort Erie Public Bridge Authority as a municipal corporate instrumentality of said State and with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, in the State of New York, and the village of Fort Erie, in the Dominion of Canada.

ULDRIC THOMPSON, JR.

The Senate proceeded to consider the bill (S. 1382) for the relief of Uldric Thompson, Jr., which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and to insert the following:

That jurisdiction is hereby conferred upon the Court of Claims of the United States, notwithstanding the lapse of time or the statute of limitations, to hear, determine, and render judgment under the act of July 1, 1918 (40 Stat.L., ch. 114, pp. 704, 705), on the claims of Uldric Thompson, Jr., for the use of or the manufacture by the United States without license of the owner thereof or the lawful right to use or manufacture war material under certain inventions of said Uldric Thompson, Jr., described in or covered by Letters Patent Nos. 1237362 and 1255836, respectively: *Provided*, That the records of the War Department as to such manufacture and use under these patents shall be available to the court and to the claimant: *Provided further*, That from any decision in any suit prosecuted under the authority of this act an appeal may be taken by either party as is provided for by law in other cases.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PLAYA DE FLOR LAND & IMPROVEMENT CO.

The bill (S. 3247) for the relief of the Playa de Flor Land & Improvement Co. was announced as next in order.

The PRESIDING OFFICER. This bill being the same as House bill 5284, reported from the Committee on Claims on April 25, 1934, without objection the House bill will be substituted for the Senate bill.

There being no objection, the bill (H.R. 5284) for the relief of the Playa de Flor Land & Improvement Co. was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the District Court of the Canal Zone to hear and determine, without intervention of a jury, but subject to the provisions for appeal as in other cases provided by the Panama Canal Act, as amended, the claim of the Playa de Flor Land & Improvement Co. against the United States on account of property taken by the United States in the Canal Zone.

The PRESIDING OFFICER. Without objection the Senate bill will be indefinitely postponed.

Mr. GORE subsequently said: Mr. President, just before I reached the Chamber, Calendar No. 770, being the bill (S. 3247) for the relief of the Playa de Flor Land & Improvement Co., was displaced and the bill (H.R. 5284) for the relief of the Playa de Flor Land & Improvement Co. was substituted in its stead upon the assumption that they were identical. There was one point of difference. I move to reconsider the votes by which the House bill was ordered to a third reading, and passed. Then I desire to offer an amendment to it.

The PRESIDING OFFICER. Without objection the votes by which the bill was ordered to a third reading and passed will be reconsidered. The Senator from Oklahoma may now offer his amendment.

Mr. GORE. In the House bill, in line 4, I move to strike out the words "without the intervention of a jury." That

will make it conform to the Senate bill as reported from the Committee on Interoceanic Canals.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In line 4, after the word "determine" strike out the words "without intervention of a jury", so as to make the bill read:

Be it enacted, etc., That jurisdiction is hereby conferred upon the District Court of the Canal Zone to hear and determine, but subject to the provisions for appeal as in other cases provided by the Panama Canal Act, as amended, the claim of the Playa de Flor Land & Improvement Co. against the United States on account of property taken by the United States in the Canal Zone.

The amendment was agreed to.

The amendment was order to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

COMMODITY DIVISIONS IN DEPARTMENT OF AGRICULTURE

The Senate proceeded to consider the bill (S. 2899) establishing certain commodity divisions in the Department of Agriculture, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 1, line 7, after the words "Division of", to strike out "cattle", and insert in lieu thereof "livestock and poultry,"; on page 1, line 9, after the word "hogs", to insert "Division of Dairying and Dairy Products", so as to make the bill read:

Be it enacted, etc., That the following divisions are hereby established in the Department of Agriculture, to which shall be transferred all duties and functions now exercised by the Department in respect of the commodity as to which each respective division is established: Division of Livestock and Poultry, Division of Cotton, Division of Grains, Division of Hogs, Division of Dairying and Dairy Products, and Division of Tobacco. Each such division shall be under the direction of such executive and administrative officers as the Secretary of Agriculture may deem necessary to perform the functions assigned to it. All such officers of each division shall be appointed from that area in the United States in which the major portion of the commodities over which the division has jurisdiction is produced, and such officers shall be persons of extensive experience in the production of such commodity and thoroughly familiar with the processes of marketing the same. Any person appointed to a position in any such division the salary of which is in excess of $2,500 shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 2. The divisions provided for by this act shall be organized, and shall enter upon their duties, at the earliest practicable date after the date of enactment of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FRANCIS GERRITY

The Senate proceeded to consider the bill (S. 99) for the relief of Francis Gerrity, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 8, after the word "Fourth", to strike out "Regiment"; and in the same line after the word "States", to strike out the word "Volunteer", so as to make the bill read:

Be it enacted, etc., That in the administration of all laws conferring rights, benefits, and privileges upon honorably discharged soldiers Francis Gerrity shall be held and considered as having been honorably discharged from the military service of the United States on December 16, 1901, as a private, Troop D, Fourth United States Cavalry: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LANDS IN NATIONAL FORESTS, IDAHO

The bill (H.R. 7425) for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of the act entitled "An act to consolidate national forest lands", approved March 20, 1922 (U.S.C., title 16, sec. 485), are extended and made applicable to the following-described lands in the State of Idaho.

Sections 5, 6, 7, and 8, township 40 north, range 1 west.

Sections 1, 2, 3, 11, and 12; section 10, except the southwest quarter northwest quarter and the west half southwest quarter, township 40 north, range 2 west.

Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 16, 17, and 18; section 15, except the south half southwest quarter; north half northeast quarter, southwest quarter northeast quarter, northwest quarter, and the north half southwest quarter section 19; northeast quarter, east half northwest quarter, and the southwest quarter section 20, township 40 north, range 3 west.

Sections 1 to 23, inclusive; northeast quarter, east half northwest quarter, northwest quarter northwest quarter, and the north half southeast quarter section 24; northeast quarter, east half northwest quarter, and the northwest quarter northwest quarter section 26; northeast quarter northeast quarter, west half northeast quarter, and the northwest quarter section 27; north half section 28; and the east half northeast quarter section 29, township 40 north, range 4 west.

Sections 9, 11, 12, 13, 14, and the south half section 1; south half section 2; southeast quarter section 3; section 10, except the north half northwest quarter; north half, and the east half southeast quarter, section 15; northeast quarter, and the north half southeast quarter section 16; north half, southeast quarter southwest quarter, and the southeast quarter, section 24, township 40 north, range 5 west.

Sections 29, 30, 31, and 32, township 41 north, range 1 west.

Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 34, 35, 36, and the north half section 33, township 41 north, range 2 west.

Sections 13, 14, 15, 16, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, and section 26, except the southwest quarter southwest quarter, township 41 north, range 3 west.

The southeast quarter section 32; southwest quarter, west half southeast quarter, and the southeast quarter southeast quarter, section 33; east half southeast quarter section 34; south half section 35, and section 36, except the northeast quarter, township 41 north, range 4 west.

All foregoing descriptions relate to Boise base and meridian.

SEC. 2. Lands within the national forests heretofore granted to the State of Idaho for educational or other purposes may, under such rules and regulations as the legislature of such State shall prescribe, be offered in exchange for any of the lands described in section 1 hereof which are of nonmineral character and approximately equal value and area, in the ownership of the United States or in other ownership, to the end that the State may acquire holdings in a reasonably compact form for economic administration as a forest property, or for use as an experimental, training, and demonstrational area by the School of Forestry of the University of Idaho, or for any other purposes that the legislature of the State may authorize or prescribe, anything in the enabling act of such State to the contrary notwithstanding.

SEC. 3. The lands conveyed to the United States under sections 1 and 2 of this act (together with the land described in section 1 now owned by the United States, subject to all valid existing rights) shall, upon acceptance of title, become parts of the national forest within whose exterior boundaries they are located.

CONFEDERATE CEMETERY, FAYETTEVILLE, ARK.

The bill (S. 1358) to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Mildren Lee Chapter, United Daughters of the Confederacy, the sum of $3,200, or so much thereof as may be necessary, for the construction of a suitable hard-surfaced road from the end of the paved portion of East Rock Street, Fayetteville, Ark., and running along the unpaved portion of said street to the entrance of the Confederate Cemetery in said city, such road to be constructed under the supervision of the Secretary of War. No payment shall be made under this act until the city of Fayetteville has consented to the construction of such road.

JAMES JOHNSON

The Senate proceeded to consider the bill (S. 2204) for the relief of James Johnson, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 10, to strike out "15th" and insert in lieu thereof "19th", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, their widows, and dependent relatives, James Johnson, who was a private in Company A, Fifty-fourth Regiment Kentucky Volunteer Mounted Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of said company and regiment on the 19th day of December 1864: *Provided*, That no back pay, bounty, or other allowances shall accrue by reason of the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MIKE L. SWEENEY

The Senate proceeded to consider the bill (S. 2883) for the relief of Mike L. Sweeney, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 10, after the word "division" to insert "on the 1st day of January, 1919", so as to make the bill read:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Mike L. Sweeney shall be held and considered to have served without desertion and to have been honorably discharged as a private, Company B, One Hundred and Thirty-eighth Regiment United States Infantry, Thirty-fifth Division on the 1st day of January, 1919: *Provided*, That no pension, bounty, retirement pay, back pay, or allowances shall be held to have accrued by reason of this act prior to its passage.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1757) to amend an act entitled "An act to incorporate the Mount Olivet Cemetery Co., in the District of Columbia", was announced as next in order.

Mr. McKELLAR. Mr. President, there seems to be an adverse report from Commissioner Hazen, and I think unless it is explained the bill ought to go over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF NATIONAL DEFENSE ACT

The bill (S. 2044) to amend the National Defense Act of June 3, 1916, as amended, was announced as next in order.

Mr. SHEPPARD. Mr. President, this bill does not increase the number of general officers, but simply accords those temporarily serving as Army commanders the rank of General while they are so serving, and does not affect compensation.

The country is divided under War Department plans into 4 strategic areas occupied by 4 armies, and the commanding officers should have the appropriate titles while they are in command.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 4 of the National Defense Act of June 3, 1916, as amended, be, and the same is hereby, amended by adding the following proviso at the end of the first paragraph thereof: "*Provided further*, That the President is authorized to designate four general officers of the line of the Army for command of armies, and, after being so designated, from the date of assuming such command until relieved therefrom, each shall have the rank and title of general, and shall receive the pay and allowances of a major general, and in addition thereto, the personal money allowance prescribed by law for an admiral. They shall take rank among themselves according to their permanent commissions in the Army. The grade of general is hereby authorized and continued for the purpose of this proviso."

SARAH LLOYD

The bill (S. 2207) for the relief of Sarah Lloyd, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring right, privileges, or benefits upon the widows, children, and dependent relatives of persons honorably discharged from the United States Army, William Lloyd, late of Company F, Ninth Regiment West Virginia Volunteer Infantry, shall be held and considered to have served without desertion and to have been honorably discharged from such service on May 28, 1863: *Provided*, That no pension, pay, or bounty shall be held to have accrued by reason of this act prior to its passage.

ROBERT H. WILDER

The Senate proceeded to consider the bill (S. 426) for the relief of Robert H. Wilder, which had been reported from the Committee on Military Affairs, with an amendment to strike out all after the enacting clause and to insert:

Be it enacted, etc., That in the administration of the benefits and privileges of the Emergency Officers' Retirement Act of May 24, 1928 (45 Stat. 735), the service performed in France subsequent to August 1, 1917, by Robert H. Wilder while a member of the Veteran Corps of Artillery of the State of New York shall be held to have been performed as an emergency officer in the grade of captain: *Provided*, That no back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CLAIMS FOR EXTRA LABOR AT NAVY YARDS

The bill (S. 3275) for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow to the respective persons the respective amounts found by the Court of Claims to have been underpaid to said persons, for labor performed at the several navy yards and shore stations herein named, in excess of the legal day of 8 hours, as set forth in Senate documents herein enumerated, and for which purpose the sum of $332,342.74, or so much thereof as may be necessary, is hereby appropriated.

That the payment of said respective amounts is to be in full for, and receipt of same to be taken and accepted in each case as a full and final release and discharge of their said respective claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations.

That the said navy yards and shore stations and Senate documents are as follows:

CALIFORNIA

Mare Island Navy Yard: Senate Documents Nos. 713, 714, Sixty-first Congress, third session; 279, 447, Sixty-second Congress, second session; and 1085, Sixty-second Congress, third session.

FLORIDA

Pensacola Navy Yard: Senate Documents Nos. 500, Sixty-first Congress, second session; 778, 791, Sixty-first Congress, third session; and 155, 200, 297, 756, Sixty-second Congress, second session.

MARYLAND

United States Naval Academy: Senate Document No. 1055, Sixty-second Congress, third session.

MASSACHUSETTS

Boston Navy Yard: Senate Documents Nos. 382, Sixty-first Congress, second session; 150, 151, Sixty-second Congress, second session; and 1083, Sixty-second Congress, third session.

NEW HAMPSHIRE

Portsmouth Navy Yard: Senate Documents Nos. 315, Sixtieth Congress, first session; 431, Sixty-first Congress, second session; 770, 811, Sixty-first Congress, third session; 152, 153, 154, 206, 278, 715, 847, 848, Sixty-second Congress, second session; and 1058, 1076, 1077, 1082, Sixty-second Congress, third session.

NEW YORK

Brooklyn Navy Yard: Senate Documents Nos. 108, Sixty-first Congress, first session; 287, Sixty-first Congress, second session; 777, 792, Sixty-first Congress, third session; 198, 286, 717, Sixty-second Congress, second session; and 1057, 1079, 1080, Sixty-second Congress, third session.

PENNSYLVANIA

League Island Navy Yard, Philadelphia: Senate Documents Nos. 330, 332, Sixtieth Congress, first session; 710, 716, 717, 774, 795, Sixty-first Congress, third session; 185, 714, Sixty-second Congress, second session; and 1081, 1084, 1086, Sixty-second Congress, third session.

RHODE ISLAND

Naval Torpedo Station, Newport: Senate Document No. 715, Sixty-first Congress, third session.

VIRGINIA

Norfolk Navy Yard: Senate Documents Nos. 509, Sixtieth Congress, first session; 711, 793, Sixty-first Congress, third session; 146, 205, 446, Sixty-second Congress, second session; and 1056, Sixty-second Congress, third session.

DISTRICT OF COLUMBIA

Washington Navy Yard: Senate Documents Nos. 288, 432, Sixty-first Congress, second session; 712, 771, 772, 775, 776, 794, Sixty-first Congress, third session; 120, 145, 199, 200, 202, 276, 277, 724, 757, 849, Sixty-second Congress, second session; 1078, Sixty-second Congress, third session; and 354, Sixty-third Congress, second session.

SEC. 2. That where the payment to be made under this act is less than $1,000, and the person who rendered the service is dead, and no demand is presented by a duly appointed legal representative of his estate, payment may be made to the decedent's widow or legal heirs as is provided by existing laws relating to the settlement of accounts of deceased officers or enlisted men of the Army (34 Stat.L., 750): *Provided*, That in all cases where the original claimmants were adjudicated bankrupts, payments shall be made to the next of kin instead of to the assignees in bankruptcy: *And provided further*, That wherever under this act it is provided that a payment be made to an executor or an administrator, whether

original or ancillary or de bonis non, and such executor or administrator is dead or no longer holds his office, payment shall be made to the successor therein, his title to hold such office being established to the satisfaction of the Comptroller General of the United States.

SEC. 3. That no part of the amount of any claim appropriated for in this Act in excess of 20 percent thereof shall be paid or delivered to or received by any attorney on account of services rendered in connection with said claim: *Provided*, That in each case, payment for which is herein provided, the Comptroller General shall deduct a sum equal to said 20 percent and pay the same to the attorney or attorneys who appeared for the claimant in the Court of Claims, as found by said court, and as set forth in the Senate documents aforesaid; and in event of the death of said attorney or attorneys, payment of said 20 percent to be made to his or their legal representatives, upon execution of a full release and a complete discharge to the claimant for all services rendered therein, and after the payment of such fee the balance thereof to be paid to the claimant. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum which in the aggregate exceeds 20 percent of the amount of any item appropriated in this act on account of services rendered or advances made in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 7) proposing an amendment to the Constitution of the United States relative to taxes on certain incomes was announced as next in order.

Mr. McKELLAR. Over.

The PRESIDING OFFICER. The joint resolution will be passed over.

COMMEMORATION OF FOUNDING OF CONNECTICUT

The bill (S. 1779) authorizing the issuance of a special postage stamp in commemoration of the three-hundredth anniversary of the founding of the Colony of Connecticut, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in commemoration of the three-hundredth anniversary of the founding of the Colony of Connecticut, the Postmaster General is authorized and directed to issue a special postage stamp of the denomination of 2 cents and have such design and for such period beginning not later than January 1, 1935, as he may determine.

AMENDMENT OF PENAL LAWS OF THE UNITED STATES

The Senate proceeded to consider the bill (H.R. 3845) to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916, which was read as follows:

Be it enacted, etc., That section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916 (U.S.C., title 18, sec. 321), be, and the same is hereby, amended to read as follows:

"Whoever shall willfully or maliciously injure, tear down, or destroy any letter box intended or used for the receipt or delivery of mail on any mail route, or shall break open the same, or shall willfully or maliciously injure, deface, or destroy any mail deposited therein, or shall willfully take or steal such mail from or out of such letter box; or shall knowingly or willfully deposit any mailable matter such as statements of accounts, circulars, sale bills, or other like matter, on which no postage has been paid, in any letter box established, approved, or accepted by the Postmaster General for the receipt or delivery of mail matter on any mail route, with intent to avoid payment of lawful postage thereon; or shall willfully aid or assist in any of the aforementioned offenses, shall for every such offense be punished by a fine of not more than $300."

Mr. O'MAHONEY. Mr. President, I offer certain amendments, which I ask to have stated.

The PRESIDING OFFICER. The amendments offered by the Senator from Wyoming will be stated.

The CHIEF CLERK. On page 1, line 9, after the word "box", it is proposed to insert "or other receptacle"; on page 2, line 3, after the word "box", to insert the words "or other receptacle"; on page 2, line 3, to strike out the words "or shall"; on page 2, to strike out lines 4 to 12, inclusive, and insert in lieu thereof "or shall willfully aid or assist in any of the aforementioned offenses, shall for every such offense be punished by a fine of not more than $1,000 or by imprisonment for not more than 3 years"; and on page 2, after line 12, to insert a new section, as follows:

SEC. 2. Whoever shall knowingly or willfully deposit any mailable matter such as statements of accounts, circulars, sales bills, or other like matter, on which no postage has been paid, in any letter box established, approved, or accepted by the Postmaster General for the receipt or delivery of mail matter on any mail route with intent to avoid payment of lawful postage thereon; or shall willfully aid or assist in any of the aforementioned offenses shall for every such offense be punished by a fine of not more than $300.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MONEY COLLECTED BY POSTMASTERS ON MAIL

The Senate proceeded to consider the bill (H.R. 6676) to require postmasters to account for money collected on mail delivered at their respective offices.

Mr. WALSH. Mr. President, will the Senator from Tennessee explain that bill?

Mr. McKELLAR. The recommendations in the premises are based on a decision of the Supreme Court in the case of *Smyer et al.* v. *United States* (273 U.S. 333), in which it was held that moneys collected on c.o.d. mail are not public funds within the meaning of section 3846 of the Revised Statutes. In the same decision it was held also that such moneys are not money-order funds within the meaning of section 4045 of the Revised Statutes until they reach the possession of the person authorized to issue money orders.

Mr. WALSH. Is the bill in line with the decision of the Supreme Court?

Mr. McKELLAR. Yes; and it was recommended by the Department for the benefit of the Government.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3846 of the Revised Statutes (U.S.C., title 39, sec. 46) is hereby amended to read as follows:

"Postmasters shall keep safely without loaning, using, depositing in an unauthorized bank, or exchanging for other funds, all the public money collected by them, or which may come into their possession, until it is ordered by the Postmaster General to be transferred or paid out. All money collected on mail delivered at their respective offices shall be deemed to be public money in the possession of the postmasters within the meaning of this section."

SURVEY OF NATCHEZ TRACE

The Senate proceeded to consider the bill (S. 2825) to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway", which had been reported from the Committee on Post Offices and Post Roads with an amendment, on page 2, line 4, after the word "States", to strike out "the sum of" and insert in lieu thereof "a sum not exceeding", so as to make the bill read:

Whereas the Natchez Trace was one of the most ancient and important Indian roads leading from the territory in the section of Tennessee about Nashville in a southwest course, crossing the Tennessee River at Colbert Shoals a few miles below Muscle Shoals, thence passing in a southwest course through the Chickasaw and Choctaw Indian lands in what is now Mississippi, in an almost direct course by Jackson, Miss., to Natchez; and

Whereas the Natchez Trace is located throughout almost its entire length on highlands between watersheds on the most suitable route over which to establish the national parkway through a section of the country greatly in need of such road facilities from a national standpoint to connect the North and East directly with the Natchez, New Orleans, and southwest section of the country; and

Whereas the Natchez Trace was made famous for the service it rendered in affording General Jackson a route over which much of his forces moved to take part in Jackson's famous victory over the British at New Orleans, and also by reason of the fact that General Jackson returned with his army over this Trace to Nashville after the Battle of New Orleans; and

Whereas the Natchez Trace is known as one of the Nation's most famous old roads, and has been marked by handsome boulders with suitable inscriptions by the Daughters of the American Revolution at great expense, these boulders being placed every few miles from one end of the Trace to the other; and

Whereas unusual interest is being manifested in the building of a national parkway by the Government, Natchez Trace organizations having been perfected in almost every county through which the Trace passes; and

Whereas the Government has recently adopted a policy and set up a division in the Department of the Interior, known as the

"Office of National Parks, Buildings, and Reservations" to engage in a national way in laying out parks, reservations, and building parkways: Therefore

Be it enacted, etc., That there is hereby authorized to be appropriated, out of the Treasury of the United States, a sum not exceeding $50,000 to be used by the Department of the Interior through the Office of National Parks, Buildings, and Reservations with which to make a survey of the Old Natchez Trace throughout its entire length leading from the section of Tennessee about Nashville to Natchez, Miss., the same to be known as the "Natchez Trace Parkway." The said survey shall locate the Natchez Trace as near as practicable in its original route. An estimate of cost of construction of an appropriate national parkway over this route, and such other data as will be valuable shall be obtained by said survey with the objective of determining matters concerning the construction of the Natchez Trace Parkway.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The preamble was agreed to.

PAYMENTS TO CHIPPEWA INDIANS, MINNESOTA

The Senate proceeded to consider the bill (H.R. 6166) providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States.

Mr. McKELLAR. Will the Senator from North Dakota [Mr. FRAZIER] explain the bill?

Mr. FRAZIER. Mr. President, I wish to say that the payments come out of the Indians' own private funds for the benefit of the Indians.

Mr. McKELLAR. If the payment is from the Indians' own funds, I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal fund on deposit to the credit of the Chippewa Indians in the State of Minnesota, under section 7 of the act entitled "An act for the relief and civilization of the Chippewa Indians in the State of Minnesota", approved January 14, 1889, as amended, and to make therefrom payment of $25 to each enrolled Chippewa Indian of Minnesota, under such regulations as such Secretary shall prescribe. No payments shall be made under this act until the Chippewa Indians of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians.

ELEANORA EMMA BLISS

The Senate proceeded to consider the bill (S. 3044) granting a pension to Eleanora Emma Bliss, which had been reported from the Committee on Pensions with an amendment, on page 1, line 8, after the words "rate of", to strike out "$3,600 per year in lieu of all other payments and allowances" and to insert in lieu thereof "$100 per month", so as to make the bill read:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws, the name of Eleanora Emma Bliss, widow of Tasker H. Bliss, late general, United States Army, and pay her a pension at the rate of $100 per month.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ORDER FOR CONSIDERATION OF CALENDAR TOMORROW

Mr. ROBINSON of Arkansas. Mr. President, it is apparent that the call of the calendar under the present order cannot be completed. After consultation with the Senator from Oregon [Mr. MCNARY] and other Senators, I ask unanimous consent that at the conclusion of routine morning business tomorrow the Senate proceed to the consideration of unobjected bills on the calendar, commencing with the calendar number where we left off today.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent that at the conclusion of routine morning business tomorrow the call of the calendar for unobjected bills be proceeded with, beginning with the bill with which the call concludes today. Is there objection? The Chairs hears none, and it is so ordered.

OLD-AGE PENSIONS

The Senate proceeded to consider the bill (S. 493) to protect labor in its old age, which had been reported from the Committee on Pensions, with amendments. The first amendment was, in section 1, page 1, line 9, after the word "State", to insert "or Territory", so as to make the clause read:

SEC. 2. When used in this act—
(a) "Bureau" shall mean the Old Age Security Bureau.
(b) "State or Territory authority" shall mean the State or Territory authority charged with cooperating with the bureau.

The amendment was agreed to.

The next amendment was, on page 2, line 2, after the word "State", to insert "or Territory", so as to make the clause read:

(c) "Assisted person" shall mean a person entitled to receive assistance under a State or Territory plan approved by the bureau.

The amendment was agreed to.

The next amendment was, on page 2, section 3, line 9, after the word "State", to insert "or Territory", and in line 11, after the word "act", to insert the following proviso:

Provided, That the President is hereby authorized to allocate not to exceed $10,000,000 from any funds that may be made available for carrying out the terms of the Emergency Relief Act of 1933 for the fiscal year ending July 1, 1935, and the fiscal year ending July 1, 1936, to be expended as provided under the terms of this act.

So as to make the section read:

SEC. 3. There is hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, the sum of $10,000,000, to be apportioned among the States or Territories as provided herein, to aid them in giving assistance to aged persons under the conditions of this act: *Provided*, That the President is hereby authorized to allocate not to exceed $10,000,000 from any funds that may be made available for carrying out the terms of the Emergency Relief Act of 1933 for the fiscal year ending July 1, 1935, and the fiscal year ending July 1, 1936, to be expended as provided under the terms of this act.

The next amendment was, on page 2, section 4, line 19, after the word "State", to insert "or Territory"; so as to make the section read:

ALLOTMENT NOT TO BE USED FOR LANDS

SEC. 4. No portion of any money allotted under the act for the benefit of any State or Territory shall be applied to the purchase, rental, erection, repair of any building, or for equipment, or for the purchase or rental of any lands.

The amendment was agreed to.

The next amendment was, on page 3, section 6, line 3, after the word "State", to insert "or Territory"; in line 5, after the word "State", to insert "or Territory"; and in line 9, after the word "State", to insert "or Territory"; so as to make the section read:

SEC. 6. In order to receive the benefit of this act, any State or Territory shall, through its legislature—
(a) Accept the provisions of this act;
(b) Empower and designate a State or Territory board or officer as the State or Territory authority to prepare the plan herein provided for, to cooperate with the bureau, and to supervise the expenditure of the funds; and
(c) Appoint the State or Territory treasurer as custodian of any allotment paid it under this act, who shall receive and provide for the proper custody and disbursement of all money so paid.

The amendment was agreed to.

The next amendment was, on page 4, section 8, line 2, after the word "State", to insert "or Territory"; in line 4, after the word "State" to insert "or Territory"; in line 8, after the word "State", to insert "or Territory"; in line 12, after the word "State", to insert "or Territory"; and in line 17, after the word "State", to insert "or Territory, and"; so as to make the section read:

SEC. 8. It shall be the duty of the bureau to carry out the provisions of this act, and to that end—
(a) To make the necessary rules and regulations;
(b) To examine plans submitted by a State or Territory authority for the disbursement of an allotment to the State or Territory under this act, and to approve such plans and any changes thereof;

(c) To make necessary investigations of the administration of any plan approved by it;

(d) To cooperate with State or Territory authorities and other agencies, public and private, for the purpose of improving the administration of old-age assistance and of studying the problem of old age in the United States;

(e) To withhold from any State or Territory the payment of any allotment or installment thereof when it decides that the money allotted is not being expended as provided in the plan;

(f) To certify to the Treasurer of the United States the amount of allotment to any State or Territory; and

(g) To take any other action necessary to carry out the purpose of this act.

The amendment was agreed to.

The next amendment was, on page 4, section 9, line 22, after the word "State", to insert "or Territory", so as to make the section read:

SEC. 9. When any allotment or any installment thereof is withheld by the bureau, the State or Territory affected may appeal to the Secretary of Labor, and from his decision to the President of the United States, who may either affirm or reverse the action by the bureau or the Secretary as he may judge proper. The bureau on receiving notice of the opinion of the Secretary or of the President shall take action to accord with it.

The amendment was agreed to.

The next amendment was, in section 10, page 5, line 6, after the word "State", to insert "or Territory"; in line 8, after the word "State-wide" to insert "or Territory-wide"; in line 9, after the word "State", to insert "or Territory"; in line 13, after the word "State", to insert "or Territory", and in line 14, after the word "State", to insert "or Territory", so as to read:

SEC. 10. The bureau shall not approve any plan submitted by the State or Territory authority which does not provide that—

(1) The plan shall be State-wide or Territory-wide, and if administered by subdivisions of the State or Territory shall be mandatory on such subdivisions.

(2) An old person entitled to relief under it:

(a) Is a citizen of the United States and a resident of the State or Territory for a period of years determined by the State or Territory law providing old-age assistance;

The amendment was agreed to.

Mr. McKELLAR. Mr. President, will the Senator from Kansas [Mr. McGILL] explain the bill? It seems to be a very important one.

THE AIR MAIL

The PRESIDING OFFICER. The hour of 1 o'clock having arrived, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. BLACK obtained the floor.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Arkansas suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hayden	Pope
Ashurst	Couzens	Johnson	Reed
Austin	Cutting	Kean	Reynolds
Bachman	Davis	Keyes	Robinson, Ark.
Bankhead	Dickinson	King	Robinson, Ind.
Barbour	Dieterich	La Follette	Russell
Barkley	Dill	Logan	Schall
Black	Duffy	Lonergan	Sheppard
Bone	Erickson	Long	Shipstead
Borah	Fess	McCarran	Smith
Brown	Fletcher	McGill	Steiwer
Bulkley	Frazier	McKellar	Stephens
Bulow	George	McNary	Thomas, Okla.
Byrd	Gibson	Murphy	Thomas, Utah
Byrnes	Glass	Neely	Thompson
Capper	Goldsborough	Norbeck	Vandenberg
Caraway	Gore	Norris	Van Nuys
Carey	Hale	Nye	Wagner
Clark	Harrison	O'Mahoney	Walcott
Connally	Hastings	Overton	Walsh
Coolidge	Hatch	Patterson	Wheeler
Copeland	Hatfield	Pittman	White

The PRESIDING OFFICER (Mr. BARKLEY in the Chair). Eighty-eight Senators have answered to their names. A quorum is present.

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Colorado?

Mr. BLACK. I yield to the Senator.

Mr. COSTIGAN. Mr. President, I have asked the Senator to yield because I am advised that his remarks will take some time, and I desire to bring up the conference report on the so-called "sugar bill." If there is to be a discussion, probably that conference report must go over another day. I wish merely to say to the Senators who have made inquiries this morning with respect to the conference report that the most urgent appeals continue to be received from the West for the immediate passage of this proposed legislation so that farmers may be advised how to proceed without further regrettable and costly delay.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield.

Mr. NORRIS. There has been a great deal of talk about an amendment which it seems has been added by the House of Representatives. I do not understand the parliamentary situation. The House seems to have added an amendment while the bill was in conference. I think we ought to have an understanding about that amendment. I do not understand how it got in the bill or what the nature of the claim is going to be for it. There will not be much debate on the report itself.

Mr. COSTIGAN. Mr. President, the conference committee has reported and I desire first to make a motion for the adoption of that report in order that the parliamentary situation may be advanced. I am permitted to make the motion by courtesy of the Senator from Alabama and if some discussion is to ensue this important subject will probably of necessity go over until tomorrow.

Mr. NORRIS. What about the amendment we have heard about?

The PRESIDING OFFICER. The Chair is informed that the House agreed to a certain Senate amendment with an amendment. That is the parliamentary situation.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I yield.

Mr. BORAH. I may say to the Senator from Colorado that I am exceedingly anxious, as I said when we were considering this bill, if it is to be passed to have it passed speedily; but I think the amendment to which reference has been made is a pretty serious one. Why could we not dispose of the conference report, reject the amendment, and by joint resolution deal with the subject matter which is covered by the amendment?

Mr. NORRIS. Mr. President, I think from what the Chair has said there is not any conference report here. It is simply an amendment proposed by the House to the amendment of the Senate, and it comes back here not in the shape of a conference report.

Mr. COSTIGAN. I have sent to the desk the conference report. In addition to the conference report the House adopted an amendment to Senate amendment numbered 59. My first motion is for the adoption of the conference report. Thereafter, it is my intention to move that the Senate concur in the amendment of the House to the amendment of the Senate.

Mr. NORRIS. Mr. President, if the Senate concurs in the House amendment to the Senate amendment the bill at once becomes a law. The House amendment to the Senate amendment has never been in conference. I do not know whether the House has even appointed conferees.

Mr. COSTIGAN. There have been conferees appointed on the main bill.

Mr. NORRIS. I cannot see how the conferees can bring in an amendment to a bill and what legal effect it has, if there be such a thing. If the Chair has stated it correctly,

we have not any conference report to consider; we simply have an amendment on the part of the House agreeing to our amendment with an amendment.

Mr. COSTIGAN. With all due respect to the Chair, there is a conference report pending before the Senate.

The PRESIDING OFFICER. The Chair did not state that there was no conference report pending. The Chair was trying to clear up the parliamentary situation in reference to the amendment to which the Senator from Nebraska refers. The parliamentary clerk informed the Chair that that was in the form of an amendment to a Senate amendment.

Mr. NORRIS. To what?

The PRESIDING OFFICER. An amendment on the part of the House to a Senate amendment upon which the conferees had not agreed. Agreement to the House amendment to the Senate amendment is a separate proposal, in addition to the conference report which covers all other matters upon which agreement has been entered.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. NORRIS. Suppose the Senate agrees to the conference report, why does not that end it, if there is such a thing as a conference report?

The PRESIDING OFFICER. It frequently happens that conference reports are brought in which are not complete conference reports of the whole question in controversy. It seems that is the situation. A conference report has been presented dealing with matters which are in agreement between the conferees and this amendment is an amendment that must be voted on separately and not covered by the conference report.

Mr. NORRIS. The conference report, then, is not a complete agreement?

The PRESIDING OFFICER. Apparently not.

Mr. BORAH. The conference report shows that it is a complete agreement.

The PRESIDING OFFICER. Of course the Senate can adopt the amendment which will be voted on separately and agree to it and that would end it, provided it agrees to the conference report which has been brought in on other matters.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. McNARY. I think it was clearly understood that the Senator from Alabama should speak following the conclusion of the call of the calendar. I am sure that the question now before the Senate will lead to debate, and I implore the Senator from Colorado not to press the conference report at this time.

Mr. BORAH. Before we dispose of it, however, let us have an understanding about it. The amendment which was put on by the House concerns a subject matter which was never in conference; it deals with an entirely new subject.

How can it possibly get back here in a conference report?

The PRESIDING OFFICER. The conferees, as the Chair understands, did not consider the amendment. It was an amendment on the part of the House to Senate amendment numbered 59, which is now subsequently accepted with an amendment, which is a separate proposition, but one that was not before the conferees. Though it is a part of the bill, it is not embraced in the conference report.

Mr. NORRIS. Does the conference report reach an agreement on the Senate amendments?

The PRESIDING OFFICER. All except Senate amendment numbered 59, which is involved in this controversy and which is before the Senate for separate action. That is the amendment upon which the Senator from Colorado suggests he will move to concur in the House amendment.

Mr. COSTIGAN. Mr. President, in view of the necessity for continuing the discussion, there is nothing for me to do except to thank the Senator from Alabama [Mr. BLACK] at this time for his courtesy and to await a more appropriate moment for bringing up the conference report.

THE AIR MAIL

The Senate resumed consideration of the bill (S. 3170) to revise air-mail laws.

Mr. BLACK. Mr. President, it is my intention at the present time to discuss the air-mail legislation and certain facts which have been presented in this body, and certain proposals, in order that the Senate may have before it sworn evidence appearing before the committee. I regret that it may take a longer time than I should like to give to the discussion, but it has seemed to me that it is very essential that the matter be presented to the Senate at this time.

There is pending or will be pending a proposal by the Senator from Vermont [Mr. AUSTIN] and certain of his associates which would require by law, as I understand, a restoration of the air-mail contracts to those companies who held such contracts, certificates, and extensions previous to the cancelation by the Postmaster General.

I desire to preface my remarks by stating that this is not merely an issue as to any individual personality, nor is it an issue as to any group of people. It will be necessary in the course of my remarks, however, to refer to a number of individuals who have participated in the program which was set forth with reference to air mail. Some of the individuals have had a great part in the proceedings, some have had a smaller part; but it would be wholly and completely impossible to discuss what I consider to be a network of intrigue, chicanery, manipulation, and fraud, without bringing into the picture those who have participated from time to time, some to a greater extent and some to a lesser extent, to bring about the results which were accomplished.

It is my intention in the very beginning to discuss the question of the Government canceling contracts. There are certain well-recognized principles of law which I shall mention and with which every lawyer is familiar. There has been a deliberate effort on the part of certain groups in America to mislead the public, not only as to the right of cancelation of a contract for fraud but as to the duty to cancel a contract for fraud. There has been a deliberate effort to pass out information and facts without distinguishing between fraud which is the basis of a criminal prosecution and fraud which is the basis of civil action.

In the first place, I do not believe there is any lawyer in America who has a hornbook knowledge of law who will deny the statement of fact that every individual who enters into a contract with another individual is entitled to cancel or annul that contract if it was entered into as a result of fraudulent conduct on the part of one of the parties. That right which exists on the part of an individual exists by established custom on the part of the Government, whether municipal, State, or Federal.

There has been a consistent effort on the part of certain subsidized editorial writers to confuse the public and to leave it with the impression that something has been done which is out of the ordinary. We have heard the word "un-American" falling from the lips of people who know nothing about law or who, if they do know anything about law, know in their hearts that it is not only the right but it is the duty of any public official to cancel any contract made as a result of fraud. Not only that, but it is the duty to cancel that contract as soon as the fraud is discovered. There can be no vacillation, there can be no hesitation, there can be no delay. According to the several principles of law, if there has been a discovery of fraud, it is the right and it is the duty of the person who would repudiate that contract to do so without delay.

I read from the Supreme Court of the United States, which even those from whose lips fall so trippingly the word "un-American" will surely not deny is a thoroughly American institution. I read from one case only, but there are multitudes of others.

I read from the case of *Grymes* v. *Sanders et al.* (93 U.S. p. 62):

> Where a party desires to rescind upon the ground of mistake or fraud, he must, upon the discovery of the facts, at once announce his purpose and adhere to it. If he be silent, and continue to treat the property as his own, he will be held to have waived the

objection and will be conclusively bound by the contract, as if the mistake or fraud had not occurred. He is not permitted to play fast and loose. Delay and vacillation are fatal to the right which had before subsisted.

I cannot believe that those who have been so bold in their charges of "un-Americanism" will suggest that the United States Supreme Court is an un-American organization. The United States Supreme Court, along with the courts in every State in the Union, following the settled principle of Anglo-Saxon jurisprudence, has announced that if there is fraud in the making of a contract it is the duty of the person who would cancel it to do so immediately upon the discovery of the fraud; and if he waits, he abandons his right.

Now let us see, just for a moment, what would be the effect of any other course.

These mail contracts are running contracts. They are executory contracts. In other words, they have not been completed on either side. There are those who say, "Go into the courts before you repudiate your contract"; but there is not a single one of those individuals, if he had been to a mercantile establishment in the city of Washington and had purchased something and later discovered that he had been defrauded, who would have advanced the idea that it would be un-American to go down to that mercantile establishment and say, "You cheated me. You defrauded me. I cancel my contract." According to their theory, the natural thing for him to do, if he had been sold an inferior and shoddy suit of clothes, with moth-holes in it that he knew nothing about, would be to go down to the store and say, "Look here; you sold me an old, worn-out suit of clothes, and told me it was a good one. Now, I want the privilege of going into the courts and bringing a suit to determine whether I shall keep this moth-eaten suit of clothes, or whether I shall continue to pay you what I owe for it."

That is the theory which those who say this cancelation is "un-American" would have us follow.

In other words, here are contracts involving sums which are to be paid from month to month, or from week to week, or from year to year; and those who attack the action of the Postmaster General have been bold enough to assert in the press and in other places that it was his duty to let the contractors keep on carrying the mails, to let them keep on defrauding the Government, to continue paying them more than twice what it was worth to carry the mail, while the rights of the citizens suffered in order that those in whom they were interested might continue to reap the benefits of a fraudulent contract.

What is the remedy? The contractors have a remedy just the same as every other individual. If a contract has been broken on the ground of fraud, section 250 of the Judicial Code gives every one of the companies whose contracts were canceled a right to go into the Court of Claims and sue. When they go there, it is the duty of the Government to prove that the contracts were canceled rightly. It is the duty of the Government to prove that they were conceived and born and executed in fraud.

No suit like that has been filed. Why? The contractors did go into court and file a suit that every lawyer in America knows could not be maintained, and they knew it could not be maintained, but it would not bring out into the court the facts of fraud. They then filed a second suit which they know will not bring the facts out into the court. All the time the doors of the Court of Claims have been open, waiting for them to come in; but if they go there they will go to a court which has jurisdiction. The Government invites them to go there, and if they do so the Government then will assume the burden of proving fraud, and it will prove it to the satisfaction of everybody in America, unless he is a stockholder of the company, or unless he has an improper conception of what amounts to fraud and collusion.

Let the contractors go into the courts. They do not want to go into the courts. They have preferred, up to date, to attempt to try the matter by propaganda—propaganda in some of the very papers owned by the beneficiaries of the fraudulent contracts, as the record shows, and as I shall later point out.

Mr. President, let me repeat: The courts are open. The contractors can go there. They could file suit today if they desired to do so. The day they file suit, the Government is ready to go in and join issue, and prove their fraud out of their own mouths.

We have heard a great deal said to the effect that this cancelation was contrary to precedent, and un-American. That word has fallen from the lips of some whose sires have taken a different viewpoint. This is not the first time contracts have been canceled for fraud. It is not the first time they have been canceled for fraud in the Post Office Department. It is not the first time that a man named Roosevelt, through his Postmaster General, has canceled contracts for fraud.

There have been three major scandals in the United States in the Post Office Department. Strange to say, the machinations, the methods, the means used have been identical in each instance. One of them occurred back 100 years ago, and a Senate committee reported upon that fraud 100 years ago this year. When that Senate committee began its investigation it was hampered and handicapped by those who said it was a partisan investigation. The Senate debates reveal exactly the same arguments that the debates here reveal. There were those who said, "This is but an effort to besmirch an administration."

How did those who were guilty of fraud in that case work it? They worked it by extensions, by expedition—that is, a little more expeditious service, just as they have done in this case—by combinations to bid, and by granting extra allowances; the exact methods that were adopted later, in 1880, and 50 years later in 1930. Fifty years apart the three scandals came.

As soon as that fraud had been turned up over the objection of certain Members of the United States Senate in 1834, as soon as the facts had been developed, a man whose name many Senators will remember, Amos Kendall, who had come into the Post Office Department, without delay cut off the beneficiaries of fraud, and declared that this was a Government run upon an honest basis. There was no trial then.

In 1861 a man was President whom I have heard many Members on the other side extol. I have heard many Members on this side extol the qualities of Lincoln. There is a monument set up for him here in the city of Washington. It was reported to Mr. Lincoln in 1861 that there were a number of mail contractors in the States of Maryland, Virginia, Missouri, and Kentucky who were not loyal to the Union. He did not wait for a trial. He did not wait in order that the question might be determined before a court of justice. Right or wrong, he canceled their contracts by the wholesale; and I have not yet heard any of the gentlemen from whose lips the word "un-American" falls so trippingly condemn that as an un-American action.

A little later a man named Hayes became President of the United States, though not exactly by the regular channels. Mr. Hayes was President for 4 years. During the next administration the Postmaster General under President Garfield made the statement that the postal contracts during the period of President Hayes' administration were the most disgraceful that had ever been made up to that time in the history of the Nation. What did the contractors of that period do? They used expedition, speed, extra allowances, combinations, to defraud the Government of the United States.

On March 4, 1881, Mr. Garfield became President. I desire to read what happened with reference to that President, who came from the State of Ohio. His Postmaster General reported to him that there was fraud and collusion. I desire to commend to those who have heretofore taken a partisan standpoint the position at that time assumed by President Garfield.

On March 9th, 5 days after President Garfield assumed his office, he called in his Postmaster General to discuss with him the postal contracts. He did not wait. He had been

told that those contracts were fraudulent; and, believing that, he conceived that it was not only not un-American but it was American to seek to ascertain whether or not they were fraudulent, and to take action with rapidity. So, 5 days after he became President he sent for his Postmaster General. I have a complete report of what occurred. I shall read a few lines. Let me read what occurred, according to the statement of the Postmaster General under oath, a short time thereafter.

First, President Garfield told his Postmaster General to investigate the routes, and to pursue the investigation until there were no more facts to ascertain. He turned it over to the Postmaster General and to the Attorney General. He instructed the Department of Justice to cooperate with the Postmaster General.

Let me read what the Postmaster General said a few days later:

Swift and sure came the conviction that the *personnel* of the Department, and of some branches of the Service, was intensely hostile to the new order of things, and must be purged. No sooner had this work begun than bitter and malignant attacks appeared in the columns of star-route organs on the President, the Attorney General, the Postmaster General, and whoever else was suspected of a disposition to promote clean, honest, and businesslike methods. Swarms of contractors, their attorneys and beneficiaries raised a deafening clamor, and made common cause against the administration.

Strangely familiar are those words, strangely familiar. On whom did they make war through their partisans and through their subsidized press? On the administration, the Postmaster General, the Attorney General, and on anyone else who they thought had anything to do with trying to promote a clean, honest, and businesslike administration.

There is nothing strange about that. Let us see what position the President of the United States, Mr. Garfield, took in the face of this pressure. President Garfield was from Ohio, and I commend him to modern citizens of this Nation. Remember, this is the statement made by the Attorney General to President Garfield:

Before a final decision remember that these proceedings may strike men in high places, that they may result in changing a Republican majority in the United States Senate into a Democratic majority; that it may affect persons who claim that you are under personal obligations to them for services rendered during the last campaign—and one person in particular who asserts that without his management you could not have been elected. Look these facts squarely in the face before taking a final stand, for neither the Postmaster General nor myself will know friend or foe in this matter.

Let us see what the President said:

The President walked across the room, reflected a moment, and said, "No; I have sworn to execute the laws. Go ahead regardless of where or whom you hit. I direct you both not only to probe this ulcer to the bottom, but to cut it out."

That is the language of a man who placed principle above party. That is the language of a man who, in the face of the most active and hostile press, in the very teeth of men of his party who were seeking to divert him from the course which would lead to honesty and fair dealing, said, "I direct you to go to the bottom and to cut the ulcer out."

There was no hesitation there, and there was no hesitation when the inspectors made their report. They did not wait even for a Senate investigation, where the representatives of the contractors were called before a committee and testified under oath. There was no delay. The parties kept on. They kept hounding Garfield until the very day he became a martyr while President. Their subsidized press, with their charges that he was unjust and unfair to the contractors, made his life miserable, and even on Wednesday before his death on Saturday he was informed, according to the sworn evidence, of the immense hostility and venom which these people and their satellites bore toward him.

Let us see what he did. The inspectors' reports on star routes were examined by Messrs. Woodward, Gibson, and Lyman as fast as they were received, and orders reducing the service were at once issued. There were 93 of them. They did not wait. The martyred Garfield did not think that it was incumbent upon him to treat a criminal, or a man who had defrauded his Government, in any other way than to take from him the benefits of his fraud; so, as fast as the inspectors reported to him, the contracts were reduced, and we find in the next sentence that the total amount of the reductions of star and steamboat service, these inseparable twins in fraud, from March 1, 1881, to December 31, 1881, were $2,004,550, out of $7,000,000 of contracts.

Was that un-American? Was that contrary to the principles of the party followed by those on the other side of the aisle? Was it un-American, that Garfield, in the face of the greatest hostility which had been put up against a man up to that time, stood by his guns, even though the fraud had been perpetrated under an administration of his own party?

I commend this action of the martyred Garfield to those who have sought in every conceivable manner in this country to stir up opposition on the basis that an act is un-American when it was followed in the days of Jackson, was followed in the days of Lincoln, was followed in the days of Garfield, and was followed in the days of Theodore Roosevelt. Not only that, but it has been followed in every administration in this Government since the very beginning of its history. Senators will find the records filled with cases, not only of Post Office contracts, but every other kind of contracts, where, immediately upon the discovery of fraud, the honest official took away the benefits of the fraud.

A report was made upon that action by the assistant to the Attorney General, who was appointed for the purpose of prosecution, and there is one very interesting clause in his report. The report was made by Mr. A. M. Gibson, Assistant Attorney General of the United States, and I should like to have Senators note this in the report, which was dated October 31, 1881. It is rather material in connection with certain incidents which have occurred in the pending proceeding.

SIR: In accordance with the instruction of your predecessor, I submit to you some of the results of the investigation which, at his request, I have made. I have dealt chiefly with the administration of the contract office of the Post Office Department during the term of the late Second Assistant Postmaster General, Thomas J. Brady, and correlative subjects. For manifest reasons it would not be prudent in this report to disclose all the facts discovered by the investigation pursued by the representatives of the two departments, or to indicate a tithe of the evidence, which must be reserved for the courts of justice.

The same thing is true now. The Department of Justice, acting in harmony with the Post Office Department, just as it did under the order of President Garfield, has the right to pursue its course unmolested, unhampered by any other coordinate branch of the Government; and it will, I think.

I now desire to read to the Senate the statement of another Roosevelt, not a member of the Democratic Party, but an honest man, a courageous man, a man who looked at fraud with horror. He knew no distinction between the man who defrauded his Government who bore the label of a Republican and one who bore the label of a Democrat. It was immaterial to him. Let us see what he did, and see if that, too, was un-American.

During the administration of Theodore Roosevelt, he discovered that a considerable number of employees of the Post Office Department were engaged in making contracts with persons for services and supplies in a corrupt manner, and contrary to law. These Post Office officials were purchasing ink, labels, wrapping twine, pads, books, money-order forms, satchels, and other commodities. They and the bidder entered into combinations for the purchase of supplies. The cases were thoroughly investigated by a large number of post-office inspectors, and their report shows that all the contracts where fraud had been discovered had been annulled. These contracts were summarily canceled. There were no hearings held before a Senate committee, where the officers of these companies were placed under oath and were compelled, in the face of destroying the records, to admit facts which showed fraud.

Let us see what President Roosevelt said about such a situation. President Theodore Roosevelt—and I commend this to others who bear his name—said this:

No crime calls for sterner retribution than the crime of the corruptionist in public life and of the man who seeks to corrupt him. All questions of difference in party politics sink into insignificance when the people of this country are brought face to face with a question like this, which lies at the root of honest and decent government. On this question, and on all others like it, we can afford to have no division among good citizens. Self-government becomes a farce if the representatives of the people corrupt others or are themselves corrupted. Freedom is not a gift which will tarry long in the hands of the dishonest or of those so foolish or so incompetent as to tolerate dishonesty in their public servants. Under our system, all power comes from the people, and all punishment rests ultimately with the people. The toleration of the wrong, not the exposure of the wrong, is the real offense.

That was the statement of President Theodore Roosevelt, and he canceled every contract which, according to the reports of his inspectors, was tainted with fraud and with collusion.

Was that un-American? They had no trial. They had a right, however, to go into the Court of Claims and sue, and, like others who up to this date have not dared to file a suit where there can be brought out into the light of open day the slimy and insidious trail which they followed, these contractors did not go to court. They knew that the evidence was sufficient to blast any case they might bring.

So we find Theodore Roosevelt, a man with courage, a man with honesty, a man who placed principle above his party where fraud and corruption and crookedness were involved, summarily canceling the contracts of all of those his inspectors reported to him had been guilty of corruption.

In 1925 Mr. Harry S. New was Postmaster General. There were two bids on an air-mail route between Pueblo and Cheyenne, Wyo. It was alleged to Mr. New that there was an agreement between certain people whereby the Government was deprived of the benefit of competitive bidding. On August 27, 1927, when Mr. New discovered this, he wired—he did not write, but he sent a message by telegraph—annulling the contract without notice and without hearing. Later in the day he was requested not to put the order into effect until he could secure a copy of the agreement between the operators.

In the case now before us we have copies. Of course, we do not have the originals because, unfortunately, they were destroyed by fire; but we have the copies.

Six days later, on September 3, Postmaster General New received a copy of the agreement, and in a long memorandum he planted his feet upon the ground of honesty and decency and canceled the contract. There was no trial. The Government had been defrauded, and he knew it. He would have been unworthy to occupy his office a single day if he had not canceled that contract immediately. He did it. That order has never been revoked.

Mr. President, so much for the precedents. It is not necessary to cite such precedents in this Nation if it is still honest. Of course, if we have sunk to so low a base, if we have descended to such a level of degradation and dishonesty, that it can be said that all one has to do is to raise the cry of "persecution", and dishonesty becomes a noble thing, then we need precedents. But I invite attention to the fact that this is not the first time persecution has been charged. Political persecution was charged in 1833.

Again it was charged in 1884. Every time any man connected with a public office has ever been exposed in crookedness and corruption, he has tried to hide behind the cry of "persecution for political motives." There is nothing new in that. Those who seek to protect him always, through the press and every other conceivable manner, cry "this is a political persecution." I wonder if there is a man here who has ever known of any public official being indicted for violation of the law who did not claim it was political persecution? If it is proved that a man has taken $200,000 or $400,000 or $1,000,000 from the Government, there is the same cry, "this is political persecution." That is what Postmaster General James said was charged when the Department got after the star-route operators in 1882.

I desire to call attention now to some of the evidence which should prove to any fair-minded man that the contracts which were canceled were conceived in iniquity and were executed in crime and corruption.

I call attention first to the fact that before the McNary-Watres Act was passed in April 1930, there were 25 domestic air-mail contracts. At that time 11 of them were owned by the Aviation Corporation of Delaware or its associates and subsidiaries; 4 by United Aircraft; 4 by North American Aviation, and 2 by Western Air Express. At the same time there were 17 nonmail operators who had passenger, or passenger-and-express lines in various parts of the country. They had no mail contracts.

It might be of interest at this point to give the Senate the names of a few of the leading directors of the four companies holding 21 of the 25 mail contracts at that time; and if I had time it would be interesting to show how many aviation companies were organized in the latter part of the year 1928 and the first part of the year 1929. I shall mention a few of the outstanding directors:

Roy D. Chapin, later Secretary of Commerce.
Herbert Fleishacker, banker, San Francisco.
Paul Henderson, formerly Assistant Postmaster General.
Leonard Kennedy, of Hayden Stone & Co.
E. H. Reynolds, Chicago banker.
D. M. Sheaffer, of the Pennsylvania Railroad.
William H. Vanderbilt; and it is very interesting to note that this is not the first time a Vanderbilt has been interested in mail contracts, as shown by the records of previous investigations.

Davis K. E. Bruce, son-in-law of the Secretary of the Treasury under the past administration.
W. W. Crocker, of San Francisco.
J. M. Franklin, of the International Mercantile Marine, in which Postmaster General Brown held stock.
Harry S. New, formerly Postmaster General.
Gen. Mason M. Patrick.
Herbert Hoover, Jr.
Harry Chandler, of the Los Angeles Times.
Henry M. Robinson, of Los Angeles.

Let us see who drafted the Watres Act at that time. A great deal can depend upon how an act is drawn. I read from the evidence of the vice president of the United Air Lines, Mr. Paul Henderson, given under oath; and I call attention to the fact that the United States Supreme Court has held—and I shall read that opinion later—that when a representative of a company comes before a Senate investigating committee, the evidence given there can be used in the trial which subsequently occurs with reference to the contracts.

I read from page 1460, part 4, of the record:

The CHAIRMAN. At the time the McNary-Watres Act was being prepared, will you state whether or not you took part in any conferences in connection with the drawing up of the act?
Mr. HENDERSON. Yes, sir.
The CHAIRMAN. Who participated in those conferences?
Mr. HENDERSON. Practically the same group I have recited as being present in the meetings, except smaller in number.
The CHAIRMAN. Who were there?
Mr. HENDERSON. Mr. Hanshue, of the Western. He was in attendance in these meetings.
* * * * * * *
The CHAIRMAN. Who else were there?
Mr. HENDERSON. All the then air-mail operators.

Not only were they all there, but their attorneys were there.

Now, let us see what was the purpose in drawing up this act. I desire to present the picture, if I can, in a consecutive way.

Mr. Hanshue was on the stand, the officer of the Western Air Express. Remember that he is an officer of the company, and I shall later call your attention to the statements he made with reference to these contracts (part 7, pp. 2975–2976).

The CHAIRMAN. Senator AUSTIN asked you a rather long question about the reasons for attempting to pass the Watres bill. I should like for you to state yourself what were the reasons for attempting to pass the Watres bill, and see how it coincides with the answer, "Yes, sir", which you gave him.
Mr. HANSHUE. The reasons for the passage of the Watres bill were because the Kelly bill, under which we were operating, was paying at the rate of—was paying on the basis of poundage, and provided for no extensions or consolidations, and it is my under-

standing that the Postmaster General wanted legislation which would provide for these things plus——

The CHAIRMAN. Provide for which things?

Mr. HANSHUE. For the extensions and consolidations, plus the authority to negotiate the price which the Post Office Department would pay for carrying the mail.

The CHAIRMAN. Now, can you think of any other reasons? Let us have them all.

Mr. HANSHUE. One of the reasons was he wanted a provision in the Watres bill to put mail on passenger lines without the necessity of bidding.

The CHAIRMAN. Without the necessity of bidding?

Mr. HANSHUE. Yes.

The CHAIRMAN. Now, can you think of any others?

Mr. HANSHUE. I don't think I can.

In other words, beginning before the act was passed the plan was, the scheme was, to let the contracts without competitive bidding. Let us see what Postmaster General Brown himself says, under oath, was the reason he wanted the bill passed when it was about to be passed. I quote from him, as follows (hearings on H.R. 9500, p. 110):

So the problem was to find some method of promoting passenger lines.

Note that, because it is very important. He refers to passenger lines as those that were then operating passenger service but were not carrying mail. So, he tells the committee:

So the problem was to find some method of promoting passenger lines. Well, during the last calendar year passenger lines sprang up all over the country, some operated by people who had air-mail contracts and many by those who had not. The impression seemed to get out that it was an industry that was coming very fast, and that there were opportunities for great profit in it.

Without exception, they lost money. There was not a passenger line in operation in 1929 that did not lose money.

When we got to studying this problem in the autumn of last year, the problem of the passenger operators, they were discouraged and about ready to give up.

Note that. Mr. Brown was telling the committee that he wanted to take care of the passenger operators who did not have mail contracts, and I will show later on by his sworn testimony before the committee that he called them all together knowing they could not agree, and knowing that they could not get any contracts, and they folded up and quit.

That perhaps stimulated us to try to formulate a plan which would give them some hope to carry on until the public should be educated to travel by air.

Appearing for that bill before the House committee were Messrs. Brown, Glover, MacCracken, Paul Henderson, formerly Assistant Postmaster General and then connected with the airlines; and other representatives of the Aviation Corporation of Delaware, the Western Air Express, United Aircraft, and North American.

What happened when that bill got there? Postmaster General Brown presented a bill to Mr. KELLY. According to the evidence, he attempted to get Mr. KELLY to offer a bill which would do away with competitive bidding and give him complete power to let the contracts as he saw fit. Mr. KELLY declined to do it. It was then taken to Mr. Watres. I shall not read the bill at this time, but it will clearly appear in section 4 of the bill, as it was originally written, that it did not provide for competitive bidding. While that bill was pending, the matter was submitted to Comptroller General McCarl for an opinion. Comptroller General McCarl called attention to these facts in connection with the bill in which Postmaster Brown wanted to eliminate competitive bidding. Comptroller General McCarl said, in part, as follows:

The provisions of section 3079, Revised Statutes, require generally that all contracts in any of the departments of the Government, except for personal services and except in cases of emergency, be made after advertising a sufficient length of time previously respecting same. Among the apparent purposes of this requirement are:

(1) To give all citizens an equal right to compete for their share in the Government's business;

(2) To prevent fraud and collusion on the part of officers and employees in the awarding of Government contracts; and

(3) To obtain for the Government the benefit of getting its needs supplied at the lowest prices available.

Under our system of government—

Says General McCarl—

it is necessary that there be checks and balances in the administration of the Government, and whenever the Congress fails to control by law the discretion of purchasing and contracting officers of the Government with adequate machinery to enforce that control it opens the door to fraud, favoritism, waste, and extravagance.

We shall show the Senate that every one of these things occurred in connection with the air-mail contracts.

Responsible, loyal, and conscientious administrative heads of the departments and establishments of the Government—

Says Comptroller General McCarl—

drawn for intervals from the body politic to serve their Government—should not be subject to the pressure of would-be contractors, nor should legitimate contractors be required to indulge in questionable practices in order to secure public contracts.

The minority of the committee filed a report against the bill which eliminated competitive bidding. After the bill reached the House a conference was held by Postmaster General Brown with Speaker Longworth and the other members of the steering committee, attempting to get them to pass the bill as it was written without a provision for competitive bidding. After a lengthy discussion it was decided the bill could not pass the House in that form. So they were compelled to insert in that bill a provision for competitive bidding.

The reasons of Mr. KELLY for opposing that bill will be found in the CONGRESSIONAL RECORD, volume 72, part 7, pages 7376 and 7377. I shall not read them here, but I shall ask at this time unanimous consent to insert into the RECORD at this point a portion of the statement of Mr. KELLY with reference to his opposition to this bill as it was originally written.

The PRESIDING OFFICER (Mr. OVERTON in the chair). Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

[CONGRESSIONAL RECORD, vol. 72, pt. 7, pp. 7376–7377]

Mr. Speaker, I could not support the bill as it came from the Post Office Department nor as first reported out of the Post Office Committee. I opposed it as vigorously as possible in the belief that such arbitrary power granted to any man would lead to abuses which would endanger the entire Air Mail Service.

There is an additional feature contained in section 4 of this amendment. It provides for special aid to passenger-carrying lines which now have no air-mail contracts. Where the air mail moving between designated points does not exceed 225 pounds or a required capacity of 25 feet, a contract may be let * * * at a rate not to exceed 40 cents a mile.

The bidders need not have been operating the route on which bids are asked, but operation on a route anywhere in the United States will meet the requirement.

Under this provision every air passenger line will have an equal chance to bid for the carriage of mail by aircraft.

[CONGRESSIONAL RECORD, vol. 72, pt. 7, p. 7376]

(Representative KELLY's substitute and reasons therefor:)

These three laws are those dealing with the Air Mail Service. In every instance Congress has required advertising for bids and award to contractors after competition. In no case has there been an attempt to give power to the Postmaster General to award contracts without bidding. The policy has been to make air mail a respectable postal service and one which would be paid for by those who desire to use it.

It is our thought that the conservative policy of Congress in the past should be retained.

The Kelly amendment to section 4 now contained in this bill is amended to remove the dangers of favoritism and fraud in the award of contracts.

Mr. BLACK. Mr. President, it is sufficient to call attention to the fact that Mr. KELLY said he would not have supported the bill as originally written because it made the Postmaster General practically a czar, as he stated in some of his remarks with reference to air-mail contracts, and he assured Congress that—

Under this provision, every air-passenger line will have an equal chance to bid for the carriage of mail by aircraft.

Note that. Congress had declined to pass the bill. They found out they could not pass it, and Mr. KELLY rose on the floor and told the House of Representatives that he would not have supported the bill in its original form, and assured Congress that "under this provision every air pas-

senger line will have an equal chance to bid for the carriage of mail by aircraft."

Mr. KELLY then had a substitute offered for the bill. The substitute bill provided for competitive bidding. It retained the provision with reference to certificates, which had originally been placed in the Kelly bill, as the evidence shows at the instance of Mr. MacCracken, attorney for the air-mail operators. This certificate feature authorized the Postmaster General to grant an extension of the contract in point of time under certain new conditions for a period not exceeding 10 years. This bill also had in it when it was offered—note this, because it is very important—a very short provision of about three or four lines, being section 7. Remember that it had that provision in it at the time when it did not provide for competitive bids. Here is the provision to which I refer:

The Postmaster General in establishing air-mail routes under this act may, when in his judgment the public interest will be promoted thereby, make any extensions or consolidations of routes which are now or may hereafter be established.

Remember that that provision was in the bill at the time Mr. Brown took it to the committee and when it contained no provision on earth for competitive bidding. In other words, it was simply a provision with reference to extensions. The reference to it in the hearings was very short, but the Postmaster General did call attention to the fact in his evidence that certain parts of the air-mail map were illogical and that by slight extensions of service they could be made more logical. Nobody anticipated at that time, according to the sworn evidence before the committee by the officers of the companies themselves, that that little clause would be used to extend, without competitive bidding, more than 8,000 miles of lines throughout the United States. Nobody anticipated that it would be used to extend, without competitive bidding, a line practically from the northern boundary of this country to the southern boundary. I shall show a little later what the officers of the companies themselves said about the method of extensions. We have now the bill as offered. I say that no one contemplated that that should be done.

At this point I am going to read from a letter of the counsel in chief for the Transcontinental and Western Airways with reference to what he thought about these extensions. These are the extensions which we have heard were all legal and in the public interest. I read from a photostatic copy of the letter written on March 3, 1932, by Mr. C. W. Cuthell:

Here is what Mr. Cuthell, the attorney for the company, said:

If Cord had not made the great mistake of making an unfair cut in his pilots' wages, thereby losing the support of several of the Congressmen, it seems to me we would have had an excellent chance of having the Mead bill passed, because, as you know, I have always felt that the Postmaster General exceeded his authority under the Watres bill in respect to the extensions.

That was not only the viewpoint of the attorney for the Transcontinental and Western, but it was the viewpoint of the men who had this conference in May 1930. The vice president of one of the companies stated that he thought it was a joke when they first suggested they would follow any such course. So he went to the chairman of the committee and gave his views, the chairman being Mr. MacCracken, and later on he talked to another lawyer, and that night he and the members of his company talked to a second lawyer. So much for the original extension.

At that time the air-mail operators got busy. They were having trouble getting the bill through the House. They later had trouble getting it through the Senate. The record is filled with telegrams and letters telling them to bring people here and to continue their activities in connection with the bill. They were not satisfied with their regular paid lobbyists in Washington, and they had a number of them, but they had numerous special representatives come to Washington. They were not satisfied with Mr. MacCracken, Mr. Henderson, Mr. Brittin, Mr. Woolley, and all of the numerous other representatives the air-mail operators had, but they sent out in the field a Macedonian call for help. Help came in the form of telegrams; it came in the form of letters; it came in the form of personal solicitation. It came in the form of letters and memoranda from prominent newspaper people throughout the Nation.

It was impossible for us in the beginning to find out who all the people were that were employed. In answer to our first questionnaires we did not get the facts, and perhaps we have not yet obtained the names of all who represented them in Washington. It has been difficult to extract the information, but we obtained here and there a bit of evidence as the days and months wore on.

I desire to call attention, however, to the method by which they worked in connection with the Watres Act. This was the work of no $50 a month lobbyist. It will be noted that there has been a great deal of talk about what was done for the schedule operators by a lobbyist who was drawing the munificent sum of $50 a month. These gentlemen were drawing $15,000 a year, $20,000 a year, $3,000 for 2 days, and various other sums. Here is the way we find one of them was acting who was here in connection with the Watres bill. I read part of a letter dated May 16, 1930, from Mr. C. R. Smith, general manager of the Southern Air Transport, to Mr. Graham B. Grosvenor, president of the Aviation Corporation.

We have received your letter concerning the expenses incurred by Mr. Henry Zweifel while engaged in Washington working on the passage of the Watres bill, and atttached hereto is a statement amounting to $5,639.93, which represents the amount we have expended to date on his expenses.

The whole history of this transaction is as follows: Mr. Barrett and Mr. Zweifel went to New York in January, and upon their return I was informed by Mr. Barrett that the Aviation Corporation had contracted with Mr. Zweifel to represent it in Washington. The question as to who was to pay the expenses incurred by Mr. Zweifel was raised. We were anxious to relieve our division of as much expense as was possible, and suggested that we either secure the money for the expenses from the New York office or that we charge such expenses paid by us to the Aviation Corporation, but Mr. Barrett informed me that the employment of Mr. Zweifel having been authorized by the executive committee of the Aviation Corporation and that company having control of the Southern Air Transport, it did not make any difference who paid the expense, and that it would probably expedite matters for us to handle the expense through this office; and this was done.

You are no doubt familiar with the requirements of this company concerning expense accounts in the ordinary course of business; our requirements being that practically every cent of money advanced being accounted for by receipted statements and accounts. In connection with a mission such as that undertaken by Mr. Zweifel, we thought that it would not only be impossible to secure such statements but would be very poor policy to have an itemized statement of such expenses in our files, due to the fact that some committee of the Congress might ask us to produce them in connection with an investigation.

Mr. CLARK. Mr. President, may I ask the Senator what was the date of that letter?

Mr. BLACK. May 16, 1930, shortly after the passage of the Watres bill, and immediately before the conference was called in the Post Office Department in Washington.

Mr. BONE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Washington?

Mr. BLACK. I yield.

Mr. BONE. If my memory serves me right, one of these officers, who was among those made into multimillionaires as a result of some of these activities, was spending $60,000 a year to maintain a representative in Washington to secure the contracts or continuations of them.

Mr. BLACK. Oh, yes; some of them had more than $60,000 a year. Of course, it has been impossible to learn the names of all of them. We have obtained the names of a large number of them. Sixty thousand dollars a year was very moderate for some of them. Of course, the damage seems to have been done by this $50-a-month man. He was the dangerous man.

However, I shall call attention, before I finish, to some of the prominent figures who appear upon the scene, who enter into this sordid picture of corruption and collusion. I do not mean by that that every person whose name I shall mention took an active part in anything that involved fraud or collusion. Some of them, owing to the system that had

been built up, felt they were playing a very patriotic part, perhaps, in the affairs of the Government. Some of them knew it had been customary to hire people to come to Washington and saw nothing wrong in it.

At this point I desire to express my own strong approval of the action of the War Department in the last few days in connection with War Department contracts. It shows the necessity for legislation, as I expect to show it before I have finished with reference to what has been done in connection with these contracts to prevent activities which have been denounced by the Supreme Court of the United States as destructive of the very fundamentals of government.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BLACK. I yield.

Mr. LONG. These lobbying activities have been going on since time immemorial. There is nothing new about them, is there?

Mr. BLACK. No; there is not. They ought to be antiquated.

Mr. LONG. When we had some measure before the Senate a while back, when I first came to the Senate, the outer chamber was practically black with representatives of the big oil companies, sending into the Chamber for men almost at the clap of the bell. This matter of lobbying is the most pernicious thing that has ever gone on around Congress. I have seen less of it in the last month than in any other time since we have had the stock-exchange investigation.

Mr. BLACK. I think the Senator is correct. There has been less of it, and there ought to be still less. It ought to be eliminated and cut out like a cancer.

In that connection I desire to show what it was expected that the Aviation Corporation would get. What I am about to read is taken from the record of a meeting of the executive committee on April 29, 1930. Then I will show what they did get. Remember, this is the company that had a man up here to get the Watres bill passed. They would not put down their expenses, because they were afraid a committee might come along and inquire into the matter, and they might not be able to burn the records, as some of the others have done.

This is the way the expense accounts were kept—I give this as a sample:

> April 29, 1930: Vice Chairman Grosvenor reported that the Watres bill had now become a law, but that a large part needed interpretation. Schedule of compensation not definitely fixed, but it would appear the operating subsidiaries would benefit to the extent of $100,000 additional revenue per month; that instead of receiving 11 percent of the total air-mail revenue of the United States, the operating subsidiaries under the new law would receive approximately 22½ percent of this revenue, based on 1929 operations, which produced $1,586,000, and it is estimated that the new law would yield $3,000,000.

Remember, that was after Mr. Brown had been up here telling the Congress that he wanted to benefit the nonsubsidized passenger operators. Here was this company on April 29, at the time the Watres bill was passed, predicting exactly what would happen with reference to the Aviation Corporation.

Let us see what did happen.

After the conference was held, and after the extensions had been worked out, we find that in 1931, the next year, the Aviation Corporation, which had predicted that it would get 22½ percent, had fallen short. It received only 21.38 percent; but it had been low on the amount. It had predicted that it would receive $3,000,000, and it actually received $3,622,848.80.

The Aviation Corporation sent that man to Washington. They concealed their expense account. They predicted exactly what they would get under the Postmaster General, and they fell short less than 1 percent of the total amount so far as the percentage was concerned; and they exceeded their fond expectations by $600,000 on the total payment.

That is what happened with reference to that company.

Now let us see what happened next.

At the time this was going on, there were in Washington, from time to time, Mr. William P. MacCracken; D. M. Shaeffer, of the Pennsylvania Railroad; and J. G. Nettleton, of the Pennsylvania Railroad, who had formerly been secretary to Representative Martin Madden. There were various others. Mr. Henderson also was here; and it is interesting to note that along about that time there appeared in the RECORD a statement made by Mr. Henderson's secretary to him in writing, which I will read. Mr. Young was Mr. Henderson's secretary, and here is the statement he made:

> Also, a man very close to the President told another man over there whom we are very close to that Mr. Glover had better watch his step, or he was going to get himself in hot water, owing to the fact that he was favoring the National Air Transport to too great a degree.

Bear in mind, not only were the representatives here, but down in the Post Office Department from time to time were those who had been advanced money by some of these people. Mr. Gove, the assistant to Mr. Glover, it has been shown in the record, had been advanced by Mr. Henderson more than $10,000; and a note for this money was torn up down in one of the hotels in this city on the theory, as Mr. Henderson said, that if Mr. Gove ever got the money he would pay him back. Another stock transaction was going on for the wife of a member of the interdepartmental committee in the Commerce Department, Mr. Hainsburg, at the expense of Mr. Henderson, according to the record.

So we have these transactions with two members of the interdepartmental committee. We have the statement of Mr. Henderson's secretary that Mr. Glover would have to be careful; he was going to have to watch his step, or he was going to get himself in hot water because he was favoring the National Air Transport.

It was under these circumstances that the Watres bill started on its way to enactment. About that time the bill passed the House. When it came over to the Senate, Mr. Henderson became disturbed. He wanted to employ someone, as he said, to expedite the bill. Before I get to his statement on the subject, let me call attention to this letter appearing on page 3160 of volume 8, from Colonel Henderson to Mr. D. M. Sheaffer, chief, passenger transportation, Pennsylvania Railroad:

> DEAR DAN: I have moved my office—

This was February 8, 1930, just before the Watres bill passed, shortly before the conference.

> I have moved my office to room 828, Investment Building, telephone National 6835. Please change your records.
>
> I should like to be able to tell Glover on Monday that his nephew is fixed up some place on the western division of T.A.T. as per my wire to you of Friday. I think this is extremely important. Glover will have more to do with the mail-subsidy allocations than any other one man.

And I call attention to the fact that the young man received the job. Mr. Henderson testified, immediately thereafter, that the young man was given the job. I asked him if he knew anything about the boy's experience. He said, "Have never seen him." I said, "Did you know anything about his qualifications?" He answered, "No, sir; I have never seen him, and know nothing about him."

That is the picture before the Watres bill was passed.

At the same time Mr. E. B. Wadsworth was Superintendent of Air Mail. He had been superintendent of air mail for quite a while. It developed that later, at some period which is not exactly identified, he secured a plane from the American Airways. He says he paid $50 for it, and that everybody flew in it. On being shown a letter about insurance carried by Mr. Hinshaw, of the Aviation Corporation, who had been an assistant in Mr. Hoover's preconvention campaign, Mr. Wadsworth said, in substance, "Yes; that insurance was taken out by Mr. Hinshaw because he flew in the plane, and he was protecting himself."

So we have a plane being purchased for $50 by the superintendent of air mail; we have the nephew of the Second Assistant up to that time in the employment of T.A.T.; we have a loan to Gove, and stock transactions with the wife of a member of the interdepartmental committee in the Com-

merce Department. See how the picture grows; and we have all of them here with expenses that it was difficult to trace.

All right.

Mr. BONE. Mr. President, I should like to have the Senator, if he will, indicate for the purpose of the RECORD the connections of Mr. Henderson, to show with what company he was connected.

Mr. BLACK. Mr. Henderson was connected with the United Air Transport.

Mr. BONE. What lines did they fly?

Mr. BLACK. They were flying the northern transcontinental route at that time. There had been a combination of the Boeing Co. and Pratt & Whitney, including the National Air Transport, and Mr. Paul Henderson had previously been an assistant to the Postmaster General. At the same time Mr. Woolley was here representing the Western Air Express. Mr. Shaeffer was here. Let me refer to the reports that were being made.

Mr. Nettleton was the agent here for the Pennsylvania Railroad. Here is a letter which appears in the record, from him to Mr. Daniel M. Shaeffer, whose name will later appear in connection with the Pennsylvania Railroad. Here is what Mr. Nettleton said happened about the Watres bill on the other side of the Capitol (part 8, p. 3142):

DEAR DAN: I thought perhaps you might like to have a brief history of the inside relative to the air-mail bill. Here it is:

After the bill was introduced by Mr. Watres, several members of the Post Office Committee expressed opposition to it, their objections being that it put too much power in the hands of the Postmaster General. The chairman of the committee was one of those who opposed it; and with his opposition, it seemed that it would not be possible to get it reported favorably from his committee. The Speaker (Longworth) and the Republican floor leader (Tilson) were interviewed by Congressman Sproul, and they both stated that they did not think the bill should pass.

Mr. Sproul then called on the Postmaster General and told him of the opposition. The Postmaster General then asked for a meeting between himself on the one side and Longworth, Tilson, Snell (chairman of Committee on Rules), and Sanders (chairman of the House Post Office Committee), and a few others. This meeting was held last Friday afternoon, and it was decided to let the bill be reported and brought on the floor. A meeting was held yesterday afternoon by the full Post Office Committee, and they instructed Mr. Watres (chairman of the subcommittee having the bill in charge) to prepare it for reporting to the House. I expect that will be done today. It hasn't been decided yet what procedure will be followed, but I have suggested to Mr. Sproul that they should get a special rule reported providing for its consideration. * * *

Here was the representative of the Pennsylvania Railroad—bear that in mind—reporting on his activities, a man who had previously been secretary to a prominent Representative, stating that he had suggested how the bill should be gotten up before the House; and then he said, in the closing part of the letter:

There is going to be opposition on the floor, but it is impossible at this time to tell how strong it will be. * * * In other words, I feel that the bill has a chance to get by the House. What the Senate will do with it remains to be seen. I will keep you advised.

J. G. N.

The bill did get by the House, but it got by with a clause added providing for competitive bidding. It also got by after having had stricken out of it a provision which had originally appeared in it—this is an important feature—which provided that the equities of pioneers should be observed. That provision was stricken out.

At that time the bill came over to the Senate. On March 1, 1934, Mr. Hanshue testified before our committee that Mr. Lehr Fess and Mr. Philps, son of the Fourth Assistant Postmaster General, represented the National Air Transport at a meeting in the Post Office Department in February 1931. Thereafter a letter was written by Mr. Lehr Fess which appears in the CONGRESSIONAL RECORD of March 9, 1934, at page 4091.

At that time the only evidence which appeared in the RECORD with reference to Mr. Fess was in connection with the meeting at which he represented the National Air Transport in 1931. The letter is as follows:

TOLEDO, OHIO, *March 5, 1934.*

Hon. S. D. FESS,
United States Senate, Washington, D.C.

DEAR FATHER: Were it not for the endeavor to poison the public and indirectly injure you, the Hanshue testimony would be amusing. The Watres Act was passed April 29, 1930, as I recall. I resigned as United States attorney August 1, 1930, and a few weeks later I was asked by some Pittsburgh people to represent them before the Post Office Department in connection with their proposed bid on a coast-to-coast mail contract.

I stop the reading for a moment to observe that that was the company which was opposing the bid of the Transcontinental & Western, of which the Pennsylvania Railroad was a part.

I spent a day in Pittsburgh, went with them to Washington, and attended the opening of the bids. Walter Brown was not in town that day, as I recall. When I discovered that the Pittsburgh group was not qualified to bid, and strongly suspicioned they did not have the finances to operate successfully even though they should be awarded the contract, I immediately withdrew and returned home. This was about the middle of August 1930. Neither United Aircraft nor N.A.T., as I recall, bid or were interested in these particular contracts. Sometime after the bid of the Pittsburgh Co. had been rejected and the contract awarded to T.A.T. & Western Air was approved by the Comptroller General, our firm was employed during the latter part of October 1930 by N.A.T. at a modest retainer and the usual per diem for court work and out-of-town business.

I digress long enough to say that the Comptroller General finally ruled, in January 1931, that the bid should go to the high bidder, which was the Pennsylvania Railroad controlled company, and not to the Avigation Co., which was the low bidder.

The retainer was terminated by mutual consent in November 1931 because of the decrease of the work and the necessity of the company to reduce expense.

The remainder of the letter appears on page 4091 of the RECORD of March 9, 1934.

I call attention to the fact that, on March 7, Paul Henderson testified before the committee as follows (part 7, p. 3030):

Colonel HENDERSON. In 1930, in early April, the Watres bill had passed the House. It had passed the Senate committee, but it had not been voted on, on the floor of the Senate. The route certificate of National Air Transport would have to be issued before a certain date in April or it could not be issued. The contract would have expired because of its time limitation, and at some date just in there—I cannot tell you the exact date—I became greatly concerned about the passage of the bill, because this passage was apparently necessary if National Air Transport, and its route no. 3, was to secure its route certificate. I discussed the question as to how something might be done that would expedite its passage. I remembered that Mr. Fess was at one time employed, I believe, as parliamentarian of the Senate, and he was in Toledo practicing law——

The CHAIRMAN (interposing). You mean the House, do you not?

Colonel HENDERSON. Yes; I beg your pardon. And he was probably more familiar than anybody I might know with methods of doing business in the legislative branch. I sent for him and asked him if he would undertake, as a lawyer, to expedite the passage of this Watres bill. He did, and I paid him a fee for it when he returned to Toledo. That occasion and the other one I have just described to you are the only times Mr. Fess did any business for me or any company I was ever associated with in Washington.

The CHAIRMAN. Was his firm not at that time, or Mr. Fess individually, on a regular retainer for your firm?

Colonel HENDERSON. Not at that time; no, sir. He was put on a regular retainer probably late in the fall of 1930 and remained in that status for at least a year, and perhaps longer.

The CHAIRMAN. How long did he stay here on the Watres bill?

Colonel HENDERSON. Two days, as I recall it.

The CHAIRMAN. Did it pass while he was here?

Colonel HENDERSON. It either passed while he was here or the day following his departure. I am not sure which. It passed in time to permit our route certificates being made.

The CHAIRMAN. What was the fee?

Colonel HENDERSON. Three thousand dollars or five thousand dollars, I have forgotten which.

The CHAIRMAN. For just that 2 days' service?

Colonel HENDERSON. Yes, sir.

On March 7, 1934, Mr. Fess reported by letter to the committee that in April 1930 Paul Henderson employed him with reference to legislation then pending before Congress, "for which I received a fee of $3,000."

Mr. Fess stated in a letter dated March 8, 1934, which is in the record on pages 3138 and 3139, that—

The instance of April 30, relating to the Watres bill is that before leaving for Toledo it was agreed that I should receive $5,000 in the event the bill should pass within a few days.

Mr. Henderson also testified, with reference to this transaction, as appears on page 3151, as follows:

May I ask, Mr. Henderson, if you agreed with Mr. Fess before he came on a $5,000 fee?

Colonel HENDERSON. No; I had no knowledge of what the fee would be, none whatever. * * *

Question. Why did you give the check to Mr. Nettleton?

Mr. Nettleton was the representative of the Pennsylvania Railroad.

Colonel HENDERSON. Because he made the arrangements for Mr. Fess.

I might state that when Mr. Nettleton was asked about the subject, in the examination on pages 3128 and 3129, he said that there was no definite amount agreed on. Nettleton claims to have paid a fee to Mr. Fess by check April 25, 1930. That appears in the transcript of the evidence before the committee on page 3136.

The Watres bill was signed April 29, 1930. The Nettleton check and stub were not produced.

Reference to page 3139 will show that Mr. Nettleton testified that his canceled checks were all destroyed, but he did have checks showing payments to D. M. Shaeffer in 1928 and 1929.

Mr. Henderson also produced his check to Mr. Nettleton; and as to the check stub, the following evidence of Mr. Henderson and Mr. Young shows what happened:

Mr. HENDERSON. You mean the check?

The CHAIRMAN. Is it the same account?

Mr. HENDERSON. Apparently it is; yes, sir. The number of this check, which is apparently the check I gave to Mr. Nettleton, because the date corresponds, is 146, but it is scratched out by somebody and written in with red-lead pencil "260", and it is a green check.

The CHAIRMAN. See if you find the check stub there.

Mr. HENDERSON. This check book is yellow, sir.

The CHAIRMAN. I know; but I just wanted to see if you had a number in the check stub corresponding to that number.

Mr. HENDERSON. No; there is no check stub here. There could not be a check stub, Mr. Chairman, in this book—it is yellow, or whatever color it is.

The CHAIRMAN. Look at the place where that number would be.

Mr. HENDERSON. I just did, and there is nothing there at all.

At that time Mr. Henderson had before him the check book, looking for the place where he said the stub should be. He said the check numbers jumped from 257 to 261.

The CHAIRMAN. Well, what has happened to the page of the check stubs there?

Mr. HENDERSON. I don't know.

The CHAIRMAN. Has it been cut out?

Mr. HENDERSON. I can't tell, sir. Perhaps you can. Yes; there is a page cut out.

It was so difficult to find where the check stub had been cut out that Mr. Henderson had to take the check book and bend it back. It is shown by his evidence he said at first he could not tell and later he said:

But may I call your attention, sir, to the fact that this check—I don't know who changed the number from 146 to 260, which is done with a red-lead pencil.

The CHAIRMAN. Which number is cut out?

Mr. HENDERSON. The checks, nos. 258, 259, and 260, would have been on that page.

Then we called the secretary of Mr. Henderson to ascertain whether or not the checks cut out, nos. 258, 259, and 260, would correspond with the check which had been given to Mr. Nettleton to be paid to Mr. Fess. I read further:

The CHAIRMAN. Mr. Young, have you figured out those three checks there with the balance to see whether the amounts of those checks represent the same amount that should be represented on the three checks?

Mr. YOUNG. I have not figured it, only in my mind, that from this fact the reconciliation shows that they must be there and must reconcile it.

The CHAIRMAN. In other words, that those three checks there are the ones that were represented on the page of which the stub has been cut out?

Mr. YOUNG. There seems to be, because there would be no other way in which the amounts could be put in there which would make the account reconcile.

The CHAIRMAN. What are your initials, Mr. Young?

Mr. YOUNG. C. W.—Charles W.

The CHAIRMAN. You are the secretary of Colonel Henderson?

Mr. YOUNG. Trying to be; yes, sir.

The CHAIRMAN. And have been for how long?

Mr. YOUNG. I think May 24, 1929.

The CHAIRMAN. Do you know how that particular stub there happened to be cut out?

Mr. YOUNG. No, sir. I have no recollection.

The CHAIRMAN. Did you do it?

Mr. YOUNG. No, sir.

So that we had the fact that, up to that time, for some reason the stub for the check which was given to Mr. Nettleton by Mr. Henderson, paying money out of the funds, as he said, of the National Air Transport and the Transcontinental Air Transport, for Mr. Fess, was gone.

With reference to the question of having representatives here in order to expedite legislation, I desire to read one paragraph from the decision of the Supreme Court of the United States in the case of *Tool Co.* v. *Norris* (2 Wall. 54):

It was not claimed, on the trial, that the plaintiff had rendered any other services than those which resulted in the procurement of the contract for the muskets. We are of opinion, therefore, that the proposition of law is fairly presented by the record, and is before us for consideration.

The question, then, is this: Can an agreement for compensation to procure a contract from the Government to furnish its supplies be enforced by the courts? We have no hesitation in answering the question in the negative. All contracts for supplies should be made with those, and with those only, who will execute them most faithfully, and at the least expense to the Government.

I skip a little:

That agreements like the one under consideration have this tendency is manifest. They tend to introduce personal solicitation and personal influence as elements in the procurement of contracts; and thus directly lead to inefficiency in the public service, and to unnecessary expenditure of the public funds.

I desire to read a paragraph from *Trist* v. *Child* (21 Wall. 451), with reference to expediting legislation as viewed by the Supreme Court of the United States. It will be remembered that there were numerous representations here in connection with the Watres bill, seeking to push it through, and push it through rapidly. The Court said at page 451:

The agreement in the present case was for the sale of the influence and exertions of the lobby agent to bring about the passage of a law for the payment of a private claim, without reference to its merits, by means which, if not corrupt, were illegitimate, and considered in connection with the pecuniary interest of the agent at stake, contrary to the plainest principles of public policy. No one has a right, in circumstances, to put himself in a position of temptation to do what is regarded as so pernicious in its character. The law forbids the inchoate step and puts the seal of its reprobation upon the undertaking.

Listen to this:

If any of the great corporations of the country were to hire adventurers who make market of themselves in this way, to procure the passage of a general law with a view to the promotion of their private interests, the moral sense of every right-minded man would instinctively denounce the employer and employed as steeped in corruption, and the employment as infamous.

If the instances were numerous, open, and tolerated, they would be regarded as measuring the decay of the public morals and the degeneracy of the times. No prophetic spirit would be needed to foretell the consequences near at hand.

Yet this record is filled from the very beginning to the end with evidence that the air-mail companies and ocean-mail companies have employed their agents to come to Washington to have passed general legislation in order that they might get special and pecuniary benefits.

In the main I might state that it has been with the utmost difficulty, and only after months and months of effort, that we have been able to obtain the evidence with reference to such employment. In the first questionnaire that went out, each one of the companies was asked to tell us whom they had employed in Washington, and they did not give us 0.1 of the names of the special representatives who have been in Washington.

As yet we have not secured them all. We have more, I might state, than have yet appeared in the public records, but we have not yet secured them all.

I have now reached the point where I want to call the Senate's attention to the evidence of the conference at the office of the Postmaster General. I shall first show the Senate at whose instance it was called. I shall show it by a photostatic copy of a letter dated May 21, 1930.

This conference was called May 15, 1930. The Watres bill had passed. The Postmaster General had had a bill passed which included competitive bidding. The companies and the Postmaster General had been lobbying to keep away from competitive bidding, but the bill passed with a provision in it for competitive bidding. The meeting was called at the instance of one of the strongest

political groups whose names appear in the entire record of intrigue and chicanery. May 21, 1930, Mr. C. W. Cuthell wrote a letter to Mr. C. M. Keys of Savannah, Ga. Mr. Cuthell was at that time the attorney for the T.A.T. T.A.T. was largely controlled by the Pennsylvania Railroad. The Pennsylvania Railroad is largely controlled by its officers and by Kuhn, Loeb & Co., who are the bankers. This is a part of the company that got the contract, with which Colonel Lindbergh and Mr. Rickenbacker are connected.

On May 21, 1930, Mr. Cuthell wrote as follows:

My dear C. M. The air-mail contract—

Note this is May 21. It is two days after the conference began. It is six days after the conference was called. Mr. Keys was the banker, and we shall show later the copy that went to the bankers.

The air-mail-contract situation has taken practically all of my time lately. It is likely to continue to do so for several more weeks. The bill, as it was finally passed, shows that Paul did not aggressively represent T.A.T.

In other words, he is complaining there that Paul Henderson did not represent the T.A.T. as aggressively as he could, Henderson at that time being the representative of the T.A.T. and the N.A.T. I continue reading from the letter:

The 40-cents-a-mile provision was, of course, intended to aid passenger lines which did not have mail contracts. There are only two such in the country—

Note this— .

Halliburton and T.A.T. The bill as finally passed permits any of the old-line air-mail contractors to bid even on the lines established by these two companies, but because of the route-certificate provisions in the rest of the bill these two companies cannot bid for the extensions of the old lines.

If Paul had actually been hostile to us, he could not have shown his hostility in any more effective way. Captain Doe, Cheever, and, I think, Dan Shaeffer are all now of the opinion that, as a result of their inquiries around Washington, Paul could have gotten a provision in the new law which would have limited the competition for the 40-cent contract to those companies which had been operating over a particular route, such as T.A.T. and Western Air between Kansas City and Los Angeles.

It was reported to Cheever and myself early last week that the P.M.G. would do nothing about a T.A.T. contract until after he had completed all of his negotiations with the old companies in connection with through-route certificates. We were not at all satisfied to remain idle. Consequently we insisted that Maddux proceed to Washington and associate Furlow—

Who, I might say, was getting $15,000 a year, as the record shows—

with him to do the work that Paul—

That is, Henderson—

used to do.

Mr. Furlow is a former Congressman.

They had one extended talk with Brown, taking as the particular occasion a newspaper report that Brown had extended the Western Air route from Los Angeles to San Diego, a route over which Maddux had been flying for 3 years and Western Air for 3 months. Maddux and Furlow handled themselves very well and showed Brown clearly that if all of the old air-mail contracts had their routes extended the appropriations would be quickly exhausted and there would be no more routes open. The effect would be to put T.A.T. out of business, unless the passenger revenues increased tremendously and costs were further reduced.

The following day—

Note this—

Dan and I saw the P.M.G. and I was just as specific in my questions as I could be.

"Dan" is Dan Sheaffer of the Pennsylvania Railroad.

At the end of the meeting he stated that he would not sign the Western Air-San Diego extension and he forthwith called a meeting of all of the old lines, as well as the passenger operators who are now without mail contracts.

We have here the call of the operators. At whose instance? At the instance of the most powerful of all the picture, outside of the Mellon group in Pittsburgh, with which they were later associated, and with which they were associated then by interlocking directorates. I read further:

The following day Maddux and Lindbergh went to see him, so that by the end of last week Brown understood clearly that T.A.T. was very definitely being excluded from the picture.

I politely pointed out to Brown the embarrassments of our situation due to the fact that our representative had joined up with our opponents and asked that we be given a full opportunity to be heard. * * *

I shall stop reading the letter at that place, although I shall recur to it later to show to the Senate exactly what the lawyer for the T.A.T. said about this meeting 2 days after it started. I shall later show to the Senate that he said it was illegal.

We have the calling of the meeting. The call of the meeting appears in the memorandum printed in volume 5 of the hearings, pages 2323 and 2324. The memorandum is for Mr. Wadsworth, and is dated Washington, May 15, 1930, 6 days before Mr. Cuthell's letter. Note this call and it will be seen how it fits in with Mr. Cuthell's report.

Memorandum for Mr. WADSWORTH:

The Postmaster General is desirous of having a conference with representatives of the companies mentioned below; by this, I mean a substantial representative like Wheat for the United Aircraft; Hanshue, Western Air, and Maddux, of the T.A.T. He sees the feeling that is developing among the passenger-carrying lines.

Note that interest in the passenger-carrying lines—

Who have no mail contract and have no way of getting into the picture unless it is by competitive bidding, and he wants to have a meeting with these representatives, on next Monday, May 19, at 2 p.m., in his office, and desires to have a talk with them along the lines of just the best way for them to approach the question of giving aid to passenger lines. In other words, he wants them to come to some understanding so that it will not all be thrown into the pot and the passenger-line operators left entirely outside, due to the fact that the air-mail operators would have the inside and would have the territory covered.

Thrown into the pot! What do you do, Mr. President, when you have competitive bidding, honest competitive bidding? You throw it open and let the man who bids the lowest win.

The companies he desires at this meeting * * *—

Says the memorandum, are as follows:

United Aircraft Corporation, Wheat; Aviation Corporation of America, Coburn; Western Air, Hanshue will be there; T.A.T. Maddux—

Note this in parenthesis—

(Saw Dan Sheaffer and Cuthell; they will get Maddux here.)

There is the letter I have just read showing that the meeting was called at their instance. Here is the notice which says: "You need not notify Cuthell and Sheaffer; they will be there. I saw them"—and then he tells them how to get in touch with the rest.

What was the purpose of that meeting? Remember that up to the time this had occurred the Postmaster General had tried to get a bill passed which would eliminate competitive bidding, and had failed. A bill had passed providing for competitive bidding. What was its purpose? Let me see what Mr. Brown said about it under oath.

I shall read his three different versions of his reasons. The purpose of the meeting, according to Mr. Brown, is found on page 2550, in his written statement, dated February 19, 1934.

There will be considerable progress made by Mr. Brown and his reasons as the days go by and as the conferences continue. Mr. Brown's written statement was before the committee. Here is what he said was the reason:

The two meetings of air-passenger operators and air-mail operators, held at the Post Office Department May 19 and June 4, 1930, to which attention has been directed, were called and held for a purpose entirely legal and proper, to wit: To find if possible some method under the provisions of the McNary-Watres Act of aiding the passenger-transport operators who had no mail contracts and whose losses were compelling them to abandon their passenger operations. There was nothing clandestine or secret about these meetings. * * *

And so forth.

Note that he said under oath in his written memorandum, when he had ample time to think and consult with his advisers, that the meeting was called for the purpose "of aid-

ing the passenger-transport operators who had no mail contracts and whose losses were compelling them to abandon their lines."

Now, let us see what he gave out to the press as the reason for the meeting. I quote from a memorandum from the New York Times in the record at page 2585, as follows:

WASHINGTON, May 19.—Plans for a network of passenger and mail air routes throughout the United States were requested today by Postmaster General Brown from representatives of various large air carriers.

"Plans for a network."

The New York Times article continues:

Mr. Brown is known to have in mind the consolidation of various routes so as to cover the country with air-carrier service. He asked the airmen to prepare a map showing in detail the various routes they would recommend, with the idea of taking it up with him at a future conference.

To recommend routes; not to recommend who should have the routes. No notice such as that appeared in the public press.

These representatives came here principally—

Said the news item—

to confer with Postmaster General Brown and Assistant Postmaster General Glover relative to the new pay basis provided in the Watres bill. * * *

That is important because it is the only time I have seen any purpose such as that being indicated.

Remember that the first sworn statement of Mr. Brown was that he wanted to aid the passenger operators. Listen to the next statement on the morning of February 20, 1934 (part 6, p. 2437):

Mr. BROWN. There was no purpose ever to divide up the air-mail operation. The purpose of the meeting was just as was stated in the reports, just as was stated by Mr. WADSWORTH'S minutes, to try to find a way under the Watres Act to give some mail pay to the passenger operators who had no mail contracts and who were starving. * * *

Note his solicitude there for the passenger operators. That was the purpose of the meeting.

Now, I called the meeting. I called it to order and I addressed it, and I know what I said. I told them the history of the adoption of the Watres Act and the history of the elimination * * *—

And so forth.

Subletting additional daylight mail schedules to the regular operators and subletting those to the passenger people; the other plan was to give extensions to the regular mail operators on certain parts of their routes and have those sublet. I stated that to be the plan that had been proposed by somebody or other of them, I think, and then I said to them I would be very glad to see if they could agree among themselves as to who had the pioneer equities that were referred to in the Watres Act.

There were no pioneer equities referred to in the Watres Act. That provision had been taken out of the law; it had not been adopted.

Note he still says for the benefit of the passenger operators. Now look at his next statement. The same day in the morning—volume 6, pages 2441, 2443, and 2444:

Mr. BROWN. No; I don't. What I mean is this: That if the plan of subletting was put into effect, that their recommendation was that these people had the equities, which ought to be observed.

The CHAIRMAN. All right; which ought to be observed?

Mr. BROWN. Which ought to be observed.

The CHAIRMAN. Do you mean which ought to be observed and that they ought to have the lines?

Mr. BROWN. That these equities ought to be observed.

The CHAIRMAN. Do you mean by saying "observed" that the observation would require that those companies get those lines?

Mr. BROWN. No; but in the language of the original Watres Act, that proper consideration should be given to these equities.

The CHAIRMAN. For the purpose of getting the lines; is that it?

Mr. BROWN. That, and just exactly what I say: That the Postmaster General should give proper consideration to these equities.

The CHAIRMAN. For them to get the lines or for somebody else to get the lines.

Mr. BROWN. Of course, the purpose would be to try to work out something for them.

At last he got down to a final statement where it was no longer possible to wiggle out. I quote further from his testimony on the morning of February 20:

(Page 2443:)

The CHAIRMAN. In other words, it had no connection whatever with who should get the lines?

Mr. BROWN. Yes; it did. It was their recommendation that these people had equities.

The CHAIRMAN. In that line?

Mr. BROWN. In these lines that they had been operating and in the opinion of the committee that operation entitled them to consideration in anything that was done.

(Page 2444:)

The CHAIRMAN. In awarding that contract?

Mr. BROWN. Yes; that is correct.

Let us see what was the next reason for calling the operators together. I quote from the testimony on February 20, in the afternoon:

[Vol. 6, p. 2448]

The CHAIRMAN. So that the plan discussed by the conference which has already been testified to, and the names of the representatives placed in the record, was with reference to the ways and means whereby what you class as the equities of companies on various lines could be considered?

Mr. BROWN. Yes.

The CHAIRMAN. Could be recognised and contracts awarded to them, or certificates, without competitive bidding?

Mr. BROWN. That is correct. That was the plan.

Mr. Brown, further in the afternoon, testified as follows:

[Vol. 6, p. 2449]

Mr. BROWN. No; I did not say that. What I said was that the purpose of this meeting was to see if a plan could be worked out under the Watres Act that had just been enacted whereby mail pay could be given to the passenger lines by subletting operations from the mail contractors without competitive bidding. That was what it was all about.

That is what he tried to get the right to do, and Congress denied it. Here is the second reason given by Mr. Brown. Note this philosophical reason. Remember that Mr. Brown has been exercising himself with solicitude for the passenger operators. On February 22 in the afternoon, Mr. Brown had advanced to this reason (vol. 6, p. 2579):

Mr. BROWN. No one. The fact is this, that I called the conference merely to convince the operators if I could that I played fair with them in the enacting of the Watres Act. Then I talked about the other things because I had to talk about something besides that, but there was not a thing done by those operators that influenced the Department in the smallest part.

Note where he had advanced. On February 22 he has reached the point where all that he called them together for was to convince them that he had played fair in the passage of the Watres Act. Up to that time he had insisted, first, that he simply wanted to take care of the passenger operators; next, that it was to consider the equities and give them contracts. This time he wanted to show them that he had played fair with them in having a law passed. Mr. President, has the time come when the Postmaster General of the United States is compelled to call the operators together in order to convince them that he had played fair in the passage of a law? In the first place, it is not his business to pass a law; it was the business of Congress. Next Mr. Brown says on February 23 in the afternoon, page 2646:

Mr. BROWN. No; you are mistaken about it. The whole purpose of the meeting, so far as I was concerned, was to convince these passenger-carrying operators that had no mail contract that I had played fair with them.

There he has taken the second step toward an attempt to escape from what the facts show are the inescapable reasons for his action.

Now let us see his third reason. This is the most important of them all.

February 20, 1934, morning, page 2437:

Mr. BROWN. It was my belief that they could not agree, and if they did not I would not be further embarrassed by the plan.

On February 20, in the afternoon, page 2449:

Mr. BROWN. They were trying to state to me, if they could as among themselves, who they believed had the pioneer rights, and that was all they were trying to do, and I knew they could not

do it and was satisfied that that would give me the best excuse in the world to chuck the whole thing, which I did.

Note how he has advanced. He wanted to take care of the operators at the time when he was talking to Congress; he wanted to take care of the passenger operators, he said, when he came in with his prepared and signed statement; but now he has advanced to the position where he admits under oath and asserts that it was his object not to take care of them, but to get them in a meeting where they would disagree, and he could throw the whole thing out of the window.

Again, on February 22, morning (p. 2555):

Well, to be very frank about it, I had very little faith in our ability to work out any plan under the provisions of the law that would save the passenger operators who had no mail contracts. * * *

However, I stated it to the meeting, believing that they could not reconcile their views with respect to that. I did not want them to reconcile their views.

No; he did not. Let us see whether he did or not. He has now advanced to the point where he called them by deception, according to his own statement, telling them he expected them to agree, but believing, as he said, that they could not agree. Now he has advanced to the very manly and honorable position wherein he says:

I did not want them to reconcile their views.

Why not?

I was looking for an easy way out of the situation.

Out of what situation? Was he not the Postmaster General armed with the power of that office? Did he have to find any easy way to get away from the air-mail operators? What hold did they have upon him whereby it was necessary for him to call them together, expressly stating he was doing it for one purpose, when he said that in his mind he was doing it for another purpose and knew the result of the meeting would be futile and useless.

I was looking for an easy way out of the situation. * * * I put that problem up to them, which I did not believe they could solve, and then I put another one up to them, which was to see if they could agree among themselves as to whom the equities properly belonged, the pioneers' prescriptive claims, based upon having done the pioneering in the territory—put that problem up to them, believing they could not agree on that, and they did not, and then I thought I would be relieved from pursuing the matter, as I finally was.

We will see a little later whether he finally was or not.

Now let us see what he said further. The Senator from Nevada [Mr. McCARRAN] asked some questions which brought out very pointedly and definitely his statement that he called them for one purpose when he intended to do nothing at all in line with the purpose for which he called them. I read (p. 2646):

Senator McCARRAN. Are we to understand from that you called them together with the idea of agreeing that they should disagree?

Mr. BROWN. I called them together for the purpose——

Senator McCARRAN. Won't you answer that question?

Mr. BROWN. No; I did not.

Senator McCARRAN. That is the way I construed your last answer, and also your answer to Senator AUSTIN. In other words, if I caught it correctly—and I want to catch it correctly—you called these airline operators together on the 19th of May here in Washington, knowing that they would disagree. Am I right so far?

Mr. BROWN. Believing that they would.

Senator McCARRAN. Believing that they would?

Mr. BROWN. Believing that they would.

Senator McCARRAN. Disagree as to what?

Mr. BROWN. Disagree, first, as to subletting additional mail schedules. Now, in that respect, I was correct. N.A.T. refused to do it. Believing they would fail to agree with respect to their pioneer claims—and they did. And when they brought in the proofs of their disagreement on that I filed the report, and never gave it another moment's consideration.

Senator McCARRAN. In other words, you believed when you brought these operators together they would disagree on these two primary questions?

Mr. BROWN. I did.

Senator McCARRAN. How were you going to settle it after they disagreed?

Mr. BROWN. How was I going to settle it?

Senator McCARRAN. Yes.

Mr. BROWN. There wasn't anything to settle. That plan of giving relief to the air-passenger operators who had no mail contracts failed, and they all went out of business.

There is the statement of Mr. Brown. Remember that every time he opened his mouth he said he was going up to the House and get a bill through to take care of those operators, and yet now he says he called them together in order to let them disagree, in order to let them fail, that they did fail, and that all of them after failing went out of business. There is the way he was taking care of those operators whom he said were "starving to death." The Aviation Corporation of America did not starve to death. United Airways did not starve to death. North American and General Motors did not starve to death. Northwest Airways did not starve to death. Oh, no, those starved to death whom he said he brought in there with the hatchet over their heads, believing they could not agree, were called for that purpose and then they folded up, he said, and went out of business.

Let us see what Mr. Brown said he called them together for, as shown in the report of that meeting made by Mr. Wadsworth:

The Postmaster General opened the meeting by discussing the general provisions of the Watres bill and invited suggestions from those present as to the ways and means of assisting the passenger operators, inasmuch as it is understood none of the so-called "strictly passenger lines" are breaking even, and it is apparent that they will need some assistance if they are to continue. The Postmaster General expressed the desire to know whether it is going to be possible for the so-called "pioneers" to agree among themselves as to the territory in which they shall have the paramount interest.

That is from the stenographic report of the meeting dated May 20, 1930. He said when he got them there together he wanted to see if they could agree. Remember that in connection with his sworn evidence four times given before the committee that he was not telling them the truth as yet. He stated in his evidence that his object was to get them there together because he knew they would not agree and he could then throw the thing out the window, and it was thrown out the window and they all went out of business.

Immediately following that, on page 2325 of the hearings appears a statement of all the operators where they said they wanted to do anything in the world except to have competitive bidding. Remember the bill had passed providing for competitive bidding after the Postmaster General had failed to get the other bill passed, and there on the record appears the statement of the operators that they believed that plan was better than competitive bidding. After that the Postmaster General rose and said:

The Postmaster General asked everyone to speak if there were any objections to the plan suggested and said this was the appropriate time to express their opinions or objections thereto. No one rose in objection to the plan.

Why, of course not. Of course they did not raise any objection to the plan. The plan was to do away with competitive bidding and to give more to him who had something and to take away from him who had not, and that plan was followed.

Mr. President, at this time I ask to have inserted in the RECORD the full and complete statement signed "E. B. W.", appearing on pages 2325 and 2326 of the record of the hearings, which is Mr. Wadsworth's report of the meeting.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Without objection, it is so ordered.

The matter is as follows:

The Postmaster General invited representatives of passenger air lines to meet with him in conference at 2 p.m. on May 19 for the purpose of discussing the provisions of the Watres bill insofar as it offered aid to the passenger lines.

The following persons were present: Messrs. Russel, Hanshue, Woolley, and Bishop, of Western Air Express; Messrs. Mayo and Patterson, of Stout Air Lines; Messrs. Maddux, Shaeffer, Cuthell, Furlow, of T.A.T. Maddux Air Lines; Messrs. Coburn and Hinshaw, of Aviation Corporation; Messrs. White and Johnson, of United Aircraft Corporation; Messrs. Doe and Elliott, of Eastern Air Transport; Mr. Henderson, of National Air Transport; Messrs. Marshall and Denning, Thompson Aeronautical Corporation; Messrs. Robbins and Hann, of Pittsburgh Aviation Industry; Mr. Van Zant; Mr. Lou Holland, of United States Air Transport; Mr. Ted Clark, representing Earl Halliburton; and Lawrence King, of Detroit.

The Postmaster General opened the meeting by discussing the general provisions of the Watres bill and invited suggestions from those present as to the ways and means of assisting the passenger operators, inasmuch as it is understood none of the so-called "strictly passenger lines" are breaking even, and it is apparent that they will need some assistance if they are to continue. The Postmaster General expressed the desire to know whether it is going to be possible for the so-called "pioneers" to agree among themselves as to the territory in which they shall have the paramount interest. He outlined certain prospective routes that were in contemplation somewhat as follows: A southern transcontinental route from Los Angeles to San Diego, thence to Fort Worth and Dallas; also a route from New York to St. Louis and Kansas City and Los Angeles; from St. Louis to Tulsa and Fort Worth; from St. Paul to Winnipeg; possibly from St. Paul and Minneapolis to Omaha; possibly a route south from Cheyenne, and possibly one from Albany to Boston. He referred to the plan mentioned below.

Colonel Henderson said: "I believe it is quite possible for this group to work out a plan." He asked for instructions from the Postmaster General as to some policy. He mentioned extensions and then assigning such extensions to some operator who has no mail contract. He indicated the air-mail contractors would be willing to agree to such a plan.

Mr. Maddux feels that if they do not receive an air-mail contract, they could not live, and he hoped the bill would take care of this. He would rather see the plan worked out as mentioned above than competitive bidding. He said: "That is the view of T.A.T."

Mr. Mayo said: "I think the suggestion is a good one rather than to have competitive bidding." He thinks the routes we have worked out with the directors on their certificates are fair, and so forth.

Mr. Clark said: "I would prefer the plan suggested rather than competitive bidding."

Mr. Lou Holland said: "I think it should be worked out by agreement, as I am afraid that competitive bidding will result in wild promotions."

Mr. Hanshue: "We are willing to do anything within reason to work out the plan rather than to go into competitive bidding."

Mr. Coburn: "I believe there is a community of interests among the operators in the Department, and they are ready to cooperate and find out how to do it."

Mr. WHITE. "I feel sure that the entire group would be delighted to go into such a conference and work it out along the lines suggested."

The Postmaster General asked everyone to speak if there were any objections to the plan suggested, and said that this was the appropriate time to express their opinions or objections thereto. No one rose in objection to the plan.

Mr. MacCracken suggested grouping the representatives together according to locality in order to work out the details of the plan or any other plan that might be gotten up, suggesting they might even have four committees, or an eastern and a western committee.

Colonel Henderson thinks those who have air-mail contracts should be organized into one committee and those who have no air-mail contracts should be organized into another committee.

Mr. Cuthell suggested that certain members of this group present to the Postmaster General a grouping of companies to deal with southern and midcontinent transcontinental routes.

The Postmaster General decided to permit the operators to use the room in which the meeting was held for the purpose of organizing themselves into such groups as may be agreed upon and to report back to the Postmaster General when they had reached a conclusion with regard to the suggested plan. He suggested that they stick to the routes outlined.

E. B. W.

Mr. LONG. Mr. President, is that a report of what happened at that meeting?

Mr. BLACK. It has been approved by Mr. Brown on the stand. There is no question about it being a part of what happened. Mr. Wadsworth did not take full stenographic notes of the entire proceeding.

In that connection I call attention to the fact that title 39 of the Code of Laws of the United States expressly prohibits combinations to prevent competitive bidding. I shall not read it into the RECORD at this time, but I call attention to the fact that for the first offense the person so offending shall be disqualified to contract for carrying the mail for 5 years and for the second offense shall be forever disqualified.

I call attention to the fact that we need no statute to make that illegal. The courts themselves have said that efforts to prevent competitive bidding constitute a nefarious offense. It is a fraud on its face. It is contrary to every idea and conception of fundamental morals and ethics this country has ever known. If the time has come when the people have reached such a low level that they could have glossed over such a nefarious thing as the preventing of competitive bids to give justice to citizens, then this country has reached a sad state in public morals. I do not believe it has. I believe that today, as in the past, the people of the Nation believe in fundamental honesty, fundamental justice, and fundamental fair dealing.

I wish to read at this point from the case of *McMullen* v. *Hoffman* (174 U.S. 649). The court said in that case:

Therefore, when it is urged that these parties had no intention of bidding for this work alone and that unless they had combined their bids neither would have bid at all, and hence the agreement between them tended to strengthen instead of to suppress competition, this answer to the illegality of the contract is insufficient * * *. If there had been competition, the bid of each for the contract that was obtained might have been lower than the one that was accepted. It is not necessary to prove that fact in order to show the nefarious character of the agreement.

The Supreme Court of the United States has stamped its disapproval upon every movement that is intended in any way to do away with competitive bidding and prevent justice being done to the people of the country.

Before I go further into the evidence of the officers of these companies, and their testimony as to what they were there for, I desire to call attention to the case of *Crocker* v. *United States* (240 U.S. 81). The Supreme Court said in that case:

Of course, the secret arrangement with Machen operated to vitiate the company's contract and justified the Postmaster General in rescinding it on discovering the fraud. * * *

Note that this was a mail contract, and the then Postmaster General had done exactly what was done by the present Postmaster General. He had canceled the contract, and the Court says:

Of course, the secret arrangement with Machen operated to vitiate the company's contract and justified the Postmaster General in rescinding it on discovering the fraud. * * * And this is so, even though the company was without actual knowledge of the corrupt arrangement. It was made by Lorenz and Crawford while endeavoring to secure the contract for the company and was a means to that end. They were the company's agents and were securing the contract at its request. It accepted the fruits of their efforts and thereby sanctioned what they did and made their knowledge its own.

In other words, Mr. President, the company is bound by the acts of its agents; and when it comes here, even if its officers themselves did not know of these acts, the company is still bound by the fraud which was perpetrated. The loan of $10,000 by Henderson to Gove, the stock transaction of Henderson with Hingsburg, make invalid every contract made with United Aircraft under those conditions. There can be no sort of question, from the decisions of the Supreme Court from the beginning of its history, that if there were nothing else in this record but those two things, United Aircraft would not have a single valid contract. It is not necessary that they should have known about these things.

Now let us see what they did know. Let us take first the Northwest Airways, whose contract was canceled. Let me read from a memorandum of May 26, 1930, by their representative. He was their representative here for years. He was really the Northwest Airways in Washington. He was their spokesman. By his action in obtaining those contracts they are bound. By his testimony before the special committee under oath they are bound. I shall later read a case from the Supreme Court of the United States to sustain that point.

Let me read from his memorandum of May 26, 1930, found in volume 7, page 3102:

It appears that the Postmaster General was not able to get sufficient authorization in the recent Watres bill to enable him to put air mail on passenger lines without competitive bids. In order to avoid putting of air-mail contracts over these routes to competitive bidders, he has called the principal passenger operators together and advised them that if they would agree among themselves on an equitable apportionment of routes he would grant the air-mail contracts under the power given him to extend air-mail contracts of lines already carrying mail.

What does that mean? It means what it says. Here is the statement made in this communication of May 26 by the representative of the Northwest Airways. It was not only made by him in this memorandum which the commit-

tee had, but he declared under oath before the committee that it was the truth. He swore that the Postmaster General called the operators there, according to what he said in this memorandum, and that every word in it was true.

What did the memorandum say?

That if they would agree among themselves on an equitable apportionment of routes he [the Postmaster General] would grant the air-mail contracts under the power given him to extend air-mail contracts.

What was that?

The Postmaster General, as this agent said, had failed to obtain authority to avoid competitive bidding; and here was the Postmaster General, according to the agent of this company, its alter ego, doing exactly the thing which Congress had declined to permit him to do, and telling the boys, when they got there, "You agree among yourselves on an equitable apportionment, and I will grant you contracts by the extension method."

What was that for? Is there any question about that? There certainly can be no question so far as the Northwest Airways is concerned, because the Northwest Airways was represented by the man who made the statement and by the man who swore to it before the committee.

Was it wrong to cancel those contracts when their own representative came before the committee and swore that he made a report to the company 5 days after the meeting started that the purpose was to divide up the air-mail map; the purpose was to thwart and circumvent competitive bidding?

Not only did Mr. Brittin say that there but in a letter dated June 2, which he also swore was true, found on page 3109 of the record, he said:

Thanks for yours of the 29th. The air-mail contractors are having a desperate session in Washington. The Postmaster General was not able to get the necessary legislation in the Watres bill to enable him to grant air-mail contracts to passenger-carrying lines without competitive bids. He has made up his mind to do this anyway and has hit upon a plan that is causing the operators no end of trouble. He has conceived, probably in iniquity, a plan for three main transcontinental routes competitively operating and several north-and-south lines as well. To work things out, he called the operators together, handed them this map, and instructed them to settle among themselves the distribution of these routes.

Is there any question about that? Can there be any doubt about what the Postmaster General told the operators so far as the Northwest Airways were concerned? He handed the operators the map, showed them the routes, and said, "You agree among yourselves as to the distribution of the routes." Could there be any competitive bidding after that? Would a man who was half-way a man, a man who had left the slightest vestige of honor or integrity, after he had participated in that meeting, feel free to go out and bid against his competitor for one of the lines, when he had sat at this meeting and made the agreement?

So far as the Northwest Airways were concerned, can there be any question about them? Their contracts were canceled. Their representative wrote them what was going on. They knew it; and they got the extensions called for in the written agreement which was reported to the Postmaster General, a copy of which only we were able to get. Unfortunately, the original was destroyed, evidently by fire. It never has been produced. No one knew that the copy could be located, but it was. These things have a way of turning up, and even the best-laid plans of those who would hide and conceal their nefarious practices oft go wrong, so we got a copy of the agreement.

Now let us see whether that was a public or a private meeting. Let us see how much the public was to know about it. I read what the news statement said about it, and I have shown what was really the purpose. Colonel Brittin on June 6, 1930, sent a telegram, which is found in volume 7 of the record, at page 3117, in which he says:

Warn everybody working on the Omaha-Sioux City situation that the operators' conference here and the Postmaster General's plan for rearranging air-mail lines is supposed to be confidential, and if it were treated as common property in our territory he would get sore and take it out on us. All our friends can say is that everyone wants the Omaha air-mail line, but insists that the contract be awarded to us, giving the reasons from local viewpoint. Permit no newspaper stories of any kind and have this matter handled, so far as possible, confidential regarding the general public.

It is true that when Colonel Brittin got on the stand he said that Mr. Brown did not tell him to say that; that he made up his mind himself that it was wise to tell these people that he wanted them to keep the matter confidential. Colonel Brittin had been here for weeks, however, attempting, as he said, to get action along this line, sitting in on these conferences where, as he says, the parties to the conferences were to agree on the exact lines which were to be delivered to the individual companies, and he wired back and said, "Keep this matter confidential, because if you do not, if it were treated as common property in our territory, the Postmaster General would get sore and take it out on us."

Every badge of fraud which the courts have recognized since the beginning of human history appears somewhere in this record, and this is but one of hundreds, there being entirely too many for me to cover.

That is the Northwest Airways. I think perhaps at this time I had better read from Two Hundred and Seventy-third United States Reports, page 498, because what is there stated applies not only to the Northwest Airways but to every other company.

I stated that the companies are bound by the statements made before the investigating committee. I shall now read my authority for that statement:

The finding that Doheny caused the $100,000 to be given to Fall is adequately sustained by the evidence. Early in 1924, during the investigation of these contracts and leases by the Senate committee, Doheny voluntarily appeared as witness and there gave testimony for the purpose of explaining the money transaction between him and Fall at the time the initial contract was being negotiated.

At the trial of this case, over objections of the companies, his statements before the committee were received in evidence. Petitioners insist that they were not admissible. But Doheny acted for both companies when the contracts and leases were negotiated. He controlled the voting power of one that owned all the shares of the other. He was president of the Petroleum Co. up to July 24, 1922, and then became chairman of its board. He was president of the Transport Co. until December 7, 1923, when he became chairman of its board. He was chairman of both when he testified. There is no evidence that his control over or authority to act for these companies was less in 1924, when he appeared for them before the committee, than it was in 1921 and 1922, when he negotiated and executed the contracts and leases. The companies were much concerned as to the investigation lest it might result in an effort to set aside the transaction. The hearing before the committee was an occasion where it was proper for them to be represented. Doheny had acted for them from the inception of the venture. The facts and circumstances disclosed by the record justified the lower courts in holding that, when he testified before the committee, he was acting for the companies within the scope of his authority.

His statements on that occasion are properly to be taken as theirs and are admissible in evidence against them.

As to Colonel Brittin, I will state that that case would not apply to his evidence before the committee, but it does apply to his memorandums sent to them while he was in Washington under the case which I previously read. That case does apply to the Transcontinental & Western, because Mr. D. M. Sheaffer, one of their officers, has testified that it applies; as to the United Airways, because Mr. Paul Henderson has so testified.

Let us see about Mr. Sheaffer. Bear in mind, now, that the Transcontinental & Western Air is a combination of two companies, one of them the Western Air Express, on the west coast, and I shall later show that their president has testified that they had prominent politicians who aided them in getting a contract, and who figured that they were of so much more assistance than the other companies that they should be taken into consideration in the combination.

The eastern company was the T.A.T., backed largely by the Pennsylvania Railroad. There horned into this combination the Pittsburgh Aviation Industries Corporation, through the political influence of its directors and officers, as I shall later show.

Let us see what Mr. Sheaffer testified with reference to this meeting, this little harmless gathering, where they were meeting as they would at a tea party, simply to let them disagree and then go home (p. 1534):

The CHAIRMAN. That is your company?

Mr. SHEAFFER. Transcontinental Air Transport is the company I am representing, sir.

The CHAIRMAN. Was it not distinctly understood when Mr. Brown called you gentlemen together that you were to divide up and see which company would get which line across the continent?

Mr. SHEAFFER. The operators were to consider the air-mail map, as I understand, and work it out to the best interests of the service from an economic standpoint.

Senators will find that Mr. Sheaffer is a very intelligent witness. We will find later that he knew all about the fact that combinations to prevent competitive bidding might result in the cancelation of a contract. He swore that before the committee (p. 1544).

The CHAIRMAN. Were you in a conference where the air-mail map was divided up?

Mr. SHEAFFER. I was in several conferences, Mr. Chairman, where it was considered, but my recollection of the matter is that the air-mail operators could not get together, and they left without reaching any definite conclusion.

I will show, not only by Mr. Sheaffer's memorandum, but by various other evidence, that they did get together on a number of lines, and as to the others they did not agree immediately, but they later carried out the recommendation. Note that he says he was in conferences where they had considered dividing up the air-mail map. He is an officer of the Transcontinental & Western, and that company is bound by his statement. He was their officer, who aided in putting over these nefarious contracts, and he is their officer who testified before this committee under oath that he was there when these matters were discussed (pp. 1544–1545).

The CHAIRMAN. Who presided over these meetings?

Mr. SHEAFFER. My recollection is that Mr. MacCracken presided. * * *

The CHAIRMAN. Now, what happened was, Mr. Sheaffer, that they did come in there together, and the air-mail operators found it very difficult to agree on which line would go to which company. That is correct, is it not?

Mr. SHEAFFER. Yes, sir.

The CHAIRMAN. There was considerable controversy among themselves as to which company would get various lines when they were finally to be awarded. That is correct, is it not?

Mr. SHEAFFER. That is right.

The CHAIRMAN. And not being able to agree, they finally reached the conclusion to let Mr. Brown act as umpire in awarding out the lines throughout the country, didn't they?

Mr. SCHEAFFER. I think this is a matter of record, Mr. Chairman, as to how that was done.

The CHAIRMAN. Well, is that true?

Mr. SHEAFFER. I am not just sure how he was left as referee.

The CHAIRMAN. But is it not true that you know he was left as the umpire to decide who would get these lines?

Mr. SHEAFFER. I think he was in some instances. I am not positive about that, though.

Senators will notice that Mr. Sheaffer's memory was not very good. We later refreshed it as to some of the things by some memoranda (p. 1560).

Mr. SHEAFFER. There was a discussion in regard to extensions, Mr. Chairman, and as a result of the meetings held in the Postmaster General's reception room, there was a memorandum filed, as the result of those meetings—you asked me this morning and I could not recall the memorandum. I understand such a memorandum was filed.

The CHAIRMAN. Did he state to you that he both could and would award your company a contract if you consolidated with the Western Air?

Mr. SHEAFFER. I believe that was his intention or idea, if we could extend and consolidate, as he thought he possibly could.

The CHAIRMAN. Did he state to you along about June 1930 that the Postmaster General could and would award your company a contract if it consolidated with the Western Air?

Mr. SHEAFFER. I do not recall that specifically, that he would definitely do it. He asked the operators to get together and utilize the various set-ups for the air-mail transportation lines and passenger-carrying lines.

* * * * * * *

The CHAIRMAN. In the statement that you made in this report, that we now have, that the Postmaster General could and would, do you still state that you had an idea that you would have to bid at that time?

We had the memorandum then. I call the Senate's attention to the fact that in the meantime we had gotten the memorandum in which Mr. Sheaffer had reported to the directors of his company that if they would consolidate with the Western Air Express, the Postmaster General "could and would" award them this contract for a route across the continent. As another evidence of the difficulty of securing the testimony in proper form I will state also that originally we had been supplied a different memorandum which did not contain the "could and would" statement. With reference to all the other features of the memorandum it was the same. I have the photostatic copies showing exactly how the change was made, for those who are interested enough to look at them. It is another evidence of the difficulty of securing the facts, and it indicates the methods used to conceal (p. 1562).

Mr. SHEAFFER. No, sir. As I previously stated, I believe there was in the Postmaster General's mind the idea that an extension might be made under the——

The CHAIRMAN. Not only that, but he told you that, did he not?

Mr. SHEAFFER. He inferred that he assumed it might be a possibility.

Mr. Sheaffer, after having told the directors of his company, in a formal memorandum, that the Postmaster General both *could and would* award them a contract, when he finally got down to testifying said he inferred that he assumed that it might be a possibility. The interesting part about that is that the possibility developed into a probability, and the probability developed into a certainty, and the contract was awarded to these companies after they combined, involving the prospect of a cost to the United States of America of more than $16,000,000 over a 10-year period if they should run that long. It was at the cost of $16,000,000 over and above what it would have cost if it had been awarded to the low bidder, and all of this grew out of the little acorn where he said that he inferred that he assumed that it might be a possibility. Then—

Senator MCCARRAN. Did he tell you that?

Mr. SHEAFFER. He inferred that if we had the proper set-up that might be worked up.

It was worked up. It was worked up, but not until that company and the Western Air Express had been compelled to permit to come into that combination a Pittsburgh company, which had never flown a mile in all of its history, but had prominent directors in it, a company in whose interest the Secretary of the Treasury of the United States had talked to Mr. Brown at Cabinet meetings and had written a letter to Washington urging that they be granted an extension. Yet it is un-American to cancel a contract where it is agreed in advance that they will get it.

Mr. President, that is not the only bad thing about that story. I shall show later that the Western Air Express did not want to combine, that they were compelled by the Post Office Department to combine, and that they stated that they combined only because there was no other way in which they could get a contract, and that the Post Office Department made them do it; not only that, but that they lost $600,000 by this coercion on the part of the Post Office Department.

Let me now read the words of the Sheaffer memorandum. Bearing in mind that he said that the Postmaster General said that he assumed that there might be a possibility that if this were done they would get a contract, I want to read what he reported to his directors on July 13, 1930. Before I read that, however, I wish to call attention to the fact that, first, there was submitted to us a memorandum like the one I hold in my hand, with no notes on it. That memorandum did not say the Postmaster General "could and would." It said he might. But later on we extracted another memorandum, and here is what it says (p. 1550):

The present Postmaster General, the Honorable Walter F. Brown, called the operators together early this spring—

This is Sheaffer, of the Transcontinental—

asking that they endeavor to work out among themselves three transcontinental air lines, namely, the present northern route, a central route via St. Louis, and the southern route by Atlanta and Dallas, those three routes to be operated by independent companies separately owned and managed and competitive in service.

For the central transcontinental—New York to Los Angeles-San Francisco via Philadelphia, Pittsburgh, St. Louis, Tulsa, Kansas City-Amarillo—it was the desire of the Post Office Department that this be operated by one company, and, as T.A.T.—

That is the Pennsylvania company—

and the Western Air Express—

That is the company which said it had the prominent politicians to assist them in getting the contracts—

were the two important factors operating large mileage on this route, it was the Postmaster General's suggestion that these two lines consolidate or in some manner work out an operating arrangement to that end.

* * * * * * *

The Postmaster General having indicated that he could and would arrange so that an air-mail contract award would be properly made to the central transcontinental, providing the two companies organized for the operation of the service, T.A.T. got together with the Western Air Express on a plan to form an operating company on the following basis, namely:

I shall not now go into the formation of the operating company. The memorandum from which I just read is taken from the files of the company which got the contract. Yet we hear this editorial whining of a subsidized press, just as they whined in 1882 against Garfield, that it is un-American, that the companies have had no hearing. They had a hearing. Their officers came and testified under oath. They did not dare deny the truthfulness of that statement.

Before any bid was ever advertised, they arranged among themselves a consolidation over the protest of the Western Air Express. They knew in advance who would get the contract, just as Paul Henderson swore before the committee, verifying a statement he had made to his officers. It was the highly political line in the West, with Mr. Chandler, of the Los Angeles Times, with Mr. Fleishhacker, the banker, with the others who have been mentioned, with the Mr. Mellon, who was with the P.A.I.C., with the other Mellons, with Mr. Henry M. Robinson, who made a contribution to the National Republican Committee 2 days before the time the contract was to be let. All of them were there, and they knew in advance who would get the contract, and they got it. I shall show later just how they did get it.

So much for this evidence. This is the company, the company with the "could and would" memorandum, which has been sending out memoranda to all the Senators and all the Representatives, and to everyone else whom they could reach for the past month. Why? Because they do not dare to go into the Court of Claims and file a suit where the evidence of fraud can be placed for all the world to see and all the world to read. The court is open to them, and the burden will be on the United States Government to prove the fraud, and it will prove it if they ever dare to file a complaint in a court that has jurisdiction.

Let us see about the other part of the evidence. Let us take the Western Air part of it. I have given the part of the evidence as it affects the East. We had their memorandum and Sheaffer's evidence. He is an officer of the company.

Here is some evidence from Mr. Hanshue on the West coast. His company had been doing pretty well. It made 305 percent profit on its original investment in 1930. It was doing reasonably well; not as well as some of the companies, but it was doing so well that it did not want to sell out to these other companies.

Let us see what Mr. Hanshue said. We are talking now about what happened at the conference. I read from page 2912 of the record:

The CHAIRMAN. Did you state that you objected to bidding in this meeting?

Mr. HANSHUE. No. I stated that when Mr. Brown said he thought he might be able to help out some of the passenger operators who had no mail, by extension from lines that did have mail, that I would be willing to do whatever was reasonable along that line to avoid their having to bid.

What was that? That was terribly un-American, I presume, when we consider that he, an officer of the company, who helped them to get the contract, stated to the committee under oath that he was telling them that he was there willing not to bid. What did he tell them that for, if he did not mean it; and if he did not mean it, what was the object? It was to get contracts for certain companies, because, if they had competitive bidding, they would have to compete with their neighbors.

I read from page 2977 of the hearings:

The CHAIRMAN. Now, I want to be sure about another thing. You testified here yesterday, as I recall it—if I am mistaken, I want to know it—that you knew of the MacCracken report, and agreed that it should go in, making recommendations as to those lines that had been agreed upon, and submitting to the Postmaster General the question of arbitrating the other lines?

Mr. HANSHUE. I believe that is substantially correct.

Un-American! Un-American to cancel the contract of a company which says that so far as they could agree they agreed, and then they agreed to let the Postmaster General arbitrate to see which one of the other companies should get the contract without a bid. Terribly un-American! It is un-American to those who believe that there are certain powerful interests in this country that should have special privileges and that should be paid more for their work than the work justifies them in having. It is not un-American to those who believe that the citizens of this country should be honest with their Government and that those who make contracts with the Government should come in with clean hands, honest hands, and operate with the Government the same as an honest man would operate with another honest man.

The CHAIRMAN. And you accepted that report as a part of your report, did you not? You participated and agreed to that report, did you not?

Mr. HANSHUE. Yes.

The CHAIRMAN. In line with the fact you were leaving it up to him to negotiate, in your letter of June 2, did you not state:

"Representatives of Western Air Express have tried diligently and in good faith to reach an accord with other air transport companies with a view to composing the differences which exist over occupancy of these transcontinental routes."

You stated that, did you not?

Mr. HANSHUE. Yes. That, of course, was meant to compose their differences with T.A.T.

That is the Pennsylvania company.

The CHAIRMAN. You stated, Mr. Hanshue, "with a view to composing the differences which exist from occupancy of these transcontinental routes"?

Mr. HANSHUE. That is right.

What did "occupancy" mean? It meant who should get the routes. Why was it necessary, if they were going to have competitive bids on the routes across the continent, for the Postmaster General to be in there consulting with the two companies which would seek to agree among themselves as to the occupancy of the routes? Is that a great dream and a noble vision that will build up the honor and integrity of the aviation industry of this Nation? Aviation did not grow by reason of any such collusion as that. Aviation grew because it was destined to grow. It is destined to become a great and integral part of the commerce of this Nation. It did not grow on account of any meetings with operators to divide up the air-mail map and distribute the spoils among those who were there. It grew in spite of those meetings. It did not grow on account of any subsidized editorials that ever appeared, written by those who have been whining about the cancelation of contracts conceived in iniquity and fraud. It grew because it is a part of the great progress of this Nation, and, just as the railroads supplanted the stagecoach, so is aviation marching forward.

Aviation is being used and has been used for the purposes of stock promoters and manipulators. I shall show the Senate before I finish the millions and millions and millions of dollars that have been taken by the stock promoters. I will show the Senate how the money has been taken out of the pockets of the taxpayers and diverted from the taxpayers into the pockets of and for the enrichment of a few favored individuals through the activities of their political favorites and their newspaper supporters. I am not saying this about all the press.

There is some part of the press which is independent. There is some part that cannot be led astray. There are many editors, honest in their viewpoints, who write the facts

as they see them; but, just as happened in 1833, there have been newspapers that have been the beneficiaries of the corrupt arrangement; just as happened in 1832, there have been newspapers that have been beneficiaries of the corrupt arrangement. Their voices are not raised in the interest of honesty and integrity. Some of them have not raised a voice of protest even when it was brought out that the employees of the Post Office Department had accepted $10,000 from the aviation companies' representatives in Washington; they did not raise their voices in protest when it was brought out that two members of the interdepartmental committee had stocks paid for by a representative in Washington of the aviation corporations. They did not raise their voices at all in protest against such actions.

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES—CONFERENCE REPORT

Mr. BULKLEY. Mr. President——

Mr. COSTIGAN. I inquire if the Senator from Alabama has concluded?

Mr. BLACK. No; I have not concluded.

Mr. COSTIGAN. Mr. President, will the Senator from Ohio yield to permit me to call up the conference report which I presented this morning?

Mr. BULKLEY. Mr. President, I will say that I desire to bring up the conference report on Senate bill 2999, being the Home Owners' Loan bond bill.

Mr. COSTIGAN. If the Senator from Ohio will permit me, I believe we can adopt the conference report on the sugar bill without any but the briefest discussion. If the Senator will do that, I shall appreciate the courtesy.

Mr. BULKLEY. I am anxious to secure action on the conference report on Senate bill 2999; but if the matter in which the Senator from Colorado is interested can be disposed of without undue delay, I am glad to yield to him.

Mr. COSTIGAN. My understanding is that we have a practical agreement to dispose quickly of the conference report. I believe the Senator from Michigan [Mr. VANDENBERG] wishes to make a very short statement, and we can then proceed with the measure in which the Senator from Ohio is interested.

Mr. BULKLEY. The Home Owners' Loan bond bill has already been so long delayed that I do not like to have it further postponed; but on the assurance of the Senator from Colorado that the conference report which he has in charge is not going to take much time, I shall be glad to yield.

Mr. COSTIGAN. If it involves prolonged discussion, we will not proceed with it.

Mr. President, I presented this morning a conference report on the so-called "sugar bill." I ask that it be laid before the Senate at this time, and I move its adoption.

I will say, for the benefit of the Senate, that there is also pending an amendment adopted by the House on yesterday to an amendment adopted by the Senate. The amendment is set out on page 7246 of the CONGRESSIONAL RECORD, which is on the desks of Senators. After the conference report shall have been approved, if it shall be approved, I should like to move a substitute for the amendment adopted by the House to Senate amendment numbered 59. It is my understanding that the proposed substitute is acceptable to Senators who have been considering it during the day.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Is there objection to consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Do I understand that the House of Representatives has undertaken to adopt a conference report with an amendment?

The PRESIDING OFFICER. The House of Representatives has agreed to a certain Senate amendment with an amendment, the conferees having failed to agree thereon.

Mr. VANDENBERG. Mr. President, the conference report to which the Senator from Colorado refers includes an amendment respecting the minimum wage, does it not?

Mr. COSTIGAN. It does.

Mr. VANDENBERG. I want to make a statement in just a few sentences respecting the action of the conferees in this particular respect.

Mr. President, this is not the ordinary minimum-wage situation. If it were, I should heartily support it, because I emphatically believe in the industrial minimum wage; but this minimum wage, applying to the labor on the farm in respect to the cultivation of sugar beets, enters fundamentally into the mathematical equation which fixes the parity price and the fair exchange value that has been promised to the farmer.

The parity price, the fair exchange value, going back to the period of 1909 to 1913, does not contemplate an increased cost of production in respect to the cost of producing an agricultural commodity, and this wage factor has not been injected into the fair-exchange price of any other farm product that has been made a basic commodity under the triple A. Manifestly the injection of any new cost factor destroys the parity and will be charged squarely to the farmer unless we take cognizance of this matter. Therefore, unless the Secretary of Agriculture, in fixing the parity price on sugar beets, in fixing the fair-exchange value, shall take into consideration the fact that increased costs of production are contemplated under the minimum-wage provision and offsets them, the beet sugar farmer will not have the parity price which has been promised him under the bill and under the triple A act.

Therefore, since it is obviously impossible to change the conference report in this respect, much as I should like to do it, I content myself with making the warning statement that the Secretary of Agriculture in fixing the parity price for sugar beets must include in his consideration any increased cost of production as a result of any new minimum-wage requirement, or the parity price which otherwise has been held out as a compensatory promise to the American farmer will not actually reach him except in a very small and inadequate degree. The minimum-wage power in this farm connection, let it be plainly understood, can be misused to wreck the entire domestic sugar industry.

Mr. BORAH. Mr. President, before we dispose of the conference report, I wish to understand the situation. As I understand, if we adopt the conference report, then, the question about which the controversy arises will still be left open for determination; and I understand further that the Senator from Colorado proposes to offer a substitute for the amendment adopted by the House to the amendment of the Senate? Would the Senator from Colorado mind stating what that substitute is?

Mr. COSTIGAN. The Senator from Idaho holds a copy of it in his hands.

Mr. BORAH. Yes; I have just received it at this moment.

Mr. COSTIGAN. In substance, it seeks to provide that any sugar imported prior to the effective date of a processing tax on sugar beets and sugar cane; also any sugar now held or heretofore agreed in good faith to be delivered to a manufacturer for use in production of other articles than sugar; also any articles, other than sugar, processed from sugar beets and cane shall be exempt from the processing tax; also certain sugar in customs control which will have paid the present tariff duty.

The amendment of the House to the amendment of the Senate would exempt only those sugars on which a duty of 2 cents a pound has been paid, representing the effective present sugar tariff. The amendment widens the field to include all sugars held for use in production of other articles than sugar.

Mr. BORAH. Mr. President, I will not delay action on the conference report.

The PRESIDING OFFICER. The question is on the adoption of the report.

Mr. FESS. Mr. President, I still am in confusion as to the parliamentary situation. Here is a conference report;

it is incomplete. The conferees have agreed on certain things, and we are voting on that part, are we?

The PRESIDING OFFICER. The Chair will state that the conference report is complete.

Mr. FESS. Then, in what form is the amendment of the House of Representatives? Is that a point of difference on which the House has offered an amendment?

Mr. BORAH. Mr. President, amendment numbered 59 was inserted in the bill by the Senate. The House has accepted that amendment with an amendment. That is the question that is in controversy.

Mr. FESS. Are we going to act upon the suggestion of House, accept the amendment of the House with an amendment, or are we going to adopt a substitute and send it back to conference?

Mr. COSTIGAN. The first motion is to adopt the conference report.

Mr. FESS. I understand that.

Mr. COSTIGAN. Following that, a motion will be made to adopt a substitute for the House amendment to the amendment of the Senate numbered 59, and the substitute, if adopted, will be transmitted to the House for further action.

Mr. FESS. That is what I wanted to know.

Mr. ROBINSON of Arkansas. Mr. President, I should like to ask a question. If the conference report shall be agreed to, the only remaining matter in dispute will be involved in the amendment to which reference has just been made?

Mr. COSTIGAN. The Senator from Arkansas has accurately stated the situation.

Mr. KING. Mr. President, I was one of the conferees in the consideration of the bill to which reference has been made. During the conference—and I do not think it improper for me to state my position—I opposed the motion that the Senate recede from the provision embraced in the amendment numbered 35 in the bill as presented for consideration, and which was under consideration by the conferees. I believed that the Senate conferees should follow the instructions of the Senate and support its action. After the conferees, aside from myself, had agreed upon all matters in dispute, and I perceived that further delay would prove injurious to the sugar industry, I reluctantly joined in the report. I did it only because the situation of the growers of sugar beets was so serious, indeed, so precarious, that it was imperative, if any legislation was to be enacted at this session, that it be enacted quickly. I feared that if delays were had by reason of the continuation of the controversial features of the bill some of the advantages expected from this measure would be lost.

The Senator from Michigan [Mr. Vandenberg] has just adverted to the fact that this is the first of the basic agricultural crops where the Department has reached out its powerful hands for the purpose of fixing the minimum wage with respect to an agricultural crop. It seemed to me that it was unfair to select the sugar-beet industry and the sugar-cane industry of the continental United States, as the first one upon which to assert this great power, which, if improperly and unwisely exercised, will seriously affect the industry. I repeat, if the Secretary of Agriculture shall capriciously or unfairly exercise the conferred authority, or shall proceed without reference to the peculiar conditions incident to the sugar-beet industry, a very grave injustice will result to this industry—an injustice so great that it will exceed in its evil consequences any benefits that may be derived.

As stated, I signed the report reluctantly, not free from apprehensions as to the benefits which may be derived from the proposed legislation.

I have heretofore stated that, in my opinion, with the large consumptive need for sugar, it was not opportune to restrict the production of sugar in continental United States. I should like to see this important industry developed. Our efforts to impose restrictions such as contained in the measure before us do not meet my approval.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. COSTIGAN. Mr. President, I ask the Chair to lay before the Senate the action of the House on the amendment of the Senate numbered 59.

The PRESIDING OFFICER. The Chair lays before the Senate the following message from the House, which will be read.

The legislative clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES
OF THE UNITED STATES,
April 24, 1934.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 59 to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, and concur therein with the following amendment:

In the matter proposed to be inserted by said amendment, after the letter "(c)" insert "Any sugar, imported prior to the effective date of a processing tax on sugar beets and sugar cane, with respect to which it is established (under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury) that there was paid at the time of importation a duty at the rate in effect on January 1, 1934, shall be exempt from taxation under this title."

Mr. COSTIGAN. Mr. President, I move to concur in the House amendment to the Senate's amendment no. 59 with an amendment in the nature of a substitute which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment in the nature of a substitute submitted by the Senator from Colorado.

The LEGISLATIVE CLERK. In the nature of a substitute for the amendment of the House for the amendment of the Senate no. 59 it is proposed to insert the following:

(1) Any sugar, imported prior to the effective date of a processing tax on sugar beets and sugar cane, with respect to which it is established (under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury) that there was paid at the time of importation a duty at the rate in effect on January 1, 1934, and (2) any sugar held on April 25, 1934, by, or to be delivered under a bona fide contract of sale entered into prior to April 25, 1934, to, any manufacturer or converter, for use in the production of any article (except sugar) and not for ultimate consumption as sugar, and (3) any article (except sugar) processed wholly or in chief value from sugar beets, sugar cane, or any product thereof, shall be exempt from taxation under subsection (a) of this section, but sugar held in customs custody or control on April 25, 1934, shall not be exempt from taxation under subsection (a) of this section, unless the rate of duty paid upon the withdrawal thereof was the rate of duty in effect on January 1, 1934.

Mr. LONG. Mr. President, I should like to ask the Senator from Colorado a question. Does this affect the proviso that the year shall begin on January 1?

Mr. COSTIGAN. The calendar year is not affected in the computation of quotas.

Mr. LONG. That is what I desired to know.

Mr. VANDENBERG. Mr. President, to make the record clear, may I ask the Senator from Colorado if the effect of the substitute is to put floor stocks of domestic sugar on the same basis as floor stocks of imported sugar in respect to floor-stock taxes?

Mr. COSTIGAN. That is the purpose of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado in the nature of a substitute for the amendment of the House to the amendment of the Senate numbered 59.

The amendment to the amendment was agreed to.

Mr. NORRIS. Mr. President, does not the Senator from Colorado want to submit a motion to send this action to further conference?

Mr. COSTIGAN. Yes. I move that the Senate insist on its amendment, ask for a further conference, and that the Chair appoint the conferees.

Mr. ROBINSON of Arkansas. Mr. President, is it expected that the body at the other end of the Capitol will accept the amendment?

Mr. COSTIGAN. It is hoped that it will.

Mr. ROBINSON of Arkansas. Then if it becomes necessary to have a further conference, the House will ask for it. I suggest that the Senator from Colorado withdraw his motion.

Mr. NORRIS. The adoption of the motion now offered by the Senator from Colorado will not prevent the House accepting the amendment if it wants to do so. If the Senator's motion shall be agreed to, we will get final action on the sugar bill much more quickly than if it had not been presented. It merely means taking a step in advance.

Mr. COSTIGAN. I will ask for a vote on my motion, including the appointment of conferees by the Chair, assuming, without urging, that the Chair will appoint the same conferees who have been deliberating on the sugar bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Colorado.

The motion was agreed to; and the Presiding Officer appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. COSTIGAN, Mr. REED, and Mr. COUZENS conferees on the part of the Senate.

BONDS OF HOME OWNERS' LOAN CORPORATION—CONFERENCE REPORT

Mr. BULKLEY submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) section 4 (c) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be in such forms and denominations, shall mature within such periods of not more than 18 years from the date of their issue, shall bear such rates of interest not exceeding 4 percent per annum, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the Corporation issued under this subsection which are guaranteed as to interest and principal, and for such purposes the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed. No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same. The Corporation shall have power to purchase in the open market at any time and at any price not to exceed par any of the bonds issued by it. Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price. For a period of 6 months after the date this subsection, as amended, takes effect, the Corporation is authorized to refund any of its bonds issued prior to such date or any bonds issued after such date in compliance with commitments of the Corporation outstanding on such date, upon application of the holders thereof, by exchanging therefor bonds of an equal face amount issued by the Corporation under this subsection as amended, and bearing interest at such rate as may be prescribed by the Corporation with the approval of the Secretary of the Treasury; but such rate shall not be less than that first fixed after this subsection, as amended, takes effect on bonds exchanged by the Corporation for home mortgages. For the purpose of such refunding the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so refunded. Nothing in this subsection, as amended, shall be construed to prevent the Corporation from issuing bonds in compliance with commitments of the Corporation on the date this subsection, as amended, takes effect.

"(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds, hereafter issued in compliance with commitments of the Corporation outstanding on the date of enactment of this act.

"SEC. 2. Section 4 of the Home Owners' Loan Act is further amended by adding at the end thereof the following new subsections:

"'(l) No home mortgage or other obligation or lien shall be acquired by the Corporation under subsection (d), and no cash advance shall be made under subsection (f), unless the applicant was in involuntary default on June 13, 1933, with respect to the indebtedness on his real estate and is unable to carry or refund his present mortgage indebtedness: *Provided*, That the foregoing limitation shall not apply in any case in which it is specifically shown to the satisfaction of the Corporation that a default after such date was due to unemployment or to economic conditions or misfortune beyond the control of the applicant, or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.

"'(m) In all cases where the Corporation is authorized to advance cash to provide for necessary maintenance and to make necessary repairs it is also authorized to advance cash or exchange bonds for the rehabilitation, modernization, rebuilding, and enlargement of the homes financed; and in all cases where the Corporation has acquired a home mortgage or other obligation or lien it is authorized to advance cash or exchange bonds to provide for the maintenance, repair, rehabilitation, modernization, rebuilding, and enlargement of the homes financed and to take an additional lien, mortgage, or conveyance to secure such additional advance or to take a new home mortgage for the

whole indebtedness; but the total amount advanced shall in no case exceed the respective amounts or percentages of value of the real estate as elsewhere provided in this section. Not to exceed $200,000,000 of the proceeds derived from the sale of bonds of the Corporation shall be used in making cash advances to provide for necessary maintenance and necessary repairs and for the rehabilitation, modernization, rebuilding, and enlargement of real estate securing the home mortgages and other obligations and liens acquired by the Corporation under this section.'

"SEC. 3. The sixth sentence of section 4 (a) of the Home Owners' Loan Act of 1933 is amended to read as follows: 'The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation, if in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension.'

"SEC. 4. Subsection (g) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended to read as follows:

"'(g) The Corporation is further authorized to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee subsequent to January 1, 1930, subject to the limitations provided in subsection (d) of this section.'

"SEC. 5. Section 5 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new subsections:

"'(j) In addition to the authority to subscribe for preferred shares in Federal savings and loan associations, the Secretary of the Treasury is authorized on behalf of the United States to subscribe for any amount of full paid income shares in such associations, and it shall be the duty of the Secretary of the Treasury to subscribe for such full paid income shares upon the request of the Federal Home Loan Bank Board. Payment on such shares may be called from time to time by the association, subject to the approval of said Board and the Secretary of the Treasury, and such payments shall be made from the funds appropriated pursuant to subsection (g) of this section; but the amount paid in by the Secretary of the Treasury for shares under this subsection and such subsection (g), together shall at no time exceed 75 percent of the total investment in the shares of such association by the Secretary of the Treasury and other shareholders. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by said Board and such receipts shall be evidence of the interest of the United States in such full paid income shares to the extent of the amount so paid. No request for the repurchase of the full paid income shares purchased by the Secretary of the Treasury shall be made for a period of 5 years from the date of such purchase, and thereafter requests by the Secretary of the Treasury for the repurchase of such shares by such associations shall be made at the discretion of the Board; but no such association shall be requested to repurchase any such shares in any one year in an amount in excess of 10 percent of the total amount invested in such shares by the Secretary of the Treasury. Such repurchases shall be made in accordance with the rules and regulations prescribed by the Board for such associations.

"'(k) When designated for that purpose by the Secretary of the Treasury, any Federal savings and loan association or member of any Federal home loan bank may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it. Any Federal savings and loan association or member of any Federal home loan bank may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality of the United States.'

"SEC. 6. Section 5 (l) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"'(l) Any member of the Federal home loan bank may convert itself into a Federal savings and loan association under this act upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.'

"SEC. 7. (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon, after the words 'Federal Farm Mortgage Corporation Act', a comma and the following: 'or by the deposit or pledge of bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended.'

"(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended, is further amended by inserting after the words 'bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months', a comma and the following: 'bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding 6 months.'

"SEC. 8. The Federal Reserve banks are authorized, with the approval of the Secretary of the Treasury, to act as depositaries, custodians, and fiscal agents for the Home Owners' Loan Corporation.

"SEC. 9. The Home Owners' Loan Corporation is authorized to buy bonds or debentures of Federal home loan banks upon such terms as may be agreed upon or to loan money to Federal home loan banks upon such terms as may be agreed upon but not to exceed $50,000,000 shall be invested or advanced under this section.

"SEC. 10. The first sentence of section 10 (b) of the Federal Home Loan Bank Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: 'unless the amount of the debt secured by such home mortgage is less than 50 percent of the value of the real estate with respect to which the home mortgage was given, as such real estate was appraised when the home mortgage was made.'

"SEC. 11. Section 6 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new sentences: 'For the purposes of this section the Secretary of the Treasury is authorized and directed to allocate and make immediately available to the Board, out of the funds appropriated pursuant to section 5 (g), the sum of $500,000. Such sum shall be in addition to the funds appropriated pursuant to this section, and shall be subject to the call of the Board and shall remain available until expended.'

"SEC. 12. Subsection (e) of section 8 of the Home Owners' Loan Act of 1933, is hereby amended to read as follows:

"'(e) No person, partnership, association, or corporation shall, directly or indirectly, solicit, contract for, charge or receive, or attempt to solicit, contract for, charge or receive any fee, charge, or other consideration from any person applying to the Corporation for a loan, whether bond or cash except ordinary fees authorized and required by the Corporation for services actually rendered for examination and perfection of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 5 years, or both.'

"SEC. 13. Subsection (k) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended by inserting a new sentence after the second sentence of such subsection as follows: 'All payments upon principal of loans made by the Corporation shall under regulations made by the Corporation be applied to the retirement of the bonds of the Corporation.'

"SEC. 14. The eighth sentence of section 4 (a) of the act entitled 'An act to provide for the establishment of a Cor-

poration to aid in the refinancing of farm debts, and for other purposes', approved January 31, 1934, is amended to read as follows: 'No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same.'

"SEC. 15. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the House agree to the same.

ROBERT J. BULKLEY,
ALBEN W. BARKLEY,
Managers on the part of the Senate.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
ROBERT LUCE,
CARROLL L. BEEDY,
Managers on the part of the House.

Mr. BULKLEY. Mr. President, the House struck out all after the enacting clause of the bill as it passed the Senate and inserted new matter. Necessarily, therefore, the conference report is, in the form submitted, an entirely new bill. The conference report has been before the Senate for a week. I believe the only matter in controversy will be the so-called "Norris amendment" which undertook to provide that in the appointment and promotion of employees of the Home Owners' Loan Corporation there should be no preference given on account of partisan or political reasons. I shall not undertake to discuss the merits of the amendment, but only to state to the Senate what the problem was before the conferees.

It will be remembered that in the Senate the Norris amendment was adopted by a rather close vote, and later on the same date a motion to reconsider the vote by which the amendment was adopted was defeated by only a single vote. After the House had passed the bill not containing anything equivalent to the Norris amendment, a motion was made to instruct the House conferees to concur in the Norris amendment. A record vote was had on that motion in the House and was lost by a majority of almost exactly 2 to 1. Under the circumstances the House conferees felt that they should not be asked to yield in conference. On behalf of the Senate conferees I am obliged to say that we had to agree with that view.

I therefore submit, inasmuch as the amendment does not relate to the original subject matter of the bill and contains a proposed method of employment and promotion of the employees that is not generally applicable to all branches of the Government service, but would make an exception of the Home Owners' Loan Corporation, and inasmuch as the House has very emphatically refused to accede to the amendment, that the constructive thing to do now is for the Senate to yield on the matter and permit the proposed legislation to be enacted.

I have nothing further to say; and, unless the Senator from Nebraska desires to say something, I ask for a vote.

Mr. NORRIS obtained the floor.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. POPE in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Brown	Coolidge	Erickson
Ashurst	Bulkley	Copeland	Fess
Austin	Bulow	Costigan	Fletcher
Bachman	Byrd	Couzens	Frazier
Bankhead	Byrnes	Cutting	George
Barbour	Capper	Davis	Gibson
Barkley	Caraway	Dickinson	Glass
Black	Carey	Dieterich	Goldsborough
Bone	Clark	Dill	Gore
Borah	Connally	Duffy	Hale
Harrison	McCarran	Pittman	Thomas, Okla.
Hastings	McGill	Pope	Thomas, Utah
Hatch	McKellar	Reed	Thompson
Hatfield	McNary	Reynolds	Vandenberg
Hayden	Metcalf	Robinson, Ark.	Van Nuys
Johnson	Murphy	Robinson, Ind.	Wagner
Kean	Neely	Russell	Walcott
Keyes	Norbeck	Schall	Walsh
King	Norris	Sheppard	Wheeler
La Follette	Nye	Shipstead	White
Logan	O'Mahoney	Smith	
Lonergan	Overton	Steiwer	
Long	Patterson	Stephens	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. NORRIS. Mr. President, this conference report ought to be rejected.

As the home loan bill passed the Senate, it contained an amendment reading as follows:

> In the appointment of agents and the selection of employees for said Corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency. Any member of the Board who is found guilty of a violation of this provision by the President of the United States shall be removed from office by the President of the United States, and any agent or employee of the Corporation who is found guilty of a violation of this section by the Board shall be removed from office by said Board.

That amendment was disagreed to by the House, and the bill went into conference; and while there were some other amendments of minor importance, there was no difficulty in agreeing upon the conference report except in the case of that amendment.

The conference report has obliterated that amendment from the bill; and because I believe such action is fundamentally wrong, and that it would be to the best interests of the Government and the taxpayers of the United States that the amendment should be retained, I am opposed to the conference report.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. NORRIS. I yield to the Senator.

Mr. PITTMAN. I am in entire accord with the Senator with regard to selecting these men for efficiency. I think the Senate amendment which was not agreed to by the House would have been clearer, however, and probably would have been agreed to by the House, if the Senator had made one addition to it; and I say that in all seriousness.

In my own State, for instance, 90 percent of the appointees under the National Recovery Act are not only Republicans, but what might be termed "active Republicans", because most of them have held office under Republican administrations, and have been members of Republican committees. I think possibly if the Senator had added to the amendment at the time the statement that service as a Democrat should not be prima facie evidence of inefficiency, the amendment might have been agreed to in the House. I wish to say now, however, so far as my State is concerned, that the fact that a man has affiliated with the Democratic Party, even though not in the capacity of a politician, is an indication of inefficiency. I wish to say, further, that any recommendation by myself or by the junior Senator from Nevada [Mr. MCCARRAN], or by the Representative from the State of Nevada is taken as prima facie evidence that the appointment is a purely political one, and is not based upon efficiency.

I really think that the House, in construing this amendment, has taken the definition of efficiency as adopted by the various branches of the Government under the N.R.A.

Mr. NORRIS. Mr. President, with all due respect to the Senator from Nevada, I realize that his interruption is not a question; it is a speech, and a very good one, from his point of view. While in the course of my remarks I will yield for interruptions, I prefer that Senators shall not interrupt me to make an argument on this subject. They can do that in their own time. I shall answer the suggestions made in the interruption of the Senator from Nevada, but I probably should have done so without any inter-

ruption, because he has made the argument which has been made over and over again in the discussion of this question.

Mr. PITTMAN. I shall not interrupt the Senator further.

Mr. NORRIS. Mr. President, I realize that I may be entirely wrohg in my views of government. Perhaps I am mistaken. Perhaps I have been laboring under a delusion for years, when I have advocated efficiency in government; but, if I am right in my belief, this amendment is fundamental.

I think the vote we are about to take is more important than any vote this Congress has taken heretofore. I feel very deeply about this amendment. It involves my political religion. I am in earnest about the matter. I am not guilty of what is charged in some of the insinuations that have been made by Members of Congress and people outside of Congress in the discussion of this amendment which has gone on for the past 10 days. I am standing for a principle of government which I believe will purify our Government, or tend to do so, and put it on a higher plane.

This bill is an amendment of the Home Loan Act. Under its provisions the principal of the loan, as well as the interest, is guaranteed by the Federal Government. The bill undertakes to save thousands and thousands of homes which now are about to be lost under foreclosure proceedings. It uses the taxpayers' money to do it. The bill is entirely a business proposition. It involves the appointment of attorneys, agents, and employees all over the United States. There is not a city or a village or a hamlet under the flag of continental America where employees will not be appointed under the provisions of this bill.

While I have always advocated, and still do, that every Member of the Senate should vote his conscientious convictions, and while I may say some things in the course of my remarks which are harsh, I want no Senator who is listening to me to think for a moment that I am intending any criticism of any Senator for voting as he pleases, and as he believes to be right, either upon this question or upon any other.

What I am about to say I want to have those who listen to me construe as an honest attempt on my part to do my duty here without the intention of injuring the feelings of any Senator or any other individual. Nor do I want anything I say construed as a criticism of one political party more than another. I am advocating here nonpartisanship. I am advocating efficiency in government.

A few nights ago I listened to a speech made over the radio by young Mr. Couzens, mayor of Detroit. In that speech he said that what we need is more business and less politics in government.

I wish I could burn those words into the brain of every citizen of the United States. I wish every man and woman, regardless of politics, might realize that the Federal Government is confronted with a business proposition, the proposition of using taxpayers' money to save the homes of millions of our poor, and that politics never ought to enter into the appointment of anyone in connection with that activity.

Mr. President, it was said, shortly after I offered the amendment, and after it had been agreed to by the Senate, that the real intention of the amendment was to give offices to Republicans. We could draw the same conclusion, justly, perhaps, from the interruption of the Senator from Nevada.

Mr. President, with all the vigor I possess, I deny that insinuation. I assert here and now that there is no such idea in my mind, there never has been, and I object to being put into the category of being a pie-counter politician. "More business and less politics in government!"

We are the trustees of the fund we are about to appropriate. We are to appropriate over $2,000,000,000—billions—to carry out the provisions of this law. We are going to employ thousands and thousands of employees, and it is beyond my conception of honest government that all these jobs should be given out with politics in mind. I am opposed to that.

As I said a while ago, I may be wrong, but I honestly believe what I am stating, and I object to any man, here or elsewhere, trying to put me in the attitude of one offering an amendment in order to get jobs for any political party. I deny that. I am emphatic about denying it. I mean it.

Mr. President, in the consideration of this amendment, through the clouds of doubt, through the mists, there is one shining light; there is one voice we can hear through it all, and it is the voice of Roosevelt, pleading for the adoption of this amendment, his voice falling on Democratic ears deaf to his appeals. We also have the appeal of the man who is at the head of this corporation, Mr. Fahey, asking for this kind of legislation.

Do not forget, my Democratic friends, that if the people of this country think as I do—and I believe the majority of them do—our vote upon this conference report is going to be regarded all over the country as a fundamental vote. We are going to be held responsible by the American people for the laws under which we permit $2,000,000,000 of their money to be expended.

We are trustees of that fund. It is a sacred fund. We are dealing with the homes of our poor. We are trying to save the homes of our poor. It seems to me that we ought to remember at all times, in connection with this amendment, which has nothing to do with politics, which has to do with nothing but business, which is nothing but an act of charity to our poor, that we ought not to have this fund used to build up the policies or the machines of any political party on earth. That is the only aim of the amendment.

It ought to be said, I think, because it is true, that the Democratic Party is in the majority in both the House and the Senate, and that party cannot escape, it ought not to escape, whatever criticism may come from the action taken here upon the conference report.

Mr. President, already some of the agents of the Board, under the law as it stands now, have been guilty of the grossest crimes of political action. Already, with the machine only half built up, before this law passes, under which it will be enlarged, politics has crept in, with its corrupting influence, and has nominated many of the appointments which have been made under the law.

The amendment aims at freeing the hands of the men now in charge of this great piece of constructive and humanitarian legislation. Bear that in mind. We are called upon here to free the hands of the men who shall administer the money which is to come out of the Treasury of the United States to save the homes of our brethren. These men are honestly attempting to do their work in a disinterested way. Many of them at great personal sacrifice to themselves are trying to translate into reality the idealism which was in the minds of the Congress and the President of the United States when the original act was passed.

Has any Senator any doubt as to what these men are struggling against? Is there any doubt as to what they are listening to, in the gossip which is going about in so many of the localities where the representatives of this Corporation are engaged in the refinancing authorized?

Recently the newspapers carried the information that in California the local State manager had acquiesced in and was probably a partial beneficiary of an organized attempt to assess employees of the Federal Home Loan Corporation.

From Illinois comes similar word. Read some of the statements made in the House of Representatives by some of the Representatives from Illinois, in which State some of the most corrupt things were divulged. Some of the men involved have been discharged, or have resigned. The Department of Justice is now engaged in investigating, with a view to bringing criminal action against some of those men.

Pennsylvania is another instance. I could use names, if I thought it were proper, to show that in that great State, in order to get an appointment, one has to have the favor of a certain politician. The Democratic chairman of every county committee in the United States is going to have in his hands the giving out of jobs, if we turn this matter over to politics.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I was hoping the Senator would not leave out the fact that the head of the national organization, Mr. Fahey, has shown 65 cases of rotten corruption in the State of Louisiana, and has condemned them, but we still have them, and I cannot find anything here that is going to get them out of the way.

Mr. NORRIS. Mr. Fahey is but a human being; he is an honest man, engaged in a stupendous task. He has to look after all parts of the United States, and he is only human. We can appreciate his difficulties if we put ourselves in his place and imagine a political machine bearing down on us. In many places it is in the power of the local people to make the movement a success or a failure. Mr. Fahey does not want to turn these men down. He wants to have a law so he can say, "You cannot make these appointments. These appointments shall not be measured out as political plums." It is the same with all the others.

Mr. President, we cannot conceal the fact that in many localities now political bosses have in their hands the appointment of officials ready to go into office as soon as this law is enacted. The painters who want jobs to paint houses, the men who want to sell lumber, the men who want to furnish the bathroom and toilet facilities, realize that they must cross the palm of some political leader or they will stand no show of getting the job. It is going to percolate clear through the entire system.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McKELLAR. I can say to the Senator so far as one bureau of the Government is concerned, that the Alcoholic Beverage Bureau has recently made some 15 or 20 appointments in my State, and I am advised that every single one of the appointees is a Republican. So I am wondering how the thing is going to work.

Mr. NORRIS. All right; let us consider that illustration. If Democrats who are hunting for jobs are complaining now that they do not get any jobs, that Republicans are getting them all, the Democrats ought to be for this amendment, for then perhaps they would stand some show, unless they admit, which I do not charge, that they cannot get efficiency in the Democratic Party. It seems to me that Democrats must take one horn of the dilemma or the other.

Those who complain that they are not getting patronage ought not to object to the amendment. It does not mean, Mr. President, as I look at it, because a Senator or a Member of the House of Representatives or the chairman of the State committee does not get what he wants, that this proposed law is to be passed against them. Under existing law, such a thing has happened. I read in the public press, in an Associated Press dispatch which was sent all over the country, that corruption is already rife in connection with a great many of these appointments. It cannot be otherwise.

In the little towns of four or five hundred people it will be known by everybody there that somebody is a political boss, and that he controls the patronage. The school children will point him out as they go to school, "There is the man." Perhaps the father of the little children had said the night before around the fireside, "I have got to cross his palm", or he could not get a job as a carpenter, or he could not sell this material or that material.

Mr. President, it reminds me of an incident in my own life. I remember one time, a great many years ago, when I was busy in my library working on some problem, my daughter came into my study asking some favor that she thought was necessary in her childish life. Perplexed and annoyed as I was somehow, I said, "Why, Marian, why do you bother me with that? I do not know anything about it. Why do you not go to your mother?" She said, "Well, papa, I did intend to go to mother, but I found she had just dropped a custard pie upside down on the kitchen floor and she looked awful sad." [Laughter.]

The children are going to know about this matter, and they will grow up to be voters some day, and this action, which, if it shall be taken, will come as a party action, will condemn the party in the future. I do not want to condemn it for that reason. I have an interest in the administration—personal, I think. Supporting a man creates that kind of an interest. I have no other interest. I do not want to see the head of the administration drawn down by the failure of this Congress to enact such wholesome legislation as this. The world is going to see through the silly idea that "we are going to get good men but they must all be Democrats." That is an old story. Why try to fool each other here? We know better than that. We know that will not happen. To paraphrase a quotation from Lowell:

> Would you build your thrones and your altars then
> Upon the bodies and the souls of innocent men?
> Think you that temple will endure
> That feeds the boss and starves the poor?

The judgment will come some time. It will come surely. This fundamental principle of government is going to be put into force by those who are children now and who see the evil that will exist if such a provision as the one under discussion shall not be put into the law.

Mr. President, I could continue at some length to show what is happening now, and honestly draw the conclusion that it will be multiplied when the offices are multiplied. I am not a prophet, and do not desire to be one, but if my experience is worth anything those who have taken this amendment out of the bill, if they keep it out, are going to rue the day they took such action. They will find that their President, when he runs for reelection, although not to blame himself, is going to meet the charge that his party has organized a corrupt machine and sacrificed the poor of our country for the sake of building up a political machine. That time will come. It cannot be escaped any more than we can escape the rising of the sun in the morning. I do not want the President to suffer in that way. It is not right that he should, but he will, and if it is a close contest it may be decisive of the result.

Mr. President, if I were President of the United States today I would issue an order to the head of every department, to the head of every bureau, and every commission that has any Federal appointments to make, and I would say in that order "You shall henceforth pay no attention to recommendations for office made by Members of the Senate or Members of the House of Representatives." Then I would send a message to Congress and I would quote the order to them, and I would say, "This does not mean that I do not have confidence in you, but this means that I am trying to carry out my sworn duty under the Constitution of the United States which provides there shall be executive and legislative and judicial functions of Government, and that the meaning has always been construed to be that they should be separate and kept separate, and, therefore, there would be no trading between the executive department and the legislative department based on patronage and political plums and pie, especially where no policy of Government is involved, especially where we are only going to save some homes in a business way, and particularly where we are using the taxpayers' hard-earned cash to do it."

I would favor a law, and I think we ought to have such a law on our statute books, which would take away from every Representative and every Senator any influence, direct or implied, in the appointment of any Federal official. Keep the two functions of Government separate. Keep them separate now. Keep them separate forever.

We have executive departments of Government and we provide in the law that the head of this bureau or that bureau shall appoint these men. We do not mean that. We mean that the head of that bureau shall appoint men who are recommended by Senators or Representatives. If we are in earnest, if we think these political plums ought to fall into the laps of Senators and Representatives, why do we not have the courage to put it into the law? Why do we not provide in the law that all appointments shall be made by Senators and Representatives and chairmen of political committees and chairmen of county committees? Why do we not have the courage of our convictions and let that be the law?

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McKELLAR. Not only the law, but the Constitution provides that the President shall make the appointments by and with the advice and consent of one of the legislative bodies, namely, the Senate. Is not that true?

Mr. NORRIS. Yes; but the President is not going to make appointments by and with the consent of this body of one of these employees, not one out of a thousand, none of them. They are not going to be appointed by the President. The bill says—I presume it says, if I am not mistaken—Mr. Fahey shall make these appointments. Does the Senator want to make them? If he does, why not say in the law, "The appointments shall be made upon recommendations from Senators, recommendations from Representatives, recommendations made by the chairmen of the Democratic county central committee, and the Democratic State committee, and the Democratic National Committee"?

Why not say in the law itself, if that is what is meant, that Mr. Farley shall make these appointments? Why not put the head of the whole organization right in power and let him decide what shall be done? I do not say he would do poorly at the job. He would do the best he could, probably. I am simply saying that ought to be in the law if he is going to do the work. We ought to give the authority to the men who are going to try to make the appointments.

Do Senators want to hold up the hands of this man Fahey, pleading as he does and has for days for this kind of an amendment? Are Senators going to uphold him on the ground that the appointees are not going to be Democrats, anyway? If not, why not adopt the amendment? If it is harmless and not going to do any harm, why is any Senator afraid of it? Why not put it on the statute books?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio.

Mr. NORRIS. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. NEELY. Mr. President, the great anti-Democratic parade again passes in review preparatory to another desperate effort to deprive deserving members of the party of Jefferson of the fruits of their victory of 2 years ago.

In the last general election an overwhelming majority of the American voters solemnly declared that they desired the affairs of this Government administered by members of the Democratic Party during the 4 years succeeding the 4th day of March 1933. A vote in favor of the adoption of the pending conference report on the Home Owners' Loan Corporation bill will be responsive to the heart's desire of the American people as recorded in the last election. A vote against the adoption of the report, or, in other words, a vote in favor of the Norris amendment will be in defiance of the Nation-wide verdict of 1932.

The Norris amendment is based upon the erroneous premise that there are not enough intelligent and honest Democrats in the United States to administer properly and efficiently the affairs of the Home Owners' Loan Corporation. Against this unwarranted and offensive premise the vigorous protest of every Democratic member of the Senate ought to be registered.

The persistent and heroic efforts of the Senator from Nebraska to force his anti-Democratic amendment into the law have produced at least one glorious consummation. They have wrought the miracle of solidly uniting, for the first time in history, all on the Republican side of the Senate aisle under a single leader and under a single banner. That banner bears this legend, "United we stand forever and ever against the administration of governmental affairs by members of the Democratic Party." With a singleness of purpose and a patriotic devotion to duty never surpassed in this or any other legislative body, all of the reactionaries, Progressives, Farm-Laborites, and unclassified members on the Republican side of the Senate are now following the leadership of the peerless Progressive from Nebraska with as great enthusiasm as the rats and mice followed the Pied Piper of Hamelin town.

Let me very emphatically acquit the Senator from Nebraska of any suspicion of political hypocrisy or partisan intention in this matter. His motives are undoubtedly pure. So are the motives of a few of the others who are supporting the amendment.

For example, the Senator from Idaho [Mr. BORAH], the Senator from Minnesota [Mr. SHIPSTEAD], the Senator from Wisconsin [Mr. LA FOLLETTE], and three or four others on the Republican side, undoubtedly, favor the amendment for reasons that are untainted by political ambition or partisan desire. But the majority of those who voted to incorporate the amendment in the bill before it was sent to conference were, in my opinion, actuated by a single impulse, and that was to obtain appointments from the Home Owners' Loan Corporation for reactionary Republicans which rightfully belong to Democrats according to the rules of political conduct which have been highly honored and implicitly obeyed ever since the administration of John Adams.

It is argued with more heat than logic that the amendment is nonpartisan and that those who favor it are politically as pure as the icicles that hang from Diana's temple. Not by way of challenging the sincerity of the argument in favor of the amendment but solely to point out an extraordinary coincidence in nonpartisanism, let me invite your attention to the manner in which Republican Senators in the first instance voted on the proposal.

Mr. GORE. Mr. President, how many Republicans did vote for it?

Mr. NEELY. Mr. President, the able Senator from Oklahoma will find that a list of the Republican members who supported the amendment is identical with the census of the Republican side of the Senate chamber. The Republican Senators who voted for it, as shown by the CONGRESSIONAL RECORD, are as follows:

Austin, Barbour, Capper, Couzens, Cutting, Davis, Dickinson, Fess, Frazier, Gibson, Goldsborough, Hale, Hastings, Hatfield, Johnson, Kean, Keyes, La Follette, McNary, Metcalf, Norris, Nye, Reed, Robinson of Indiana, Schall, Steiwer, Townsend, Vandenberg.

In other words, you grinning Republicans under the leadership of the great progressive from the West voted your politics a hundred percent on this thoroughly nonpartisan measure. You ought to be ashamed of yourselves. [Laughter.]

You ought not to injure the progressive cause of this country by attempting to use the progressive from Nebraska as a stalking horse for your war upon democracy and your partisan skulduggery.

Nonpartisanism (!), what unspeakable crimes are committed in thy name!

You have noted upon the rollcall that General HASTINGS, the chairman of the Republican senatorial committee; Colonel FESS, the outstanding nonpartisan ex-chairman of the Republican National Committee; Lieutenant Colonel DICKINSON, the nonpartisan keynoter for the last National Republican Convention; Captain REED, the nonpartisan progressive from Pennsylvania; Top Sergeant BARBOUR, the nonpartisan progressive from the State of New Jersey, and, indeed, all the great progressives like HALE, of Maine, and METCALF, of Rhode Island, down to the Republican lance corporals and buck privates, are heroically helping the beloved General NORRIS to fight his battle against Democratic officeholders. And who can ever sound "the depths and shoals" of the devotion of those we have just mentioned to nonpartisanism and progressivism in this country, or appreciate the sincerity of their affection for the Nebraska leader whom they are now following with a fervor exceeding that with which the Mussulmans follow Mohammed?

Is it not fair to assume that the illustrious nonpartisan from Delaware, General HASTINGS, is typical of that large group of progressives who, by actions that speak much more impressively than words, now attest the virtues of the Norris amendment and the inestimable value of the leadership of its author? If so, a miracle as amazing as any recorded in Holy Writ has occurred on the other side of the aisle since the 7th day of February 1934, for on that day, as shown by the CONGRESSIONAL RECORD, General HASTINGS on this floor spoke of his recently accepted leader, the able Senator from Nebraska, as follows:

I might say * * * that while I love the Senator from Nebraska much, I fear him more. If I may be permitted to explain what I mean by that, I would say that his notion about what ought to be done to make the country a better place in which to live is so different from mine that I have always been afraid that if his ideas prevailed it would be disastrous to the country. I am sure he is just as certain that if the ideas I entertain shall prevail the country will be worse off than it is now.

The point I am making is that we have different views. Heretofore my views have pretty generally prevailed, or, putting it another way, my own opinions have pretty generally agreed with what has been done. But during the whole of this time, I repeat, I have been afraid of men like the Senator from Nebraska, and I am more afraid today than I ever was before, because I remember that now there is in the White House an Executive, popular indeed, who, so far as I am able to observe, sees eye to eye with the Senator from Nebraska.

The Senator from Delaware, at the time he made that speech, did not see eye to eye with the Senator from Nebraska, but a few weeks later, when the Senator from Delaware was called upon to vote on the Norris anti-Democratic amendment, he was not only eye to eye but heart to heart and soul to soul with his great progressive leader.

Our sympathy goes out to the Senator from Nebraska because we fear that the company that has voluntarily surrounded him will ruin him for life. When the Senator from Nebraska returns to the plains of his native State and his constituents discover that the Senators from Delaware, Ohio, Iowa, and New Jersey, have become his devoted disciples, and are washing his feet, the "sons of the wild jackass" will literally bray and laugh themselves to death, and there will not be enough of the progressive cause left in Nebraska, or the Nation, over which to hold a coroner's inquest. [Laughter.]

Let me implore you Republican reactionaries not to destroy the great progressive from Nebraska by forcing yourselves upon him. Do not embarrass him by compelling him to defend himself against the charge that he has been the political leader of Senators like FESS, of Ohio; HASTINGS, of Delaware; and REED, of Pennsylvania. Let me appeal to Senators on both sides of the aisle to show their generosity this afternoon by voting down the Norris amendment and thereby saving from disaster the deserving members of both the Progressive and Democratic Parties.

Mr. GORE. Mr. President——

Mr. NEELY. I yield to the Senator from Oklahoma.

Mr. GORE. I think the Senator from West Virginia ought to show his generosity by reading into the RECORD the names of the Republicans who voted with the Democrats on this occasion. He has read into the RECORD those who voted for nonpartisan government. Now I think it would be only fair to read the names of the Republicans who voted on the other side.

Mr. NEELY. Mr. President, the Senator's suggestion is accepted. The whimsical Van Troil entitled one of his famous chapters "On the Snakes in Iceland." That chapter simply says "Snakes in Iceland—there are none."

Let me inform my friend from Oklahoma that the number of the Republican Senators, who voted with the Democrats on the Norris amendment, is exactly equal to the number of the snakes in Iceland. [Laughter.] They all voted nonpartisan; and consequently voted the straight Republican ticket.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Kentucky?

Mr. NEELY. I do.

Mr. BARKLEY. Does the Senator recall, during the 12 years of Republican control of the Government, any such amendment as this being offered from the other side on the part of anybody?

Mr. NEELY. Never; and since the distinguished Senator from Nebraska recently said that he had written to various Departments during the 12 Republican years that preceded this administration, recommending that their appointments be nonpartisan, I have searched the record and had it searched for the full period that the Senator has served in this body, in a vain effort to find where he, under a Republican administration, ever attempted as vigorously as he is attempting now to have a great governmental department made nonpartisan.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. NEELY. I do not say that the Senator has not made such an attempt, but I do say that I have been unable to find proof of the attempt in the RECORD.

Mr. NORRIS. The Senator did not look very closely, for he will find that it is on the statute books now. If the Senator will take the bill which I introduced over and over again, and which is now the law, where there was nothing involved but a business matter—the Muscle Shoals legislation—he will find that it always had in it a provision on this subject, and he will find in the statutes the very words I have offered here as an amendment to this bill.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Kentucky?

Mr. NEELY. I do.

Mr. BARKLEY. I join in the expressions of utmost confidence in the sincerity of the Senator from Nebraska, as I have done over and over again. It is true that in the law which is now on the statute books with reference to the Tennessee Valley Authority the language which is now in dispute in this bill is included; but in the bill which the Senator succeeded in passing through both Houses during the Hoover administration, which Mr. Hoover vetoed, there is no such language at all, because I have it here, and it is not in the bill. On the contrary, the bill merely authorizes the board to be set up for the control of Muscle Shoals to make all appointments. Nothing whatever is said about any partisan considerations.

Mr. NORRIS. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from West Virginia further yield to the Senator from Nebraska?

Mr. NEELY. I do.

Mr. NORRIS. In one of those bills I introduced—I do not remember which one now, because they followed one another every year for 12 years—I went a great deal farther than I went in using the language I have offered as an amendment to this particular bill, and which is now incorporated in the law. I proposed to set up a machine by which every recommendation made to that authority should be kept in the files, and a notation should be made upon the record of every recommendation that was made orally, and all letters asking for appointments should be given to the public. I put in that bill quite a number of things which I had to put in, I thought, in order to avoid a Presidential veto, but which it was not necessary to put in when Mr. Roosevelt became President.

Mr. BARKLEY. Mr. President, will the Senator yield to me to permit me to read the provisions of the Norris joint resolution which was passed in the Seventy-second Congress, and vetoed by President Hoover, with reference to appointments in the Tennessee Valley under the Muscle Shoals Board, as it was then called?

Mr. NEELY. I yield.

Mr. BARKLEY. It is as follows:

The general manager—

Prior to that language, the bill authorized the appointment of a general manager.

The general manager shall appoint, with the advice and consent of the board, two assistant managers, who shall be responsible to him, and through him, to the board. One of the assistant managers shall be a man possessed of knowledge, training, and experience to render him competent and expert in the production of fixed nitrogen. The other assistant manager shall be a man trained and experienced in the field of production and distribution of hydroelectric power. The general manager may at any time, for cause, remove any assistant manager, and appoint his successor as above provided. He shall immediately thereafter make a report of such action to the board, giving in detail the reason therefor. He shall employ, with the approval of the board, all other agents, clerks, attorneys, employees, and laborers.

That is all there is about it.

Mr. NEELY. Mr. President, regardless of what has been in the legislation in the past——

Mr. SCHALL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Minnesota?

Mr. NEELY. Yes; I yield to the distinguished Senator from Minnesota.

Mr. SCHALL. The Senator in his remarks stated, and truly, that this administration had been elected by an overwhelming vote at the last election. I have just received news from the plurality vote yesterday in the city of St. Paul which indicates that at least St. Paul is returning to sanity. There were 93,000 votes cast, and the Republican candidate for mayor won by 249.

Mr. NEELY. Mr. President, then there is still one benighted community in the United States in which the people desire to return to Hooverism. [Laughter.] Happily no such desire has been manifested in West Virginia. A recent preliminary poll by the Literary Digest shows that approximately 75 percent of the people of the United States are thoroughly satisfied with the Roosevelt administration. There is no doubt in my mind that they intend to retain Mr. Roosevelt in the White House for another term. And no one is more enthusiastically for him than I am. I appeal to the Democratic Senators who want Mr. Roosevelt reelected to help deliver him from his friends who are trying to compel him to appoint still more Republican partisans, who are opposed to this administration, to administer the affairs of one of the most important instrumentalities of the Government.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. FESS. The vote will be on the conference report, and the Senator is going to make it very difficult for a Senator like me to vote the way I had intended to vote.

Mr. NEELY. The Senator from Ohio, I assume, will as usual vote a straight Republican ticket.

Mr. President, the party system of government operated successfully under Thomas Jefferson. It operated successfully under Grover Cleveland, Woodrow Wilson, and old Andrew Jackson, who would have caned from the White House anyone who would have attempted to control his appointments to office by the Norris amendment.

The party system operated successfully under Mr. McKinley, a Republican President. It operated to the entire satisfaction of our Republican friends under a former Roosevelt.

And during the last 12 years of Republican administration, regardless of the wishes or principles of the Senator from Nebraska, it was as impossible for a Democrat to obtain a place on the Government's pay roll in any department in Washington as it is for a leopard to change its spots, for a camel to go through the eye of a needle, or for a rich man to enter the kingdom of heaven.

Democratic Senators, let us now adopt this conference report and thereby protect our party and those who deserve to administer the important affairs of the Government during the remainder of the Roosevelt administration from irreparable disaster.

Mr. NORRIS. Mr. President, I regret much more than I can say that in the debate on the conference report and upon the amendment when it was originally offered my friend the Senator from West Virginia should take the bitter attitude he has taken. He speaks of the wonderful majority which went, as he said, to the Democratic Party. He speaks of those who are in favor of this amendment as being moved by partisanship, and calls the names of men who are known to be partisans, and who, he says, are influenced in their voting by partisan considerations.

Let me tell the Senator that, if that is all true, it will not save his bacon. Nor will it save any other Democrat. You cannot get anywhere with the people of the United States by yelling yourselves hoarse at the bad things one party has done, and ride into office on the strength of your plea and your promise that you are going to do better, and then say, "We will do just the same as the men did whom we were condemning", and say to the people, "We are no worse than the other fellows." That will not do.

There were millions of people who supported President Roosevelt who were Republicans, and are now Republicans, because they were disgusted with just that kind of maneuver on the part of the Republican Party; and now you are going to say that the Democratic Party will do the same thing, and you make a partisan appeal to Democrats to stand by the party.

Who is the party? The Senator from West Virginia did not say anything about Roosevelt, in the White House. I conceded to begin with, and I concede yet, that if I sat on the other side, and believed this amendment to be wrong, I would vote against it, no matter where the President stood. But when you appeal for political support and try to drive Democrats into the harness on the theory that they are supporting Democratic principles, let me ask you, where is your leader? Who is supporting Roosevelt now? Who is the leader of the Democratic Party who has cried out in vain for Democratic support for this very amendment?

Will you get anywhere with that kind of an argument? Do you have any regard for the millions of men who voted for Roosevelt, who want to see him succeed, who admit always that every man, here and everywhere else, should have his own opinion and do as he pleases?

Criticize if you will, but constructively. Are you going to respect them? Are they all silly, as the Senator from West Virginia says these people are? Were they moved by a spirit of partisanship? Were they not moved by the same spirit which he now condemns as nonpartisan?

If the question were the selection of a Secretary of the Treasury or a Secretary of State, I would not be saying what I am saying. I admit that in such a case, whether the man is a Democrat or not, the man chosen should be someone who believes in the policy of government he is to carry out. But here is something that has no politics in it unless you put it in. It should have none in it.

As the mayor of Detroit said, we need more business and less politics in government. Here is a proposition which is 100 percent business, and it is bound to be put in a partisan light.

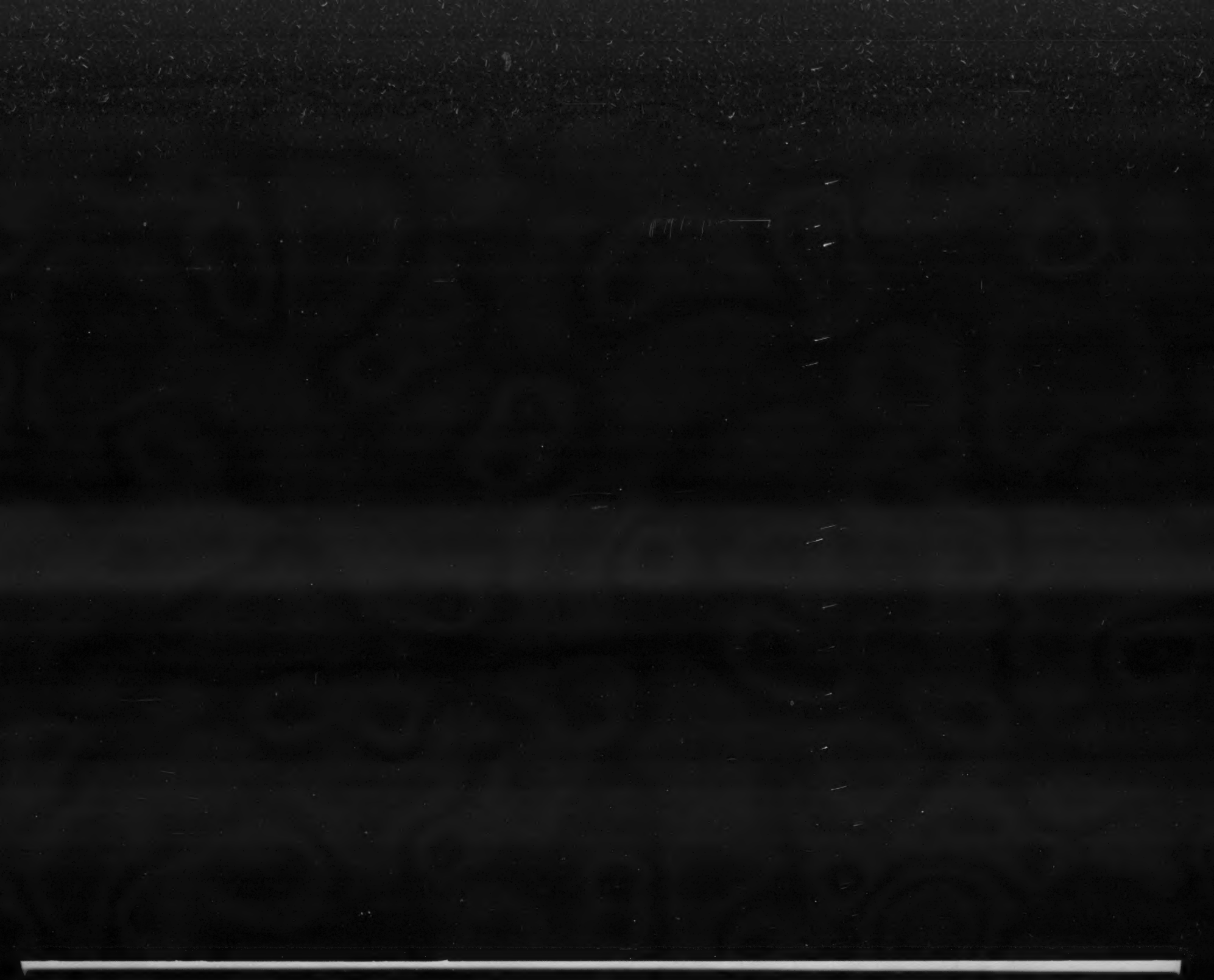
Senators may laugh now, and I know that it is nice to have someone get up and make a spread-eagle speech about the great party, and its wonderful influence, but the people of the United States do not care a damn about it. They are not interested in it. They do not care. They want honest and efficient government. They do not care whether it is Republican or Democratic or something else. Senators are not getting much of a following among the people of the country. They may think they are. The speech made by the Senator from West Virginia will bring plaudits to him. Some people will pat him on the back and tell how he lined up the Democrats to vote against Roosevelt. That is what it is. He will line them up to vote down one of Roosevelt's cherished propositions because, forsooth, somebody he did not like voted for it.

That is no argument. That is not the argument of an eighth-grade school child. Everybody knows better than that. It is a flamboyant plea intended to line men up on a false issue. It will not work with the common people.

It makes me think some of the man who went to a hotel in one of our cities and said to the proprietor, "I have some frogs to sell. I understand you need a lot." The hotel man said, "Yes, I do." He said, "I want a contract with you to sell you 1,000 frogs." He made a deal with the hotel man. He was to bring the frogs in the next day. The next day he came in with two little half-starved frogs and the hotel man said, "Why I contracted with you for 1,000 frogs." The man said, "Yes, I know, but I drained my pond. These are all there were in it. I thought from the noise they made that there were at least a thousand of them there."

The Senator from West Virginia, when folks say "Amen" to his speech, which I think was unjustifiable and unbecoming in him, will find, when the pond is drained, that there are only two frogs in it.

I said that I am in earnest about this matter. If I am wrong, then all my principles of government are wrong. If I am wrong, then I have sinned against my people when I supported Roosevelt for President. If I am wrong, I will be condemned for that attitude; and when I see the attitude



of Democrats who went into office on his coat tails, I almost feel that I am already condemned.

I do not believe we ought to take the taxpayers' money and use it to pay bosses and to organize political machines for the sake of getting offices. The party will not get them. The people will see to it that it will not get them. The people will know better than that. Senators cannot even have the approval of their leaders on such action. When the Senator from West Virginia mentioned leaders over on this side of the aisle, he should at least have been fair and said, "I am against my leader, too. I am not following Roosevelt. I am going into my State against him on this proposition. He is wrong." Maybe he is wrong and the Senator is right; but, if that is true, then honest, progressive government has sunk beneath the waves; it is gone. If we are going to organize this Government on the old theory that to the victors belong the spoils, we might just as well throw up the sponge.

Why do we have a Civil Service Commission? Why do we provide by law for the examination of men and women who are applying for office outside of the particular offices to which it is conceded the President ought to appoint? Why? Everyone knows that if we did not have a safeguard of that kind this country could not live. It could not sustain itself. Senators who privately are complaining every day of the thousands of men who are applying for jobs, who are applying for offices that cannot be filled, ought to be statesmen instead of job hunters, ought to help the President of the United States to place a business, like the one involved here, above and beyond the grab-bag of partisan politics. Senators ought to rise to the emergency. They are able, and wise enough to do it. They might just as well be statesmen making laws for the country as be grabbing at a political pie counter for political jobs.

Do not Senators want the Government to be efficient? Do they not want men appointed on the basis of efficiency? Do they not want their party above complaint? Do they not want it to be so that in a year from now or 2 years from now, when Roosevelt comes to run again, and perhaps they come to run again, they can point to the statute and say, "I helped to put that law there. I helped make this great machine efficient. I helped to put it on an honest basis. I helped to take it out of partisan politics."

Senators might better be doing that than spending their time here ridiculing and belittling the men who, like me, may be fools, and who have been fools all our lives, but at least I thought I was doing the right thing. By this action, presumably about to be taken, Democratic Senators will make it impossible for some men to support their standard bearer in the next fight that comes.

Mark my words, these chickens are going to come home to roost.

The VICE PRESIDENT. The question is on agreeing to the conference report, on which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. I transfer that pair to the senior Senator from Vermont [Mr. AUSTIN], who has been called away on official business, and who, if present, would vote "nay." I vote "nay."

The roll call was concluded.

Mr. BLACK. I have a general pair with the Senator from Florida [Mr. TRAMMELL]. If the Senator from Florida were present he would vote "yea", and, if permitted to vote, I should vote "nay".

Mr. FESS. I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Senate. Therefore, I refrain from voting.

Mr. WAGNER (after having voted in the affirmative). I am paired on this vote with the senior Senator from Missouri [Mr. PATTERSON]. Has that Senator voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. WAGNER. I transfer my pair with that Senator to the junior Senator from Wyoming [Mr. O'MAHONEY], and allow my vote to stand.

Mr. BULKLEY (after having voted in the affirmative). I inquire if the senior Senator from Wyoming [Mr. CAREY] has voted?

The VICE PRESIDENT. He has not.

Mr. BULKLEY. I have a general pair with that Senator, which I transfer to the junior Senator from Indiana [Mr. VAN NUYS], and allow my vote to stand.

Mr. FESS. I wish to announce the following pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS];

The Senator from Delaware [Mr. HASTINGS] with the Senator from North Carolina [Mr. BAILEY];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. MCADOO];

The Senator from Maine [Mr. HALE] with the Senator from Nevada [Mr. PITTMAN]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Montana [Mr. ERICKSON].

The Senator from Rhode Island [Mr. HEBERT], the Senator from Delaware [Mr. HASTINGS], the Senator from Maine [Mr. HALE], the Senator from Connecticut [Mr. WALCOTT], the Senator from Iowa [Mr. DICKINSON], and the Senator from New Mexico [Mr. CUTTING] are necessarily absent.

Mr. BARKLEY (after having voted in the affirmative). I have a pair with the Senator from Iowa [Mr. DICKINSON], which I transfer to the Senator from Connecticut [Mr. LONERGAN], and allow my vote to stand.

Mr. ROBINSON of Arkansas. I desire to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from North Carolina [Mr. BAILEY], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], the Senator from Illinois [Mr. LEWIS], the Senator from Virginia [Mr. GLASS], the Senator from Indiana [Mr. VAN NUYS], the Senator from Colorado [Mr. COSTIGAN], the junior Senator from Montana [Mr. ERICKSON], the senior Senator from Montana [Mr. WHEELER], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Connecticut [Mr. LONERGAN], the Senator from Nevada [Mr. PITTMAN], and the Senator from Oklahoma [Mr. GORE].

I regret to announce that the Senator from California [Mr. MCADOO] is detained from the Senate by illness.

The result was announced—yeas 40, nays 30, as follows:

YEAS—40

Adams	Byrnes	George	Overton
Ashurst	Caraway	Harrison	Reynolds
Bachman	Clark	Hatch	Robinson, Ark.
Bankhead	Connally	Hayden	Russell
Barkley	Coolidge	King	Sheppard
Bone	Copeland	Long	Smith
Brown	Dieterich	McGill	Stephens
Bulkley	Dill	McKellar	Thomas, Okla.
Bulow	Duffy	Murphy	Wagner
Byrd	Fletcher	Neely	Walsh

NAYS—30

Barbour	Hatfield	Metcalf	Steiwer
Borah	Johnson	Norris	Thomas, Utah
Capper	Kean	Nye	Thompson
Couzens	Keyes	Pope	Townsend
Davis	La Follette	Reed	Vandenberg
Frazier	Logan	Robinson, Ind.	White
Gibson	McCarran	Schall	
Goldsborough	McNary	Shipstead	

NOT VOTING—26

Austin	Erickson	Lewis	Trammell
Bailey	Fess	Lonergan	Tydings
Black	Glass	McAdoo	Van Nuys
Carey	Gore	Norbeck	Walcott
Costigan	Hale	O'Mahoney	Wheeler
Cutting	Hastings	Patterson	
Dickinson	Hebert	Pittman	

So the report was agreed to.

LOUISVILLE & NASHVILLE RAILROAD AND THE POWER TRUST

Mr. BARKLEY. Mr. President, I desire the attention of the Senator from Nebraska [Mr. NORRIS]. For several days I have sought an opportunity to have read from the clerk's desk a letter received by me from the president of the Louisville & Nashville Railroad commenting on some remarks

made by the Senator from Nebraska a few days ago with reference to an alleged connection between that railroad company and some gas company. I ask that the letter may now be read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read the letter, as follows:

LOUISVILLE & NASHVILLE RAILROAD CO.,
Louisville, Ky., April 9, 1934.

Hon. ALBEN W. BARKLEY,
United States Senate Office Building,
Washington, D.C.

DEAR SENATOR BARKLEY: My attention has been directed to certain remarks made by Senator NORRIS (appearing at p. 5853 of the CONGRESSIONAL RECORD, Monday, Apr. 2, 1934) in a speech attacking the so-called "Power Trust", wherein he made certain derogatory references to the Louisville & Nashville Railroad Co.

In discussing the efforts of the Associated Gas & Electric Co. of New York to purchase the city-owned electric-light plants of two small Tennessee towns, Paris and McKenzie, he read from a letter of that company's Paris representative, a Mr. Fitch, to a Mr. Magee, his superior officer in New York, wherein Mr. Fitch told Mr. Magee that in the course of his negotiations at Paris he had been assisted by certain information he had received from the superintendent of the Louisville & Nashville Railroad Co. located at Memphis. He described the latter as "a former citizen of Paris", stated that he had secured for him a contract for the Louisville & Nashville Railroad Co. shops at that place, and was very friendly.

Based solely upon this chance circumstance of a subordinate official of the railroad company making certain statements to a man who evidently was his friend, about a matter in no way connected with his official duties, he assumed there was a reprehensible conspiracy between the two companies, and proceeded to denounce it in the following language:

"That shows the connection between great corporations. The superintendent of the Louisville & Nashville Railroad Co. gave this information, which was passed on to the vice president of the Associated Gas & Electric Co., of New York City.

"It does seem to me, Mr. President, that this ought to bring the blush of shame to an American's face. Here was a great railroad company, which ought to be outside this contest, ought to have nothing to do with it, ought to have no interest in it. We find from the evidence, however, that there was some coordination between the power trust and the railroad company."

Further along, referring to the same matter, he said:

"What kind of a Government is it in which railroads and Power Trust officials can combine in this way to help each other out of difficulties, to the detriment of the common people of the United States? What does it mean when these high officials undertake to charge the toilers of America an exorbitant price for gas and electricity because it is necessary to use the money in making the various combinations and buying out and driving Government and State officials into doing their bidding? Is it not a sad commentary that there should be a general tendency on the part of these great institutions to help each other out of dishonorable, disreputable, and dishonest difficulties?"

Senator NORRIS' attempt in the above-quoted statements to make it appear that there was or is a community of interest between the Louisville & Nashville Railroad Co. and the Associated Gas & Electric Co., that there was some coordination between the Power Trust and the railroad company, and that the latter was trying to help the utility company out of dishonorable, disreputable, and dishonest difficulties, merely because the railroad superintendent had given certain information to a like subordinate official of the utility company who evidently was his friend, is so unwarranted and the conclusion he announced is so unreasonable that it would hardly seem necessary to enter a denial. However, in order that there may be no doubt as to what are the facts, so far as the Louisville & Nashville Railroad Co. is concerned, I desire to state that the conclusion which he reached and announced is utterly without foundation in fact. I am now and was then the chief executive officer of the Louisville & Nashville Railroad Co., and not only was this superintendent not authorized to represent the railroad company in the matters herein under discussion, but neither I nor any other officer of the railroad company, so far as I can learn, ever knew or even heard of the transactions referred to in his statement, and whatever the superintendent in question may have said to his friend was not the action of nor in anywise related to the Louisville & Nashville Railroad Co. Neither I nor any other executive officer of this company has ever been aproached, directly or indirectly, by the Associated Gas & Electric Co. of New York, or any other corporation which Senator NORRIS is pleased to group under the term of "Power Trust", to aid it or any of them in any of their business undertakings or alleged political activities.

I am unable to see how he could feel justified, in the light of the facts he himself states, in reflecting as he has upon the Louisvill & Nashville Railroad Co. and dragging its name into a discussion of these matters, in the absence of any evidence that it had any part in them or that the executive officers of the company had any knowledge concerning them. In view of the fact, however, that he has seen fit to do this I feel that I am justified in requesting that you read this letter to the Senate in order that this statement of mine, in which I have sought to correct Senator NORRIS' conclusions, may reach the same hearers.

Thanking you in advance for this courtesy, I am

Yours very truly,

W. R. COLE, *President.*

Mr. NORRIS. Mr. President, I desire to add a postscript to that letter.

The letter complains of the remarks I made in the Senate at a time when I was reading into the RECORD quite a number of contributions and letters and memoranda which were developed in the investigation by the Federal Trade Commission. I have not examined the quotation, but I assume that the gentleman who wrote the letter quoted me correctly.

The writer of this letter is the president of the Louisville & Nashville Railroad Co. After I had read some of the disclosures about what happened at Paris, Tenn., when they were having a municipal election about electric-light plants, I bemoaned the fact that a railroad company like the Louisville & Nashville should be mixed up in such a local fight, and said there was a tendency for people of that kind to get together when it came to their defense.

Now let me read the letter which is the basis of this complaint. It will be remembered that at Paris, Tenn., the people owned their electric-light distributing, and perhaps generating, plant. I do not remember now as to that. Anyway, they sold it to the Associated Gas & Electric Co., or to a subsidiary of that company and at the meeting of the council to vote on the matter there was a great contest. The district judge afterward, in his decision setting aside this action, told of the corruption that occurred. The city attorney had been bribed. There was no direct evidence of bribery of members of the council, but the city attorney had been bribed. I think this disclosure came after the election.

That was the cause of my remarks. In the first place, I expressed regret that the L. & N. officials were guilty of mixing in such a fight. In the next place, the evidence taken in court showed that their master mechanic was paid $800 in that election. I am going to read now, as I read then, a letter from one of the power officials to the parent association in New York:

Mr. S. J. MAGEE,
New York—

He was the vice president or manager, or some other official, of the Associated Gas & Electric Co., the parent company, in New York City—

There is beginning to crystallize at Paris a movement to compromise our difficulties with the city. Under the lease contract, the ultimate price which the city would have received at the time of the deeding of the property to us and the payment of the $45,000 [was] the sum of $704,500.

In the political mix-up, Jim Porter, the present owner of the opposition ice plant, is a dominant factor in the new council. We have set up a very severe ice competition with his property, and he is beginning to squeal.

When the subsidiary of the Power Trust could not get this man's vote in any other way, they bought out the man who was his competitor, and who, I suppose, was doing a perfectly legitimate ice business, and they went into the ice business. That is, the great Electric Light Trust in New York, through its subsidiary in Paris, Tenn., went into the ice business in that town and put down the price of ice so low that they could make Jim Porter squeal, as this letter says. They drove him out of business.

Continuing the letter:

In the political mix-up, Jim Porter, the present owner of the opposition ice plant, is a dominant factor in the new council. We have set up a very severe ice competition with his property and he is beginning to squeal. He is now anxious that the council effect a compromise of the matter and suggests that the city ought to receive about $600,000 for the property. This information comes—

Now listen—

This information comes from the superintendent of the Louisville & Nashville Railroad Co.—

The same railroad company whose president now writes the letter which the Senator from Kentucky has had read at the desk.

I will read that clause again.

This information—

What information? The information that "Jim Porter * * * is beginning to squeal", and he is ready to compromise. He thinks now that the city ought to get $600,000 instead of something over $400,000. Then the writer of the letter says:

This information comes from the superintendent of the Louisville & Nashville Railroad Co., Memphis, a former citizen of Paris, and who was helpful to us—

That is, to the Power Trust—

in securing the original contract. He also secured for us the power contract with the shops at Paris, and is otherwise very friendly.

That refers to the superintendent of the Louisville & Nashville Railroad Co., the president of which is now complaining that I commented in the Senate that I was ashamed of a railroad company that would permit its officials to mix in that kind of a deal and try to help the Power Trust secure a contract which the courts set aside, and said was so unjust as to be unconscionable.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. BARKLEY. Of course, I did not have the letter read for the purpose of getting into any controversy with reference to the contents of the letter which the Senator from Nebraska read on the former occasion. Neither am I in a position to deny, and I do not undertake to deny, the statements in the letter which the Senator has read.

I do desire to say, however, that I know Mr. Cole. He was formerly a resident of Nashville, and he was president of the Nashville, Chattanooga & St. Louis Railway when he was promoted to the presidency of the Louisville & Nashville Railroad Co. I know him, as the people of Kentucky know him, as an honorable man, a man of integrity, and, I think, a man who is entitled to credit when he makes a statement.

The point is, admitting that the superintendent at Memphis who formerly lived at Paris did all these things, Mr. Cole insists that he did them without his knowledge or consent and without the consent of the company.

Mr. NORRIS. I never said that these things were done by the superintendent with Mr. Cole's knowledge or consent.

Mr. BARKLEY. I know that; but the Senator's condemnation was against the officials of the road.

Mr. NORRIS. It was against the railroad corporation itself.

Mr. BARKLEY. Of course, the superintendent of a railroad division in Memphis or anywhere else, in his individual capacity as a citizen, may do a lot of things that are wrong; but I say that the railroad company as a whole ought not to be condemned unless the things complained of are done with the company's knowledge and authority and by their direction.

Mr. NORRIS. How is their consent to be obtained?

Mr. BARKLEY. I take it that Mr. Cole's letter stated that he knew nothing about the matter criticized by the Senator.

Mr. NORRIS. Yes; he said he did not know anything about it.

Mr. BARKLEY. I think that is true.

Mr. NORRIS. I assume that that is true. I take it to be true.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. McKELLAR. I merely wish to say that I have known Mr. Cole for many, many years, and he is a very highly honorable man, and I do not believe he would make any statement unless it was correct.

Mr. NORRIS. I thank the Senator. I should like to invite the rest of the Senators to make their contributions to this discussion. Is there anybody else here who wishes to testify to the character of Mr. Cole?

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I would call attention to Mr. Cole's predecessor as the head of the L. & N. Railroad. The Senator will remember the part he took in the Goebel murder, and how Governor Taylor remained over in Indiana, and could not be extradited. The matter is pretty well written into the history of the L. & N.

Mr. BARKLEY. That is an incident which occurred 30 years ago.

Mr. LONG. Yes; he has had a chance to get religion since then.

Mr. BARKLEY. The president of the L. & N. Railroad took quite a prominent part in politics in Kentucky, and by reason of the prominent part he took the L. & N. Railroad became an issue in a campaign for the Governorship, and the intimation of the Senator from Louisiana is, of course, true, as those of us know who remember the unfortunate Goebel incident in Kentucky. That is one thing. But Mr. Cole's activity, or his alleged connivance, or direction, as president of the L. & N., in an election in Paris, Tenn., is an entirely different thing, and I cannot to save my life understand the connection between the L. & N. politics in 1899 and Mr. Cole's letter of the 9th day of April which has been brought forward by the Senator's speech.

Mr. LONG. Mr. President, I do not know Mr. Cole and I do not make any imputation against him at all, but since the Senator from Nebraska is basing his statement on the L. & N. Railroad participation in the instant matter, I just wanted the Senator to know that that is not different from what happened 30 years ago, and I imagine this superintendent might have acted at the instigation of someone else.

Mr. BARKLEY. I do not know about that, but I can say, as an active participant in politics in Kentucky in recent years, that I have no knowledge that that railroad has engaged in politics in the last quarter of a century in any way. I doubt whether it has since that unfortunate tragedy in 1899.

Mr. NORRIS. That ought to have been lesson enough to keep them out.

Mr. BARKLEY. I think so.

Mr. NORRIS. I have no doubt that, if we should go to wherever this man lives, we would find he is a member of the church, and I am surprised that somebody here has not brought that out.

No one charged that he told a lie. No one contended that he had any personal knowledge of this matter. No one said that he took any part in the election at Paris; but it was said that the officials of the L. & N. Railroad were in mighty small business when they engaged in that kind of a controversy, especially to help out the Power Trust in Wall Street, New York.

I commented on the peculiar fact that when one of these great corporations is attacked, one of the others always comes to its relief. They always help each other out. But I am not through with the evidence yet. The Senator from Kentucky interrupted me; he was so anxious to defend this man. I had not finished reading the letter, and I have testimony to read besides that which has a direct bearing on officials.

I do not remember now where I was in the letter, but I think I read that the letter said that "he was instrumental in getting us the power contract with the shops at Paris."

He must have been quite an influential official. He was influential enough to get the electric power for this corporation. He was very friendly in other ways; the writer says he "was helpful to us in securing the original contracts."

It is peculiar, too, that when the information about this man they were holding up by going into the ice business trying to control his vote on the council came as to how he felt, how he was beginning to be hurt by this unfair competition, that information came to the Power Trust from the official of the L. & N. Railroad, according to this letter which I have already read. So when he says in his letter that he knew nothing about it, he is denying something which nobody asserted. He does not have to know anything about it.

Does he say in that letter that he discharged this official for doing that? Does he say that he put out of business the other man, about whom I shall read in just a moment? No. For all his letter says, they still hold their jobs, and when the president of the railroad finds that his general superintendent is engaged with the Power Trust in putting that little plant out of business, that he is engaged with them in a crime by which they went into the ice business even, to get the vote of a man on a council, when he tells him, too, that he has been friendly in other ways, gave him his power contract, does he say he found fault with that man? Has he ever written him a letter and said he must stop that kind of dirty business? No. He does not even claim any such thing. If he is as pure and holy as he thinks he is, and as pure and holy as this railroad company is, he would have written a letter to this man and would have said, "You are discharged. You cannot take this corporation into that kind of a disgraceful business. You cannot help the Power Trust put an ice plant here to compete with a man in order to bribe him for his vote." He does not do anything of the kind.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. In fairness, I will say that all the matters about which the Senator has been talking are matters about which I know nothing, but I take it from the letter of Mr. Cole that he never knew anything about this superintendent's activity until he saw the Senator's speech. What he has done since then I do not know, but he did write me this letter as soon as he read the Senator's speech in the RECORD.

Mr. NORRIS. I take it that if he is trying to keep his organization above reproach, before this time that man has been discharged, and another fellow has been discharged about whom I am going to read something in a moment.

Mr. BARKLEY. I have no knowledge on that subject.

Mr. LONG. Mr. President, I should like to bet that he has not been fired. I should just like to have it understood that I make the statement, although I may be proven incorrect, that he has not been fired.

Mr. NORRIS. Of course he has not been fired.

Probably he has been complimented for his very efficient work, without referring to this particular thing.

I have not yet finished reading the letter, on account of these interruptions. Let me read a little further from this same letter, written to the Power Trust in New York, the gas company, from their agent out at Paris, Tenn. He said:

> The real seat of the trouble at Paris lies in the lease contract, which was so complicated the ordinary citizen could not understand it; and there was a growing belief that in some way not explicable the city would finally get a sum considerably less than $400,000 for its property.
>
> I feel we will finally make some settlement with the city that will even be better than the present contract.

I ought to say that when this case was brought before the Federal judge, he said in his decision that this contract was purposely made, evidently, so that nobody could understand it. It purported to give $400,000. It did not do anything of the kind, as one would see if he went into the contract. The judge set it aside for fraud and bribery, and one of the officials of this railroad company was helping in carrying out that fight. He must have been in the confidence of the Power Trust, or he would not have conveyed the information that this member of the council was beginning to squeal on account of that ice competition.

I could read a great deal more than I have read, but it is very late. I am sorry the matter did not come up earlier in the day, because there are some other things I wanted to say that I will not have time now to say.

The trial was had before a Federal judge. I will now read some of the testimony. The question was asked:

> How much did he say Mr. Fryer got?
>
> Fryer was the attorney who was bribed, as the judge found.
>
> He said his information from Mr. Rankin was $2,000. He told me he put that much in Rankin's hand. I think Rankin was the one.
>
> Q. How much did he say Mr. Hogan received?

This was the municipal election they were talking about. One of these power officials contributed some money to a church down there on condition that the sale went through, and I suppose paid the contribution because the sale did go through by bribery. This testimony says:

> How much did he say Mr. Hogan received?
>
> A. He told me he put between $700 and $800 in the hands of another party, who paid it to Mr. Hogan.

Just remember that name now.

> Q. Mr. Hogan, I believe, is the foreman in the L. & W. shops at Paris?—A. Master mechanic.

I will not read any further from that man's testimony.

He is another official of the L. & N. Railway at Paris, and in his testimony, quoted by the judge himself in his decision, we find this evidence: First, the letter, which I read, to the general superintendent who knows about the $800 that went into the hands of Hogan, the master mechanic. Is not that pretty near enough to carry an election in a little city like Paris? That was not all. Those contributions are traced directly to the officials of the L. & N. Railway.

The Senator from Kentucky says that probably this president never knew about that before. This evidence was taken several years ago. It has been public property for years. This election in Paris was an old event. The State legislature was persuaded to enact, without knowing its true effect, I suppose, a statute that made valid this sale that the court had held was corrupt and obtained by bribery.

Now, how can the L. & N. Co. get out of that situation with clean hands? There is only one way. The president ought to have said, I will say to the Senator from Kentucky, "When I first learned of this affair I discharged this official. I also discharged the master mechanic for taking $800 in that contest. I do not want such men working for my railroad company."

But instead of that he said, "I do not know anything about it. The railroad company did not know anything about it. We are as pure as the angels."

That is the way with a good many of these institutions. One member of the corporation does the dirty work and another one does not know anything about it, but goes to church instead and is himself elected superintendent of the Sunday school.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I hope the Senator understands why it is that all these various activities have to be played by these corporations.

Mr. NORRIS. They play them anyway.

Mr. LONG. They cannot omit one step. They have to have their representative in the Sunday school and in the churches and in the red-light district and in the gambling institutions. They must be represented in every place.

HON. HENRY F. ASHURST—ARTICLE BY CHARLES BROOKS SMITH

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial by Charles Brooks Smith appearing in the Wheeling (W.Va.) Intelligencer of April 1934, on the subject of Senator HENRY F. ASHURST, of Arizona.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wheeling (W.Va.) Intelligencer, April 1934]

The press gallery viewpoint is that veteran Senator HENRY F. ASHURST (D.), of Arizona, is colorful copy. There are two kinds of colorful copy. ASHURST's kind is good taste.

Poor Sadie Thompson's affectionate salutation to her sailor rescuer and lover (and didn't it rain!) fits ASHURST—"tall and handsome." He's consummate courtesy in debate; a graceful gesticulator. He is master of a gentle sarcasm, which never scratches skin, and the exponent of a decent humor which sparkles like a flawless white diamond.

Which goes to prove that you can make a gentleman and a statesman out of an old-time cowboy; rather, he can make himself that if he wants to give up cows for college, has the will and the stuff in him to rise above the thundering herd.

The refreshing thing in him is that he does and says things differently. He can be—and inherently is—original; he's no stereotype, no copycat—which is enough in itself to set him apart as "not like them." And he can be like this—be himself—within the scope of propriety.

This strikes us as rare and unusual. We don't know why—we can't make ourself clear about it—but somehow it does.

An incident of the Senate proceedings yesterday, typical of the subject of our sketch, gives a key to an understanding of him. It illuminates our struggling picturization of the Arizonian like a klieg light. We quote him:

"Mr. President, I fondly believed, for some years, that I was sterilized and vaccinated against the vicious habit of reading letters into the RECORD, but it now appears that the habit has recurred.

"My most constant and most savage critic is a leading Democratic daily newspaper in Arizona, to wit, the Arizona Daily Star. I have received a letter from the editor of that journal; and his arguments in opposing my views on certain public questions are so well stated that I telegraphed to him securing his permission to have the letter read into the RECORD.

"I now read my telegram to the editor:

APRIL 15, 1934.

Mr. W. R. MATHEWS,
Editor and Publisher the Arizona Daily Star,
Tucson, Ariz.:

Your letter of April 10 received. You are one of Arizona's leading journalists, and your letter ably argues for your views on seven subjects of legislation now before Congress. Inasmuch as I am at variance with you and do not agree with your conclusions therein expressed, except that I do concur with your opinion that the President should be granted the power to negotiate the reciprocal treaties, I hereby request permission to print your letter in the CONGRESSIONAL RECORD. Please do not be thin-skinned but imitate me as I am pachydermatous. If you grant me such permission, I shall, of course, print your letter without any deletion. Please write me. Kind regards.

ASHURST.

Request granted, the editor's letter was sent up to the desk, read to the Senate by the Chief Clerk. And a strong constructive criticism of Senator ASHURST's position on seven legislative propositions it was. The Senator delivered no speech in reply.

And wasn't that a decent, fair, just, and honorable thing to do? If it was ever done before during our two decades' observation here, we missed it.

Nothing more need be said to explain ASHURST to you. He explains himself fully and clearly, by doing unexpected, unconventional but admirable deeds like this one.

ADDRESS BY SENATOR KEAN TO YOUNG REPUBLICANS OF NEW JERSEY

Mr. BARBOUR. Mr. President, I ask unanimous consent that the speech of my distinguished senior colleague from New Jersey [Mr. KEAN], delivered at the annual convention of the Young Republicans of New Jersey at Asbury Park, on Friday, April 20, 1934, be spread in full in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SENATOR KEAN. I am very happy to be here tonight to speak to the Young Republicans of New Jersey.

I shall be brief, not merely out of consideration to others on the program, but more especially because the day of long-winded oratory is past, and no one is more capable of discounting flowery generalities or puncturing the empty rhetoric of a spellbinder than the young man and young woman of today.

Youth is a marvelous thing. We need your fresh enthusiasm, your frankness, your sincerity, and your courage to help us restore the Republican Party to its rightful place in the State and in the Nation. Your convention, assembled here today, may well prove to be the starting point for a new era in the Republican Party in New Jersey.

Speaking frankly, we need a new spirit in our party and I, for one, believe you are ready to supply it.

The Republican Party believes in that sturdy old document, the Constitution. If that seems a simple, dogmatic statement of faith, let me point out that the Constitution guaranteed to the individual citizen certain fundamental rights, and the most precious of these was freedom.

The Republican Party still believes in freedom.

Under the Constitution the individual was free to exercise his own initiative in the pursuit of a livelihood and the building of a competence. The Constitution did not endow him with character and courage—no document could do that—but if he possessed those qualities, he was free to utilize them in working out a happy destiny for himself and his family.

The Constitution has had to stand some pretty stiff battering during its time. No professor in Washington worthy of his salt could ever admit that he could not have written it better. No reformer who ever saw a break in the asphalt but had to tell us that the whole system was wrong. But somehow the Constitution, which embodies the wisdom of the centuries that went before us, has a fashion of resisting the professors and the reformers, and it remains with us when their names are forgotten.

This simple and dignified philosophy of living has been jeopardized since the war by revolutionary theories of government in Russia, and since March 4, 1933, by the Democratic administration in Washington.

Individual freedom has long since been discarded in Russia. No one can own real property; no one can own a home; no one can rise by his own efforts, by the exercise of skill and resourcefulness, above a common level. The spark, the ferment, of individual initiative is lost in dull homage to an idol called the "state."

In our own country during the last year, we have been drifting dangerously in the same direction. The administration apparently seeks to scrap the constitutional government of our fathers and substitute a government of paternalism.

It is not necessary to review here the various devices and decrees employed to put this revolutionary theory into effect. You all are familiar with the administration's extraordinary measures to control business, to subsidize the farmer, to employ the unemployed, and to pour out Government money in various utopian schemes.

Some of these schemes appear to have worked pretty well—on the surface. They have succeeded in putting money into circulation, and they have quieted certain minority groups which threatened disturbing action during the dark days of the depression.

But if you look beneath the surface and measure the results achieved by these schemes against the principles sacrificed in their attainment, you young Republicans must be appalled by the sacrifice, and the price you and your children will have to pay.

We have sold our national birthright of character, courage, and freedom for a mess of new-deal pottage.

If you will look back over this Nation's industrial growth during the last century, you must admit that we have made some progress. Under a system which is now being condemned—and scrapped—by the bureaucrats in Washington, we opened up the wilderness of the West by a great network of railroads. We developed power, machinery, motors; we discovered the miracles of electricity; the telephone, the incandescent light, radio.

Spurred on by individual initiative, and abetted by the so-called "capitalistic system", our citizens developed great corporations, giving employment to thousands of workers and paying dividends to thousands of stockholders.

A thousand problems in industry and science were conquered by the genius, the resourcefulness, the rugged individualism, if you will, of free-born American citizens. For them it was splendid adventure, no less worthy because there was a profit motive behind it.

I challenge any of the "brain trust" at Washington to read our history and say whether we would have accomplished so much without freedom and individual initiative.

I challenge the "brain trust" to tell us how our great systems of transportation and communication could have been developed under the heavy hand of Government supervision and Government ownership.

I challenge the "brain trust" to deny that we have grown and prospered in the past because we were free.

And finally I challenge the "brain trust" to produce out of their bureaucratic witch-pots at Washington any system or theory which will guarantee the same progress, the same growth and prosperity in the hundred years to come as we have enjoyed in the last century.

Meanwhile, however, the question arises, What sort of government are we going to leave to those future generations to whom we are leaving this mountain of debt? Will it be the representative form intended by the Constitution, based on principles of liberty developed by our ancestors through the centuries, or will it be a planned economy, a regimented nation, based on principles developed by a few professors who have given it earnest thought over a period of several weeks?

I am willing to give the benefit of every doubt to those who have been trying by governmental processes to help us out of the slump. I grant them credit for improving morale, for discouraging sweatshops, for frowning on child labor. I give them credit for energy in abundance, for motives of the purest. But the fact remains that, since the bottom of the slump in 1932, Great Britain has found her growth in industry to be 84 percent, while our own is only 30 percent. The figures are those of the New York Times Annalist of March 16, 1934.

With all the incantations of our professors, with all the "cracking down" and the codes and processing taxes and the regimentation, we have not recovered half as fast as other nations. And so I say, and say deliberately, that all this administrative interference with business is holding us back from recovery instead of promoting it, and that what we need is fewer professors, less government in business, a quick adjournment of Congress, and a sadly missed chance to mind our own affairs.

These "brain trusters" have debased the dollar to 59 cents. Debasing the dollar means that gradually, not all at once, but gradually, the cost of living and the cost of everything that one uses will go up 41 percent. This means that the endowment funds that are invested in fixed-income securities of churches, hospitals, schools, libraries, and universities will be cut in purchasing power by 41 percent. This means, for instance, that Princeton University will no longer be able to give as many scholarships; or if they give as many scholarships, the student will only get 59 percent of what a student obtained before, and in addition to that, in the same bill besides depreciating the dollar, they have set aside the sum of $2,000,000,000 to play with in the gold market of the world. Speaking against this bill on the floor of the Senate 3 months ago, I said the Treasury Department is trying to compete in world markets with people who had been trained in the exchange markets for more than 100 years, from generation to generation, and that the only result would be that in a year or two they would have our $2,000,000,000 and we might have a few hundred millions of gold more, but that was all. What has happened is this—we allowed Europe to draw from the United States

some nine hundred and eighty millions of gold at $20 an ounce; that with this $2,000,000,000 we have been buying back this gold at $35 an ounce, or paying Europe a profit of $15 on every ounce of gold that we repurchased. And Europe has already sold us more than seven hundred millions of gold. In other words, they have made a profit of $300,000,000.

We have decreased the amount that foreign nations have to pay on their debts, if they are willing to pay by 41 cents on the dollar. They will not even pay us the money we have given them.

This is still a land of opportunity. You Young Republicans stand on the threshold of another era of industrial growth and development. The question you must decide as you prepare to take your places on the political battle front is simply this:

Shall we subscribe to the theory that all human endeavor in this country must bow to a governmental bureaucracy at Washington?

For my own part, the answer is a simple and emphatic "No."

In my efforts to serve the citizens of New Jersey in the United States Senate, I have steadfastly held to the belief that no passing emergency justifies the abandonment of the Constitution or the curtailment of human rights.

As a member of an older political generation, let me say once more that I welcome you into the ranks.

It is to you that we must fling the torch of Republican leadership.

I know you will catch it, right side up, and carry it bravely forward in the stirring days to come.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of M. Frank Hammond, of Texas, to be United States marshal, southern district of Texas, to succeed Herbert E. L. Toombs, removed.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of William R. Taylor to be postmaster at Fulton, Mo., in place of F. D. Williams, resigned.

The VICE PRESIDENT. The reports will be placed on the calendar.

TREATIES

Mr. PITTMAN. Mr. President, there are two treaties on the calendar, which will probably take half an hour to read and explain, and it is now 6:15 p.m. I will give the same notice that I gave heretofore that upon the termination of consideration of the pending bill I shall ask for an executive session for the purpose of acting on the two pending treaties. I ask that the treaties be passed over.

The VICE PRESIDENT. The treaties will be passed over. The calendar of nominations is next in order.

DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Fred S. Minier to be register of land office, Pierre, S.Dak.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of Milton J. Helmick to be judge of the United States Court for China.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. HATCH. Mr. President, with regard to the confirmation of Judge Helmick, I ask unanimous consent that the President be notified immediately of his confirmation. In explanation of the request, I will say I am informed there is grave doubt as to the legality of the judge now acting in China, his term having expired.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

The legislative clerk read the nomination of Summerfield S. Alexander to be United States attorney for the district of Kansas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George P. Alderson to be United States marshal for the southern district of West Virginia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The Legislative Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask that no. 1878 of the postmasters, being the nomination of Myrtle Hufty, Paonia, Colo., be recommitted to the Committee on Post Offices and Post Roads.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. McKELLAR. As to all the other postmasters, I ask that the nominations be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

IN THE ARMY

The Legislative Clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. Mr. President, I ask that the nominations in the Army be confirmed en bloc.

The VICE PRESIDENT. Without objection the nominations in the Army are confirmed en bloc. That completes the Calendar.

ADJOURNMENT

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 11 a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 17 minutes p.m.) the Senate adjourned until tomorrow, Thursday, April 26, 1934, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate April 25, 1934

SECRETARY IN THE DIPLOMATIC SERVICE

Raleigh A. Gibson, of Illinois, now a Foreign Service officer of class 6 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

POSTMASTERS

ALABAMA

Amos N. Fain to be postmaster at Ariton, Ala., in place of A. N. Fain. Incumbent's commission expired April 23, 1934.

ARIZONA

Edward L. Gay to be postmaster at Clemenceau, Ariz., in place of E. L. Gay. Incumbent's office expires April 28, 1934.

Charles C. Stemmer to be postmaster at Cottonwood, Ariz., in place of C. C. Stemmer. Incumbent's commission expired January 23, 1933.

ARKANSAS

Herbert D. Russell to be postmaster at Conway, Ark., in place of G. E. Owen, removed.

Lyle A. Wert to be postmaster at Garfield, Ark., in place of G. H. Mills. Incumbent's commission expired December 16, 1933.

Leo C. Russell to be postmaster at Lamar, Ark., in place of G. B. Sparks, resigned.

Claude M. Farish to be postmaster at Morrilton, Ark., in place of J. M. Merrick. Incumbent's commission expired February 6, 1934.

CALIFORNIA

Gilbert G. Vann to be postmaster at Arbuckle, Calif., in place of F. L. Summers, removed.

Olive G. Nance to be postmaster at Arvin, Calif., in place of E. W. Holt, resigned.

Maybel Lewis to be postmaster at Atwater, Calif., in place of C. A. Osborn, removed.

Julius G. Dennert to be postmaster at Downey, Calif., in place of K. C. Weiss, removed.

Terrell L. Rush to be postmaster at Elsinore, Calif., in place of J. C. Neblett. Incumbent's commission expired December 18, 1933.

Frank T. Ashby to be postmaster at Etna, Calif., in place of B. A. Parker. Incumbent's commission expired May 23, 1933.

Bert R. Hild to be postmaster at Fair Oaks, Calif., in place of H. M. Miller. Incumbent's commission expired February 6, 1934.

Charles N. Hood to be postmaster at Fresno, Calif., in place of G. W. Turner, retired.

Nelson C. Fowler to be postmaster at Kelseyville, Calif., in place of M. A. Davies. Incumbent's commission expired January 16, 1933.

Ethel M. Peterson to be postmaster at Lake Arrowhead, Calif., in place of N. G. Krieger. Incumbent's commission expired December 16, 1933.

Charles H. Jones to be postmaster at Lodi, Calif., in place of E. B. Herrick, resigned.

Floyd L. Turner to be postmaster at Lower Lake, Calif., in place of J. L. Pope, removed.

Lindsey L. Burke to be postmaster at Norwalk, Calif., in place of G. W. Archer, removed.

Wesley L. Benepe to be postmaster at Sebastopol, Calif., in place of S. S. Abeel, resigned.

Arne M. Madsen to be postmaster at Solvang, Calif., in place of C. C. H. Hornsyld. Incumbent's commission expired December 11, 1932.

COLORADO

Perry N. Cameron to be postmaster at De Beque, Colo., in place of G. W. Heflin. Incumbent's commission expired December 16, 1933.

Sadie P. Aspaas to be postmaster at Ignacio, Colo., in place of J. C. Flint, removed.

Michael F. O'Day to be postmaster at Lafayette, Colo., in place of Alice Estes. Incumbent's commission expired January 9, 1934.

Angeline B. Adkisson to be postmaster at Longmont, Colo., in place of H. L. Large. Incumbent's commission expired April 28, 1934.

Henry C. Monson to be postmaster at Steamboat Springs, Colo., in place of C. E. Baer. Incumbent's commission expired April 24, 1932.

CONNECTICUT

Michael J. Cook to be postmaster at Ansonia, Conn., in place of A. W. Jeynes, retired.

Forrest G. Thatcher to be postmaster at East Hampton, Conn., in place of H. G. Hills. Incumbent's commission expired February 6, 1934.

Thomas H. Hillery to be postmaster at Hazardville, Conn., in place of E. B. Sexton. Incumbent's commission expired December 16, 1933.

Ralph W. Bull to be postmaster at Kent, Conn., in place of J. E. Casey. Incumbent's commission expired January 28, 1934.

John Welsh to be postmaster at Killingly, Conn., in place of J. J. O'Neill. Incumbent's commission expired December 12, 1932.

Edward J. Minnix to be postmaster at Milldale, Conn., in place of L. C. Frost. Incumbent's commission expired January 9, 1934.

Durward E. Granniss to be postmaster at New Preston, Conn., in place of D. E. Granniss. Incumbent's commission expired January 28, 1934.

Nellie A. Byrnes to be postmaster at Pomfret, Conn., in place of N. A. Byrnes. Incumbent's commission expired January 9, 1934.

George Forster to be postmaster at Rockville, Conn., in place of G. E. Dickinson, transferred.

Arthur J. Caisse to be postmaster at South Willington, Conn., in place of James Service, Jr. Incumbent's commission expired December 7, 1932.

William J. Farnan to be postmaster at Stonington, Conn., in place of J. S. Anderson, Jr. Incumbent's commission expired September 18, 1933.

Catherine S. Barnett to be postmaster at Suffield, Conn., in place of Edward Perkins. Incumbent's commission expired January 28, 1934.

John J. Burns to be postmaster at Waterford, Conn., in place of W. C. Saunders, resigned.

DELAWARE

James A. Jester to be postmaster at Felton, Del., in place of R. E. Harrington. Incumbent's commission expired April 22, 1934.

FLORIDA

Albert E. Lounds to be postmaster at Crescent City, Fla., in place of E. D. Lounds. Incumbent's commission expired January 9, 1934.

Cecil C. Stinson to be postmaster at De Funiak Springs, Fla., in place of R. W. Storrs, removed.

GEORGIA

Herman C. Fincher to be postmaster at Legrange, Ga., in place of W. L. Turner, retired.

Jessie Gunter to be postmaster at Social Circle, Ga., in place of Jessie Gunter. Incumbent's commission expires April 28, 1934.

Alfred L. Morgan to be postmaster at Sylvania, Ga., in place of L. M. Overstreet, resigned.

William O. Wolfe to be postmaster at Uvalda, Ga., in place of W. O. Wolfe. Incumbent's commission expires April 28, 1934.

IDAHO

Joseph W. Tyler to be postmaster at Emmett, Idaho, in place of R. R. Coon. Incumbent's commission expired December 13, 1932.

Edward T. Gilroy to be postmaster at Kooskia, Idaho, in place of J. H. Shaw, deceased.

Fred Kling to be postmaster at Lewiston, Idaho, in place of J. N. Howe. Incumbent's commission expired January 26, 1933.

John B. Cato to be postmaster at Meridian, Idaho, in place of O. M. Laing. Incumbent's commission expired January 11, 1934.

Henry G. Reiniger to be postmaster at Rathdrum, Idaho, in place of A. O. Skinner. Incumbent's commission expired May 29, 1933.

ILLINOIS

Hugh P. Rigney to be postmaster at Arthur, Ill., in place of C. C. Hamilton. Incumbent's commission expired December 18, 1933.

Raymond E. O'Brien to be postmaster at Bartlett, Ill., in place of H. H. Schultz. Incumbent's commission expired December 20, 1932.

Thomas Bernard Meehan to be postmaster at Bluffs, Ill., in place of P. M. Green, resigned.

Leslie O. Cain to be postmaster at Bowen, Ill., in place of L. D. Sickles, removed.

Gilbert Jeptha Armstrong to be postmaster at Chandlerville, Ill., in place of H. A. Garner, removed.

Meda Lorton to be postmaster at Cowden, Ill., in place of E. B. Perryman. Incumbent's commission expired February 8, 1933.

Harold R. Tomb to be postmaster at Eureka, Ill., in place of J. H. Laws. Incumbent's commission expired May 29, 1932.

Earl Grimm to be postmaster at Fairview, Ill., in place of N. T. Lindstrom. Incumbent's commission expired December 18, 1933.

Edward P. Malone to be postmaster at Gilman, Ill., in place of A. F. Kietzman, removed.

Charles G. Sowell to be postmaster at Granite City, Ill., in place of M. A. Eisenmayer. Incumbent's commission expired December 15, 1931.

Fred C. Hall to be postmaster at Griggsville, Ill., in place of Bertha Harvey, resigned.

Frank Fischer to be postmaster at Hamburg, Ill., in place of J. E. Nelson, removed.

Orville W. Lyerla to be postmaster at Herrin, Ill., in place of J. E. Grizzell. Incumbent's commission expired January 29, 1933.

J. Vernon Lessley to be postmaster at Sparta, Ill., in place of T. A. Brown, deceased.

INDIANA

Karl B. Gast to be postmaster at Akron, Ind., in place of Harley Secor. Incumbent's commission expired December 13, 1932.

John W. Markle to be postmaster at Andrews, Ind., in place of S. E. Ellison. Incumbent's commission expired June 7, 1933.

Neil D. Thompson to be postmaster at Argos, Ind., in place of D. W. Grossman. Incumbent's commission expired December 13, 1932.

Edward M. Cripe to be postmaster at Camden, Ind., in place of M. F. Cline, removed.

Fred M. Briggs to be postmaster at Churubusco, Ind., in place of A. A. Anderson. Incumbent's commission expired January 19, 1933.

Lowell B. Pontius to be postmaster at Claypool, Ind., in place of Lewis Debolt, resigned.

Ira Clouser to be postmaster at Crawfordsville, Ind., in place of William Endicott. Incumbent's commission expired February 28, 1933.

Neola S. True to be postmaster at Demotte, Ind., in place of S. B. Fairchild. Incumbent's commission expired December 13, 1932.

Ellis D. Malone to be postmaster at Elnora, Ind., in place of James Quillian. Incumbent's commission expired January 11, 1934.

Ada R. Wilson to be postmaster at Galveston, Ind., in place of E. S. Beeson. Incumbent's commission expired February 28, 1933.

Rheno M. Isherwood to be postmaster at La Fayette, Ind., in place of J. D. Bartlett, removed.

Walter J. Smith to be postmaster at Loogootee, Ind., in place of J. E. Gilkison, removed.

Josiah J. Hostetler to be postmaster at Shipshewana, Ind., in place of J. J. Hostetler. Incumbent's commission expires April 30, 1934.

Marion H. Rice to be postmaster at Wolcottville, Ind., in place of F. E. Sears. Incumbent's commission expired January 19, 1933.

IOWA

Fred W. Daries to be postmaster at Armstrong, Iowa, in place of Harriette Olsen. Incumbent's commission expired December 18, 1933.

John J. Fowler to be postmaster at Eldora, Iowa, in place of C. A. Norris. Incumbent's commission expired December 13, 1932.

Gertrude O. Ward to be postmaster at Melrose, Iowa, in place of R. L. Day. Incumbent's commission expired December 18, 1933.

Robert A. Mortland to be postmaster at Montezuma, Iowa, in place of H. L. Smith. Incumbent's commission expired December 18, 1933.

Harry F. Chance to be postmaster at Redfield, Iowa, in place of G. A. Bennett. Incumbent's commission expired December 18, 1933.

Lulu M. Davis to be postmaster at Waukee, Iowa, in place of B. F. Jones, resigned.

LOUISIANA

Overton Gauthier to be postmaster at Jennings, La., in place of Z. McD. Medisette. Incumbent's commission expired October 10, 1933.

MICHIGAN

Florence E. Baldwin to be postmaster at Kinsley, Mich., in place of A. B. Stinson. Incumbent's commission expired December 16, 1933.

MINNESOTA

Allen J. Doran to be postmaster at Grand Rapids, Minn., in place of A. L. LaFreniere, resigned.

Dean M. Alderman to be postmaster at Grey Eagle, Minn., in place of F. C. Fuller. Incumbent's commission expired February 25, 1933.

Patrick J. Hartigan to be postmaster at Paynesville, Minn., in place of C. C. Tolman. Incumbent's commission expired May 28, 1933.

Teresa L. Wolf to be postmaster at Staples, Minn., in place of J. W. Featherston, removed.

Sarah E. Jones to be postmaster at Zimmerman, Minn., in place of S. E. Jones. Incumbent's commission expires April 30, 1934.

MISSISSIPPI

David W. Colbert to be postmaster at Columbia, Miss., in place of R. W. Kyzar, removed.

Ellen J. Hederman to be postmaster at Jackson, Miss., in place of E. C. Cloon, resigned.

John T. Dawson to be postmaster at Summit, Miss., in place of T. L. Cotten. Incumbent's commission expired December 17, 1931.

Beall A. Brock to be postmaster at West, Miss., in place of B. A. Brock. Incumbent's commission expires April 28, 1934.

MISSOURI

William P. Clarkson to be postmaster at Callao, Mo., in place of E. M. Mayhew. Incumbent's commission expired December 18, 1933.

NEBRASKA

Harry C. Furse to be postmaster at Alma, Nebr., in place of F. L. Kemper. Incumbent's commission expired December 16, 1933.

Walter Nowka to be postmaster at Glenvil, Nebr., in place of Walter Nowka. Incumbent's commission expires April 28, 1934.

Aileen L. Coker to be postmaster at Hershey, Nebr., in place of W. E. Bales, removed.

NEVADA

Ralph H. Burdick to be postmaster at Tonopah, Nev., in place of C. C. Boak. Incumbent's commission expired September 30, 1933.

NEW JERSEY

James D. Magee to be postmaster at Bordentown, N.J., in place of F. T. Buchanan, removed.

Herbert E. Poulson to be postmaster at Far Hills, N.J., in place of H. E. Poulson. Incumbent's commission expired April 8, 1934.

Joseph G. Gallagher to be postmaster at Ridgewood, N.J., in place of R. T. Wilson, deceased.

Joseph S. Sickler to be postmaster at Salem, N.J., in place of N. S. Hires. Incumbent's commission expired February 9, 1932.

NEW MEXICO

Rosalie Littlefield to be postmaster at Elida, N.Mex., in place of J.R. Roberts. Incumbent's commission expired January 5, 1932.

Mary McCullough to be postmaster at Roswell, N.Mex., in place of C. H. Lutz, deceased.

Jose Z. Sanchez to be postmaster at Santa Rosa, N.Mex., in place of C. C. Sanchez. Incumbent's commission expired February 24, 1931.

NEW YORK

Mayhew D. Tower to be postmaster at East Moriches, N.Y., in place of M. E. Hart. Incumbent's commission expired September 19, 1933.

Denis W. Keating to be postmaster at Olean, N.Y., in place of C. E. Smith, retired.

NORTH CAROLINA

Lula G. Harris to be postmaster at Macon, N.C., in place of L. G. Harris. Incumbent's commission expires April 28, 1934.

NORTH DAKOTA

John A. Corrigan to be postmaster at Stanley, N.Dak., in place of O. T. Nelson, removed.

OHIO

Charles J. Bocklet to be postmaster at Cincinnati, Ohio, in place of A. L. Behymer, resigned.

Lloyd D. Poorman to be postmaster at Dalton, Ohio, in place of J. W. Shisler. Incumbent's commission expired December 18, 1933.

Calvin H. Love to be postmaster at Maumee, Ohio, in place of J. W. Kramer. Incumbent's commission expired May 10, 1932.

Joseph W. Cavalier to be postmaster at Oakharbor, Ohio, in place of W. A. Campbell. Incumbent's commission expired January 5, 1933.

Charles Edward Kirschner to be postmaster at Toledo, Ohio, in place of W. T. Huntsman. Incumbent's commission expired December 20, 1932.

OKLAHOMA

Hallie C. Forde to be postmaster at Cherokee, Okla., in place of J. W. Rackley, removed.

Frank S. DeWolfe to be postmaster at Guymon, Okla., in place of B. F. Rarick. Incumbent's commission expired December 14, 1932.

PENNSYLVANIA

Charles H. Rettew to be postmaster at Honesdale, Pa., in place of J. N. Sharpsteen, retired.

James K. Bell to be postmaster at Warren, Pa., in place of K. M. Lyons. Incumbent's commission expired January 10, 1932.

SOUTH CAROLINA

John L. Hinnant to be postmaster at Eutawville, S.C., in place of H. F. Shuler. Incumbent's commission expired January 16, 1932.

Stephen E. Leverette to be postmaster at Iva, S.C., in place of S. E. Leverette. Incumbent's commission expired April 22, 1934.

Gertrude Nance to be postmaster at Mullins, S.C., in place of L. V. Martin. Incumbent's commission expired January 8, 1933.

Albert H. Askins to be postmaster at Timmonsville, S.C., in place of A. H. Askins. Incumbent's commission expired January 8, 1933.

SOUTH DAKOTA

Emma Peterson to be postmaster at Draper, S.Dak., in place of Emma Peterson. Incumbent's commission expires April 28, 1934.

Lulu Turner to be postmaster at Ethan, S.Dak., in place of Lulu Turner. Incumbent's commission expires April 28, 1934.

TENNESSEE

Ferd B. Cowan to be postmaster at White Pine, Tenn., in place of K. L. Pearson, removed.

TEXAS

Charles D. Grady to be postmaster at Keene, Tex., in place of M. A. Luccock. Incumbent's commission expired March 22, 1934.

Alide Schneider to be postmaster at Marion, Tex., in place of Alide Schneider. Incumbent's commission expired April 15, 1934.

John W. White to be postmaster at Uvalde, Tex., in place of J. W. White. Incumbent's commission expires April 28, 1934.

UTAH

Isaac A. Smoot to be postmaster at Salt Lake City, Utah, in place of John McPhee, removed.

VIRGINIA

Mary F. Cunningham to be postmaster at Fort Myer, Va., in place of M. F. Cunningham. Incumbent's commission expired April 22, 1934.

Austin C. Tyree to be postmaster at Millboro, Va., in place of A. F. Johnson. Incumbent's commission expired September 30, 1933.

WASHINGTON

Fanny I. Jennings to be postmaster at Spangle, Wash., in place of F. I. Jennings. Incumbent's commission expired April 22, 1934.

WISCONSIN

Roman W. Stoffel to be postmaster at Allenton, Wis., in place of L. W. Kuhaupt. Incumbent's commission expired December 18, 1933.

Frank J. Horak to be postmaster at Oconto, Wis., in place of W. M. Comstock. Incumbent's commission expired May 21, 1930.

James W. Carew to be postmaster at Waupaca, Wis., in place of W. J. Nelson. Incumbent's commission expired January 31, 1934.

WYOMING

Margaret L. Cooper to be postmaster at Medicine Row, Wyo., in place of A. M. West. Incumbent's commission expired December 8, 1932.

Chester A. Lindsley to be postmaster at Yellowstone Park, Wyo., in place of C. A. Lindsley. Incumbent's commission expires April 28, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 25, 1934

UNITED STATES COURT FOR CHINA

Milton J. Helmick to be judge of the United States Court for China.

UNITED STATES ATTORNEY

Summerfield S. Alexander to be United States attorney for the district of Kansas.

UNITED STATES MARSHAL

George P. Alderson to be United States marshal for the southern district of West Virginia.

REGISTER OF LAND OFFICE

Fred S. Minier to be register of land office at Pierre, S.Dak.

APPOINTMENT BY TRANSFER IN THE REGULAR ARMY

Maj. Ivan Sanders Curtis to Quartermaster Corps.

PROMOTIONS IN THE REGULAR ARMY

Gustavus Franzle Chapman to be captain, Quartermaster Corps.

David Raymond Gibbs to be first lieutenant, Air Corps.

POSTMASTERS

ALABAMA

Elmer H. Carter, Castleberry.
William P. Tartt, Livingston.
Peyton C. Wilson, Montevallo.
James A. Anderson, University.

ALASKA

Harold T. Jestland, Bethel.

ARIZONA

Charles J. Moody, Superior.

COLORADO

Robert P. James, Cedaredge.
James O. Stevic, Denver.
James E. Adams, Englewood.
Robert R. Lawson, Grover.
Edward H. Applegate, Jr., Lamar.
Rice A. Palmer, Redcliff.
Herbert S. Butler, Rico.
E. Velma Logan, Stratton.

MAINE

Richard H. Hughes, Brownville Junction.
Erma G. Maxim, Corinna.
Jerome G. Russell, Danforth.
Leon C. Weed, Deer Isle.
Elsie D. Smart, Eagle Lake.
John A. Lyons, East Millinocket.
Norman R. Thombs, Greenville.
Cyril Cyr, Jackman Station.
Edna G. Chase, Limestone.

William E. Baker, Lubec.
Sumner A. Fickett, Millbridge.
May C. Thorpe, Sabattus.
Earll W. Gott, South West Harbor.
Lewis P. Philbrick, Thorndike.
Orrin V. Drew, Vinalhaven.
Ernest F. Poulin, Waterville.

MARYLAND

Jacob R. L. Wink, Manchester.
Francis H. Blake, Sparks.
Joseph Wilmer Baker, Union Bridge.
Nellie T. Reed, Williamsport.

MASSACHUSETTS

George F. Cramer, Amherst.
Henry J. Cottrell, Beverly.
Frances A. Rogers, Billerica.
Arthur A. Hendrick, Brockton.
Francis K. Irwin, Cataumet.
Thomas V. Sweeney, Harding.
Josephine R. McLaughlin, Hathorne.
George M. Lynch, Somerset.
Thaddeus F. Webber, Winchendon.

MISSISSIPPI

Frances G. Wimberly, Jonestown.
Mamie L. Harvey, Mathiston.
John R. Oliver, Natchez.
William C. Mabry, Newton.
Robert A. Dean, Okolona.
Henry Boswell, Sanatorium.
James C. Lamkin, Yazoo City.

MISSOURI

Harold Stewart, Bolivar.
Joseph W. McMenus, Conway.
James F. Hughes, Greenville.
Alexander W. Graham, Kansas City.
Hugh M. Price, La Monte.
Elisha O. Bryeans, Oran.
Orlo H. Bond, Sheridan.
Leah M. White, Smithton.
Emmett R. Burrows, Van Buren.

NEW HAMPSHIRE

Clarence A. Burt, Concord.
Benjamin H. Dodge, New Boston.
Robert E. Gould, Newport.
H. Leslie Thompson, North Haverhill.
Richard U. Cogswell, Warner.

NORTH DAKOTA

Karl E. Fischer, Hague.
Bennie M. Burreson, Pekin.

OHIO

Walter E. Cole, Andover.
Mary E. Bakle, Antwerp.
William J. Grandy, Byesville.
Harry H. Weiss, Canton.
Leita Tuttle, Chardon.
Thomas G. Moore, East Orwell.
Myrtle Grant, Grove City.
Harlan B. Merkle, Hartville.
Thomas Kyer, Jackson.
Daniel L. Pokey, Lakeside.
Clelland R. Polen, Lewisville.
Benjamin E. Bowden, Lowell.
Anna M. Cook, Lucasville.
Harry W. Gordon, McConnelsville.
Howard D. DeMar, Madeira.
Everett Bennett, Morrow.
Fred A. Stratton, Mount Orab.
Palmer Phillips, Mount Sterling.
Garrett W. Bowen, Newtown.
Lester Overfield, North Lewisburg.
John O. Entrikin, North Lima.
Michael J. Gumbriell, North Olmsted.
Charles O. Frederick, Norwalk.
Carl S. Corvin, Oak Hill.
Agnes O. Schritz, Olmsted Falls.
Wilver T. Naragon, Osborn.
James M. McCrone, Poland.
Thomas F. Short, Seaman.
Homer H. Dearth, Summerfield.
Urn S. Abbott, Tiffin.
Frank H. Waldeck, Warren.
Harry A. Higgins, Xenia.

OREGON

William J. McLean, Kerby.
Bryan Dieckman, Myrtle Creek.

TEXAS

Lee Brown, Blanco.
Joseph Y. Fraser, Colorado.
Opal Farris, Daisetta.
Joe C. Martin, Itasca.
Asbury R. Odom, Rusk.
William C. Wells, Tahoka.
Mollie S. Berryman, Willis.

VERMONT

Gertrude L. Cutler, Cambridge.
Hollis S. Johnson, Castleton.
William T. Johnson, Hardwick.
Mabel M. Hemenway, Jeffersonville.
Mary F. Brown, Readsboro.
Thomas E. Flynn, Underhill.
Waldo K. Powers, Vergennes.
Peter E. Kehoe, West Pawlet.
Martin H. Bowen, Wolcott.

VIRGIN ISLANDS

Bartholin R. Larsen, Christiansted.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 25, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Blessed be the Lord our God, beneath whose mighty hand we bow. We rejoice that to those who come to Thee with hungry hearts Thy help is revealed; those who come to Thee with humility will find Thy yoke easy and Thy burden light; and those who come with penitence will find Thy mercy like the broadness of the sea. Heavenly Father, give us a growing conception and appreciation of the divine law whose seat is in the bosom of the merciful God. Brighten our ideals, that they may rebuke past sins and lend inspiration for the future. We believe that the Man of Galilee is the purest and the most radiant Teacher of the ages. Father in Heaven, encourage us to follow His example, to help the helpless as He helped them, to bear their burdens as He bore them, and in the cool of the evening may we find our way to some secret place and pray as He prayed. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERSONAL EXPLANATION

Mr. BYRNS. Mr. Speaker, yesterday there appeared in one or two of the newspapers, not all of them, a statement which might have been construed as a criticism on my part of the leadership in the Senate. I certainly uttered no criticism and had none in my mind and made no statement which would reflect upon the magnificent leadership in the Senate. I have the highest admiration for that leadership, and I admire the skill with which it is conducted and has been conducted during the incumbency of the present distinguished leader. I have not only not criticized the leadership of the Senate but, on the contrary, I have on numerous occasions expressed my admiration of it.

I feel in justice to myself I should not permit the statement to appear in the newspapers to which I refer without making this correction. [Applause.]

ORDER OF BUSINESS

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to proceed for 6 minutes.

The SPEAKER. Is there objection?

Mr. BANKHEAD. Mr. Speaker, yesterday we had what I regard as a rather ironclad agreement with reference to the order of procedure this morning. This women's citizenship bill has had the right-of-way for some time but has been delayed for one reason or another. In compliance with the request of many Members yesterday afternoon for an adjournment, the rule for the consideration of this bill was adopted without debate, and the gentleman from Kansas [Mr. McGUGIN] will find by looking in the RECORD that it was understood and agreed by all parties that immediately after the reading of the Journal the gentleman from New York [Mr. DICKSTEIN] could move to go into Committee of the Whole to proceed with the consideration of this bill. I hope the gentleman will withdraw his request for the present time.

Mr. McGUGIN. Certainly after the other side proceeded for 1 hour yesterday the gentleman will not object to my proceeding for 6 minutes.

Mr. CARPENTER of Nebraska. Mr. Speaker, I object.

Mr. RICH. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas be given 10 minutes at the conclusion of the bill referred to by the gentleman from Alabama.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the gentleman from Kansas may be permitted to address the House for 10 minutes at the conclusion of the bill (H.R. 3673) in order today. Is there objection?

Mr. DOUGLASS. Mr. Speaker, I object. We have a vocational education bill here which has been waiting for 3 weeks to get the floor.

The SPEAKER. Objection is heard.

Mr. RICH. If they are not going to give some recognition to the gentleman from Kansas, we will have to object to any business they want to do.

Mr. BANKHEAD. Mr. Speaker, I have no disposition, as I am sure the gentleman from Kansas will believe, to object to his speaking, but after we have had a hard-and-fast agreement with respect to the order of business today, I trust the gentleman from Kansas will accept the situation.

Mr. RICH. Cannot the gentleman suggest a time today when the gentleman from Kansas may proceed for 10 minutes?

Mr. BANKHEAD. Personally I have no objection to the gentleman from Kansas proceeding as soon as we have finished this business.

Mr. RICH. That was the request that I made.

Mr. BANKHEAD. I have no objection to that.

Mr. McFARLANE. Mr. Speaker, I demand the regular order.

Mr. SNELL. This is the regular order.

The SPEAKER. Is there objection to the request?

Mr. RICH. Mr. Speaker, I repeat my request, that the gentleman from Kansas be given 10 minutes to proceed at the conclusion of the business before the House today.

The SPEAKER. Is there objection?

Mr. DOUGLASS. I object.

Mr. SABATH. Mr. Speaker, I reserve the right to object. Is it not a fact that there has been a tentative agreement to take up today the De Priest resolution and get that out of the way? That may take a little time.

Mr. BANKHEAD. I have no objection to taking up that resolution when we conclude the debate on this bill.

Mr. SABATH. That is the reason I feel that should be the next order of business.

Mr. DOUGLASS. Mr. Speaker, my objection is not an unfriendly or personal one, but I make it because of the fact that the Committee on Education has had before the House, under a rule reported sometime since, a bill for vocational education. That bill will have to be passed within a few days or a week, or there will be no Federal vocational education, and, because of the importance of considering that, I must object.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. DOUGLASS. I yield.

Mr. RICH. To give the gentleman from Kansas 10 minutes certainly would not delay the gentleman's bill any great length of time.

Mr. DOUGLASS. I am willing that the gentleman may proceed for 10 minutes after the consideration of my bill.

The SPEAKER. The Chair recognizes the gentleman from New York [Mr. DICKSTEIN].

CITIZENSHIP AND NATURALIZATION

Mr. DICKSTEIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes; with Mr. MARTIN of Colorado in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. DICKSTEIN. Mr. Chairman, I yield myself 10 minutes.

Mr. DICKSTEIN. Mr. Chairman, the bill, H.R. 3673, deals with amendments of the law relative to citizenship and naturalization, and for other purposes, and is commonly known as the "equalization bill", for it seeks to equalize the citizenship rights of male citizens and female citizens of the United States.

The primary purpose of the bill is to equalize the status of female citizens, so that they may have the same rights in regard to citizenship and naturalization as are enjoyed by male citizens, and especially with regard to the question of derivative citizenship, so that a child may derive citizenship through the mother as well as through the father.

The bill in no way raises any question with regard to the relative status of a citizen by nativity as compared with that of a citizen by naturalization. Under this bill, a female citizen is a citizen regardless of whether she was born in this country or was naturalized or derived her citizenship from father or husband.

I will now proceed to an analysis of the bill and will ask your indulgence, because it is rather complicated. The first section of the bill provides that persons born abroad, one of whose parents is an American citizen, may derive citizenship either from the mother or from the father. Under existing law such children may derive citizenship only through the father. This bill grants to female citizens of the United States the right enjoyed by male citizens, in that if a child is born of the union between an American citizen woman and a man who is not American citizen, the child, under the provisions of this bill, may derive American citizenship through the mother, whereas at the present time it cannot.

To illustrate the inequality of the present law, let us consider on the one hand the case of children born out of the United States to a couple, the man being of Chinese ancestry but a native-born American citizen and the woman an alien ineligible to citizenship, and on the other hand the case of children born out of the United States of the union between a native-born white woman and a Britisher. In each instance the children were born outside the limits of the United States. In the case of the Chinaman the children arriving at the port of entry, Ellis Island or San Francisco, or be it where it may, are admitted as American citizens, whereas the white child of the native-born American woman married to the Britisher is held back and is called an "alien." Because of the inequality of the present law, that child derives the citizenship of the alien father, even though the mother is a native-born white American citizen.

The committee has studied this bill for over a year. As a matter of fact, we requested the various departments and the President to call into conference the various group leaders in this administration to study the inequality and the hardships of the naturalization laws, and I am glad to say that the various departments have withdrawn their objection upon realizing the hopeless inequality between male and female citizens.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. DIES. I want to clarify this: Is it not a fact that under the present law the child of an American father born outside the limits and jurisdiction of the United States becomes an American citizen?

Mr. DICKSTEIN. The gentleman is correct.

Mr. DIES. He becomes an American citizen although the child does not have to return to the United States, does not have to reside in the United States. Under this bill, however, as amended by an amendment I proposed in the committee and which the committee accepted, the child must return to the United States before he reaches his eighteenth birthday and reside here for 5 years before he can become an American citizen.

Mr. DICKSTEIN. The gentleman is correct. I am coming to that feature; I will explain it.

Mr. HASTINGS. And the child must come to the United States before he is 18 years of age.

Mr. DIES. Yes; the child must come to this country before he is 18 years old.

Mr. DICKSTEIN. Should this bill become a law—and I hope it will be passed at the earliest possible moment—a safeguard has been provided by the committee with respect to these children. Although under the provisions of this bill the child may derive nationality from either the mother or the father, still the child must come to the United States before the eighteenth birthday, and the child must live in the United States for at least 5 years before citizenship could attach to him. But the bill takes away the stigma of inequality to children of male and female citizens. As I pointed out in my illustration, the children born abroad of a Chinese father, an American citizen, could come in as citizens; yet in the case of the female American citizen marrying the Britisher, the white child of the white American woman is deprived of citizenship.

Now, these children would have to make a declaration. In other words they cannot have dual nationality. If they come into this country under the terms of this bill, not only would they have to reside in this country for a period of 5 years but they would also have to take an oath of allegiance to the United States of America and reside here for at least 5 years.

Mr. ELTSE of California. Mr. Chairman, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. ELTSE of California. If an American-born Chinese man goes to China and marries and of the union a child is born before his return to the United States, the child would not be entitled to citizenship, would he?

Mr. DICKSTEIN. If a native American Chinese or Japanese, one who was born here, goes to China or Japan and has a family of a dozen or more or less, under the present law these children are citizens of the United States ab initio from the beginning.

Mr. ELTSE of California. Under the present law?

Mr. DICKSTEIN. Under the present law.

Mr. ELTSE of California. But if this bill is passed and becomes a law, those children never can become citizens.

Mr. DICKSTEIN. I grant the gentleman that is true, but the purpose is to create a dead line some place, because the committee has found that there has been a continuation, in some cases deliberately, where a native American Chinese goes to China and marries. He transmits citizenship to his children. His sons come to the United States, stay here long enough to claim to have lived here, then go back and get married, and their children in turn are citizens of the United States under the existing law.

So it goes right down the generations. This bill puts a stop to this endless chain.

Children whose birth takes place after the bill is enacted into law, where an alien parent is an alien ineligible to citizenship by naturalization, would not derive citizenship from their citizen parent, either mother or father. In other words, after this bill is enacted into law they cannot bring children back here that were born in China for the purpose of giving derivative citizenship to their heirs, who could not become citizens through naturalization proceedure. A practice which goes on indefinitely under existing law.

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Chairman, I yield myself 5 additional minutes.

Mr. ELTSE of California. As a matter of fact, do not most of these American-born Chinese who go to China to marry, immediately return to the United States and their children are born in this country and not in China?

Mr. DICKSTEIN. No. We find that they keep their children there for many years and then bring them in when they are big and able to do some work in this country. They do not bring them in right away. They do not educate them in this country. They go over there, get married, and raise a family. They may go to China or Japan every 10 years; they may go over there every second year. A child is born. On the birth of that child it receives derivative citizenship from the father, who was born here. If these children should come in at the age of 18 or 19, then go back to China and they marry again over there, the children of the father born here transmits citizenship to their children. So it goes on right down the line through generations.

This puts a stop to this practice upon the basis of elimination.

A person ineligible to citizenship but who is nevertheless a United States citizen by birth here or by derived citizenship under existing law may marry another person who likewise is ineligible to citizenship but nevertheless also is a United States citizen by birth here or by derived citizenship under existing law or, to illustrate, an American citizen Chinese may marry another American citizen Chinese, and in such a case the committee does not deprive the children of such unions to citizenship derived through either mother or father.

Mr. COX. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Georgia.

Mr. COX. My question may not be friendly to the gentleman's proposition.

Mr. DICKSTEIN. That is all right. This is an open discussion.

Mr. COX. The question I wish to propound is whether the gentleman knows of any other first-class government of the world that has ever proposed anything similar to that which is before us in the pending bill?

Mr. DICKSTEIN. This is not discriminatory against any race as much as it may appear to be. You take a white man who may marry a Chinese girl in China, she is excludable because she is ineligible to citizenship. Their children born abroad do derive citizenship under present law; under this bill as reported they would not do so.

Mr. COX. Does the gentleman know of any government in all the world that has proposed anything similar to what is contained in this bill?

Mr. DICKSTEIN. There are now about 13 or more countries whose laws now give the mother absolutely equal rights with the father to transmit nationality to the minor legitimate children. The Equal Nationality Treaty, which was recently signed by all of the 21 nations of the Pan American Union at Montevideo, when ratified, will give full equality to men and women on the Western Hemisphere in all matters pertaining to nationality, citizenship, and naturalization.

Mr. COX. However, does it not run counter to the laws of all the great powers of the world affecting nationality? Does not the gentleman set up a condition where a child of an American mother and an English father may be properly claimed to be both an Englishman and an American? That is what the gentleman does here.

Mr. DICKSTEIN. What we do is very simple.

Mr. COX. Is it in the law of any other country that a mother may transmit her nationality to the child?

Mr. DICKSTEIN. Yes; there are 13 or more countries where that is written in their laws now.

Mr. COX. Is not the gentleman in error in that statement? Is not the law in all of the first-class powers that the father transmits his nationality to the child?

Mr. DICKSTEIN. That is true. That has been the basic law, the father transmits his nationality to the child. But the constant trend of world legislation on nationality seems to be toward the full recognition of the right of equality for both men and women in matters of nationality.

Mr. COX. That is our law.

Mr. DICKSTEIN. That is our law, as to the child's citizenship at birth. It is not clear under our law now as to the child's citizenship when the mother, after the birth of her child, is repatriated as a United States citizen.

Mr. COX. That is a part of our naturalization law.

Mr. DICKSTEIN. That is right.

Mr. COX. The change that we undertake to make here in this pending proposal makes it possible for the mother to transmit her nationality to the child. What is the situation now in the case of an American mother marrying a subject of Germany? Under the German law and under the laws of all other nations the father transmits his nationality to the child, whereas under the law as it would be if we pass this bill the mother would likewise transmit her nationality to the child. Cannot the gentleman imagine complications which might arise as a result of the enactment of this pending proposal? For instance, what would the situation be in case of war between America and Germany? Of course, Germany would claim the citizen; America, under this law, would likewise claim the citizen. Cannot the gentleman appreciate the fact that international complications might arise as a result of the operation of such a law as is proposed here?

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Chairman, I yield myself 1 additional minute.

On the other hand, Mr. Chairman, under our Constitution and our naturalization laws the United States recognizes the right of women to become citizens in their own right, independently of whatever the citizenship may be of their husbands. In other words, women in the United States do not, under our law, lose their United States citizenship by marriage to an alien, neither do they gain United States citizenship by marriage to a citizen. I do not see any logical reason why we should continue an unequal policy which is to give certain rights to men who are citizens while the same rights are withheld from women who are citizens in their own right. This bill will equalize the rights enjoyed of each, the man-citizen and woman-citizen.

I may further answer the question of the gentleman from Georgia [Mr. Cox] by stating that if the gentleman will read the bill he will find we make provision for times of war and times of peace. The gentleman, as I understand, asked me the simple question of whether there will be dual nationality of such a child if this bill is passed; in other words, such a child will have the citizenship of the father, and also under this measure he will have the nationality of the mother. Is that correct?

Mr. COX. That is correct; yes.

Mr. DICKSTEIN. We have provided for the situation insofar as a war may be concerned, but assuming there is no war, such a child would have to make an election at his eighteenth birthday and would have to make a declaration prior to his eighteenth birthday when he enters the United States.

Mr. COX. That is, so far as the United States is concerned.

Mr. DICKSTEIN. Yes.

Mr. COX. But how can we set up a condition requiring an election that will strip him of his foreign nationality?

Mr. DICKSTEIN. The gentleman overlooks the fact that the advantages of this resolution do not take effect until the alien son or the alien daughter of an American woman actually enters the United States physically; in other words, such an alien child is still an alien so long as it remains in a foreign land.

Mr. COX. And he does not escape his foreign sovereignty and there would be no dual citizenship so long as the child stayed in a foreign country?

Mr. DICKSTEIN. No. But for the clarification of this problem I will read a memorandum prepared to show the history of this measure and designed to answer objections to the enactment of this bill:

Immediately after the enfranchisement of women in 1920, it was recognized that a next necessary step for the removal of the stigma of unequal citizenship between men and women was the equalization of nationality rights for all citizens of the United States.

Work toward this end was begun by the late Representative John Jacob Rogers of Massachusetts, and was continued, after his death, by Representative Cable of Ohio.

The Cable Act, passed by the Congress in 1922, was intended to establish equal rights in nationality, but it was found that certain amendments were needed to accomplish this end. In 1930, and again in 1931, equalizing amendments were passed by the Congress. The present bill would remove the last remaining discriminations against women in our nationality laws.

The remaining discriminations which would be removed by the passage of the equal nationality bill are:

1. Denial of the right of the mother to transmit nationality to the minor child born abroad of an alien father. The father now has this right, under jus sanguinis (right derived by blood relationship as opposed to jus soli, right derived by place of birth). Women certainly have the same blood relationship to their child as the father has.

2. Denial of the right of the husband to renounce citizenship on the same terms as the wife, upon marriage to an alien. This right is equalized by the present bill.

3. Denial of the right of the alien woman to transmit nationality to her minor children upon her own naturalization, on the same terms that an alien father can transmit nationality to them by his own naturalization. The present bill equalizes this right.

4. Denial of the right of the alien husband of an American wife to acquire nationality on the same terms that an alien wife can be naturalized. The present bill would equalize this right by declaring that a residence of 3 years is required of an alien spouse of an American citizen before he or she can be naturalized. This lowers the residence requirement by 2 years for the alien husband and raises it by 2 years for the alien wife.

5. A few minor discriminations in the present law would also be repealed by this bill.

A. At present the widow of a foreign man who has died before completing his naturalization may receive credit for the steps her deceased husband had taken, and proceed from that point to naturalize herself. Inasmuch as the naturalization of women is no longer derived through the naturalization of the husband, that part of the law would be repealed by the present bill.

B. At present, when a foreign man who has taken out his naturalization papers becomes insane, his alien wife can proceed to her own naturalization with credit for the steps previously taken by her insane husband. For the reason stated above, this provision of the law would be repealed by the present bill.

C. The remaining amendments are pro forma, to eliminate matter outlawed by the present bill if passed.

The equal nationality bill, as submitted by women, consisted of provisions on the above points which merely equalize the existing law, in order to establish at every point the principle of equal nationality rights between men and women citizens. The House Committee on Immigration and Naturalization, in its judgment, decided to make, at the same time, certain changes in the laws themselves. On these changes women are taking no stand. They are matters for the Congress to decide upon. The general principle of equality in nationality is what women seek to establish. Women feel that the fundamental principle of equality in nationality should not be sacrificed to differences of opinion on these committee amendments.

ANSWERS TO OBJECTIONS

Objections have been raised to this principle of "equality in nationality" on the ground that "no first-class power has ever established by its statutes 'equality of citizenship'", and "every other nation holds that a married woman takes her husband's nationality, and a child takes the nationality of his father."

It is further stated that "no first-class power, in the years since we adopted the Cable Act, in 1922, has ever followed our experimental step to assert that diversity of citizenship within the family is a proper principle."

Taking the last objection first, the fact is that, since 1922, the following nations have recognized the propriety of that principle by radically amending their nationality laws toward giving women equality of citizenship in their own right: Great Britain, Canada, France, Spain, Norway, Sweden, Denmark, Finland, Iceland, Belgium, Estonia, Rumania, Jugoslavia, Turkey, China, Persia, and Albania. Great Britain, in November 1933, followed the lead of Canada (in 1932) in granting to its women the absolute right to retain their British nationality in certain circumstances on marry-

ing an alien. Many nations had recognized this right prior to action by the United States in 1922.

The constant trend of world legislation on nationality is toward the full recognition of the right of equality in nationality for both men and women.

Argentina, Chile, Paraguay, Uruguay, and the Soviet Union have already fully equalized nationality rights in all respects between men and women.

The Equal Nationality Treaty, recently signed by all the 21 states of the Pan American Union, at Montevideo, will, when ratified, give full equality on all matters pertaining to nationality, including naturalization and immigration, to the men and women of the Pan American Union.

As to the objection that "every other important nation holds that a child takes the nationality of his father", the following 13 countries—Argentina, Chile, Colombia, Dominican Republic, Ecuador, Nicaragua, Panama, Paraguay, Peru, the Soviet Union, Turkey, Uruguay, and Venezuela—give to the mother absolutely equal rights with the father to transmit nationality to the minor legitimate child.

As to the statement that "every other nation except the United States holds that the wife takes the nationality of her husband", as a matter of fact, only 22 of the 77 principal countries of the world—Afghanistan, Bolivia, Czechoslovakia, Germany, Australia, British India, Irish Free State, Newfoundland, New Zealand, South Africa, Haiti, Hedjaz, Honduras, Hungary, Iraq, Lichtenstein, Luxembourg, Netherlands, Palestine, San Marino, Transjordania, and Vatican City, but in several of these countries laws giving men and women equal nationality rights are now being drafted by their governments—compel their women citizens to assume the nationality of their alien husbands under all circumstances. None of them are classed among the great powers.

Of the remaining 55 countries of the civilized world, 14 countries—the United States, Argentina, Brazil, Chile, China, Colombia, Cuba, Liberia, Panama, Paraguay, Peru, Uruguay, Turkey, and the Soviet Union—give their women citizens the absolute right to retain their nationality under all circumstances on marriage to an alien.

Six more countries—Albania, Belgium, Estonia, Guatemala, Rumania, and Jugoslavia—give a woman citizen, on marriage to an alien, the right to retain her nationality if she takes legal action to preserve it.

In the remaining 35 countries—Andorra, Austria, Bulgaria, Canada, Costa Rica, Danzig, Denmark, Dominican Republic, Ecuador, Egypt, Ethiopia, Finland, France, Great Britain, Greece, Iceland, Italy, Japan, Latvia, Lebanon, Lithuania, Mexico, Monaco, Nicaragua, Norway, Persia, Poland, Portugal, El Salvador, Siam, Spain, Sweden, Switzerland, Syria, and Venezuela—women citizens lose their nationality on marriage to an alien only under certain circumstances.

As to the problem of dual nationality raised as an objection to the equalization of our own laws, it is of interest to note that of the 58 countries which automatically confer citizenship on alien women who marry their nationals, more than half of them give their own women the right to retain their own nationality on marrying aliens. Dual nationality is a problem that can be settled only by treaty action between nations, but the fact that this complication exists—for men as well as women—is no fair reason for any country, under its own laws, to deny justice and equality to women.

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this measure, H.R. 3673, comes before us today with the unanimous approval of the Committee on Immigration and Naturalization and the unanimous vote of the Rules Committee.

Mr. COX. Mr. Chairman, will the gentleman yield there?

Mr. TAYLOR of Tennessee. I yield.

Mr. COX. The gentleman is in error in his last statement. While I did commit the error that so many of us commit, in committing myself to the support of this proposition before I knew anything about it, but between the time I made that commitment and the time the Rules Committee took action, I obtained some information and was impressed with the absurdity of the proposal. I happened not to be present at the meeting of the Rules Committee and did not vote. If I had been there, of course, I would have voted against giving a rule for the consideration of this monstrosity.

Mr. TAYLOR of Tennessee. I based my statement on the declaration made by the Chairman of the Rules Committee on the floor of the House yesterday. I assumed, of course, that that statement was correct.

Mr. BANKHEAD. If the gentleman will pardon me, I did not make that statement. The gentleman from New Jersey [Mr. LEHLBACH] is the one who made the statement.

Mr. TAYLOR of Tennessee. My recollection is that the gentleman from Alabama made the statement also.

Under existing law citizenship by birth outside of the United States is derived only through the American father. This is manifestly an unjust discrimination against American motherhood.

It seems to me that in view of the fact that 14 years have elapsed since we granted the voting franchise to American women, and 12 years have passed since the passage of the Cable Act, it is now proper that we confer upon our American women the same right enjoyed by American men in the transmission of nationality to their minor children.

Section 1993 of the Revised Statutes reads:

> All children heretofore born or hereafter born out of the limits and jurisdiction of the United States, whose fathers were or may be at the time of their birth citizens thereof, are declared to be citizens of the United States; but the rights of citizenship shall not descend to children whose fathers never resided in the United States.

This bill which we are considering today adds the word "mothers." If it has been deemed wise that the protection and privileges of our Government should be extended to the children of American fathers, it would seem to be extraordinary that the same principle should not apply to the children of American mothers since certainly the mother more than any one else stands in closest relationship to her child.

The remainder of the bill seeks to remove minor discriminations in the field of nationality in order to conform to the general principle of equality in nationality. It is a pleasure to me to go on record today in support of the contention of the proponents of this measure that in this day and age, on a continent that has for years been consecrated to justice we include women in the provisions of an act that has been already satisfactorily tested.

This measure has the enthusiastic endorsement and support of the following women's organizations: The General Federation of Women's Clubs, the National Federation of Business and Professional Women's Clubs, the National Association of Women Lawyers, the National Council of Jewish Women, the National Women's Party, the National Zonta Club, the National Association of Women's Physicians, the National Association of Women Real Estate Operators, the Women's International League for Peace and Freedom, the Southern Women's National Democratic Association, the National Soroptimists, and by many smaller organizations of women as well as by practically all the women leaders in the county.

Recognizing the common justice of the principle involved, it is with very great pleasure that I support the resolution and vote for the bill. [Applause.]

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MILLARD].

Mr. MILLARD. Mr. Chairman, as a member of the Committee on Immigration and Naturalization, I am delighted to support this measure with the greatest power I possess.

The Committee on Immigration and Naturalization, of which I am a member, had H.R. 3673 referred to it, to amend the law relative to citizenship and naturalization, and for other purposes.

We have given the same most careful consideration and the committee has reported the same to the House with certain amendments and has recommended that the bill do pass.

There has been some discussion that the dual nationality will complicate the matter of class. It is a fact, however, that this would not make any additional complication but would just give to mothers the same rights as to fathers.

Immediately after the enfranchisement of women in 1920 it was recognized that a next necessary step for the removal of the stigma of unequal citizenship between men and women was the equalization of nationality rights for all citizens of the United States.

Work toward this end was begun by the late Representative John Jacob Rogers, of Massachusetts, a distinguished Member of this House and husband of our present colleague, Mrs. ROGERS, and was continued after his death by Representative Cable, of Ohio.

The Cable Act, passed by the Congress in 1922, was intended to establish equal rights in nationality, but it was

found that certain amendments were needed to accomplish this end. In 1930, and again in 1931, equalizing amendments were passed by the Congress. The present bill would remove the last remaining discriminations against women in our nationality laws.

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First. Denial of the right of the mother to transmit nationality to the minor child born abroad of an alien father. The father now has this right, under jus sanguinis—right derived by blood relationship—as opposed to jus soli—right derived by place of birth. Women certainly have the same blood relationship to their child as the father has.

Second. Denial of the right of the husband to renounce citizenship on the same terms as the wife, upon marriage to an alien. This right is equalized by the present bill.

Third. Denial of the right of the alien woman to transmit nationality to her minor children upon her own naturalization, on the same terms that an alien father can transmit nationality to them by his own naturalization. The present bill equalizes this right.

Fourth. Denial of the right of the alien husband of an American wife to acquire nationality on the same terms that an alien wife can be naturalized. The present bill would equalize this right by declaring that a residence of 3 years is required of an alien spouse of an American citizen before he or she can be naturalized. This lowers the residence requirement by 2 years for the alien husband and raises it by 2 years for the alien wife.

Fifth. A few minor discriminations in the present law would also be repealed by this bill.

At present the widow of a foreign man who has died before completing his naturalization may receive credit for the steps her deceased husband had taken, and proceed from that point to naturalize herself. Inasmuch as the naturalization of women is no longer derived through the naturalization of the husband that part of the law would be repealed by the present bill.

At present when a foreign man who has taken out his naturalization papers becomes insane his alien wife can proceed by her own naturalization with credit for the steps previously taken by her husband. For these reasons this provision of the law would be repealed by the present bill.

The remaining amendments are pro forma, to eliminate matter outlawed by the present bill if passed.

A suggestion was presented to me yesterday by the gentleman from New York [Mr. TABER], who believes that these children, upon becoming 21 years of age, should take an oath of allegiance. I agree with this suggestion and I hope the Chairman will also agree to an amendment providing that within 6 months or some other reasonable time after becoming of age, they shall take an oath of allegiance, because I can see where such a child might not have the best interests of this country at heart and not be willing to take the oath of allegiance and perhaps would become a bad citizen.

The equal nationality bill, as submitted by women, consisted of provisions on the above points which merely equalize the existing law, in order to establish at every point the principle of equal nationality rights between men and women citizens. The House Committee on Immigration and Naturalization, in its judgment, decided to make, at the same time, certain changes in the laws themselves. The general principle of equality in nationality is what women seek to establish. Women feel that the fundamental principle of equality in nationality should not be sacrificed to differences of opinion on these committee amendments.

The United States has taken a stand before the world for equality in nationality. We have five times announced to the world our support of equality between men and women in nationality—once, in 1930, in a vote by the United States delegation, acting under instructions from President Hoover, at the World Conference on the Codification of International Law at The Hague; once again in the same year, in a vote by the House of Representatives; once, in 1931, in a letter from former Secretary of State Stimson, to the League of Nations, and once, in 1932, in a second letter from the Secretary of State to the League, and once, last year, December 1933, when the United States under the Secretaryship of Mr. Hull signed a nationality treaty at Montevideo.

The party to which I belong has always stood before the world for equality in nationality.

The United States delegation at the World Conference on Codification of International Law, The Hague, voted for equality in nationality in April 1930.

In March and April 1930 the first World Conference on Codification of International Law was held at The Hague under the auspices of the League of Nations. At this Conference there was proposed a convention on nationality which discriminated against women. The United States delegation, acting under instructions from the President, voted against this discriminatory convention. One of the grounds given by the Acting Secretary of State for the opposition of our Government to the convention was:

> We do not in our laws make differences—or make few or relatively unimportant differences—as to rights of men and women in matters of nationality. (Statement issued by Acting Secretary of State, Apr. 15, 1930.)

This House endorsed the vote of the United States delegation at The Hague in support of equality in nationality in May 1930.

Following the vote of the United States delegation at The Hague, the House of Representatives again on May 21, 1930, adopted a resolution, introduced by my distinguished colleague, HAMILTON FISH, Jr., of New York, commending the vote of the United States representatives at The Hague against the proposed nationality convention discriminating against women. This resolution read:

> That the Congress of the United States of America expresses its approval of the action of the United States delegation at The Hague Conference, 1930, on the Codification of International Law in voting against the "Convention on certain questions relating to the conflict of nationality laws"; and
>
> That it is hereby declared to be the policy of the United States of America that there should be absolute equality for both sexes in nationality, and that in the treaties, law, and practice of the United States relating to nationality there should be no distinction based on sex.

And recently at Montevideo the United States, in December 1933, signed an equal nationality treaty declaring there would be no distinction on account of sex in law or practice in regard to nationality.

The passage of the equal nationalities bill, H.R. 3673, would bring the United States law on nationality into harmony with the declared policy of the Government upon this subject.

The enactment into law of the equal nationality bill would remove all of the discriminations against women in nationality and would place men and women on a basis of complete equality in this field. Not only would the passage of this measure be a long-delayed act of justice but it would bring the United States law on nationality into harmony with the principles which the Government has repeatedly proclaimed at home and abroad.

The bill had careful consideration by the committee, and both Secretary Hull and Secretary Perkins have now withdrawn their objections to the bill.

Someone has said that it is a bill to add to and increase the complexities of nationalities. That is not true, as this bill does not complicate nationality but simply adds the word "mother" and gives her the same rights as a father.

The aim of the bill is to confer upon a child born abroad of an alien father and an American mother, citizenship. This meets with the hearty approval of any thinking person as it only does justice and grants equality.

Objections have been raised to this principle of "equality in nationality" on the ground that "No first-class power has ever established by its statutes 'equality of citizenship'", and "every other nation holds that a married woman takes her husband's nationality, and a child takes the nationality of his father."

It is further stated that "No first-class power, in the years since we adopted the Cable Act, in 1922, has ever fol-

lowed our experimental step to assert that diversity of citizenship within the family is a proper principle."

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As to the statement that "every other nation except the United States holds that the wife takes the nationality of her husband"—as a matter of fact only 22 of the 77 principal countries of the world—Afghanistan, Bolivia, Czechoslovakia, Germany, Australia, British India, Irish Free State, Newfoundland, New Zealand, South Africa, Haiti, Hedjaz, Honduras, Hungary, Iraq, Lichtenstein, Luxembourg, Netherlands, Palestine, San Marino, Transjordania, and Vatican City, but in several of these countries laws giving men and women equal nationality rights are now being drafted by their governments—compel their women citizens to assume the nationality of their alien husbands under all circumstances. None of them are classed among the great powers.

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Mr. DICKSTEIN. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes out of order.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to proceed for 10 minutes out of order. Is there objection?

Mr. DICKSTEIN. Mr. Chairman, I yielded 3 minutes to the gentleman from Missouri. His request is to speak 10 minutes out of order. Only 3 minutes of that 10 should be taken out of my time.

The CHAIRMAN. The gentleman from Missouri is recognized for 3 minutes.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to speak out of order on a matter of general interest for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none.

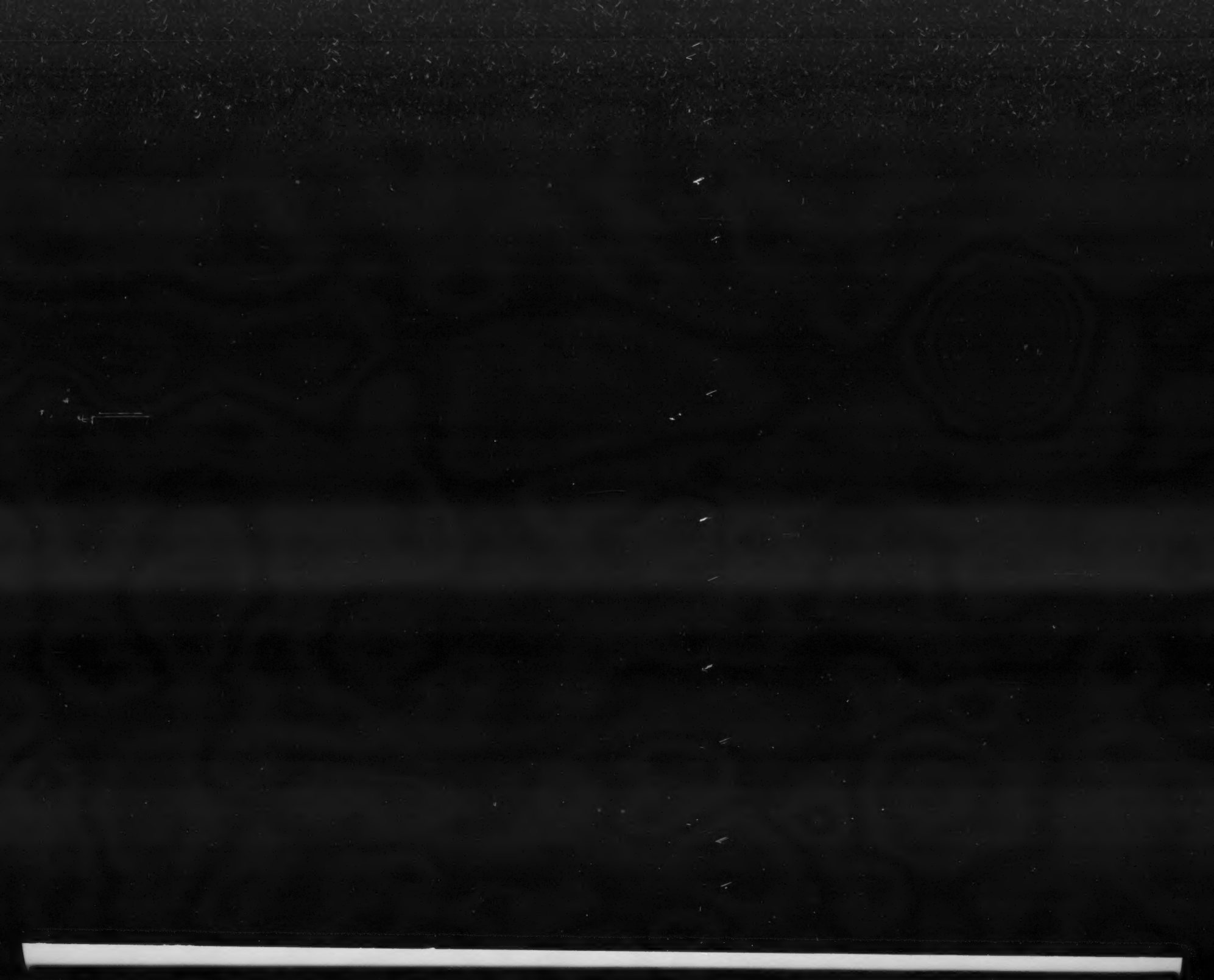
Mr. CANNON of Missouri. Mr. Chairman, we have established many new records in this session of Congress, and one of them in particular is deserving of more than passing attention.

From time immemorial we have operated the House restaurant at a loss. Every year the Committee on Accounts has reported to the House, and charged to the contingent fund, an annual deficit of from $25,000 to $40,000 in the maintenance of the restaurant. And the loss in the operation of the Senate restaurant has run as high as $80,000 for one session.

I had the honor to serve as a member of the Committee on Accounts at one time, and it seemed so unreasonable to lose this large sum in the operation of the restaurant, notwithstanding the fact that we paid the highest prices charged anywhere in Washington for similar services, that I insisted on having the books audited by a certified public accountant. The accountant checked the books from every possible angle, and in the course of his examination reported the amount made or lost on each article of food served in the restaurant. His audit showed that we lost money on everything we served except soup and coffee, so I offered a motion that we serve only soup and coffee. [Laughter.] Unhappily, my motion was not entertained, and we have continued to lose money at every session of Congress until the present Chairman of the Committee on Accounts, the gentleman from North Carolina, Mr. LINDSAY C. WARREN, assumed charge of the committee and the restaurant.

I rise this morning to call attention to the report recently filed by Chairman WARREN showing that for the first time in the history of the committee's management of the restaurant it has paid all expenses and made a slight profit, notwithstanding the fact that it has rendered better service and charged more moderate prices than ever before within my recollection. So it occurs to me, Mr. Chairman, in view of this remarkable and unprecedented record, that some of the executive departments which are struggling to overcome chronic deficits might very well enlist the efficient services of the gentleman from North Carolina [Mr. WARREN] with credit to themselves and profit to the Government. [Applause.]

Mr. Chairman, the Seventy-third Congress will be remembered for many notable accomplishments, but for one especially notable achievement which will be recalled when all others are forgotten—the completion in this session of the parliamentary revolution begun in the Sixtieth Congress. In that Congress, and the preceding Congresses under the administrations of Speaker Reed and Speaker Cannon, the Speakership had attained such preeminence as to overshadow the Presidency itself. The Speaker dominated every function of the House. No measure, however important or however trivial, could be so much as considered without his approval. And as the power of the Speaker was enhanced, the influence of the individual Members of the House declined in proportion, until Speaker Cannon held even his party colleagues in such slight esteem politically that Representative Victor Murdock, of Kansas, writes that he was accustomed to pass them in the corridors and cloakrooms



without so much as deigning to acknowledge their greetings. And Champ Clark, of Missouri, relates that when he was introduced to Speaker Reed on his election to the House and mentioned the name of his predecessor who had served the previous 4 years in the House, Speaker Reed said he was unable to recall ever having heard of him.

The revolution of 1910 deprived the Speaker of many of his powers, but as it made no provision for the exercise of such powers by the organized membership of the House, they passed largely to small groups selected and controlled by the Speaker, and the effect was to supplant a despotism with an oligarchy through which the Speaker, with the aid of unofficial kitchen cabinets chosen by himself, still governed the House with little regard for the great body of its Membership.

It remained for two great men—by a singular coincidence from the same State—to complete the work begun in the Sixtieth Congress and return control of the House to its membership, as contemplated by the Constitution. On the other side of the aisle the change was effected by James R. Mann, of Illinois, characterized by Speaker Clark as knowing more about House procedure than any other man who ever sat in the American Congress, and named by Asher Hinds, of Maine, as his most valued consultant in the preparation of Hinds' Precedents. In the Republican conference of the Sixty-sixth Congress Mr. Mann secured the adoption of the plan under which the policies of the party—formerly dictated by a small coterie of the Speaker's lieutenants—were determined by a steering committee elected in the conference and geographically representative of the party. This system, preserving the rights of the individual Member and insuring the adoption of policies responsive to the will and sentiment of the country as expressed through its Representatives in Congress, has proven so effective and so satisfactory that it has been readopted in every succeeding Congress and is the system so ably maintained and administered today by the great leader of the minority, the distinguished gentleman from New York [Mr. SNELL].

On this side of the aisle the reform proceeded more slowly, and it was not until this Congress that we were able to secure the adoption of a similar provision completing the transfer of the control of party policies from the Speaker's antechamber to the floor of the House. Speaker RAINEY, another Illinoian, introduced in the Democratic caucus and secured the adoption of a resolution providing for the election of a similar steering committee by the Democratic caucus to which are referred questions of party polity and expediency. Already the high character of the men elected to the committee, the reflection through them of the attitude and sentiments of their constituent colleagues, the facility with which they have transmitted administration views on which a plebescite was desired, and especially the ready cooperation which they have enlisted in support of administration measures, has more than justified this long-delayed reform. Through these elective party committees, subject to recall at will, the newest Member of the House may express his views and register his wishes as effectively in the formulation of party programs as the oldest Member of the House, or the highest ranking member of its most important committee. No longer can a Speaker of the House say, as in the past a Speaker has said, in reaching out for unconstitutional authority through the unwarranted exercise of the prerogatives of that high office, that the House is too large and unwieldly a body to permit consultation with the rank and file of its membership in the determination of party policies or, as another Speaker said, that actual participation by the average Member in the legislative functions of the House is an admirable theory but wholly impracticable.

When George III came to the throne the English Crown had long before become a mere figurehead in the actual government of the realm; but, prompted by the insistent admonition of his mother, "Be King, George; be King", he spent his life in a disastrous and futile effort to reestablish despotic power. Many Speakers have been urged by sycophantic satellites, "Be king, Mr. Speaker; be king", and some Speakers have listened to the siren suggestion, always at the expense of the prerogatives of the House and the liberties of the people, and with the ever-present possibility of control by sinister interests seeking special privilege. The adoption of these reforms by the party organizations of the House effectually preclude such usurpation of power and constitute a divisional milestone in the evolution of representative government.

But, Mr. Chairman, when the parliamentary annals of this Congress are finally written, Speaker RAINEY's place in history will be fixed, not so much by his institution of this epoch-making reform as by the probity and impartiality of his interpretation of the law of the House and his enforcement of the letter and spirit of its rules of procedure. There have been Speakers whose ruthless disregard for established procedure amounted to parliamentary piracy. I recall decisions in which a Speaker, in order to serve the petty partisan exigency of the moment, violated the law as laid down in express decisions by his three immediate predecessors.

It was for Champ Clark, of Missouri, and Frederick H. Gillett, of Massachusetts, two outstanding parliamentarians, whose terms fortunately supplemented each other, to first divorce the judicial functions of the Speakership from the partisan requirements of party leadership. While the scientific codification of the rules was completed under Reed and Cannon, neither hesitated to sacrifice precedent or consistency to party needs when occasion required. And party majorities sustained them on appeal. But a careful perusal of the opinions rendered by Clark and Gillett fails to disclose a single instance in which either of them subordinated principle to opportunism.

Expressing his conviction on the subject, Speaker Clark said in one of his early decisions:

> I would rather have it said of me, when I have finally laid down the gavel, that I was the fairest Speaker than that I was the greatest. No Speaker can afford to render a decision for temporary benefit to his party fellows.

The philosophy which these two great Speakers expressed and practiced in their rigid adherence to stern and exact justice in interpretating the law of the House had been well exemplified by the immortal Bard of Avon when, 300 years before, Bassanio had urged:

> And I beseech you wrest the law to your authority; to do a great right, do a little wrong, and curb this cruel devil of his will.

And Portia replied:

> It must not be; * * * 'twill be recorded for a precedent, and many an error by the same example will rush into the state.

Speaker RAINEY, by his adherence to these splendid traditions, by his scholarly knowledge of the rules and procedure of the House, his keen analysis and equitable solution of the parliamentary problems presented, and especially his wise and impartial administration of the exacting duties of the Speakership, ranks as one of the ablest of the long line of able men who have served in that great office. [Applause.]

The next Congress promises one of the most momentous sessions in the history of the Nation. Complicated and bitterly contested issues vitally affecting the standard of living of every American citizen and involving the very perpetuity of the Republic itself must be taken up, and their disposition challenges the capacity of the wisest and most patriotic statesmen. But great crises have always produced great men to meet and master them, and with Speaker RAINEY in the chair and the able and resourceful gentleman from Tennessee [Mr. BYRNS], who has so successfully piloted the administration's program on the floor in this Congress as majority leader [applause], the House and the country may look forward to the Seventy-fourth Congress with confidence and enthusiasm. [Applause.]

The warm and unconditional approval and endorsement of their leadership expressed by President Roosevelt, as reported in this morning's papers, insure a continuation of the close cooperation between the executive and legislative branches of the Government in the coming Congress,

and with it the successful solution of every national problem and the speedy return to national prosperity. [Applause.]

Mr. Chairman, in this connection I am constrained to also refer to two other men who have rendered exceptional service in this Congress. By a further coincidence they also are from the same State.

One of the key men in the working organization of the House is the Chairman of the Committee on Appropriations. He holds the purse strings of the Nation and supervises the appropriation of every dollar spent by the Federal Government. As a matter of fact he is probably as important a factor in the Government as any other man in the Congress. The present Chairman of the Committee on Appropriations, the gentleman from Texas [Mr. BUCHANAN] has made a record in that position in this Congress which is without parallel in the 145 years since the adoption of the Constitution. [Applause.] He has reduced the cost of operating the Government from the peak of peace-time appropriations more than 40 percent for the coming fiscal year.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, in 1932 we appropriated for the maintenance of the executive departments $3,454,933,066.07. In the supply bills which have passed the House at this session we are providing for the same purpose $2,178,524.905.94. In other words, under the administration of the present Chairman of the Committee on Appropriations, we are reducing Government expenditure from a round figure of three and a half billion dollars to approximately $2,000,000,000, an annual saving of something like a billion and a half dollars—and the Government is being better served than ever before. The entire Nation is indebted to Chairman BUCHANAN for that remarkable accomplishment. The times demand economy in government, and the gentleman from Texas is supplying it most effectively. [Applause.]

Mr. Chairman, no reference to the personnel of this Congress would be complete without mention of the other of the two brilliant Texans to whom I have just referred. It has been my privilege to serve in various capacities on the floor of this House for 23 years this month. In that time I have observed no Member who has rendered abler or more conscientious service than the gentleman from Texas, Judge BLANTON. In the legislation which he has supported, in the legislation which he has opposed, and especially in the vast sums of money which he has saved the Federal Treasury, no Member of the House in the last quarter of a century has surpassed the wise and courageous and resourceful gentleman from Texas, THOMAS L. BLANTON. [Applause.] And speaking in behalf of the people of my State—and expressing, I am certain, the sentiments of those of every other State in the Union—I desire to thank the citizens of the Seventeenth District of Texas for sending Judge BLANTON here and keeping him here all these years. His services to the House and to the country have been invaluable. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include therein an excerpt from the preface to the forthcoming second edition of the Supplement to Hind's Precedents, now in the press.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, under the authorization granted, and in connection with my remarks just made, I include the following:

The period covered most intimately by the Precedents had witnessed the rise of the Speakership to a position of commanding influence. In the last years of the nineteenth century especially, when turbulent minorities welded their historic functions of criticism and protest into ruthless instruments of obstruction, the power of the Speaker, necessarily enhanced to meet the emergency, approached absolutism. Fostered by the arbitrary exercise of the power of recognition by Speaker Carlisle, supplemented by utilization of special orders under Speaker Crisp, the growing ascendancy of the Speakership was further augmented under Speaker Reed and reached its flower under Speaker Cannon. Entrenched behind the power to appoint committees, with authority to extend or refuse control of the floor, sitting as chairman ex officio of the Committee on Rules, and exercising the right to count a quorum or declare a motion dilatory, the Speaker became an arbiter from whose decisions in chambers there was no appeal. So autocratic was the power of the Speakership that contemporary historians characterized the office as "second in power only to the Presidency",[1] or considered the Speaker of the House as "more powerful than the President of the United States."[2] Such was the situation at the opening of the Sixty-first Congress.

The reaction came with startling suddenness. Almost overnight the slowly accumulated prerogatives of the great office crumbled. Within 3 short years (1909–11) a bipartisan revolution swept away every vestige of extrajudicial authority. The power of recognition was circumscribed by the establishment of the Unanimous Consent Calendar, the Discharge Calendar, the provision for Calendar Wednesday, and by the restoration to the minority of the motion to recommit. The appointment of committees was lodged in the House, and the Speaker was made ineligible to membership on the Committee on Rules. Reference of bills to committees was standardized by rigid enforcement of the rules of jurisdiction; recalcitrant committees and managers of conference were rendered subject to summary discharge; and the determination of legislative policies and programs was delegated to party caucuses and steering committees. The tidal wave of reform culminated with the adoption of the rules for the Sixty-second Congress and Speaker Clark succeeded to an office which, aside from the outstanding position he occupied in his party, was hardly more than that of moderator.

The control of the House thus wrested from the Speaker has been more than maintained. Command has passed from the Chair to the floor, and the prerogatives of the Speaker have been jealously limited by the rules of each succeeding Congress. Administrative functions are vested in party caucuses and their all-powerful steering committees which meet as party boards of strategy and on occasion have been attended by the Speaker on invitation and not by right of membership.[3]

The restoration of the judicial character of the speakership is reflected both in the decisions of the Chair and in their reception by the House and by the country at large. Supported by citation of clearly defined and long-established principles of procedure as enunciated in the Precedents, the opinions of the Chair are no longer subject to the criticism of the press and the distrust of the minority which regularly featured sessions of Congress in former years. At liberty to disregard political considerations, and no longer under the onus of serving party interests, the decisions of the Speaker are judicial and academic rather than polemic and partisan, a change which has served to add distinction to the office and its incumbents.

At the same time the prestige of the House and its influence in legislation has been largely enhanced. Through the establishment of the Budget system and the concentration of the power of appropriation in a single committee, the House has strengthened its grip on the national purse strings. Its insistence on the observance of recognized rules of conference and the maintenance of its privilege in revenue legislation have further contributed to its influence. In the reenactment of the Holman rule in 1911, and the adoption of the amendment of 1920 interdicting fiscal legislation in conference, it has affirmed its primacy in the formulation of the supply bills and emphasized its constitutional prerogatives.

To recapitulate, the quarter century which has elapsed since the publication of the Precedents has witnessed a more radical amendment of the rules and a more fundamental change in the unwritten law of the House than any similar period since its establishment. It has been a period of change, not only in House procedure but in world relations, economic standards, scientific formulas, and every phase of human progress. A World War with its attendant problems, the adoption of constitutional amendments of far-reaching effect, the enfranchisement of women, the authorization of new bases of Federal taxation, increased membership of the House, decisions of the Supreme Court affecting the Congress and its powers, extensions of the activities of the Federal Government into new channels, and vast national readjustments have precipitated legislative proposals in such volume and

[1] No one who looks beneath the surface of our national political system can fail to see that the Speaker is, next to the President, the most powerful man in the Nation, and that his influence increases.—Albert Bushnell Hart, The Speaker of The House of Representatives, p. xi.

This system in reality made him more powerful than the President of the United States; without his consent and assistance, legislation was practically impossible.—Brown, Leadership of Congress, p. 3.

[2] The President might recommend, but the Speaker dictated, legislation. He not only decided what legislation should be permitted, but he even shaped the form of that legislation to conform to his own personal ideals.—Fuller, The Speaker of the House, p. 269.)

[3] Speaker Gillett was not a member of his party's steering committee.

of a character so unprecedented in the practice of the House as to render a revision of the Precedents incorporating the modern practice indispensable.

Mr. DICKSTEIN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I am heartily in favor of this bill and was active in causing it to be reported by the Rules Committee. The Rules Committee held two extended hearings relating to this matter. We received communications from some of the governmental departments; and I had some personal communications with those departments in reference to its provisions.

I believe the principle of equality of sex set forth in this bill should have been enacted into law some time ago. I believe that the children of a male American citizen should not be entitled to any more recognition than the children of a female American citizen. For at least 150 years in this country we have proceeded on the contrary theory, however. It is time we abandoned the old theory.

Let me call the attention of the Committee to the bill in certain particular respects. Like other members of the Rules Committee, I felt that it would have been a very simple matter to have reported a bill from the Immigration Committee granting equality to both sexes in the matter of children born abroad, and that it could be done in about five lines. The Cable Act could have been amended to the effect that the children born of an American woman who was a citizen should have the same rights as the children born of an American man who was a citizen. That would have ended it; that would have accomplished the purpose of the bill; it would have accomplished what the women of this country so strenuously request.

This bill, however, contains some matters which do not pertain to the issue of equality of sexes. They pertain more properly to immigration legislation. In the first place, the proviso at the bottom of page 1, line 9, in my opinion, is grossly unfair. It is grossly unfair to single out any race and take away from it what the male members of that race now possess, their right to devolve citizenship upon their children; to take away from them existing rights. I can understand the argument of not further extending such rights, but the fact is that today the child of a Chinaman or a Japanese, born in this country, is an American citizen just as much as the child of an Italian, a Pole, an Irishman, or a German. The child is an American citizen, ipso facto, having been born in this country. Yet if that male child goes to China and has children, you take away from him rights he now possesses, while at the same time you are extending to the females of other races new rights to give birth to American citizens. I have no interest in the matter except to suggest that it seems grossly unfair.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. MARTIN of Oregon. Does the gentleman understand that the Chinese race bitterly resents this gross discrimination against them?

Mr. O'CONNOR. I think any race should resent the extreme principle of discrimination involved in this bill. We have always given them these rights, but this bill does the unusual thing of extending rights to other people while taking away existing rights of American citizenship of certain races.

Mr. KRAMER. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. KRAMER. The gentleman understands, of course, there now exists a quota with respect to Chinese and Japanese entering the United States.

Mr. O'CONNOR. I understand, but this bill has nothing to do with quotas; it has nothing to do with the immigration of Chinese or Japanese; it just deprives them of rights they now have, while at the same time it gives additional rights to other races.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. HOEPPEL. Does the gentleman know that the San Francisco Chamber of Commerce is opposed to the very provisions to which the gentleman refers? And does the gentleman further know that we have distinctive posts of the American Legion composed of Chinese who served over there. If they return to China and marry and perchance have children, their children are denied the right to return to the United States with their parents.

Mr. O'CONNOR. And, of course, today, before this bill is enacted, those same children are American citizens.

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Chairman, I yield 3 additional minutes to the gentleman from New York.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. Yes; for a brief question.

Mr. DIRKSEN. This bill, fundamentally, is an equality bill, and with due regard to those who proposed the bill, the provision to which the gentleman refers was not incorporated in the original draft of the bill.

Mr. O'CONNOR. That is what leads me to make the criticism I do. I am for the equality in this bill. I know the ladies are for it; but what I fear is that before the House finishes consideration of the bill the legislation may be turned into restrictive immigration legislation. I understand that one member of the committee will propose at least four amendments to this bill pertaining to immigration. Those amendments should not be in this bill, I respectfully submit to the committee and to the House. This bill should not be turned into a restrictive immigration bill. It should be maintained as a bill which has for its purpose the granting of equality between the two sexes.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. DICKSTEIN. I fear the gentleman is misinformed. The bill has nothing to do with the opening of quotas, with letting in anybody.

Mr. O'CONNOR. I know that is not the purpose behind the legislation, and I hope amendments are not adopted which will turn it into an immigration bill.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. WEIDEMAN. I am sure it is not the intention of the Committee on Immigration to turn it into such a bill, but that it will be kept within the scope of its purpose to grant equality in the matter of citizenship rights between the sexes.

Mr. O'CONNOR. I hope the committee will defeat such immigration amendments if they are offered, and I hope further that the House will eliminate this unfair and un-American provision on page 1.

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I make the same request as previously made by the gentleman from Missouri [Mr. CANNON], that I may speak out of order.

Mr. WEIDEMAN. Mr. Chairman, I shall have to object.

Mr. SNELL. Mr. Chairman, we have been very liberal on this side. The gentleman from Missouri [Mr. CANNON] asked to speak out of order for 10 minutes, and his time was extended twice in order to make a political speech to help some Members come back to this House. If the objection is insisted upon, we will not do very much more business here today. The gentleman from New York [Mr. SIROVICH] spoke for an hour yesterday. We are going to have a little fairness here.

Mr. DICKSTEIN. Mr. Chairman, do I understand that the time will be taken out of the time allowed for debate?

Mr. SNELL. Yes; we on this side have yielded the gentleman 10 minutes.

Mr. WEIDEMAN. Mr. Chairman, I withdraw my objection.

Mr. BANKHEAD. Mr. Chairman, in order to expedite the conclusion of this bill—and it is not my responsibility—I give notice that I shall object to any further requests of this sort.

Mr. FISH. Mr. Chairman, I asked yesterday for 5 minutes to speak on a nonpartisan matter, and it was generally

understood that I could have time under this bill. The subject is nonpartisan, and I should like to get 5 minutes when the time of those who want to speak on the bill has been exhausted.

Mr. O'CONNOR. What is the nonpartisan subject?

Mr. FISH. It is in reference to an article that appeared in an American monthly yesterday advocating revolt in the armed forces of the United States.

Mr. BANKHEAD. If the gentleman from New York can get time yielded from one side or the other, I shall not object to his speaking out of order, but I think we ought to go ahead under the time allotted for the consideration of this bill.

Mr. SNELL. This time is being yielded by the gentleman from Tennessee [Mr. TAYLOR] to the gentleman from Kansas [Mr. MCGUGIN].

Mr. WEIDEMAN. I am anxious to get this bill passed, so I withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas to proceed out of order for 10 minutes?

There was no objection.

Mr. MCGUGIN. Mr. Chairman, yesterday the President proclaimed that the present program is evolution and not revolution, that the program is based upon planning, in brief, that planning is evolution and not revolution. Let us see what is the price which we must pay for planning. Professor Tugwell is admittedly the leader of the "brain trust" planners. It was upon Professor Tugwell that the President yesterday placed his stamp of approval by elevating him to the position of Under Secretary of Agriculture.

In December 1931, before the American Economic Association Professor Tugwell set forth the things we have to do in order to have a limited acceptance of the planning idea. According to the Tugwell formula, he prescribed: "We have a century and more of development to undo." He further stated, that there must be three great changes: First, changing statutes, constitutions, and government once and for all; second, destroying business as it has existed; and third, destroying the sovereignty of the States. After summing of these three requirements for planning, Professor Tugwell boldly and bluntly said:

> All three of these wholesale changes are required by even a limited acceptance of the planning idea.

Undoing a century and more of development, changing statutes, constitutions, and government once and for all, destroying American business as it has existed, and destroying the sovereignty of the States may not be revolution in the sense of blood running down the gutters of the streets, but as far as the Republic under the Constitution is concerned, it is as complete a revolution as if the Republic were replaced by force of arms.

From the "new dealers" we are learning much of ourselves and our forefathers which the most of us have not heretofore known. The most of us have thought that there was behind us a century and a half of progress and achievement, and the development of the greatest civilization the world has ever known. Yesterday the President referred to our past development as a nation that developed haphazardly. A few days ago Secretary Wallace referred to us as "sons of David, licentious and contentious." A few weeks ago in a speech at Chicago Secretary Ickes indicted the American civilization as having been developed by greed and selfishness. If the "new dealers" are right, then we should be grateful to a merciful God for 150 years of patience with the country of Washington, Jefferson, Jackson, Lincoln, Theodore Roosevelt, and Woodrow Wilson.

Yesterday the President advised the use of gray matter, "brain trust" or otherwise. Upon that statement we can all agree. The trouble is, as far as many of us are concerned, we do not have the vision or the brains to see where the use of gray matter is involved in placing a man in jail for making a living for his family by pressing pants for 35 cents a pair. We cannot see where gray matter is involved in one day enacting legislation which will put an American citizen in jail for raising cotton and on the next day reading the report in the press that Poland, a former purchaser of American cotton, has decided to cease purchasing American cotton and in the future purchase her cotton from Soviet Russia.

The Bankhead cotton bill provides for a tax which will confiscate any amount of cotton which a citizen produces in excess of the amount authorized by the Secretary of Agriculture, and then if he undertakes to escape the tax, the bill provides for sending him to the penitentiary. Remember, it is not a tax to support government. It is a shameful, tyrannical tax for the purpose of impoverishing the man who does not reduce his normal production of cotton by approximately 40 percent.

Recently George Farrell, in charge of the wheat allotments, in a speech at Pratt, Kans., was reported in the Hutchinson (Kans.) News of March 31 as saying:

> Our delicate task is to steer the price of wheat so that the man outside of the allotment makes no money and the man inside does.

Thus the power of government is being used to manipulate the wheat market and to rig the price of wheat so as to impoverish one citizen of the country and to enrich another. That may be evolution, but it is also sufficient revolution that the Government which carries out such a policy is not the Republic under the Constitution, which for over 150 years protected the equal rights of American citizens.

Yesterday David Cushman Coyle, another of the foremost "new dealers", spoke before the nurses' association and is reported as having said:

> Everything we were taught in school is exactly wrong. Thrift is no longer a virtue, saving for a rainy day makes it rain all the harder.

Maybe I am dumb and without vision or gray matter, but I still believe Benjamin Franklin was a smarter man than is Coyle. I still believe that a reprint and wide distribution of Poor Richard's Almanac would be of more service to the American people and this civilization than all the new-deal ballyhoo that has been or ever will be broadcast over the radio into the ears of the American people.

Following thrift and the wisdom of the ages has balanced the budget of England, is returning the unemployed to work in England, Canada, and other parts of the world, while following this new and strange philosophy of the "new dealers", which philosophy condemns all of our program of the past and promises a future which can neither be seen nor touched, but only visualized by those with the faith, has in 1 year's time increased the national debt approximately $5,000,000,000, or $40 for each man, woman, and child in the United States; all this in spite of the fact that the "new dealers" are now in office, elected by the people on a platform pledge promising a balanced Budget and a 25 percent reduction in the cost of government.

These remarks are in no sense personal criticism of the overwhelming majority of Democrats in both Houses of Congress. I know that at least 90 percent of the Democratic Members of this House are heartsick and weary of the day-by-day repudiation of all the fine traditions of the Democratic Party of Jefferson, Jackson, Cleveland, and Wilson. I realize the helplessness of the great majority of Democrats in Congress. They cannot criticize that which so many of them dislike without losing their patronage and thereby the support of their party organization. In their dilemma I do not criticize the great majority of Democratic Members of Congress; on the contrary, I commiserate them. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, I was very much interested in what the gentleman from New York [Mr. O'CONNOR] had to say with reference to the fact that this was not supposed to be an immigration bill. I was also very much pleased to hear those responsible for this measure on the Democratic side, members of the committee, state that this was not an immigration bill.

I should like to press the point home to you, if I may, that the purpose of the bill, as I understand it, is not to lay down

the bars in any way to admit additional immigrants. If I am wrong in this premise I should like to be corrected, because, as I stated a few days ago, I have been probably the principal opponent to this bill on this side of the House, and I should not want to withdraw my opposition if this brings in any additional immigrants. In times gone by I have opposed it strenuously, but I have never opposed it from the standpoint that it was an immigration measure, because I thought it was not an immigration measure. My opposition was based upon the fact that the Secretary of State's Office and the Secretary of Labor's Office were against it, claiming that it could not be administered. This is in line with the fear expressed by the gentleman from Georgia [Mr. Cox] when he asked certain questions a few minutes ago. He brought out the fact that he was afraid it would carry with it some very serious consequences in the way of administration.

The former Secretary of State thought it would be difficult of administration, and the former Secretary of Labor also thought it would. The present Secretary of Labor apparently thinks it will not, but just speaking for myself and not for anyone else, I do not think the present Secretary of Labor has ever done anything to indicate that she would, if she had a chance, put up the bars against an influx of immigrants, but rather her past record would indicate that she would let them down. To make myself clear, I would not be very much impressed with the opinion of the present Secretary of Labor, because her past record does not indicate that she would be very strict so far as restrictive immigration measures are concerned, but, on the contrary, it indicates clearly that it is not safe for those of you who in the past have prided yourselves on being restrictionists to rely on her. The present Secretary of State, I may say, and those who officiate with him, is just as strict and just as patriotic in that respect as anyone on either side of this House, and since they have taken the position that they do not find much opposition to this bill, and that it will administer reasonably well, and since it is purely a matter of administration, I felt it was not incumbent upon me to take the individual responsibility to oppose this measure, although I fail to bring myself to the position of being willing to proclaim its virtues from the housetops and to say it will work out well. If it is a question of administration, those whose duty it is to administer should know their duty and their capacity to discharge that duty. If it is not a question of immigration—if it is purely a question of administration—the Secretary of State has the responsibility, and I do not want to say he would not discharge this responsibility fairly in an American manner. I hope though that if this bill is passed that it will be administered in line with the sentiments expressed here today, that it will not infringe upon our quotas now established for immigrants.

Mr. McFADDEN. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. The gentleman spoke about increasing immigration. Is it not a fact that this measure will give citizenship to the children of an American woman married to a foreigner, whether he is British, German, or Italian?

Mr. JENKINS of Ohio. This bill does this——

Mr. McFADDEN. Is not that a fact?

Mr. JENKINS of Ohio. It might not give citizenship to their children in every case. Generally it would.

As I understand it here is where the most trouble is likely to come. If the father and the mother separate and both desire the custody of the child this might prove troublesome. Of course, an American woman can, if she wants to, go across the ocean and marry and start out on a program of raising children to bring them into this country and thereby build up the list of immigrants from some foreign country, but people do not usually marry with any ideas like that in mind. Let us take the thing as it comes to us in a reasonable way. There are extreme cases both ways. Here is an American woman living in America. Under the present law she marries a German and moves to Italy and a child is born, this child might be an Italian citizen if it chooses when it becomes old enough to make a choice, but until then it receives its citizenship from its father and will be a German. Under the proposed new law it might be either a German or an American for it may inherit citizenship from either. If we reverse the procedure and suppose that a German husband and an Italian wife should come to the United States on a trip and a child should be born here, that child is an American citizen if it stays here long enough so that it can exercise its choice, and it will always be an American citizen until it expatriates itself. But, if the German father and Italian mother get into the divorce court, what would be the outcome? Some civil judge would determine the custody of that child and such determination would probably end all the trouble so far as we might be concerned. I mean that we would probably not have to decide between Germany and Italy and it is extremely improbable that we would have any trouble about that.

If an American wife married to a German should go to Italy and a child should be born there and domestic troubles should occur, it is safe to assume there would be some civil court that would take care of the child in that case and would determine which parent should have the custody of the child. If that court should say the custody should go to the father, no doubt the father, being a German citizen, would take his child to Germany, if he wanted to do so, and the American woman, under the present law, could come back to America as she is still a citizen, but if the court should give her the child, she could not under the present law, transmit her citizenship to that child. Under the proposed law she would have the same right as the husband to transmit her citizenship to the child just as he did, and if the court should grant the custody of the child to her she could then bring it to the United States and it would have American citizenship.

What this bill does, under such circumstances, is to say that this American woman shall be free to bring this child back here just the same as the father of the child could do if he were an American citizen.

As I have said, I admit there are instances where this might be abused, but at present, according to my understanding there are very few cases to which this change will apply—many of these women who marry foreigners deserve no sympathy when they find they have bargained for a count and got a no account. Still there are, no doubt, some deserving cases. I am sure that some of the women who will find themselves in this predicament will be American cititzens of the best type, and under these circumstances the advocates of this bill claim that they should be able to bring their progeny back just the same as a man would be able to bring his children back to this country.

With respect to this bill, in good faith and on behalf of others vitally interested, I have exacted an understanding from members of the committee and those vitally interested, that there is going to be an amendment offered providing that before such can become an American citizen, it must come to the United States for permanent residence before it is 18 years of age and must reside in the United States for 5 years, so that it may become acquainted with our schools and institutions so as to be capable of espousing Americanism, and of being a real, good American citizen.

Mr. McFADDEN and Mr. DIES rose.

Mr. JENKINS of Ohio. I yield first to the gentleman from Pennsylvania.

Mr. McFADDEN. The gentleman is suggesting that this is not an immigration bill. I should like to ask the gentleman if it is not a fact that this bill takes citizenship away from women, and if it does take citizenship away, is not that prima facie evidence that this is an immigration bill?

Mr. JENKINS of Ohio. No; I do not think it takes citizenship from any woman whatever. I think it is in line with the Cable bills which have been passed heretofore and is in line with acts seeking to give uniform naturalization and citizenship privileges to the children of American women citizens.

Mr. McFADDEN. The proviso on the first page of the bill certainly does that.

Mr. JENKINS of Ohio. I cannot agree with the gentleman about that.

Mr. RICH. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. RICH. Are we liable to get into any entanglements with foreign countries by enacting this measure into law and providing that a child although born in a foreign country can be given citizenship under this bill?

Mr. JENKINS of Ohio. Yes; we are liable to get into some entanglements, and that was the objection of the Secretary of State in times gone by.

Mr. McFADDEN. If the gentleman will permit, I want to correct the misuse of a word. I said "women" when I meant to say "child." If this proviso is enacted into law a child of an American woman who goes abroad loses its citizenship.

Mr. JENKINS of Ohio. I do not agree with the gentleman.

Mr. DIES. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. DIES. The gentleman said something about an amendment which is to be offered. I wish to call the attention of the gentleman to the fact that under the bill as it is now written it carries an amendment which I offered in committee and which provides that the child has to come to the United States and reside here for 5 years. There is some doubt about whether or not the child has to complete its residence of 5 years prior to its eighteenth birthday; and I propose to offer a clarifying amendment requiring that every child, whether the father is an American citizen or not, shall have to reside 5 years in the United States in order to become an American citizen.

Mr. JENKINS of Ohio. I thought I understood that the proposed amendment——

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. JENKINS of Ohio. I thought I understood the purpose of the amendment to be that the child should be here to familiarize himself with our institutions.

There is one provision of the bill that applies to immigration, and that is one of the repealing sections. It repeals a portion of the immigration laws. I am very pleased to be able to talk about this for the remaining time assigned to me.

Some of you will remember a nefarious law passed here over the protest of many of us 2 or 3 years ago. It was passed as a special law, and I have always been ashamed of it. It was passed expressly to admit into this country one individual woman. The immigration laws of the country were changed for the purpose of admitting this one individual woman. Ever since I have been a Member of this House I never have seen any legislation that was brought about purely by the power of money regardless of merit. I do not mean that this money was used in any illegal way, but this individual had enough to keep a lobby here for years and to lay carefully the foundations for a long fight. For several years this high-powered lobby hung around here and finally, by the power which can come only from such well-laid plans, it circumvented the law by the enactment of a special bill designed to meet only one case.

I am referring to the Ulrich bill, admitting one single individual woman, who married one of the descendants of the rich Borden-milk family.

That bill was opposed by many of us, but our opposition was not sufficient to prevent the passage of that bill.

This will repeal that law.

These are the facts upon which that law was enacted:

An American soldier after the war became enamored of a woman in Germany who had a criminal record and could not meet the requirements of the immigration laws. Before the marriage this man made inquiry of the American authorities whether she could be admitted if he married her and was advised that she could not. He defied the authorities and married her, and then sought to bring her in as his wife. Her criminal record barred her.

The law was amended so that if an American soldier, honorably discharged, who had married a woman a citizen of a foreign country wished to bring her to America he could do so if it appeared that the only charge against her was for larceny committed before she reached her majority, and the sentence for which was for less than 3 months, and which crimes had been committed more than 5 years. The exceptions are all made to fit this one individual case.

I am glad that somebody had an idea of fairness and wants to repeal this shameful legal monstrosity.

So I say, as far as I am able to find out, this bill has no effect on immigration. It does not let down the bars. I reserve the right to say that, although I do not expect to oppose this measure, I will oppose it if anybody can show me that it is letting down the bars. I have never been in favor of letting down the bars and I am not now. I have always opposed letting down the bars, and I oppose it now. I am not trying to keep the women from accomplishing what they want, although I think that this is not nearly so important a measure as they seem to think it is. I think the women have used much more energy in pressing this measure than it deserves.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the gentleman from New York.

Mr. DICKSTEIN. The gentleman made a statement about the Secretary of Labor. I do not think that she has violated any law.

Mr. JENKINS of Ohio. The gentleman is not asking a question. I do not want to argue with him. We cannot agree upon that at all. I made my statement, and I am entirely satisfied with it.

Mr. FULLER. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes.

Mr. FULLER. Does not this bill provide that if an American woman should marry a Frenchman and raise four or five children they can become American citizens if they come over here before they are 18 years of age and stay here for 5 years—not, as the gentleman says, 5 years before they become 18 years of age? The language of this bill does not say that.

Mr. JENKINS of Ohio. The gentleman was not present when the gentleman from Texas said that they would offer an amendment to clarify that language, so that there will be no misunderstanding about it.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. DICKSTEIN. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, I am under the impression that the American Federation of Women's Clubs have endorsed this measure. I believe the American Federation of Women's Club know what they are talking about when they say that the women of our country do not get a square deal. Therefore, Mr. Chairman, this bill should be enacted into law because it will give American women the rights that they are entitled to.

Mr. DICKSTEIN. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman and Members of the Committee, I doubt whether there is any Member of this House who will oppose this bill because of the provision contained therein pertaining to equal rights, but I should like to see the women of America who are so much and honestly interested in obtaining equal rights interest themselves more actively in the welfare of their sisters in our own country.

In the latest available census it is shown that 7,041,841 unmarried women and 3,710,302 married women are employed. To be more specific, for every two single women employed, there is at least one married woman holding a position of some sort in our industrial life. Inasmuch as there must be a million or more unemployed single women

in the United States, it would seem that women's organizations could best serve the interests of their sisters now if they would use their influence in urging Congress to enact legislation which would prevent the needless employment of married women while the list of unemployed single women maintains this huge proportion. The needless employment of married women, causing as it does untold suffering, deprivation, and other distress to single women unemployed appears to me as a more paramount issue for consideration by the various women's clubs than does the granting of equality of citizenship to a comparatively small number, as proposed in this bill, undeniably meritorious as it is.

The latest census yields further statistics significant in an analysis of our unemployment problem. There are 3,281,687 foreign-born men and 3,002,926 foreign-born women now residing in the United States who, in many instances, are taking jobs which rightfully belong to our own citizens. No one should criticize a foreigner, legally in our country, who is law-abiding and who intends to take out United States citizenship. But included in these totals of more than 6,000,000 aliens residing in this country, it is safe to assume that 1,000,000 or more have no intention of becoming citizens of the United States. I think that our American women should aggressively interest themselves in the welfare of the families of America by urging laws to be enacted which will deport from American shores every alien who refuses to accept American citizenship.

I introduced a bill in the Congress providing that aliens who are eligible to United States citizenship and who, after the expiration of the proper period of time as provided by law, fail to take advantage of the opportunities offered them in this respect, should be deported to the country of origin. The Immigration Committee has not held a hearing on this bill which, if enacted into law, would tend to free our Nation from the disloyal, communistic, racketeering element which takes advantage of the hospitality of our country, its industrial advantages, and the protection of our flag without returning one iota of fealty or loyalty to our Government.

There are individuals in our midst who have absolutely no regard for our institutions, our laws, or our form of government, and who, in many instances, are occupying positions of prominence in business, in journalism, and in other fields from which they diffuse their obnoxious ideas among those with whom they come in contact, either openly or covertly. To permit individuals who come within this category to remain in the United States tends to destroy respect for law and order on the part of loyal, unsuspecting citizens who become more or less imbued with their subversive doctrine. In times of economic depression especially do such aliens seem to find a fertile field for inculcating their insidious theories into our body politic and through their open and secret activities, they add to our law-enforcement problem and consequent expenditures to reduce crime.

The Immigration Committee, in my opinion, would be rendering a patriotic service to the people of our Nation if it would favorably report legislation providing for the deportation of aliens who are eligible for citizenship under every requirement of law, but who fail to avail themselves of this privilege. Any individual who seeks the hospitality of our shores and who, incidental to his residence here, is keeping a citizen from employment, owes it to our Nation to swear to uphold and defend it against all enemies whatsoever, and if he fails to do this he should be summarily deported.

"America for the Americans" is an appropriate slogan, and especially should it be used against those who absorb our sustenance, but who give nothing in return. [Applause.]

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I disagree with the observation made a moment ago that this is not such an essentially important bill. I think it is important because it is a link in the endeavors of women to secure equal rights and an important part in an effort which has continued for a century or more. You do not get such things as equality in the large any more than that liberty comes all at once. It might be rather interesting to read the essay of Milton on liberty, under the name of "Areopagitica", and there find that we have gotten it piecemeal, and the very fact that the gentlewoman from Arizona [Mrs. GREENWAY] sits in this Chamber today, and that the gentlewoman from Massachusetts [Mrs. ROGERS] and others sit here, sharing all the prerogatives of Membership, is a commentary on the efforts women have made to secure not only equal rights in the law as citizens, but to secure rights under the nationality law, equal property rights, equality of suffrage, and equality before the law generally.

This is not a particularly complicated bill when administered in a practical way. There are no particular difficulties that I can discern. I am going to address myself to the sections of the bill to bring before you a concrete idea of what it seeks to do. I point out first of all that section 1 of the bill does nothing more than to give to an American mother the same rights that an American father now has. If any Member of this Chamber were to go to France, and there take an alien spouse, a French woman, and issue should be born of that union, the American father could transmit nationality to the child; if, however, a woman citizen goes from this country over there and marries a Frenchman, the nationality cannot be transmitted by the mother to children born of that union. That is simply one of those absurd inequalities in the law, and all that section 1 of the bill seeks to do is to amend section 1993 of the Revised Statutes of the United States by substituting the words "father or mother" in place of "parent", so that the mother shall have the same right to transmit nationality as the father.

The gentleman from Georgia [Mr. COX] raised the objection that difficulty may arise because of the dual nationality of the American mother and the French father, that the child would perhaps take citizenship from the French father and also from the American mother. The point is made that under the terms of the bill, if the mother also is given the right to transmit nationality, there would be dual or double nationality. That is quite true, but the same difficulty exists under the law at the present time, because there are some 58 different countries where women are entitled to retain their nationality after marriage to a foreigner and there is presented the same problem of dual nationality. That difficulty applies to men and women alike, and is a matter that can be ironed out only by treaty; but while we are waiting for the necessary treaty or treaties to be negotiated, shall we sit inertly and supinely by and allow the inequalities in the present law to continue? I can cite you letters that came from the State Department to the Naturalization Committee over the last few years. They came to the Seventy-second Congress and they came to the special session of the Seventy-third Congress, stating that we should not now modify the nationality laws because a special commission had been appointed to study the matter; that we should wait instead of correcting these inequalities at once. We might have to wait 10 years before the commission reported its recommendations. New legislation like that proposed in this bill will be affected by the so-called "nationality code", if it is ever reported. So there is therefore no reason why this legislation should be withheld. It constitutes a progressive step in the further emancipation of women.

Now, getting to section 2 of the bill, it provides that where an alien mother or father comes back to this country to resume citizenship, that the children born of that union, if born outside of the United States, shall also have the right of citizenship if the child is a minor at the time that the alien father or mother comes over to resume citizenship, and provided also that the citizenship of such minor children shall start at the time they actually become permanent residents of this country. I submit that there is nothing radical about this section. What it does is to amend the existing law that was passed on the 2d day of March 1907 so that, if an alien father refuses to become naturalized, the mother can proceed with naturalization and secure the benefits of citizenship for her children.

In this section we are simply conferring a status of equality upon the mother along with the father. There is noth-

ing revolutionary about that, nothing particularly radical. The only quarrel I have with it is that it was not done long ago when the Cable Act was passed.

Now we come to section 3 of the bill, which confers the right to renounce citizenship upon an equal basis. At the present time there exists another of those strange inequalities where a man can legally do something that is legally denied to a woman. This section does nothing more than to confer upon women and men alike an equal right of renunciation of citizenship before a competent court in this country. This is something that should have been done long ago. This simply equalizes the status between men and women in the matter of renunciation of citizenship before the law.

Finally, the fourth section of the bill, instead of being a little more liberal, is perhaps somewhat restrictive, because, in effecting equality, it enlarges naturalization requirements for women and then applies the same requirements to men. At the present time the alien wife of an American citizen does not have to make a declaration of intention. The residence qualifications were somewhat liberalized years ago so that she need show but 1 year's residence. In this particular section we once more seek to equalize the status of men and women before the law, and instead of providing that she shall be required to reside here or to be domiciled here but 1 year to comply with the requirements of naturalization and citizenship, the bill provides that both men and women must reside here 3 years. It is a little more restrictive in that respect.

Now, in substance, that is all there is in this bill. Some amendments were written in by the committee, such as the requirement of a child born outside of this country coming back to this country and having to actually and permanently reside here for 5 years before the inchoate right of citizenship becomes complete.

I understand an amendment will be offered to require that such children must also take the oath of allegiance as provided by the Bureau of Naturalization.

After all, these are not so material to the fundamental principle of the bill, although I heartily approve of them. What the bill seeks to do is to bring about an effectuation of equality between American fathers and American mothers so far as children born outside our borders are concerned, and in respect to renunciation of citizenship and the right to qualify under our naturalization law. It is not of particular consequence insofar as immigration is concerned because it will not let down the bars nor is it intended as an immigration bill.

I believe this bill should be enacted into law without delay, today, so that it can receive proper treatment at the other side of the Capitol and be engrossed upon the statute books of the Nation.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MARTIN of Oregon. The gentleman has explained this bill as it affects equality between male and female citizens in the matter of citizenship. I should like the gentleman to explain why there was slipped into section 1993 the proviso:

> That if one parent is an alien such alien is not of a race ineligible to citizenship.

Why was that discrimination inserted in the bill?

Mr. DIRKSEN. I think the gentleman from Oregon will admit that he has in mind the orientals?

Mr. MARTIN of Oregon. Yes; and I live out there among the orientals. Such a provision has no place in a bill, the ostensible purpose of which is to equalize the rights of fathers and mothers. The committee has no right to slap these people in the face by any such amendment as that.

Mr. DIRKSEN. I want to be entirely fair in the matter. Personally, I have no bias in the matter. The gentleman is aware, however, that there is a prejudice against orientals, and there is always a certain degree of objection against permitting any additional orientals to come into this country. There are not many Chinese or Japanese citizens who might be affected by the bill. The number is so very small that it does not affect the general purposes of the bill.

Mr. MARTIN of Oregon. Regardless of what their number may be, we are not called upon to slap them by such a provision as this. It will do nothing but engender ill feeling against unjust treatment.

I am going to offer an amendment to cut out that provision.

Mr. PIERCE. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Oregon.

Mr. PIERCE. I also come from the State of Oregon and live in the eastern part of the State. This does not change the status of the oriental at all.

Mr. DIRKSEN. Not one bit.

Mr. PIERCE. Even with that provision in the bill.

Mr. DIRKSEN. No indeed.

Mr. PIERCE. Then my colleague from Oregon is simply giving them rights that they do not now possess under the terms of the bill.

Mr. DIRKSEN. As I interpret that section, it simply eliminates from the benefits of the bill those citizen Chinese mothers who might go over to the other side and marry one of their race, and then seek to confer American nationality upon their children, if permitted to do so, and bring them to this country.

Mr. PIERCE. Why should they be excepted?

Mr. DIRKSEN. There are two gentlemen from the Pacific coast who disagree.

Mr. ELTSE of California. Under the present law an American-born Chinese man or Japanese man may go to China or Japan and marry and have children there. He transmits citizenship to his children.

Mr. DIRKSEN. Does the gentleman assume they are marrying a Caucasian or an oriental?

Mr. ELTSE of California. A Japanese lady or Chinese lady.

Mr. DIRKSEN. I think it is correct.

Mr. ELTSE of California. Is that not the effect?

Mr. DIRKSEN. Under present law, yes; but oriental citizen women will not have that right under this bill. One is of a race that is ineligible to citizenship. That is the direct point made by the gentleman from Oregon.

Mr. ELTSE of California. If we pass this bill we are depriving the Chinese and Japanese of something.

Mr. PIERCE. We are not changing their status one bit.

Mr. CELLER. If the law applies at the present time to a Chinaman born in the United States, why should not this bill apply to a Chinese woman born in the United States?

Mr. DIRKSEN. That answers the objection made by the gentleman from New York [Mr. O'CONNOR], when he was talking about discrimination. What the gentleman says is precisely correct. It affects one side in the same proportion as the other. It affects the man as much as the woman, therefore this bill does not aggravate the circumstances.

Mr. DONDERO. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. DONDERO. On page 2, I notice that the child must come into the United States before its eighteenth birthday. Suppose the child comes into the United States when 20 years of age. What does the bill provide as to when the child may become a citizen of the United States?

Mr. DIRKSEN. If it did not comply with the provisions of this bill, it would have to go through the ordinary course of naturalization.

Mr. DONDERO. The same as any other alien?

Mr. DICKSTEIN. Will the gentleman yield in order that I may answer the question?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. DICKSTEIN. The gentleman is asking a legal question. He is asking when and what. If the child does not take advantage of this act, he comes in as an alien. If he does not comply with the terms of this law, he comes in as an alien.

Mr. DONDERO. I am assuming that the child does not come in when 18, but waits until he is 20.

Mr. DICKSTEIN. Then he comes in as an alien.

Mr. DIRKSEN. May I say, in conclusion, that prior to 1855, if an American male citizen went abroad and married, not even he could transmit his nationality to a child that was born outside of this country. This was corrected in February 1855. Since that time there has been a tendency to liberalize and to equalize so that the same rights and powers of nationality could be enjoyed by men and women alike. In 1920 we engrossed upon the statute books and the Constitution the right of suffrage for women. In 1922 we gave women the independent right of naturalization. This is the next logical step in bringing about full equalization under the nationality laws, and that is why this bill deserves to be passed. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. DICKSTEIN. Mr. Chairman, I yield 5 minutes to the lady from Arizona [Mrs. GREENWAY].

Mrs. GREENWAY. Mr. Chairman, I have listened to some very good speeches this morning; therefore, it is with just a little regret that I take exception to the one I just heard, but I would hardly call it an exception. It makes me wonder if perhaps we do not talk too much and too long on the matter of equal rights. This is a singular statement for a woman to make, but I make it because I believe the day has come—and we thank the men for it—when we should call our position rather one of equal responsibility and with it the accompanying privileges.

It was stated today that we should share the responsibility with men of looking out for our sisters. I agree with the statement. The motive underlying this bill is good and just. American mothers desire to share responsibility with American fathers of giving the greatest of all gifts to their children, that of American citizenship; and I hope this bill will pass. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. WEIDEMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. HENNEY].

Mr. HENNEY. Mr. Chairman, we have come a long way since the founding of this Government in giving to the women of America their rightful place in our governmental program. This has been an evolutionary change since the dark ages, when a woman was considered as a chattel who should behave simply as a vassal toward her husband, the liege lord. It is a fact that in many civilized countries of today—and I am sorry indeed that it is true in many Christian countries and even in a number of our States—women are still considered as property assets. It is an incontrovertible fact that every piece of liberalization of the traditional and accepted overlordship of the male has been bitterly fought by many of our most erudite statesmen. The crowning event in this fight was when President Wilson signed the nineteenth amendment, giving the right of franchise to 20,000,000 American mothers. As a child I never could understand why my mother, whom I respected as the molder of my destiny, was not given the privilege of voting. It impressed me as an implication that she was not sufficiently intelligent to pass upon legislation that affected her and her family. Many male citizens whom I knew and who were, in many instances, scarcely above a moronic level were permitted the right of franchise and were privileged to assist in shaping the laws of the Nation that would govern hundreds of thousands of women citizens who were far superior intellectually. A woman teacher of political economy, a woman physician, lawyer, or minister was obliged to allow some dumbbell who might be a janitor or a hostler to do her voting for her. True, there are many subnormal women, but the two sexes are more or less on a parity in this matter, and therefore the argumentative point that women were not sufficiently enlightened was void. I believe all are agreed that justice has been done to the women of America in giving them the right to vote, and I think likewise all will agree that their entrance into and their interest in national politics has had a very salutary effect.

The question now arises, Shall many other restrictions that are heritages of the dark ages be equalized? The accepted belief that women should not be allowed to transmit nationality to her offspring under the same conditions as her brother is one of those nonunderstandable laws which it is the purpose of this bill to rectify.

In my home State of Wisconsin, which I am proud to believe is one of the most forward-looking and progressive States in our Union in the matter of being in the vangard of democratic legislation, we enacted an equal rights law in 1921. It was a general and not a specific law, in that it corrected all domestic phases of sex inequality and not some special inequity. Section 1 of this law reads as follows:

> Women shall have the same rights and privileges under the law as men in the exercise of suffrage, freedom of contract, choice of residence for voting purposes, jury service, holding office, holding and conveying property, care and custody of children, and in all other respects.

The greatest objection to that legislation at that time was to women serving on juries. Many lawyers, judges, professional people, and those who opposed any change in the existing order contended that because of woman's emotional nature she would be unfit for jury service. The law was enacted after a bitter fight, and today those same lawyers and judges are the loudest in their praises of the competency and analytical judgment of women jurors, and nearly every jury now has a goodly number of women sitting on it who are frequently chosen by the lawyers and judges in preference to men. Their ability and efficiency are not questioned in Wisconsin.

In support of this view, I wish to quote Miss Zona Gale, my fellow townswoman, a famed and internationally known author:

> In many States today the common-law disabilities of women are comparable to the barbaric laws of the chattel-slavery days. In our Federal laws there are many inequalities that should be removed. Common justice to the women of America requires that both in the Nation and in the States these obstacles and injustices be removed. The Wisconsin law recently enacted is a model for State action. But in the last analysis, as in suffrage, a constitutional amendment will best meet the complex situation.
>
> Will you bear with me for a moment to note this abstract truth: That every man knows what a woman's point of view, when it is wise and sane and kindly, can contribute to life. Of his understanding of this we catch glimpses in his book dedications and in all his moments of greatest articulacy. The difficulty is to generalize, to realize that more women have that wisdom and that sanity or, when they haven't, that we must help them to develop these broadly social qualities. The opportunities of men to express a social spirit in their living are still double and triple those of women. Yet women have a spiritual genius which has never been given social expression. It is precisely this which they could liberate into the world for the general welfare, if all these meshes of little circumstances hampering them could be swept away and they could be given the moral backing of a general consciousness of equality of opportunity. That is all that any equality can mean in the new status of women—equality of opportunity to express themselves politically and legally, without discriminations against them.
>
> Lady Astor spoke a profound truth when she said at Baltimore recently that women trust to the spiritual, and that they can bring the spiritual through to the material world—in time. * * * I am not saying that the Wisconsin equal rights law or any other equal rights law is going to do all that. But I am saying that the Wisconsin equal rights law or any other equal rights law equally well drawn is to be taken as one step in that long progress which women are making—through the doors of education, of the professions, of business, of the franchise, and on to full equality with men. The doors not of their own advancement alone but of the advancement of a race struggling toward the conditions of a just freedom. The status of women in Wisconsin even under our equal rights law is but a stage in that long march.
>
> Most of the barbaric laws dating from the days of chattel servitude have never existed in Wisconsin, but some of them did exist up to the time of the passage of the equal rights law. And all discriminations against women must be removed. All discriminative laws against women are remnants of serfdom days, and all these remnants must disappear.
>
> I see no conspicuous holy of holies in these discriminative laws. And in some States the pedestal does not seem to be high enough to prevent a husband from scaling it to collect his wife's earnings. Whether the discriminations are great, as they are in some States, or less, as they are in Wisconsin, the principle involved is the same—all discriminations against all women must be removed.
>
> In every State in the United States, except Wisconsin, there are discriminations against women. You see how invaluable is our Wisconsin law to the women still working to remove these discriminations.
>
> In this matter there is no woman's standpoint and there is no man's standpoint. There is only the need of our common citizenship to rid our statute books of these vestiges of the old Eng-

lish common law and to bring our law down to date. To do this for women—yes; and for men, and for the general welfare, and for the children and the children's children.

Mr. Chairman, I submit that many of our States are trailing the sovereign State of Wisconsin in the matter of true Jeffersonian legislation, and I predict that in due time all States will deal just as fairly with their women in the matter of equal rights as has Wisconsin.

It cannot be gainsaid that the present law, the Cable Act of 1922, deals unfairly with American citizen women relative to their transmitting of nationality as compared with the privileges granted American male citizens.

In regard to the capacity of an American father and an American mother to transmit American nationality to a child born abroad: The principal change which this legislation will make in the nationality laws of the United States will be to remove the present inequality between a father and mother with regard to the capacity to transmit nationality to a legitimate child born outside the United States. The present law of the United States on this subject discriminates against the mother. This law is as follows:

"A legitimate child born outside the jurisdiction of the United States of a father having United States citizenship at the time of the child's birth has United States citizenship (regardless of whether the father is a native or a naturalized citizen) if the father has at some time prior to the child's birth resided in the United States. In order to receive the protection of the United States, such a child, if it should continue to reside outside the United States, must record at an American consulate upon reaching the age of 18 its intention to become a resident and remain a citizen of the United States, and must take the oath of allegiance to the United States upon reaching majority. On the other hand, a legitimate child born outside the jurisdiction of the United States of a mother having United States citizenship and a foreign father has no claim to United States citizenship."

Considerable objection has been raised against this legislation because of the possibility of increasing immigration. It was stated on the floor a few days ago by the gentleman from Ohio, and a former member of the Committee on Immigration, Mr. JENKINS, who, in explaining that he had previously opposed this bill, stated that such opposition was not on the grounds of immigration, which latter he considered to be negligible. If the sole desire of those opposing it on such grounds were to decrease immigration by denying admission to either sex entering into marriage with foreigners, immigration, indeed, would be much more greatly restricted by turning the tables and allowing only female American citizens the right to transmit nationality to their children, for, indeed, Mr. Speaker, it is a well-accepted fact that at least 10 males contract foreign marriages to that of 1 female.

Another point which is very pertinent to this discussion is that of assimilibility of the child born to a dual nationality union. It is the mother who shapes the intellect and who molds the character of her offspring. Indeed, until a child is 12 years old it is with its mother almost constantly and with the father occasionally. It has been stated that in a certain European regime the contention is made that if they are given the custody and training of children until they are 10 years old that they care not what other influences may be brought into the after-life of those children. We all know that the first few years of a child's life is the formative period of its character. There is an old adage, "As the twig is bent, the tree inclines." Certainly a child born to a foreign mother, even though the father be an American citizen, will be brought up under the influences of foreign traditions and training. That child will be taught foreign folk lore and will be taught obedience and loyalty to every foreign tradition. Indeed, when that child reaches America, even up to the age of 18, it is foreign in its every fiber. On the other hand, in the case of a child born to an American woman abroad, we can rest assured that that child's training during the formative period of its life will be almost entirely along the lines of American ideals and American traditions; and, indeed, should that child enter America along with the other child just mentioned, the child of the American mother will become a citizen much more easily adaptable to and assimilable in American life than the child reared under maternal influence that is entirely foreign to American ideals.

There can be no valid reason or sound argument why an American mother should not be allowed the same privilege as her brother, an American father, both of whom had married foreigners, in declaring her intention of accepting American citizenship for her children under the restrictions and regulations as those accorded her brother. This legislation asks simply for equality between the sexes in transmitting nationality to their children. It is fair legislation—it is progressive legislation—let us take that step today. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 2 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I feel very sure that the Membership of this House will vote to do away with the present unjust discrimination against our women and their children. One reason I feel so sure of this is because the men of the United States are fairer and kinder to the women of their country than are the men of any other nation in the world. [Applause.] The men will agree with me when I say the child is always closer to the mother than to the father. Every court in our land when ruling on a divorce case gives the custody of the child to the mother rather than to the father.

May I give one more reason why I feel very sure the Members of this House will vote for this bill.

If any Member of this House had a daughter who married a foreigner—of course he would prefer to have her marry a citizen of the United States—but if perchance she fell in love with a foreigner and married him, and she had a child, I know perfectly well the grandfather of that child would want his grandchild to become an American citizen and to have that right. This is not a perfect bill. The proposed cruel ruling against the American citizens of Chinese and Japanese descent should be corrected and will be by amendment this afternoon. [Applause.]

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Chairman, I have just received this telegram which is self-explanatory:

Urge you to spike dastardly article in American Mercury for May entitled "How to Make a Revolution", in which it is urged to contaminate our glorious Army and Navy with red propaganda.

This is signed "Twelve members of Harvard Club of New York."

I am not one of those who want to interfere with freedom of speech. I believe in the fullest freedom of speech. Nor am I one of those who believe we are going to have a communist revolution tomorrow morning at dawn or the next day or the next year. I am in no respect an alarmist. There are only a limited number of Communists in this country and they would not be foolish enough to try to bring about any kind of revolution by force or violence. If they did, using a Russian word, they would be liquidated in a few weeks' time by the Regular Army, the National Guard, the American Legion, and the Veterans of Foreign Wars. But I do not believe there is any room in this country for such foreign importations as inciting class hatred and violence in America under our free institutions and our republican form of government, which is guaranteed to each State by the Federal Constitution. Nor do I believe there is any place in America for those who seek to incite insurrection, mutiny, and rebellion among our armed forces. The article referred to is in the American Mercury, Menken's old magazine, which had a great intellectual clientele and is now owned by a new and radical group. In this magazine there is an article by Raymond Postgate, a former Communist, or at least, according to his own words in the article, a former editor of the official British Communist journal, directly stating not only how to make a revolution, but advocating and urging at least indirectly a revolt or an insurrection among the enlisted personnel of our armed forces, particularly among the Air Corps and among the police in the United States. It goes into details as to just how this should be done and he does not mince words at all, because he says they ought to organize the mechanics of the air

force and use them for revolutionary purposes. The article is clearly seditious and written avowedly to incite a revolt among our soldiers and sailors against their officers and our Government.

I do not know any law that exists that can take care of this situation in time of peace. There is a law that prohibits anyone in time of war from inciting mutiny and insurrection in our armed forces, and I believe this law ought to be extended in time of peace to cover articles of this kind. No American citizen should have the right to urge the overthrow of our Government by armed force or to urge rebellion and insurrection among the enlisted personnel of the Army, Navy, Marine Corps, or Air Corps. Postgate is so brazen in his article as to set forth in detail the methods how to create a revolt and how to implant the seeds of communism, sedition, and mutiny in the minds of American soldiers, sailors, and policemen.

This article, How to Make a Revolution, goes on to say:

> How shall the cautious revolutionary who fears or hopes that in armed revolt lies his only chance of success deal with this last development (the Air Corps)? How shall revolutionary feeling be spread among flying men? * * *
>
> But the organization of support in the air force for a revolutionary coup is an integral part of the whole problem of the armed forces—the Navy, Army, and police—and will have to be considered separately. * * *
>
> All that a revolutionary can say is that it is the obvious duty of any well-to-do and earnest advocate of social change not only to learn to fly himself but to pay for the training of at least one class-conscious and reliable worker. That, indeed, is a duty which, like the organization of a union of pilots, lies upon the most peaceful as well as the most ferocious of us. * * *
>
> Revolutionary propaganda could conceivably be turned like a jet upon the armed forces and the police, and it might be that concentration of energy here would prove a short cut to the revolution. Instead of fighting the Army, the Army might fight for us.

The amazing part of the article is the statement of this former British Communist editor that there is nothing in our law to prevent him from writing such an article, although he admits that in almost all other countries such an article would be illegal and punishable.

I hope some law will be put on the statute books to cover this situation similar to the proposed Jeffers bill against inciting revolt in the armed forces of the United States and the overthrow of the Government by force and violence. [Applause.]

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, the gentlewoman from Indiana [Mrs. JENCKES], who is unavoidably absent from the House today, has prepared a very forceful and able address in support of the pending bill, and, at her request, I ask unanimous consent to insert the speech in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mrs. JENCKES of Indiana. Mr. Chairman, the enactment of H.R. 3673 is a matter of great interest to American women of every political party in every part of the country, because it concerns their rights of full citizenship as American women.

Next to the stigma of disenfranchisement within their own country—now happily removed—they felt that the stigma of unequal nationality rights was the most shameful badge of inferiority which their country could put upon them.

Immediately after the national enfranchisement of women in 1920, women all over America began the work for the removal of the stigma of unequal nationality, and in 1922 the Cable Act, which was intended to equalize the nationality rights of American men and women, was passed by the Congress. I desire to pay sincere tribute to the women and women's organizations whose efforts advanced this great cause to its present status, and I appeal to all organizations of women to immediately enroll in this movement for the welfare of all women.

When the Cable Act was put into operation it was soon found that certain amendments were needed to carry out its intent, and work was begun to draft amendments to carry out its original purpose. Certain nationality officials in the Department of State at once opposed all such amendments on the ground that many changes in our nationality laws were desirable, and they urged that no further changes be made in nationality laws until they could complete the revision which they were then making. In spite of this opposition the Congress did in 1930 and again in 1931 amend this Cable Act toward equalization of our nationality laws on the ground that women, as full citizens, were entitled to the equal application of existing law at once.

Now after 14 years of arduous, unremitting work, an agreement has been reached between all shades of opinion in Congress on the final amendment needed to establish complete equality between American men and women on nationality rights. But, again certain employees of the State Department Nationality Bureau have advanced the identical demand which they have made all these past 14 years, and are insisting that American women wait for justice until they can evolve a new and perfect nationality law. It is frankly admitted by these subordinates that no report can be made in time for action at this session of Congress—which would mean continued unjust application of our present laws for more than a year at the very least.

One of the most cruel wrongs suffered by American women and their children during the late war was the denial of their right—a right possessed by every American man—to transmit nationality to their minor children born abroad. This gross injustice will be removed by H.R. 3673. It is eminently unfair to American women to deny them this act of justice now merely to satisfy minor department executives in the State Department who intend writing the needed changes in the law. Moreover, the changes which they have already suggested will never, in my opinion, be approved by the Congress, since they have determined that hereafter no minor child born abroad may have American nationality transmitted to it unless both its parents are American citizens. Will American men submit to such dictation and meekly surrender their right to transmit their nationality to their children if they have married an alien wife? Furthermore, indefinite postponement of this act of simple justice—that of equalization of our laws as they now stand, leaving further changes in the laws themselves until the commission now studying them has presented its report in some future year—would throw the question of equal nationality into what would be bound to be a bitter fight on new nationality and naturalization laws—a situation women have sought to avoid.

Women did not make the laws now in force. They do not say they are perfect laws. They did not propose the minor changes suggested in the present bill; they were made by the Committee on Immigration. All that women are asking is that our laws, as they stand today, as they are being daily enforced, shall be completely equalized at once without further delay. This is a just request, one that the Congress intended to grant in the original Cable Act of 1922. Justice delayed is justice denied.

Practically every organized group of women in the country stands behind this appeal for equal nationality. The only question at stake now is, Shall this act of fundamental justice be granted now, or must women wait for justice from their country until minor executives of the State Department have decided what new laws they want and have converted Congress to their way of thinking? Will the Congress surrender the fundamental liberties of all American women to the whims of employees of the State Department whose salaries are paid in great part by these same American women whose rights of citizenship these gentlemen oppose? In defending their position of opposition to this equality legislation, a minor executive of the State Department told a group of women:

> You must remember that we have the trouble of applying these laws after Congress makes them, and it gives us a lot of extra trouble whenever a new regulation is made; so we think you women should wait for equality legislation until we have decided upon a new code of nationality law.

I submit that women should not be called upon to endure any longer the stigma of unequal nationality or the injustice of the present laws merely to save a little extra trouble for the Government employees who are paid to enforce the law.

The question of equal nationality is not a party or political question in any sense. It is a measure which every Member

of Congress must act upon as a statesman in whose keeping lie the basic rights, as well as the dignity, of all women citizens of our country.

In that spirit, the spirit of fair play to American women, we should pass unanimously this final act of justice to equalize the nationality laws of our Nation. It will be another forward step in the progress of civilization, and it is an obligation we owe to the present and future welfare of our country.

I thank you.

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, notwithstanding what has been said about the pending bill, I have the feeling it is an important immigration bill. There is no question that the proviso on the first page, if left in the measure, takes citizenship away from American citizens, and in this respect the bill should be amended.

Under provisions of this bill it will be possible for a girl born in Germany or Poland coming to the United States in infancy acquiring American citizenship by the naturalization of her parent to proceed abroad to her native land, marry a German or a Pole, as the case may be, bring forth children, and have those children termed "American citizens." This notwithstanding the fact that all the rest of the world would call such children of the nationality of their father. Complications inevitably would arise.

In the same way a Negro woman born in the United States, married to a Jamaica British Negro, could be transplanted to Jamaica and her children born there would be called American citizens by our Government, although claimed as British citizens by the British Government.

The bill multiplies complexities of dual nationality. Under present law the child of an American citizen mother and a German father born in the United States is a citizen of the United States. If born abroad, the child is a citizen of the country of his father's nationality. Under the terms of the bill such a child born abroad would have an American nationality for a period of 17 years 11 months and 29 days; then should he be brought to the United States his nationality would be an open question, because the bill would require a continuous 5-year residence in the United States in order to confirm American nationality.

The United States has no business claiming for anyone what it would not willingly grant if a situation should be exactly reversed. Thus we would not tolerate a claim of German nationality in the case of the child born of an American citizen father and a German mother. Why, then, should we undertake to assert a claim of American nationality in the case of the child born of an American mother and a German father unless such child is born within the United States?

The entire question is so intricate and technical that it deserves long and patient study, which apparently was not given in the Committee on Immigration and Naturalization before the bill was reported 11 months ago. In the meantime the President has set up an interdepartmental nationality committee, which the Secretary of State says will be ready shortly to submit its report and recommendations.

Now, in the face of this, and the study that is being made under the instructions of the President, what is the great haste in putting this resolution through at this time? Is it that they fear the committee will not, after a study, be willing to pass this legislation?

Now, under this situation the opposition has been withdrawn because of the endorsement of the Department of Labor and the Department of State. I have read the statements that have come from the Department of State, and I confess that I cannot see where the Department of State has expressed an approval of this bill.

Mr. COX. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. COX. Has the Department indicated a willingness to take any part whatever in the approval of the bill—in other words, have they done anything but give a qualified withdrawal of express opposition to the bill?

Mr. McFADDEN. The gentleman is correct. The State Department opposition has been withdrawn because they were put under pressure. Evidently some unusual pressure has been brought to bear on the State Department from some source. I believe that if you could get at the facts in the State Department you would find that they are very much in doubt as to the wisdom of passing this bill, regardless of what has been said.

The whole idea of equality of nationality is fallacious. It is in derogation of the dignity and the unity of the family upon which all civilized society rests. From the time when the Moabitish Ruth was gleaning in the fields, the identity of nationality of husband and wife has been a part of the law of nations. Not until the Cable Act of 1922 was this principle abandoned. Neither equal suffrage nor any other condition or circumstance of modern life has altered or eliminated the responsibility of the male for the support and protection of the family. Any step that may be taken in an attempt to minimize this responsibility is a mistake.

If I have an opportunity, I shall offer an amendment, as follows:

Page 1, line 9, after the word "States", strike out the colon and all the words following down to and including the semicolon at the end of line 10, inserting in lieu thereof a period after the word "States."

And in support of this amendment I desire to point out that by the fourteenth amendment to the Constitution all persons born within the United States are citizens thereof. By section 1993, United States Revised Statutes, a child born abroad, whose father is a citizen and has resided in the United States, is a citizen. By this bill a child born abroad, whose father or mother is a citizen and has resided in the United States, is to be a citizen. It is claimed that this bill will remove a discrimination against citizens of the female sex. If the aim of the bill is to remove a discrimination, why should it create one? If the privilege of conferring nationality by maternity is extended, why is the American citizen woman of oriental race excluded from the benefit? If the privilege is desirable for one woman citizen—white or black—is it not just as desirable for another, though she be yellow? She is equally a citizen. Therefore a distinction in her case is inequitable and unjust. The amendment would strike out a proposed inequality and assure a complete equality. If the body of the section places the sexes on a parity in the matter of the privilege of conferring nationality, then the amendment, striking out the proviso, emphasizes the disposition and intention to create equality.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. MARTIN of Oregon. The gentleman will find that he will have some other Members on the floor with him.

Mr. McFADDEN. I am glad of that.

Mr. Chairman, I ask unanimous consent to extend my remarks by inserting a table showing the census figures which are taken from the statistical abstract (1931), page 4:

	1870	1880	1890	1900	1910	1920	1930
Chinese males					66,856	53,891	59,802
Chinese females					4,675	7,748	15,152
Total	63,199	105,465	107,488	89,863	71,531	61,639	74,954
Japanese males					63,070	72,707	81,771
Japanese females					9,087	38,303	57,063
Total	55	148	2,039	24,326	72,157	111,010	138,834

American citizens of Chinese race admitted and departed, as shown by official reports:

Fiscal year 1933:	
Admitted	2,785
Departed	(1)
Fiscal year 1932:	
Admitted	3,252
Departed	3,367
Fiscal year 1930:	
Admitted	3,220
Departed	3,300

[1] No record.

The above figures illustrate some interesting facts: (1) In the early days it was not the custom of the Chinese to bring their women to the United States; (2) after 1910 the number of females both Chinese and Japanese increased, but the Japanese increase was far greater than the Chinese; (3) the disposition of the Japanese is to remain in the United States, intermarry here, and settle permanently; (4) the disposition of the Chinese is to return to China, even citizen Chinese customarily returning there at intervals and many permanently. While the Chinese population of the United States has declined greatly since 1890, the Japanese population has risen steadily and is still rising notwithstanding exclusion, for the reason that the preponderance of males is not so heavy, intermarriage here is more the settled custom, and the tendency of children born in the United States is to remain here. Hence there is a greater number of citizen Japanese than Chinese. Hence the maintenance of section 1993 is of slight importance to the Japanese and of great importance to the Chinese.

Gentlemen looking over the figures will see that it is a distinct discrimination against the Chinese, and I am wondering whether the House at this time, of all times, wants to get into a situation discriminating against the Chinese. I do not think so.

Mr. DICKSTEIN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I am glad, indeed, to speak for this bill. It is a thing that we ought to have done long ago. I am glad that we are doing it now. There is no reason or excuse for having denied equality to the women of this country under the law when we have granted it to them under the Constitution. I was one of those who believed, or hoped, rather, that the adoption of the constitutional amendment giving the right of suffrage to women would of itself automatically operate to bring the law into accord with the constitutional amendment. I was disappointed to find otherwise, and I am glad that we have discovered how it ought to be done.

It was my great pleasure as well as, I hope, some honor, to have been a member of the State Senate of Illinois when we passed the first law of any State east of the Mississippi River giving the women of Illinois the right to vote for President of the United States, and that was back in 1913. Following that, in my judgment, the adoption of the nineteenth amendment resulted. I, therefore, think I am justified in having some pride in participating to a large extent in the success of that movement in my own State.

I have not tried to study the details of this bill; I have not tried to master the intricacies of it. My training as a lawyer has been in abeyance for a great many years, and I expect it will remain there the rest of the time. So I am not trying to say what I know about it, but I am following the committees of this House, because my observation has been that, when a committee studies a proposal such as this, it arrives at a better legal conclusion than I could possibly do alone. Therefore, I am glad to follow the committee in this regard. I am glad to be here as a Member of this body at the present time and repeat to you that my State, Illinois, was the first State east of the Mississippi River to recognize the justice of giving women equality with men, legally as well as otherwise.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Certainly.

Mr. COX. The gentleman insists on all equality and equal treatment to men and women in all things?

Mr. KELLER. Certainly.

Mr. COX. Miss Smith marries Mr. Jones, and they have a child. Is it a Jones or is it a Smith?

Mr. KELLER. It is both.

Mr. COX. That is exactly what happens under this bill. If the mother marries a German, the child is both an American and a German.

Mr. KELLER. The child has a perfect right in most cases, and I think in this, to take whatever name it pleases. I know in countries existing under the Roman code that sometimes they take the mother's name and sometimes the father's name. I have known brothers, one of whom took the father's name and the other the mother's name. I know of no reason why it should not be done here if they desire to. I think they ought to have that right if they want to. I am glad that I am half my mother, a Bradley, and half my father, a Keller.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Certainly.

Mr. FOCHT. The gentleman speaks of the Romans. Is it not a fact that 90 percent of the Romans did not have citizenship—they were slaves?

Mr. KELLER. I did not say Romans. I said countries accepting the Roman code—Mexico and the Latin American countries among others.

Mr. BRUMM. Does the gentleman mean to say that under the laws of Illinois a child may select its own name and take its father's name or its mother's name?

Mr. KELLER. It is unquestionably permitted under the laws of the State of Illinois.

Mr. BRUMM. That is not the case in most States.

Mr. KELLER. I do not know about that. I think if the gentleman will go into his own State he will find the courts there will hold that a child may take whatever name it pleases, either its father's or its mother's.

Mr. BRUMM. No. It is a long and rather tedious proceeding to change your name.

Mr. OLIVER of New York. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Certainly.

Mr. OLIVER of New York. In my State a man has a right to take whatever name he pleases.

Mr. KELLER. Of course.

Mr. OLIVER of New York. But if he asks the court to give him a certain name and the court fixes the name, then he cannot change it without the consent of the court.

Mr. KELLER. Certainly.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DICKSTEIN. Mr. Chairman, I yield the gentleman 1 minute more. I want to ask the gentleman a question. Take the case of an American woman who marries an Englishman. The husband dies. In that case the child of that issue is an alien. With this law it would give the mother the right to bring her own flesh and blood to this country and have her child a citizen of her country.

Mr. KELLER. That is clearly the intention.

Mr. DICKSTEIN. Under the present law she cannot do it?

Mr. KELLER. That is correct.

Mr. COX. In other words, they are changing the bill here which as it reads is a bill that deals with the question of nationality and converting it into an immigration bill.

Mr. KELLER. I do not follow that. I do not so understand. It does not change the quota that may come into this country at all.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Certainly.

Mr. DONDERO. I am wondering if the gentleman can enlarge on that phase of this, because the claim has been made that this is an immigration and not a naturalization measure. Can the gentleman give the House any information as to whether it would increase immigration?

Mr. KELLER. I believe so. That is the same question in different form which the gentleman from Georgia [Mr. Cox] just now asked, a gentleman for whose legal ability I have very great respect. This is not an immigration bill, and does not in any way affect the quota that may come into this country, because there is no provision that lets anybody in anywhere. It is purely a matter affecting citizenship or nationality. It is a just bill because it does give equal nationality to the American mother that the law has heretofore given to the American father. This is the object of the

bill; this will be the effect of it; and I certainly am for it with all my heart.

Mr. COX. But it confers nationality which may possibly increase immigration which otherwise could not possibly happen.

Mr. KELLER. There may be exceptions, but they will be the exception rather than the rule. [Applause.]

Mr. DICKSTEIN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. OLIVER].

Mr. OLIVER of New York. Mr. Chairman, I have been requested by some distinguished and brilliant women in the State of New York, members of the Women's Party, to express their opinion, asking the House to favor this bill; and to express my complete agreement with the terms of the bill.

After all, this is a simple issue. The Government of the United States is in complete control of the power to grant citizenship to people whom it considers qualified for citizenship. Other nations have equal sovereign power. In our country, I think, up to the Civil War we had the doctrine called "indefeasible allegiance"; no man could divest himself of United States citizenship unless he had the consent of the Government of the United States. That was a world-wide doctrine. If I recall correctly, the most famous case arising under this doctrine was that of a man named Williams. Williams while a citizen of the United States went to France, joined the French Army, and fought there as a Frenchman, taking an oath of allegiance to France. He returned to the United States and was charged with violating this law of indefeasible allegiance, was convicted and sentenced to jail, and the sentence was upheld by the Supreme Court of the United States. That case, however, caused great resentment in the people of the Nation, and a subsequent Congress repealed the doctrine of indefeasible allegiance in America. As a matter of fact, it was because of that doctrine that we repealed the treaty we had with Russia. True, there was much heat and indignation at the treatment of American citizens in Russia, and that was the provoking cause of the dispute between our country and Russia; but the official claim of America was that America had abandoned the doctrine of indefeasible allegiance and Russia still continued it; that, therefore, the treaty rested on different grounds than those upon which it was negotiated.

We have today the power to grant citizenship no matter what other citizenship a person may hold in another country.

There is but one respect in which the bill should be amended, and that is, in order that citizenship may be conferred upon the child of an American woman married to a foreigner, the taking of the oath of allegiance to the United States by that child should be made a prerequisite. Such a provision should be in the bill, because we do not want to grant citizenship to the child of an American mother simply because it is the child of an American mother unless it chooses to be loyal to America.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. WEIDEMAN. The committee has such an amendment prepared.

Mr. OLIVER of New York. I am very happy to hear that; and I therefore feel as though I can approve of the bill in all its features.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. BOYLAN. Does not the gentleman think that the amendment on page 2, beginning in line 4, covers his point?

And unless the child, previous to his eighteenth birthday, returns to the United States and resides therein for at least 5 years continuously.

Mr. OLIVER of New York. No; for the reason that the child at that age is under the guardianship of its parents and comes over here merely because they are over here; and it has nothing whatever to do with the mental state of the child. The child might want to take the citizenship of the father, and it should if it feels so disposed. Our doctrine is that citizenship is a matter of free choice by the individual who is otherwise qualified. We give an alien the right to become an American citizen under certain conditions; and we give an American citizen the right to become a citizen of any country without offense to our Government. No child of any person contemplated by the terms of this bill, however, should be allowed to become a citizen of this country under circumstances which do not require it to take an oath of allegiance. The father may be a Bohemian or a Hungarian, and the child might prefer to take Bohemian or Hungarian nationality. In that event there would be a dispute between sovereigns. That should be determined by the free oath of the child.

If this amendment is adopted, I see no objection to the bill, for it simply grants the mother the right, if she is a citizen of the United States, to have her child become an American citizen on its oath of allegiance to this country plus a residence of 5 years, if the child wants to become an American citizen. [Applause.]

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, in my State, of course, we have no close contact with those problems of immigration; but as a matter of simple justice it seems to me that what is today being written into the law ought always to have been the law, once the Congress took cognizance of this problem.

I see no reason why I, as a man, should be accorded a privilege by law which is withheld from my wife if she wishes the same privilege. We have been progressing for a great many years toward that realm where men and women stand alike at least before the bar of justice and in the eyes of the law.

A moment ago the gentleman from Pennsylvania proclaimed the doctrine that through the years it has been the prerogative of the male to look out for the family subsistence, to care for its welfare.

This will not change that. They did not write that according to law. It is in the nature of things that man will always be the provider for the family, or he ought to be; but when it comes to a matter of justice as to family rights, I cannot see any reason why we ought to refuse to the women the privilege that man has accorded to himself. In that measure of justice here today we are about to write into the laws of this Nation that the mother may bring her children here, a privilege that we have prior to this time accorded to the men.

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, this is the second general bill that has appeared before the present Congress on which I have had anything to say. I have not inflicted myself on the House, largely because I take up so much time doing the chores of the House in the reports of the Claims Committee and the District Committee.

This bill in its general purpose is like a great many other bills, it is highly desirable, but the rider on this bill in the form of the proviso on the first page, to which the gentleman from Pennsylvania has called attention, is highly dangerous and the harm that may come from this proviso will more than offset any benefits that anybody may derive under the general purposes of the bill. It was not thought of originally when the bill was introduced. No one thought when this bill was introduced of any further discrimination against orientals.

Today the Pacific is tense. Today the statesmen of the world are meeting and they are highly alarmed over the Asiatic situation and in Japan declaring an Asiatic Monroe Doctrine which she claims she is exercising on account of just such situations as these.

If the womanhood of America want anything from Congress, they want international accord build up. They want movements directed toward international peace. They do not want a note of international discord uttered in this Congress. This proviso is pregnant with international dis-

cord, for not only do we insult by this bill and legislative enactments the womanhood of oriental blood who happen to be citizens of this country and thus reflect on the Orient, and in no sharper manner can you reflect on them than by reflecting on their womanhood, but you absolutely take away the present rights of an American citizen of oriental blood, an American male oriental who is an American citizen, who under the provisions of the fourteenth amendment is guaranteed the same rights as any other American citizen. When we take this away from him by this proviso we are doing something unconstitutional.

If this proviso were out of the bill and the bill could meet the dilemma propounded by the alert gentleman from Georgia [Mr. COX], it might work out some decent purpose, but until this proviso is eliminated there is danger. Last year on the floor of this House the gentleman from Pennsylvania [Mr. MCFADDEN] and myself called attention to the dangers lurking in a certain bill—the press censorship bill. At that time we were only successful in getting 29 to support us, but that very night the President of the United States insisted that the bill not pass the Senate. I predict that if the House of Representatives passes this bill with this objectionable proviso in it, in these tense days, before the sun sets, the President will use his good offices to have the proviso eliminated. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, I want to emphasize, and probably it will be an anticlimax to the able way in which the preceding gentleman presented the subject, the provision here at the bottom of page 1, which reads,

Provided, That if one parent is an alien and such alien is not of a race ineligible to citizenship.

That, in these times of excitement and distress in the world, is a direct stab at the orientals. It denies them the right that they have today, and I cannot think for one instant that this House will be so far lost to its duty as to pass such a bill.

This amendment was slipped in at the eleventh hour. I hope the committee will reach that height of justice and common sense that of their own will they will move to strike out the provision. If they do not do so, I, as a Representative coming from the Pacific coast, will certainly offer the amendment. There is no conceivable way in which I can understand that this direct insult should be put upon these orientals, and that we should at this time take away from them rights that they have now, especially with the world in the condition it is today, and with all these troubles in the Orient. If we are so foolish as to let that stay in the bill, I do not think the President will approve it. It violates his great principle of being good neighbors. This objectionable provision will not make for good neighbors. It will make for bad neighbors, and neighbors who are already somewhat irritated.

Mr. MCCORMACK. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield to the gentleman from Massachusetts.

Mr. MCCORMACK. It would affect very, very few people also.

Mr. MARTIN of Oregon. Certainly. It is just a play on a worn-out issue on the Pacific coast; that is all it is, because it would not affect any great number. It is continuing an old feeling that no longer exists.

Mr. DIRKSEN. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I desire to make sure that the House understands precisely what the gentleman is attempting to say at the present time. A male Chinese or Japanese citizen in California who goes to China and there marries a native wife——

Mr. MARTIN of Oregon. That is exactly what we want him to do. We do not want him to marry an American woman.

Mr. DIRKSEN. Under the existing law he can confer citizenship upon his children, but he cannot bring his wife back. That is the statement of existing law. Under the same law a Chinese girl who is a citizen of this country may go to China, marry a native over there, can bring him back, but she cannot bring her children back to this country. All that is sought to be done is to prevent the Chinese or Japanese American citizen from going over and marrying a native and conferring nationality upon the children of the union. There is not a great deal involved.

Mr. MARTIN of Oregon. No; it is only a play on prejudice.

Where I say the proviso contracts the rights which these orientals have now is in the fact that the father can bring his child back to this country with his Chinese wife, but under this fool proviso both the father and the wife have to be American citizens. You contract the rights of these orientals in that you require both of them to be American citizens.

I hope the committee will do the square thing about this proviso and offer an amendment striking it out of the bill.

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. BURNHAM].

Mr. BURNHAM. Mr. Chairman, I am heartily in favor of legislation, just legislation, adequate legislation, covering the matter of immigration, although I happened to squeak in before this country had adopted any immigration laws.

I had intended to discuss the phase of the situation so ably covered by my distinguished colleague from Pennsylvania [Mr. MCFADDEN], but I will let it suffice to read an excerpt from a letter which I received from a Chinese citizen, a very good friend of mine and a very able fellow. He says:

Many thanks for your prompt reply to our telegram of April 12 relative to the Dickstein bill, H.R. 3673.

The primary purpose of this bill is to complete provisions of the Cable Act of 1922 so as to establish complete equality between American men and women in the matter of citizenship for themselves and for their children. But the provision in the first paragraph of the bill takes away the American citizenship of foreign-born children whose parents are not both American citizens, and this applies directly to the Chinese-American citizens.

There is the crux of the whole thing. He goes on as follows:

An American citizen of Chinese descent is virtually forced to go back to China to seek a mate of his own race because the limited number of Chinese women in the country does not supply the demand. Moreover, our people are opposed to interracial marriages. In fact, the laws of 11 States forbid interracial marriage. The Immigration Act of 1924 has definitely excluded Chinese wives of American citizens because the spouse is an alien ineligible to citizenship. When one of our citizens goes to China to marry he must leave his wife there; consequently the children of such couples are born in China.

If I have made myself clear, Mr. BURNHAM, I trust that you can see that the subject provision in paragraph 1 of the Dickstein bill is highly discriminatory and will work great hardship to the American citizens of the Chinese race.

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield the gentleman one half minute.

Mr. BURNHAM. May I say that I have discussed this matter with one of the able Under Secretaries of State, who informs me that there is a committee of 1 person from the State Department, 1 from the Department of Justice, and 1 from the Department of Labor who are formulating at this time a bill which they hope to present to the Congress at this session, and the State Department is opposed to this Dickstein bill.

Mr. MILLARD. Who said that?

[Here the gavel fell.]

Mr. BURNHAM. One of the under secretaries of State.

Mr. MILLARD. That is not so, because we have a letter here showing they are in favor of it.

Mr. KRAMER. May I inform the gentleman that the State Department has assisted in the writing of this measure?

Mr. Chairman, in reply to the gentleman from California, I will quote from a memorandum sent me by the Under Secretary of State only a few days ago, wherein he states with reference to H.R. 3673 as follows:

Needless to say, the provision of the bill quoted above is very confusing. This confusion is due to faulty drafting and perhaps some confusion of thought.

Mr. TAYLOR of Tennessee. Mr. Chairman, I yield the remainder of my time to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Chairman, I ask unanimous consent to speak out of order on the processing tax, or the jute tax in particular, and also to extend my remarks in the RECORD and include as a part of my remarks the application of the California Farm Bureau Federation for a reduction or a recession of the tax on jute bags.

Mr. WEIDEMAN. Mr. Chairman, what is the request of the gentleman from California?

The CHAIRMAN (Mr. RANDOLPH). The gentleman from California asks unanimous consent to speak out of order and to extend his remarks by including therein the application of the California Farm Bureau Federation before the Agricultural Adjustment Administration.

Mr. WEIDEMAN. I have no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

PROCESSING TAXES—JUTE TAX

Mr. ELTSE of California. Mr. Chairman, a great injustice is being imposed upon all the farmers in the northern and western portions of the United States, and particularly upon those of the great Northwest, through the medium of the jute tax. The farmers of these areas are subsidizing the cotton growers.

Along with the senior Senator from Idaho [Mr. BORAH] and the senior Senator from California [Mr. JOHNSON] I confess my chagrin in finding that Congress has delegated its taxing power to a single official—the Secretary of Agriculture, contrary to section 8 of article I of the Constitution, which provides "that Congress shall have power to lay and collect taxes."

Congress delegated this power, under the provisions of the Agricultural Adjustment Act, whereunder it is provided:

PROCESSING TAX

SEC. 9. (a) To obtain revenue for extraordinary expenses * * * there shall be levied processing taxes as herein provided. When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year thereof next following the date of such proclamation.

It is to be noted from this section that this processing tax attaches to a declared basic agricultural commodity, but that is not half the story. The taxing arm of the Secretary of Agriculture was lengthened to a startling degree by a later provision in the act. What appeared to be a comparatively harmless provision is now proving to be a heavy and sharp weapon in the hands of the Secretary of Agriculture. By his dictum a tax aggregating millions and millions of dollars is being imposed upon the American farmer.

Under section (d) of section 15 of the act to which I have referred it is provided:

The Secretary of Agriculture shall ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof. If the Secretary of Agriculture finds, after investigation and due notice and opportunity for hearing to interested parties, that such disadvantages in competition exist, or will exist, he shall proclaim such finding. The Secretary shall specify in this proclamation the competing commodity and the compensating rate of tax on the processing thereof necessary to prevent such disadvantages in competition. Thereafter there shall be levied, assessed, and collected upon the first domestic processing of such competing commodity a tax, to be paid by the processor, at the rate specified, until such rate is altered pursuant to a further finding under this section, or the tax or rate thereof on the basic agricultural commodity is altered or terminated. In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity.

We find then that on December 1, 1933, the Secretary of Agriculture imposed a tax, under the guise of a compensating tax, on jute fabric amounting to 2.9 cents per pound on the first domestic processing of jute fabric into bags. The reason given for imposing this tax was—

That the payment of the processing tax upon cotton is causing, and will cause, to the processors thereof, disadvantages in competition from jute fabric and jute yarn, by reason of excessive shifts in consumption between such commodities or products thereof.

Excessive shifts from the use of cotton to jute bags is alleged to be the reason for the imposition of the tax. In equity jurisprudence there is a maxim that where the reason for the rule fails the rule also fails. In this matter the reason for the tax fails, therefore, the tax should be removed. There have been and will be no excessive shifts.

This processing tax has become oppressive to the people of the State of California and the Pacific Northwest. They consider it illegal, unjust, and discriminatory. By it the farmers of California will be burdened with a tax of close to $900,000 a year, the potato growers of Idaho with $275,000, Colorado farmers with $100,000 per year, the farmers of Washington with $6 for each car of vegetables and $8 to $10 on each car of grain. All of this money in most cases is not returned to the distressed farmers, but must come out of their pockets. Fortunately I am in a position to let these farmers speak for themselves. From the California Farm Bureau Federation I have just received a copy of its application filed with the A.A.A. requesting the elimination of the processing tax on burlap bags used for agricultural commodities. Shortly I shall ask leave to insert in the RECORD a portion of this application as a part of my remarks, but before I do so I here make special appeal to the 50 Members from California, Idaho, Maine, Montana, Nevada, North and South Dakota, Oregon, Utah, Washington, Wisconsin, and to the Members from other States where jute bags are used for agricultural commodities to carefully read and digest this application and irrefutable arguments. I would also call your attention to the able statements of Senators JOHNSON and BORAH appearing in the RECORD on pages 5892 to 5896. Your constituents are vitally concerned, and if you would render them a real service, you will go into action, and you may depend upon me to be in the fight with you.

At this point, Mr. Chairman, I ask leave to insert a portion of the application referred to in the RECORD.

BEFORE THE UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT ADMINISTRATION

APPLICATION FOR THE ELIMINATION OF THE PROCESSING TAX ON BURLAP BAGS USED FOR AGRICULTURAL COMMODITIES, FROM JUTE REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE, WITH THE APPROVAL OF THE PRESIDENT, UNDER THE AGRICULTURAL ADJUSTMENT ACT, EFFECTIVE DECEMBER 1, 1933

Application of the California Farm Bureau Federation

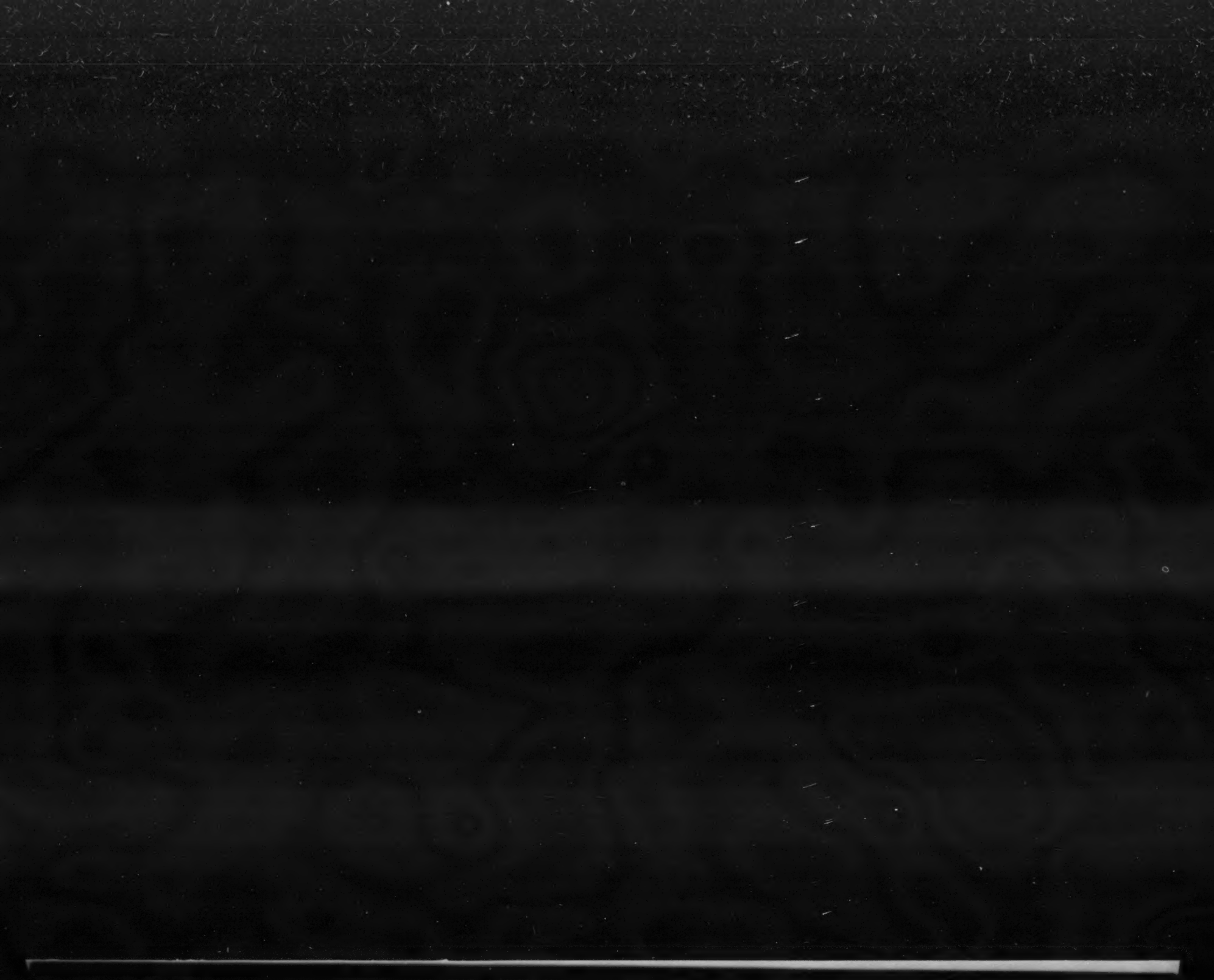
Interests represented by applicant

The California Farm Bureau Federation is an incorporated, voluntary, mutual, nonprofit association, representing all agricultural interests within the State of California. It is organized for the purpose of protecting the economic, social, and educational interests of farmers; it is nonpartisan in its viewpoint, and is equally sympathetic toward all branches of agriculture.

Regulation complained of

On December 1, 1933, Mr. H. A. Wallace, Secretary of Agriculture, in pursuance of the authority vested in him by section 15 (d) of the Agricultural Adjustment Act, approved May 12, 1933, imposed a processing tax on jute fabric amounting to 2.9 cents per pound on the first domestic processing of jute fabric into bags. The reason given for imposing this tax was "that the payment of the processing tax upon cotton is causing, and will cause, to the processors thereof disadvantages in competition from jute fabric and jute yarn, by reason of excessive shifts in consumption between such commodities or products thereof."

Since the date this tax was first levied, numerous complaints of unfair discrimination against them have been filed with us by growers of various agricultural commodities. These farmers have



requested us to present their views to the administration, in the hope that either it would grant immediate relief on the basis of the facts herein presented, or would set a further hearing in this matter on the Pacific coast at an early date.

The effect of the compensatory jute tax on western agriculture

The compensatory tax based on jute fabric manufactured into bags has imposed a great burden upon farmers in the Pacific Northwest without corresponding benefits to the cotton branch of the industry. Barley, beans, grain sorghums, nuts, oats, onions, peas, potatoes, rice, and wheat are all grown in large quantities throughout this area, and are now and always have been moved in burlap bags. Bulk handling of these commodities is not extensively practiced in the rural sections of the Pacific Northwest and it is, therefore, customary to sell these agricultural products in burlap bags, usually of 100-pound capacity or greater. The selling price of grain, beans, rice, etc., is based on the delivery of the product in a bag, and in those rare cases where the commodities are delivered in bulk, the cost of a suitable burlap bag is deducted from the current price paid the farmer.

The producers of each and every one of these commodities has suffered from extreme price recessions during the past 4 years, and the amount of economic recovery to date in many instances is much less than that now attained by cotton growers.

Table I, next following, shows the farm prices paid during the past 5 years for the principal California farm commodities using bag containers. It shows that for each of these commodities the price recovery is far from being accomplished. Table I shows further that the cost of the customary burlap container has been so increased by the so-called "compensatory tax" that it now costs practically the same or more than it did during the year of highest farm prices during the period in question. There is, therefore, no justification for the assessing of this tax on the ground of "ability to pay", nor is there any legal ground within the Agricultural Adjustment Act on which this exaction may be based.

TABLE I.—*Variation in Dec. 1 farm prices of principal California commodities using bags*

Crop	Unit	Price in dollars					Price of crop in 1933 in percent of 1929 price	Present price of burlap bags in percent of 1929 price
		1929	1930	1931	1932	1933		
Barley	Bushels	0.70	0.48	0.49	0.25	0.42	60	124
Beans	Hundredweight.	4.90	4.80	3.50	2.85	3.50	71	96
Grain sorghum	Bushels	1.00	.70	.60	.40	.51	51	124
Oats	do	.61	.43	.36	.29	.38	62	[1] 100
Potatoes	do	1.40	1.10	.72	.56	.71	51	89
Rice	do	1.05	.83	.56	.36	.74	70	124
Wheat	do	1.20	.85	.65	.59	.69	57	124
Almonds	Ton	480.00	200.00	176.00	165.00	186.00	39	97
Walnuts	do	320.00	410.00	233.00	222.00	202.00	63	97
Onions	Bushels	.77	.57	.76	.20	.59	77	99
Peas	do	1.85	1.59	1.60	1.37	.90	49	[1] 100

[1] Estimated.

The processing tax on jute applicable to bags used for the agricultural commodities named in table I is unreasonable, unfair, and unjust. Section 5 (d) of the Agricultural Adjustment Act, which is the authority relied upon by the Administration for the levying of this tax, states: "The Secretary of Agriculture shall ascertain from time to time whether the payment of the processing tax upon any basic commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof."

Regardless of the relationship between the price of cotton and burlap, these agricultural commodities have always moved in burlap bags if the quantity exceeded 50 pounds. Obviously, since cotton bags never have been used for these crops (except in an insignificant amount for experimental purposes), regardless of the extremely low cotton prices which have obtained in the past, there can be no justification for assuming that there has been or will be a "shift in consumption" resulting from a process tax being placed upon cotton. The application of a tax on bags used for these purposes is, therefore, a clear violation of the intent of the act and merely results in burdening agriculture with higher costs of production.

Farmers growing most of the commodities named are not receiving Government assistance, except in a limited way; and since there have been no important price recoveries, these growers find themselves in the dangerous position of being between a nether stone of rising production costs and a stationary upper stone of farm-commodity prices. They are not only unwilling to pay the tax because it is unfairly assessed, but also because they are unable to do so. Some relief is being sought through the reuse of old bags. The majority of growers, however, are forced through trade and operating practices to use new bags, and for them there is no escape from the tax.

It is impossible under present economic conditions for these farmers to pass this tax on. They are faced with the problem of overproduction or failure of markets to absorb normal amounts. They are in most cases getting little if anything above out-of-pocket costs. This tax is, therefore, a direct levy upon returns to growers which are already insufficient to maintain economic existence.

Agricultural relief cannot be accomplished by taxing one portion of agriculture in order to assist another. Since cotton bags have never been used on the Pacific coast (nor elsewhere in the United States in recent years for containers of the commodities mentioned), a "compensatory tax" levied on burlap bags used for agricultural purposes is unreasonable, and in effect becomes merely a revenue tax placed upon agriculture generally for the benefit of one group, namely, cotton.

The tax on burlap bags used by agriculture is not legally assessed. It is levied in direct violation of the clear and unmistakable intent of the act. It reduces the purchasing power of farmers without widening the market for his products. This is clearly in contradiction of the purposes plainly stated in section 2 of the Agricultural Adjustment Act, which are to establish and maintain such balance between production and consumption of agricultural commodities and such marketing conditions therefor as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period (Aug. 1909–July 1914).

The unfairness of the tax on bags used by other branches of agriculture than cotton is further accentuated by the fact that the cotton industry has been exempted from a tax on the jute which it uses for bagging cotton. The jute regulations also were so drafted that burlap bags used for wool were exempted. Cotton bagging or cotton bags for wool had never been used in the past for either of these purposes, and the administration quite properly gave recognition to this fact in the regulations. Growers of grain, beans, potatoes, onions, and nuts can see no reason for not being given the same recognition. The facts relating to their use of burlap bags are identical with those of cotton and wool. California farmers on the average use annually about 44,000,000 burlap bags for purposes for which cotton has never been used. The processing tax on the jute fabric used in their construction constitutes under present economic conditions a very real burden. The tax totals for California alone close to $900,000 per year. It touches practically every branch of agriculture practiced in this State. Table II shows the number used, and the tax burden by commodities.

Factors governing the use of jute bags

As has already been pointed out, jute bags have been used in the Pacific Northwest exclusively for bagging certain agricultural commodities. The reasons for the choice of burlap are not the same for each commodity, but they all point to the conclusion that there has been and will be no shift from jute to cotton, unless the so-called "compensatory tax" is increased to such a point as to actually make the use of jute impossible.

Each of the principal commodities will now be considered.

Barley, rice, grain sorghums, and wheat are almost exclusively handled in burlap bags throughout the Pacific Northwest. There is a small amount of bulk handling, but even in this case, as previously mentioned, the selling price is based on the cost of placing the grain in bags by the purchaser. Grain in bags is customarily stored in high piles in warehouses. It is necessary, due to trade practices, to sample each sack. For this purpose a metal tryer is inserted through the fabric. When the tryer is removed the hole in a burlap bag tends to close up without tearing. A cotton bag, on the other hand, will not stand this practice unless made of exceptionally heavy fabric.

TABLE II.—*Number of burlap bags used annually by California agriculture and the present jute-processing-tax burden on commodities using burlap exclusively*

Commodity	Number of burlap bags used	Tax per bag (cents)	Total tax paid
Alfalfa meal	1,500,000	2.731	$40,965
Barley	14,400,000	2.20	316,800
Beans	4,000,000	2.217	88,680
Cottonseed meal	600,000	(1)	
Mill feeds	1,600,000	2.096	35,536
Mixed feeds	1,000,000	2.096	20,960
Grain sorghums	1,350,000	2.20	29,700
Almonds	380,000	2.731	10,378
Walnuts	600,000	2.731	16,386
Oats	1,000,000	(1)	
Onions	1,200,000	1.798	21,576
Peas	900,000	(1)	
Potatoes	7,000,000	1.676	117,320
Rice	3,200,000	2.20	70,400
Wheat	5,700,000	2.20	125,400
Total, including seconds	44,430,000		892,101
Total, excluding seconds	41,930,000		892,101

[1] Seconds.

Suitable cotton bags are now and always have been too costly for this purpose. Piles made of cheap cotton bags would soon break down, owing to leakage under the usual operating practices.

The cost of a cotton bag capable of standing customary uses would be about double the cost of a satisfactory burlap bag.

Jute grain bags are not reused for rice, wheat, barley, or beans; and since they are considered as part of the cost of production, it is essential that as cheap a bag be used as possible. Bags of grain when exported are deliberately "bled" after loading into the ship so that the cargo will load better. Obviously, only cheap bags could be used under such circumstances.

The same size and weight of bag are used for barley, rice, and wheat and grain sorghum. It is of a special size (22 inches by 36 inches) and made of 10-ounce burlap. It holds from 100 to 120 pounds, depending upon the commodity. This size of bag was developed through long experience because it lent itself more readily to piling than the sizes used for other commodities. Only burlap bags have ever been used for these commodities.

Onions in this section are customarily moved in burlap bags of two sizes—18 inches by 32 inches and 24 inches by 37 inches—made of 5½- or 8-ounce burlap, and will hold 50 pounds and 100 pounds of onions, respectively. No cotton bags are used for this purpose.

Potatoes also require a cheap bag as the container is considered a part of the cost of production. The weight of the container is deducted from the gross weight in determining the price paid for all agricultural commodities. Except for a very small quantity of cotton bags used experimentally, jute bags have been, and are now being, used exclusively. For this purpose, a bag 23 by 36 inches made of 8-ounce burlap and capable of holding 100 pounds of potatoes is the customary container.

For walnuts and almonds, burlap bags made of 10-ounce burlap 30 by 40 inches, having a capacity of 100 pounds, are used almost exclusively. A few bags of a smaller size have been used, mainly for advertising purposes or as holiday specials, but these also have been made of burlap. No cotton bags are used for nuts.

Peas and oats move almost entirely in second-hand burlap bags. Cotton bags are never used for this purpose. A processing tax on new bags, however, has increased the cost of second-hand bags materially. These crops are, therefore, also affected.

TABLE III.—*Data relating to the use of bags by the agricultural industry in California*

Commodity	Kind of bag used	Size of bag used (inches)	Weight of material (burlap) (ounces)	Nominal capacity of bag (in pounds of commodity)	Cost of burlap bag in 1929 (per 1,000)	1934 cost of burlap bag (including tax)
Alfalfa meal	Burlap	30 by 45	7½	100	$155.00	$135.31
Barley	do	22 by 36	10	100	95.00	118.25
Beans	do	19½ by 34	12	100	113.75	114.67
Cottonseed meal	Burlap (seconds)					
Feeds (mixed)	Burlap	22 by 36	9, 10	100	123.50	109.46
Do	Cotton	23 by 36		100	(1)	120.00
Mill feed	Burlap	23 by 36	9, 10	100	123.50	109.46
Fertilizer	do	21 by 36	9	100	97.00	89.25
Grain sorghum	do	22 by 36	10	120	95.00	118.25
Nuts (almonds and walnuts)	do	30 by 40	10	100	178.00	172.34
Oats	Burlap (seconds)					
Onions	Burlap	18 by 32	5½	50	73.14	72.00
Do	do	24 by 37	8	100	110.00	108.63
Peas	Burlap (seconds)					
Potatoes	Burlap	23 by 36	8	100	101.00	90.16
Rice	do	22 by 36	10	100	95.00	118.25
Wheat	do	22 by 36	10	120	95.00	118.25

[1] Practically none sold.

Bags used for feeds (mixed and mill) are ordinarily made of 9- or 10-ounce burlap 23 by 36 inches, having a capacity of 100 pounds. A few of these bags are made of cotton where it is desired to use a fancy brand. For the usual run-of-mill feeds, however, the burlap bag is used almost exclusively, as it is entirely satisfactory and always has been a cheaper container than a suitable bag made of cotton. It will be noted that in this category, the size of the bag is different from that used for other commodities which used jute exclusively.

Fertilizers ordinarily move in 9-ounce burlap bags 21 by 36 inches, having a capacity of 100 pounds.

Alfalfa meal is handled exclusively in burlap bags constructed of 9½-ounce burlap, 30 by 45 inches, having a capacity of 100 pounds.

A summary of data relating to the use of bags by the agricultural industry in California is given in table III.

The use of bags in California, as indicated in table III, appears to be similar to that in other parts of the country for the commodities considered. The use of burlap bags for handling grain is, however, a method peculiar to the Pacific Northwest. In other parts of the country the other commodities named used burlap bags for the same reasons as they are used in California.

Character of relief sought

The definition of "bags" contained in the jute regulations complained of herein is unreasonable, unjust, and discriminatory to the entire agricultural industry, excepting growers of wool and cotton. We, therefore, earnestly urge the administration to grant relief to growers of other agricultural commodities in one of the following ways, or in such other manner as the administration in its judgment may deem advisable:

(1) By removing the 2.9 cents per pound processing tax on all jute bag containers having a nominal capacity of 50 pounds or more.

(2) Abate the processing tax on both cotton and burlap bags having a nominal capacity of 50 pounds or more.

(3) Remove the processing tax on burlap bags having a capacity of 50 pounds or more when used as containers of alfalfa meal, barley, beans, fertilizer, grain sorghum, nuts, onions, potatoes, rice, and wheat.

The first suggestion will grant relief to those growers of agricultural commodities who do not use cotton bags without prejudicing the use of cotton bags except to a very limited extent. It is unreasonable to penalize farmers who use burlap bags exclusively merely because 1 percent to a maximum of 25 percent, in some cases, of the total bags manufactured of a certain size happen to be made of cotton, particularly when in most of the cases the cotton bag would be used, regardless of the price of burlap. Likewise, it is unjust to farmers to penalize them in order to hold for cotton so small a portion of the total bag business, if this business has been obtained owing to cotton prices being so low as to actually fail to pay costs of production. The loss of such business to burlap could not be deemed an excessive shift.

In order to present a broader picture of the effect of suggestion number (1), we have prepared a tabulation showing the total number of cotton and burlap bags used in the United States having a capacity of 50 pounds or greater. While in some instances it has been necessary to estimate the quantity of bags of a certain size used for a commodity, these estimates are usually of such small magnitude as not to affect materially the accuracy of the statement.

Out of approximately 560,000,000 bags, less than 20 percent as a maximum could possibly be considered as being competitive. Assuming for the moment that they are all competitive, then it appears that the administration has levied a tax on agriculture of over $11,000,000 in order to collect a tax of $2,000,000 on bags which might be deemed taxable under the law. It is also a fact that included in this $11,000,000 of tax is a levy of $4,500,000 on burlap bags which never were in any manner or degree competitive with cotton.

In arriving at the $2,182,600 tax on so-called "competitive bags", the tax was applied to all cotton bags in the class. Obviously, many cotton bags are used for purposes for which burlap is not suitable, and these are, therefore, noncompetitive and should be eliminated. A true picture would likely show that little over 10 percent of the bags listed are actually competitive. A $9 unjust tax should not be levied in order to collect $1 that may be due.

The second proposal is offered if in the opinion of the administration processors of the small percentage of cotton bags used for containers having a capacity of 50 pounds or more should be fully protected against any possible shift in consumption. Again, we insist that this should not be done at the expense of other branches of agriculture which use enormous quantities of burlap bags exclusively. Full protection for cotton processors can be obtained by abating the tax on the small quantity of cotton bags used in the classification of 50-pound capacity and over without jeopardizing the interests of cotton growers or other agricultural commodities.

The third suggestion will entirely meet the requirements of Pacific coast agriculture. It does not in any way injure the cotton interests or the working of the cotton plan. It fully complies with the Agricultural Adjustment Act. Section 15 (d) of the act does not specify the means of applying a compensatory processing tax. The suggestion merely goes one step further than the exemptions now permitted under present jute regulations, which defines bags as "bags are all bags less than 6 feet in length and less than 3 feet in width made from jute fabrics." We ask merely that the regulations be modified so as to properly exempt all those commodities which have been heretofore moved exclusively in jute containers. We are asking for California agriculture the same treatment that has been accorded to cotton and wool growers; namely, the recognition of the fact that where a commodity has moved practically 100 percent in jute containers in the past it is entitled to be exempted from the payment of a compensatory tax on the grounds that there has been and will be no shift from the use of cotton to jute.

We most earnestly urge your careful consideration of the matters set forth in this application * * *. We ask that if possible immediate relief be granted by the removal of the tax on jute bags, which are not now and never have been competitive with cotton bags, and that if this action is not possible without a hearing, that such hearing be granted at the earliest possible date and be held in San Francisco, so that western agriculture may appear and be fully heard.

Dated at Berkeley, Calif., this 31st day of March 1934.

Respectfully submitted.

CALIFORNIA FARM BUREAU FEDERATION,
By R. W. BLACKBURN, *President*.

TABLE IV.—*Amount of taxes collected on noncompetitive jute bags compared with amount collected on competitive cotton bags*

Commodity	Approximate number of bags of 50-pound capacity or greater	Percent of bags		Number of bags in—		Processing tax on competitive bags [1]	Compensatory tax on—	
		Competitive with cotton	Noncompetitive with cotton	Competitive class	Noncompetitive class		Noncompetitive jute bags [1]	Jute by commodity using no cotton
Mill feed	137,000,000	[2] 6	94	8,000,000	129,000,000	$160,000	$2,580,000	
Mixed feed	98,000,000	[2] 52	48	51,000,000	47,000,000	1,020,000	940,000	
Fertilizer	73,000,000	0	100		73,000,000		1,460,000	$1,460,000
Potatoes	71,000,000	0	100		71,000,000		1,420,000	1,420,000
Wheat and barley	40,000,000	0	100		40,000,000		800,000	800,000
Onions	[4] 14,000,000	0	100		14,000,000		280,000	280,000
Chemicals	[5] 7,000,000	0	100		7,000,000		140,000	140,000
Sugar bakers	30,000,000	4	96	1,200,000	28,800,000	24,000	576,000	
Sugar bags	6,000,000	[3] 3	97	180,000	5,820,000	3,600	116,400	
Coffee	4,600,000	0	100		4,600,000		92,000	92,000
Rice	8,000,000	0	100		8,000,000		160,000	160,000
Flour	[6] 65,000,000	[3] 75	25	48,750,000	16,250,000	975,000	325,000	
Total	564,000,000			109,130,000	455,470,000	2,182,000	9,109,400	4,572,000

[1] Based on average of 2-cent tax per bag.
[2] Percent of bags actually made of cotton considered competitive because field has always been predominated by burlap, even with cotton at extremely low prices.
[3] For the purpose of this table, the entire number of cotton bags sold are assumed to be competitive with burlap, although obviously a much smaller proportion should be used.
[4] Open-mesh cotton bags are competitive with paper, but not burlap, so are excluded from table.
[5] Cotton and paper bags are used only for small containers.
[6] 98-pound and 140-pound bags only. No burlap 50-pound bags used for flour.

Mr. DICKSTEIN. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. MARLAND].

Mr. MARLAND. Mr. Chairman, I ask unanimous consent to speak out of order on subsistence homesteads.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MARLAND. Mr. Chairman, ladies and gentlemen of the Committee, last week with your unanimous consent I addressed you on the subject of State cooperation in our national recovery program, calling your particular attention to one phase of the recovery program in which our States could best assist—that is the program to provide our unemployed with subsistence homesteads.

I again solicit your attention to the same subject, as it is of pressing moment to every State in the United States.

During the past winter we had as high as 3,350,000 families receiving unemployment relief from the National Government.

An average of 11 percent of all the families in the United States were unfortunate victims of unemployment.

One State was fortunate enough to have only 2 percent of its families on the relief rolls. Other States had as high as 27 percent of their families living on the allowance provided by the Federal Relief Administration.

My fellow members of the Committee, think of this for a moment.

The Federal Emergency Relief Administration took care of as many as 15,000,000 of our fellow citizens at one time last winter, and 11 percent of our population was on the relief rolls for many months.

We represent these people in Congress as well as our more fortunate constituents.

It is unthinkable what would have happened to them had not provision been made by this Congress in the appropriations to the Public Works Administration and the Federal Relief Administration.

I cannot imagine wholesale famine in our land of superabundance.

But, with all our wise provision and the excellent work of our Federal agencies, we still witnessed much deprivation, destitution, and near-starvation.

In spite of all we have done under the National Recovery Act to promote national recovery—compelling shorter hours of work, to spread the work and to effect higher wages in industry—and in spite of the public work being done by the Public Works Administration, we still have over 10,000,000 men and women out of employment.

We still have over 3,000,000 families without proper means of support.

There can be no doubt that we must use every effort possible to provide employment for these families.

National policy, national safety demand it, and common humanity compels it.

Most of this unemployment today is in the cities of our country, the big cities and small towns.

This is the result of the great migration of our people from the farms to the cities which occurred as a consequence of the World War.

This migration began in 1914 and continued for 15 years, in which time over 20,000,000 American people moved from rural America to urban America.

I described this movement to you and its causes at some length last week and will not dwell upon it now.

Ten million of these people are still in our cities and towns and are unemployed.

With improved machinery in our mills, with mass production and labor-saving devices there is little prospect of their being needed again in productive occupations.

In fact, I can see no hope for their ever being productively employed in our cities, unless we should again have a great war, calling for the speeding-up of industry in the manufacture of war munitions.

To my mind, the one and only obvious solution for their problem is to return them to rural environment—return them to agricultural pursuits whence they came when they were called to meet the war-time demand for labor in the cities and the demand for labor which followed the war in the years of the building boom.

It is no small undertaking to return 3,000,000 families to the country; place every one of them on a little self-supporting farm, with fertile acres, a small house, a cowshed, a piggery, a hennery, and get each family settled in comfort and self-supporting independence.

But this is the very thing that must be done.

In the long run it will be much less expensive than trying to support them in idleness in the cities.

Four billion dollars, plus a lot of planning, plus good executive ability and hard work will get the job done, and will establish these people as self-supporting, self-respecting American families.

To feed, clothe, and shelter them in idleness in the cities would cost that much and more every 3 years.

It is a great undertaking. Every State in the Union must do its part; must cooperate in the establishment of subsistence homestead projects.

In some States the problem will be less difficult than in others.

In my State, while we had as high as 150,000 families on relief rolls last winter, I do not believe there are over half that many today, and some of these are on single-crop farms, where their poverty has resulted from either crop failure or low prices of their crops.

These destitute farmers must be rehabilitated; the size of their farms reduced, by purchase, in some cases; their planting diversified; their farm restocked; their houses repaired; new tools, machinery, clothes, shoes, and seed provided.

Probably not more than 50,000 families in my State now living in cities and towns need be returned to farms.

But something near that number should be furnished subsistence homestead farms as soon as possible, for they can find no employment where they are, and we are feeding them in idleness.

They need a 5- to 40-acre farm, depending upon its location and character—with a house, tools, machinery, livestock, seed, and some guidance to make them self-supporting.

These families can and will pay for these homesteads—over a period of years—20 years—and neither Nation nor State need be out one penny as a result of these subsistence homestead projects.

In fact, every State and the Nation will be richer thereby—to the extent of millions of happy, independent, self-supporting citizens.

Members of the Committee, you will all leave Washington shortly to return to your homes in your several States. There are 435 of us from 48 States.

Let us each make ourselves fully familiar with the developments up to date in the Division of Subsistence Homesteads in the Department of the Interior before we leave Washington. Let us know what they have done; what they are doing—what projects are under way in each State and what has been learned in the development of each of these projects.

When we get home, let us tell our people of the important place of subsistence homesteads in our national economy.

Let us urge the election of State officers from Governor down—State legislators, senators and representatives, county officials—who understand, sympathize, and are prepared to cooperate with this great and necessary national movement.

This back-to-the-land movement must succeed, or we are all lost.

We cannot continue long with 10,000,000 of our people unemployed.

No nation can exist with that percentage of its people pauperized.

Poverty must be reduced to the vanishing point, if not entirely banished.

Mr. Chairman and members of the Committee, I urge you, each of you, to put your shoulders to the wheel and help in this undertaking.

Your great opportunity to help lies in preaching the doctrine that subsistence-homestead planning has a great place in our national economy as a solution for part of our unemployment problem and to preach that it is the duty of Governors, State officials, and legislators to cooperate in their several States with the National Government in the developments of such national projects and their duty at the same time to go ahead with State economic planning for subsistence-homestead projects of their own.

In some States this can and should be supplemented by the building of small industries in conjunction with homestead projects—small industries, little factories—using the natural resources of the State to manufacture things for home consumption and furnishing employment to the homesteaders.

We here in Congress may differ at times somewhat in our ideas as to national industrial planning and agricultural planning. I personally do not feel that all our legislation has been wise.

But surely there can be no difference of opinion among us as to the desirability, the necessity of adopting the program for establishing subsistence homesteads, returning these poor, stranded fellow citizens of ours back to the land, where they may enjoy the fruits thereof, produced by the sweat of their brows.

These good, unfortunate Americans do not want to continue to eat the bread of idleness forever. They want only the chance to earn their livelihood.

It is up to us—every one of us—to see that they get that opportunity.

Mr. Chairman, this is probably the last occasion upon which I, as a Member, will address you and this House.

I am not a candidate for reelection to Congress—I will not be back with you next year.

I am offering myself to the people of Oklahoma as a candidate for Governor of the State.

I am doing this because I feel that as chief executive of my State I can best put my long years of business training and experience at their service.

The subsistence-homestead development must be encouraged in Oklahoma.

Fifty thousand families in our cities need the opportunity to earn their own living on the land.

The single-crop farmer must be aided to diversify his crops, and cooperative marketing must be provided for his surplus.

Small industries must be fostered and encouraged to develop our natural resources.

We need cotton mills, garment factories, flour mills, canneries, glass factories, furniture factories, tanneries, harness and shoe factories, and others too numerous to mention.

And we have the raw material to supply these plants with cheap fuel—coal, oil, gas—in abundance.

We must develop small natural-resource industries in Oklahoma to make our State more self-contained.

Manufacturers in large cities who are planning to move their plants would do well to study the natural resources of Oklahoma.

We are preeminently an agricultural and oil-producing State. Nearly everything we produce we ship out of the State, and nearly everything we consume we ship in. This must be corrected. We must have a better balance between agriculture and industry.

Oklahoma labor has produced from its soil in the past 30 years products which sold for over $12,000,000,000 and spent more than its income in the purchase of manufactured products of other States.

Mr. Chairman, I will no longer detain the House with a discussion of Oklahoma's economic problem.

I will only say that I am leaving the House, where I have enjoyed my work and the friendship of my coworkers, to run for Governor, because the financial and economic situation of my State is so grave and requires the type of business leadership I feel that I can supply.

We are one of the richest States of the Union in natural resources. We have produced billions of wealth and do still produce fabulously, but we are facing bankruptcy—State, county, municipal, as well as personal—because of bad government, lack of business management of State affairs, and entire failure of economic planning.

Oklahoma had 27 percent of its families on the Federal relief rolls at one time last winter.

Oklahoma produced last year enough food for 10 times her own population but could not feed her own. Seven hundred and fifty thousand citizens of Oklahoma ate the bread of national charity last winter, while wheat produced on Oklahoma farms made enough flour for 10,000,000 loaves of bread per day for other people.

Children were undernourished in Oklahoma last winter. Yet Oklahoma cows gave 8,000,000 pints of milk per day which was sold out of the State.

Mr. Chairman, it is these conditions I feel it is my duty to attempt to correct.

They must be corrected.

We cannot abide famine in our land of abundance.

If the people of Oklahoma will have me as their Governor, I expect to give the rest of my public life in their service.

And, consequently, Mr. Chairman, ladies and gentlemen of the Committee, I bid you good-bye and thank you for your attention.

CITIZENSHIP AND NATURALIZATION

Mr. DICKSTEIN. Mr. Chairman, general debate having been exhausted, I ask for the reading of the bill.

The Clerk read as follows:

Be it enacted, etc., That section 1993 of the Revised Statutes is amended to read as follows:

"SEC. 1993. Any child heretofore born or hereafter born out of the limits and jurisdiction of the United States, whose father or mother at the time of the birth of such child was or is a citizen of the United States, is declared to be a citizen of the United States; but the rights of citizenship shall not descend to any such child unless the citizen father or citizen mother, as the case may be, has resided in the United States previous to the birth of such child."

The Clerk read the following committee amendment:

Page 1, line 5, after the word "child," strike out the words "heretofore born or."

The committee amendment was agreed to.

The Clerk read the following committee amendment:

Page 1, line 8, strike out the words "was or."

The committee amendment was agreed to.

The Clerk read the next committee amendment, as follows:

Page 1, line 9, after the word "States", insert "*Provided*, That if one parent is an alien, such alien is not of a race ineligible to citizenship."

Mr. BLACK. Mr. Chairman, this committee amendment is one that several gentlemen have called attention to in general debate. The amendment discriminates against American citizens of oriental birth and generally discriminates against the oriental races.

As I said in general debate, I think in the interest of international comity the committee ought to vote down this particular amendment.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. BLACK) there were 57 ayes and 28 noes.

Mr. MARTIN of Oregon. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-nine Members present, a quorum.

Mr. BLACK. Mr. Chairman, I demand tellers.

Mr. TABER. I make the point of order that the demand comes too late.

Mr. MCFARLANE. Mr. Chairman, I make the point of order that the demand comes too late.

Mr. BLACK. Mr. Chairman, may I be heard? The Chair announced the result of the vote on the division, whereupon the gentleman from Oregon [Mr. MARTIN] made the point of no quorum. We have had no opportunity to ask for tellers.

The CHAIRMAN. The Chair thinks that the demand for tellers comes too late. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 2, line 4, after the word "child" insert "and unless the child, previous to his eighteenth birthday, returns to the United States and resides therein for at least 5 years continuously."

The CHAIRMAN. The question is on agreeing to the committee amendment.

Mr. MILLARD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. MILLARD: Page 2, at the end of line 6, strike out the period and insert a comma and add the following: "and unless within 6 months after the child's twenty-first birthday he or she shall take the oath of allegiance to the United States of America as prescribed by the Bureau of Naturalization."

The CHAIRMAN. The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question now recurs upon the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. WEIDEMAN. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WEIDEMAN: Page 1, line 7, after the word "mother", insert "or both", and on line 10, page 1, between the words "alien" and "such", insert the word "and."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

Mr. DIES. Mr. Chairman, may we have the amendment offered by Mr. MILLARD read again? Some of us did not hear it.

Mr. MARTIN of Oregon. That amendment has already been adopted.

Mr. DIES. Mr. Chairman, I ask unanimous consent that the amendment may be again reported.

The CHAIRMAN. Is there objection?

Mr. MARTIN of Oregon. Mr. Chairman, I object. We have already adopted it.

Mr. DIES. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DIES: Page 2, line 4, after the word "child", strike out the following: "and unless the child, previous to his eighteenth birthday, returns to the United States and resides therein for at least 5 years continuously" and insert in lieu thereof the following: "and unless the child, in cases where one of the parents is an alien, comes to the United States and resides therein for a period of 5 years continuously previous to his eighteenth birthday."

Mr. DIES. Mr. Chairman, the purpose of this amendment is to clarify the doubt expressed by the State Department as to whether or not under the amendment as adopted by the committee the child would have to complete its residence of 5 years prior to its eighteenth birthday, or merely beginning, and in order to make it certain that the child would not only have to begin its residence prior to its eighteenth birthday but also complete it prior to his eighteenth birthday, this amendment is offered, so that there will be no doubt about it.

Mr. JENKINS of Ohio. What is the gentleman's interpretation as to how the amendment previously adopted, offered by the gentleman from New York [Mr. MILLARD] would fare. Where will that amendment be?

Mr. DIES. It will follow the amendment that I propose.

Mr. JENKINS of Ohio. Then it will have to be corrected, because Mr. MILLARD's amendment was to strike out the period after the word "continuously" and insert certain language.

Mr. DIES. I ask unanimous consent that the amendment offered by the gentleman from New York [Mr. MILLARD] be amended so as to apply after the words where they occur the last time, "eighteenth birthday."

The CHAIRMAN. Is there objection?

Mr. JENKINS of Ohio. As I understand it, that will make it readable and consistent?

Mr. DIES. Yes.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas, which the Clerk will again report.

The Clerk again reported the amendment offered by the gentleman from Texas.

Mr. KRAMER. Mr. Chairman, I offer an amendment to the amendment of the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. KRAMER to the amendment offered by Mr. DIES: After the word "following" insert the word "immediately."

Mr. DIES. Mr. Chairman, I will accept the modification.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The Clerk read as follows:

SEC. 2. Section 5 of the act entitled "An act in reference to the expatriation of citizens and their protection abroad" approved March 2, 1907, as amended, is amended to read as follows:

"SEC. 5. That a child born without the United States of alien parents shall be deemed a citizen of the United States by virtue of the naturalization of or resumption of American citizenship by the father or the mother: *Provided*, That such naturalization or resumption shall take place during the minority of such child: *And provided further*, That the citizenship of such minor child shall begin at the time such minor child begins to reside permanently in the United States."

Mr. DIES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIES: Page 2, line 17, after the word "begin", strike out the word "at" and insert the following: "5 years after."

Mr. DIES. Mr. Chairman, the purpose of this amendment is to make the law in the case where the parents of the child are naturalized citizens the same as the law is in the case of native-born citizens.

The amendment was agreed to.

The Clerk read as follows:

SEC. 3. A citizen of the United States may upon marriage to a foreigner make a formal renunciation of his or her United States citizenship before a court having jurisdiction over naturalization of aliens.

With the following committee amendment:

Page 2, line 23, after the word "aliens", insert a comma and the following: "but no citizen may make such renunciation in time of war, and if war shall be declared within one year after such renunciation then such renunciation shall be void."

The committee amendment was agreed to.

Mr. DIES. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. DIES: On page 2, line 21, after the word "foreigner", add a comma and insert the following: "and upon declaration of intention to abandon residence in the United States."

Mr. DIES. Mr. Chairman, the purpose of this amendment is to comply with the suggestion of the State Department. Under section 3 this bill permits an American citizen to renounce his or her citizenship, even though such American citizen has no intention to permanently leave the United States. This amendment states not only that the American citizen must marry a foreigner before having the right to renounce citizenship but such citizen must declare that he or she intends to permanently abandon the United States. In other words, the State Department contends it bad policy to permit an American citizen just simply because of marriage to a foreigner to renounce his or her citizenship, even though he or she intends to reside in the United States. If he or she continues to live in the United States, the State Department suggests that such person ought not to be permitted to renounce allegiance and citizenship. If the person intends to leave the United States permanently, that is another matter, and the person should be allowed to renounce citizenship if he or she so desires. Of course, the amendment is not particularly important in view of my other amendment that has been adopted, which makes void such renunciation in case war is declared within 1 year thereafter.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield long enough to have the amendment read again?

Mr. DIES. Certainly.

The Clerk again read the Dies amendment.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the amendment.

I rather think the principle which the gentleman from Texas has in mind is perfectly all right, but I am afraid the amendment will cause difficulty. I admit that in ordinary practice anybody can go into a court of competent jurisdiction and renounce United States citizenship and under ordinary circumstances go to some other country; but let us take a concrete case. Suppose some gentleman comes from Germany or France as an attaché of the German or French Embassy in Washington and in the course of his assignment in this city, becomes enamored of and probably marries an American stenographer employed at the Embassy. As a matter of fact he is a citizen of another country. It might easily be that by virtue of the fact that she retains her nationality and her citizenship in the United States while he is a citizen of another country, in the event he should die during his service in this country, a penalty would be visited upon his wife and perhaps the children of the marriage, if there were any, so far as property rights are concerned. Foreign law might, and often does, deny succession to property rights, to an alien.

Mr. DIES. The gentleman does not understand. This applies only to the case where an American citizen wants to renounce his or her citizenship.

Mr. DIRKSEN. But in the case I am using as an illustration, so far as property rights are concerned, it might be necessary for the American woman to renounce her citizenship in this country, in order to inherit; yet she would not want to leave the country so long as her alien husband was assigned to duty here.

Mr. DIES. She would not want to renounce her citizenship while she resided in this country.

Mr. DIRKSEN. But, as I say, her act in retaining American citizenship after marrying this attaché of the embassy might work against her best interests, especially insofar as the laws of inheritance of the husband's country were concerned, should he die before she took his citizenship. Under your amendment, she could not renounce citizenship unless she declared her intention to abandon residence in this country, and on the other hand, if the right to renounce without such declaration were denied, she might readily imperil for herself and her children such property rights as she might have in her husband's foreign property, because in truth she is a citizen of the United States, and therefore an alien to her husband's country.

You say that she can renounce only on declaration of intention to abandon residence in this country.

Mr. DIES. That is true.

Mr. DIRKSEN. I suggest that she might be foreclosed in her right to succeed to any property he might leave in case of death in this country. I think the amendment is dangerous in that respect and should be voted down.

Mr. DIES. I do not think this is a material amendment. The State Department made the suggestion and in order to comply with the suggestion of the State Department I offered this amendment.

Mr. DIRKSEN. I do not believe it is necessary, nor is it the fair thing to do. The principle of equality is not involved in the amendment.

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last two words.

As I understand the amendment, if an American woman wants to marry a foreigner and wants to renounce her allegiance, it is provided that she has to get out of the country.

Mr. DIES. No; she has to declare it is her intention to abandon her residence in this country, not to permit her to continue to live in the United States or let the husband continue to live in the United States and renounce his or her citizenship.

Mr. JENKINS of Ohio. My understanding is that it is claimed that if an American woman wants to marry a foreigner and does marry a foreigner, she may renounce her allegiance and stay here, under the present law.

Mr. DIES. She has to declare that she intends to abandon her residence in the United States.

Mr. JENKINS of Ohio. Suppose she does declare, but does not do it; does the gentleman want her to be compelled to leave anyway?

Mr. O'CONNOR. Where and how does she make this renunciation?

Mr. DIES. She makes it before any court of competent jurisdiction.

Mr. O'CONNOR. The gentleman states this is an immaterial amendment, and in view of the fact it is so vague I wonder why the gentleman presses it?

Mr. DIES. I stated the reason for offering the amendment.

Mr. JENKINS of Ohio. Will the gentleman from Texas tell me again what the object of the amendment is?

Mr. DIES. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

SEC. 4. Section 2 of the act entitled "An act relative to the naturalization and citizenship of married women", approved September 22, 1922, is amended to read as follows:

"SEC. 2. That an alien who marries a citizen of the United States, after the passage of this act, as here amended, or an alien whose husband or wife is naturalized after the passage of this act, as here amended, shall not become a citizen of the United States by reason of such marriage or naturalization; but, if eligible to citizenship, he or she may be naturalized upon full and complete compliance with all requirements of the naturalization laws, with the following exceptions:

"(a) No declaration of intention shall be required.

"(b) In lieu of the 5-year period of residence within the United States and the 1-year period of residence within the State or Territory where the naturalization court is held, he or she shall have resided continuously in the United States, Hawaii, Alaska, or Puerto Rico for at least 1 year immediately preceeding the filing of the petition."

With the following committee amendment:

On page 3, line 21, strike out the words "1 year" and insert in lieu thereof "3 years."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 5. The following acts and parts of acts, respectively, are repealed: The act entitled "An act providing for the naturalization of the wife and minor children of insane aliens making homestead entries under the land laws of the United States", approved February 24, 1911; subdivision "Sixth" of section 4 of the act entitled "An act to establish a Bureau of Immigration and Naturalization, and to provide for a uniform rule for the naturalization of aliens throughout the United States", approved June 29, 1906; and section 8 of the act entitled "An act relative to the naturalization and citizenship of married women", approved September 22, 1922, as said section was added by the act approved July 3, 1930, entitled "An act to amend an act entitled 'An act relative to naturalization and citizenship of married women', approved September 22, 1922."

The repeal herein made of acts and parts of acts shall not affect any right or privilege or terminate any citizenship acquired under such acts and parts of acts before such repeal.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, unless some other Member makes the demand—and I notice that other Members fought this part of the bill—I shall ask for a separate vote on the committee amendment on page 1, lines 9 and 10:

Provided, That if one person is an alien, such alien is not of a race ineligible to citizenship.

I sincerely hope when the matter comes up in the House that the amendment will be stricken.

Without regard to the principle involved—and the amendment constitutes a wrong principle—there is a practical side to this question which should concern us. This amendment constitutes a deliberate insult to two of the great nations of this world. No matter how we may feel about the race question—and I am as broad and tolerant on racial as I am on religious questions—there is something deeper involved in this particular amendment. There is no question but that Japan and China have a justifiable basis for exception as a result of the national-origins clause of the present immigration law. We could have given them a quota of a hundred, and from a practical angle we would have been consistent with the principle that that law established. In this bill we heap insult upon insult. Do not make such a mistake. We simply say that, because an American woman goes over to China or Japan and marries a member of the yellow race and has children, we deny her children the right to come to the United States—a right which we give to every other American woman, black or white, who may go to another country, marry a foreigner, and have children as the result of the union.

Mr. O'CONNOR. The gentleman may not have heard my remarks, but this is not the worst feature of the amendment. Today a Chinese male citizen of our country can go to China and his children are American citizens, but this bill takes away that existing right from him but extends the right to other nationalities.

Mr. McCORMACK. The gentleman is absolutely right.

Mr. Chairman, there is one more thought I wish to convey. Let us look at this from the practical angle. I realize that if this were to be used for the purpose of evading our immigration laws there would be some justification, but do you mean to say that an American woman of the yellow race, born here, an American citizen under our Constitution, is going to Japan and China to be married and have children for the purpose of bringing those children into the country in order to evade our immigration laws? Of course, common sense is against any such inference or supposition.

Mr. MARTIN of Oregon. I hope the gentleman will not make the motion, but will allow a Member from California to do that. California is the State that is particularly involved.

Mr. McCORMACK. I said that unless some other Member demands a separate vote, I will.

Mr. BLACK. It does not make any difference.

Mr. McCORMACK. The number of persons involved are very few. This amendment is not only wrong in principle but is unnecessary from a practical angle. Furthermore, if we allow this provision to remain in the bill, it constitutes a direct insult to every person of the yellow race, citizen or otherwise.

Mr. WEIDEMAN. This was not a part of the basic law as it was originally written and the women of this country who are backing this in connection with the equal-rights bill are not a party to this amendment. This is a committee amendment.

Mr. JENKINS of Ohio. May I ask the gentleman whether he has considered this proposition? As I see it, as the gentleman from New York says, this is a very embarrassing part of the bill. It is also very impracticable in one way. But if we apply this strictly and literally, it makes no discrimination as against the Chinese-born American citizen, nor the Japanese either, because it applies to a white American the same as it does to a Chinaman or anyone else. You, an American-born white man, cannot go to China and marry a Chinese woman and bring her in here, neither can an American-born Chinese. Therefore, there is no discrimination against a Chinese-born American citizen. The discrimination is against those who are considered ineligible to citizenship. Likewise, an American-born white man can go to China and marry and can under the present law bring in his children, so can an American-born Chinese. So there is no discrimination. Under this proposed law neither an American-born white man or an American-born Chinese may bring in his children if their mother is a Chinese or a woman ineligible to citizenship, so there is no discrimination in either case. But the change comes if you undo what has been done here this afternoon, for if you vote this out a Chinese woman born in the United States may go to China and marry and may bring in her children. She cannot do so under the present law.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. O'CONNOR. This bill does not apply to wives, it applies to children.

Mr. JENKINS of Ohio. It applies to the children of wives and the children of husbands.

Mr. O'CONNOR. Yes.

Mr. McCORMACK. My friend JENKINS is fair. This is not an immigration question. I would go along with the gentleman if they were using this to violate our immigration laws, but looking at it from the standpoint of justice and from the standpoint of righteousness, what is the difference? A woman, white, black, or yellow, if she is an American citizen, is entitled to the privileges guaranteed and given to every one of us, either by law or under the Constitution. [Applause.]

Mr. DICKSTEIN. Mr. Chairman, it is not the desire of the committee or myself to discriminate against the Chinese or the Japanese or any other race. As a matter of fact, I would be the last person in the world to discriminate against anybody. I have discussed this matter with the members of my committee. It is my impression, and it is the impression of the committee that some of our colleagues do not understand the interpretation of certain clauses of this measure, but in order to make them feel right and to pass this bill quickly, I ask unanimous consent to return to page 1, line 9, and I shall offer a committee amendment.

Mr. BLACK. Mr. Chairman, I reserve the right to object until I have heard the amendment read.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. DICKSTEIN: Page 1, strike out lines 5 to 10, both inclusive, and page 2, strike out lines 1 to 6, both lines inclusive, and insert in lieu thereof the following:

"SEC. 1993. Any child hereafter born out of the limits and jurisdiction of the United States, whose father or mother at the time of the birth of such child is a citizen of the United States, is declared to be a citizen of the United States; but the rights of citizenship shall not descend to any child unless the citizen father or the citizen mother, as the case may be, has resided in the United States previous to the birth of such child."

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DIES. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. DIES. There is nothing in this amendment that will affect the other amendments we have adopted?

Mr. DICKSTEIN. No; this simply takes out the alleged discrimination that has been charged on the floor. This is in the nature of a perfecting amendment to section 1 of the bill.

Mr. O'CONNOR. Mr. Chairman, I want to be sure the Committee understands the situation.

The committee adopted an amendment, at the bottom of page 1, consisting of the language in italics. I want to be sure the gentleman is proceeding properly. The gentleman could have moved to rescind the action of the committee in adopting that amendment and would have accomplished the same purpose. If that is the understanding of what we are doing, I want the committee to know it.

Mr. DICKSTEIN. This is a clarifying amendment, preserving the language of the present law. If we struck out the language in italics without making a proper correction, it would not be right.

Mr. O'CONNOR. Mr. Chairman, I want to be sure I understand the purpose of the unanimous consent of the gentleman from New York.

As I understand, the request was to eliminate the previous action of the committee in adopting the committee amendment at the bottom of page 1 and another committee amendment in lines 4, 5, and 6, on page 2, so that the bill will be left in the condition it was in previous to the adoption of the committee amendments. I therefore suggest that the proper motion would be to rescind the action of the committee on the committee amendment on page 1 and the committee amendment on page 2, lines 4, 5, and 6.

Mr. DICKSTEIN. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection, and the amendment was withdrawn.

Mr. DICKSTEIN. Mr. Chairman, I ask unanimous consent to go back to page 1, lines 9 and 10, and that the previous action of the committee be rescinded, and the words, beginning in line 9, "*Provided*, That if one parent is an alien, such alien is not of a race ineligible to citizenship", be stricken from the bill.

Mr. JENKINS of Ohio. Mr. Chairman, I object.

Mr. McCORMACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. Is it now necessary for the gentleman from New York to ask unanimous consent? As I understand, unanimous consent was granted to return to section 1 of the bill.

The CHAIRMAN. That request was granted.

Mr. McCORMACK. The amendment has been withdrawn and the question is whether or not it is now necessary to have unanimous consent to offer the amendment, or whether the gentleman can offer such an amendment based on the unanimous consent already granted.

The CHAIRMAN. In the opinion of the Chair, the unanimous-consent request to return and the offering of the amendment were separate requests.

Mr. McCORMACK. In other words, it is now in order to move to amend?

The CHAIRMAN. The Chair will wait until the amendment is offered before answering that question.

Mr. DICKSTEIN. Mr. Chairman, I move to rescind the action of the Committee agreeing to the committee amendment printed in italics in lines 9 and 10 on page 1 of the bill, being the words reading:

Provided, That if one parent is an alien, such alien is not of a race ineligible to citizenship.

The CHAIRMAN. The question is on the motion of the gentleman from New York.

Mr. JENKINS of Ohio. Mr. Chairman, I rise in opposition to the amendment in order to explain one proposition, or at least to give my interpretation of it.

At the present time there are certain countries from which no immigration can come. There are certain races that are ineligible to citizenship. This is an organic law and is a principle that is recognized in all immigration matters. You are now going to change the immigration law.

Mr. DICKSTEIN. No; we are not changing the law.

Mr. JENKINS of Ohio. You are going to withdraw an objection that now applies to people of ineligibility, and if you are going to raise that bar, then you are going to lay down some other bar.

Mr. DICKSTEIN. I am not raising any bar.

Mr. JENKINS of Ohio. That is my objection to it.

Mr. DICKSTEIN. Will the gentleman yield for a question?

Mr. JENKINS of Ohio. Of course, you can emasculate this bill if you wish.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. DICKSTEIN. Striking out that language, does not the question then come up that persons ineligible for citizenship cannot come in?

Mr. JENKINS of Ohio. Under this law any man or woman could go anywhere and marry anybody who was either eligible or ineligible to citizenship and their children would be eligible to citizenship.

Mr. O'CONNOR. If they are citizens.

Mr. JENKINS of Ohio. Yes; if they are citizens.

Mr. O'CONNOR. That is the present language of the law.

Mr. JENKINS of Ohio. If that is what you want, that is all right with me, but that is exactly what you are doing here.

The CHAIRMAN. The question is on the motion of the gentleman from New York [Mr. DICKSTEIN].

The motion was agreed to.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MARTIN of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes, and had directed him to report the bill back to the House with sundry amendments adopted by the Committee of the Whole House on the state of the Union.

The SPEAKER. Under the rule the previous question is ordered on the bill and amendments to final passage. Is

there a demand for a separate vote on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. DICKSTEIN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

SALARIES OF RURAL LETTER CARRIERS

Mr. BANKHEAD, from the Committee on Rules, presented a privileged report on the bill (H.R. 8919) to adjust the salaries of rural letter carriers, and for other purposes, for printing under the rule, which was referred to the House calendar and ordered printed.

The resolution is as follows:

House Resolution 355

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 8919, a bill to adjust the salaries of rural letter carriers, and for other purposes; and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted; and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit; with or without instructions.

DISCRIMINATION IN THE HOUSE RESTAURANT

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 236.

The Clerk read the resolution as follows:

House Resolution 236

Whereas it has come to my attention as a Representative in Congress that a rule of discrimination is being enforced in the restaurant service of the House of Representatives; and

Whereas I stand peculiarly as the representative of the 12,000,000 loyal colored citizens of the United States; and

Whereas these people, and their forebears, have contributed of might and main, blood and sinew, in the development of this country; and

Whereas from the year 1619, when a group of 20 slaves were landed at Jamestown, Va., these people have been loyal to the country to which they and their forebears were brought through a commercial traffic in human souls; and

Whereas for 244 years of unrequited toil these loyal citizens tilled the soil, planted the fields, harvested the crops of the southern plantations, nursed and succored the families of their masters, were custodians of the family chest while master was at war to keep them in slavery; and

Whereas the first blood that fertilized the soil of this continent in the cause of liberty and fraternity flowed from the life stream of that hero martyr Crispus Attucks, who fell on Boston Common in 1770; and

Whereas the colored citizens of the United States have borne their full share of responsibility and sacrifice in every military movement in which this country has been engaged from the Revolutionary period, through the Civil War, on through Carizal, San Juan Hill, and the Argonne front; and

Whereas this loyalty must gain for them the liberal plaudits of patriotic Americans and place them beyond the pale of present-day serfdom and slavery; and

Whereas under the Constitution of the United States, and the fourteenth and fifteenth amendments thereof, these people are citizens of the United States, entitled to all the privileges and immunities as are enjoyed by others; and

Whereas in the Washington Post of the issue of Wednesday, January 24, 1934, the Honorable Representative LINDSAY C. WARREN, of the First District of North Carolina, Chairman of the Committee on Accounts, House of Representatives, is quoted as saying: "In refusing to serve two colored persons in the House restaurant today, Manager P. H. Johnson of the restaurant was acting under my orders and instructions"; and

Whereas Representative LINDSAY C. WARREN, of the First District of North Carolina, Chairman of the Committee on Accounts, House of Representatives, is further quoted in said Post as saying: "The restaurant has been operated by the committee since 1921. It has never served colored employees or visitors, nor will it, so long as I have anything to do with the restaurant"; and

Whereas the rule of discrimination was put in force and effect Tuesday, January 23, 1934, and the restaurant of the House of Representatives announced that the service was reserved for white people only to the exclusion of colored citizens, and two colored persons were so refused, as stated: Therefore be it

Resolved, That a committee of five Members of the House be appointed by the Speaker to investigate by what authority the Committee on Accounts controls and manages the conduct of the House restaurant, and by what authority said committee or any members thereof issued and enforced rules or instructions whereby any citizen of the United States is discriminated against on account of race, color, or creed in said House restaurant, grill-room, or other public appurtenances or facilities connected therewith under the supervision of the House of Representatives.

Said committee is authorized to send for persons and papers and to administer oaths to witnesses and shall report their conclusions and recommendations to the House at the earliest practicable moment.

With the following committee amendment:

Strike out the preamble.

Mr. O'CONNOR. Mr. Speaker, this is the so-called "De Priest resolution", with which the House is very familiar, and I move the previous question.

The previous question was ordered.

The committee amendment was agreed to.

The SPEAKER. The question is on agreeing to the resolution.

Mr. PARKS and Mr. RAMSPECK called for a division.

Mr. McFADDEN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 236, nays 114, answered "present" 1, not voting 79, as follows:

[Roll No. 132]

YEAS—236

Adair	Dunn	Kenney	Ransley
Adams	Durgan, Ind.	Kinzer	Reece
Allen	Eaton	Kloeb	Reed, N.Y.
Andrew, Mass.	Edmiston	Kniffin	Reilly
Andrews, N.Y.	Eicher	Knutson	Rich
Arens	Eltse, Calif.	Kocialkowski	Richardson
Arnold	Englebright	Kopplemann	Robinson
Ayers, Mont.	Evans	Kramer	Rogers, Mass.
Ayres, Kans.	Faddis	Kvale	Rogers, N.H.
Bacharach	Farley	Lambertson	Rudd
Bacon	Fiesinger	Lamneck	Sabath
Bakewell	Fish	Lanzetta	Sadowski
Beck	Fitzpatrick	Larrabee	Secrest
Beedy	Fletcher	Lehlbach	Seger
Beiter	Focht	Lehr	Shoemaker
Biermann	Ford	Lemke	Simpson
Black	Fosa	Lesinski	Sinclair
Blanchard	Foulkes	Lewis, Colo.	Sirovich
Boehne	Frear	Lindsay	Sisson
Boileau	Gambrill	Lloyd	Smith, Wash.
Boland	Gavagan	Luce	Smith, W.Va.
Bolton	Gifford	Ludlow	Snell
Boylan	Gilchrist	Lundeen	Snyder
Britten	Gillespie	McCarthy	Somers, N.Y.
Brooks	Gillette	McCormack	Stokes
Brumm	Goodwin	McFadden	Strong, Pa.
Brunner	Goss	McGugin	Stubbs
Burnham	Granfield	McLean	Studley
Carpenter, Kans.	Gray	McLeod	Sutphin
Carpenter, Nebr.	Greenway	Maloney, Conn.	Sweeney
Carter, Calif.	Griswold	Mapes	Taber
Cavicchia	Guyer	Marshall	Taylor, Tenn.
Chase	Haines	Martin, Colo.	Thom
Christianson	Hamilton	Martin, Mass.	Thomas
Church	Hancock, N.Y.	Martin, Oreg.	Thompson, Ill.
Claiborne	Hart	Mead	Tinkham
Cole	Harter	Merritt	Tobey
Collins, Calif.	Hartley	Millard	Traeger
Condon	Healey	Moran	Treadway
Connery	Henney	Morehead	Truax
Connolly	Higgins	Mott	Turpin
Cooper, Ohio	Hoeppel	Moynihan, Ill.	Utterback
Crosser, Ohio	Holdale	Muldowney	Wallgren
Crowther	Hollister	Murdock	Wearin
Culkin	Holmes	Musselwhite	Weideman
Cullen	Hope	Norton	Welch
Darrow	Howard	O'Connell	Werner
Delaney	Hughes	O'Connor	West, Ohio
De Priest	Imhoff	Oliver, N.Y.	White
Dickstein	Jacobsen	Palmisano	Whitley
Dingell	James	Parsons	Wigglesworth
Dirksen	Jenkins, Ohio	Perkins	Williford
Ditter	Johnson, Minn.	Pettengill	Withrow
Dobbins	Kahn	Peyser	Wolcott
Dockweiler	Kee	Pierce	Wolfenden
Dondero	Keller	Plumley	Wolverton
Douglass	Kelly, Ill.	Polk	Woodruff
Dowell	Kelly, Pa.	Powers	Young
Duffey	Kennedy, N.Y.	Randolph	Zioncheck

NAYS—114

Abernethy	Bulwinkle	Cartwright	Colmer
Bankhead	Burke, Nebr.	Cary	Cooper, Tenn.
Bland	Busby	Castellow	Cox
Blanton	Byrns	Chapman	Cravens
Brown, Ga.	Caldwell	Clark, N.C.	Cross, Tex.
Brown, Ky.	Cannon, Mo.	Cochran, Mo.	Crump
Buchanan	Carden, Ky.	Coffin	Dear
Buck	Carmichael	Colden	Deen

Dickinson	Jones	Parks	Tarver
Dies	Kerr	Patman	Terrell, Tex.
Doughton	Kleberg	Peavey	Terry, Ark.
Doxey	Lambeth	Peterson	Thomason
Drewry	Lanham	Ramspeck	Thompson, Tex.
Driver	Lee, Mo.	Rankin	Turner
Duncan, Mo.	McClintic	Rayburn	Umstead
Eagle	McDuffie	Richards	Vinson, Ga.
Elizey, Miss.	McFarlane	Robertson	Walter
Fernandez	McKeown	Rogers, Okla.	Warren
Flannagan	McMillan	Romjue	Weaver
Fuller	McReynolds	Ruffin	West, Tex.
Fulmer	Maloney, La.	Sanders	Whittington
Glover	Mansfield	Sandlin	Wilcox
Green	May	Sears	Williams
Gregory	Miller	Smith, Va.	Wilson
Hastings	Mitchell	Spence	Wood, Ga.
Huddleston	Montague	Steagall	Wood, Mo.
Johnson, Okla.	Montet	Strong, Tex.	Woodrum
Johnson, Tex.	Owen	Sumners, Tex.	
Johnson, W.Va.	Parker	Swank	

ANSWERED "PRESENT"—1

Underwood

NOT VOTING—79

Allgood	Collins, Miss.	Hildebrandt	Oliver, Ala.
Auf der Heide	Corning	Hill, Ala.	Prall
Bailey	Crosby	Hill, Knute	Ramsay
Beam	Crowe	Hill, Samuel B.	Reid, Ill.
Berlin	Cummings	Jeffers	Schaefer
Bloom	Darden	Jenckes, Ind.	Schuetz
Brennan	DeRouen	Kennedy, Md.	Schulte
Brown, Mich.	Disney	Kurtz	Scrugham
Browning	Doutrich	Lea, Calif.	Shallenberger
Buckbee	Edmonds	Lewis, Md.	Shannon
Burch	Ellenbogen	Lozier	Stalker
Burke, Calif.	Fitzgibbons	McGrath	Sullivan
Cady	Frey	McSwain	Swick
Cannon, Wis.	Gasque	Marland	Taylor, Colo.
Carley, N.Y.	Goldsborough	Meeks	Taylor, S.C.
Carter, Wyo.	Greenwood	Milligan	Thurston
Celler	Griffin	Monaghan, Mont.	Vinson, Ky.
Chavez	Hancock, N.C.	Nesbit	Wadsworth
Clarke, N.Y.	Harlan	O'Brien	Waldron
Cochran, Pa.	Hess	O'Malley	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Sullivan (for) with Mr. Gasque (against).
Mr. Buckbee (for) with Mr. Oliver of Alabama (against).
Mr. Celler (for) with Mr. Jeffers (against).
Mr. Doutrich (for) with Mr. Allgood (against).
Mr. Kurtz (for) with Mr. Hill of Alabama (against).
Mr. Edmonds (for) with Mr. McSwain (against).
Mr. Hess (for) with Mr. Vinson of Kentucky (against).
Mr. Corning (for) with Mr. DeRouen (against).
Mr. Beam (for) with Mr. Browning (against).
Mr. Wadsworth (for) with Mr. Taylor of South Carolina (against).
Mr. O'Brien (for) with Mr. Burch (against).
Mr. Griffin (for) with Mr. Collins of Mississippi (against).
Mr. Harlan (for) with Mr. Jones of Texas (against).
Mr. Bloom (for) with Mr. Hancock of North Carolina (against).

General pairs:

Mr. Prall with Mr. Waldron.
Mr. Fitzgibbons with Mr. Carter of Wyoming.
Mr. Milligan with Mr. Stalker.
Mr. Taylor of Colorado with Mrs. Clarke of New York.
Mr. Shallenberger with Mr. Thurston.
Mr. Greenwood with Mr. Cochran of Pennsylvania.
Mr. Auf der Heide with Mr. Reid of Illinois.
Mr. Goldsborough with Mr. Swick.
Mr. Lozier with Mr. Berlin.
Mr. Samuel B. Hill with Mr. Cady.
Mr. Lewis of Maryland with Mr. Frey.
Mr. Lea of California with Mr. O'Malley.
Mr. Carley of New York with Mr. Marland.
Mr. Crowe with Mr. Kennedy of Maryland.
Mr. Disney with Mr. McGrath.
Mrs. Jenckes of Indiana with Mr. Hildebrandt.
Mr. Shannon with Mr. Knute Hill.
Mr. Bailey with Mr. Cannon of Wisconsin.
Mr. Schuetz with Mr. Monaghan of Montana.
Mr. Burke of California with Mr. Brennan.
Mr. Chavez with Mr. Darden.
Mr. Cummings with Mr. Ramsay.
Mr. Brown of Michigan with Mr. Scrugham.
Mr. Crosby with Mr. Meeks.
Mr. Schaefer with Mr. Nesbit.

Mr. PERKINS. Mr. Speaker, I change my vote from "nay" to "yea."

Mr. UNDERWOOD. Mr. Speaker, I withdraw my vote and answer "present", being a member of the Committee on Accounts.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

Mr. FIESINGER. Mr. Speaker, my colleague from Ohio [Mr. HARLAN] was called downtown on important business. If he were here, he could have voted "yea."

HOUSE RESOLUTION 236

Mr. GAVAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the resolution just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. GAVAGAN. Mr. Speaker, ladies and gentlemen of the House, a large percentage of the constituency I have the privilege and honor to represent are members of the Negro race. They look with just pride on the part they have contributed to the welfare of the United States of America. No more loyal and truly patriotic people can be found anywhere. They ask no special privilege nor seek favor above any other group or race. They are proud of their American citizenship and seek and ask only fair and equal treatment under the Constitution of the United States. Naturally, they resent any manner or form of discrimination; they are a proud and long-suffering people, and it gives me great pride on their behalf to speak to you today in favor of the passage of the resolution of Mr. DE PRIEST, for the appointment of a committee of the House of Representatives empowered to investigate the authority of the Committee on Accounts to promulgate and enforce rules denying to citizens of the Negro race the use of the House restaurant.

At the very outset I wish to pay my compliments and respects to the members of the Committee on Rules of the House of Representatives and especially the distinguished gentleman from Alabama [Mr. BANKHEAD], the chairman of the committee, for the fair consideration given the resolution and the fine spirit of justice exemplified when they reported the same favorably. But for such favorable report it would not have been possible to consider the resolution, as no power or authority exists under the Rules of the House to compel the Rules Committee to act on a resolution.

Investigation, I feel sure, will prove that the House-restaurant rule complained against is not of recent origin but was promulgated a long while ago when the Committee on Accounts was presided over and controlled by the members of the Republican Party. The present Chairman of the Accounts Committee, the Honorable LINDSAY C. WARREN, of North Carolina, in a recent address to the House stated unequivocally that the rule barring Negroes from the House restaurant was one of long standing—not created by him or the present committee—but inherited from previous committees. This statement of the gentleman from North Carolina [Mr. WARREN] has not been challenged or denied by anyone and must be assumed to be true, and is in fact true.

The question of the origin of the rule or regulation being decided, I proceed to discuss the power or authority of any committee of the House of Representatives or members thereof to promulgate, pass, or enforce any such rule, order, or direction. I challenge the authority of any committee of the Congress of the United States to enact any rule which in its nature and scope discriminates against any citizen of the United States because of race, creed, or color. I say—and I say it with no fear of contradiction—that there exists in no committee any authority, power, or right to promulgate, pass, or enforce any such discriminatory rule, regulation, or order.

Mr. Speaker, the fourteenth amendment to the Constitution of the United States provides that—

> All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

The second sentence of this amendment controls and regulates the power of the States and denies to any State

the power to abridge the privileges or immunities of citizens of the United States. Hence, no State has authority or power to pass laws discriminatory of the rights or immunities of citizens of the United States; such power is denied to a State by the Constitution.

Congress is the creature of the Constitution—no power not delegated can be created by Congress—Congress is the creature and not the creator of the Constitution. In respect to the States, however, the situation is reversed. The States are not the creatures of the Constitution. As representatives of the people, the States created the Constitution; and insofar as they vested and granted powers through the Constitution to the Federal Government created thereby, they divested and limited their original power. Therefore, as the States, under the fourteenth amendment, may not abridge the privileges and immunities of citizens of the United States, Congress, being the creature of the Constitution, may not, and no committee thereof can.

I myself, Mr. Speaker, abhor all discrimination of any kind or source. I believe in the Constitution of the United States and in the rights and privileges of freemen proclaimed, guaranteed, and protected therein. I blush with shame to think that here in the Nation's Capital any rule of discrimination would be tolerated, not to mention enforced.

My duty to my constituents and my respect for the principles upon which this Government is based both demand that I speak out in opposition to any rule or regulation tending to deny to any American citizen of Negro blood his right to just and equal treatment with his fellow citizen of another blood.

Mr. Speaker, I ask no special favor for those of my constituents who are of different color, but I do demand for them equal treatment and consideration. I desire to be true to my principles and to my duty to serve all my constituents—I can do no more—I seek no cheap notoriety in the performance of my clear and manifest duty. I firmly believe that this House should investigate this matter; and if discriminations of any kind are shown to exist, I shall demand the abolition of the same. We cannot, as Representatives of a free people, tolerate for one moment the existence of race hatred or prejudice. If it exists, we must stamp it out. Hatred and bigotry are the twin devils that have bedeviled man's progress toward freedom and justice since the beginning of time. To be free of them demands eternal vigilance. We cannot compromise—we must not condone.

Therefore, Mr. Speaker, I shall cast my vote in favor of the De Priest resolution and sincerely hope it will pass the House.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include short letters sent me by Louis MacMahon, of the Press Gallery.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, from the floor yesterday I called attention to the fact that after the House adjourned Monday and I had finished a conference with some colleagues, and had gathered my papers and was about to leave the Chamber, two reporters from the Press Gallery, accompanied by a third person, were waiting at the door for me just inside the House Chamber and accosted me, and attempted to upbraid me for opposing and stopping the passage of the local old-age pension bill for the District of Columbia. I did not know the names of either of these reporters but understood from them that they represented the Post and the Herald. On several other occasions they had interrogated me about legislation, but as they were comparatively new men, and were not the old reporters formerly representing the Washington papers, I had not yet been able to learn their names.

After one of them warned me that he "was going to give me 'hell' in his paper this morning", I naturally looked for same in the morning papers. There are but two morning papers here on Tuesday—the Post and the Herald. There was no attack on me in the Post. There was an attack on me in the Herald. The vicious, untruthful, unwarranted attack in the Herald, which at the top gave the name of the Herald reporter writing it as "Pat Frank", mentioned the attempt to upbraid me on the floor after adjournment by stating:

> This was after the Texan, with a 3-hour filibuster, single-handed practically blocked any hope of passage—

And so forth. So it was very evident to me that it was a Herald reporter who told me that he "was going to give me 'hell' in his paper the next morning."

Since then Mr. Louis A. MacMahon, who is a high-class, reputable reporter of many years standing, advised me that inasmuch as he was on the Herald staff, some might think that he had been the one who accosted me. Of course, he was not the one and was not present, and I told him that I would be glad to print in the RECORD any statement to that effect that he desired. From him through the mail I have received the following:

WASHINGTON, *April 24, 1934.*

Hon. THOMAS L. BLANTON,
House Office Building, Washington, D.C.

DEAR MR. BLANTON: It was very generous of you to volunteer to put into the RECORD the letter written me by Mr. Roy Moulden establishing the fact that I was not the reporter who threatened to "give you 'hell'."

I am enclosing Mr. Moulden's letter and would appreciate your putting it into the RECORD tomorrow, Wednesday, so as to clear up the situation for me. With thanks and appreciation in advance for your generosity and courtesy,

Sincerely yours,

LOUIS A. MACMAHON.

Accompanying the letter from Mr. MacMahon was the following:

WASHINGTON, D.C., *April 24, 1934.*

LOUIS A. MACMAHON,
Herald Reporter.

DEAR LOUIE: I regret that Representative BLANTON got you and me confused during his attack on Mr. Hearst on the floor of the House today.

BLANTON said the Herald reporter threatened to give him "hell." That is not a fact. I am the one who, in a good-natured way, threatened to give him "hell." He laughed and said he also would give me "hell."

Secrest, of the Post, and myself, representing the Washington Daily News, talked with BLANTON—the conversation to which he alluded on the floor today. Neither you nor anyone else representing the Washington Herald was present during the jocular colloquy with BLANTON. I saw BLANTON up to the time he left the House Monday afternoon, and at no time did I see you have any conversation with him. On the contrary, I met you in the House press gallery when Secrest and I finished our jocular conversation with BLANTON.

Again regretting the confusion, fraternally yours,

ROY MOULDEN,
Washington Daily News.

I am glad to know, Mr. Speaker, that it was just a jocular plant that I ran into at the door of this Chamber Monday afternoon, and that the reporters from the press gallery were in a jocular frame of mind when they told me that they would give me "hell" in their paper the next morning. If they had not been so very jocular, it might have been serious. But they do show that after the jocular plant and after the jocular accosting and after the jocular threat of giving me "hell" they went from the scene of said jocular joust back to the press gallery and there fraternized with a Herald reporter, and that one of the fraternizers who had been aiding and abetting the jocularity was a reporter from the Post staff.

And on its editorial page this morning, both in a foot-square cartoon, and a column and a half wide and half page long editorial, the Right Honorable Eugene Meyer in his Washington Post (which he hornswoggled from the McLean boys) jocularly attempted to give me "hell" in fulfilling the jocular threat I received in the presence of his jocular reporter Monday afternoon.

If Eugene Meyer's Post had told the truth, he would not merit blame, but Eugene Meyer's Post did not tell the truth. After quoting an irresponsible statement made in debate to the effect that this was congressional year and I was coming up for election, and passing this bill would put me in an embarrassing position and for such reason I was fighting the bill, Eugene Meyer's Post then made the positive assertion "The Representative from Texas did not deny this statement." Does Eugene Meyer and his Post think

they can get away with that? They are chargeable with knowing what I said because they had a reporter jocularly sitting in the press gallery, who jocularly accosted me on the floor after adjournment, and they had the printed copy of Monday's RECORD where, on page 7171, as soon as I got the floor, I said:

When we had a former District day there were about 15 or 20 bills on the calendar. This bill was up near the top. I went to the chairman of this committee, and I went to Mr. BLACK, and I also went to Mr. PALMISANO, and told them all that if they called up this bill they would not pass many bills that day on the calendar, that I was against it, and that I was going to use every bit of parliamentary knowledge of the rules that I had to stop it. And after consultation they sidetracked this bill, and put it down at the bottom of the list, and I helped them to pass quite a number of noncontroversial measures that day. They knew then that I opposed this bill, and intended to do everything within my power to stop it.

And on the same page, 7171, I said:

Something was said about somebody being afraid of votes at home. I made no such statement. I never have been afraid of votes back home since I have been a Member of this Congress. If this Congress is in session when my primary comes up you will find me still here very busy and working hard on this floor, 2,000 miles away.

I have such confidence in the people I represent back home that I know that if I do my duty here on this floor and help to kill bad bills they are going to look after me when election time comes.

I have confidence in my constituents, and they have confidence in me, and that is the reason they take care of me, whether I am there or not. They know that when I am here they can depend on me to fight to stop bad bills.

The above shows conclusively that when Mr. Eugene Meyer's Post made the positive assertion this morning that "The Representative from Texas did not deny this statement" it told a deliberate untruth.

In my speech I showed that the Commissioners of the District of Columbia had reported that the District budget could not possibly stand the provisions of this bill, and it should have been the duty of Eugene Meyer and his Post to have supported the District Commissioners, and in protecting the District budget from becoming unbalanced. And I showed that the bill was unsound in many particulars, in granting carte blanche authority to the Commissioners to appoint employees without any limitation, and to fix salaries without limitation, except the maximums embraced in the 1923 act, under which the name of the position fixes the salary.

Eugene Meyer cannot run his Post like he ran the Federal Reserve. As millionaire publisher of the Post he cannot treat American citizens and their rights with the same autocratic disregard that he did when he was carrying out his policy that broke banks and ruined many cattlemen of the country. I want Eugene Meyer to understand that I shall hold him personally responsible for every libelous attack he publishes in his Post about me, so he had better instruct his jocular reporters to publish only the truth.

WAR DEPARTMENT DISAPPROVES DISCRIMINATIONS AGAINST AMERICAN CITIZENS IN H.R. 8861, "THE SUGAR BILL"

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a memorandum dated April 14 on the sugar bill, by the Chief of the Bureau of Insular Affairs to the Secretary of War.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANZETTA. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following memorandum, dated April 14, on bill H.R. 8861, the sugar bill, from the Chief of the Bureau of Insular Affairs to the Secretary of War:

APRIL 12, 1934.

MEMORANDUM FOR THE SECRETARY OF WAR

Subject: H.R. 8861 and S. 3212, Seventy-third Congress, entitled "A bill to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes"

H.R. 8861, as passed by the House on April 4, 1934, contains certain provisions which appear to be discriminatory against the insular possessions of the United States. Their enactment into law would be contrary to the long-established policy governing trade relations with all of the insular areas which produce sugar for the United States market. I desire, however, to call particular attention to those provisions of the bill which appear to be discriminatory against the interests of Puerto Rico. Of course, what may be said relative to Puerto Rico is applicable in general to other insular areas.

One objection frequently expressed is that our insular dependencies are placed in the same category as foreign countries. This feature has brought strong protests from Puerto Rico.

Reference is made to the following provisions which are considered discriminatory against Puerto Rico:

(a) On page 5, under the proposed new section 8a of the Agricultural Adjustment Act, provision is made for the allotment of quotas to all of the insular possessions for any calendar year "based on average importations or receipts therefrom into continental United States for consumption, or which was actually consumed, therein during such 3 years, respectively, in the years 1925–33, inclusive, as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years adjusted (in such manner as the Secretary shall determine) * * *."

(b) The same section provides further, with reference to the insular areas, that such quotas may include "direct-consumption sugar up to an amount not exceeding the respective importations or receipts of direct-consumption sugar therefrom into continental United States for consumption, or which was actually consumed, therein during the year 1931, 1932, or 1933, whichever is greater, and in the case of Cuba, direct-consumption sugar up to an amount not exceeding 22 percent of the quota established for Cuba."

(c) On page 6 the quotas for any calendar year are fixed for the beet-sugar area of the United States at 1,550,000 short tons raw value and for Louisiana and Florida 260,000 short tons raw value.

With reference to paragraph (a) above, the manner of determining quotas is too indefinite. There is no guaranty in the bill that it would not be applied so as to discriminate against one or more areas under the jurisdiction of the United States. It would apparently be possible to select the lowest and highest years, so as to make great fluctuations in the quotas allocated to some of the areas, notably Puerto Rico, Hawaii, and the Philippine Islands. Certainly a fair administration of the law is to be expected, but the proposed legislation would permit or make possible discriminatory measures. Such a provision would create great uncertainty in crop planning and milling and in crop financing from year to year.

TABLE A.—*Maximum and minimum sugar shipments to continental United States, annual averages 3-year periods calendar years 1925–33, inclusive*

Areas	Calendar years	Maximum (short tons)	Calendar years	Minimum (short tons)	Difference
Philippine Islands	1931, 1932, 1933	1,029,381	1925, 1926, 1927	467,908	561,473
Puerto Rico	1930, 1932, 1933	[1] 882,956	1926, 1927, 1929	546,900	[1] 336,056
		[2] 822,006			[2] 275,106
Hawaii	1931, 1932, 1933	1,008,950	1925, 1926, 1927	759,608	249,342

[1] Actual shipments plus computed loss of 182,850 short tons from 1932 hurricane. (P. R. Department of Agriculture and Commerce.)

[2] Actual shipments, reports U.S. Department of Commerce.

Source: Except where otherwise noted figures based on reports of U.S. Department of Commerce.

The provision relative to direct-consumption sugars (par. (b) above) is discriminatory against the insular areas as regards the privileges of refining sugar. Such action cannot be justified on any grounds whatever when applied to Puerto Rico and Hawaii. The inhabitants of these islands are citizens of the United States. It has been regarded as a fundamental principle that the right of the people thereof to trade with the mainland shall be free and unrestricted and that they shall enjoy the same rights and liberties in the development of their industries as though they were on the mainland. This policy was stated in the first Organic Act of Puerto Rico, approved April 12, 1900, and is the policy upon which our trade with Puerto Rico has been developed. The following table indicates the maximum shipments of direct-consumption sugar from the various off-shore areas supplying this market. While some further expansion may be expected in Puerto Rico, such expansion will necessarily be relatively small. Whatever such expansion may be, it is of great importance to the island that its opportunities to develop industries connected with the island's basic products shall not be curtailed. The density of the population in this small area makes it desirable that every opportunity shall be afforded the people to establish industries that will create employment.

TABLE B.—*Direct-consumption sugars shipped to United States, years 1932 and 1933*

Areas	Maximum years	Short tons	Percentage of shipments to United States
			Percent
Philippine Islands	1932	62,927	6.0
Puerto Rico	1933	107,087	14.0
Hawaii	1932	24,321	2.4
Cuba	1932	[1] 492,635	25.3

[1] 25.3 percent of suggested quota shown in column 2 of table C.

The provision assigning fixed quotas (paragraph (c) above) to the continental beet-sugar areas of 1,550,000 short tons and 260,000 short tons to the continental cane-growing areas is also discriminatory against those insular areas whose inhabitants are citizens of the United States. Here again it is proposed to violate the principle of fair and equal treatment, particularly in that with the committee amendment, page 8, line 14, inserting the words "paragraph (a) of", the proration of any deficiencies in consumption requirements in any calendar year is imposed entirely upon the areas outside of the continental United States.

The above tables (A, B, and C) indicate that quota uncertainties might result from year to year; that the continental beet and cane areas have been specially favored; that the continental refineries have been given special consideration over those of Puerto Rico and Hawaii; and that the refineries of all of our insular possessions, including the Philippines, have been placed on a less favored status than the refineries of Cuba.

TABLE C.—*Suggested sugar quotas and average shipments to United States*

[Short tons]

Areas	Proposed quotas President's message, February 8, 1934	Average annual shipments for the 3 maximum years 1925–33	Proposed quotas H.R. 8861 as reported House Agriculture Committee pp. 5, 6, and 7	Difference, column (2) over column (3)	Difference, column (4) over column (3)
(1)	(2)	(3)	(4)	(5)	(6)
United States:					
Beet	1,450,000	[1] 1,234,823	1,550,000	+215,177	+315,177
Cane	260,000	[1] 222,820	260,000	+37,180	+37,180
Puerto Rico	821,000	{ [2] 882,956 / [2] 822,006 }	[4] 875,000	−61,956	
Philippine Islands	1,037,000	1,029,381		+7,619	
Hawaii	935,000	1,008,950	[4] 1,000,000	−73,950	
Virgin Islands	5,000	9,235	[4] 9,000	−4,235	
Cuba	1,944,000	1,935,686		+8,314	

[1] Production, basis Willett and Gray.
[2] Actual shipments plus estimated loss (182,850 short tons) from September 1932 hurricane. (Puerto Rico Department of Agriculture and Commerce.)
[3] Actual shipments, reports United States Department of Commerce.
[4] Suggested minimum quotas for the three areas which should be stated in bill. Figures in parenthesis not in report of House committee.

Source: Column 3, except where otherwise noted, reports U.S. Department of Commerce.

The President, in his message of February 8, 1934, on the above subject, stated in part:

"I believe that we can increase the returns to our own farmers, contribute to the economic rehabilitation of Cuba, provide adequate quotas for the Philippines, Hawaii, Puerto Rico, and the Virgin Islands, and at the same time prevent higher prices to our own consumers.

* * * * * * *

"The average marketings of the past 3 years provide on the whole an equitable base, but the base period should be flexible enough to allow slight adjustments as between certain producing areas.

"The use of such a base would allow approximately the following preliminary and temporary quotas:" * * *. (Shown in column 2, table C).

Obviously the President did not contemplate that one area should be aided at the expense of another, but that all should share equally the advantages or disadvantages resulting from the application of the proposed law.

It is believed that the bill, as passed by the House, will not meet either the spirit or the purpose of the legislation suggested in the President's message. It will be noted that all of the insular areas under the jurisdiction of the United States are placed on a different basis from the mainland areas. Certainly the islands that are considered a permanent part of the United States, whose inhabitants are United States citizens, should be accorded the same treatment as is accorded to citizens of the mainland.

Legislation that appears to contain discriminatory provisions against the people of Puerto Rico naturally creates in their minds a feeling of uneasiness and uncertainty and even doubts as to whether they can rely upon the United States Government for fair and impartial consideration of their fundamental rights.

In view of the foregoing, the following amendments to H.R. 8861 are suggested which, if approved by you, it is recommended be transmitted to the Chairman of the Finance Committee of the Senate for appropriate consideration by that committee:

SUGGESTED AMENDMENTS

On page 5, lines 1 and 2, strike out the words "the Territory of Hawaii, the Virgin Islands, Puerto Rico."

Page 5, line 5, after the words "based on" insert the words "the maximum."

Page 5, line 8, substitute the word "the" for "such", and after the words "three years" insert the words "of maximum importations or receipts."

Page 5, lines 9 to 11, beginning after the word "inclusive," in line 9, strike out the words "as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years."

Page 5, line 17, after the word "included", strike out all the words beginning with the word "in", line 17, down to and including the words "greater, and", line 25. This proviso as amended will then read:

"*Provided, however,* That in such quotas there may be included, in the case of Cuba, direct-consumption sugar up to an amount not exceeding 22 percent of the quota established for Cuba."

Page 5, line 15, strike out the words "for continental United States,".

Page 6, line 11, insert after the words "United States" the words "the Territory of Hawaii, Puerto Rico, and the Virgin Islands,".

Page 6, line 19, after the words "State or States" insert the words "the Territory of Hawaii, Puerto Rico, and the Virgin Islands."

Page 6, line 26, after the word "value;" insert the words "Puerto Rico, 875,000 short tons raw value; the Territory of Hawaii, 1,000,000 short tons raw value; the Virgin Islands, 9,000 short tons raw value;".

Page 8, line 14, strike out the words "paragraph (A) of."

Draft of letter herewith for your signature addressed to the Chairman of the Finance Committee of the Senate.

CREED F. COX, *Chief of Bureau.*

Mr. LANZETTA. Also, Mr. Speaker, to extend my remarks and to include therein an editorial from the Washington Herald.

Mr. LAMBETH. Mr. Speaker, I object.

HOUSE RESOLUTION 236

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent to extend my own remarks on House Resolution 236.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANZETTA. Mr. Speaker, I am in favor of House Resolution 236, first, because it will put an end to discrimination against American citizens of the Negro race in the Nation's Capitol; and, second, because of the salutary effect such termination will have on the country at large.

The news that American citizens of the colored race were being discriminated against in the very building where laws giving them freedom, American citizenship, and every right and privilege as such, were enacted not so long ago, came as a severe shock to me. The very thought of the effect of such practices here might have on the Nation at large made me fearful.

Under the fourteenth and fifteenth amendments the people of the Negro race were given their freedom and every right and privilege as American citizens. To forbid them entry into any public place is discrimination against color. This offense against their rights as American citizens takes a more serious aspect when it takes place under this very roof, and we, as Members of Congress, would be violating our oath of office to obey and uphold the Constitution if we tolerate and permit this condition to continue.

There can be no dispute as to the bad influence and effect such action has had and will continue to have on the people of this country if we allow discrimination against American citizens of the Negro race to continue in the House restaurant. Surely, we cannot expect the average citizen to refrain from discriminations when we, the lawmakers of this country, tolerate, permit, and allow them. What bad effect and influence our compliance may have on the rest of the country cannot be estimated, but it is just such examples on the part of persons of responsibility that have often led to most serious consequences.

I, for one, believe that American citizens of the Negro race are entitled to the same rights and privileges as every other citizen, and I shall therefore vote in favor of the De Priest resolution and thus bring to an end a practice which no longer has any place in our country, and especially in the Capitol Building of the United States.

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks on the resolution just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, the House has just passed a resolution introduced by the Member from Illinois [Mr. DE PRIEST] providing for an investigation. The resolution reads as follows:

Resolved, That a committee of five Members of the House be appointed by the Speaker to investigate by what authority the

Committee on Accounts controls and manages the conduct of the House restaurant, and by what authority said committee or any members thereof issued and enforced rules or instructions whereby any citizen of the United States is discriminated against on account of race, color, or creed in said House restaurant, grillroom, or other public appurtenances or facilities connected therewith under the supervision of the House of Representatives.

Said committee is authorized to send for persons and papers and to administer oaths to witnesses, and shall report their conclusions and recommendations to the House at the earliest practicable moment.

This resolution is purely political, is a gesture, and means absolutely nothing, because there is nothing to investigate. The Chairman of the Committee on Accounts [Mr. WARREN] has already given to the House all the information that any committee can secure. It will be found in Mr. WARREN'S speech published in the RECORD on page 5254, March 23, 1934.

I voted against this resolution today for several reasons. First, the author of the resolution made a speech at a public gathering in Washington in which he was quoted in the Washington papers as saying he proposed to use his influence to defeat Members of the House who did not follow him and vote for his resolution. I told him personally that, so far as I was concerned, no such a speech would pass me unnoticed, and I would vote against the resolution and he could carry out his threat, as I did not intend to be intimidated by him or any other Member of the House.

Another reason that I opposed the resolution is that in my opinion it was introduced for political reasons, the author desiring to further his political interest in the recent primary in Chicago.

Of course, some Members on the Republican side of the House thought they would embarrass Democrats by forcing a vote on the resolution. They might have embarrassed some Members, but I can assure all that it in no way embarrassed me.

If those who supported the author of the resolution today desire to settle the question involved there is only one way to settle it and that is not by passing a meaningless resolution but by bringing in a resolution something along the following line:

"No Negro shall be permitted to eat in the House restaurant unless accompanied by a Member of Congress."

There is no doubt but that the embarrassment will be on the Republican side of the aisle if such a resolution is presented.

As a member of the Committee on Accounts I can say the restaurant has been conducted under the same rules as it was conducted when the Republican Party was in power and under the chairmanship of Republican members, Clifford B. Ireland, Clarence MacGregor, and Charles Underhill. They were all Republicans; and it was Mr. Ireland, a Representative from Illinois, that provided quarters where Negroes are served.

Let me quote from the speech of Mr. WARREN, the chairman of the committee:

When this restaurant was established, in 1921, under the chairmanship of Mr. Clifford Ireland, Republican Representative from Illinois, he opened a place in the basement for the serving of colored employees and visitors. Mind you, this was 4 years before I entered this body. This was continued under Mr. Clarence MacGregor, Republican Chairman of the Committee on Accounts, from New York, and it was continued by Mr. Charles L. Underhill, Republican Chairman of the Committee on Accounts, from Massachusetts, and has been continued by me. In this place we give the same service, the same food as we do upstairs, and the same cleanly surroundings prevail. The prices there are slightly lower.

I have made no rule. I am carrying out the policies and rules that have been in force ever since this restaurant was established, and before I came here.

Something was said that I initiated this thing, and that it had been going on for some time. The first knowledge of any violation of the rules that ever came to me during my chairmanship of the committee was, I think, about January 20. I would have despised myself had I not met it and accepted the responsibility that had been placed on me by this House and by the committee. [Applause.]

Again, not one single member of the Committee on Accounts, either in private or in meeting, has ever presented this matter to me or challenged anything I have done in regard to it. If I am wrong, I pause to hear anyone challenge that statement.

I believe that I am as free from racial and religious intolerance as any man in this House. In my State the races live together side by side; probably about 30 percent of our population are colored, and we are getting along in peace and harmony. This amicable relationship and understanding is reflected in the notable progress of North Carolina.

One day last week a lot of Communists came down to see us. Another day they described themselves as Socialists; another day a demonstration was made by those who claimed to be representatives of the International Labor Defense. Finally, on last Saturday, the supreme outrage occurred, when a mob of toughs and hoodlums from Howard University came down and almost precipitated a riot.

That very morning a respectable colored citizen called up the authorities of that university and pleaded that these students be not permitted to come here, but it went unheeded.

Every paper in this town the day before carried full notice, with blazing headlines, that it was going to be done. Filth, vulgarity, and profanity rang out through the corridors down there. The police told me that never in their lives had they ever taken such insults.

Three splendid ladies pushed their way out of the restaurant into that mob, came to my office, and told me that they would never put their foot in there again on account of the vile and horrible language that had been used in their presence.

A feeble effort was made 2 days ago expressing disapproval of those actions. There was one man who could have stopped it. He did not because he did not want to do it. By reasons of these demonstrations our records show that for the last 10 days the restaurant has lost considerable money, while prior to that we were making some money every day.

I hope, Mr. Speaker, that I have calmly and dispassionately given a recital of the facts and the truth in this matter. Personally, it is a matter of utter indifference to me. I am opposed to any change in the present conduct of the restaurant, but otherwise I do not care. I am always ready to meet, and to meet squarely, any issue that ever arises here in this body, but it is entirely up to Members of the House to settle this whole thing according to both their desires and their tastes. [Applause.]

Mr. WARREN'S statement confirms mine, that there is nothing to investigate. He has told the House in plain language all that the committee can expect to learn.

Anyone who has followed this matter cannot come but to one conclusion, and that is that this resolution was advanced purely for political purposes. It might return to plague those responsible rather than redound to their benefit.

Again I say if those who advanced the resolution today are honest and sincere, then there is only one way to settle the question, and that is by the House voting on a resolution such as I have outlined above.

THE NEW DESTINY

Mr. FOCHT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short letter from a farmer in Union County, Pa., on the milk question.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOCHT. Mr. Speaker, not a new deal.

Just a new destiny, and what will that be, or where are we going to land?

More and more is being uncovered regarding the ultimate purpose of the N.R.A.

But enough has been seen to reveal the fact that recovery is designed but along with it is an imperialistic, autocratic dictum conceived in the emulation of Mussolini by a "brain trust", made up of mostly all theoretical college professors who stand a good chance of breaking into flight when the hypodermic fails to force things faster than natural laws prompt.

In other words, after the World War, Mussolini saw the lassitude of the lymphatic grandson of Garibaldi and descendant of the House of Savoy, sinking Italy deeper and deeper back to the hand-organ and banana-stand stage.

He had visions of Napoleon at Lodi and Arcola, and camping for a year at Milan with the tricolor supreme over Italy, and five armies of Austria under Grand Duke Charles vanquished in one summer.

Before him was dead Italy, a memory of the Caesars and what Napoleon III did to break the yoke of Austria, as the Grand Emperor had done 50 years before.

Like a flash from the sky this Juno told the striking labor unions and the arrogant railroads with special contracts where to get off, and what each was to have, so that the grape pickers and macaroni manufacturers should all be busy. His patent worked.

Then he walked into the Italian Parliament, made up mostly of hereditary Senators, and told them to go home. He told the King to be orderly and all would be well with him and his dynasty. The crowing act was to march the King to the Vatican to wait outside for a time until the Pope was ready to have him come in. That closed a breach between the temporal and spiritual power since King Humbert told the Pope to take hands off of matters political. Mussolini is playing politics and has united all forces because the distance between the hereditary Senators and grape pickers was too vast, so he welded the power of all within himself.

And with the passing of Mussolini, what?

His power will vanish. His dream will have been but a shadow. Italy without a leader of Mussolini's genius, his daring, his power; Italy without resources; Italy with a high rate of illiteracy!

In America it is becoming apparent that the application of some such individual power as that applied by Mussolini is being experimented with by General Johnson. To give men work and thus speed up purchasing power was hailed and commended as a worthy temporary expedient. Members of Congress of all shades of political belief stood by the President and helped apply the hypodermic, even though they knew at best it could afford no more than temporary relief.

It is now becoming apparent that the initial program of putting men to work and forcing codes of regulation down the throats of every business man from the size of Henry Ford to the peanut vendor and shoe shine, instead of merging classes will make them, in fact it can be seen that the ultimate end of it all will be the termination of America's high standard of living, with the big-business fellow bigger and the little fellow gone.

Not competition, but division, according to the theories of the "brain trust." America parceled out into little communities to be the same for a thousand years as in Europe.

Shut off from each other by barriers set up by the code?

But that is not what was designed by Washington, Hamilton, and Jefferson. They opened the country wide and unhindered for the free flow of commerce, for industry to flourish as the result of competition, for the poor to become rich, and the rich to become poor and rich again. Opportunity.

We are eager to see the break and prosperity return, and we believe the turn is here, and was due to be here because of natural laws, and regardless of the N.R.A. and the vast expenditure of money as a temporary stimulant.

One clash of the armies of Russia and Japan would dissolve the "brain trust" and knock all codes into a cocked hat. Natural laws would instantly operate to consume American surplus.

And finally, the destiny of this Nation is in the hands of God, and God will not desert a people who have been so lavish in their contribution to the weak and unfortunate of all hemispheres.

Victor Hugo said Wellington did not defeat Napoleon, but a higher hand broke the power that had mounted to the brain of one man.

We look for the hand of fate to come out of the unknown and win back prosperity and happiness where the weakness and impotence of man stood and wondered, blundered, and failed.

THE MILK SITUATION

There is going to be something doing in the milk business without much further delay in perfecting a satisfactory code.

Nine months have been allowed to pass without anything being accomplished. The milk producers all over the country have been outrageously treated and there is open rebellion in Congress against the attitude of Secretary Wallace and most of his assistants.

The writer attended two meetings of interested dairymen and Congressmen in the big public room in the new House Office Building during the past 2 weeks. It seems some of the trouble comes from favoritism being shown the butter-and-cheese men of the Northwest against the liquid-milk men of the rest of the country.

When protests have been entered at the Department of Agriculture a number of Congressmen said Wallace would not hear them, while his assistants gave no satisfaction and were insolent. It will be recalled what happened in the West last summer when plenty of milk was dumped into creeks and otherwise destroyed. Well, this feeling is some of the left-over from that.

Congressman EAGLE, a very able Democratic Member from Texas, shot a heavy blast at the autocrats, some of whom had never seen a cow, at the last meeting we attended, and again on the floor of the House, Monday, and this vitriolic speech should be in Tuesday's CONGRESSIONAL RECORD.

Congressman EAGLE says it costs $2.30 per 100 pounds to produce milk in Texas, and the code manipulators in Washington only want to allow a sale price of $1.80 per 100 pounds. They refuse to consider the cost of production.

It looks to the writer as though the milk business is the most important branch of farming in the eight Pennsylvania counties constituting the Eighteenth Congressional District. It is therefore our intention to attend all of these special meetings and get the facts, so that we can be helpful in getting this milk business so standardized that the farmer may be able to sell his product at a good profit, and that the consumer may also have a break in the price per quart. In our first address on the floor of the House at the extra session we referred to this, but 9 months have passed since then and nothing has been done, although millions have been appropriated for the purpose of helping the farmer to a price and a market. We sat with Republican floor leader SNELL during the last meeting, and we found him and DAN REED and other New York State Members, deeply interested, and hereafter we are going to help work out something of value for the milk-producing farmers. The Members we met with have their blood up, and our farmer friends may expect something to happen very soon that will be of benefit to them.

SELLING OUT PEOPLE FOR TAXES NOT POPULAR

The following article on selling properties for taxes was written by BENJAMIN K. FOCHT, Republican nominee for Congress, and printed in his Lewisburg Saturday News, August 4, 1932:

Three weeks ago there was much ado about the sale of property for taxes by the county treasurers of Union, Snyder, and Northumberland Counties. The Union County treasurer, Mr. Howard Leiser, demurred on the ground that such action would be a cruel infliction at this time, but officially there was nothing for him to do but proceed to advertise the sales.

That is where a higher law than a misconceived and narrowly interpreted statute was invoked. The Saturday News made a public appeal, and this appeal had its effect all over the State. An appeal to our ccurt by Attorney Miller Johnson was given quick response by Judge Lesher, and since then even proposing to sell out people for taxes in times such as we are all suffering has not gone over very hot but has been universally condemned.

Such a tax law was never passed by any legislature to be narrowly interpreted when men and women are out of work and have no money. Thus taking the broad view suggested by the Saturday News and Attorney Johnson, Judge Lesher, and other Union County officials, virtually called a halt on selling properties for taxes. That law was passed to get people who have money but who are shysters and try to escape their share of public burden, but it was never contemplated to reach out and embarrass those who are thrifty in good times but hard up now, much less strip those who are able and willing to work but cannot find it, of their homes which shelter them and lands from which they draw their subsistence.

No law can mean anything so barbarous, and a great-hearted benevolent people will not see it apply in these dark days of struggle and deprivation.

To the credit of all there has been a suspension of the original design that would have ramified into countless homes and brought more sorrow than a civil war. By a few timely words of appeal to men of heart a catastrophe of tears and anguish has been averted, not only here but in adjacent counties and many that are far removed.

Of all people on earth Americans should comprehend the meaning of "suspension of the rules" and "implied powers." In parliamentary proceeding there is such a thing; Lincoln set aside the Constitution when he sent Federal troops into sovereign States, and later issued the Emancipation Proclamation after Justice Taney had declared slaves to be property in the Dred Scott case; Christ set aside all natural laws when he raised the dead and Himself conquered death; Mussolini has made a joke of the House of

Savoy and Victor Immanuel, who united Italy, by mounting something more important than the throne and bossing the country; the Wright brothers suspended the action of gravitation when they took the air in a machine that was heavier than air; in all emergencies policemen and firemen suspend all other rules and preempt the right of way.

And in times like these, when men and women must suffer deprivation, and in some instances starvation, a power higher and greater than all man-made laws intervenes. Nothing since the Vandals sacked Rome and took away the right of property has anything more inhuman or lacking in the elements of civilization been suggested than to ride over vested rights and sell property for taxes so that the riot of public expenditure may go on as men's hearts sink in despair.

May this all be a lesson in this grandiose riot of spending the people's money at Washington and Harrisburg. Let there be a halt before it is too late to correct by future economy and thrift the errors of the past.

We once heard in the Senate our ideal statesman, Henry Cabot Lodge, in a mighty voice, and all earnestness, call out: "All men must be safe and they must be free." We add to that now silent voice our own sentiment and call for an end to unnecessary taxes, and for people who cannot pay, a reasonable extension but no sales of property. In these homes when the gloom is just beginning to rise and hope again has come to cheer us all, let us remember these words from Leviticus 25:17 and 23: "Ye shall not therefore oppress one another", and "the land shall not be sold forever: for the land is mine."

B. K. F.

A FARMER'S VIEWPOINT

MIFFLINBURG, PA., *April 19, 1934.*

Hon. BENJAMIN K. FOCHT,

House of Representatives, Washington, D.C.

DEAR CONGRESSMAN: I want to bring to your attention the production-control plan which has been adopted by the State of Pennsylvania and by the New York Milkshed, which will work a hardship on the majority of dairy farmers.

Briefly, the plan is as follows: The State control board is to set the price which is to be paid to the farmers for their milk. This price is to be paid as follows: There are three brackets or classifications which determine the price the farmers are to receive for their milk. The first bracket includes bottled milk, for which they are to be paid $2.60 per 100 pounds; the second bracket includes cream, ice cream, etc., for which they are to be paid $1.70 per 100 pounds; the third bracket includes milk used in manufactured milk products, such as canned milk, etc., for which they are to be paid from $1 to $1.40 per 100 pounds, depending on the variation in the price of butter. The third bracket is made up, practically, of surplus milk which could not be sold in the first two brackets.

The result of this classification is as follows: For example, the Sheffield Farms Co., a large distributor of milk, having a preferred market, sells almost all of its milk in the first bracket or classification, thus being able to pay the farmers from whom they buy milk $2.60 per 100 pounds. This gives the farmers selling to this particular company a preference in the price they receive for their milk. And any surplus which the Sheffield Farms Co. may have goes into the second bracket, but none goes into the lower bracket. There are approximately 14,000 farmers selling to the Sheffield Farms Co.

On the other hand, the New York Milkshed is composed of 140,000 farmers. About 20 percent of their milk goes into the first bracket, 30 percent into the second bracket, and 50 percent into the lower or third bracket.

From these facts it can be seen that the farmers selling to a company like the Sheffield Farms Co. have a preference and get a higher price for the same grade of milk than the farmers selling in the New York Milkshed.

In order to equalize the difference between these brackets, the Federal Government should set up a central milk-control board for the purpose of distributing the excess now being paid to the farmers in the higher brackets to the farmers in the lower brackets. In other words, the farmers should be paid equally for the same grade of milk regardless of the brackets in which it is sold.

For example, suppose we have three farmers living in the same vicinity producing grade B milk. The one farmer sells his milk to a company like the Sheffield Farms Co. and receives $2.60 per 100 pounds, because their milk is sold in the first bracket. The second farmer sells his milk to a company which does not have the preferred market and which supplies the second bracket. He receives $1.70 per 100 pounds. The third farmer sells his milk to a company supplying the third bracket and he receives from $1 to $1.40 per 100 pounds. Thus the first farmer receives 90 cents more per 100 pounds for his milk than the second farmer, and from $1.20 to $1.60 more than the third farmer; although there is no difference in the grade of milk produced by these three farmers. The difference in the price being due to the brackets in which the milk is sold by the distributors.

A central milk-control board established by the Federal Government could have this difference of from 90 cents to $1.60 which farmer no. 1 receives in excess of the other two farmers, paid into a general fund and then distributed to all three farmers equally, so that in the end each of the three farmers would be paid the same price per 100 pounds for the same grade milk. Under this plan each of the three farmers would receive from $1.76 to $1.97 per 100 pounds for his milk.

I hope that you will be able to secure some action on this matter by the Federal Government.

Very truly yours,

A. D. LINGLE.

HOUSE RESOLUTION 236

Mr. WOLFENDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the resolution just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOLFENDEN. Mr. Speaker, as the ranking minority member of the Committee on Accounts, I feel called upon at this time to make some reply to the reference made to me by the Chairman of the Committee on Accounts.

In his remarks, as made on March 23, 1934, the gentleman read a resolution offered by me before the Committee on Accounts on March 23, 1933. I did present this resolution, which read as follows:

> That the chairman be authorized to report out all death resolutions without a meeting of the committee, and that the chairman be empowered to use his own discretion in dealing with Members in regard to telegraph, telephone, and all other matters which properly come under the jurisdiction of the Committee on Accounts, including the management of the House restaurant and all rules and regulations pertaining to the same.

It was handed me by the Chairman of the Committee on Accounts and I offered the resolution, identical and similar resolutions having been offered and adopted by the Committee on Accounts since 1921.

The gentleman from North Carolina, Chairman of the Committee on Accounts, is one of the outstanding constitutional lawyers and parliamentarians of this body, and certainly no possible construction could be placed upon this resolution as authority to break the Constitution of the United States under the very dome of the Capitol itself.

Mr. FORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the resolution just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. FORD. Mr. Speaker, in voting for the De Priest resolution, I do so because I am firmly convinced that it is bad morals, bad law, and bad social usage for the House of Representatives to make any rule or permit any rule that even remotely countenances discrimination against any citizen of the United States in full exercise of his rights as a citizen in the National Capital.

This resolution makes such a charge, and I believe a full and fair hearing should be held. If the charges set forth are sustained, prompt action should be taken to rectify the situation complained of.

I am unalterably opposed to denying any citizen his full constitutional rights, regardless of his race, his color, or his creed.

DISCRIMINATION AGAINST THE NEGRO

Mr. BECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the resolution just passed.

The SPEAKER. Is there objection?

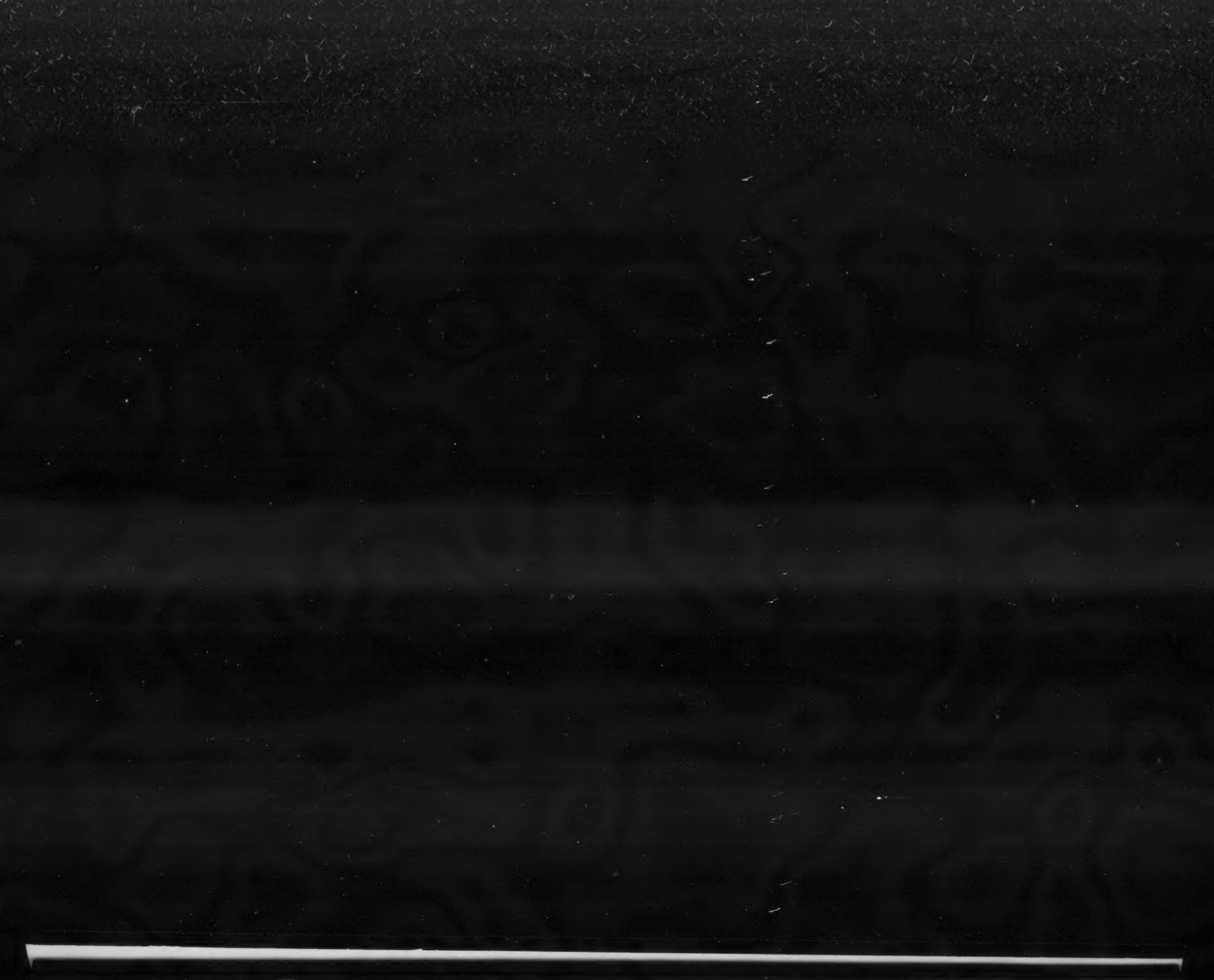
There was no objection.

Mr. BECK. Mr. Speaker, there should be no division of opinion in this House about the passage of this resolution. It simply authorizes a committee—

> To investigate by what authority the Committee on Accounts controls and manages the conduct of the House restaurant, and by what authority said committee, or any members thereof, issued and enforced rules or restrictions whereby any citizen of the United States is discriminated against on account of race, color, or creed.

I listened with interest to the statement which was made by the gentleman from North Carolina [Mr. WARREN] on March 23 upon this resolution introduced by our colleague from Illinois [Mr. DE PRIEST]. The speech of the gentleman from North Carolina on that occasion seemed to me admirable in the dignity of its manner, its moderation in statement, and its willingness that this committee should be appointed. He recognized that this matter of determining what class or race, if any, should be excluded from the House restaurant was a question for the House to determine.

It may be premature at this time to anticipate what that committee will report; but it will, I believe, find it very difficult to justify the exclusion from a public restaurant, main



tained by the Government of the United States, of any class of citizens because of their color or race. Such discrimination against a race, to which nearly 0.1 of all the people of the United States belongs, is unfair and invidious.

As the House restaurant is now managed, a man or woman, whether a citizen or an alien, can freely enter, unless he is a Negro. An alien from Japan, China, New Zealand, Patagonia, or an Eskimo from the frozen regions of the Arctic Circle can come into the restaurant and no one will say him nay. Only the Negro citizen is excluded, and this notwithstanding the fact that for his benefit and to prevent discrimination against him in the most important of all rights, that of suffrage, the fifteenth amendment to the Constitution was ratified by the States, which forbade any such discrimination either by the United States or by any State "on account of race, color, or previous condition of servitude."

It would be strange, indeed, if that class of our people should not resent a discrimination which opens the door of the House restaurant to an alien of the yellow race and denies it to citizens of the United States of one racial group alone. We have in this House a Representative of that race, the gentleman from Illinois, who introduced this resolution, and I think all of us have been impressed with his usefulness as such a Member and the quiet dignity of his personality. He, as a Representative, can enter the House restaurant and can take with him one or more friends; but he knows the doors of the restaurant are closed to any other member of his race, no matter what distinction such a one may have won in some field of human activity, and even though he has offered his life in defense of our country. Consider what this means.

A member of his race can have the same access to the President as any other man, and President Roosevelt, who is a man of broad human sympathies, would be the last to close the door of the Executive Office upon any member of Mr. DE PRIEST'S race. One of this race can enter the historic chamber of the Supreme Court of the United States, and as a member of its bar argue important cases in that august tribunal. He can enter freely any other public institution maintained by the Federal Government on the broad basis that he is as much a citizen of the United States as any white man, but he cannot have a cup of coffee and a roll in a public restaurant maintained with funds from the Treasury of the United States. Such a one has paid his taxes, been liable to be drafted in time of war, and has often volunteered in time of war. Many of this race did valorous service on the fields of France, and many of them gave to the defense of their country the "last full measure of their devotion" to the flag, but under the present direction of the Committee on Accounts they are denied an opportunity to have a meal in the House restaurant.

I know of no single influence that has had such a baleful effect in all ages as racial prejudice. From the dawn of history to the present day many wars have been fought because of such prejudice. We could fittingly follow the example of the mother country, which judges every man according to his inherent worth rather than the color of his skin, and the strength of the British Empire has been the broad tolerance with which it treats men of all races who come to England. Each of them is judged on his merits; and when I was in London a few years ago, one of the most successful theatrical productions was that of Shakespeare's "Othello", in which Paul Robeson, a colored man, played the part of Othello.

The whole question of racial prejudice is at the moment of vital importance to America in our international relations. If unhappily this country should ever become involved in a war with the great Empire of Japan—and a more futile war could hardly be imagined—the chief contributing cause will be the intolerance of this country in refusing admission to this country, with some trifling exceptions, to a citizen of Japan. The Japanese Empire, one of the proudest of all nations, does not object to our quota system, under which only a few Japanese could ever enter this country as immigrants, but it does object to the fact that the quota privilege, so freely extended to nearly all other nations, is denied to them. This rankles in their breasts and is the chief reason why the shadow of possible war hangs over both countries.

We could better realize this if the positions were reversed, for if Japan allowed citizens of nearly every other country to enter its borders under a quota system, but denied to the United States any such privilege, our pride would be hurt and we would bitterly resent it.

If this be true as to an alien race, an invidious discrimination by the Federal Government in any one of its institutions against a class of its own people seems to me without any justification. We should not put this undeserved stigma upon a race which has contributed so much to the growth and prosperity of our country.

If the Negro was good enough to die for his country in the World War, surely he is good enough to be admitted to a public restaurant, maintained at the expense of the United States for the convenience of all people; and while the Committee on Accounts has seen fit to deny this privilege to one class of citizens, and only one, the House of Representatives has never so ordered and, I venture to predict, never will.

OPEN SEASON ON CRIMINALS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, throughout America millions of alarmed citizens are waiting and watching for the outcome of the Dillinger escapade. Our people are slowly yet surely arousing themselves to the realization that crime costs this Nation $15,000,000,000 a year. I have come face to face with statistics showing 12,000 murders, 3,000 kidnapings, 50,000 robberies, 100,000 assaults, 5,000 cases of arson, and 40,000 burglaries taking place every year.

When wild animals become too abundant and destructive to property, the State declares open season on them, which means that they are shot at sight by persons who enjoy the kill. If the open-season privilege fails to bring relief, the State then offers a bounty for heads and pelts. Then the fur and feathers begin to fly in earnest. Instead of merely shooting when occasion arises, men organize drives and go after the culprits for profit.

COUNTRY IS OVERRIDDEN

This country is overridden today with a form of peril a thousand times greater than any it ever faced because of the depredations of wild animals. The common enemy against which the Nation must now defend itself hunts in packs, using high-powered automobiles and airplanes for transportation, and machine guns for persuasion. Wild animals, at their worst, destroyed only property of relatively small value, but these highly organized two-legged animals go in for big loot and do not hesitate to turn a machine gun into action against all who oppose them.

Moreover, those organized enemies of civilization have not only machine guns and speedy transportation, but they have unholy alliances with law enforcement agents, lawyers, and, in some instances, with judges who are supposed to enforce the law against them. Recent disclosures exposed to a horrified populace the almost unbelievable fact that organized criminals actually control and operate penal institutions, giving orders to their keepers and conducting traffic in narcotics and running other rackets from inside the prison walls.

These disclosures tell a sordid story of partnership between criminals and those who are entrusted with law enforcement. Without such an alliance, crime could not endure on the scale that it now exists. The basis of this alliance between crooks and law-enforcement agents is, of course, profit. The criminals divide their loot with agents of the law in return for protection, and I am convinced that this is being done on a wholesale scale, throughout the country.

INVESTIGATIONS USEFUL

There is one thing no criminal and no person protecting criminals can stand, and that is publicity. I am convinced that a sweeping investigation of public officials, at regular

periods, has the desirable effect of keeping them on their guard lest they be caught in questionable transactions. To illustrate the point, observe the effect the present senatorial investigation into the air-mail scandal is having. I dare say that no public official will undertake any form of graft while this investigation is under way. The most helpful factor about the investigation is the publicity connected with it. At any moment it may bring into the limelight prominent names which will be destroyed forever. The fear of such a possibility is a check on crime; especially does it discourage law enforcement agents from forming alliances with criminals; and without such partnerships, criminals are soon caught and subdued. They become bold and highly efficient only when they know that their partnership with the law makes detection or conviction practically an impossibility.

Catching criminals after they have committed crimes is not sufficient to discourage crime when it is being conducted on a wholesale scale, through a Nation-wide epidemic as that which now exists. Something must be done to affect crime before it takes place, and that something, whatever it is, must happen to all who are interested in crime, both the actual perpetrators and those who furnish them with immunity from prosecution. This country has reached the place where open season must be declared on criminals, which means, also, their partners and silent allies.

Sometimes it becomes necessary to fight fire with fire. Gentle methods will never subdue criminals. They know nothing but force and punishment. Once we all get this fact clearly fixed in our minds, and stop coddling criminals and turning them loose in the community on parole, we will have gone a long way toward outwitting these human vultures.

PLANS TO COMBAT CRIME

We must not only declare open season on criminals but we must also offer a rich bounty for their pelts, and I mean just that—their pelts. This desirable end might be reached through some combination of the following briefly described methods:

First. If the American Bankers' Association offered a standing reward of $50,000 for every person killed while engaged in an attempt to hold up a bank and $25,000 reward for every person caught and convicted of this crime, the popular pastime of bank robbery would decline in a hurry, and for the reason that every bank employee in the country would prepare to earn one of these rich bounties. The United States Government might well afford to add to these bounties by offering additional rewards and still save money which is now spent in tracing such criminals.

Second. Every municipality should create a standing reward of a substantial amount payable to those who apprehend and help to convict persons engaged in the more popular form of major rackets, such as kidnaping, bank robbery, and so forth. In the event law-enforcement agents are involved as protectors, those who disclose the alliance should receive similar bounties for their help. There is always some person connected with or cognizant of alliances between public officials and criminals who will tell for a price. This trait of human nature can be and should be capitalized as a means of discouraging alliances between criminals and law-enforcement agents.

Third. In the fight against kidnaping, bank robbery, and other similar major crimes, which now have attained the status of organized rackets, it should be obligatory for the State to offer not only immunity to those who doublecross their allies in crime but they should receive, also, a substantial reward in money—both the immunity and the reward being conditioned upon positive, corroborative evidence, to discourage perjury.

Fourth. The radiobroadcasting systems of the country should be brought into service, and daily broadcasts should be made of the descriptions of all known suspects of crime in the higher brackets, together with the posted rewards for information leading to arrest and conviction. Practically every home, hotel, and rooming house has a radio set. If each of these sets became a possible eye of detection of every criminal, and if there was a monetary motive sufficient to induce people to tune in and listen daily to these broadcasts, the system would result in quick capture of professional criminals. All filling stations (which criminals traveling in automobiles must visit daily) should be equipped with radio-receiving sets connected directly with police headquarters, so the filling station operators might earn a nice fat bonus every time a "Machine-Gun Kelly" drove up for gas.

Fifth. Possession of a machine gun by any unauthorized person should carry with it a heavy prison sentence, and the sale of a machine gun to any but authorized purchasers should carry a similar sentence. The picture, finger prints, name, and address of every person purchasing machine guns for authorized purchasers should be on file in the Department of Justice.

Sixth. Every municipality should have a citizens' vigilance committee, made up of well-known business and professional men, who would carefully inspect the work of all law-enforcement agents and who would see to it that State and municipal bounties offered by the taxpayers were paid to those entitled to them.

Policemen, prosecuting attorneys, judges, and lawyers sometimes enter into partnership with criminals because there is profit and, under present conditions, comparative safety from detection. Change the system, remove this comparative assurance of safety and supplant it by almost certain exposure of those who protect criminals and a mighty blow would be struck at the very heart of the operators of the crime wave which is sweeping this country.

Let us speak frankly and courageously and admit that the crime situation in America has become so ugly that it cannot be met with ordinary, polite, strictly orthodox methods. In the language of the street, we must become "hard boiled" and as merciless as those we are defending ourselves against. We are at war with a highly organized enemy whose system of prey is protected by men enjoying good names and high places in organized business, religion, and politics.

MUST USE STRONG METHODS

We cannot dislodge the enemy until we deprive him of the protection of his front of decency, and this front will not yield to anything except the fear of publicity and the possibility of more direct punishment.

Those who want protection must earn the right to it. Twenty men and women of proved character and integrity and moral courage could band themselves together and wage war so hotly in any crime-ridden city that criminals and those who furnish the protection would be compelled to desist. I repeat, publicity is one of the most effective weapons available for use in discouraging crime and criminal alliances. Second in importance is a system which makes the disclosure of crime and criminals profitable. Crime is carried on because it is profitable, and for no other reason, except in isolated cases. It can be discouraged by a system which makes disclosure still more profitable.

My suggestion is that the people of every city, acting through vigilantes, take steps to make it profitable for those who are aware of crime and the whereabouts of criminals to disclose that information, and that double bounties be paid when and where alliances between law-enforcement agents and criminals are proved. Crime can be discouraged, and eventually brought down to a less alarming level, by making detection sure and profitable.

Organized crime could not carry on without protection. This protection comes from two major sources; namely, law-enforcement agents and crooked politicians and lawyers, who knowingly serve professional criminals in return for fees, the very size of which marks them as being nothing more nor less than a division of the criminal's profits. Here is a problem which deserves the attention of the American Bar Association. Also, there should be rigid laws passed which will discourage lawyers from representing known professional criminals under penalty of becoming accessories to crimes committed by those criminals. Professional criminals are dangerous to society, but they are not half as dan-

gerous as so-called "respectable" citizens who shield criminals with their names and lawyers who provide them with legal protection.

ROOSEVELT LEADS WAY

The President of the United States has demonstrated not only that the people of America have declared open season on exploiters of all sorts and on professional criminals and racketeers but he has also given us a fine demonstration of what can happen when Mr. John Public begins to take an interest in his own affairs instead of leaving everything to professional law-enforcement agents and crooked politicians. No President who ever occupied the White House has been more fully supported in spirit and in deed than President Franklin D. Roosevelt, and the basis of this universal support is the fact that he has shown by his every act that he means to help the people rid themselves of all and sundry persons who have heretofore lived and grown fat from exploitation of their fellow men.

There has never been a time in the history of this country when it was so easy to get a following to back up leaders who have the courage and the honesty of purpose to throw themselves on the side of common decency in this battle for the rights of the people and against the might of gangsters and legally protected exploiters.

Crime will be lowered and criminals will be driven into a corner when the people organize themselves back of a plan that will make the punishment of criminals so certain and so terrible that men will not turn to crime as a profession. When the criminal goes out looking for victims, all rules are suspended, and he takes any form of unfair advantage that may suit his purpose. In dealing with him, when he is caught and before he is caught, all rules should also be suspended, and he should be hunted and punished as ruthlessly as if he had no legal rights whatsoever. As a matter of common sense and justice (although not legal), the professional criminal might well be treated as one who has forfeited all rights to legal protection.

Professional criminals know and respect only a power greater than their own. We have that power, and we should have the courage to use it.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate bill No. 59 to the foregoing bill with an amendment.

In lieu of the language inserted in said House amendment insert the following:

(1) Any sugar, imported prior to the effective date of a processing tax on sugar beets and sugar cane, with respect to which it is established (under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury), that there was paid at the time of importation a duty at the rate in effect on January 1, 1934, and (2) any sugar held on April 25, 1934, by, or to be delivered under a bona fide contract of sale entered into prior to April 25, 1934, to any manufacturer or converter, for use in the production of any article (except sugar) and not for ultimate consumption as sugar, and (3) any article (except sugar) processed wholly or in chief value from sugar beets, sugar cane, or any product thereof, shall be exempt from taxation under subsection (a) of this section, but sugar held in customs custody or control on April 25, 1934, shall not be exempt from taxation under subsection (a) of this section, unless the rate of duty paid upon the withdrawal thereof was the rate of duty in effect on January 1, 1934.

The Senate insists upon its amendment, asks a conference with the House on the disagreeing votes of the two Houses, and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. COSTIGAN, Mr. REED, and Mr. COUZENS to be the conferees on the part of the Senate.

PHYLLIS AND HAROLD LOUIS PRATT

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 472) for the relief of Phyllis Pratt and Harold Louis Pratt, a minor, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The Clerk will report the bill.

The Clerk read the title of the bill.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read as follows:

Page 1, line 5, after the words "Phyllis Pratt", strike out the word "and" and insert "in her own right and as legal guardian of."

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

FARMER DELEGATES FROM OHIO, ETC.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Speaker, tonight in the caucus room of the old Office Building on the third floor, there is to be a meeting of farmer delegates of the National Farmers' Union from Ohio, Illinois, and Indiana in support of the Frazier-Lemke bill. All Members are invited to attend this meeting.

I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Speaker, this meeting is called at the request of farmers themselves. These farmers are from Indiana, Illinois, and Ohio. Their avowed purpose is to secure the enactment of the Frazier-Lemke bill. They know, and no one can fool them, that before the bill can be voted on the motion to discharge the Committee on Agriculture from further consideration of the bill must receive 145 signatures.

Yesterday, April 24, in my remarks you will find a rather complete explanation of this bill. You will also find there the reasons that are cited to prove that this bill is the only legislation that can be enacted during this session of Congress to save thousands of farmers from confiscation of their farms, their homes, and bankruptcy.

Those reasons are twofold. First, the failure of the Agricultural Adjustment Administration program materially to advance prices of grains and livestock in the Corn Belt. Second, the failure of the Farm Credit Administration to refinance adequately farmers' loans which are about to be foreclosed.

Only today I received a telegram from John K. Chaney, a farmer living in Wood County, Ohio, who has given much of his time to the saving of farmers about to be foreclosed. Mr. Chaney wires me that a farmer, Francis Kunesh, Ney, Ohio, owns 240 acres of land. I happen to be familiar with the land in that particular territory. It is level, black land, well drained, very fertile, and in the most productive belt in Ohio. That land in 1909 was easily worth $100 an acre. The Farm Loan Act of 1933 makes it mandatory for land to be apprized at its 1909 value, then lend the owner 50 percent of that appraised value. Yet Mr. Kunesh's application has been rejected. His application was for $5,000, or approximately $20 an acre.

Yet this loan was refused by the Federal land bank at Louisville, has been foreclosed, and the foreclosure will be confirmed next Monday by the common pleas judge of Defiance County unless I am successful in having the Federal land bank intervene and save this man. Accordingly, Mr. Ernest Rice, general agent for the Farm Credit Administration at Louisville, was notified today, and I feel sure that he will order a reappraisal of this farm and notify Judge Openlander of his action.

A communication under date of April 21 was received from Hon. Harry W. Frick, State representative from Tiffin, Seneca County, Ohio. Mr. Frick advises me of the dire

straits in which the owners of a farm of several hundred acres of the best farming land in the county, situated just outside the city limits of Tiffin, Ohio, find themselves.

The owners have made application for a loan of $22,000 and were granted $14,800 by the Federal Land Bank of Louisville, Ky. This farm, which is of the highest fertility, and which in 1909 was worth $150 an acre, and the value greatly enhanced because of its close proximity to a thriving city of 15,000 people, would amply support a loan for the required amount, and it cannot be refinanced with a lesser amount of money.

The ability and industry of the owners to pay off the mortgage is beyond question. They are the owners of a dairy herd which brings them an income of around $200 a month now, at the ridiculously low prices of dairy products.

Such cases as these come to my office literally by the score. Hundreds of them are on file now awaiting reappraisals which have been promised. Hundreds of others have been reapprized, and many of them rejected. The Farm Credit Administration set-up is not in sympathy with distressed farmers. It is "banker" minded. It is averse to taking any action which will eliminate the strangle hold of the money kings and bond grabbers of this country on those unfortunates who are losing their homes and their farms by the confiscation route every time the sun rises and sets. This is why we demand action on the Frazier bill.

It is not alone for the farmers who are fighting for freedom against slavery and serfdom of the money lenders that I speak; it is for all others of our distressed citizens who are forced to borrow money from the Shylocks.

The Reconstruction Finance Corporation has lent billions of dollars to bankers—good and bad—to insurance companies, to railroad companies, to mortgage-loan companies, to 36-percent loan sharks, upon good security, and upon questionable security. The bankers hoard this money which the Government, through the taxpayers, has advanced.

Under present laws and regulations they are required to keep twice the amount of actual currency on hand as in former days. In the majority of cases they serve only as depositaries of the people's money. The ordinary man or woman cannot borrow money from them. Small industries cannot borrow money from them, with the result that the captains of industry and the money kings get the bulk of the swag. This unfair and piratical system must be corrected. The same opportunity to borrow money from the Government at low rates of interest must be afforded to the unemployed worker, to the distressed small business man, small industrialist, and to others.

Naturally, the Government must have good security. So, in accordance with this viewpoint, I am introducing today in the House of Representatives a bill that will make possible loans to the individuals and classes heretofore mentioned. An individual borrower will be required to give the same security that is now required by the Morris Plan Banks, or in lieu of that, give security that is acceptable in the normal course of banking business.

My bill authorizes and empowers the Reconstruction Finance Corporation to make personal loans secured by promissory notes of the borrower with one or more comakers, or with other acceptable security. It provides that section 5 of the Reconstruction Finance Act as amended is amended by adding after the first paragraph thereof the following new paragraph:

> The Reconstruction Finance Corporation is authorized and empowered to make loans, through such agencies as it may designate or create, to individuals, partnerships, or corporations, upon the security of promissory notes of the borrowers with not less than one comaker, or with such other security in lieu of comakers' endorsements as the Corporation may deem adequate, upon such terms and conditions as it may prescribe pursuant to this section.

The only difference in securing individual loans under my bill and through the lending agencies now in effect, is that instead of paying 7, 8, and 10 or 12 percent, the borrower will pay only 4 percent, since my bill provides that the rate of interest on all such loans shall be 4 percent per annum. [Applause.]

As further evidence of my avowed policy to help all of our financially stricken people, I heartily approve of the action we are now taking to bring the McLeod bill on the floor of this House for vote. We do not expect nor ask that the bill be enacted as drafted. We are willing that it shall be so amended as to include all closed banks, whether members of the Federal Reserve System or not.

We are willing to accept an amendment that will limit pay-offs in full to all accounts which do not exceed $2,500. What we want is action on some bank depositor pay-off bill before this Congress adjourns.

I, myself, have introduced a bill which is based on the principles of the McLeod bill, but which contains the amendatory provisions herein mentioned.

No one can say that the plan proposed under these bills is not a good plan. No one will seriously contend that it is not a humanitarian move. No one will maintain that the plan is not a commendable one. The plan should not by any means be confined to national banks or State member banks of the Federal Reserve System. Every depositor in a State bank is just as much a citizen of the United States as the man who placed his funds in the national bank, and as such a citizen he is fully entitled to be a beneficiary of the proposed plan.

Depositors in the State banks cannot lose their all and at the same time be taxed to support a plan that would benefit the national bank depositor. It goes without question that heretofore all banking laws, whether State or national, were so worded as to be misleading to the general public. No sane and intelligent people would ever have intrusted their hard-earned life savings in banks had they known the weakness of the so-called "safety" that the bankers themselves provided. To clarify this statement, let me say that the laws and statutes on our books were deceiving in that they could be construed one way and interpreted another.

Those laws were, and still are, essentially drafted for the benefit of the bankers instead of the depositors. In a civil and criminal investigation of defunct banks in my own State of Ohio it was proved conclusively that depositors were deliberately misled and misinformed by bankers and public officials sworn to the solemn duty of upholding the banking laws and protecting the rights and interests of depositors, big and little, high and low.

They were mouthpieces for bankers' propaganda, and preached and talked safety and confidence in the banks and in the bankers. The banker proclaimed blatantly and with much gusto, "This bank inspected by the State banking department." Again, "This bank is a member of the Federal Reserve System."

Here arises the important question as to why the Government of the United States should pay off these depositors who were duped and defrauded, the same as were innocent purchasers of Insull stock, railroad stocks and bonds of industry, stocks and bonds of public utilities, duped and defrauded by the banking racketeers and pirates.

The laws were inefficient, incomplete, as full of holes as a moth-eaten coat, and utterly unable to protect those whom they were expected to protect—the depositors. Since banking laws permitted and countenanced these inconsistencies and permitted public confidence to be raped and embezzled, then it is a moral obligation of our Government and of the Congress of the United States to make it possible for these toiling masses to be reimbursed for the losses incurred through no fault of their own.

These losses do not represent speculation. They do not represent investment with hope for gain in capital. They represent life savings deposited for a competence in declining years, deposited for the education of their growing children, deposited for a rainy day, deposited to buy more conveniences and necessities of life.

If these deposits had been made for the purpose of reinvesting, if they had been made for the purpose of speculating on the New York Stock Exchange, or for the purpose of speculating on the Chicago Board of Trade, or for the purpose of speculating in lotteries, or for the purpose of speculating in other gambling deals, then, as Kipling says, "That is another story."

And now, today, to those who contend that, if bank depositors are reimbursed then the Government must reim-

burse those who lost in stocks and bonds, in security and bond investments, my answer is, "That is another story."

Under the plan we propose, we will help the little depositor, instead of the big one as some claim. This is not mere conversation. It is not propaganda. I can prove to you that in my own State the plan we now propose, namely, a limitation of full pay off to $2,500, will relieve thousands of our citizens.

In an official report received recently from Hon. Theodore H. Tangeman, director of commerce, for the State of Ohio, I find that during the 4-year period ending December 31, 1933, 178 banks have closed, impounding deposits of $513,011,119. Of the 178 banks closed during the period covered by this report, 143 remained in liquidation on December 31, 1933; 27 having been reopened and 8 sold. The report indicates that, of the $513,011,119 of deposits impounded in the closings, $233,745,333 have been released to depositors through cash dividends, offsetting obligations, reopenings and sales; representing an average percentage return to depositors of 45 percent. The report states: This does not mean that every depositor in each closed institution has received 45 percent of his deposit; some have received more, others less, depending on the circumstances surrounding liquidation in each unit.

The comparison of deposits by the member and nonmember banks, closed from January 1, 1930, to December 31, 1933, discloses the following:

	Number	Deposits
State nonmember banks	158	$166,787,033
Federal Reserve member banks	20	346,224,086
Total	178	513,011,119

From the foregoing, it is apparent that the average amount of deposits in the nonmember banks was $1,055,614, and the average total amount of deposits in the 20 Federal Reserve member banks was $17,311,204.

In liquidating these banks, the sum of $36,449,006 was borrowed from the Reconstruction Finance Corporation and solvent banks in Ohio. Of this amount, we find that one bank in Cincinnati received $1,307,670, the 5th-3d Union Trust Co. of Cincinnati. The Union Trust Co. of Cleveland received $13,343,491 from the Reconstruction Finance Corporation and $5,000,000 from the National City Bank of Cleveland, Ohio. The Guardian Trust Co. of Cleveland received from the Reconstruction Finance Corporation $11,162,036 and $5,188,809 from the National City Bank of Cleveland, Ohio, making a grand total of $32,839,970 received by three large banks, while 25 smaller banks received the comparatively small sum of $3,610,038 from the Reconstruction Finance Corporation and from some 12 or 15 Ohio banking institutions.

These statistics and figures are given to indicate that the big bankers and particularly in Ohio were the beneficiaries of the millions that were obtained to pay dividends. These large banking institutions in the case of the Union Trust Co. and the Guardian Trust Co. of Cleveland also proved to be the worst racketeers and violators of the law.

A number of officials of these banks have been and are still being indicted. For these racketeers I hold no briefs nor sympathy. I am not so much interested in securing relief for the big depositors as I am for the small ones.

This is a frank statement. Nevertheless, it is only by taking care of the little fellow first that we can ever get this country back on its feet again. [Applause.]

LOVETTE *v.* REECE

Mr. PARKER. Mr. Speaker, I present the following privileged resolution, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 358

Resolved, That O. B. Lovette was not elected a Representative to the Seventy-third Congress from the First Congressional District of the State of Tennessee, and is not entitled to a seat therein.

Resolved, That B. CARROLL REECE was duly elected a Representative to the Seventy-third Congress from the First Congressional District of the State of Tennessee, and is entitled to retain his seat therein.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

ELLIS *v.* THURSTON

Mr. PARKER. Mr. Speaker, I offer the following privileged resolution, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 359

Resolved, That Lloyd Ellis was not elected a Representative in the Seventy-third Congress from the Fifth Congressional District of the State of Iowa, and is not entitled to a seat as such Representative.

Resolved, That LLOYD THURSTON was elected a Representative in the Seventy-third Congress from the Fifth Congressional District of the State of Iowa, and is entitled to a seat as such Representative.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

ELECTION CONTEST—M'ANDREWS *v.* BRITTEN

Mr. PARKER. Mr. Speaker, I offer a privileged resolution, and ask its immediate consideration.

The Clerk read as follows:

Resolved, That James McAndrews was not elected a Representative to the Seventy-third Congress from the Ninth Congressional District of the State of Illinois, and is not entitled to a seat therein.

Resolved, That FRED A. BRITTEN was duly elected a Representative to the Seventy-third Congress from the Ninth Congressional District of the State of Illinois, and is entitled to retain his seat.

Mr. SABATH. Mr. Speaker, I desire to be heard briefly on this matter.

Mr. PARKER. Mr. Speaker, when I asked that these resolutions be taken up this afternoon, I agreed with the gentleman from Massachusetts [Mr. DOUGLASS] that if any time was to be consumed I would not offer them until tomorrow. If Members wish to be heard on the resolution, I shall ask unanimous consent that it be taken up as the first order of business tomorrow after the reading of the Journal and the completion of business on the Speaker's table.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. PARKER. I yield.

Mr. BRITTEN. Mr. Speaker, I hope the gentleman will let the House decide the matter now. I do not think the gentleman from Illinois desires much time. I suggest that the matter be disposed of now.

Mr. PARKER. I should be pleased to do that, but for my agreement with the gentleman from Massachusetts [Mr. DOUGLASS].

Mr. DOUGLASS. Mr. Speaker, I have no objection to a brief statement; but if there is to be any extended discussion, I shall object, for we have been trying during the course of 2 or 3 weeks to get this vocational-education bill to the floor of the House.

Mr. PARKER. Mr. Speaker, I ask unanimous consent to withdraw the resolution at this time and that it may be taken up tomorrow immediately after the disposition of business on the Speaker's table.

The SPEAKER. The resolution is privileged, and the gentleman can call it up at any time.

VOCATIONAL EDUCATION

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 324.

The Clerk read as follows:

House Resolution 324

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7059, a bill to provide for the further development of vocational education in the several States and Territories; and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled

by the Chairman and ranking minority member of the Committee on Education, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RANSLEY] the usual 30 minutes on his side for control on the rule.

Mr. Speaker, it is my purpose to consume only a few minutes in presenting this resolution with the understanding that this was a unanimous report from the Committee on Education, as I believe it was.

In order to conserve time for the consideration of other bills that are pressing for action, the Committee on Rules has granted but 1 hour of general debate for the consideration of this bill. I have had no requests from members of my committee on this side for time on the rule; and, in order to accommodate some members of the Committee on Education who desire to speak on the bill, unless there is objection, at the conclusion of my brief statement I shall be glad to let the gentleman from Massachusetts [Mr. DOUGLASS], Chairman of the Committee on Education, yield the balance of the time that might be left to me on the resolution.

Mr. Speaker, I know of nothing that I may add to the report of the committee on this bill. This program of Federal aid to vocational education has been the law of the land for quite a number of years. I have always been an ardent advocate of these appropriations, and, although some gentlemen for whose opinions I have the very highest respect and regard differ from my attitude upon the matter, I feel that the appropriations out of the Federal Treasury for this purpose by experience and trial have amply justified themselves by way of benefit conferred upon the youth of our country.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a short question?

Mr. BANKHEAD. Yes.

Mr. McFARLANE. Does this bill make any change in the method of allotment that has been followed in previous bills?

Mr. BANKHEAD. If I am in error in answering this question it will be corrected by members of the committee when they come to discuss the bill; but my information is that the provisions of this bill conform substantially to the provisions of the existing George-Reed Act, which is the authorization under which this appropriation has been made for the last 3 years. I may state, Mr. Speaker, that the committee has added one feature to this bill, which, although it does not increase the appropriation, I think is most desirable in order to make it more equitable in its application as representing benefits conferred upon all classes of our population.

Under the original bill these sums were only extended for vocational education in agriculture and in home economics. The pending bill provides that one third of the appropriation authorized by it shall be applied to industrial and manual training outside of rural communities. In other words, it will give to the boys and girls of industrial sections who may desire to secure some form of manual or industrial training equal opportunity in this respect to those in the rural sections of the country.

As I said, Mr. Speaker, this policy has become almost a national policy upon the part of Congress. As originally introduced this bill provided that these appropriations should be permanent in their nature. I think very properly the Committee on Education has limited its operation to a period of 3 years, authorizing an appropriation of $3,000,000, out of the Federal Treasury to be allocated to the States under the old system which we so well understand.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. SNELL. Is there anything in this bill that requires an equal appropriation by the States receiving the benefit?

Mr. BANKHEAD. Yes; as I understand, it preserves the old 50-50 principle.

Mr. SNELL. Just the same as it was originally passed?

Mr. DOUGLASS. It is the same provision as in the Reed bill, 50-50.

Mr. McDUFFIE. May I ask the gentleman how much additional cost this puts upon the Federal Treasury per annum?

Mr. BANKHEAD. Unless I am in error, this provides no additional cost out of the Federal Treasury over and above the current authorization for this purpose. If I am mistaken, I should like to be corrected. I may say to the gentleman from Alabama that under the terms of the Economy Act a reduction was made in the amount actually allocated the present fiscal year. I do not know the exact amount of the curtailment, but it was probably 25 percent. I shall ask the gentleman from Mississippi [Mr. ELLZEY] to state whether or not this authorization is the same as in the present law minus the deductions under the Economy Act.

Mr. ELLZEY of Mississippi. Under the operations of the George-Reed Act there was $2,500,000 allocated. This bill carries an appropriation of $3,000,000, but an additional $1,000,000 has been added for the training in trade and industry.

Mr. BANKHEAD. Unless there are other questions, I yield to the gentleman from Pennsylvania [Mr. RANSLEY] 30 minutes, to dispose of as he sees fit. And, Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. DOUGLASS], chairman of the committee, may yield the remainder of my time.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield 20 minutes to the gentleman from Connecticut [Mr. BAKEWELL].

Mr. BAKEWELL. Mr. Speaker, I rise to speak in favor of this bill, and may I preface my remarks by saying a few words about the purpose and the value of vocational education, using this term in the broad sense to include the other subjects here mentioned, not merely trade and industry but agriculture and home economics as well. May I also be permitted to relate an incident that occurred in the legislature of my own State in the committee on education at the time when it was my privilege to be serving as chairman of that committee?

At the first meeting of the committee a gentleman who came from a farming district, arose and said: "Before we go any further, I think that I ought to make plain my position with regard to this here education. I do not know as I am much for it, anyway, and I will tell you why. When I was a boy a fellow came to our town, and he came to our school to talk to us boys about the value of education. This is what he said: 'Boys, as I was walking along the road this morning I saw a man sitting on the bank watching five other men dig. Now, boys, why was that fellow sitting on the bank? It was because he had education; you get education, and you can sit on the bank and watch the other fellow dig.' And he added: 'The trouble nowadays is that everybody has education, and everybody wants to sit on the bank, and nobody wants to do the digging.'"

Having told this story, I must, in justice to the gentleman whom I have quoted, add that he proved to be a man of great sagacity and of most uncommon common sense, and one of the most useful and helpful members of the committee.

With regard to the larger problem which he presented I have no solution to offer. Were I building Utopias after the modern fashion, I might perhaps suggest that this situation might be met, as my friend William James once suggested, by drafting all the young women and young men into a large army, and requiring them to serve for a year, or possibly 2 years, under strict military discipline, compelled to do the jobs that no one wants to do—the unpleasant jobs, the drudgery jobs. But I am not building Utopias, and I shall pass over that larger question. There is, however, another question closely connected with it which immediately concerns us. As our educational system in this country has developed, it has become more and more stand-

ardized, the wheels have been well oiled, all the children are moved forward together from grade to grade in the grammar school, from grammar school to high school, and from high school to college or university without having been properly prepared for any promotion. The result is a twofold evil. In the first place, there is a very large number of persons who go through this mill and come out at the end who are by their education spoiled for the tasks for which they are by nature adapted, and at the same time not qualified for those pursuits to which they aspire. We have a very large number of young men and young women in this group, and they constitute a menace to civilization. These people remind me very much of a man named Peter Soderini. I do not know much about him, but his life history is told in these brief lines:

> The night that Peter Soderini died,
> He at the gates of Hell himself presented,
> "What! You come to Hell, poor soul demented,
> Go to babies' limbo," Pluto cried.

These people find themselves very much in the position of Peter Soderini. They are persons who, in the words of the Scotch proverb, are "Nae fit for Heaven, and would ruin a' Hell." This is the group that constitutes the great recruiting ground for our criminals, high and low.

What we have been doing through this educational process is setting up an industry for the mass production of social misfits. The second unfortunate result is that there has been a very great exaggeration of the importance, the worth, and the dignity of what might be called the "kid-glove" jobs. Vocational education aims to remedy both of these defects. In the first place it drives home the truth that a skilled trade is as honorable and as useful a way of earning a living as any other, and is entitled to just as much social recognition. The second and the more important result is that it ties up education to the native interests and aptitudes of the pupil, laying the foundations for a sound education, and preparing him to be a self-supporting and self-respecting citizen.

Mr. Speaker, I come from a State that is very much opposed to all types of grants in aid that are to be matched by the State, and particularly to such grants when they apply to education.

We are able to bear our own educational burden, and we feel that every State should do the same, and that if a State is not able to do so it has no right to be a State but should become again a Territory, in which case the Federal Government could carry all of its burdens. But there is this to be said with regard to this particular bill. The purpose of the Smith-Hughes Act and the purpose of the George-Reed Act, of which this is the sequel, was not to take care of vocational education in the States. The aid given by the Federal Government is a mere trifle. In my own State of Connecticut what we receive from the Federal Government amounts to $35,000 in round numbers, and what we spend is $330,000. The Federal contribution is, therefore, a very small part of the cost. These measures, however, were introduced in the first place not to pay for this work but in order that the Department of Education of the Federal Government might pass on to the States this general program of educational work, stimulate their interest in it, get it started, taking it for granted that the States would then carry their own burden.

If this bill were permanent legislation, I should be unalterably opposed to it. It was introduced as permanent legislation. This the committee refused to sanction. It was first suggested that the period be limited to 5 years. I myself would have preferred to have it 1 year, but, as a compromise, it was made 3 years. All the members of the committee were agreed that this is no time to withdraw this relief; that this period of depression is not the time to economize on this important work.

I feel, therefore, that it is necessary that this aid should be continued for the coming year, and I am willing to support the proposal that it should be continued for 3 years. I hope the measure will be enacted into law.

I do not know that it is necessary to take any more time to discuss this question; but I do hope that those who are opposed to grants in aid on principle, as I am, will not regard this as a bar to voting for this bill. The amount is small; the work is of vast importance; we must continue this stimulation of interest in all of our communities. At the same time we expect and demand that they stand on their own feet, when once they get their own houses in order, and do not come back knocking at the Federal door.

Mr. DONDERO. Will the gentleman yield?

Mr. BAKEWELL. I yield to the gentleman from Michigan.

Mr. DONDERO. Can the gentleman tell the amount of a Federal tax dollar that goes to education?

Mr. BAKEWELL. I cannot give the gentleman that figure, but it is relatively very small.

Mr. DONDERO. The gentleman has not that in percentage or in amount?

Mr. BAKEWELL. No; but it is a very small amount. This bill is only $3,000,000; and in these days, when we talk in terms of billions, that is a bagatelle.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BAKEWELL. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. In view of the national interest in maintaining an intelligent citizenry, does the gentleman not believe there is a difference in principle between Federal aid in behalf of education and Federal aid in behalf of other projects to which such aid is given?

Mr. BAKEWELL. I do; but I should like to say that the real danger of Federal aid to education, we all realize, is Federal domination of education in the States. This is the worst thing that could befall. Education must be left to the States and to the local communities if it is to be well and effectively done. We fear where money is given, dictation will follow.

Mr. CHRISTIANSON. May I say to the gentleman that in that I thoroughly agree with him?

Mr. BAKEWELL. I would say further that, in my judgment, nothing is more important in a republican form of government than an enlightened and educated citizenry, and nothing is more menacing to the welfare of the country than ignorance, save only one thing. There is one thing that is worse than ignorance and more menacing than ignorance, and that is conceit of knowledge where no real knowledge exists; and this is what results when we keep putting these children through the schools in this mechanical fashion. They come out in the end with very, very little knowledge of very many things, and this is the real danger to the country.

Mr. CHRISTIANSON. And does not the gentleman believe that that very situation may arise out of the fact that under present economic conditions many communities and some States may not be able to give to the growing generation the kind of education that the gentleman has denominated as real education?

Mr. BAKEWELL. Yes. I think this bill will help bring about the result that we all desire, and for that reason I favor it. [Applause.]

Mr. DOUGLASS. Mr. Speaker, I shall have but one more speaker tonight, and I yield 10 minutes to the gentleman from Wisconsin [Mr. HUGHES].

Mr. HUGHES. Mr. Speaker, I rise to seek consideration and advocate the support of the vocational education appropriation bill, H.R. 7059. This measure as proposed is planned and designed to meet a problem of national need and importance. It is of vital interest and deep concern to the citizens of the State I have the privilege to represent in Congress. The great Commonwealth of Wisconsin pioneered in the field of vocational education. Long recognized as a State of liberal and progressive trends and tendencies, it early appreciated the need and necessity of a large group of our people for part-time vocational education. With resolution and courage, Wisconsin accepted the challenge this condition presented and with vision, wisdom, and energy planned a system of part-time vocational education that serves efficiently a large number of its workers, youth and adult, rural and urban, with exceptional educational opportunities. In the year 1911 our legislature enacted a

part time school law that for 23 years has been part of the organic law of the State. To obtain this enabling legislation was no easy task. It met with strong, vigorous opposition that was active and organized. As a plan of education it was condemned and criticized as impractical, ineffective, and expensive. Fortunately, success attended the untiring, unselfish effort of a group of educational pioneers and experimenters, and in their labors they created a system of vocational education involving three great principles, all essential to the success of the plan. The principles laid down as the foundation for this program are as follows: First, a separate administrative board representing the groups directly affected in the administration of the part time school law, namely, employers, employees, farmers, and the public; second, a separate fund provided by a mill tax, thus insuring adequate financial support; third, an effective part time school attendance law for juvenile workers.

The administration system as applied in the representative principle has proved sound and effective. Representatives of capital, labor, farm, and the public assures a broad and impartial policy and management. Partisanship under this plan of administration is impossible, for all divisions of industry and workers have a voice and a vote and receive equal and just consideration. This balance of representation is true of both State and community boards. The vocational management and the vocational school is a joint project of all these community interests and divisions and treat impartially and with equity all the problems of the whole group. Wisely it provides an adequate financial support by an application of local mill tax, not to exceed 1½ mills, and further provides a State aid to supplement these local taxes. A strong and effective school-attendance law for juvenile workers assures educational influence in the lives of all of our youth and requires school attendance to all juveniles until the age of 18 years is reached. With the growth and development of vocational education throughout the Nation, Federal aid was urged, and in 1917 the Smith-Hughes Act guaranteeing these aids became law. It created a Federal Board for Vocational Education and granted aid to the States for trade, industrial, home-making, and agricultural education, provided the States do their share in appropriating funds for the same purpose. Under this plan of local tax support and State and Federal aid, vocational education in Wisconsin has made great strides and grown to flourish to great service and accomplishment. This attainment is registered in the record that points to 38 vocational schools, 43 evening schools. These units are part of the city vocational training program. One hundred departments of vocational agriculture and 22 departments of home economics are established and are serving the rural plan. These schools are spread out in all sections of the State. They are well housed and equipped. They are manned by instructors, men and women, qualified by character, ability, and education to train, direct, and guide the groups that are served. The influence of the vocational school has reached out to directly contact more than 100,000 of our people in this current school year—men and women, both youth and adult, employed and unemployed, of the rural and urban districts—making these institutions and their activities real community centers for people of all ages and all callings, whom it trains, guides, and educates.

In the current school year it involved an expenditure, in round figures, of $2,558,000. Local tax raised in excess of $2,000,000 of that amount; State aid contributed $339,000, and the Federal aid totaled $162,000. Note that the large burden is on the local community and that the State aid supplements it in a generous manner, and that the Federal aid is not in excess of 6½ percent of the total. Planned as it is on well-grounded principles of education, administration, and instruction; developed, supported, and fortified by these factors of tax, we have erected a strong, comprehensive, and effective plan of education for great numbers of people. It has succeeded in a large measure through the years, and no better testimony of this truth is registered in a recent statement following an extensive survey as made by an interim committee on education. In part, this report states—

Wisconsin has reached the enviable position of world-wide leadership in the field of vocational education. Educators appearing before the committee from both the Middle West and East were high in their praise of what is being done educationally in Wisconsin for the working youth and adult. Scores of reports, books, and surveys suggest Wisconsin as worthy of imitation in the educational field. Early in the work of the interim committee it was apparent that vocational education offered no major problems for solution.

The record that vocational education has made in its steady growth and progress throughout the Nation justifies the Government making it a permanent part of its educational program. Its services, as rendered under normal conditions, have proven large and effective, and through the years' scope of its service and the field of its activities has grown and widened.

It is not difficult to understand that in a period of depression which has prevailed for a period of more than 4 years, with its unemployment and lack of work opportunity for the toilers of America, that out of this condition would grow a greater demand for such an institution. This is particularly true in the unemployed youth of our Nation. Thousands of them, graduates of our high schools, mentally alert and physically able, face a world which offers no work opportunity; with a strong desire for further education, they are denied that opportunity by lack of funds. Hopeless and discouraged, in idleness and despair, are we to leave them to the streets and the influence of unrest, discontent, and crime? More than any other institution in our whole scheme of education can vocational schools serve in this, the hour of their despair. It grants to them continued educational opportunity and training, organized effort, and discipline, a real force to assist them through these years of trial and trouble; and in the education they attain and the discipline they will meet they will be built up to serve when opportunity presents itself. In healthy study and occupation they will find new hope, cheer, and happiness. This is not the only group to know and receive the benefit of vocational training, but the adult, employed and unemployed, through this program can add to their educational equipment and opportunity, giving them better training, better viewpoints of life, and added equipment for intelligent and efficient service. As a nation we are conscious of the fact that it is a national obligation to educate our people. As a nation we cannot neglect that duty; to forget it is unwise and un-American. This Federal appropriation has contributed much to the growth and the progress of vocational education for the last 17 years. It is an essential part of it. In many instances it means the very existence of these institutions. In eliminating Federal aid it will have the effect of reducing State support and encourage local tax reductions. It would be a destructive policy that would threaten with defeat this successful form and method of practical part-time education.

It is my belief that in the continuation of this support and the passing of this appropriation at this time that it will fortify vocational education in the State and in the Nation and continue in force and effectiveness this plan that contributes so much to the welfare of our people. Investigation would show that organized labor and all groups of workers are definitely behind vocational education. Their leadership has urged in State and Nation the growth and development of this plan. It has the stamp of approval of the industrial leadership of America, particularly that group that make it a part of their management to study the needs, the aims, and objectives of their workers. This group has shown a sympathetic and understanding support of vocational part-time education. Able, farsighted, and forward-looking educators approve and encourage this educational development as a worthy and essential part of the national educational progress. The support of the Congress is sought to make this appropriation of $3,000,000 at this time. In my opinion, it would be a wise and patriotic action for us to take. [Applause.]

SUGAR BEETS AND SUGAR CANE

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 8861, to include sugar beets and sugar cane as basic agricultural commodities

under the Agricultural Adjustment Act, and for other purposes, and agree to the Senate amendment.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNELL. Has the gentleman consulted the minority members of the committee?

Mr. JONES. Yes; I have seen the other Members.

The Clerk read the Senate amendment, as follows:

In lieu of the language inserted in said House amendment, insert the following:

"(1) Any sugar, imported prior to the effective date of a processing tax on sugar beets and sugar cane, with respect to which it is established (under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury) that there was paid at the time of importation a duty at the rate in effect on January 1, 1934, and (2) any sugar held on April 25, 1934, by, or to be delivered under a bona fide contract of sale entered into prior to April 25, 1934, to any manufacturer or converter for use in the production of any article (except sugar) and not for ultimate consumption as sugar, and (3) any article (except sugar) processed wholly or of chief value from sugar beets, sugar cane, or any product thereof, shall be exempt from taxation under subsection (a) of this section, but sugar held in customs custody or control on April 25, 1934, shall not be exempt from taxation under subsection (a) of this section, unless the rate of duty paid upon the withdrawal thereof was the rate of duty in effect on January 1, 1934."

Mr. SNELL. Will the gentleman explain in a few words what this does?

Mr. JONES. It does what was intended to be done by the other amendment. In exempting from the tax certain sugar held in stock, there was not included in the House amendment stock of domestic sugar on hand, also sugar made in this country and to be used for manufacturing purposes other than as sugar.

Mr. SNELL. It means what you intended to mean in the original bill?

Mr. JONES. Yes.

The Senate amendment was agreed to.

Mr. BANKHEAD. Mr. Speaker, how much time is left on the rule?

The SPEAKER. The gentleman from Pennsylvania has 29 minutes left and the gentleman from Massachusetts 15 minutes.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DARDEN (at the request of Mr. ROBERTSON), indefinitely, on account of death of a friend.

To Mr. MARLAND, indefinitely, on account of important business.

To Mr. O'MALLEY (at the request of Mr. BROWN of Kentucky), indefinitely, on account of illness.

To Mrs. CLARKE of New York (at the request of Mr. SNELL), indefinitely, on account of death in the family.

SPEAKER PRO TEMPORE TOMORROW

The SPEAKER designated Mr. PARSONS to act as Speaker pro tempore tomorrow.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended; and

H.R. 8471. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. DOUGLASS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p.m.) the House adjourned until tomorrow, Thursday, April 26, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

422. Under clause 2 of rule XXIV a letter from the Secretary of War transmitting draft of a bill to authorize the Secretary of War to dispose of certain plots of ground no longer needed for cemeterial purposes, which the War Department presents for the consideration of the Congress, was taken from the Speaker's table and referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union; without amendment (Rept. No. 1313). Referred to the Committee of the Whole House on the state of the Union.

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. S. 2966. An act to authorize the coinage of 50-cent pieces in commemoration of the three-hundredth anniversary of the founding of the Province of Maryland; without amendment (Rept. No. 1314). Referred to the Committee of the Whole House on the state of the Union.

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. H.R. 9095. A bill to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone; without amendment (Rept. No. 1315). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. S. 3235. An act to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; without amendment (Rept. No. 1318). Referred to the Committee of the Whole House on the state of the Union.

Mr. STUDLEY: Committee on the Post Office and Post Roads. H.R. 7317. A bill to provide for the final construction, on behalf of the United States, of postal treaties or conventions to which the United States is a party; with amendment (Rept. No. 1319). Referred to the Committee of the Whole House on the state of the Union.

Mr. JOHNSON of West Virginia: Committee on the Post Office and Post Roads. H.R. 3214. A bill to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn; with amendment (Rept. No. 1320). Referred to the Committee of the Whole House on the state of the Union.

Mr. GILLETTE: Committee on Foreign Affairs. House Joint Resolution 330. Joint resolution authorizing certain retired officers or employees of the United States to accept such decorations, orders, medals, or presents as have been tendered them by foreign Governments; without amendment (Rept. No. 1324). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 93. Joint resolution authorizing the creation of a Federal Memorial Commission to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers, Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the

United States of America; without amendment (Rept. No. 1326). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. H.R. 1582. A bill authorizing an appropriation for the erection of a memorial to the officers and men of the United States Navy who lost their lives as the result of a boiler explosion that totally destroyed the U.S.S. *Tulip* near St. Inigoes Bay, Md., on November 11, 1864, and for other purposes; without amendment (Rept. No. 1327). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOREHEAD: Committee on the Post Office and Post Roads. H.R. 7670. A bill relating to conveyance of letters by private hands without compensation, or by special messenger employed for the particular occasion only; without amendment (Rept. No. 1328). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOREHEAD: Committee on the Post Office and Post Roads. H.R. 7348. A bill to amend section 3937 of the Revised Statutes; without amendment (Rept. No. 1329). Referred to the Committee on the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. H.R. 7759. A bill to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin; with amendment (Rept. No. 1330). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. House Resolution 355. Resolution authorizing the adoption of certain rules relative to H.R. 8919, a bill to adjust the salaries of rural letter carriers, and for other purposes; without amendment (Rept. No. 1331). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 8241. A bill to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers in the county of Allegheny, Pa.; without amendment (Rept. No. 1332). Referred to the House Calendar.

Mr. PETTENGILL: Committee on Interstate and Foreign Commerce. H.R. 9064. A bill granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River at or near a point suitable to the interests of navigation east of Clark Street in Gary, Ind.; without amendment (Rept. No. 1333). Referred to the House Calendar.

Mr. HOLMES: Committee on Interstate and Foreign Commerce. H.R. 9065. A bill granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Falls, Mass.; without amendment (Rept. No. 1334). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 9271. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.; without amendment (Rept. No. 1335). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. House Joint Resolution 327. Joint resolution authorizing the appointment of a planning committee in connection with the United States Botanic Garden, and for other purposes; without amendment (Rept. No. 1336). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CHRISTIANSON: Committee on Military Affairs. H.R. 4753. A bill for the relief of George W. Adams; without amendment (Rept. No. 1310). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. H.R. 6280. A bill for the relief of Michael Ilitz; without amendment (Rept. No. 1311). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 8741. A bill authorizing the maintenance and use of a banking house upon the United States military reservation at Fort Lewis, Wash.; without amendment (Rept. No. 1312). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. S. 421. An act for the relief of Joseph Gorman; without amendment (Rept. No. 1316). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2634. A bill for the relief of Logan Mulvaney; with amendment (Rept. No. 1317). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. S. 754. An act for the relief of Fred M. Munn; without amendment (Rept. No. 1321). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. S. 841. An act for the relief of Charles C. Floyd; without amendment (Rept. No. 1322). Referred to the Committee of the Whole House.

Mr. CALDWELL: Committee on Foreign Affairs. H.R. 8674. A bill for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of Nature and other causes; with amendment (Rept. No. 1323). Referred to the Committee of the Whole House.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 94. Joint resolution to retire George W. Hess as director emeritus of the Botanic Garden; with an amendment (Rept. No. 1325). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COFFIN: A bill (H.R. 9319) authorizing certain changes in the contract for the payment of construction costs of the Minidoka irrigation project in Idaho; to the Committee on Irrigation and Reclamation.

By Mr. SINCLAIR: A bill (H.R. 9320) to further extend the times for commencement and completing the construction of a bridge across the Missouri River at or near Garrison, N.Dak.; to the Committee on Interstate and Foreign Commerce.

By Mr. BANKHEAD: A bill (H.R. 9321) to regulate the sale of seed inoculants, soil inoculants, inoculated fertilizers, and analagous biological products in the District of Columbia, to regulate interstate traffic in said articles, and for other purposes; to the Committee on Agriculture.

By Mr. CELLER: A bill (H.R. 9322) to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; to the Committee on Ways and Means.

By Mr. RAYBURN: A bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GILLETTE: A bill (H.R. 9324) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WOOD of Missouri: A bill (H.R. 9325) to provide for the licensing of firemen operating steam boiler or boilers in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BANKHEAD: Resolution (H.Res. 355) authorizing the adoption of certain rules relative to H.R. 8919, a bill to adjust the salaries of rural letter carriers, and for other purposes; to the Committee on Rules.

By Mr. HAINES: A bill (H.R. 9326) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near York Furnace, York County, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. COCHRAN of Missouri: Resolution (H.Res. 256) for the consideration of Senate Joint Resolution 93; to the Committee on Rules.

By Mr. CALDWELL: Resolution (H.Res. 357) to provide for the appointment of a special committee to investigate the extent to which the United States is dependent upon foreign nations for its supply of tin, and for other purposes; to the Committee on Rules.

By Mr. KELLER: Resolution (H.Res. 360) for the consideration of Senate bill 3235; to the Committee on Rules.

By Mr. GREEN: Resolution (H.Res. 361) to close the House restaurant; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOEHNE: A bill (H.R. 9327) for the relief of John E. Sandage; to the Committee on Claims.

By Mr. COCHRAN of Missouri: A bill (H.R. 9328) granting a pension to Mary Grieser; to the Committee on Invalid Pensions.

By Mr. DOCKWEILER: A bill (H.R. 9329) granting a pension to Margaret F. Prather; to the Committee on Pensions.

By Mr. FOSS: A bill (H.R. 9330) for the relief of Henry Werre; to the Committee on Claims.

By Mr. JOHNSON of Texas: A bill (H.R. 9331) for the relief of Etta Pippin; to the Committee on Claims.

By Mr. KELLY of Illinois: A bill (H.R. 9332) for the relief of Gilbert James de Normandie; to the Committee on Naval Affairs.

By Mr. LEWIS of Colorado: A bill (H.R. 9333) for the relief of Mr. and Mrs. Chester A. Smith; to the Committee on Claims.

By Mr. LEE of Missouri: A bill (H.R. 9334) granting a pension to Catherine Orender; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9335) granting an increase of pension to Missouri E. Griffith; to the Committee on Pensions.

Also, a bill (H.R. 9336) granting a pension to Sherman King; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9337) granting a pension to Ruth Ann Breedlove; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9338) granting a pension to Ella Woodward; to the Committee on Pensions.

Also, a bill (H.R. 9339) granting a pension to Angeline Hart; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9340) granting a pension to Agnes P. Miller; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9341) granting a pension to Flora M. Lawson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9342) granting a pension to Pearly Ann Howard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9343) granting a pension to Marietta Cannon; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9344) granting an increase of pension to Annie L. Teague; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9345) granting an increase of pension to Hannah H. Maddux; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9346) granting an increase of pension to Addie Blunt; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9347) granting an increase of pension to Elizabeth Dugan; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9348) granting an increase of pension to Mary N. Stanley; to the Committee on Invalid Pensions.

By Mr. MITCHELL: A bill (H.R. 9349) for the relief of John R. Bullock; to the Committee on Claims.

By Mr. MERRITT: A bill (H.R. 9350) for the relief of the Consolidated Ashcroft Hancock Co., Inc., Bridgeport, Conn.; to the Committee on Claims.

By Mr. McMILLAN: A bill (H.R. 9351) to confer jurisdiction upon the United States District Court for the Eastern District of South Carolina to determine the claim of Lewis E. Magwood; to the Committee on Claims.

By Mr. SABATH: A bill (H.R. 9352) for the relief of Joseph Schoenbach; to the Committee on Claims.

By Mr. SHANNON: A bill (H.R. 9353) granting a pension to James Joseph Monahan; to the Committee on Pensions.

By Mr. TARVER: A bill (H.R. 9354) for the relief of James A. Henderson; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4207. By Mr. ANDREW of Massachusetts: Resolution adopted by the Business and Professional Women's Republican Club of Massachusetts, urging a thorough investigation of the charges of Dr. Wirt, and the whole Communist movement in the United States; to the Committee on the Judiciary.

4208. By Mr. BOYLAN: Letter from the Shoe Manufacturers' Board of Trade, Brooklyn, N.Y., opposing the passage of Senate bill 2926, known as the "Labor Disputes Act"; to the Committee on Labor.

4209. Also, letter from the High School Teachers' Association of New York City, favoring the bill before the Committee on Education appropriating $75,000,000 to keep the public schools of the United States open; to the Committee on Education.

4210. Also, letter from the Whitestone Association, Local No. 1, New York City, unanimously favoring the passage of the Wagner-Connery Disputes Act; to the Committee on Labor.

4211. Also, resolution adopted by the Motion Picture Theater Owners of America, a national association of motion-picture exhibitors, in the convention assembled in Los Angeles, Calif., April 10 to 15, petitioning the Senate and the Committee on Foreign Relations of that body to withhold approval of Senate bill 1928, or any substitute or modification thereof, which in effect would allow the entrance of the United States into the International Copyright Union without the protection to the American theaters and to the motion-picture industry as hereinbefore set forth, and this body does go on record as registering its protest against the enactment of the aforesaid legislation and the approval of the treaty for the reasons hereinbefore set forth; to the Committee on Foreign Affairs.

4212. Also, petition signed by citizens, of Brooklyn and New York City, urging the adoption of the amendment to section 301 of Senate bill 2910 and House bill 8977; to the Committee on Merchant Marine, Radio, and Fisheries.

4213. By Mr. BRUNNER: Petition of Manor Council, No. 112, Sons and Daughters of Liberty, Howard Beach, Long Island, N.Y., urging Congress to defeat the efforts made by political leaders and exploiters of labor to defeat the spirit of restricted immigration; to the Committee on Immigration and Naturalization.

4214. By Mr. GAVAGAN: Petition of Pro Patria Council, No. 751, Knights of Columbus, in reference to Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4215. By Mr. GOODWIN: Petition of the Woman's Christian Temperance Union, Kingston, Ulster County, N.Y., respectfully petitioning Congress for favorable action on the Patman motion picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

4216. By Mr. KRAMER: Resolution adopted by the Motion Picture Theater Owners of America on April 10–15, 1934, at Los Angeles, Calif.; to the Committee on Foreign Affairs.

4217. By Mr. LINDSAY: Letter from E. Whitmore, Brooklyn, N.Y., opposing the Johnson bill (S. 752) and the Couzens tax bill; to the Committee on Ways and Means.

4218. Also, telegram from the Lamson & Hubbard Corporation, Boston and New York, urging complete elimination of excise tax on furs; to the Committee on Ways and Means.

4219. Also, telegram from Kruskal & Kruskal, Inc., New York City, objecting to the exemption of excise tax on furs costing $75 or less as contained in House bill 7835; to the Committee on Ways and Means.

4220. Also, telegram from Mrs. Leo Kopowski, Brooklyn, N.Y., urging the passage of House bill 4492; to the Committee on Civil Service.

4221. Also, telegram from the Balch Price & Co., New York and Brooklyn, urging complete removal of excise tax on manufactured furs; to the Committee on Ways and Means.

4222. Also, telegram from the Wells Treister Co., Inc., New York City, urging complete removal of excise tax on furs; to the Committee on Ways and Means.

4223. Also, telegram from the Fur Wholesalers' Association of America, Inc., New York City, urging removal of excise tax on manufactured furs; to the Committee on Ways and Means.

4224. Also, petition of the High School Teachers' Association of New York City, Inc., Dr. Frederick Houk Law, president, urging support of the bill to appropriate $75,000,000 for education; to the Committee on Education.

4225. Also, petition of the Whitestone Association, Local No. 1, New York City, favoring the Wagner-Lewis bill and the Wagner-Connery bill; to the Committee on Labor.

4226. Also, petition of the Superheater Co., New York City, F. A. Schaff, president, opposing House bill 8720, the stock exchange bill, in its present form; to the Committee on Interstate and Foreign Commerce.

4227. Also, telegram from the Armstrong Cork Co., Lancaster, Pa., opposing certain sections of House bill 8720; to the Committee on Interstate and Foreign Commerce.

4228. Also, petition of Milton Dammann, president American Safety Razor Corporation, Brooklyn, N.Y., opposing certain features of the stock exchange bill; to the Committee on Interstate and Foreign Commerce.

4229. Also, petition of Motion Picture Theater Owners of America, New York City, concerning the copyright bill (S. 1928) and protesting its passage; to the Committee on Interstate and Foreign Commerce.

4230. Also, petition of the Writers' League Against Lynching, New York City, favoring the passage of the Costigan-Wagner antilynching bill; to the Committee on the Judiciary.

4231. By Mr. McFARLANE: Petition of the board of directors of the North Texas Oil & Gas Association, requesting Committee on Mines and Mining to strike out from Senate bill 1665 the words "oil, gas, and the hydrocarbons", in line 9 of said bill, or that said act be amended so as to provide that the experimental station at Bartlesville, Okla., be continued upon the same basis as same is now operated; to the Committee on Mines and Mining.

4232. By Mr. MULDOWNEY: Petition of 3,350 postal employees, protesting against the policy of the Post Office Department in curtailing service at the expense of increased unemployment; to the Committee on the Post Office and Post Roads.

4233. By Mr. RUDD: Petition of the Whitestone Association, Local No. 1, Long Island, N.Y., favoring the passage of the Wagner-Lewis bill and the Wagner-Connery bill; to the Committee on Labor.

4234. Also, petition of the American Safety Razor Corporation, Brooklyn, N.Y., opposing corporate activities contained in the stock exchange bill; to the Committee on Interstate and Foreign Commerce.

4235. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, with reference to the Revenue Act of 1934 now in conference; to the Committee on Ways and Means.

4236. Also, petition of the High School Teachers' Association of New York City, Inc., favoring the educational bill authorizing an appropriation of $75,000,000 to keep schools open in the coming year; to the Committee on Education.

4237. Also, petition of the Writers' League Against Lynching, New York City, favoring the Costigan-Wagner antilynching bill and the Ford bill; to the Committee on the Judiciary.

4238. By Mr. SEGER: Petition of 101 citizens of Passaic, Paterson, Clifton, N.J., and vicinity, for passage of the 30-hour week bill; to the Committee on Labor.

4239. By Mr. SMITH of West Virginia: Resolution of the West Side Business Men's Association, of Charleston, W.Va., urging the Federal Government to renew operations at the naval ordnance plant at South Charleston, W.Va.; to the Committee on Naval Affairs.

4240. By Mr. STRONG of Pennsylvania: Petition of the board of consulters of the SS. Cosmas and Damian Roman Catholic Parish, of Punxsutawney, Pa., in favor of having adequate time for radio broadcasting allotted to stations owned or controlled by educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations; to the Committee on Interstate and Foreign Commerce.

4241. Also, petition of the Punxsutawney Council, No. 452, Knights of Columbus, in favor of having adequate time for radio broadcasting allotted to stations owned or controlled by educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations; to the Committee on Interstate and Foreign Commerce.

4242. Also, petition of the St. Vincent de Paul Society, of Punxsutawney, Pa., in favor of having adequate time for radio broadcasting allotted to stations owned or controlled by educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations; to the Committee on Interstate and Foreign Commerce.

4243. By Mr. WIGGLESWORTH: Petition of the Business and Professional Women's Republican Club of Massachusetts, urging a thorough investigation of the charges of Dr. Wirt and the whole Communist movement in the United States; to the Committee on the Judiciary.

4244. By the SPEAKER: Petition of Dr. Eng. L. K. Post, regarding the naturalization of immigrants; to the Committee on Immigration and Naturalization.

4245. Also, petition of the depositors of the closed Richmond Bank, of Richmond Hill, N.Y., urging passage of the McLeod bank bill; to the Committee on Banking and Currency.

4246. Also, petition of the Hawaii Labor Federation, urging that the Philippine Islands accept their independence without reservation; to the Committee on Insular Affairs.

4247. Also, petition of the Woman's Club, of Florence, Ariz., urging additional appropriations for highway construction; to the Committee on Roads.

4248. Also, petition of the Latin American Club, of Arizona, urging additional appropriations for highway construction; to the Committee on Roads.

4249. Also, petition of the city of Cambridge, Mass., urging passage of the Costigan-Wagner bill, the so-called "antilynch bill"; to the Committee on the Judiciary.

4250. Also, petition of the city of Royal Oak, Mich., regarding payment of bank deposits in closed banks; to the Committee on Banking and Currency.

4251. Also, petition of the Arizona Booster Association, urging additional appropriations for road construction; to the Committee on Roads.

4252. Also, petition of the Florence Rotary Club, of Salt Lake City, Utah, urging additional appropriations for road construction; to the Committee on Roads.

4253. Also, petition of Court Fidelis, No. 91, Catholic Daughters of America, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4254. Also, petition of the Ave Maria Mission Club, of Brooklyn, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4255. Also, petition of St. Mary's Parish, of Riverside, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4256. Also, petition of the Catholic Daughters of America, St. Victor's Parish, Monroe, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4257. Also, petition of the Church of the Assumption Parish, of Tomales, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4258. Also, petition of the St. Theresa's Parish, Cresskill, N.J., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4259. Also, petition of St. Nicholas Parish, of Garrison, N.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4260. Also, petition of St. Anthony's Parish, of Van Hook, N.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4261. Also, petition of the Holy Name Society of the Church of the Sacred Heart, Elizabeth, N.J., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4262. Also, petition of St. Matthew's Parent-Teacher Association, of Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4263. Also, petition of Holy Name Church, of Sheridan, Wyo., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4264. Also, petition of Diocesan Union of the Holy Name Society, of Denver, Colo., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4265. Also, petition of St. Anthony's Parish, of Loyal State, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4266. Also, petition of Catholic Students' Mission Crusade Society, of San Antonio, Tex., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4267. Also, petition of St. Bernard's Branch of the Holy Name Society, of the city of New York, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4268. Also, petition of St. John's Parish, of Wilton, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4269. Also, petition of Study Club Group of Y.L.S. of M.A.C.C.W., of Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4270. Also, petition of St. Rita's Parish, city of New York, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4271. Also, petition of St. Joseph's Parish, of Ronkonkoma, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4272. Also, petition of St. Joseph's Cathedral Parish, of Sioux Falls, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4273. Also, petition of the Holy Name Society, of Richardson, N.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4274. Also, petition of Good Shepard Parish, of Winchester, Tenn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4275. Also, petition of the Sodality of the Blessed Virgin Mary, of Richardson, N.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4276. Also, petition of a parish of the city of South Pittsburg, Tenn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4277. Also, petition of the Detroit Council of Catholic Organizations, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4278. Also, petition of St. Peter's Parish, of Utica, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4279. Also, petition of St. Michael's Parish, of Livermore, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4280. Also, petition of Rev. Pierre-Louis de La Ney et al., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

THURSDAY, APRIL 26, 1934

The Senate met at 11 o'clock a.m.

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Almighty God, our Heavenly Father, whose blessed Son came not to be ministered unto but to minister: We humbly beseech Thee to bless all who have dedicated themselves to the service of their fellow men, that, being inspired by Thy love and following in the steps of the blessed Christ, each in his separate vocation may worthily minister to the weary and heavy-laden, to the friendless, sick, needy, and to those who are oppressed with wrong.

So shall Thy suffering children everywhere rise up to call Thy servants blessed; for the glory of the Lord shall be revealed, and all flesh shall see it together. Prosper Thou the work of our hands this day, and grant that we may ever worship Thee in the beauty of holiness. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, April 25, was dispensed with, and the Journal was approved.

HOARDERS OF SILVER—TRANSMITTAL OF INFORMATION

Mr. ROBINSON of Arkansas. Mr. President, on yesterday a communication addressed to the Secretary of the Senate by the Secretary of the Treasury, Mr. Morgenthau, indicated a purpose on the part of the Secretary of the Treasury hereafter in transmitting responses to the resolution of the Senate, no. 211, adopted March 20, 1934, relating to hoarders of silver, to transmit future communications to the Chairman of the Committee on Banking and Currency.

It is suggested for the advice of the Secretary that, under the precedents and proper custom, the information should be transmitted direct to the Senate in response to the Senate's resolution and the Senate will take action in referring the same to the Committee on Banking and Currency.

The VICE PRESIDENT. The Chair assumes the Secretary of the Treasury will take note of the Senator's remarks.

Mr. ROBINSON of Arkansas. It is so assumed.

CONGRATULATIONS TO PRESIDENT ROOSEVELT—EDITORIAL FROM LIBERTY

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD and lie on the table an editorial appearing May 5, 1934, in Liberty, from the pen of Mr. Bernarr Macfadden, under the title "Congratulations to Our Hard-Working Chief."

There being no objection, the editorial was ordered to lie on the table and to be printed in the RECORD, as follows:

[From the Liberty, May 5, 1934]

CONGRATULATIONS TO OUR HARD-WORKING CHIEF

By Bernarr Macfadden

More than a year with President Roosevelt, and the business situation continues to improve.

We have climbed out of the mire of the world's worst depression. We are on our way to dependable prosperity—not the hectic money-mad period from which we were suffering in 1929, but that which is substantial and dependable.

When the President first assumed his official duties we were on the verge of revolution. Conditions were not unlike those which brought on the French Revolution. Our citizens were scared. Big business men were fearful of the future; they did not know what was coming.

And then a new powerful leader—courageous, confident—lifted us out of the slough of discouragement and hopelessness.

As a Nation we were not unlike a man without a head, moving swiftly toward wreckage and ruin, realizing fully the fate that was before us and yet powerless to avoid the inevitable crash.

We have to thank our President for much of the change that has been wrought in the business status of this Nation. He saved us from national bankruptcy; he saved us from something that was probably far worse—for an unorganized people in which there are millions of unemployed would soon have been ruled by gangs and reckless, hungry mobs.

We can doubtless constructively criticize some of the activities of the administration, but our President has admitted again and again that experiments were necessary; that we were dealing with serious emergencies which required dependable remedies; that if the measures adopted proved to be ineffective, other methods would be tried.

But action and more action was necessary to save the Nation from ruin. And we got action and then some from the President, beginning with the day of his inauguration. The closing of the banks proved to the country that we had a daring, self-reliant leader at the helm. The Nation that was wobbling around like a chicken with its head off was quickly supplied with an intelligent directing force. Orderly regulations were substituted for chaotic confusion.

An example of the outstanding efficiency of our Chief Executive was demonstrated in his settlement of the automobile strike. Both business and labor leaders were satisfied with his decisions, and the fear on the part of big business that organized labor would be favored now seems to be groundless. The rights of the citizens—constitutional government—were upheld.

We supported the President even before he was nominated. We believed that he could furnish the executive ability so sadly needed at Washington. The series of articles of which he was the author, published in Liberty previous to his nomination, definitely informed the country just where he stood politically. And we intend to continue to support his administration. But that does not close our columns to constructive criticism.

During the first year of his occupancy of the White House it was the duty of citizens everywhere to stand together, to fight as a unit. But now that the general situation has become more nearly normal, it is just as much our duty to be watchful and to assist our Chief Executive with constructive advice. He has plainly stated that he invited suggestions from the lowliest citizen.

The white light of publicity is now filtering through all our governmental activities. The public everywhere is awakening to the revolutionary changes that are being made, and the people are expressing their opinions. Out of the hectic arguments that naturally ensue, definite dependable conclusions should be formed.

We all have reason for being profoundly grateful to our new leader. He may have made mistakes; in fact, he expected to make them. But his constructive accomplishments so far outweigh any failures he may have made that we can afford to ignore them.

Long live the President!

"May his reign be prolonged" is undoubtedly the wish of the majority of the citizens of this great Nation.

ADDRESS BY POSTMASTER GENERAL FARLEY

Mr. ROBINSON of Arkansas. Mr. President, the Postmaster General, Hon. James A. Farley, recently delivered an address in dedicating a new Federal building at Newark, N.J. I ask that that address lie on the table and be printed in the RECORD.

There being no objection, the address was ordered to lie on the table and to be printed in the RECORD, as follows:

ADDRESS OF HON. JAMES A. FARLEY, POSTMASTER GENERAL OF THE UNITED STATES, AT THE CORNERSTONE EXERCISES OF THE NEW FEDERAL BUILDING, NEWARK, N.J., SATURDAY, APRIL 21, 1934

Mr. Chairman, ladies, and gentlemen, every time I come to New Jersey I indulge in reminiscence. My mind today goes back to that eventful day in the summer of 1932 at Sea Girt, when that most tremendous and inspiring outpouring of people under the leadership of Mayor Frank Hague voiced its approval of the candidacy for the Presidency of Franklin D. Roosevelt. I can see from this delightful gathering that you haven't changed your minds since then.

I know and feel that the people of New Jersey are behind the new deal, behind the liberal leadership of our great and beloved President.

May I here say that the administration is certain of the spirit of your own State leaders, and I know that they are doing everything possible to promote the success of the Roosevelt administration. I refer particularly to my great personal friend of many years' standing, your own distinguished Governor, A. Harry Moore.

I want also to express my appreciation of the tireless efforts of your State chairman, Representative MARY T. NORTON, and I am most grateful for whatever assistance your congressional representatives have given the administration in the special and the present session of the Congress.

It is a real pleasure to me to be in your city, presided over by my good friend Mayor Meyer Ellenstein, and to participate in these exercises with your postmaster, John F. Sinnot, Jr.

Before proceeding further with my remarks, I desire to express to Mr. Chambliss and the committee in charge of these exercises my appreciation for their many courtesies and the effort put forth by them to make this day one never to be forgotten by persons privileged to be present at this ceremony.

The invitation extended to me by the citizens of Newark to participate in the ceremonies incident to the laying of the cornerstone of your new Federal building is greatly appreciated. I look about me and see the familiar faces of those whom I have long known and with whom I have worked. Let me tell you collectively what I wish I had time to tell each of you individually—no one appreciates or reciprocates more than I do the loyalty and warmth of your friendship and your welcome.

The patriotic sentiments that rise in our hearts on such an occasion as this cannot but inspire a deeper affection for our country. We feel more keenly, as we envision in our minds the magnificent building to be erected here, the honor and respect we owe to those who founded and built this great city and State and Nation. With strong faith in God, indomitable courage, persevering industry, and intelligence, the first settlers of 1666 and their descendants put their very lives into founding a city and a State which has become one of the cornerstones of the Federal Union.

These men and women gave a distinctive character of independence, loyalty, industry, and thrift to Newark that it has retained to this day. The surging throngs of new settlers from Great Britain, Ireland, Germany, Italy, and all parts of the world have partaken of this individuality that marks your citizens and has also added all that is fine of the culture of their native lands.

This is attested to by your happy homes, your beautiful parks, the splendid architecture of your churches and public buildings, your sculptured monuments to the bravery and patriotism of your sons, your schools, your great insurance and financial organizations, and your world-famous manufactories. More than that, it is attested to by the character of your citizenship. Whether on the battleground or in the forum, in the church, the schools, the Halls of Congress, in your great industries, in the fields of literature and art, or in public office the men and women of Newark have won endurable and enviable fame. Truly Newark is a representative American city.

As we lay this cornerstone today I look into the future and fancy I see your children's children in the years to come passing and viewing with reverence this symbol of your city's connection with the Federal Government. Let us hope that they may be able to say of us that we have not only kept unsullied all which was handed down to us in our National, State, and municipal governments that was good but that we also cast out of public life and affairs all that was bad and unwholesome. Let us hope they may truly say we left them a better and finer appreciation of the active interest each citizen should take in his country's government and the rectitude with which every official should carry out the trusts imposed upon him. Let them be able to say we left them a greater heritage of toleration for those of divergent opinions, more sympathy for the unfortunate, and a code of kindlier manners and better laws.

Your city and your people have long had the closest connection with the Federal Government and have always been intensely patriotic. Two of your sons, Burnet and Sergeant, were delegates to the Continental Congress. Newark was plundered and almost destroyed by the British in 1777 because of its revolutionary sentiments. Here General La Fayette received his warmest welcome when he made his triumphal journey through the United States after the Revolution. While we are on this subject, some early postal history may also be of interest.

There was a post office at Newark under the British colonial government. When Benjamin Franklin was Postmaster General under the Continental Congress he provided a space in his postal account ledger for Newark, but there are no entries therein. It is apparent the position of postmaster at Newark under the Con-

tinental Congress was a hazardous occupation. However, the ledger opened May 1, 1782, shows entries for the quarterly period from October 5, 1784, to January 5, 1785, which indicate the post office came under the control of the Continental Postal System about October 1784. John Burnet is shown as postmaster. It appears he was continued as postmaster under the Constitution and submitted his first financial account thereunder on February 16, 1790. Since that time 23 men have served as postmaster.

The first post office erected by the Government in Newark was in 1855 and the second was occupied in 1897. The one we lay the cornerstone for today will be the third. I hope to be able to be here at its dedication and enjoy its beauty and appreciate its utility with you.

It is well to have a knowledge of the happenings of the past as a guide for the present and the future. The era in which we live is remarkable for the rapid changes that are taking place in all of life's activities. This is true especially of the Post Office establishment. The great increase in the use of the telephone and telegraph, the changed methods of transportation, the increased use of motor-vehicle and air service and the decrease in railroad service, the use of mechanical devices in handling mail, the increase in radio advertising and consolidated advertising sheets instead of circularizing through the mails, and the use of other methods of advertising have naturally affected our revenues and our methods. These, taken in connection with the depression of the past few years, have given us a greatly reduced revenue and in many places a considerable surplus of employees. We are also confronted, and rightly so, by an insistent demand upon the part of the taxpayers to reduce governmental expenditures, as every dollar we spend over and above the revenue of the Post Office Department comes out of the pockets of the taxpayers in one way or another.

It is fitting, as Postmaster General, that I refer to these matters. As taxpayers I know you want me to, and I want you to know what my policy is as head of the postal establishment.

On March 2 I issued an order declaring that it would be necessary in the balancing of the Post Office budget to make additional furloughs and other retrenchments. I feel that the public is entitled to have its Post Office Department operated without any cost to the taxpayers. However, I am very happy now to say that due to improved business conditions and increased postal receipts, on last Monday, April 16, I issued an order, effective May 1, which revoked my previous order of March 2. It is a source of much satisfaction to me that conditions have so improved that I feel justified in carrying out my purpose as set forth at that time, and I want to take this occasion to express my appreciation to both the employees of the Postal Service and the public for their sympathetic cooperation.

The first Secretary of the Treasury, Alexander Hamilton, who supervised Post Office Department finances, believed that the postal establishment should be a revenue producer. Later Secretaries and postal officials felt that surplus revenues should be used for extending and improving service. This is a sound policy.

As time went on, with the various services that were added to our original job of delivering communications, it was found to be difficult to make the Department entirely self-supporting, though this was possible at times, particularly in the period from 1911 to 1919, with the exception of 2 years. Since 1919, however, there has been, until March 4, 1933, a steadily growing deficit. In 1932 this amounted to the staggering gross sum of $206,885,830.79. Even though we deduct from this very large deficit the cost of franked and penalty mail, and so-called "air mail and ship subsidies", etc., there still remains a net deficit of $152,246,188.

The present administration has placed emphasis upon the importance of a balanced Budget. When I accepted the office of Postmaster General, I felt it my duty to put into effect those measures which would reduce, and as soon as possible wipe out, this deficit, bearing, of course, in mind service to the public and justice to postal employees, with the result that the net deficit for the past fiscal year was approximately $48,000,000. As I have already stated, the Post Office budget stands balanced today, and it is a real pleasure and satisfaction on the part of myself and my associates in the Department to be able to announce to the public that no further payless furloughs and retrenchments are necessary to continue this sound policy.

While I am speaking on Post Office matters, let me say a few words about the annulment of the air-mail contracts, which in some quarters has been deliberately misconstrued and misrepresented and which has also been the object of much political sniping.

When one goes behind the fogs and smoke screens raised by selfish financial and political interests he finds that these contracts were conceived and executed by collusion and fraud and that millions of dollars of the taxpayers' money were being distributed to selected groups in violation of the plain mandate of the law that such contracts could only be let by competitive bidding. Some of the concerns whose contracts were canceled were owned or affiliated with powerful banking interests, holding, and manufacturing companies.

Unconscionable profits had been made, and exorbitant salaries and bonuses had been derived from stock promotions based on these fraudulent contracts. The system in vogue was unsound and dishonest, and it was my plain duty, under the law, to end it all and put the air-mail system on a sound, honest, and legal basis.

It was to be expected that the financial interests back of the companies whose contracts were annulled would exert every effort to bring about the restoration of these contracts. It is, therefore, not surprising that some of these companies through their connections have literally covered the country with hostile propaganda.

Much has been said in the air-mail propaganda to the effect that the air-mail contracts were annulled without a hearing. As a matter of fact, when the contracts were canceled the Post Office Department was in possession of written minutes of the meetings of the air-mail contractors which showed conclusively that there had been collusion between the contractors themselves and between the contractors and officials of the Post Office Department and that the contracts thus executed were fraudulent and were entered into without competitive bidding as required by law.

There was also before the Department at the time the contracts were annulled official copies of the transcript of evidence taken before the Senate investigating committee which contained the sworn admissions of representatives of a number of these air-mail contracting companies and which admissions made it perfectly clear that the contracts were fraudulent and contrary to the public interest.

The administration is earnestly seeking to put into effect a sound and legal air-mail policy and to correlate all the phases of aviation in which the Government is interested into a constructive program.

In conclusion, my friends, as we continue to erect on this cornerstone a beautiful edifice for the use of future generations, let us also continue to aid with our hearts, our minds, and our hands our great leader—the President of the United States—in erecting a Government edifice of laws and business ethics that will insure the happiness and prosperity of all the people. We have gone far along this line.

With a faith and courage responsive to his own, the rank and file of the people, regardless of political connections, have given President Roosevelt their whole-hearted support. In turn, he has given them a leadership that has lifted this country out of the slough of despond. Every day sees a rapid advance along the road to better business conditions. The trials of the winter are passed. There are better understandings of human rights and property rights. There is a fairer distribution of the products of labor. The ranks of the unemployed are diminishing. The price of farm products has increased rapidly within the past year; in many instances has more than doubled. There is a feeling of hope and confidence abroad. There is no longer fear of bank failures, and there is ample money for all lines of legitimate business. Factories long idle are now in operation; industrial employees are in a position to again purchase from the farmer, and thus in turn the farmer can again buy the products of industry and bring back to a great industrial State like New Jersey that prosperity and happiness which once was yours. Much remains to be done, but with your help our country will reach greater heights of prosperity and happiness than ever before. And of these blessings it is my wish that the people of Newark will have the share they so well deserve.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Davis	La Follette	Russell
Bachman	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McCarran	Smith
Black	Fess	McGill	Steiwer
Bone	Fletcher	McKellar	Stephens
Borah	Frazier	McNary	Thomas, Okla.
Brown	George	Metcalf	Thomas, Utah
Bulkley	Gibson	Murphy	Thompson
Bulow	Glass	Neely	Townsend
Byrd	Goldsborough	Norbeck	Tydings
Byrnes	Gore	Norris	Vandenberg
Capper	Hale	Nye	Van Nuys
Caraway	Harrison	O'Mahoney	Wagner
Carey	Hastings	Overton	Walcott
Clark	Hatch	Patterson	Walsh
Connally	Hatfield	Pittman	Wheeler
Coolidge	Hayden	Pope	White
Copeland	Johnson	Reed	
Costigan	Kean	Reynolds	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is detained from the Senate by illness, and that the Senator from Florida [Mr. TRAMMELL], the Senator from Illinois [Mr. LEWIS], and the Senator from North Carolina [Mr. BAILEY] are necessarily absent.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Iowa [Mr. DICKINSON] are necessarily absent from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

PETITION AND MEMORIAL

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Albert C. Keith, Washington, D.C., praying for the prompt payment of adjusted-service certificates of ex-service men (bonus), which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a memorial from E. H. MacFadden, New York City, N.Y., remonstrating against the imposition of additional taxes, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 1822) for the relief of Harold Sorenson, reported it without amendment and submitted a report (No. 835) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 1760) for the relief of the Snare & Triest Co., now Frederick Snare Corporation, reported it with an amendment and submitted a report (No. 836) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which was referred the bill (S. 3439) relating to deposits in the United States of public moneys of the government of the Philippine Islands, reported it without amendment and submitted a report (No. 837) thereon.

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2442) for the protection of the municipal water supply of the city of Salt Lake City, State of Utah, reported it with amendments and submitted a report (No. 838) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (H.R. 8854) to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24, reported it without amendment and submitted a report (No. 839) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. WALSH, from the Committee on Finance, reported favorably the nomination of Thomas Jefferson Coolidge, of Massachusetts, to be Under Secretary of the Treasury, to fill an existing vacancy.

Mr. BARKLEY, from the Committee on Finance, reported favorably the nomination of Daniel D. Moore, of New Orleans, La., to be collector of internal revenue for the district of Louisiana, in place of Lawrence A. Merrigan (serving under temporary commission issued during the recess of the Senate).

Mr. KING, from the Committee on the District of Columbia, reported favorably the following nominations:

Richmond B. Keech, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for the remainder of the term expiring June 30, 1935, vice Mason M. Patrick, resigned; and

William A. Roberts, of the District of Columbia, to be an additional counsel of the Public Utilities Commission of the District of Columbia, to be known as the "people's counsel", for a term of 4 years, vice Richmond B. Keech.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KEAN:

A bill (S. 3467) for the relief of William Arthur Lyell; to the Committee on Naval Affairs.

By Mr. BARBOUR:

A bill (S. 3468) to extend to the sea-food industry all benefits, privileges, aids, loans, or other advantages provided in laws enacted by Congress for the relief of persons engaged in the agricultural industry; to the Committee on Agriculture and Forestry.

By Mr. BACHMAN:

A bill (S. 3469) for the relief of the Yellow Drivurself Co.; to the Committee on Claims.

By Mr. POPE:

A bill (S. 3470) to provide for the purchase of silver and for the expansion of the monetary basis, and for the issuance of silver certificates, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. McCARRAN:

A bill (S. 3471) supplementary to, and amendatory of, the incorporation of Columbus University of Washington, D.C., organized under and by virtue of a certificate of incorporation pursuant to the incorporation laws of the District of Columbia as provided in subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia; to the Committee on the District of Columbia.

By Mr. CONNALLY:

A bill (S. 3472) for the relief of Stefano Talanco and Edith Talanco; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3473) for the relief of Marion Von Bruning (nee Marion Hubbard Treat);

A bill (S. 3474) for the relief of Marion Von Bruning (nee Marion Hubbard Treat); and

A bill (S. 3475) for the relief of Henry C. Zeller and Edward G. Zeller with respect to the maintenance of suit against the United States for the recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for such period; to the Committee on Claims.

A bill (S. 3476) to prohibit the making, passing, or negotiation of spurious checks or other financial paper purporting to be payable by institutions in other States; to the Committee on the Judiciary.

A bill (S. 3477) for the relief of Raymond Grove; to the Committee on Naval Affairs.

By Mr. KING:

A bill (S. 3478) to authorize the Secretary of the Interior to build a stadium at the end of East Capitol Street, and for other purposes; and

A bill (S. 3479) to amend the act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia", approved February 27, 1929; to the Committee on the District of Columbia.

CHANGES OF REFERENCE

On motion of Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the following bills, and they were rereferred as indicated:

S. 3202. A bill to correct the military record of Robert George Lechleiter; to the Committee on Naval Affairs.

S. 3239. A bill to establish a national military park at the battlefield of Monocacy, Md.; to the Committee on Public Lands and Surveys.

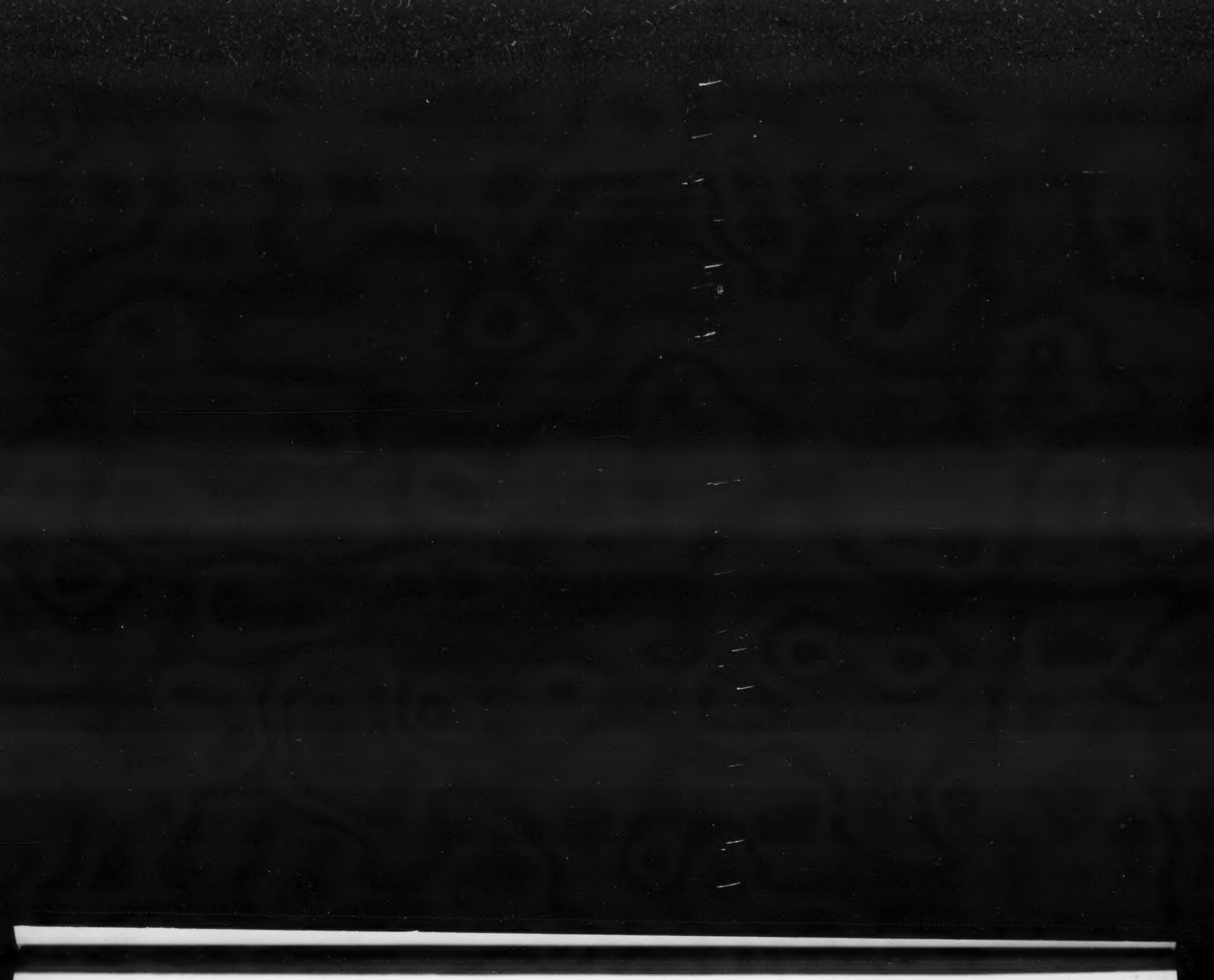
INVESTIGATION OF AMERICAN TELEPHONE & TELEGRAPH CO., ITS SUBSIDIARIES, ETC.

Mr. DILL submitted the following resolution (S.Res. 225), which was referred to the Committee on Interstate Commerce:

Resolved, That the Committee on Interstate Commerce, or any duly authorized subcommittee thereof is hereby authorized and directed to make a thorough and complete investigation of the operations, relationships, and activities of the American Telephone & Telegraph Co., its subsidiaries, affiliates, and other concerns in which it or they have any direct or indirect financial interest or in which any of its officers or directors hold any office or exert any control and shall report to the Senate the facts as ascertained and make recommendations for such legislation as the committee deems desirable.

In making said investigation, the committee shall, among other things, investigate and report particularly on the following subjects:

(1) The financial structure and relationship of the company and its subsidiaries and affiliates and the extent to which its holding company structure enables it to evade regulation or taxation; the extent of interservice contracts between the American Telephone & Telegraph Co. and its subsidiary companies, and particularly contracts with the Western Electric Co. and other manufacturers of electrical communication equipment, if any; also the sale prices of telephone equipment to telephone operating companies, the profits upon such sales, and the effect of such sales upon the rate base of operating companies when used as a basis for telephone charges in the various States; and the prob-



able savings by telephone operating companies purchasing equipment under a system of competitive bidding;

(2) The activities of and expansion by the company and its subsidiaries and affiliates into fields other than telephone communication, including teletype service, telephoto service, broadcasting, motion-picture distribution, and the manufacture of electrical equipment;

(3) The methods of competition with other companies and industries, with reference to equality of service, reasonableness of rates, both local and long distance, depreciation accounting practices, discriminatory practices, suppression of patents, method of accounting for royalties accruing on patents, sale, and refusal to sell equipment to competing companies, maintenance of exorbitantly high prices because of monopolistic control, and particularly the relationship of the company with Electrical Research Products, Inc., and its relation to independent motion-picture organizations, and its practices in the interests of the company;

(4) The extent to which local subscribers have borne the cost of the research developments for long-distance appliances, radio, motion-picture, and other inventions not related to the improvement of local service;

(5) The reasons for voluntary reductions in long-distance charges and the failure to reduce local charges during the past few years of generally falling prices;

(6) Its relation as an employer with its employees, and the extent of its reduction in number and wages of employees while maintaining exorbitant salaries for high officials and a continuous high dividend rate; and

(7) The methods whereby the company or its subsidiaries or affiliates or its officers or directors have sought through propaganda, or the expenditure of money, or the control of channels of publicity to influence or control public opinion or elections.

That the said committee is hereby authorized to sit and perform its duties at such times and places as it deems necessary or proper and to require the attendance of witnesses by subpenas or otherwise; to require the production or inspection of all accounts, books, papers, and documents; and to employ counsel, experts, and other assistants, and stenographers at a cost not exceeding 25 cents per hundred words. The chairman of the committee, or any member thereof, may administer oaths to witnesses and sign subpenas for witnesses; and every person duly summoned before said committee, or any subcommittee thereof, who refuses or fails to obey the process of said committee, or appears and refuses to answer questions pertinent to said investigation, shall be punished as prescribed by law. The expenses of said investigation shall be paid from the contingent fund of the Senate on vouchers of the committee or subcommittee, signed by the chairman and approved by the Committee to Audit and Control the Contingent Expenses of the Senate, not to exceed $25,000.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 472) for the relief of Phyllis Pratt and Harold Louis Pratt, a minor.

The message also announced that the House had agreed to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 59 to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

The message further announced that the House had passed a bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes, was read twice by its title and referred to the Committee on Immigration.

CLAIM OF STATE OF VERMONT, WAR OF 1812

The VICE PRESIDENT. The Chair lays before the Senate the resolution coming over from a previous day.

The Chief Clerk read the resolution (S.Res. 224), as follows:

Resolved, That the Comptroller General of the United States be, and he hereby is, authorized and directed to audit the claim of the State of Vermont with respect to advances and expenditures made by such State for military purposes during the War of 1812–15, with Great Britain, and after applying the rules of evidence and settlement to this class of claims, provided for in resolution of May 14, 1836 (5 Stat.L. 132), and in section 12 of the act approved March 3, 1857 (11 Stat.L. 229), to submit to the Senate a report containing the results of an audit of such claim, in conformity with said rules.

Mr. ROBINSON of Arkansas. Mr. President, I understand the resolution calls for an audit of the claims referred to, with a view to such further action as may be found justified.

Mr. AUSTIN. Mr. President, that is correct.

Mr. ROBINSON of Arkansas. I have no objection to the consideration of the resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

THE TAYLOR GRAZING BILL

Mr. McCARRAN. Mr. President, I send to the desk and ask unanimous consent to have inserted in the RECORD an editorial coming from the pen of one of the outstanding editors of western America, Mr. Graham Sanford, editor and owner of the Reno Evening Gazette, bearing on the subject of "The Taylor Grazing Bill", a measure which is now pending before the Senate of the United States.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Reno (Nev.) Evening Gazette, Apr. 14, 1934]

THE TAYLOR GRAZING BILL

Pending in the United States Senate is the Taylor grazing bill which passed the House of Representatives this week. Drawn for the alleged purpose of preventing overgrazing of the public lands and the soil erosion resulting therefrom, its effect will be to authorize the Interior Department to create grazing districts upon the open and unappropriated public domain and charge fees to all stockmen using it for grazing purposes. Heretofore the unreserved and unappropriated public domain, which in this State consists of arid and almost worthless land, has been a grazing common, free to all users. Altogether, in all of the States, it comprises 180,000,000 acres. Fifty-three million of these open lands lie in the State of Nevada. If this bill is passed and approved, this State will then find that more than 90 percent of its entire area will be controlled by Federal agents operating in or out of Washington, inasmuch as 12,000,000 acres of its public lands have already been withdrawn as forest, Indian, and other reservations. The ordinary police powers of the State, therefore, will extend to less than 10 percent of the State's total area. It is a situation that not only Nevada but other public-land States, even though they are affected in less degree, view with the most serious concern.

There is no doubt that the open public lands in this State, amounting as before stated to 53,000,000 acres, have been seriously overgrazed. This is a fact that cannot be denied. However, 9 years ago the Nevada Legislature began to take steps to correct the situation, with the result that it has enacted a series of laws which vest grazing privileges in the stockmen of the State according to the well-established western principle of prior occupancy and beneficial use. In effect, it applied to the public lands the same doctrine of law that has long been applied to the public waters throughout the West, namely, that senior rights to their use for grazing purposes are vested in those who can prove continuous seniority of beneficial use. By the application of these laws the legislature hoped to protect the old, established graziers, whose operations are precarious at best, and also protect the public lands from the serious overgrazing to which they were being subjected. The result of this legislation has been beneficial. Most of the ranges are still overgrazed, it is true, but much of this overgrazing is owing to the unprecedented droughts from which the State has suffered. Also wise discretion has been exercised in enforcing the provisions of these laws in order to protect graziers with junior rights. However, they have operated to drive from the State many of the tramp sheepmen who own no real property, pay no taxes, and devour the ranges, and as time passes they will still further protect the ranges from overgrazing as individual stockmen retire from the field.

The weakness of the State's legislation lies in its failure to provide a system of supervision that will prevent stockmen from overgrazing the lands allotted to them. However, this is a matter with which future legislatures can effectively deal.

Meanwhile the protest of this State should be heard in Congress with respect to the Taylor bill.

It completely ignores the principle that the public lands within the States really belong to the States and that their present ownership by the National Government is but a trusteeship to be administered in the interest of the States alone.

By placing this vast area of land under the direct control of Federal agents it would reduce several of the more thinly populated Western States to little better than a colonial status.

It ignores the fact that the States themselves are in better position to administer these lands than a distant Federal department.

There is but one method by which overgrazing can be prevented and that is by reducing the number of animals on the ranges. If they are moved therefrom in wholesale fashion where are they to be corralled and fed? There are very few hay or grain farms in Nevada. Farming, as it prevails elsewhere, is almost unknown

here. Should this reduction, therefore, be accomplished by persons familiar with the range livestock industry and its difficult problems, or by persons largely unfamiliar therewith?

Over a long period of time numerous ranching outfits have been developed in this State. The acreage of their tillable land is very small. In a Midwestern State one of these cultivated areas would support no more than a single family.

Here, however, their operators run their livestock on the open ranges, and it requires 140 acres of this land to support one cow and 40 acres to support a single sheep. One of these outfits supports many families and contributes a large amount in taxes to this State, because it is appraised for taxation, not upon the value of its cultivated land but upon the value of its range as well. In other words, much of the investment of the owner lies in the public land upon which he grazes. Under any permit system almost the entire investment and the fortunes of this owner would be at the mercy of a Federal department. Almost at will it could render his little home ranch worthless by depriving him of his grazing privileges. Accordingly, range lands are as necessary and should be made as appurtenant to livestock ranches as appropriated public waters are recognized as necessary and are made appurtenant to the cultivated farms in irrigation regions. And what would happen to the taxable values of Nevada's ranching outfits under an unsympathetic range administration?

The House vote shows that several Western States are in favor of the Taylor bill. That being the case, they should have it. Perhaps their situation is far different from that of Nevada, and it probably is. However, the bill should not be made applicable to any State that elects to reject its provisions. On a former occasion, when a similar bill was pending, one of the Houses wrote into it a section that such Federal regulation should not be extended to any State that elected to reject it. A like section should be incorporated in the Taylor measure. Nevada, then, if her own plan of regulation fails, can accept its provisions when convinced that it is to her interests to do so.

EFFECT OF N.R.A. ON SMALL BUSINESS INTERESTS

Mr. GIBSON. Mr. President, recently there was published in the RECORD a letter addressed to the Vermont delegation in Congress by the Governor of Vermont with respect to the effect of the N.R.A. on the small business interests of that State. There has since appeared in the Burlington Daily News a very instructive editorial with relation to that letter from the Governor. I ask unanimous consent that the editorial may be inserted in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Burlington (Vt.) Daily News, Mar. 29, 1934]

A BLAST FROM VERMONT

The little businesses and industries are being ruined by big business through the very codes of the N.R.A. designed to help the little interests and the consumers.

Why?

Because big industry and big business, relieved from the antitrust laws by the N.R.A., have been up to their old tricks, underbidding, openly or secretly, the little industries, which are the backbone of Vermont, and in this have been aided by big business interests outside the State.

Governor Wilson is right.

Unless the little interests of our State, both in industry and in business, do not get relief very soon they will be forced to stop—to go out of their business, that they have slowly built up by their own initiative, without Federal or State aid, and to the "manifest benefit of the hundreds of little communities built up around them", as he says.

His reasons for writing our Members of Congress were twofold: That if the N.R.A. is to be continued, remodeled so that the little interests may live under it, and have an equal chance to live, with the great predatory corporations, who have failed, as Governor Wilson says, "to live up to either the letter or the spirit of the N.R.A. codes."

The great truth the "brain trust" overlooked is that you cannot make individuals or corporations honest by moral suasion.

It was not the antitrust laws that were throttling industry and business, but selfishness and greed, working through the depression.

There is another mighty body of citizens that are preparing to join the little interests and make open war on the N.R.A. unless there are changes made soon in it, that have made the millions of homes the cornerstone of America, the women, the home makers and keepers, who head the great army of consumers.

So strong has become their protest against rising prices of everything they have to buy to make and keep the home that a special committee composed of Secretaries Perkins, of Labor, Wallace, of Agriculture, and Roper, of Commerce, has been formed to take measures to put an end to this ever-growing rise in prices of everything that goes into maintaining a contented and happy home.

It is not "a living wage" so much as a reasonable, stable price for the commodities used in the everyday life of the consumers.

There will be a showdown soon—there must be, with a vast majority of the citizens of America demanding an equal opportunity to live and for the pursuit of happiness.

The influence of the housekeepers and the small interests in industry and business make an aggregate that will shape the coming changes in the N.R.A. in the interests of all the people, not a few great interests.

Governor Wilson is right. He frankly says, "I have no solution to offer", but something is bound to happen; is undoubtedly happening now down in Washington.

The unrest among labor begun this time in the homes of the men.

It is no use to raise wages if every raise is passed on to the consumer.

That is a vicious circle that has been worked before, and the only interests who profited thereby were a few great predatory interests, who have been, and are, squeezing the very heart and life out of the common people in any way that would help them to greater wealth.

LEWIS P. THAYER.

UNEMPLOYMENT—SPEECHES AT MEETING OF JOINT COMMITTEE ON UNEMPLOYMENT

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD the speeches on the program of the joint committee on unemployment, at the Cosmos Club in Washington, D.C., Saturday, April 21, 1934, broadcast by the National Broadcasting Co.

There being no objection, the speeches were ordered to be printed in the RECORD, as follows:

(Dr. Sidney E. Goldstein, of the Free Synagogue in New York, chairman of the executive committee, the joint committee on unemployment, was chairman of the luncheon and outlined the program of the committee, which calls for socialization of the national income through taxation, an immediate appropriation by the Federal Government of at least $1,000,000,000 for relief of the unemployed and their dependents, and of $500,000,000 for family maintenance allowances and scholarships for children; at least $3,000,000,000 additional credit at once for public projects; Federal contribution to unemployment-insurance systems; limiting hours of labor to a maximum of 30 hours a week in all continuous industries and employment, with payment now made for longer hours; writing down long-term debts and interest rates; a Government marketing corporation, to buy, process, and distribute farm products; and ending the labor of children and the aged.)

WHAT KEEPS FUNDS AWAY FROM PURCHASERS

(By Prof. John Dewey, chairman joint committee on unemployment)

Want and scarcity in an age of plenty for all is the contradiction that now stares us all in the face. Lack of purchasing power stalls the entire agricultural and industrial machine. The cause for this destructive absence of purchasing power is simple and evident. The income that goes to property—that is, to investors through dividends, rent, and interest—is out of all proportion to that which goes to farmers, to workers in factories, stores, and offices. Hence the mass purchasing power of the Nation as a whole is paralyzed.

Only about 1 percent of the total population, some 340,000 persons, has, according to official income-tax figures, a taxable income of $5,000 or over. Moreover, two thirds of the total income of this group of 1 percent came from dividends and interest, omitting even at that all income from tax-exempt bonds.

The National Bureau of Economic Research reports that for 1932 the total national income from every source was a little less than fifty billions, and that one third of this whole sum was income on property, namely, dividends, interest, rent, and withdrawals of accumulated surplus. The 1 percent already referred to got three fifths of the total amount paid out in dividends.

These facts prove that the great mass of the people—farmers, laborers, and the white-collar class—do not get much more than a subsistence income on the average. How can they be expected to furnish the mass purchasing power absolutely necessary to provide permanent recovery?

It is absurd to suppose that 1 percent or even 10 percent, having excess income, can keep the industrial and agricultural machinery going. Moreover, the most conservative estimate made by engineers and business executives is that present plant is not producing more than three fifths of what it could turn out if all of it were brought up to the level of the most efficient enterprises. How is work going to be supplied to the eight or ten million now supported by charity (if at all), because of their lack of work, unless mass purchasing power is created by much higher levels of income for the mass of the population, so as to provide the sale of goods that will enable farmers and manufacturers to sell what they are capable of producing?

The demand exercised by invested capital for dividends on stocks and interest on bonds and loans is thus the chief single cause for lack of adequate mass buying power.

Apart from radical change in the whole system, there is but one way of increasing mass purchasing power. The Government must become an employer of labor on a much larger scale than at present. A much more extensive program of housing than is now contemplated would give direct employment to many and indirectly provide labor and income for more persons through stimulation of capital goods industries. Government ownership of natural monopolies and quasi-monopolies would increase mass purchasing power by relieving the consumer of the present diver-

sion of what he pays into dividends and interest. The change in our taxation system required, if the Government is to become a large scale employer, would assist in directing a larger part of the national income into channels where it would provide mass buying power.

The conservative propertied interests of the country are the ones most directly interested in having a redistribution of national income that will increase mass purchasing power and so prevent the present creeping paralysis from rendering the productive plant of the Nation increasingly idle and nonproductive.

THE BATTLE OF THE PRODUCERS AND CONSUMERS AGAINST EXPLOITERS

The farmers know they are exploited because they are forced to sell the products they produce at prices fixed by someone else and invariably below the cost of production. The consumers know they are exploited because they must buy at prices fixed by someone else and often exorbitant. They know that the cost of living is so high that many of the average families cannot buy the food products that are needed to prevent hunger and preserve health. The producer is exploited in the sale of his products at prices over which he has no control, and the consumer is exploited in the purchase of food products and other necessities at prices over which he has no control.

A concerted effort is constantly being made to lead the consuming public to believe that the farmers are responsible for the high cost of living and that the bulk of the high prices they pay goes to the farmers.

The three A's of the Agricultural Department issues a biweekly bulletin called the Consumers' Guide. In the issue of April 9 they explain where your food dollar goes. In 1929, on 14 principal food products, 52 cents went to the processors and distributors, and 48 cents to the farmer. In 1933, 69 cents went for processing and distributing, and 31 cents to the farmer. In March 1934, according to this bulletin, 62 cents of your food dollar went to the processors and distributors, and 38 cents to the farmer.

They state in another issue that in 1932 the farmer got 33 cents of the total consumer's dollar, and in 1933 the farmer got 35 cents. At that rate, during the last 2 years, for a product for which the farmer received $1, the consumer paid $3.

The spread is too wide. It is impossible for the average consumer to absorb the 65- to 67-cent spread in each dollar's worth of food products that he buys. This is the result of the exploitation through the profit system which is largely responsible for the present so-called "depression" and has all but wrecked our whole economic structure.

The dairy farmer receives from 2 to 4 cents per quart for milk, and the consumer pays from 10 to 16 cents. The cost of distribution plus the profit of the distributors is the big item in the price the consumer pays for milk. The bulk of the milk is handled by holding companies or what amounts to a Milk Trust. This Milk Trust makes an enormous profit and pays their officials enormous salaries. The farmer is robbed in the price he receives and the consumer is robbed in the price he pays.

Out of the meat dollar the producer gets 31 cents, the packer 38 cents, and the retailer 31 cents.

Recently I received a newspaper clipping from North Dakota which listed the local price of wheat at 66 cents per bushel. There was also an "ad" of a local flour mill, quoting the price of flour at $6 per barrel, and feed at $16 per ton.

The price of wheat was based on the Minneapolis price, 400 miles away, less the freight; and the price of flour manufactured in the local mill was based on the Minneapolis price plus the freight. The value of wheat that went into a barrel of flour, at quoted prices, is $2.97; deducting this from the price of a barrel of flour is $3.03, plus 56 cents, the value of the feed, makes $3.59, and represents the amount received by the miller for grinding the barrel of flour, which is 62 cents more than the farmer received for producing the wheat and hauling it to the mill.

Bread at that time was selling for 8 cents per loaf. Approximately 292 one-pound loaves are made from a barrel of flour, and the consumer pays $23.36 for the bread made from $2.97 worth of wheat. The farmer gets a little less than 1 cent for the wheat in a pound loaf of bread; the miller gets a little over 1 cent for grinding the flour that goes into the loaf; the baker gets about 4 cents for baking, and the retailer gets 2 cents for handing the loaf of bread over the counter. They all get a profit but the farmer who produces the wheat. The processor and the distributor must get their profit even though the farmers sells at a loss.

There is an old saying among the farmers—take the gambler out of the bread basket. It is impossible to give the farmer an honest market as long as the speculators and gamblers manipulate and fix his prices. Last year the Chicago Board of Trade bought and sold over 10,000,000,000 bushels of wheat, which was 20 times as much as all the wheat produced in the whole United States last year.

Under the N.R.A. program, codes have been put into effect having for their purpose the regulation of prices to provide for cost of production for the processor and manufacturer, the wholesaler, jobber, and distributor, and in many instances the prices have gone up. All industries are being taken care of under the N.R.A., with the exception of agriculture, on a cost-of-production and a fair-profit basis.

The three A's, through the processing tax and the allotment payments, are attempting to increase farm prices to what is known as the "pre-war parity price." It is admitted that a portion of the processing tax has been passed back to the producer, and a part of it has been passed on to the consumer. It is also conceded that if farm prices are brought up to the parity price, they will still be under cost of production, and therefore agriculture will not be a prosperous business even with the parity price—which they are not getting.

The latest A.A.A. figures on parity prices—April 4—are to the effect that wheat is only 65 percent of parity price; cotton, 77 percent of parity; corn, 57.1 percent; butterfat, only 65.8 percent; beef cattle, only 63.2 percent; and hogs, only 41 percent of parity price.

The Agricultural Department seems to be carrying out the Biblical instruction of not letting the right hand know what thy left hand doeth.

The A.A.A.'s division of the Agricultural Department is advocating a drastic reduction of acreage of production of certain crops, like corn and wheat, in order to reduce the so-called "surplus." Another division of the Agricultural Department is putting out a bulletin advocating that an adequate diet of wheat flour per capita at moderate cost is 122 pounds, which would be a reduction of per capita consumption of wheat flour of 48 pounds per year. This, if carried out, would reduce consumption materially while the A.A.A. are at the same time reducing the acreage to cut down production to the present needs.

There is also another division putting out a bulletin which instructs the farmer how to produce a larger yield per acre of corn, and the A.A.A. are insisting on the reduction of acreage at the same time to cut down the production.

A marketing bill (S. 3333) has been introduced in both the House and Senate to provide for the purchase and sale of farm products. It sets up a Farmers and Consumers Financing Corporation, with authority to control the processing and distribution of products from the producer to the consumer. The purpose of the act is to provide a market for the sale of agricultural products and to eliminate, as far as possible, the commissions and charges that are exacted upon agricultural products from the time such products leave the producer until the same reaches the consumer, and to thereby increase the price which the producer receives and decrease the price the consumer pays.

There should be more cooperation between the producers and the consumers. The cost of processing and handling farm products must be cut down. Unnecessary middlemen must be eliminated.

The farmer is entitled to cost of production just as much as anyone else in any other line of business, and the consumer is equally entitled to buy these farm products at a reasonable price.

If codes are to be continued, give the farmer a code based on cost of production just as the codes for the other industries; eliminate the gambler in food products and other necessities of life; let us have a market control that will eliminate the exploiters; cut out graft; provide for efficient distribution at reasonable cost and give the consumers service instead of exploitation. Cooperation between the producers and consumers will easily bring about these results.

THE 30-HOUR WEEK AND THE MINIMUM WAGE

(By Hon. WILLIAM P. CONNERY, JR., Chairman of the House Committee on Labor)

The House Committee on Labor a year ago unanimously reported a 30-hour work week bill to apply to all those workers employed in the manufacturing industries of this country. The Senate of the United States twice last year voted in favor of limiting the hours of industrial workers to 30 hours per week. Last year we were prevailed upon to give industry an opportunity of putting its own house in order, with a direct promise that weekly hours of labor would be reduced to a point where the millions of unemployed industrial workers would be provided with gainful employment in industry. That promise has not been kept.

Those in control of manufacturing in this country have not only repudiated their implied promise to the Congress of the United States, but they have ignored or refused the request of the President of the United States, publicly made on March 5, that hours of labor be shortened and wages of industrial workers be increased.

The House Labor Committee has again unanimously reported a 30-hour work week bill with wages to be paid to the workers for 30 hours which they now receive for 40 or more hours per week.

The industrial workers of our country, the Congress of the United States, and the President of the United States, were promised by industry, that, with the suspension of the antitrust laws, permitting industry to get together legally, that industry would find employment for our millions of unemployed industrial workers. What do we find?

The vast majority of codes approved by General Johnson provide for a work week of 40 hours. We are told that the average hours prevailing in 1929 were 50 per week, and some persons try to create the impression that the reduction from 50 hours per week to 40 hours per week would absorb many of the unemployed. The truth is, that with the added productivity per worker, the average worker today produces more in 40 hours per week than they produced in 50 hours in 1929. The people of America are not blind. There may be some amongst us who follow the lead of the ostrich who sticks his head in the sand, hoping that he will not be seen, but, from our knowledge of the American people, I have no hesitancy in saying that the sooner industry hides its body in the sand, and places its head up where it can see what is going on, the sooner will their investments be safeguarded.

Not only are the codes in effect dominated by the employing interests, as they alone govern American industries through their control of code authorities, but, contrary to the understanding and intent of Congress, very few of these codes provide for any representation of the workers. In passing the N.R.A., Congress and the American people understood that the N.R.A. would bring about real partnership in industry on the part of employers with bona fide representatives of the workers. The Connery 30-hour work week bill will make effective the understanding of real partnership in industry as it specifically provides that there shall be equal representation on all codes of both employers and workers.

I am particularly conversant with the industries of my own district, which happen to be basic industries, namely: textiles, shoes, leather, and electrical products. What are the facts? The textile industry was placed on a 40-hour week under the code, with a minimum wage of $13 per week in the North and $12 per week in the South. The textile workers of Massachusetts were not averaging 40 hours per week when the textile codes went into effect, nor for many, many months before it. I want to point out that the minimum wage of $13 per week provided for textile workers in Lawrence increased the wages of very, very few textile workers there.

The reason for this being that the minimum wages prevailing in Lawrence before the code took effect were in excess of the minimum wages provided in the code. In the case of shoes, this industry normally employs some 205,000 workers. When the code took effect 160,000 were employed and 45,000 were unemployed. We were promised that the code would provide employment for the unemployed, and, after 6 months of operation, we find that only 4,000 of these unemployed shoe workers have secured employment.

After 10 months' trial of the N.R.A., dominated as it is by employers who have continued to exploit the worker, and exploit the consumer, without any restraint on the part of the Government, the House Labor Committee unanimously demanded that if the eight or ten millions of unemployed workers of our country are to secure employment it is essential that Congress enact the Connery 30-hour work week bill now on the House Calendar, with wages no less than they now receive, which we all will admit are too low.

The Congress of the United States, to my mind, fully realizes the necessity of forcing American industries to do that which the President of the United States asked them to do, and which they have not done. The farmers of America are suffering at the present time owing to the lack of purchasing power on the part of our industrial workers. In passing, I want to compliment the Washington representatives of the farm organizations for their foresight in endorsing the Connery 30-hour work week bill. They realize that they can hardly expect to receive the costs of production for their products with from eight to ten millions of industrial workers unemployed or dependent upon private or public charities.

Incidentally, let me say that the Congress of the United States has never sanctioned the formation of company-controlled unions under the N.R.A. On June 8, 1933, under the leadership of Senators NORRIS and WHEELER in the Senate, and myself and other Members of the House, Congress specifically rejected an amendment which would have legalized company unions.

To all real Americans who desire to assist in promoting the welfare of our country the one vital and absorbing question is that of providing our millions of unemployed with gainful employment at a fair, living wage. At this time the only legislative manner in which this can be done is the immediate passage of the Connery 30-hour work week bill with the same wages for 30 hours that they now receive for longer periods.

RAILROAD POLICIES WRECK PURCHASING POWER

(By A. F. Whitney, president Brotherhood of Railroad Trainmen and chairman Railway Labor Executives' Association, and read by Berle A. Whitney)

Few, if any, industries are more overcapitalized than the railroad industry. While the capitalized structure of this industry has constantly enlarged, a million railroad employees have been thrown into the bread lines, and 400,000 more have been forced to work part time and receive less than a subsistence wage.

Deficits were supposed to have been incurred in the railroad industry in the years 1932 and 1933, but actually a large return was realized in each of these years. Other industries consider they have earned a net income if the investors who have supplied the capital have any return whatever above operating expenses. The railway capital structure, with its overload of bonded indebtedness, is such that more than half of the actual capitalization is represented by bonds.

No other industry earning a net of 1.8 percent on investment, at the bottom of the depression, would have reported a deficit. But the railroads report their earnings in a manner that makes return to the owners largely a fixed charge, and net income is calculated only after a half billion dollars have been paid to the owners of the industry. The word "deficit", therefore, is misleading. In 1932, when the carriers reported a deficit of $139,000,000, there was actually a profit from railway operations of $326,000,000. In 1933, when the class I roads reported a deficit of $14,000,000, there was, in fact, a profit on operations of $474,000,000.

Class I railways paid to these bondholders $22,000,000 more in interest in 1933 than in the prosperous year of 1929. The last 2 years are alleged to have been the worst in railroad history, but they have been the golden-harvest period for the coupon clippers. Is it any wonder that life-insurance companies regard railroad securities as being among the soundest?

Railway employees have not been the only ones to recognize the injustice of the financial policies of the railroad industry. Even the Coolidge Commission, which was financed by the owners of railroad securities, pointed out the need "to reform the top-heavy structures" of railway capitalization. The Federal Coordinator of Transportation, Joseph B. Eastman, in his report of January 20, 1934, said: "Many railroads are overcapitalized, whatever test be applied." President Franklin D. Roosevelt has recognized the necessity for "scaling down of fixed charges" in the railroad industry. He has appealed to the bondholders to volunteer to reduce their interest rates.

Have railroad policies wrecked purchasing power? The answer may be found in the fact that while the gross total compensation received by rail workers has been reduced 52 percent, security owners received $22,000,000 more in 1933 than in 1929. While railway employees have been forced to accept starvation or the bread lines, while their living standards have been shattered, and their families have endured unspeakable privations, railway security holders received increasing returns. Is it any wonder that all business, industry, and transportation are stagnant when we go on concentrating wealth, notwithstanding the fact that about 4 percent of our people already own 80 percent of our wealth?

Financial policies in the railroad industry have forced workers to accept such starvation wages as $5 and $6 per week, wages so low that the President of the United States felt called upon in his letter made public on March 20, 1934, to point out the need for establishing minimum rates in this industry. These financial policies not only have destroyed purchasing power but they have impaired service to the public. In 1933, United States railroads ripped up enough track to build a line from Boston to Chicago (1,050 miles).

HAS THE N.R.A. INCREASED MASS PURCHASING POWER

By Prof. Paul F. Brissenden, Columbia University

It is not easy to estimate the effect which the N.R.A. has had upon purchasing power. At the best it is scarcely possible to do more than make approximations. The situation has been complicated, of course, by the presence of other factors which have affected wages and employment, and it is impossible to determine to what extent the N.R.A. and to what extent other causal factors may have been responsible for the changes that have taken place in the purchasing power of the American people.

The N.R.A. was launched at a time somewhere near the midpoint of the business uprising which marked the spring and early summer months of 1933. Improvements in wages and employment which marked these months cannot, therefore, be attributed in any great measure, perhaps not at all, to the N.R.A. Yet, although these improvements are not primarily attributable to the N.R.A., they may have been in some degree the result of it, even though the N.R.A. did not actually get going much before September, because the imminence of the codes may have induced many employers to expand operations and produce as much as possible under low-cost conditions before codification and high costs should come upon them.

For like reasons the autumn recession in business, with its declines in wages and employment, is not necessarily chargeable entirely, or even in part, to N.R.A. operations. It was partly—it may have been almost entirely—a consequence of the collapse of and ban late in July—and perhaps also of some easing of public apprehension about inflation.

There has been some increases in employment, in aggregate pay rolls, and in per capita earnings since the N.R.A. was launched. What occurred in manufacturing, the most important divisions of industry covered by the N.R.A., can be summarized by saying that from June 1933 to February 1934, while the total cost of living increased by 7.6 percent, employment increased 17 percent, aggregate pay rolls 29 percent, and per capita earnings 10.2 percent. Increase in the cost of living reduced the increase in total pay rolls to 21.4 percent and the increase in per capita earnings to 2.6 percent. If one begins with September, when the N.R.A. was well started, one finds that between then and February of this year, while the cost of living increased 0.5 percent, employment fell off 0.5 percent, pay rolls increased 4.5 percent, and per capita earnings increased 4.9 percent. Allowing for increase in cost of living, we get for this period increases of 4 percent and 4.4 percent in the purchasing power of pay rolls and per capita earnings, respectively.

As already noted, it is difficult to say to what extent these increases in mass and per capita purchasing power have been produced by the operation of N.R.A. codes. Some light may be shed on this question by comparing the changes which took place (between September and December 1933) in pay rolls and per capita earnings in manufacturing and in all industries (except building construction and railroads) with the corresponding changes in those 18 of the 30 industries coded by October 1, for which employment and pay-roll statistics are reported by the United States Bureau of Labor Statistics. The figures follow:

	Percentage change between September and December 1933, in—	
	Total pay rolls	Per capita earnings
All manufacturing industries	−6.6	−1.6
18 industries under N.R.A. by Oct. 1, 1933	−7.2	−3.3
All industries (manufacturing and other)	−2.2	−1.5

These figures seem to warrant the conclusion that the effect of code operations, while perhaps beneficial insofar as reemployment is concerned, has been distinctly bearish in its effect upon both mass and per capita purchasing power. If the figures given at the outset for manufacturing for the period from June to February are at all indicative of the situation in industry generally, what seems to have occurred during the past year, whether in part as a result of the N.R.A. or in spite of it, has been a considerable increase in employment and in pay rolls and a less considerable increase in per capita earnings. As we have seen, allowing for the increase in the cost of living, the increase from June to February in the purchasing power of total pay rolls in manufacturing was 21.4 percent and the increase in the purchasing power of per capita earnings was 2.6 percent. The increases are possibly attributable to the new deal as a whole but apparently are not the result of code operations.

THE CHURCH AND LIVING STANDARDS

By Prof. Jerome Davis, of Yale University

I endorse the new deal, but it has not gone far enough. The working class has borne the brunt of this depression. Incomes among the professional classes did not drop until 1932. The workers' income dropped immediately in 1930. Today the average worker's income is only $696 a year. Dividends and interest have been well maintained, while labor income, representing the very life of the workers, has dropped almost one half from 1929 to 1933.

Living standards still often are in the starvation zone. Prices are rising faster than wages. The great need in America at the present time is to increase purchasing power and to provide jobs for the unemployed. As the Secretary of Agriculture has stated, "America must choose" not only between national isolation and a world neighborhood, but between an economic order which is run for a small profit-seeking minority and an economic order which is planned for the benefit of all the people. We must go forward with the development of public works. Cities and towns throughout the United States must be encouraged to begin the construction of public utility plants. This will serve two purposes: On the one hand it will give employment to the unemployed; on the other it will reduce rates to the consumer. The day of monopoly privilege is rapidly drawing to an end.

In the past we have had a double standard of morality in industry, one standard for the employer, another standard for the worker. Employers receive vacations with pay, salary during illness, they have the unquestioned right to organize. The workers do not receive salaries during vacations or illness, and their efforts to organize are fought in many cases by the employing group. American citizens can secure economic justice. They can urge the passage of the Wagner unemployment insurance bill and the Wagner labor bill. They can demand their right to jobs. They can demand that the national income be redistributed by taxation to increase purchasing power and prevent collapse.

WHAT CONGRESS SHOULD DO BEFORE ADJOURNMENT

By Benjamin C. Marsh, executive secretary the People's Lobby, Washington, D.C.

Congress, before it adjourns, should enact the following legislation—an essential part of a new deal that's different from the old deal.

Appropriate a sufficient amount to maintain until next March the unemployed and their dependents, for whom work at fair wages cannot be ensured. It will be at least $1,000,000,000. Only the Federal Government can pay this bill.

Repeal at least $1,000,000,000 of Federal consumption taxes, and levy about $4,000,000,000 more taxes on incomes, including income from Government bonds, estates, and corporate surpluses and profits, and land values, than the revenue bill now in conference provides.

Pay processing taxes on farm products out of the Federal Treasury.

Enact the Frazier-Sinclair bill creating a Government Marketing Corporation empowered to buy, process, and sell farm products to ultimate consumers.

Enact substantially the bill Senator CUTTING will introduce to nationalize banking and credit.

Enact a real pure food and drugs act.

Enact the Fletcher-Rayburn stock-market control bill as it was before the Wall Street extractors extracted the teeth put in to prevent those same extractors from robbing producers of any spare change they might have left.

Enact legislation nationalizing the railroads, oil resources, bituminous coal, and water-power resources of the Nation, paying owners only for values they have created.

Enact legislation to reduce interest rates on long-term debts.

Direct the Trade Commission or a congressional committee to devise a plan to squeeze the water out of overcapitalized corporations.

Reduce tariffs.

Amend the Public Works section of the N.I.R.A. to empower the Federal Government to assess costs of improvements it finances, in whole or in part, upon property benefited thereby, to stop the subsidizing.

THE CALENDAR

The VICE PRESIDENT. Morning business is closed. Under the unanimous-consent agreement of yesterday the calendar is in order, and the clerk will state the first bill, which is Calendar No. 792.

OLD-AGE PENSIONS

The CHIEF CLERK. A bill (S. 493) to protect labor in its old age.

Mr. ROBINSON of Arkansas. Mr. President, the bill was under consideration yesterday, and certain of the committee amendments were agreed to. It is a very important measure, and I am in hearty sympathy with the purposes of the bill. There are several Senators who are in attendance upon committee meetings this morning, among them the Senator from Oklahoma [Mr. GORE], who desire to be present when the bill is further considered. Therefore, I am compelled to ask that it go over at this time.

The VICE PRESIDENT. The bill will be passed over.

EXPLOSION AT NAVAL AMMUNITION DEPOT, LAKE DENMARK, N.J.

Mr. KEAN. Mr. President, I ask unanimous consent to return to order of business 671, being House bill 4013, and for its present consideration. I was absent yesterday on an important engagement when the bill was called and unable to be here at the time.

The VICE PRESIDENT. The Senator from New Jersey asks unanimous consent to return to Calendar No. 671, which will be stated.

The CHIEF CLERK. A bill (H.R. 4013) to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. ROBINSON of Arkansas. Mr. President, I recall that when the bill was called yesterday there was objection to its consideration by some Senator. I ask the Senator from New Jersey to make a statement explaining the bill.

Mr. KEAN. Mr. President, the bill is to reimburse some of the people who were injured by a tremendous explosion in the navy storehouse for explosives at Lake Denmark in my State. I happen to know a good deal about it, because I own property which borders for about a mile on the Government property involved.

For 10 miles around the place where the explosion occurred houses were knocked down, windows were broken, people were knocked down, and a tremendous amount of damage was done in every direction. The bill is approved by the Comptroller General, and merely compensates the people for the actual damage done to their houses and property by this explosion.

Is that a sufficient explanation of the measure?

Mr. ROBINSON of Arkansas. Mr. President, it appears that the report of the committee is unanimous and that the claims were just.

Mr. KEAN. Yes.

Mr. ROBINSON of Arkansas. I make no objection to the consideration of the bill.

Mr. SHIPSTEAD. Mr. President, was this what is called the "Black Tom" explosion?

Mr. KEAN. No.

The VICE PRESIDENT. Is there objection to the request of the Senator from New Jersey? The Chair hears none.

The Senate proceeded to consider the bill (H.R. 4013) to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the sum of $17,691.58 in full settlement of all claims against the Government of the United States be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, to make payment of claims for property damage, death, or personal injury due to the explosions at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926, to the respective persons and in the respective amounts as recommended by the Comptroller General of the United States and as fully set forth in House Document No. 257, Seventy-second Congress, first session, and letters of the Comptroller General to the Congress, dated January 14 and February 10, 1933, pursuant to the act of March 2, 1927 (44 Stat., pt. 3, p. 1800), and the act of February 2, 1929 (45 Stat., pt. 2, p. 2047): *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

MOUNT OLIVET CEMETERY CO.

Mr. TYDINGS. Mr. President, yesterday I was obliged to be absent, due to sickness in my family.

There is on the calendar, on page 8, a bill (S. 1757) to amend an act entitled "An act to incorporate the Mount Olivet Cemetery Co. in the District of Columbia." I understand that objection was made to the bill yesterday because it was thought the District Commissioners were not in favor of it. The District Commissioners were in favor of the bill with certain amendments, all of which have been incorporated in it. I therefore ask unanimous consent that the bill may now be considered and passed.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 1757) to amend an act entitled "An act to incorporate the Mount Olivet Cemetery Co. in the District of Columbia", which had been reported from the Committee on the District of Columbia with an amendment to add at the end of the bill a proviso, so as to make the bill read:

Be it enacted, etc., That the act entitled "An act to incorporate the Mount Olivet Cemetery Co. in the District of Columbia", approved on the 10th day of June 1862 (12 Stat.L. 426) be, and the same hereby is, amended by adding at the end of section 2 of the said act of the 10th day of June 1862 the following:

"The said corporation may use for burial purposes the tracts of land now owned by it and known, respectively, as the 'Hoover tract', designated for purposes of assessment and taxation as parcel 153/23, fronting on Bladensburg Road, and the 'Mertoon's tract', designated for purposes of assessment and taxation as parcel 153/42, fronting on West Virginia Avenue, the said two tracts having an aggregate area of approximately 12 25/100 acres, and all of the provisions of the aforesaid act of the 10th day of June 1862 shall apply to both of the said tracts with like effect as if the provisions of this act had been included therein at the time of its enactment: *Provided*, That no part of parcel 153/23 lying within 120 feet of Bladensburg Road shall be used for burial purposes; the strip of land hereby exempted from use for burial purposes being the easterly 120 feet by full width of said parcel 153/23 fronting on Bladensburg Road."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REFUNDS OF TAXES TO BUILDING-AND-LOAN ASSOCIATIONS

Mr. BULKLEY. Mr. President, I ask unanimous consent to return to Order of Business 605, Senate bill 2816, which was objected to yesterday. I have the assurance of the Senator who objected yesterday that he will not object today.

The VICE PRESIDENT. Is there objection to the request of the Senator from Ohio?

There being no objection, the Senate proceeded to consider the bill (S. 2816) to extend the time for the refunding of certain taxes erroneously collected from certain building-and-loan associations, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That claims for the refunding of any taxes erroneously or illegally assessed or collected from any building-and-loan association, or savings-and-loan association, under the provisions of section 231, paragraph 4, of the Revenue Acts of 1918 to 1926, both inclusive, may be presented to the Commissioner of Internal Revenue not later than 6 months after the passage of this act, and the Commissioner of Internal Revenue is hereby authorized and directed to receive, consider, and determine, in accordance with law but without regard to any statute of limitations, such claims as may have been presented heretofore and not allowed and such claims as may be presented within the period above named, when and where and only when it be found and determined that such taxes were collected upon the erroneous interpretation of the law passed upon and condemned by the United States Supreme Court in the decision rendered in the case of United States against Cambridge Loan & Building Co., reported in 278 United States Supreme Court Reports, page 55: *Provided*, That no interest shall be allowed on any of these claims.

SEC. 2. That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to such claimants as have presented or shall hereafter so present their claims, any amounts allowed in the determination of any claims so defined and which shall have been presented in accordance with this act.

The VICE PRESIDENT. The clerk will state the next bill on the calendar.

CUSTODY AND MAINTENANCE OF SUPREME COURT BUILDING

The bill (H.R. 8889) to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Texas [Mr. CONNALLY], who reported this bill, is necessarily absent in attendance on the Finance Committee. There is one provision in it, namely, section 4, which imposes on the Chief Justice of the United States certain administrative duties and responsibilities. I doubt the propriety of that feature of the bill. I therefore ask that it go over, at least until the Senator from Texas, or some other Senator familiar with the subject-matter of the bill, may be present.

The VICE PRESIDENT. The bill will be passed over.

Mr. CONNALLY subsequently said: Mr. President, during the morning I was engaged in the Committee on Finance in the hearing on the tariff bill when the Senate took up House bill 8889. I ask unanimous consent that we revert to the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H.R. 8889) to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof, which was read, as follows:

Be it enacted, etc., That the Architect of the Capitol shall have charge of the structural and mechanical care of the United States Supreme Court Building, including the care and maintenance of the grounds and the supplying of all mechanical furnishings and mechanical equipment for the building. The operation and maintenance of the mechanical equipment and repair of the building shall be performed under his direction, and he is authorized to enter into all necessary contracts.

SEC. 2. Employees required for the performance of the foregoing shall be (a) appointed by the Architect of the Capitol, with the approval of the Chief Justice of the United States; (b) compensated in accordance with the provisions of the Classification Act of 1923, as amended (U.S.C., supp. VI, title 5, ch. 13); and (c) be subject to the provisions of the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes", approved May 22, 1920, as amended (U.S.C., supp. VI, title 5, ch. 14).

SEC. 3. All other duties and work required for the operation, domestic care, and custody of the building shall be performed under the direction of the Marshal of the Supreme Court of the United States, who shall be superintendent of the United States Supreme Court Building, and employees (including elevator operators) required for the performance of such duties shall be appointed by the Marshal, with the approval of the Chief Justice.

SEC. 4. Appropriations for the work under the jurisdiction of the Architect of the Capitol shall be disbursed by the Marshal as the Chief Justice may direct upon certified vouchers submitted by the Architect of the Capitol.

Mr. ROBINSON of Arkansas. Mr. President, when the bill was reached, I will say to the Senator from Texas, I stated that the Senator was necessarily absent on the business of the Senate, and pointed out the fact that the bill seemed to contemplate the imposition of some administrative duties on the Chief Justice of the Supreme Court. The provision I had in mind was section 4, which reads as follows:

Appropriations for the work under the jurisdiction of the Architect of the Capitol shall be disbursed by the Marshal as the Chief Justice may direct upon certified vouchers submitted by the Architect of the Capitol.

I am wondering whether the committee and the Senator from Texas have given careful consideration to that part of the language quoted as follows: "as the Chief Justice may direct"?

Mr. CONNALLY. I will say to the Senator from Arkansas that the committee did not give any particular study to that provision; but the committee took the view that we were vesting that authority in the Chief Justice on the same theory that the Constitution provides that the Capitol shall be under the control of the Senate and House of Representatives. While the Chief Justice, no doubt, will delegate this authority to some of his clerks and assistants, we felt that the ultimate control of the building and its management ought to be vested in the Chief Justice of the Court, because it is the residence of the Court, and there otherwise might be some clash.

Mr. ROBINSON of Arkansas. Mr. President, I still have some doubts as to the propriety of requiring or directing the Chief Justice to review expenditures of this character. I shall move an amendment, so that, if the Senator consents to it, this question may be considered by the conferees of the two Houses.

Mr. CONNALLY. Mr. President, I have no objection.

Mr. ROBINSON of Arkansas. I move to strike out the language on page 2, line 21, as follows: "as the Chief Justice may direct."

Mr. CONNALLY. Mr. President, I have no objection to the amendment, or to the bill going to conference as so amended.

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). The question is on agreeing to the amendment offered by the Senator from Arkansas.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. I state now, Mr. President, that when the Senator from Texas has looked into the matter I shall be content to abide his conclusion with respect to it.

Mr. CONNALLY. I will say to the Senator from Arkansas that I have sent for the Architect of the Capitol, and we will go into the matter.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. CONNALLY. Mr. President, I assume that the next procedure will be that the Senate insist on its amendment to the House bill and ask for a conference, and that the Chair appoint the conferees.

The PRESIDING OFFICER. The Chair will state to the Senator that after the bill goes to the House, if the House accepts the bill with the amendment, it will not be necessary to have a conference.

Mr. CONNALLY. That is true, if the House accepts it.

MUCIA ALGER

The bill (S. 1541) for the relief of Mucia Alger was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mucia Alger, widow of William E. Alger, late American consul at Fernie, British Columbia, the sum of $2,500, being 1 year's salary of her deceased husband, who died March 19, 1917, while in the Foreign Consular Service.

MARY SEELEY WATSON

The bill (S. 3161) for the relief of Mary Seeley Watson was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay Mary Seeley Watson, widow of the late John J. Crittenden Watson, formerly Foreign Service officer, American consulate, Dundee, Scotland, the sum of $5,000, being 1 year's salary of her deceased husband, who died of illness incurred while in the Consular Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

FLUCTUATION OF WATER LEVELS, LAKE OF THE WOODS

The joint resolution (S.J.Res. 35) to provide for the determination and payment of claims for damage sustained by the fluctuation of the water levels of the Lake of the Woods in certain cases, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Whereas in order that the claims of settlers whose property was damaged by reason of fluctuations in the level of Lake of the Woods may be judicially determined, thereby following the expressed intent of the investigation made by the International Joint Commission under a reference from the Governments of the United States and Canada dated June 27, 1912, which terminated in a treaty between the United States and Great Britain in respect of Canada, proclaimed July 17, 1925, in which the two Governments adopted certain recommendations, among which was one that each Government shall on its own side of the boundary assume responsibility for any damage or injury that may have resulted to it or its inhabitants from the fluctuations of the level of Lake of the Woods or of the outflow therefrom caused by the construction of dams in the outlets of Lake of the Woods which have destructively flooded the lands along the United States shores and given rise to complaints of landowners: Therefore be it

Resolved, etc., That the act entitled "An act to carry into effect provisions of the conventions between the United States and Great Britain to regulate the level of Lake of the Woods concluded on the 24th day of February 1925", approved May 22, 1926, as amended, is amended by adding at the end thereof a new section to read as follows:

"SEC. 4. (a) The Secretary of War shall forthwith file a certified copy of the report and awards made by him under section 3 of this act with the clerk of the United States district court, or his deputy, in the district and division of the district in which the lands involved are situated; and thereupon the same proceedings shall be had in such court on such report and awards as upon awards of the Commissioners in the case of condemnation proceedings under the provisions of section 1 of this act.

"(b) There is authorized to be appropriated the sum of $73,270.97 to carry out the purposes of this act.

"(c) Upon the filing of such certified copy of the report and awards the Secretary of War shall be deemed to have completed his duties and functions under this act, as amended, except those relating to the construction of protective works and to the carrying out of protective measures under section 2 of this act, as amended; and all duties, powers, and functions vested in the Secretary of War by this act, as amended, except those relating to such construction of protective works and such carrying out of protective measures, shall hereafter be exercised by the Attorney General with the same force and effect as if he had originally been named in this act."

The preamble was agreed to.

ANNA ELIZABETH RICE DENISON

The bill (S. 2713) for the relief of the estate of Anna Elizabeth Rice Denison was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Anna Elizabeth Rice Denison, widow of Frank C. Denison, late American consul (retired), Prescott, Ontario, Canada, the sum of $2,500, equal to 1 year's salary of her deceased husband.

CORINNE BLACKBURN GALE

The bill (H.R. 1870) for the relief of Corinne Blackburn Gale was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Corinne Blackburn Gale, widow of William Holt Gale, late American Foreign Service officer, retired, the sum of $8,000, being 1 year's salary of her deceased husband: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attor-

neys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

PASS A'LOUTRE LIGHTHOUSE RESERVATION, LA.

The bill (H.R. 7551) authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to convey by quitclaim deed to the State of Louisiana for State park purposes the Pass A'Loutre Lighthouse Reservation, La., and all appurtenant structures located thereon, said reservation being described as follows: A tract of land known as the "Pass A'Loutre Lighthouse Reservation", situated in township 22 south, range 21 east, on the southwest portion of Middle Ground at the confluence of North Pass and Pass A'Loutre, Mississippi River Delta, La., comprising all that portion of sections 1 and 2 on Middle Ground west of a bayou which runs approximately north and south across Middle Ground, the mouth of said bayou being about 760 yards east of Pass A'Loutre Lighthouse tower, containing approximately 200 acres: *Provided*, That if the use of the land is discontinued for State park purposes the title shall revert to the United States.

AMELIA ISLAND LIGHTHOUSE RESERVATION, FLA.

The bill (H.R. 2828) to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That upon the payment of $1,000 by the city of Fernandina, Fla., to the Secretary of Commerce such city is authorized to convey, without regard to the conditions and limitations of paragraph (6) of section 1 and of section 2 of the act entitled "An act to authorize the Secretary of Commerce to dispose of certain lighthouse reservations, and to increase the efficiency of the Lighthouse Service, and for other purposes", approved May 22, 1926, and without regard to the conditions and limitations of the act entitled "An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation", approved March 3, 1931, the land conveyed to such city pursuant to paragraph (6) of section 1 of the act approved May 22, 1926, a tract bounded on the south by so much of the shell road as crosses section 12, on the east by the eastern boundary of section 12 with a water front 960 feet more or less, on the north by a straight line extending from such eastern boundary for 1,000 feet more or less to the western boundary of section 12, and on the west by the western boundary of section 12 extending 1,000 feet more or less to the shell road, containing 20 acres more or less. Any conveyance made by such city shall contain express conditions reserving to the United States (1) a perpetual easement for beams of lights from the Amelia Island Lighthouse, and (2) the right to trim any trees and to limit the height of any structures erected on such property that may obstruct the beams of such light.

ENTRANCE AND CLEARANCE OF VESSELS

The bill (H.R. 5038) authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That whenever, under any provision or provisions of any statute of the United States, it is made the duty of the masters of vessels to make entry and clearance of same, it shall be lawful for such duties to be performed by any licensed deck officer or purser of such vessel; and when such duties are performed by a licensed deck officer or purser of such vessel, such acts shall have the same force and effect as if performed by masters of such vessels: *Provided*, That nothing herein contained shall relieve the master of any penalty or liability provided by any statute relating to the entry or clearance of vessels.

LIGHT-STATION RESERVATION, BRIDGEPORT, CONN.

The bill (H.R. 7744) to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light station reservation was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of Commerce is authorized on behalf of the United States to convey to the city of Bridgeport, in the county of Fairfield, State of Connecticut, a certain island known as "Fayerweather Island" which has been used as the Black Rock Light Station Reservation and which has heretofore been leased to said city of Bridgeport by the United States for use as a public park.

A portion of Fayerweather Island was conveyed to the United States by deed dated June 17, 1807, from Nicholas Fish to the United States of America, and described as follows:

That certain piece or parcel of land lying in the town of Fairfield in the said State of Connecticut known and called the "Fayerweather Island" and which forms the outer side of the "Black Rock Harbor" so-called, and the same is bounded northerly on Black Rock Harbor, westerly on the mouth of said harbor, southeasterly on the sea beach or Long Island Sound, and northeasterly on the beach including the rocky point thereof adjoining the said island and is about 8 acres in quantity, be the same more or less, which deed is recorded in volume 32, page 545, and in book B, page 43, of the town of Fairfield.

And the remaining portion of said island was conveyed to the United States by deed dated July 10, 1807, from Daniel Fayerweather to the United States of America, one undivided half of a certain piece of land in quantity about 8 acres in the whole piece, be the same more or less, and which piece of land lies in the town of Fairfield, in said county, and is known and called by the name of "Fayerweather Island", and the whole of said land is bounded northerly on Black Rock Harbor, westerly on the mouth of said harbor, easterly on the sea or Long Island Sound, northeasterly on the beach including the rocky point thereof adjoining said premises, which deed is recorded in volume 32, page 25, and in book B, page 44, of the town of Fairfield.

Said deed from the United States shall convey all of said property to said city in perpetuity and shall provide that it shall always be used and maintained by said city as a public park, and if at any time the city discontinues the maintenance of said property as a public park, then the same shall revert to the Government of the United States.

OGEECHEE RIVER, GA.

The bill (H.R. 7793) authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed to cause a preliminary examination to be made of the Ogeechee River, in the State of Georgia, with a view to the control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of the floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917. The cost of such examination shall be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

KARIM JOSEPH MERY

The bill (H.R. 2339) for the relief of Karim Joseph Mery was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay to Karim Joseph Mery, of San Antonio, Tex., out of any money not otherwise appropriated, the sum of $5,000 as compensation for the death of his son, Joseph Karim Mery, a minor, who was killed at San Antonio, Tex., on July 10, 1923, by the negligent driving of a United States Army truck: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

ROBERT B. JAMES

The bill (H.R. 2541) for the relief of Robert B. James was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to Robert B. James, out of any money in the Treasury not otherwise appropriated, the sum of $7,000, the amount of a fine paid by Robert B. James in pursuance of a judgment entered upon a plea nolo contendere under certain provisions of the so-called "Lever Act" previous to the time that the Supreme Court of the United States held such provisions void, the said plea and said payment being made under a stipulation as follows: "In consideration that the Attorney General and this court shall accept the plea nolo contendere which I hereby tender to the above-entitled indictment, I do hereby waive any and all fines which the court may see fit to impose upon me upon such pleas, except in the event that the so-called 'Lever Act' under which said indictment is found shall be declared unconstitutional by the Supreme Court of the United States and that no prosecution could be sustained upon the facts stated in said indictment: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or re-

ceived by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

O. S. CORDON

The bill (H.R. 3579) for the relief of O. S. Cordon was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to O. S. Cordon, postmaster at Rigby, Idaho, the sum of $17.37 to reimburse him for the amount of postal funds lost as a result of the failure of the First National Bank, of Rigby, Idaho.

PAUL BULFINCH

The bill (H.R. 3580) for the relief of Paul Bulfinch was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Paul Bulfinch, postmaster at American Falls, Idaho, the sum of $158.54 in full settlement of all claims against the Government of the United States to reimburse him for the amount of postal funds lost by him as a result of the failure of the First National Bank of American Falls, Idaho, on February 8, 1923: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

GRACE P. STARK

The bill (H.R. 3952) for the relief of Grace P. Stark was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the accounts of Grace P. Stark, postmaster at Marked Tree, Ark., in the sum of $161.58. Such sum represents the amount of a deficit in the accounts of the said Grace P. Stark, caused by the loss of postal funds deposited in the First National Bank of Marked Tree, Ark., which failed November 15, 1926.

C. W. MOONEY

The bill (H.R. 4519) for the relief of C. W. Mooney was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any moneys in the Treasury not otherwise appropriated, the sum of $161.71, to compensate C. W. Mooney, of Lenapah, Okla., for actual financial loss sustained by him, without negligence on his part, through refund already made to the Post Office Department wherein postal funds for which he was responsible as postmaster of Lenapah, Okla., were on deposit in the First National Bank of Lenapah, Okla., where said bank failed under date of November 19, 1923, and was liquidated, none of said sum being repaid from the assets of said bank.

GEORGE CHARLES WALTHER

The joint resolution (H.J.Res. 61) granting compensation to George Charles Walther was considered, ordered to a third reading, read the third time, and passed, as follows:

Whereas George Charles Walther was shot near Underwood, Wash., on or about September 1, 1923, by a United States prohibition-enforcement officer pursuing the owner of a still located in the vicinity; and

Whereas as a result of such shooting, occurring in line of duty, the said George Charles Walther has been permanently paralyzed and rendered a hopeless cripple and a bedridden invalid for life; and

Whereas the said George Charles Walther was removed by the Government from Underwood, Wash., to a hospital in Portland, Oreg., and there left by United States Government officials without provision having been made for his care; and

Whereas the said George Charles Walther is without means or ability to care for himself: Therefore be it

Resolved, etc., That the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated, the sum of $100 a month to George Charles Walther, during his lifetime, as full compensation for total and permanent disability resulting from a gunshot wound inflicted upon him in 1923 by a Federal prohibition-enforcement officer. Such payment shall be made through the United States Employees' Compensation Commission and shall date from the approval of this act.

The preamble was agreed to.

HENRY A. RICHMOND

The bill (H.R. 3851) for the relief of Henry A. Richmond was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Henry A. Richmond the sum of $500 in compensation for bond forfeited for John A. Golding, now within the jurisdiction of the Federal authorities: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

EDWARD J. DEVINE

The bill (H.R. 4269) for the relief of Edward J. Devine was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to pay, out of the appropriation "Medical and hospital services", to Edward J. Devine the sum of $65.50. The payment of such sum shall be in full settlement of all claims against the United States for undertaking services performed by Edward J. Devine in connection with the burial of Patrick J. Murtagh.

BILL PASSED OVER

The bill (H.R. 4274) for the relief of Charles A. Brown was announced as next in order.

Mr. McKELLAR. Mr. President, the Department recommends against that bill. I think we had better let it go over unless some Senator who is interested in it can explain it.

The VICE PRESIDENT. The bill will be passed over.

BARNEY RIEKE

The bill (H.R. 4611) for the relief of Barney Rieke was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $3,750 to Barney Rieke, because of the destruction of his yacht Barney Google by the United States Coast Guard: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

FIRST LT. WALTER T. WILSEY

The Senate proceeded to consider the bill (S. 2973) for the relief of First Lt. Walter T. Wilsey, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after "$147.50", to insert "in full settlement of all claims against the Government of the United States", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to First Lt. Walter T. Wilsey the sum of $147.50, in full settlement of all claims against the Government of the United States, which amount was stolen from the safe of Company A, Fourth Motor Repair Battalion, Quartermaster Corps, Camp Holabird, Md., on March 6, 1925, and

reimbursed to the said company by Lieutenant Wilsey: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CLAIMS OF OFFICERS AND ENLISTED MEN FOR EXTRA PAY

The Senate proceeded to consider the bill (H.R. 1724) providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899, which was read, as follows:

Be it enacted, etc., That the General Accounting Office is authorized and directed to receive and settle claims of officers and enlisted men who were appointed or enlisted in the Army under the act of March 2, 1899 (30 Stat.L. 979), for 1 or 2 months' extra pay provided by the act of January 12, 1899, as amended (30 Stat.L. 784), notwithstanding the disallowance of their claims for such extra pay by the former accounting officers of the Treasury.

Mr. McKELLAR. Mr. President, may I ask the Senator from Mississippi [Mr. STEPHENS] if this bill was amended in accordance with the recommendation of General McCarl?

Mr. STEPHENS. This bill was amended, as I recall, in accordance with the suggestion which came to the committee. As a matter of fact, General McCarl, the Comptroller General of the United States, proposed the amendments which were adopted.

Mr. McKELLAR. Very well.

The bill was ordered to a third reading, read the third time, and passed.

RECONSTRUCTION FINANCE CORPORATION

Mr. ROBINSON of Arkansas. I ask unanimous consent to recur to Order of Business 561, Senate bill 3138. Yesterday the bill was called and there was some discussion of it, and the Senator from Ohio [Mr. FESS] asked that the bill go over. The Senator from Florida [Mr. FLETCHER] has explained the necessity for the passage of the bill, and the Senator from Ohio advises me that he has investigated the matter and has no further objection to the passage of the measure.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

There being no objection, the Senate proceeded to consider the bill (S. 3138) authorizing the Reconstruction Finance Corporation to aid in financing exports and imports, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Reconstruction Finance Corporation Act, as amended (U.S.C., supp. VII, title 15, ch. 14), is amended by inserting before section 6 thereof the following new section:

"SEC. 5c. With the approval of the President, the Corporation is authorized and directed, notwithstanding any other provisions of law, to establish or to utilize export or import trading and banking corporations in which the United States shall own, directly or indirectly, the entire beneficial interest, and to subscribe for and purchase the common and preferred stock and obligations thereof, for the purpose of aiding in financing and facilitating exports and imports between the United States and other nations or the agencies or nationals of either of them."

D. F. PHILLIPS

The bill (H.R. 2666) for the relief of D. F. Phillips was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission be, and hereby is, authorized to consider and pass upon the application of D. F. Phillips, former rural free delivery carrier at Resaca, Ga., for the benefits of the Compensation Act approved September 7, 1916, on account of an injury occurring in the year 1919, notwithstanding the provisions of section 20 of said act requiring that all claims be filed within 1 year from the date of injury: *Provided*, That no benefits shall accrue prior to the passage of this act.

BILL PASSED OVER

The bill (H.R. 2682) for the relief of Bonnie S. Baker was announced as next in order.

Mr. McKELLAR. That bill is not approved by the Department, and I ask that it go over unless some Senator is prepared to explain it.

The VICE PRESIDENT. The bill will be passed over.

EDWARD SHABEL

The bill (H.R. 2689) for the relief of Edward Shabel, son of Joseph Shabel, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, from any funds in the Treasury not otherwise appropriated, to Edward Shabel, son of Joseph Shabel, deceased, the sum of $2,579 in full settlement of all claims against the Government for injuries and damages sustained by Joseph Shabel when struck by a Government automobile on May 7, 1932, said automobile having been driven at the time by Hayden N. Bell, a Federal prohibition agent: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

RELIEF OF MISSISSIPPI STATE TREASURER

The bill (H.R. 3345) to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions of sections 3646, as amended, of the Revised Statutes of the United States, the disbursing clerk of the Department of Agriculture is authorized and directed to issue, without the requirement of an indemnity bond, a duplicate of original check no. 534971 drawn April 3, 1929, in favor of the Mississippi State treasurer for $1,871.02, and lost, stolen, or miscarried in the mails.

GLADDING, M'BEAN & CO.

The Senate proceeded to consider the bill (S. 1173) for the relief of Gladding, McBean & Co., which had been reported from the Committee on Claims, with amendments, on page 1, line 6, after the word "settlement", to strike out "for losses suffered by the said company by reason of the failure of the Supervising Architect's Office, Treasury Department, to require of the Plains Construction Co., general contractors for the construction of post office at Las Vegas, Nev., a valid bond as required by law for the protection" and to insert "of all claims against the Government of the United States, for losses suffered by the said company by reason of the default of the Plains Construction Co., general contractors for the construction of post office at Las Vegas, Nev., and the contractor's failure to furnish a valid bond as required by law for the protection", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Gladding, McBean & Co., out of any money in the Treasury not otherwise appropriated, the sum of $6,602.40 in full settlement of all claims against the Government of the United States for losses suffered by the said company by reason of the default of the Plains Construction Co., general contractors for the construction of post office at Las Vegas, Nev., and the contractor's failure to furnish a valid bond as required by law for the protection of labor and material men furnishing labor and material on public works: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

T. J. MORRISON

The bill (H.R. 3551) for the relief of T. J. Morrison was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to T. J. Morrison, of Elizabethtown, Ky., the sum of $195.41 in full settlement of all claims against the Government of the United States for water actually supplied to the post office at Ravenna, Ky., during the period of 9 years and 5 months from November 27, 1922, until April 27, 1932: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

LUCIEN M. GRANT

The bill (H.R. 6386) for the relief of Lucien M. Grant was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lucien M. Grant, lieutenant commander, Construction Corps, United States Navy, the sum of $184.02 for actual and necessary expenses incurred by him in transportation of his dependents and personal effects from Philadelphia, Pa., to Pensacola, Fla., and return, while carrying out orders of the Navy Department.

O. H. CHRISP

The bill (H.R. 1127) for the relief of O. H. Chrisp was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to O. H. Chrisp, of Bald Knob, Ark., out of any money in the Treasury not otherwise appropriated, the sum of $5,000 in full settlement of all claims against the Government of the United States in full payment of all damages for personal injuries received by him while in the employ of the Director General of Railroads on January 17, 1919, at Crawfordsville, Ark., on account of the negligence of the said Director General of Railroads: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

G. C. VANDOVER

The Senate proceeded to consider the bill (H.R. 4973) for the relief of G. C. Vandover, which had been reported from the Committee on Claims with amendments, on page 1, line 4, after the word "Vandover", to insert "out of any money in the Treasury not otherwise appropriated", and in line 7, after the word "States", to strike out "such sum is in full compensation", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to G. C. Vandover, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 in full settlement of all claims against the Government of the United States for injuries sustained by G. C. Vandover, who, while acting within his capacity as an employee of State Hospital No. 4, Farmington, Mo., had his right leg shot off by a discharged soldier, then a patient in such hospital and a Federal Government charge: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (S. 2439) for the relief of the Goldsmith Metal Lath Co., Price-Evans Foundry Corporation, and R. W. Felix was announced as next in order.

Mr. BULKLEY. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

ALBERT W. HARVEY

The bill (S. 2549) for the relief of Albert W. Harvey was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay to Albert W. Harvey, Rutland, Vt., out of any money in the Treasury not otherwise appropriated, the sum of $49.15, being the amount expended by said Harvey for damages incurred in an accident in which an automobile was seized by a Federal prohibition agent in the performance of his duties for the Government.

JOSEPH DUMAS

The bill (H.R. 4846) for the relief of Joseph Dumas was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $1,500 to Joseph Dumas, of Waterville, Maine, in full payment and settlement for all claims against the United States for injuries received by said Dumas on September 9, 1927, at said Waterville, through the negligence of an employee in the United States Railway Mail Service: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

BILL PASSED OVER

The bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, was announced as next in order.

Mr. McKELLAR and Mr. DILL. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

ELIZABETH MILLICENT TRAMMELL

The bill (S. 1200) for the relief of Elizabeth Millicent Trammell was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to Elizabeth Millicent Trammell, widow of H. Eric Trammell, late third secretary of American Embassy at Rio de Janeiro, Brazil, the sum of $3,000, equal to 1 year's salary of her deceased husband.

WIENER BANK VEREIN

The bill (S. 1263) for the relief of Wiener Bank Verein was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the sum of $30,208.67 is hereby authorized to be appropriated for payment to the Wiener Bank Verein or its attorney in fact in the United States, representing interest at 4¾ percent on certain cable transfers which the embassy at Constantinople undertook to make by cable communications to the Secretary of State on January 13, 1917, and on February 25, 1917, payment of which was deferred, as set forth in Senate Document No. 18, Seventy-second Congress, first session: *Provided*, That no payment hereunder shall be made by the Secretary of the Treasury except at the direction of the Secretary of State: *Provided further*, That full authority is hereby vested in the Secretary of State to determine, in his discretion, whether payment in whole or in part should be made, withheld, or deferred.

SAMUEL W. CARTER

The Senate proceeded to consider the bill (S. 358) to authorize the Court of Claims of the United States to hear and determine the claim of Samuel W. Carter, which had been reported from the Committee on Claims with amendments, on page 1, line 3, after the word "that", to insert "jurisdiction is hereby conferred upon"; in line 4, after the word "Claims", to strike out "be, and it is hereby, authorized and directed" and to insert "notwithstanding the lapse of time or the statute of limitations"; in line 7, before the word "adoption", to insert "alleged"; and on page 2, line 4, after the word "barred", to strike out "because of the use of the patented device by the Government for more than 2 years, not by any existing statute of limitations, nor", so as to make the bill read:

Be it enacted, etc., That jurisdiction is hereby conferred upon the United States Court of Claims, notwithstanding the lapse of time or the statute of limitations, to hear and determine the claim of Samuel W. Carter for compensation for the alleged adoption and use by the Government of the United States of a certain invention relating to the design and construction of propeller blades for which original letters patent of the United States No. 1471590 were issued to him on October 23, 1923, and for which letters patent of the United States Reissue No. 16387 were issued to him on July 20, 1926. Said claim shall not be considered as barred because of the fact that the claimant was on the retired list of the United States Army and receiving compensation from the United States Government at the time the patented article was invented.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ANNA CARROLL TAUSSIG

The Senate proceeded to consider the bill (S. 2744) for the relief of Anna Carroll Taussig, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "$25,000 as compensation" and to insert "$5,000, in full settlement of all claims against the Government", and to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Anna Carroll Taussig the sum of $5,000, in full settlement of all claims against the Government for permanent injuries sustained while riding in an automobile which was run into by a large post-office auto truck used in the mail service, owned by the United States, whereby Anna Carroll Taussig lost her right eye and was permanently scarred and disfigured: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill? The Department has recommended against it.

Mr. DAVIS. Mr. President, the claim originally was for $25,000, and the committee recommended $5,000.

The bill, as amended, provides for the payment of $5,000 to Anna Carroll Taussig, in full settlement of all claims against the Government, for permanent injuries sustained while riding in an automobile which was run into by a large post-office truck used in the mail service, owned by the United States, whereby Anna Carroll Taussig lost her right eye and was permanently scarred and disfigured.

The records show that this accident happened on the morning of April 21, 1918, about 12:45 a.m. at Powelton and Lancaster Avenues, Philadelphia, Pa.; that it was raining very hard at the time; that the cars collided at the intersection of the avenues; that there were no lights of any kind on the mail truck; that the only lamp of any kind was a lantern with a badly smoked chimney on the left-hand side of the truck; that this lantern was not lighted, and from all appearances had not been lighted; that the claimant suffered the loss of her right eye, cuts on the chin and the right side of her face.

The chauffeur of the mail truck was arrested but was exonerated by the magistrate before whom he appeared, but there is no evidence of this hearing. The officer who arrived on the scene soon after the collision and who placed the driver of the mail truck under arrest, did not arrest the driver of the car in which the claimant was driving. The affidavit of this officer states that "the marks on the street showed that the United States mail truck, in attempting to stop, had skidded, turning almost a complete circle" and that the left front and side of the mail truck had collided with the left front part of the other car. He further testified that a light was still burning after the accident on the car in which the claimant was riding, but that there were no lights of any kind on the mail truck. Other affidavits of persons who arrived on the scene soon after the accident support the officer's statements.

Notwithstanding the report of the Post Office Department to the effect that it would not be justified in recommending favorable action with reference to this claim, your committee is of the opinion that the mail truck, running without lights and apparently at an excessive rate of speed, was responsible for the accident. It is accordingly recommended that the bill do pass, as amended.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BONNIE S. BAKER

Mr. STEPHENS. Mr. President, I ask unanimous consent to return to order of business 819, being House bill 2682, for the relief of Bonnie S. Baker. This bill was objected to a moment ago by the Senator from Tennessee [Mr. McKELLAR]. I can state the facts briefly.

The claimant in this case was a postmaster, and it is stated in a letter from the Post Office Department that at the office where she served there was no safe provided for the safekeeping of money belonging to the office, nor was there any drawer in which the money could be placed and locked up.

The assistant postmaster, the father of the postmaster, left the office, locked the doors, put the windows down, and went over to get some lunch, about 50 feet from the post office. While he was away someone smashed the window, broke into the office, and stole a tin box in which the money was kept. The Post Office Department does not really and strongly oppose the payment of the claim.

Mr. McKELLAR. Mr. President, in all these post offices a bond is required of the postmaster to cover such losses, is there not?

Mr. STEPHENS. In this instance, at least, the postmaster paid $100.29, the amount of money that was stolen.

Mr. McKELLAR. Of course, it is a small matter, and if the Senator thinks the bill ought to be passed, I shall not object, but I call the attention of the Senator and of the Senate to the great number of these cases. The claims are not preferred by the postmasters themselves, but by the bondsmen, who come and seek to collect from the Government what they have had to pay out after receiving premiums on the bonds. That is often the case, and I think the practice is bad and should be stopped. I do not think the Government ought to make the bondsmen good.

Mr. STEPHENS. I know nothing about a bond having been required in this matter.

Mr. DILL. Mr. President, I am interested in what the Senator from Tennessee says, because there is a similar case in my own State. Bonds are required by the Government, and if Congress is forever to reimburse after losses, then why should there be any bond at all? Why should the postmasters be required to put up bonds?

Mr. McKELLAR. The Senator is, of course, right about that.

Mr. DILL. Are all these bonds such that when the money is lost the postmaster is held to the bondsman?

Mr. McKELLAR. I cannot say about each individual case.

Mr. LOGAN. Mr. President, I should like to ask the Senators a question. Do they know that there is any bond against burglary required in the case of a postmaster? If so, that would have something to do with it.

Mr. DILL. There ought to be a bond against burglary and against robbery and hold-ups.

Mr. LOGAN. That is true; but if there is such bond required, it has not been brought to the attention of the Committee on Claims.

Mr. McKELLAR. Mr. President, I think the fact is that the bond is against the loss of money while the person who is bonded holds the office. I am not objecting to the Senator's bill, but I call the attention of the Senate to the facts. It is very bad practice. I know the bondsmen come in most frequently and get Congress to restore money they have had to pay out by reason of making good on bonds. In other words, the bondsman guarantees the postmaster and the Government guarantees the bondsman. That ought not to be.

Mr. STEPHENS. Mr. President, it is a personal bond, and I think the character of cases to which the Senator refers is where an assistant in a post office defaults.

Mr. COPELAND. Mr. President, I want to say one word, if I may. Where it is demonstrated that the bondsman paid funds where there were extenuating circumstances which developed later, it would certainly seem to me perfectly right that the bondsman should be reimbursed. I am sure the Senator from Tennessee is so fair and just that he would not want to see any concern held up by the Government when there was no fault involved in the matter and where it afterward developed that the loss could not have been guarded against by the bondsman.

Mr. McKELLAR. I do not want to do anybody an injustice, but, using this case as an illustration, where a bondsman signs a bond to guarantee the safety of money to the Government, and the bondsman has to pay, regardless of how the money is lost, he has received premiums for that service, and the bondsman ought to pay, beyond all doubt.

Mr. DILL. Mr. President, there is a difference, of course, between a bond running in favor of a man's honesty in his handling of money and insurance against robbery or burglary.

Mr. STEPHENS. There is quite a difference.

Mr. DILL. Which is this? In what category does this case fall?

Mr. STEPHENS. It is a question of burglary. A window was smashed, and a tin box in which the money was locked up was stolen.

Mr. DILL. There is a case of a hold-up in my own State where $13,000 was taken, in the city of Seattle. It seems to me there ought to be insurance of some kind against robbery or burglary.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

CHEROKEE FUEL CO.

The bill (S. 2371) giving jurisdiction to the Court of Claims to hear and determine the claim of the Cherokee Fuel Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Court of Claims of the United States be, and it hereby is, given jurisdiction to hear and determine the claim of the Cherokee Fuel Co., Inc., Kansas City, Mo., for damages and for losses resulting from the cancelation by the depot quartermaster at St. Louis, Mo., of a contract between the United States Quartermaster Corps and the claimant, dated July 1, 1920, for furnishing coal at Camp Funston, Kans., to the Quartermaster Corps.

BLACK HARDWARE CO.

The Senate proceeded to consider the bill (S. 1585) for the relief of the Black Hardware Co.

Mr. McKELLAR. Mr. President, I should like to have an explanation of this bill. It involves a large sum, and the facts seem to be somewhat doubtful.

Mr. WHITE. Mr. President, this is a bill which seeks to reimburse the claimant for customs duties illegally and improperly collected. The situation is substantially as follows:

The claimant was an importer, at some port of Texas, which I have momentarily forgotten, of steel bars which were used in construction work. He paid a tariff charge of three fifths of a cent a pound under a certain section of the Tariff Act of 1922.

After he had been doing that for a substantial period of time, he found that a competitor in a nearby Texas community had been importing like steel bars and paying at a rate of one fifth of a cent a pound under a different section of the tariff law, the difference in the rate making about $2 difference on the ton.

Subsequently the matter of the correct tariff charge went to the Court of Customs Appeals, and that court held that the payment of the lower rate of one fifth of a cent a pound was the correct rate under the proper classification.

The bill seeks to reimburse this Texas concern for the excess of two fifths of a cent a pound over the rate which the court declared to be the proper and the legal rate.

Mr. McKELLAR. Mr. President, I see this statement in the report from the Secretary of the Treasury:

> As to the merits of this bill, I have to state that if the importers had availed themselves of the remedial provisions of the law (sec. 514 of the tariff act above mentioned) in the same manner that the other importers apparently did, a refund of the duty paid could have been secured, and it appears to this office that the claimants in this case are solely responsible for failure to file a proper protest. The Department is compelled to deny many cases coming before it because of the failure of the importers to file statutory protests against the liquidated assessment of duties, and it must decline to give its approval to the passage of a measure for the benefit of one importing firm which did not avail itself of the avenue of relief provided by law for all importers.

In other words, apparently the Department feels that under the facts of this case the claim ought not to be paid.

Mr. WHITE. Mr. President, I think the Department asserted a general rule which it always follows. The crux of the matter is that the claimant, not knowing of the lower rate being charged other importers and not knowing what the law really was, paid an excessive rate. It did not file its protest until it had learned that other importers bringing in like articles were paying a rate two fifths of a cent a pound less than that which had been collected from it.

It is perfectly clear that an improper and excessive and unlawful rate was collected, and the real question is whether the United States is going to keep that to which it is not entitled under the law, or whether it will return it to the company to which it rightfully belongs, in equity.

Mr. ROBINSON of Arkansas. Mr. President, does the Treasury Department recognize the fact as alleged by the Senator, that the collection was wrongfully made?

Mr. WHITE. The Court of Customs Appeals directly passed on that question, and I think there is no question as to the fact.

Mr. ROBINSON of Arkansas. The court found that the money was wrongfully collected?

Mr. WHITE. The court found that the lower rate which had been collected from other importers was the proper rate under the proper classification.

Mr. McKELLAR. This case did not go to the Court of Claims, did it?

Mr. WHITE. No; it did not go to the Court of Claims, but another case involving the principle went to the Court of Customs Appeals and was there passed upon.

I take it the Senator from Texas knows more about the details than I do, but I have correctly stated the substantial facts and the main question involved.

Mr. SHEPPARD. Is it not true that the time for the protest under the law had expired before the injured party knew that he had a right to file the claim?

Mr. WHITE. Yes.

Mr. SHEPPARD. That is the heart of the matter.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Black Hardware Co., a Texas corporation, with principal offices at Galveston, the sum of $12,888.11 to fully refund to said company the difference between the rate of customs duties erroneously assessed and collected from it on corrugated iron bars at Galveston, Tex., between December 30, 1924, and September 27, 1926, under paragraph 304 of the act of 1922, and the rate of duty assessed and collected on the same class of merchandise in the same customs district, at Houston, Tex., during the same period, under paragraph 312 of said act, without the knowledge of said company, and which latter rate, subsequently, was decided to be according to law.

LOSSES SUSTAINED BY RIPARIAN OWNERS IN MARSHALL COUNTY, MINN.

The Senate proceeded to consider the bill (S. 1803) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County, in the State of Minnesota, which had been reported from the Committee on Claims with an amendment, on page 2, line 3, after the sum "$1,030.68", to insert the following:

The sums of money paid under the authority hereof shall be in full and final settlement of all debts, demands, and claims of the persons receiving the same and of their heirs, assigns, or legal representatives against the United States on account of the losses sustained by them through the opening up of their lands on the drained Mud Lake bottom in Marshall County in said State of Minnesota to homestead entry.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized to pay, out of any money in the Treasury not otherwise appropriated, and the appropriation of which is hereby authorized, the following sums of money to the following persons or their heirs, assigns, or legal representatives: A. N. Eckstrom, $2,792.25; Margit Vaule, $3,894.80; Bernard Larson, $57.24; K. O. Flakne, $1,027.20; L. M. Larson, $31.64; Mrs. Gusta Petterson, $870.57; Ava Luella Dale, $2,031.33; Elmer Odie, $2,638.08; George E. Olson, $2,325.35; J. M. Silberstein, $1,860.28; Peter Christianson, $786.84; R. Rierson, $983.55; Ruth Lyons Rose, $196.71; Mary C. Moran, $834.24; Clarence Larson, $1,337.01; Mrs. O. B. Johnson, $528.01; Christian Burckland, $1,370.88; Karen Knutson, $507.60; Engebret S. Moe, $1,015.20; Nels A. Fosen, $964.50; Christian Larson Ring, $289.20; Elizabeth Risberg, $3,128.56; Axel Nelson, $3,620.30; G. F. Cashman, $301.69; D. B. Bakke, $3,482.70; and Frank W. Erickson, $1,030.68. The sums of money paid under the authority hereof shall be in full and final settlement of all debts, demands, and claims of the persons receiving the same and of their heirs, assigns, or legal representatives against the United States on account of the losses sustained by them through the opening up of their lands on the drained Mud Lake bottom in Marshall County in said State of Minnesota to homestead entry.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALICE E. BROAS

The Senate proceeded to consider the bill (S. 1161) for the relief of Alice E. Broas, which had been reported from the Committee on Claims with amendments, on page 1, line 5, after the words "sum of", to strike out "$2,500" and insert "$1,000", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,000 to Alice E. Broas, of Chevy Chase, Md., as payment in full for personal injuries sustained by being struck by an automobile driven by Pvt. Cyrus L. Scribner, United States Army, on April 22, 1931, at Washington, D.C.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

VIRGINIA HOUGHTON

The Senate proceeded to consider the bill (S. 1162) for the relief of Virginia Houghton, which had been reported from the Committee on Claims with amendments, on page 1, line 5, after the words "sum of", to strike out "$5,000" and to insert in lieu thereof "$3,000", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay, out of any money in the Treasury not otherwise appropriated, the sum of $3,000 to Virginia Houghton, of Chevy Chase, Md., as payment in full for personal injuries sustained by being struck by an automobile driven by Pvt. Cyrus L. Scribner, United States Army, on April 22, 1931, at Washington, D.C.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARY V. SPEAR

The Senate proceeded to consider the bill (S. 1163) for the relief of Mary V. Spear, which had been reported from the Committee on Claims with amendments, on page 1 line 5, after the words "sum of", to strike out "$5,000" and to insert in lieu thereof "$2,500", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 to Mary V. Spear, of Chevy Chase, Md., as payment in full for personal injuries sustained by being struck by an automobile driven by Pvt. Cyrus L. Scribner, United States Army, on April 22, 1931, at Washington, District of Columbia: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MOTHER'S DAY

The resolution (S.Res. 218) favoring an expression on Mother's Day of our love and reverence for motherhood was announced as next in order.

Mr. DILL. Let that go over.

Mr. COPELAND. Mr. President, will the Senator withhold his request for a moment?

Mr. DILL. Yes.

Mr. COPELAND. The resolution is in conformity with our usual annual custom.

Mr. DILL. Mr. President, the resolution proposes permanent legislation.

Mr. COPELAND. Mr. President, I do not think it does. It is merely a Senate resolution.

Mr. DILL. But it is permanent legislation; is it not?

Mr. COPELAND. No, Mr. President.

Mr. DILL. I have no objection if it is not permanent legislation.

The PRESIDING OFFICER. Is the objection withdrawn?

Mr. DILL. I withdraw the objection.

The resolution was considered and agreed to, as follows:

Whereas, by House Joint Resolution 263, approved and signed by President Wilson, May 8, 1914, the second Sunday in May of each year has been designated as Mother's Day for the expression of our love and reverence for the mothers of our country; and

Whereas there are throughout our land today an unprecedentedly large number of mothers and dependent children who, because of unemployment or loss of their bread-earners, are lacking many of the necessities of life: Therefore, be it

Resolved, That the President of the United States is hereby authorized and requested to issue a proclamation calling upon our citizens to express, on Mother's Day this year, our love and reverence for motherhood;

(a) By the customary display of the United States flag on all Government buildings, homes, and other suitable places;

(b) By the usual tokens and messages of affection to our mothers; and

(c) By making contributions, in honor of our mothers, through our churches or other fraternal and welfare agencies, for the relief and welfare of such mothers and children as may be in need of the necessities of life.

The preamble was agreed to.

BILL PASSED OVER

The bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, was announced as next in order.

Mr. FESS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

HARRY P. HOLLIDGE

The bill (S. 1281) for the relief of Harry P. Hollidge was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Harry P. Hollidge, the sum of $903.70, in full settlement of all claims against the Government for damages to his automobile as the result of a collision with a Packard truck belonging to the War Department, said collision occurring on the evening of March 27, 1919, on the Baltimore-Washington Pike.

A. J. HANLON

The bill (S. 2322) for the relief of A. J. Hanlon was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the accounts of A. J. Hanlon, special disbursing agent, Bureau of Prohibition, San Juan, P.R., with the sum of $223.75, said sum representing the amount paid on vouchers to Juan R. Toledo, prohibition agent, as per diem in lieu of subsistence for the period June 13 to July 21, 1929, which sum was disallowed by the General Accounting Office.

HECTOR H. PERRY

The Senate proceeded to consider the bill (S. 424) for the relief of Hector H. Perry.

Mr. McKELLAR. Mr. President, may we have some explanation of this bill? There seems to be some doubt about it.

Mr. LOGAN. Mr. President, if the Senator from Tennessee desires an explanation, I can give it to him very briefly.

This is an unusual case. It is for the relief of a veteran of the World War. He fought through the war and was in nearly every battle that was fought. There was no one in the war who had more battle service. After he came home, he deserted—in 1920. He went back in 1928 and surrendered, and was tried by court martial, and discharged dishonorably. The man was without mental stability; there is no doubt but that he was very greatly troubled in his mental processes after he came home. Whether it was caused by the war or not, we do not know.

The Senator from Massachusetts [Mr. WALSH], who introduced the bill, wrote a letter in which he set out the fact that the man was mentally unsound; and I think the reports from the doctors and the hospitals all show that during the period after he deserted, and before he surrendered himself, he was mentally incapacitated; but we thought his battle service was such as to entitle him to the relief he seeks.

Mr. McKELLAR. I see on the first page of the report a large number of engagements in which this soldier participated. I think the Senator from Kentucky is entirely right, and that this man should be given the relief he seeks.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Hector H. Perry, who was a member of the Medical Detachment, Second Regiment United States Engineers, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 21st day of September 1928: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

THOMAS E. READ

The Senate proceeded to consider the bill (S. 1505) for the relief of Thomas E. Reed, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 5, after "Thomas E.", to strike out the name "Reed" and to insert in lieu thereof "Read", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Thomas E. Read, otherwise known as Thomas Griffiths, who was a member of Company I, Twenty-sixth Regiment United States Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 12th day of February 1900: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Thomas E. Read."

ARTHUR BUSSEY

The Senate proceeded to consider the bill (S. 2357) for the relief of Arthur Bussey, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "$59,697.85, with interest at the rate of 6 percent per annum from June 18, 1919" and to insert in lieu thereof "$29,848.93", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Arthur Bussey the sum of $29,848.93, in full satisfaction of his claim against the United States for damages for loss of, or damage to, personal property consequent upon the taking of his plantation, Riverside, in Chattahoochee County, Ga., for military purposes, under the act of July 2, 1917.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill from either the Senator from Georgia [Mr. GEORGE] or the Senator from Kentucky [Mr. LOGAN]?

Mr. GEORGE. Mr. President, the bill was reported by the Senator from Kentucky [Mr. LOGAN]. I will ask the Senator from Kentucky if he will not make a brief statement in explanation thereof.

Mr. LOGAN. Mr. President, to set out all the facts in this case in detail would require several hours, but I shall endeavor to be as brief about it as I can.

Mr. Bussey owned a very magnificent plantation in Georgia. He had it equipped with everything that made for happy living conditions and for earning money. He had 1,782 acres in the farm. He had ample water and lighting arrangements; he had a cotton gin, a nursery, and other things too numerous to mention. He had a vast amount of very fine stock, cattle and horses, hogs, sheep, and goats. The Army wanted that plantation in 1917 for an Army camp of some kind. They went down there and simply took it. They did not even file a condemnation proceeding. They put Mr. Bussey off. That led to a long controversy. Finally they bought the land, and, as the War Department contends, they bought the land and paid for the personal property.

Mr. McKELLAR. Mr. President, in order that we may expedite the matter, may I ask the Senator about the opinion of the Court of Claims? Did not the Court of Claims pass upon this very question?

Mr. LOGAN. The Court of Claims held they had no jurisdiction.

Mr. McKELLAR. The Court of Claims denied the claim on the ground of lack of jurisdiction?

Mr. LOGAN. That is my recollection; but I am quite sure that it was a case of tort. The Court of Claims did hold, however, as I read the opinion, that the $445,000 which was paid covered only the land. Then there was some small payment for the personal property.

Mr. Bussey claims that there was $108,000 due him by way of damages to his stock and to his growing crops, and the Court of Claims fixed that damage at fifty-nine-thousand-and-some-odd dollars.

To be perfectly frank with the Senator and with the Senate, I have not the slightest doubt that a considerable amount was and is due Mr. Bussey. The record is so voluminous that I could not determine accurately just what it was. He claimed $108,000. The Court of Claims cut that in two and set the amount at $59,000. Then the committee cut that in two and fixed it at $29,000, giving him one quarter of what he claimed was due him.

Mr. GEORGE. And that without interest.

Mr. LOGAN. Yes; that without interest.

Mr. McKELLAR. As I understand, the plantation was on the site where Fort Benning, Ga., now is, which is a military reservation. Is that correct?

Mr. LOGAN. That is correct.

Mr. McKELLAR. It was afterward necessary for the Government to have it?

Mr. LOGAN. I suppose it was. The Government said they had selected it because of all these improvements that Mr. Bussey had on his plantation; that he had houses for them to live in without the necessity of the Army's constructing them; that he had a storehouse with merchandise and groceries in it and he had a dairy, a large barn. The took it because, as expressed by one of the officers, it was an ideal place, and they needed it at once.

Mr. McKELLAR. Mr. President, I have such confidence in the Senator from Kentucky and in the Senator from Georgia, who are interested in this bill and who have examined the facts, that I shall not object.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MACK COPPER CO.

The bill (S. 3349) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction be, and is hereby, conferred upon the Court of Claims of the United States, notwithstanding the lapse of time or any statute of limitation, to hear and determine the claim of the Mack Copper Co. against the United States for just compensation for the taking and use, and the damages and waste inflicted by the taking and use, of certain real property owned by the Mack Copper Co. and situated in San Diego County, State of California, which real property was taken, used, and occupied by the United States as an Army cantonment, training camp, or for other military purposes during the period from on or about May 15, 1917, to on or about June 1, 1922, not heretofore paid by the United States to the Mack Copper Co.

SEC. 2. That the Court of Claims of the United States, in the hearing and determination of any suit prosecuted under the authority of this act, is authorized, in its discretion, to use and consider as evidence in such suit, together with any other evidence which may be taken therein, the testimony and other evidence filed by Mack Copper Co. and the United States, respectively, in case no. D–134 on the docket of that court entitled "Mack Copper Co. against the United States", wherein the court rendered a judgment on the 6th day of June 1927.

SEC. 3. From any decision or judgment rendered in any suit presented under the authority of this act a writ of certiorari to the Supreme Court of the United States may be applied for by either party thereto, as is provided by law in other cases.

PIKE NATIONAL FOREST, COLO.

The bill (H.R. 2858) to add certain lands to the Pike National Forest, Colo., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following-described lands be, and the same are hereby, added to and made a part of the Pike National Forest, in the State of Colorado, and are to be hereafter administered under the laws and regulations relating to the national forests:

Township 9 south, range 77 west, sixth principal meridian: West half northwest quarter and west half southwest quarter section 30; northwest quarter northwest quarter, south half northwest quarter, south half northeast quarter, and south half section 31; south half northwest quarter, south half northeast quarter, and south half section 32.

Township 10 south, range 77 west, sixth principal meridian: North half section 5; north half and southwest quarter section 6; west half section 7; west half and south half southeast quarter section 18; north half northwest quarter and north half northeast quarter section 19; southwest quarter section 30; and west half section 31.

Township 10 south, range 78 west, sixth principal meridian: South half section 35 and south half section 36.

Township 11 south, range 77 west, sixth principal meridian: West half southwest quarter and southeast quarter southwest quarter section 19; west half northwest quarter and west half southwest quarter section 27.

Township 11 south, range 78 west, sixth principal meridian: Sections 3, 10, 15, 22, and the west half southwest quarter section 14; west half northwest quarter and south half section 23; and the south half section 24.

Township 12 south, range 77 west, sixth principal meridian: West half southwest quarter section 11; west half northwest quarter, west half southwest quarter, southeast quarter southwest quarter section 14; northwest quarter section 23; southwest quarter section 26; north half section 34, and northwest quarter section 35.

Township 13 south, range 77 west, sixth principal meridian: West half southwest quarter section 2; south half section 3; all of section 10; west half northwest quarter and west half southwest quarter section 11.

The inclusion of any of the aforesaid land in the Pike National Forest shall not affect adversely any valid application or entry pending at the date of the approval of this act.

COCHETOPA NATIONAL FOREST, COLO.

The bill (H.R. 2862) to add certain lands to the Cochetopa National Forest in the State of Colorado was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following-described lands be, and the same are hereby, added to and made a part of the Cochetopa National Forest in the State of Colorado and are hereafter to be administered under the laws and regulations relating to the national forests:

Township 12 south, range 79 west, sixth principal meridian: West half and southeast quarter section 16; all of sections 17 and 21; west half and southeast quarter section 22; and all of section 27.

Township 13 south, range 76 west, sixth principal meridian: Northeast quarter section 31; and west half northwest quarter section 32.

Township 13 south, range 77 west, sixth principal meridian: West half and southeast quarter section 14; northeast quarter section 15; east half section 23; west half northwest quarter and west half southwest quarter section 24.

Township 13 south, range 79 west, sixth principal meridian: West half section 22; west half section 27; all of section 34.

Township 14 south, range 79 west, sixth principal meridian: All of sections 3 and 10; west half, west half northeast quarter, and west half southeast quarter section 11; and all of section 35.

Township 15 south, range 76 west, sixth principal meridian: East half and southwest quarter section 10; west half section 11; west half and southeast quarter section 14; all of sections 15, 21, 22, 23, 26, and 27; east half section 28; east half section 33; all of sections 34 and 35; and west half section 36.

Township 15 south, range 78 west, sixth principal meridian: South half southwest quarter section 7; west half section 18; west half section 19; west half section 30; west half and southeast quarter section 31; and southwest quarter section 32.

Township 15 south, range 79 west, sixth principal meridian: South half northeast quarter, south half northwest quarter, and south half section 1; all of section 2; east half section 11; all of sections 12 and 13; northeast quarter section 14; all of section 24; and north half section 25.

Township 44 north, range 6 east, New Mexico principal meridian: North half sections 3 and 4.

Township 44 north, range 6 east, New Mexico principal meridian: Sections 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 22, 23, and 24.

Township 45 north, range 4 east, New Mexico principal meridian: Sections 2, 11, 14, and 23.

Township 45 north, range 5 east, New Mexico principal meridian: East half section 32; sections 33, 34, 35, and 36.

Township 45 north, range 7 east, New Mexico principal meridian: Section 12.

Township 45 north, range 8 east, New Mexico principal meridian: Sections 17 and 18.

Township 46 north, range 5 east, New Mexico principal meridian: Section 19; west half, north half northeast quarter section 20; west half northwest quarter section 30.

Township 46 north, range 6 east, New Mexico principal meridian: Sections 4, 5, 8, 9, 11, 16, and 17.

Township 46 north, range 8 east, New Mexico principal meridian: Section 1; north half section 12; southwest quarter northwest quarter, west half southwest quarter section 13; northwest quarter southwest quarter, south half southwest quarter section 17; south half northeast quarter, southeast quarter section 18; east half section 19; northwest quarter, south half section 20; north half sections 22 and 23; northwest quarter northwest quarter section 24; section 29; east half section 30; northeast quarter section 31; and north half section 32.

Township 47 north, range 8 east, New Mexico principal meridian: Southwest quarter, west half southeast quarter section 2; west half, west half east half section 11; west half, west half east half section 14; west half section 24; sections 25 and 36.

Township 48 north, range 3 east, New Mexico principal meridian: Southeast quarter section 25; southwest quarter section 26; sections 27 and 28; north half, southeast quarter section 33.

Township 48 north, range 4 east, New Mexico principal meridian: Sections 1, 2, and 3; east half, east half west half, northwest quarter northwest quarter section 10; sections 11, 12, 13, and 14; northeast quarter, north half southeast quarter, southeast quarter southeast quarter section 15; sections 23, 24, 25, and 26; east half, southwest quarter section 27; south half section 28; east half southeast quarter section 29; southwest quarter section 30.

Township 48 north, range 5 east, New Mexico principal meridian: West half section 3; sections 4 and 9; west half section 10; sections 15, 16, 17, 19, 20, 21, 22, 25, 26, 27, 28, 29, 30, 35, and 36.

Township 48 north, range 7 east, New Mexico principal meridian: Section 1.

Township 48 north, range 8 east, New Mexico principal meridian: Sections 5, 6, 8, and 17.

Township 49 north, range 4 east, New Mexico principal meridian: Sections 25, 26, 27; east half section 28; sections 34, 35, and 36.

Township 49 north, range 5 east, New Mexico principal meridian: Section 16; east half section 17; northeast quarter section 20; section 21; west half sections 22 and 27; sections 28 and 33; west half section 34.

Township 49 north, range 7 east, New Mexico principal meridian: Sections 10, 15, 24, 25, and 36.

Township 49 north, range 8 east, New Mexico principal meridian: Sections 19, 20, 29, 30, 31, and 32.

Township 50 north, range 7 east, New Mexico principal meridian: Sections 1, 12; north half southwest quarter, west half southeast quarter section 13; sections 14 and 23.

Township 50 north, range 8 east, New Mexico principal meridian: East half section 1; east half section 12.

Township 50 north, range 9 east, New Mexico principal meridian: All of sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and east half section 22; sections 23, 24, 25, and 26; east half section 27; section 36.

Township 50 north, range 10 east, New Mexico principal meridian: Entire township.

Township 51 north, range 8 east, New Mexico principal meridian: Section 19; east half section 25; section 30; east half section 36.

Township 51 north, range 9 east, New Mexico principal meridian: Entire township.

Township 51 north, range 10 east, New Mexico principal meridian: Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17, 18, 19, 20, 21, and 22; west half section 23; sections 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36.

Provided, That the inclusion of any of the aforesaid land in the Cochetopa National Forest shall not affect adversely any right existing under the public-land laws at the date of the approval of this act.

JUDSON B. ISBESTER

The Senate proceeded to consider the bill (S. 2497) for the relief of Judson B. Isbester, which had been reported from the Committee on Military Affairs with an amendment, to strike out all after the enacting clause and to insert:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, their widows, or dependent relatives Judson B. Isbester, formerly a private, Company M, Twenty-third Regiment United States Infantry, and who subsequently had two periods of honorable service in Company I, Thirty-fourth Regiment United States Infantry, as James E. Dolan, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of Company M, Twenty-third Regiment United States Infantry on the 12th day of April 1909: *Provided*, That no pay, pension, bounty, or other emoluments shall be held to have accrued prior to the passage of this act.

Mr. McKELLAR. Mr. President, will the Senator from Kansas [Mr. McGILL] tell us about that case?

Mr. McGILL. Mr. President, this man was a soldier during the Spanish-American War, serving in the Philippine Islands. He was sent to Silver City, N.Mex., where he was under observation for some ailments, and got into some trouble and was convicted in a civil court of assault with intent to kill by stabbing. He was discharged from the Army without honor. Since that time he has reenlisted and served two enlistments in the United States Army under the name of Dolan; at the expiration of both those enlistments he received an honorable discharge, and the last time he was discharged with "character excellent." During his last enlistment he served in the World War overseas.

Mr. McKELLAR. Mr. President, the explanation is satisfactory.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Judson B. Isbester."

PUBLIC-SCHOOL FACILITIES FOR INDIAN CHILDREN IN WASHINGTON

The bill (S. 2769) to provide funds for cooperation with Marysville School District, No. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children, was announced as next in order.

Mr. FESS. Mr. President, there are several bills similar in character to the one now before the Senate. I should like to have some Senator explain what the necessity for them is, if there is such necessity. Can the Senator from North Dakota [Mr. FRAZIER] explain them?

Mr. FRAZIER. Mr. President, there are, I think, about three bills on the calendar which provide appropriations to assist in the enlargement of public schools in order to accommodate Indian children who will attend such schools. It has been the policy of the Indian Bureau to do away with Government boarding schools for Indians wherever it is possible to do so, and to put the Indian children in the public schools. In many instances so much of the land in the counties is exempt from taxation because it is owned by Indians that the public-school authorities are unable, under their tax laws, to build schools sufficiently large to take care of the Indian children. The Department feels that if a little money can be appropriated by the Government to assist the school districts in building or enlarging the public schools which the Indian children will attend, it will take care of the situation. Several of the Government schools have been closed, the Indian children have been thrown out of school, there is no place for them to attend school, and they are not attending school this year because of that circumstance.

Mr. McKELLAR. Mr. President, cannot the money for that purpose be secured from the Public Works Administration? To appropriate money out of the Treasury when a similar work is being done, let us say, by the Public Works Administration seems probably not to be wise.

Mr. FRAZIER. I think it is contemplated to get the money from the Public Works Administration, if it can be obtained there, and that will be perfectly all right, but many of us are very much interested, as the Department is interested, in having these appropriation bills passed in order that the assistance may be given the public schools so that they may take care of the Indian children.

Mr. FESS. Will the Senator advise us whether this is a new departure?

Mr. FRAZIER. It has been practiced in some instances—in fact, several instances—but it is rather a new departure. The policy of closing down Government boarding schools wherever possible and taking care of the children in the public school was inaugurated during the last administration, because it was felt the Indian children are thereby given a better advantage by mixing with the white pupils and become better equipped to take their place among the white people when they leave school.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. McNARY. I am not a member of the committee, but I will say, in answer to the Senator from Tennessee, that I think there is no additional money to be expended. The policy of the administration under Mr. Collier, the Commissioner of Indian Affairs, is to dispose of and vacate what they call the nonreservation Indian schools, or schools which

are not on the reservations. There are a number of them in the country. By closing those schools they are throwing some of the children into the public schools. The money saved by the abandonment of the Federal schools for the Indians is to be used to assist in building schoolhouses and maintaining schools operated by the public. So I think there is no additional sum of money taken out of the Treasury on account of the change of policy.

Mr. McKELLAR. Of course, the Senator from Oregon always persuades me very strongly by anything he has to say, but I think we are establishing a precedent that probably will give us trouble in the future. However, during the many years I have been in the Congress I do not recall ever to have voted against a bill providing for the education of the youth of this country, and I do not suppose I am going to vote against this bill, and I shall not object.

Mr. McNARY. I will say to the Senator from Tennessee that I have no interest in the matter at all, except as we are all interested in the proper education of the wards of the Government. I know there has been a policy, built upon retrenchment, to dispose of the nonreservation Indian schools. However, the Indian children must be educated, and the task is now being imposed on the taxpayers and the public schools. I think we should do our part toward these children without any additional expense to the taxpayer.

Mr. ROBINSON of Arkansas. The bill does carry an appropriation from the Federal Treasury of nearly $40,000.

Mr. McNARY. Yes; but what is carried in that way is saved by the abandonment of the nonreservation schools. That is the general impression I have, and I only offer that suggestion in connection with the statement made by the Senator from North Dakota.

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Indian Affairs with an amendment, on page 1, line 3, after the word "be", to strike out "expended from any moneys now available, and applicable, or that may become hereafter available, for construction under provisions of the National Industrial Recovery Act, approved June 16, 1933", and insert "appropriated, from any moneys in the Treasury not otherwise appropriated", so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be appropriated, from any moneys in the Treasury not otherwise appropriated, the sum of $38,000 for the purpose of cooperating with Marysville School District No. 325, Snohomish County, Wash., for extension and improvements of school buildings: *Provided*, That the expenditure of any moneys so appropriated shall be subject to the condition that the schools maintained by said district shall be available to all the Indian children of the district on the same terms, except as to payment of tuition, as other children of said school district: *Provided further*, That such expenditures shall be subject to such further conditions as may be prescribed by the Secretary of the Interior.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PUBLIC-SCHOOL FACILITIES FOR INDIAN CHILDREN AT BROCKTON, MONT.

The Senate proceeded to consider the bill (S. 1977) to provide funds for cooperation with the school board at Brockton, Mont., in the extension of public-school building at that place, to be available to Indian children of the Fort Peck Indian Reservation, which was read, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of $40,000 for the purpose of cooperating with the public-school board of district no. 55, town of Brockton, and county of Roosevelt, Mont., for the extension and betterment of the public-school building at Brockton, Mont.: *Provided*, That the expenditure of any money so appropriated shall be subject to the express conditions that the school maintained by the said school district in the said building shall be available to all Indian children of the Fort Peck Indian Reservation, Mont., on the same terms, except as to payment of tuition, as other children of said school district, and that accommodations in said enlarged building to the extent of one half its capacity shall be available for Indian children from the Fort Peck Reservation: *Provided further*, That such expenditures shall be subject to such further conditions as may be prescribed by the Secretary of the Interior.

Mr. ROBINSON of Arkansas. Mr. President, I presume this bill is based on the same principle as is the bill just discussed?

Mr. FRAZIER. The situation is exactly the same. The subcommittee visited that school in Montana last fall.

Mr. ROBINSON of Arkansas. Very well.

The PRESIDING OFFICER. If there be no objection to the consideration of the bill, the question is on its engrossment and third reading.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALTERNATE BUDGET OF BUREAU OF INDIAN AFFAIRS

The Senate proceeded to consider the bill (S. 2874) authorizing the submission of an alternate budget for the Bureau of Indian Affairs, which was read, as follows:

Be it enacted, etc., That for the fiscal year ending June 30, 1936, in addition to the budget provided for by law, there shall also be prepared and submitted an alternate budget for the Bureau of Indian Affairs which shall be segregated by functions of the service and jurisdictions, such expenditures to be classified thereunder in accordance with approved character and object designation.

Mr. ROBINSON of Arkansas. Mr. President, this is rather an extraordinary proposal for legislation. I wish to ask what number of budgets will be required to be prepared and submitted and how many different subjects will be treated in the new budget?

Mr. HAYDEN. Mr. President, the history of this proposal is that when the Senate Committee on Indian Affairs was investigating the expenditures made by the Indian Bureau it was found to be exceedingly difficult to ascertain where the money went which Congress had actually appropriated. The Senate Committee on Appropriations included in the Interior Department appropriation bill for the next fiscal year an amendment for an alternative budget. The Senate adopted that amendment which provided that at the next session of Congress in January 1935 the Indian Bureau shall submit its budget in the ordinary way and then in a new way which the Commissioner of Indian Affairs claims will furnish the committees of Congress with greater and more detailed information than we have had heretofore and would actually tell the Congress where the money appropriated will be expended.

We took the matter to conference after the Senate had adopted the committee amendment, but the House conferees objected because it was legislation on an appropriation bill. It was understood, however, by the conferees that the Senate having adopted the committee amendment providing for an alternative budget, we would by legislation allow the two kinds of budgets to be submitted for the next fiscal year. That will enable the appropriating committees of both the House and Senate to see whether there is real merit in this proposal in which the Indian Bureau is so much interested. I think that as a matter of good faith, in carrying out our part of the bargain as conferees on the part of the Senate, this bill should be passed.

Mr. McKELLAR. Mr. President, may I make a statement, if the Senator will yield?

Mr. HAYDEN. I yield.

Mr. McKELLAR. I recall what took place in both the Committee on Appropriations and also in the conference committee, and I derived the very distinct impression from the testimony of the Commissioner of Indian Affairs that the real purpose of the proposed alternative budget was to cause lump-sum appropriations to be made. Whether this bill shall be passed or not, I want to say that I shall never agree to lump-sum appropriations for the Indian Service, and I do not believe the Senator from Arizona will. I am very much opposed to lump-sum appropriations; and I have the idea, from the testimony of the Commissioner, that the purpose of this bill is ultimately that the Congress shall give to the Commissioner of Indian Affairs a certain sum of money and let him allocate it as he may see fit. If that be the case, I am quite sure that we will have quite a contest about it before any such policy shall be adopted.

Mr. HAYDEN. Let me say to the Senator from Tennessee that I am just as much opposed as is he to lump-sum appropriations, but I cannot see any harm in permitting the Bureau of Indian Affairs to make up the regular Budget

which will come to the Congress in the usual way, and also make up a budget in an alternative form to which we can give attention and consideration. The proof of the pudding is going to be in the eating. If the alternative budget provides for nothing but lump-sum appropriations it is not going to be looked upon with favor either in the House of Representatives or in the Senate; I can guarantee that.

I must say that I believe the Senator from Tennessee misinterpreted the real intent of the Commissioner of Indian Affairs. My understanding from what Commissioner Collier said was that when the alternative Budget is submitted next January the Congress will have more information than it has ever had heretofore with respect to the details of the appropriation for the Indian Bureau.

Mr. McKELLAR. That may be true, and if it means more details as to the specific appropriations for the Indian Bureau I will certainly not have any objection to it, but, so far as lump-sum appropriations are concerned, especially for the Indians who are the wards of the Government, I shall never agree to them, and I want to say right now that in my judgment we are not going to have them.

Mr. FRAZIER. Mr. President, if the Senator will yield, I think the object of this bill is to prevent just the thing the Senator from Tennessee is protesting against, namely, to prevent lump-sum appropriations by setting out the different items so that we may know what the appropriations are for.

Mr. HAYDEN. Mr. President, the Senate should understand that estimates will be submitted in the regular Budget in the customary way, just as they have been submitted for years, but, in addition thereto, at the next session of Congress, the same sums of money will be presented in an alternative form for the consideration of the Committees on Appropriations. It will only be done once.

Mr. ROBINSON of Arkansas. Mr. President, I have not as yet obtained the information which I sought in the beginning. It is provided in the bill that the alternate budget for the Bureau of Indian Affairs shall be segregated by functions of the service and jurisdictions. I inquire how many are the functions of the service and how many are the jurisdictions of the service, and what are they?

Mr. HAYDEN. There are 110 jurisdictions, if my memory serves me well. There are 110 different reservations or agencies where funds are expended. The functions of the service, broadly speaking, relate to education, conservation of health, Indian lands, industrial assistance and advancement, probate matters, roads and bridges, irrigation and drainage, general support and administration, and so on. They are functions which are divided into about a dozen different categories. We are told that it will be shown how the money for each function of the Indian Service will be expended at each jurisdiction.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Tennessee?

Mr. HAYDEN. I yield.

Mr. McKELLAR. My recollection of the testimony is that the Commissioner's idea was to furnish the functions, and he himself would make a statement as to how the money should be divided, but that was not to go in the bill. If I am wrong about that the Senator from Arizona may correct me, but that is the distinct impression I got. I am very much opposed to selecting the 10 or 12 functions which the Commissioner may designate and appropriating lump sums for those functions, and then allowing the Commissioner to allocate the funds as he may desire. I am opposed to such a plan, and I am sure the Senator from Arizona is also opposed to it.

Mr. HAYDEN. I am sure Congress will never legislate in such a broad and indefinite way. It should be provided that for the function of education, for example, so many million dollars shall be expended, and then that money divided to show just how much shall be expended at certain jurisdictions.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

RATES OF PAY AND COMPENSATION FOR LABOR

The Senate proceeded to consider the bill (S. 3041) to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes, which had been reported from the Committee on the Judiciary with amendments, on page 2, line 2, after the words "shall be fined not more than", to insert "$5,000"; in the same line, after the words "imprisoned not more than", to insert the word "five"; and in line 5, after the words "Secretary of the Treasury", to insert "and the Secretary of the Interior jointly", so as to make the bill read:

Be it enacted, etc., That whoever shall induce any person employed in the construction, prosecution, or completion of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, or in the repair thereof to give up any part of the compensation to which he is entitled under his contract of employment, by force, intimidation, threat of procuring dismissal from such employment, or by any other manner whatsoever, shall be fined not more than $5,000, or imprisoned not more than 5 years, or both.

SEC. 2. To aid in the enforcement of the above section, the Secretary of the Treasury and the Secretary of the Interior jointly shall make reasonable regulations for contractors or subcontractors on any such building or work, including a provision that each contractor and subcontractor shall furnish weekly a sworn affidavit with respect to the wages paid each employee during the preceding week.

Mr. COPELAND. Mr. President, I should be unwilling to have the bill passed without the Senate understanding its purpose. Much has been said on the floor recently about what is known as the "kick-back" where employers or subemployers have indecently and immorally taken from employees a part of the wage which it was supposed they were being paid. The testimony before our committee investigating crime is so startling as to indicate that as much as 25 percent of the money supposed to be paid out of Federal funds for employment is actually repaid to employers in this improper manner. The purpose of the bill is to attempt to put some check upon that practice.

I may say in this connection that Mr. William Green, president of the American Federation of Labor, has written me a letter, from which I quote but a sentence:

> It has been a common practice for contractors constructing Federal buildings to pay the employees the prevailing rate as determined by the Secretary of Labor, and then have them return a certain amount to the contractor. That is a most vicious practice.

It is the purpose of the bill to have the Secretary of the Treasury and the Secretary of the Interior, having charge of public works, require that an affidavit be made as to the pay roll each week so that we may have some way of reaching those who may be guilty of this practice.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the Committee on the Judiciary.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ADJUSTMENT OF STATUTES TO TWENTIETH AMENDMENT

The Senate proceeded to consider the bill (S. 2745) to provide for changing the time of the meeting of Congress, the beginning of the terms of Members of Congress, and the time when the electoral vote shall be counted, and for other purposes, which had been reported from the Committee on the Judiciary with amendments, on page 3, line 6, after the word "thereof" to insert "first Monday after the second Wednesday in December"; on page 3, line 10, after the word "thereof" insert "by the fourth Wednesday in December"; on page 3, line 13, after the abbreviation "Supp." strike out "VI" and insert "VII"; on page 3, line 14, after the word "thereof" insert "on the fourth Wednesday in December"; and after line 22 insert "6th day of January"; so as to make the bill read:

Be it enacted, etc., That section 152 of the Revised Statutes (U.S.C., title 3, sec. 41) is hereby amended by striking out the words "4th day of March" and inserting in lieu thereof "20th day of January."

SEC. 2. Section 25 of the Revised Statutes (U.S.C., title 2, sec. 7) is hereby amended by striking out the words "4th day of March" and inserting in lieu thereof "3d day of January."

SEC. 3. Section 1 of the act entitled "An act providing a temporary method of conducting the nomination and election of United States Senators", approved June 4, 1914 (U.S.C., title 2, sec. 1), is hereby amended by striking out "4th day of March" and inserting in lieu thereof "3d day of January."

SEC. 4. The first sentence of section 20 of the act entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands", approved August 29, 1916 (U.S.C., title 48, sec. 1091), is hereby amended by striking out the words "4th day of March" and inserting in lieu thereof "3d day of January."

SEC. 5. The second sentence of section 36 of the act entitled "An act to provide a civil government for Puerto Rico, and for other purposes", approved March 2, 1917 (U.S.C., title 48, sec. 891), is hereby amended by striking out the words "4th of March" and inserting in lieu thereof "3d day of January."

SEC. 6. The act entitled "An act providing for the meeting of electors of President and Vice President and for the issuance and transmission of the certificates of their selection and of the result of their determination, and for other purposes", approved May 29, 1928, is hereby amended as follows:

(a) By striking out the words "first Wednesday in January" in section 1 of such act (U.S.C., supp. VI, title 3, sec. 5a) and inserting in lieu thereof "first Monday after the second Wednesday in December."

(b) By striking out the words "by the third Wednesday in the month of January" in section 5 of such act (U.S.C., supp. VI, title 3, sec. 11b) and inserting in lieu thereof "by the fourth Wednesday in December."

(c) By striking out the words "on the fourth Wednesday of the month of January" in section 6 of such act (U.S.C., supp. VII, title 3, sec. 11c) and inserting in lieu thereof "on the fourth Wednesday in December."

SEC. 7. The first sentence of section 4 of the act entitled "An act to fix the day for the meeting of the electors of President and Vice President, and to provide for and regulate the counting of the votes for President and Vice President, and the decision of questions arising thereon", approved February 3, 1887 (U.S.C., title 3, sec. 17), is amended by striking out the words "second Wednesday in February" and inserting in lieu thereof "6th day of January."

Mr. ROBINSON of Arkansas. Mr. President, the bill contains several paragraphs mostly affecting dates in existing statutes. I should like to have the Senator from Nebraska [Mr. NORRIS] state whether the bill is proposed pursuant to the recently adopted twentieth amendment to the Constitution.

Mr. NORRIS. Mr. President, the only effect of the bill is to carry out the provisions of the so-called "lame duck" amendment to the Constitution. It has no other object and accomplishes nothing else. The statute as it exists now provides for the counting of the Presidential vote on the second Wednesday in February. Under the newly adopted amendment to the Constitution that date has to be changed because the President goes into office on the 20th of January. There are a number of dates running through the statute which have to be changed accordingly.

Other changes pertain to the dates on which the Presidential electors shall meet and cast their vote and send the result to the Vice President and the Secretary of State. It will probably be necessary for some of the States to change some of their statutes, and it is desirable that the bill be passed now in order that when the legislatures meet that may be done at the earliest possible time.

Mr. ROBINSON of Arkansas. There are no changes provided for in the bill except those that are fairly contemplated by the amendment to the Constitution to which we have referred?

Mr. NORRIS. That is correct. That is the object of the bill and there is nothing else in it of which I know.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the Committee on the Judiciary.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

The Senate proceeded to consider the bill (S. 3185) to amend the Agricultural Adjustment Act, as amended, with respect to farm prices, which was read, as follows:

Be it enacted, etc., That the first sentence of section 2 (1) of the Agricultural Adjustment Act, as amended, is amended to read as follows: "To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will (A) give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; and (B) reflect current farm labor costs, interest payments on farm indebtedness and taxes on farm property, as contrasted with such costs, interest, and taxes during the base period."

SEC. 2. Section 9 (c) of the Agricultural Adjustment Act, as amended, is amended to read as follows:

"(c) For the purposes of part 2 of this title, the fair exchange value of a commodity shall be the price therefor that will (A) give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period specified in section 2; and (B) reflect current farm labor costs, interest payments on farm indebtedness, and taxes on farm property as contrasted with such costs, interest, and taxes during the base period specified in section 2; and the current average farm price and the fair exchange value shall be ascertained by the Secretary of Agriculture from available statistics of the Department of Agriculture."

Mr. ROBINSON of Arkansas. Mr. President, I should like to have the author of the bill discuss its provisions and purposes.

Mr. SHIPSTEAD. Mr. President, when the Agricultural Adjustment Act was passed, an amendment was attached in the Senate providing that in establishing farm prices under the act and in the formula to give the farmer dollar a parity with the dollar of industry, cost of production should be taken into consideration. That amendment was stricken out in conference because it was said the cost of production could not be determined.

That formula provides that in determining the purchase power of the American dollar and in trying to achieve parity of the dollar for the farmer, it shall be based upon the index of the price level of commodities which the farmer buys. The bill provides that in addition to the index of the price level of the commodities which the farmer buys there shall be taken into consideration, in order to achieve the parity of 1909–14, the increased indebtedness and expenditures for debts which the farmer must make, the increase that has taken place in his taxes. It provides also that the increased cost of labor shall be taken into consideration.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from South Carolina?

Mr. SHIPSTEAD. I yield.

Mr. SMITH. Is not that practically what is incorporated in the proposed amendment to the Agricultural Adjustment Act on which we acted this morning?

Mr. SHIPSTEAD. I did not read that measure in full. The bill which is now under consideration has the approval of the Department of Agriculture.

Mr. SMITH. Section 9 of the proposed amendment to the Agricultural Adjustment Act is almost verbatim a copy of the bill now under consideration.

Mr. SHIPSTEAD. That may be.

The purpose of the bill now before us is to raise the parity price of the farmer's dollar. I am informed that the survey shows that if this bill is enacted into law, then if and when the agricultural dollar comes to a parity as intended by the act, it will raise the purchasing power of the farmer's dollar about 10 percent.

I am told that if the parity in this bill had been incorporated in the Agricultural Adjustment Act, and were in full effect, it would make the price of wheat 10 cents a bushel higher under the present price level, and the price of cotton about 1.6 cents higher than it is under the present formula.

Parity has not been achieved with agricultural products under the Agricultural Adjustment Act. I do not know whether or not it ever will be achieved; but, if it is, the farmer will have a 10-percent advantage in the purchasing power of his dollar over what he will have under the present provisions of the act.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. VANDENBERG. I can give the Senator a very concrete example of the need for this bill.

Yesterday when we passed the sugar control bill, it contained a new and entirely novel provision in respect to agricultural legislation, permitting minimum wages to be fixed in respect to sugar-beet cultivation. Under the existing law, that arbitrarily increased cost of production cannot be taken into consideration in fixing the parity price for the farmer. I made that statement upon the floor of the Senate yesterday. Unless something of this sort is available to permit the parity price to be adjusted pursuant to costs of production, the farmer cannot obtain the parity price which the legislation assumes to give to him.

Mr. SHIPSTEAD. Absolutely.

Mr. ROBINSON of Arkansas. Mr. President, I have examined the provision; and after the statements which have been made by the several Senators I do not wish to object to the consideration of the bill. I think it should pass.

Mr. FESS. Mr. President, I think the bill involves too much to pass it in 5 minutes. I shall be constrained to object.

Mr. ROBINSON of Arkansas. I hope the Senator will not object to its passage.

Mr. FESS. I desire to examine it. I never saw it before.

Mr. ROBINSON of Arkansas. Very well.

The PRESIDING OFFICER. The bill will be passed over upon objection of the Senator from Ohio.

Mr. SHIPSTEAD subsequently said: Mr. President, I ask unanimous consent to return to Order of Business 857, being Senate bill 3185. I have conferred with the Senator from Ohio, who objected to the consideration of the bill, and he has kindly consented to withdraw his objection.

Mr. FESS. Mr. President, I see upon reading the bill that all it does is to include mortgage indebtedness, taxes, interest, and freight rates in making an estimate of the average price. I see no objection to the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CHIPPEWA INDIANS OF MINNESOTA

The bill (S. 3147) to amend the act approved June 28, 1932 (47 Stat.L. 337), was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act approved June 28, 1932 (47 Stat.L. 337), be, and the same is hereby, amended by striking out in the eighth line thereof the word "three" and substituting therefor the word "five."

SALE OF INTOXICATING LIQUORS TO INDIANS

The bill (S. 3396) to amend the act of January 30, 1897 (29 Stat. 506, sec. 2139; U.S.Rev.Stat., sec. 241, title 25, U.S.C.), transferring certain jurisdiction from War Department to the Department of the Interior was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of the act of January 30, 1897 (29 Stat. 506, sec. 2139, of the U.S.Rev.Stat.), be amended so as to read as follows:

"SEC. 241. Intoxicating liquors; sale to Indians or introducing into Indian country: No ardent spirits, ale, beer, wine, or intoxicating liquor or liquors of whatever kind shall be introduced, under any pretense, into the Indian country. Every person who sells, exchanges, gives, barters, or disposes of any ardent spirits, ale, beer, wine, or intoxicating liquors of any kind to any Indian under charge of an Indian superintendent or agent, or introduces or attempts to introduce any ardent spirits, ale, wine, beer, or intoxicating liquors of any kind into the Indian country shall be punished by imprisonment for not more than 2 years and by fine of not more than $300 for each offense.

"Any person who shall sell, give away, dispose of, exchange, or barter any malt, spirituous, or vinous liquor, including beer, ale, wine, or any ardent or other intoxicating liquor of any kind whatsoever, or any essence, extract, bitters, preparation, compound, composition, or any article whatsoever, under any name, label, or brand, which produces intoxication, to any Indian or ward of the Government under charge of any Indian superintendent or agent, or any Indian, including mixed bloods, over whom the Government, through its departments, exercises guardianship, and any person who shall introduce or attempt to introduce any malt, spirituous, or vinous liquor, including beer, ale, and wine, or any ardent or intoxicating liquor of any kind whatsoever into the Indian country, shall be punished by imprisonment for not less than 60 days and by a fine of not less than $100 for the first offense and not less than $200 for each offense thereafter: *Provided, however*, That the person convicted shall be committed until fine and costs are paid. But it shall be a sufficient defense to any charge of introducing or attempting to introduce ardent spirits, ale, beer, wine, or intoxicating liquors into Indian country that the acts charged were done under authority, in writing, from the Interior Department or any officer duly authorized thereunto by the Interior Department."

HEIRS OF WAKICUNZEWIN

The bill (S. 2957) for the relief of the rightful heirs of Wakicunzewin, an Indian, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the respective heirs of Wakicunzewin, deceased Sisseton-Wahpeton allottee, as determined by the Secretary of the Interior pursuant to existing law, the sum of $2,888.90, as follows: Waste, $481.49; Cankumazwin, $481.48; Hotonnahowin, $240.74; Ticahdeiyotanke, $240.74; Mnimapson, or Charles Boesdi, $240.74; Cetanhote, or Grayhawk, $120.37; Hankadutana, or Charles Blackbird, $60.20; George Young, $60.19; Cankutopewin, $481.48; and George Track, $481.48: *Provided*, That, in the discretion of the Secretary of the Interior, the amount due any beneficiary may be deposited to the credit of the individual and handled in the same manner as other individual Indian moneys: *Provided further*, That, should any of the persons named herein be not living upon the date of the passage of this act, his or her share shall be credited to and become a part of the estate of such beneficiary.

CONSOLIDATED HIGH-SCHOOL BUILDING, SHANNON COUNTY, S.DAK.

The bill (S. 2940) to provide funds for cooperation with the school board of Shannon County, S.Dak., in the construction of a consolidated high-school building to be available to both white and Indian children was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of $125,000 for the purpose of cooperating with the public-school board of Shannon County, S.Dak., for the construction and equipment of a consolidated public high-school building, at Pine Ridge, S.Dak.: *Provided*, That said school shall be conducted for both white and Indian children without discrimination, and that practical training for vocations and home economics be provided, and that the cost of education of white children shall be defrayed by the State and local public-school authorities, in accordance with such agreement or agreements as may be made between the Secretary of the Interior and State or local officials, and any and all sums of money obtained by reason of such agreement or agreements shall be available for reexpenditure for support and maintenance of said school.

CHIPPEWA INDIANS OF MINNESOTA

The Senate proceeded to consider the bill (S. 3148) to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat.L. 555), which had been reported from the Committee on Indian Affairs with an amendment, on page 1, line 6, after the word "party", to insert "with the consent of the court first had and obtained", so as to make the bill read:

Be it enacted, etc., That in all suits filed under the act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat.L. 555), either party, with the consent of the court first had and obtained, shall have the right to amend the pleadings at any time prior to the entry of final judgment so as to include all claims said Indians may have under said act against the United States and any defense the United States may have thereto.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LAKE CHAMPLAIN BRIDGE, EAST ALBURG, VT.

The bill (S. 3374) to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt., authorized to be built by Jed P. Ladd, his heirs, legal representatives, and assigns, by

the act of Congress approved March 2, 1929, heretofore revived and reenacted by act of Congress approved June 15, 1933, are extended 1 and 3 years, respectively, from June 15, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

OSAGE INDIAN ALCOHOLICS AND NARCOTICS

The bill (S. 3382) to cover the handling of Osage Indian alcoholics and narcotics was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I should like to have an explanation of this bill. I thought already there were strong laws in force on this subject. I wonder what changes are proposed.

Mr. McNARY. The author of the bill is not in the Chamber at the present time.

Mr. ROBINSON of Arkansas. Let it be passed over for the moment. I may wish to recur to it.

The PRESIDING OFFICER. The bill will be passed over for the present.

Mr. THOMAS of Oklahoma subsequently said: This morning in my absence, Mr. President, Senate bill 3382 was passed over. I was absent from the Senate in connection with hearings on the District of Columbia appropriation bill. I ask unanimous consent to return to the bill in order that I may make a brief statement, and then, after having made my statement, I shall ask for the consideration of the bill, if there be no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3382) to cover the handling of Osage Indian alcoholics and narcotics.

Mr. ROBINSON of Arkansas. Mr. President, what changes does that bill make in the present law?

Mr. THOMAS of Oklahoma. Mr. President, just a statement or two with regard to the necessity for this bill. It is a departmental bill, recommended by the Secretary of the Interior.

The Osage Indian Tribe until a few years ago was a very poor tribe of Indians. Oil was discovered on their reservation, and during the past 15 years something like $250,000,000 have been secured as royalties on their oil land. The Indians, about 2,000 of them, have had about a quarter of a billion dollars to spend in 15 years. I do not suppose they are different from other classes of people receiving that amount of money. The result, however, has been that a great number of these Indians have become addicts to liquor and to narcotics, and many of them have become, it may be said, uncontrollable and unmanageable. Because of their physical and mental condition, caused by abuses in the use of liquor and narcotics, it is thought that for their best interest they should be removed from the reservation and placed somewhere where they can be given proper medical care. That, however, cannot be done without legislation.

Mr. ROBINSON of Arkansas. Do the provisions of the bill accomplish that purpose?

Mr. THOMAS of Oklahoma. They do.

Mr. ROBINSON of Arkansas. I make no objection to the present consideration of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That whenever the superintendent of the Osage Tribe of Indians shall become satisfied that any member of the tribe is an habitual drunkard, or an habitual user of narcotics, then it shall be the duty of such superintendent to file a complaint in the United States District Court in the district in which such Indian may reside charging said Indian with being an habitual drunkard from the use of intoxicating liquors, or an habitual user of narcotics, and if the court shall find that such Indian is an habitual user of intoxicating liquors or an habitual user of narcotics, it shall order that such Indian be committed to some institution designated by the court where treatment is given for habitual drunkards, or habitual users of narcotics; and said court shall order and direct that such Indian remain in such institution until the proper authorities thereof shall be of the opinion that he or she is sufficiently recovered from the use of alcoholic liquors, or narcotics, to be able to refrain from the use of said such intoxicating liquors or narcotics. The cost and expense of treating such Indians shall be paid out of the Indian's funds or property by the Secretary of the Interior where such funds or property are in his charge or under the charge or supervision of the Secretary of the Interior, then the same shall be paid out of the income of such Indian as a member of the Osage Tribe of Indians derived from the resources of the tribe. Jurisdiction is hereby conferred upon the district courts of the United States to hear and determine such cases, and the judgment of such courts thereon shall be final. The court shall hear and determine said actions without a jury. It shall be the duty of the United States district attorney in the district where such cases are filed to prosecute the same.

SEC. 2. Any person who shall sell, trade to, or dispose of any intoxicating liquors or narcotic drugs to any member of said Osage Tribe of Indians who has been committed as provided in section 1 above shall be guilty of a felony and, upon conviction thereof, shall be punished by imprisonment in the United States penitentiary for a term of not less than 1 year or more than 5 years and shall pay a fine of not less than $100 nor more than $500, and such person shall not be eligible to a parole unless said fine is paid, and then only under such rules and regulations as are provided by the Department of Justice of the United States.

OSAGE INDIANS OF OKLAHOMA

The bill (S. 3393) relating to the tribal and individual affairs of the Osage Indians of Oklahoma, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter the Secretary of the Interior shall cause to be paid to each adult member of the Osage Tribe of Indians not having a certificate of competency his or her pro rata share, either as a member of the tribe or heir or devisee of a deceased member, of the interest on trust funds, the bonus received from the sale of oil or gas leases, and the royalties therefrom received during each fiscal quarter, not to exceed $1,000 per quarter, and if such adult member has a legal guardian, his current income not to exceed $1,000 per quarter may be paid to such legal guardian in the discretion of the Secretary of the Interior: *Provided*, That when an adult restricted Indian has surplus funds in excess of $10,000 there shall be paid such Indian sufficient funds from his accumulated surplus in addition to his current income to aggregate $1,000 quarterly: *Provided further*, That the Secretary of the Interior may cause payment to be made of additional funds from the accumulated surplus to the credit of any Osage Indian under such rules and regulations as he may prescribe. Whenever minor members of the Osage Tribe of Indians have funds or property subject to the control or supervision of the Secretary of the Interior the said Secretary may in his discretion pay or cause to be paid to the parents, legal guardian, or any person, school, or institution having actual custody of such minors such amounts out of the income or funds of the said minors as he deems necessary and when such a minor is 18 years of age or over the Secretary of the Interior may in his discretion cause disbursement of funds for support and maintenance or other specific purposes to be made direct to such minor. The payments above provided shall be subject to such control and supervision as the Secretary of the Interior shall deem proper. Rentals due such adult members from their lands and their minor children's lands and all income from such adults' investments, including interest on bank deposits to their credit, shall be paid to them in addition to the current allowances above provided.

The Secretary of the Interior may, upon the request of any member of the tribe, invest any or all of the funds of such member in a life annuity insurance policy, which upon his or her death will go to the heirs of Indian blood of such member; or may, upon the request of any member of the tribe, use the funds of such member to buy a life annuity insurance policy for any member, of Indian blood, of his or her family, or any near relative of Indian blood, such insurance policies to be held in trust by the United States and not subject to sale, cancelation, or transfer of any kind without the consent of the Secretary of the Interior during the life of such member or his or her heirs. The annuities coming from such life-insurance policies shall be paid to the persons designated therein. Such policies and the income therefrom shall not be subject to attachment, garnishment, or execution and may not be pledged as security for any indebtedness; and it shall be stated in such policies that they are held in trust for such Indians.

The Secretary of the Interior may invest the accumulated funds to the credit of restricted members of the Osage Tribe, after paying the taxes of such members, in United States bonds, Oklahoma State bonds, real estate, first-mortgage real-estate loans not to exceed 5 percent of the appraised market value of such real estate (where the member is a resident of Oklahoma, such loans shall be on Oklahoma real estate), stock in building-and-loan associations in Oklahoma, livestock, or deposit the same in banks (banks in the State of Oklahoma to be preferred), or expend the same in such other way as may be for the best interests of such members, such expenditures, investments, and deposits to be made under such rules and regulations as the Secretary of the Interior may prescribe: *Provided*, That no investment of any of the funds of such members shall be made without their consent.

SEC. 2. That part of section 17 of the act of May 25, 1918 (40 Stat.L. 561–579), which provides for the change of designation of homestead allotments of Osage Indians to an equal area of their unencumbered surplus is hereby amended to read as follows: "That any and all members of the Osage Tribe may change the present designation of their respective homesteads to an equal area of their unencumbered surplus lands in Osage County, upon application to and under such rules and regulations as the Secretary

of the Interior may prescribe; and the members of the tribe whose balances at the Osage Indian Agency are insufficient for the payment of ad valorem taxes on taxable lands may in the same manner change the present designation of their respective homesteads to an equal area of their unencumbered inherited, purchased, or otherwise acquired lands in Osage County: *Provided*, That each tract after the change and designation shall take the status of the other as it existed prior to the change in designation, as to alienation, taxation, or otherwise, and that any order of change or designation shall be recorded in the proper files of Osage County: *Provided further*, That the Secretary of the Interior be, and he is hereby, authorized, where the same would be for the best interests of the Osage Indians, allotted or unallotted, to permit the sale of surplus and homestead allotments or any other lands, wholly or in part, of such Osage Indians, and to remove the restrictions, under such rules and regulations as he may prescribe and upon such terms as he shall approve."

SEC. 3. That section 3 of the act of March 2, 1929 (45 Stat.L. 1478), is hereby repealed.

SEC. 4. That section 7 of an act of February 27, 1925 (43 Stat.L. 1008), be, and hereby is, amended to read as follows: "That none but heirs or devisees of Osage Indian blood shall inherit or take any right, title, or interest to any restricted lands, moneys, or mineral interests of the Osage Tribe, from those of one half or more Osage Indian blood who hereafter die; but in no event shall an heir or devisee not of Osage Indian blood receive more than one half of such an Osage estate: *Provided*, That this section, except as to limitation on amount or portion of estate to be taken by those not of Osage blood, shall not apply to spouses under marriages existing prior to February 27, 1925."

METLAKAHTLA INDIANS OF ALASKA

The bill (H.R. 4808) granting citizenship to the Metlakahtla Indians of Alaska was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Indians of the Tsimshian Tribe, and those people known as Metlakahtlans, who emigrated from Metlakahtla, British Columbia, Canada, to Annette Island, in the Alexander Archipelago in southeastern Alaska in the year 1887, and there established a colony known as Metlakahtla, Alaska, and any and all other British Columbia Indians who joined them there not later than January 1, 1900, and have since resided continuously therein, having been faithful and loyal to the Constitution, laws, and the Government of the United States, are hereby declared to be citizens of the United States.

SEC. 2. The granting of citizenship to the said Indians shall not in any manner affect the rights, individual or collective, of the said Indians to any property, nor shall it affect the rights of the United States Government to supervise and administer the affairs of the said Metlakahtla Colony. And any reservations heretofore made by any act of Congress or Executive order or proclamation for the benefit of the said Indians shall continue in full force and effect and shall continue to be subject to modification, alteration, or repeal by the Congress or the President, respectively.

SUITS OF CHEROKEE INDIANS—FRANK J. BOUDINOT

The Senate proceeded to consider the bill (S. 3117) authorizing and directing the Court of Claims, in the event of judgment or judgments in favor of the Cherokee Indians, or any of them, in suits by them against the United States under the acts of March 19, 1924, and April 25, 1932, to include in its decrees allowances to Frank J. Boudinot, not exceeding 5 percent of such recoveries, and for other purposes, which had been reported from the Committee on Indian Affairs with amendments, on page 1, line 4, after the word "any", to insert "suit or", and on page 2, line 2, before "Stat. L.", to strike out "3" and insert "43", so as to make the bill read:

Be it enacted, etc., That in compliance with request of the Cherokee Indians upon final determination by the Court of Claims of any suit or suits against the United States by the said Indians, sometimes known as the "Cherokee Nation", or by any class, classes, or bands thereof, commenced and prosecuted under the authority of the acts of Congress approved March 19, 1924 (43 Stat.L. 27), and/or April 25, 1932 (47 Stat.L. 137), and in the event judgment or judgments shall be rendered in favor of said Indians, or any of them, the said Court of Claims is hereby authorized and directed to include in its decrees allowances to Frank J. Boudinot, a member of the Cherokee Tribe of Indians, who has for many years been active in pressing the claims of the Cherokees against the United States by their request and direction and at his own expense, or to his heirs, personal representatives, or assigns, a reasonable percentage, not to exceed 5 percent, of such recoveries: *Provided*, That such allowances to said Frank J. Boudinot shall be in addition to any and all fees and expenses authorized by said acts of Congress of March 19, 1924, and April 25, 1932; and this act shall not be construed to affect in any way the contracts with attorneys entered into thereunder.

Mr. ROBINSON of Arkansas. Mr. President, will the Chairman of the Committee on Indian Affairs give an analysis of this measure?

Mr. FRAZIER. The chairman of the committee is not present; but this is the regular form of bill to allow the Indians to go into the Court of Claims. It is a jurisdictional bill. The committee considered it carefully, and I believe it should pass.

Mr. ROBINSON of Arkansas. The report was unanimous?

Mr. FRAZIER. Yes.

Mr. ROBINSON of Arkansas. I notice that there is a limitation as to the fees that may be paid.

Mr. FRAZIER. Yes; the usual limitation.

Mr. ROBINSON of Arkansas. I have no objection.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 1842) to amend sections 211, 245, and 312 of the Criminal Code, as amended, was announced as next in order.

Mr. McNARY. Mr. President, at the request of the junior Senator from Pennsylvania [Mr. DAVIS], who is temporarily absent from the Chamber, I ask that the bill go over for the present.

The PRESIDING OFFICER. The bill will be passed over for the present.

The bill (H.R. 6013) to authorize the sale of land and houses at Anchorage, Alaska, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, there is no report on this bill appearing in the file which I have. I should like some information about the bill. It gives the Secretary of the Interior broad powers to dispose of the public lands. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 3843) to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes, approved August 1, 1912" was announced as next in order.

Mr. McKELLAR. Let that bill follow the same course. There is no report on it.

The PRESIDING OFFICER. The bill will be passed over.

SALE OF REAL ESTATE UNDER COURT ORDER

The bill (H.R. 1567) amending section 1 of the act of March 3, 1893 (27 Stat.L. 751) providing for the method of selling real estate under an order or decree of any United States court was announced as next in order.

Mr. McKELLAR. Mr. President, there ought to be an explanation of this bill, because it allows a chancery court to sell property at private sale. I am wondering what the purpose of the bill is.

Mr. STEPHENS. Mr. President, the purpose is to expedite matters in litigation.

Section 1 of the present law, which is proposed to be amended, is in the exact language of the bill down to the word "*Provided*", in line 1, page 2. The amendments come in the two provisos which are printed here.

It seemed to the committee that the rights of the parties were properly safeguarded.

The provisos are:

That the court may, upon petition therefor and a hearing thereon, after such notice to parties in interest as said court shall direct, if it find that the best interests of said estate will be conserved thereby, order and decree the sale of such real estate or interest in land at private sale: *Provided further*, That the court shall appoint three disinterested persons to appraise said property, and said sale shall not be confirmed for less than two thirds of the appraised value.

This bill was considered by the House committee and passed the House. Several letters with reference to the matter are included in the report, and if the Senator cares to have them read I shall be glad to do it; but, as I said in the beginning, after careful consideration we thought it very proper to have this measure passed, and that the rights and interests of all persons were carefully preserved.

Mr. LOGAN. Mr. President, the last clause—

Provided further, That the court shall appoint three disinterested persons to appraise said property, and said sale shall not be confirmed for less than two thirds of the appraised value—

absolutely prohibits a sale of property if it does not bring two thirds of its value. I do not see how a law like that could be constitutional or why it should be passed. If a person holds a mortgage on real estate, and it is appraised, and when it is sold it does not bring two thirds of its appraised value, there is no sale at all; so unless the bidder can be forced to bid two thirds of the value of the property the mortgage holder has no remedy.

If that provision should be changed so that the owner or his assignee should be given 2 years, or any other reasonable period of time, in which to redeem the property if it brought less than two thirds of the appraised value, I should have no objection; but unless the bill can be amended to that effect I shall have to ask that it go over, because that is revolutionary.

Mr. McKELLAR. Mr. President, if the Senator will yield, we have the old system of chancery courts in Tennessee; and I am so imbued with the idea of their justice and equity that I am very loath to want to change the law about sales at all. As the Senator from Mississippi knows, I hate to object to anything in the world he proposes.

Mr. STEPHENS. I have no personal interest in the bill.

Mr. McKELLAR. If the Senator has not, I ask him to let it go over for the day, and let us consider it at another time.

The PRESIDING OFFICER. On objection from the Senators from Tennessee and Kentucky the bill will be passed over.

COLUMBUS DAY

The joint resolution (H.J.Res. 10) requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the President of the United States is authorized and requested to issue a proclamation designating October 12 of each year as Columbus Day and calling upon officials of the Government to display the flag of the United States on all Government buildings on said date and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies expressive of the public sentiment befitting the anniversary of the discovery of America.

T. PERRY HIGGINS

The bill (H.R. 518) for the relief of T. Perry Higgins was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of T. Perry Higgins for disability from arterial rheumatism alleged to have been contracted in the course of his employment as a civilian in the Army Transport Service of the United States during the World War, in the same manner and to the same extent as if the said T. Perry Higgins had made application for the benefits of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this Act.

GEORGE JEFFCOAT

The bill (H.R. 2026) for the relief of George Jeffcoat was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement of all claims against the Government of the United States, the sum of $5,000 to George Jeffcoat, husband of Mary Alma Jeffcoat, on account of the death of the said Mary Alma Jeffcoat, who was killed by one S. S. Sligh, Jr. (a Federal officer, known as a Federal prohibition officer, in Government service, while on duty), on December 21, 1931, while driving an automobile on a public street in the town of New Brookland, Lexington County, S.C.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

CAPT. J. O. FARIA

The bill (H.R. 2321) for the relief of Capt. J. O. Faria was announced as next in order.

Mr. McKELLAR. Mr. President, does the Department approve this bill? Was it submitted to the Department?

Mr. GIBSON. There is a report from the Interior Department which is adverse.

Mr. McKELLAR. It is adverse? Will the Senator explain why?

Mr. GIBSON. This is a bill in which I think the Senator from New York [Mr. COPELAND] is interested.

Mr. COPELAND. I am not familiar with the bill.

Mr. McKELLAR. Let it go over for the present.

The PRESIDING OFFICER. The bill will be passed over for the present.

G. ELIAS & BRO., INC.

The bill (H.R. 2561) for the relief of G. Elias & Bro., Inc., was considered, ordered to a third reading, read the third time, and passed.

OSCAR F. LACKEY

The bill (H.R. 4779) for the relief of the estate of Oscar F. Lackey was considered, ordered to a third reading, read the third time, and passed.

ELIZABETH T. CLOUD

The bill (H.R. 190) for the relief of Elizabeth T. Cloud was announced as next in order.

Mr. McKELLAR. Let that go over. There does not seem to be any report accompanying the bill.

The PRESIDING OFFICER. The bill will be passed over.

RUSSELL & TUCKER AND OTHERS

The Senate proceeded to consider the bill (H.R. 2340) for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. CAPPER. Mr. President, this is a bill to give the parties enumerated the right to enter suit in the United States Federal Court for the Northern District of Texas for damages due from the United States by reason of neglect on the part of officials and inspectors of the United States Department of Agriculture, Bureau of Animal Industry, in dipping tick-infested cattle in Texas and Oklahoma.

Mr. McKELLAR. It gives them the right to sue in the United States District Court?

Mr. CAPPER. In the Federal Court for the Northern District of Texas. A similar bill was previously passed by the Senate, and a similar bill some years ago went through both Houses.

Mr. McKELLAR. These people must have a real case, or they would not want to go into court.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

FRANCES E. ELLER

The bill (H.R. 3611) for the relief of Frances E. Eller, was considered, ordered to a third reading, read the third time, and passed.

PORTER BROS. & BIFFLE

The Senate proceeded to consider the bill (H.R. 7279) for the relief of Porter Bros. & Biffle, and certain other citizens.

Mr. McKELLAR. Mr. President, what does this bill involve?

Mr. CAPPER. It is a bill similar to the one just passed.

Mr. McKELLAR. It simply allows the parties to go into court?

Mr. CAPPER. Yes; it allows them to go into the Federal court.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

WALTER E. SWITZER

The Senate proceeded to consider the bill (H.R. 3463) for the relief of Walter E. Switzer.

Mr. ROBINSON of Arkansas. Mr. President, what is the amount carried in the bill as reported?

The PRESIDING OFFICER. The Chair is advised the amount is $2,000.

Mr. ROBINSON of Arkansas. I have no objection to its consideration. The original bill carried $10,000.

The bill was ordered to a third reading, read the third time, and passed.

GALEN E. LICHTY

The bill (H.R. 4847) for the relief of Galen E. Lichty was considered, ordered to a third reading, read the third time, and passed.

B. EDWARD WESTWOOD

The Senate proceeded to consider the bill (H.R. 4516) for the relief of B. Edward Westwood, which had been reported from the Committee on Claims with an amendment, on page 1, line 3, to strike out the words "Postmaster General" and to insert in lieu thereof the words "the Comptroller General of the United States", so as to read:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the account of B. Edward Westwood, postmaster at Youngstown, Ohio, in the sum of $891.17, such sum representing the deficit in the account of the said B. Edward Westwood, caused by burglary to the post office on December 25, 1931, and for which casualty the said B. Edward Westwood was in no way responsible.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

STANTON & JONES

The bill (S. 294) for the relief of Stanton & Jones was announced as next in order.

Mr. McKELLAR. Mr. President, we have no report on that bill in our files.

The PRESIDING OFFICER. The number of the bill stated on the calendar is an error. That is the number of the bill in the last Congress. The proper number of the bill for this Congress is S. 294.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Tennessee raises the point that the report on the bill has not as yet become available. If that be true, I suggest that it go over.

Mr. CAPPER. I have a copy of the report here.

Mr. ROBINSON of Arkansas. It is not convenient to consider the bill in that way.

The PRESIDING OFFICER. The bill will be passed over.

Mr. ROBINSON of Arkansas subsequently said: Mr. President, my attention has been called by the Senator from Kansas to the fact that Senate bill 294 merely provides for referring a matter to the Court of Claims. If that be correct, I shall make no objection to its consideration.

Mr. CAPPER. That is correct.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Claims with amendments, on page 2, line 11, to strike out the word "petition" and to insert in lieu thereof the word "suit", and on line 12, to strike out the word "filed" and to insert in lieu thereof the word "brought", so as to make the bill read:

Be it enacted, etc., That whereas, due to conditions brought about by the late war with Germany, Stanton & Jones suffered losses in performing revetment work at Pellican Bend, Mo., under contract with the Engineers' Office, dated June 12, 1918; and whereas, because of equitable and moral considerations, it is the intention of Congress that the said Stanton & Jones shall be reimbursed for whatever losses and/or damages were suffered by them in performing the work in question begun during the period of the late war with Germany, the said claim is hereby referred to the Court of Claims of the United States to be adjudicated upon the basis of such losses and/or damages with instructions to determine from the evidence already submitted, and such additional evidence as either party may desire to submit, the amount of any such losses and/or damages, and the said court is hereby given jurisdiction and instructed to render judgment for the amount of such losses and/or damages as may be found to have been suffered by the said Stanton & Jones in the performance of the said work begun during the late war with Germany: *Provided*, That suit shall be brought in said court within 4 months from the date that this act becomes effective.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

VICTORIA ARCONGE

The Senate proceeded to consider the bill (S. 2585) authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge, which had been reported from the Committee on Indian Affairs with an amendment.

Mr. McKELLAR. Mr. President, I do not find a report on this bill in my file.

Mr. FRAZIER. Mr. President, this is simply a bill to authorize the Secretary to cancel a patent issued to this Indian woman. Patents in fee were issued to a great many Indians a few years ago, many of them over the protests of the Indians. The Department has now adopted the policy that under certain circumstances they can cancel the patents in fee and let the lands go back in trust, to be held by the Government in trust for the Indians, so that they will not have to pay taxes.

Mr. McKELLAR. This would be helpful to the Indian and not hurtful?

Mr. FRAZIER. It is for the benefit of the Indian, and the committee was very favorable to the bill.

The PRESIDING OFFICER. The clerk will state the amendment.

The amendment was to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to cancel the patent in fee no. 527856 issued to Victoria Arconge under date of May 8, 1916, covering her allotment of land on the Yankton Sioux Reservation, S.Dak., described as follows: Lots 582, 583, 586, and 587 of the Yankton Indian Reservation, S.Dak., containing 160 acres, and to issue to her a trust pate ntin lieu thereof covering the same land to be held in trust for her sole use and benefit or, in the case of her decease, for the sole use and benefit of her lawful heirs for the same period under the same conditions as other trust allotments are held on that reservation as extended by the last proclamation of the President relating to the said reservation and with the right of the President in his discretion to extend the trust period: *Provided*, That any valid encumbrances now resting against any of said land shall not in any manner be affected by the provisions of this act, but any of such land so encumbered, if still owned by the allottee, shall, when such encumbrances have been removed, become subject to the provisions of this act as fully and to the same extent as if such land were now unencumbered.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SALE OF LAND AND HOUSES AT ANCHORAGE, ALASKA

Mr. TYDINGS. Mr. President, while I was absent from the Chamber, orders of business 869 and 870, being, respectively, House bill 6013 and House bill 3843, dealing with Alaska, were temporarily passed over. Both these bills have passed the House of Representatives and have the approval of the various departments having jurisdiction over the subject matter. I, therefore, ask unanimous consent that the bills may be considered.

The PRESIDING OFFICER. Is there objection to the consideration of the first bill referred to by the Senator from Maryland?

There being no objection the Senate proceeded to consider the bill (H.R. 6013) to authorize the sale of land and houses at Anchorage, Alaska.

The bill was ordered to a third reading, read the third time, and passed.

APPLICATION OF MINING LAWS TO ALASKA

The PRESIDING OFFICER. Is there objection to the consideration of the second bill referred to by the Senator from Maryland?

There being no objection, the Senate proceeded to consider the bill (H.R. 3843) to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes, approved August 1, 1912."

The bill was ordered to a third reading, read the third time, and passed.

CAPT. J. O. FARIA

Mr. GIBSON. Mr. President, I ask unanimous consent to recur to order of business 875, being House bill 2321, and to consider the bill at this time.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 2321) for the relief of Capt. J. O. Faria.

Mr. McKELLAR. Will not the Senator from Vermont explain the bill?

Mr. GIBSON. Mr. President, the bill proposes to authorize the United States Compensation Commission to consider and determine the claim of Captain Faria, who was injured while employed by the United States Shipping Board. He failed to file his application within a year, and this bill would merely give him the right to have his case heard by the United States Compensation Commission.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

HOARDERS OF SILVER (S.DOC. NO. 173, PT. 3)

Mr. ROBINSON of Arkansas. Mr. President, in connection with the statement I made at the beginning of this morning's session with respect to the communication of the Secretary of the Treasury addressed to the Secretary of the Senate under date of April 25, 1934, relating to alleged hoarders of silver, it is noted that the Secretary states he has supplied all the information in his possession, and that he is transmitting certain incomplete data to the Chairman of the Committee on Banking and Currency of the Senate. I am informed that the Chairman of the Banking and Currency Committee, who is present, has a letter in relation to the subject.

The PRESIDING OFFICER. The Chair will state to the Senator from Arkansas that there is on the desk a letter from the Secretary of the Treasury giving further information in regard to the matter to which the Senator adverts. Would he be willing to have the letter read at this time?

Mr. ROBINSON of Arkansas. Let the letter be read.

The PRESIDING OFFICER. The Chair lays before the Senate a letter from the Secretary of the Treasury transmitting, in further response to Senate Resolution 211, a list of names of holders of "spot" silver and silver futures. The letter will be read.

The legislative clerk read as follows:

THE SECRETARY OF THE TREASURY,
Washington, April 26, 1934.

Col. EDWIN A. HALSEY,
Secretary United States Senate.

MY DEAR COLONEL HALSEY: I have hitherto transmitted to you a list of indicated holders of "spot" silver and silver futures as of January 31, 1934, as to which holders information appeared to be complete.

In the course of inquiry the names of certain other persons and firms appeared as owners of "spot" silver and silver futures as of Janury 31, 1934, but in these cases the information is not complete. Further investigation would be required to conclude the inquiry in many of these cases. In view of the fact that considerable difficulty has been experienced in getting the necessary information in a number of cases, the Treasury Department does not have the facilities to carry the matter further. In response to your request made over the telephone this morning, I am sending to you this list.

There is not included in the attached list any reference to holders of less than 50,000 ounces of "spot" silver or of less than two futures contracts. Because such small holders were very numerous, no systematic attempt was made to obtain complete information with reference to them.

Sincerely yours,

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

The PRESIDING OFFICER. The letter, with the accompanying paper, will be referred to the Committee on Banking and Currency and be printed.

Mr. FLETCHER. Mr. President, I was not present this morning when this subject was brought up. In fact, the letter to me as Chairman of the Committee on Banking and Currency was only received this morning, and it explains that the reports made by the Secretary of the Treasury to the Senate comply with the resolution of the Senate insofar as the Secretary can go. He mentions that there are some matters to be looked into, and that perhaps he has not the authority to do it, but he has sent to the Committee on Banking and Currency a report as to these items which he thinks might be further investigated. That matter is now pending before the committee. I think it is going to be laid before the committee tomorrow morning. Under the resolution already adopted, I believe the committee has authority and power to make this investigation. Whether or not the committee will undertake to do it I do not know, but I presume very likely they will; and if we need further authority, we will come to the Senate and ask for it.

I now send to the desk and ask to have read the letter sent to me which I received this morning. The letter explains the situation.

The PRESIDING OFFICER. The letter will be read.

The legislative clerk read as follows:

TREASURY DEPARTMENT,
Washington.

Hon. DUNCAN U. FLETCHER, *Chairman*
Banking and Currency Committee of the Senate,
United States Senate.

MY DEAR SENATOR FLETCHER: I have hitherto transmitted to the Secretary of the Senate a list of the indicated holders of "spot" silver and silver futures as of January 31, 1934, as to which holders information appeared to be complete.

In the course of the inquiry the names of certain other persons and firms appeared as owners of "spot" silver and silver futures as of January 31, 1934, but in these cases the information is not complete. Further investigation would be required to conclude the inquiry in many of these cases. In view of the fact that considerable difficulty has been experienced in getting the necessary information in a number of cases, the Treasury Department does not have the facilities to carry the matter further. Accordingly, I am sending to you this list for such further attention as you may deem warranted.

There is not included in the attached list any reference to holders of less than 50,000 ounces of "spot" silver or of less than two futures contracts. Because such small holders were very numerous, no systematic attempt was made to obtain complete information with reference to them.

If further information in this matter should come to me, I shall turn it over to your committee.

Very truly yours,

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

The PRESIDING OFFICER. The letter will be referred to the Committee on Banking and Currency.

Mr. ROBINSON of Arkansas. Mr. President, I merely wish to add that it seems to have been made clear in the letter from the Secretary of the Treasury to the Secretary of the Senate of the 26th instant, and in the letter to the Chairman of the Senate Committee on Banking and Currency just read, that the Secretary of the Treasury has supplied all the information he has, and that he has complied with the Senate resolution.

Mr. FLETCHER. I think the Senator's statement is correct.

THE AIR MAIL

Mr. ROBINSON of Arkansas. Mr. President, I ask that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed consideration of the bill (S. 3170) to revise air-mail laws.

Mr. BLACK obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Davis	La Follette	Russell
Bachman	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McCarran	Smith
Black	Fess	McGill	Steiwer
Bone	Fletcher	McKellar	Stephens
Borah	Frazier	McNary	Thomas, Okla.
Brown	George	Metcalf	Thomas, Utah
Bulkley	Gibson	Murphy	Thompson
Bulow	Glass	Neely	Townsend
Byrd	Goldsborough	Norbeck	Tydings
Byrnes	Gore	Norris	Vandenberg
Capper	Hale	Nye	Van Nuys
Caraway	Harrison	O'Mahoney	Wagner
Carey	Hastings	Overton	Walcott
Clark	Hatch	Patterson	Walsh
Connally	Hatfield	Pittman	Wheeler
Coolidge	Hayden	Pope	White
Copeland	Johnson	Reed	
Costigan	Kean	Reynolds	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. BLACK. Mr. President, yesterday when I suspended my remarks, I was discussing certain parts of the evidence that had been introduced before the special Senate committee with reference to the purpose and object of the conference that was held in Washington adjacent to the offices of Postmaster General Brown by certain air-mail operators. I have presented certain portions of the evidence given by Mr. Brittin of the Northwest Airways, Mr. Sheaffer of the Transcontinental and Western, and Mr. Hanshue of the Western Air Express and the Transcontinental and Western. I shall now read a brief extract from the evidence given by Mr. Hanshue, from page 2978 of the record, with reference to the same subject. It will be understood that Mr. Hanshue is an officer of one of the companies, and this evidence was given by him under oath before the committee. Naturally I am not attempting to quote all the evidence by all the witnesses. In some cases there are conflicts between evidence given by the same witness, but on page 2978 Mr. Hanshue was asked with reference to this meeting—

The CHAIRMAN. Was that not with a view to determining who should continue to occupy or should occupy? Was not that the object of it?

Mr. HANSHUE. I think so.

The CHAIRMAN. That was the whole subject, was it not? Was it not, Mr. Hanshue?

Mr. HANSHUE. Yes; I think it was.

The CHAIRMAN. Those were the controversies, and that was what was left up to be decided, was it not?

Mr. HANSHUE. Yes.

Up to this time I have presented to the Senate some of the statements of Mr. Brown with reference to the object and purpose of the meeting, a statement by an officer of the Northwest Airways, a man who was an officer at the time he represented that company in this conference, the evidence of Mr. Sheaffer, and now I present the evidence of Mr. Hinshaw.

I wish to show to the Senate what was stated by the representative of the Aviation Corporation of Delaware. Mr. Hinshaw was a representative of the Aviation Corporation of Delaware at the conference held by the Postmaster General. At the time Mr. Hinshaw testified before the special committee he was no longer with the Aviation Corporation, but was a representative of the United Airways. Mr. Hinshaw, however, had taken a very active part both in connection with the passage of the McNary-Watres Act and in connection with the revision of the air-mail map when the favored operators decided upon who should have the particular routes. Mr. Hinshaw had every reason to have power and influence, for he had been the assistant to Mr. James W. Good in the campaign for Mr. Hoover, and he had been a very active participant in the campaign, both before the convention and after the convention. He was here as the paid representative of the Aviation Corporation of Delaware, and the evidence shows that he took one of the most prominent parts of any who participated in all these gatherings. Remembering that I have stated that the evidence shows that the purpose and object of this meeting was to decide how the air-mail routes should be distributed among the favored members, I now call attention to the statement of Mr. Hinshaw, under oath before the committee, which is found on pages 1579 and 1580.

The CHAIRMAN. Did you take part in the conference that divided up the air map?

Mr. HINSHAW. Yes, sir.

The CHAIRMAN. Whom were you representing at that time?

Mr. HINSHAW. American Airways, which is a subsidiary of the Aviation Corporation of Delaware.

[Vol. 4, pp. 1584 and 1585]

Mr. HINSHAW. Along in the summer of 1930, a notice went out that there would be a revamping of the air-mail map, and there were some 30 or 40 different groups of people who came into Washington.

Senator MCCARRAN. Who sent out the notice?

Mr. HINSHAW. The Post Office Department.

Senator MCCARRAN. Was it in writing?

Mr. HINSHAW. The operators were notified that they were to come to Washington on air-mail business.

Senator MCCARRAN. How were they notified?

Mr. HINSHAW. By letters, as I remember; and this meeting took place in Washington. Mr. Brown addressed the meeting initially, and he told us that he wanted three competitive transcontinental routes; that he wanted these people that were operating in the territories—that he would try to work it out for them either by extension, and if he could not do that, he would have to put up the two transcontinental routes for advertisements, if he were unable to do it by extension. He stated that those people in this meeting should get together and try to work out to see who would be the operating company to operate these transcontinental routes. He further stated that any companies that had been operating, that had a pioneer interest in a line, in other words, had been running it for a year or 2 years——

The CHAIRMAN. Like Ball?

Mr. HINSHAW. No; these were non-air-mail carriers—that the companies should buy them, that he wanted those people taken care of.

Continuing the quotation from Mr. Hinshaw's testimony:

American Airways was interested in the Southern Transcontinental because they had 4 air-mail contracts going out of Dallas, 1 to Brownsville, 1 to Houston, and Houston over to New Orleans, and New Orleans to Atlanta. Naturally, the Southern Transcontinental interested them. On that Southern Transcontinental route were three air lines that were passenger air lines, not mail carriers. One was the Delta Air Mail Service, which flew from Atlanta to Dallas; the other was the Standard Air Lines, which flew from Los Angeles to El Paso; and the third was the Halliburton Air Lines—the safe way—which came down as far as Mineral Wells and Big Springs from Wichita Falls down to the Southwest through Tulsa. American Airways proceeded to try to deal with those people.

Remember, this was before the competitive bids were called for.

The CHAIRMAN. To buy them out?

Mr. HINSHAW. Yes, sir; and they did buy them out, and we were given to understand that there would not be, until the situation was cleaned up and these people taken care of—that there would not be any advertisements for these two transcontinental routes. That is correct, what you said, sir.

In other words, here were some routes which were to be opened up supposedly to competitive bidding or to be opened up in some other way. The representative of the Aviation Corporation of Delaware was at the meetings and testified that it was necessary for them to "clean up that section", or, as he said, to buy them out, which was done. What could have been the purpose of buying out these prospective competitive bidders in that section? There could be only one purpose. He said they did buy them out, and they did it, as I shall show later by the sworn testimony of the president of the Aviation Corporation, not because they wanted the lines, but because it was in the program that they should be bought out.

Let us see what the president of the Aviation Corporation testified under oath about that. This is the man who was president of the Aviation Corporation of Delaware at the time the meetings were held and at the time the Aviation Corporation of Delaware was compelled to purchase these companies in order to "clean up the territory". At page 1651 of the record of the hearings Mr. Coburn, the president of the Aviation Corporation of Delaware, said under oath:

Yes, sir; my firm was engaged by the Aviation Corporation of Delaware to assume the management of that corporation and its subsidiaries, and I was selected president on the 17th of April 1930, and I continued in that engagement until the 17th of March 1932, when we retired from the management of the company.

On page 1654 occurred the following:

The CHAIRMAN. Did not Mr. Brown say that he expected those granted any contracts or extensions in this matter to go as he said in reference to what lines they tried to get.

Mr. COBURN. Yes, sir; and we all agreed voluntarily.

The CHAIRMAN. Did he not say that?

Mr. COBURN. Yes, sir.

On page 1655:

Mr. COBURN. He said that he hoped that he would be able to put into effect an airway map which he exhibited to us, showing the mail routes then in operation and the mail routes that he wished to establish, including two independent competitively owned transcontinentals. In doing that, he wanted to recognize the pioneering work that had been done by mail operators and by passenger operators both.

The CHAIRMAN. He was going to recognize pioneers on all lines?

Mr. COBURN. Yes, sir; which interested me, because our company owned some lines flying passengers only and losing a lot of money. He stated that he wanted to work it out so that on any route there would be just one operator flying both mail and passengers, day and night; he thought that that was the most economical way for the Government to do it; that he wanted to assure us that we would not get any earnings from our mail subsidies from which we could pay dividends; that we would have to look for our profits to our passenger and express business, and he wanted us to get together and carve up the map.

Note those words, "He wanted us to get together and carve up the map."

For each operator to work out the place on the map where he belonged; that the mail operator in any territory or on any route get together with any one or more passenger operators in such territory or route and work out a combination so that everybody that had made any investment in the pioneering have such opportunities as the future might show of realizing on it, and to do that there would have to be a lot of trading done.

Here is the Postmaster General at a conference which has been pictured as being held by one who had "great vision." He had the operators there. The president of the Aviation Corporation of Delaware swears that they were told to "carve up the map" and that "there would have to be a lot of trading done."

Continuing Mr. Coburn's evidence:

"Now", he said, "I will leave you, and you just go ahead and work it out", and that was when he left us and that is when we picked out Mr. MacCracken to serve as chairman. We discussed it at some length, and a working committee was set up. I remember I put Mr. Hinshaw on to represent our company because he lives here in Washington.

On page 1656, Mr. Coburn continued:

We all agreed, for instance, that Northwestern should have the extension up to Winnipeg.

I digress to remark that shortly after this meeting was held Postmaster General Brown wrote a letter to the Comptroller General asking him for authority to grant an extension to the Northwest Airways up to Winnipeg. The Comptroller General held that it could not be done, but it was in line with the agreement of the operators.

Continuing Mr. Coburn said:

There was no question about that. As to the rest of us, we could not agree, whereupon we all agreed to turn the matter in to the Postmaster General and we would abide by his decision—whatever was fair—and our company was then in the position of living up to that agreement and cooperating with the Postmaster General in the rearrangement of the map, and that is how the thing came up, because he proceeded then to say, "We are going to establish these two transcontinentals, and until those are established we are not going to exchange any certificates for contracts nor am I going to make any extensions or any modifications in the method of paying for the mail."

Remember, a great many of these companies had certificates and the statement has been made that they were not illegal, that they were simply granted to extend old contracts. Certainly they were, but the Postmaster General held over their heads the sword of Damocles and told them, "Until you agree among yourselves as to who shall have the lines there will be no certificates issued and there will be no readjustment of your mail pay." A man of vision, creating a great air-mail system for the country, holding over the heads of the operators the threat, "You must agree or I shall not renew your certificates."

I call attention to the fact that every air-mail contract that was canceled on the ground of fraud, every certificate that was canceled, every extension that was canceled, was a contract made or a certificate granted or an extension granted after this was done, and in line and in accordance with the purposes and objects of that meeting. Not a single certificate, not a single extension, not a single contract was granted to one that did not agree to the statement the Postmaster General made, "I will not grant you any extension, I will not readjust your pay, until you agree among yourselves", as Mr. Coburn swore, "how the map will be carved up."

Whose map was that? Did it belong to the Aviation Corporation, of Delaware, to the United Aircraft Co., to the Northwest Airways, to the North American or General Motors, or did it belong to the people? Did it belong to Postmaster General Brown, who delegated to these operators the right to divide up the territory and say who should get the contracts at exorbitant rates? If it did, then truly he was a man of vision. We will find later that this vision was not broad enough in its scope, as the results show, to embrace to any appreciable extent any except the four companies I have mentioned.

In volume 4, pages 1658 and 1659 occurred the following:

Mr. COBURN. Anybody who had submitted sealed bids always has a nervous few minutes.

That was because I asked if he had any fear that anybody was going to bid against him. I suggested to him that he might think that even among air-mail operators they would abide by a gentleman's agreement, and he said:

Mr. COBURN. Anybody who had submitted sealed bids always has a nervous few minutes.

The CHAIRMAN. Even where the qualifications have been arranged in advance to limit it to comparatively few—1, 2, or 3 big companies?

Mr. COBURN. The chairman seems to think I should not have been in the least disturbed.

The CHAIRMAN. I was wondering why you were. If you were disturbed it had to be because you were fearful that the Aviation Corporation or the North American or the American Airways—which one were you connected with? I get these companies all mixed up.

Mr. COBURN. American Airways.

The CHAIRMAN. All you could fear was that you were in danger from the other two I have mentioned. Was there anybody that could qualify?

Mr. COBURN. I did not anticipate any danger from them.

The CHAIRMAN. You did not anticipate any trouble from them?

Mr. COBURN. No, sir; but I did not know what might turn up.

As a matter of fact, at the very time those bids were called for, the president of the Western Air Express, who testified he had signed an agreement to which I shall later advert, had in his pocket authority from his company to bid on two of those lines.

The CHAIRMAN. You did not know but what someone might bid and they might knock out the night flying by law?

Mr. COBURN. I did not know about that. From my point of view the question of strength and ability to do the task loomed up rather big, but really at this time, Mr. Chairman, I cannot analyze my feelings and the cause for them except I was this way [indicating].

The CHAIRMAN. In spite of all the precautions that had been taken?

Mr. COBURN. Yes, sir.

The CHAIRMAN. In spite of all the qualifications which had been added?

Mr. COBURN. Yes, sir; I was as nervous as a witch.

The CHAIRMAN. You were still nervous and fearful that something might happen?

Mr. COBURN. Yes, sir.

The CHAIRMAN. You surely did not fear any of the companies that had been in there would go back on their agreement?

Mr. COBURN. No, sir.

The CHAIRMAN. You knew they had agreed not to bid?

Mr. COBURN. There was no formal agreement, but there was a general understanding.

The CHAIRMAN. Of course, it was not signed on the dotted line, but you knew, as far as these three big companies were concerned, there was an understanding that there would be no bidding on the line informally allotted to their brother lines?

Mr. COBURN. I did not fear any of those companies that I had dealings with would come in and bid.

The CHAIRMAN. You did not fear them?

Mr. COBURN. No, sir.

The CHAIRMAN. Why?

Mr. COBURN. I understood they were not going to bid, and I had a great deal of confidence in that.

The CHAIRMAN. That was the express understanding, that they would not bid?

Mr. COBURN. Yes, sir; but I did not know but that someone else would pop up.

The CHAIRMAN. You thought some interloper would come in?

Mr. COBURN. Yes, sir; quite right.

Senators have read much in the papers to the effect that there has not been any proof about what happened from those who were there. This gentleman was there. He was the president of the Aviation Corporation. He declared under oath that those present agreed not to bid, and he had no fear that they would, and they proceeded to carve up the map. Yet there are some who seem to think the moral conception of the people of the United States has sunk to such a low and degraded level that when people make an agreement contrary to law and contrary to morals and contrary to ethics to defraud the United States Government by preventing competitive bidding, they can gloss it over and say any criticism of it is a persecution.

I call attention to the fact that this testimony of Mr. Coburn was given before noon. After noon Mr. Daniel M. Sheaffer, of the Pennsylvania Railroad and the Transcontinental, asked to take the stand again; and he took the stand, and wanted it expressly understood that he did not agree not to bid. I have already read what he had testified and what he reported to his committee. Then I asked him if he had been discussing the matter with anybody during the noon recess, and he said yes, with his attorney. I asked him if he knew that the law provided that if the parties made a combination not to bid it would disqualify them, and he said yes, he was familiar with that. Then, after that happened, Mr. Coburn again took the stand and concluded that perhaps he had better clear up the matter; and I desire to show how he cleared up what Mr. Sheaffer had said.

COBURN SAYS FORCED TO AGREE

On page 1674, Mr. Coburn said:

Mr. COBURN. Over 75; not over 100.

The CHAIRMAN. Between 75 and 100 pounds—all right. Now, Mr Coburn, do you deny now that it was generally understood in this meeting among every one of the people there that they were to decide in that meeting which air line would be operated by which company and that contracts were to be made on that basis? Do you deny that?

Mr. COBURN. No, sir.

The CHAIRMAN. You do not deny that?

Mr. COBURN. I do not.

The CHAIRMAN. That is the truth, is it not?

Mr. COBURN. Yes, sir.

The CHAIRMAN. Then, if it is the truth that it was generally understood in that meeting that an agreement was to be reached between those present and the Postmaster General that certain routes between certain points should be allotted to certain companies, do you still say that under the law there was left the freedom of right to bid upon any other line except the one which was to be allotted to the various companies?

Mr. COBURN. Yes, sir.

Remember, this is after Mr. Sheaffer had testified.

The CHAIRMAN. You say now that, in spite of the understanding that there was to be an agreement made for an allotment of lines, that that left one free to act contrary to the understanding?

Mr. COBURN. No, sir. We were to agree, but we did not agree, and we told the Postmaster General that we could not agree, and therefore we left it to him to divide them up.

The CHAIRMAN. Left it to him to divide them up?

Mr. COBURN. Yes, sir.

The CHAIRMAN. All right; now, you agreed to abide by what he said, didn't you?

Mr. COBURN. I did; yes, sir.

The CHAIRMAN. And so did the others, didn't they?

Mr. COBURN. I don't know.

The CHAIRMAN. But it was generally understood in there, wasn't it, when you did not finally agree upon dividing up the country, that the Postmaster General should divide it up as he saw fit?

Mr. COBURN. We left it to him—I did.

The CHAIRMAN. And that each one was to accept his decision?

Mr. COBURN. I did.

Here is what I asked Mr. Coburn; and listen to his reply:

The CHAIRMAN. Would you have considered it ethically right, according to the code of any standard of business that you have ever known, to make an agreement that you would abide by that action and then bid contrary to that agreement?

Mr. COBURN. I would not.

The CHAIRMAN. You would not?

Mr. COBURN. No, sir.

The CHAIRMAN. And, in fact, nobody did, did they?

Mr. COBURN. No; I think that is right.

I have read the statements of the two representatives of the Aviation Corporation of America with reference to that meeting. I cannot believe there is any man anywhere who will deny that if those statements are true, those contracts are illegal and fraudulent. Has the time come when men can stand up and defend, in the highest lawmaking body of this Nation, an agreement made by people in a Government building whereby they stand up and say, "We will agree with each other on a division that will prevent competitive bidding", and then try to sell the country on the idea that that position is decent or honorable? If it is, the system of ethics and morals of the United States Government and its people has certainly sadly departed from the old-fashioned ideas of honesty and justice which prevailed in its early days. The Supreme Court of the United States denies it. The courts of every State in the Union deny it. The right-thinking mind of every honest individual in the Nation denies it. There is an old commandment upon which the sound fundamental morals of this people are based, that "Thou shalt not steal." I have no sympathy and no respect for the ideas of a man who is willing to try to send another man to jail for stealing $25 or $100 and at the same time is willing to gloss over or protect or defend those who, in high places, rob the taxpayers of the Nation of millions and millions of dollars.

What difference is there between the man who breaks open a store and takes $25 worth of goods and the man who, by chicanery and trickery, deprives the Government of the United States of the right to get its services at the lowest price by agreements with other men to prevent honest, open, and fair competitive bidding? There may be a distinction. There is some distinction in my mind, and it is this:

I do not consider that any man is right who designates as "Public Enemy No. 1", whoever that man may be, the individual criminal who goes out and risks his life. I would rather class as "Public Enemy No. 1" the man who sits in high places, either in the seats of the Government or the councils of the great financial and industrial leaders of the Nation, and who is willing to deprive the people of the United States of millions of dollars as he conceals himself behind the forms and shadows of legal protection.

Now, let us go a little further. So far I have quoted exclusively from the beneficiaries of the very contracts that were canceled. I now read a statement made by Mr. Thomas H. McKee, who was not one of the beneficiaries. It was made under oath before the committee. Mr. McKee was the representative of the Wedell-Williams Co. He made a full and complete report in writing of that meeting. He reported it in writing to no less a person than Commander Jahncke. I will read just a little of what he said and place the rest of it in the RECORD (pp. 1445–1446):

I do not believe I was able to see Mr. Glover after that, and I made several attempts, through Mr. Macpherson, to talk to Mr. Brown, but he was always too busy to be seen, and, in the meantime, I did a little scouting around Washington, and found out, to my surprise, that there were a number of air-mail contractors here attending a very mysterious meeting in the Post Office Department.

I may state that Commander Jahncke was the Assistant Secretary of the Navy at the time the letter to which I have referred was written.

I learned finally, through the Department of Commerce, Bureau of Aeronautics, to the effect this meeting was in progress and was being held in Mr. Brown's anteroom. So I went to Mr. Macpherson and made every possible effort to find out what it was all about and receive an invitation through regular channels to participate in the meeting.

I was very much surprised to find that Maspherson knew very little about what was going on, although the meetings were being held only a few feet from his office, and finally I used a little rather unusual method, and finally finding out I was not wanted in the meeting, I crashed the gate one fine morning and went in anyway.

The CHAIRMAN. How did you get in?

Mr. MCKEE. I phoned Mr. Macpherson from the Mayflower Hotel and told him I was an important official of one of the air-mail contractors.

The CHAIRMAN. Whom did you tell him you were?

Mr. MCKEE. I did not tell him any name.

The CHAIRMAN. What company did you mention?

Mr. McKEE. I left that to his imagination. He said the meeting was to be held in the anteroom of the Postmaster General at 10 o'clock.

I shall ask to have quotations I have from the evidence placed in the RECORD. Mr. McKee finally got in, but he found there was no place for him in this gathering. He was not a representative of an aviation corporation; he was not a representative of any of these companies which got their lines and were absorbed. So he was authorized to get out. They asked him where he operated, and he told them. The chairman of the meeting, Mr. MacCracken, told him, according to Mr. McKEE (p. 1447):

We have been authorized to draw up this new air-mail picture for the country. I am going to bear in mind what you have outlined, and I am going to talk to the Postmaster General sometime this morning and discuss the matter fully with him, and if I find that he wants us to go further into your petition for mail in this connection, I will let you know and I will invite you to come before our group here and give you an opportunity to be heard.

The long and short of that is that they were not in the picture, although I shall later read from a letter from Mr. Glover in which he calls attention to the fact that the Aviation Corporation did not take care of Wedell-Williams, and they were threatening to bring suit about it. He wanted to know why they did not take care of Wedell-Williams.

I now ask to have inserted in the RECORD a letter of Mr. McKee to Commander Jahncke dated June 17, 1930, found on pages 1452, 1453, and 1454 of the record, volume 4.

The PRESIDING OFFICER (Mr. LONERGAN in the chair). Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD as follows:

1426 TWENTY-FIRST STREET, NW.,
Washington, D.C., June 17, 1930.

MY DEAR MR. SECRETARY: Knowing of your interest in civil and commercial aviation and the air transport activities of Mr. Harry P. Williams and associates of the Wedell-Williams Air Service, Inc., of New Orleans, I am submitting for your information some rather interesting disclosures that have been brought to light recently respecting the attitude of Post Office Department officials in charge of air mail toward passenger air transport operators who are potential air-mail contractors.

I came to Washington some 3 weeks ago as the personal representative of Mr. Williams and the Wedell-Williams Air Service Co. My mission was primarily to lay before the Post Office Department two petitions: (1) That our passenger route from New Orleans to Fort Worth, via Shreveport and Dallas, be designated an air-mail route; and (2) that the Wedell-Williams Co. be permitted to bid upon an air-mail contract over that route. Prior to leaving New Orleans on this mission, I was instructed to do everything within reason and honor to make a legitimate effort to obtain such a designation and such a contract. This I have attempted to do, without success.

I am attaching hereto a copy of a letter sent to me by the Post Office Department under date of June 5, which purports to explain the reasons for the Department's refusal to honor our petitions and grant our requests. This letter, signed by Supt. E. B. Wadsworth of the Air Mail Division, speaks for itself. From the train schedules he refers to you will see that the best train service between New Orleans and Fort Worth is about 16 hours. Wedell-Williams Air Service makes the trip in slightly more than 4 hours.

Shortly after my arrival in Washington I began to hear rumors of certain conferences of air transport operators who were said to be meeting in executive session in the ante-room of the Postmaster General. It was indicated these conferences were secret and that only those who had connections could gain admission to the deliberations.

I inquired of Mr. Macpherson, secretary to the Pstmaster General, as to who was attending the conference, and whether they were invited by the Department, or simply met there of their own volition. I also stated my desire to attend the conferences. Mr. Macpherson was more cordial—a pleasant chap—but was rather vague. He did not apparently know who invited the operators. He did know several of the men attending the conference, whose names he gave me. But inasmuch as I lacked the proper connections I was not invited to the hearings.

Determined to find out something of these hearings, I went uninvited to the room in which they were held and found probably 15 gentlemen present. Mr. William P. MacCracken and Col. Paul Henderson were present, and the former gentleman talked to me briefly. I outlined the nature of my case in behalf of Wedell-Williams. He made a notation of our present route on one of his maps and, after telling me frankly that this conference had been called by the invitation of the Postmaster General, made the following statement to me. Said he, "I will be glad to take up with the Postmaster General the matter of Wedell-Williams and your route from New Orleans to Fort Worth, and if he (the Postmaster General) wants us (the conference) to go into your case, we shall be glad to do so. In such an event you will be called and given an opportunity to present your case." I thanked Mr. MacCracken and departed. Later, the same day, I talked with MacCracken again, and he advised me that he had talked with Postmaster General Brown, who had expressed the wish that the group, apparently under the leadership of Mr. MacCracken, should not consider our case at the present time, as it had so many other complex questions to deal with.

In fine, Mr. Secretary, here was a hand-picked, select group of fallible and interested air transport operators, formally and officially invited to meet in Washington under the auspices of the Post Office Department, and apparently authorized by their official host to straighten out the national air-mail situation.

During the course of their deliberations, which covered the best part of 3 weeks or more, these gentlemen, executives of leading air transport organizations in this country, secretly formulated recommendations, plans, and perhaps policies, for submission to the Postmaster General which very probably will affect, frequently adversely, the many small operators all over the country. And during these meetings the small passenger transport operators, many of whom are well qualified and interested as potential air-mail contractors, were as voiceless as the tomb. This is hardly a democratic state of affairs, and the whole procedure would seem to violate the American philosophy of giving parties of interest a fair hearing before an impartial official or tribunal.

A day or two prior to the time the petitions of Wedell-Williams Air Service, Inc., were acted upon by the Post Office Department, I had a telephone conversation with Mr. E. B. Wadsworth of that Department. On that occasion I raised the question as to why Wedell-Williams had not been invited to this conference, inasmuch as we hoped to bid on future air-mail contracts to be let in our territory and, furthermore, in view of the fact we are an operator of record in the Commerce and Post Office Departments. Mr. Wadsworth, in responding to my inquiry, frankly told me some astounding things. Among these the following are the most shocking:

(a) That the small transport operators had been ignored by the Department insofar as this secret conference was concerned.

(b) That this had been done because most of such operators are somewhat removed from Washington, and were probably not very much interested in what the conference proposed to do.

(c) That the small operators were probably operating over short routes, and were therefore engaged in an uneconomical proposition and probably unable to maintain representation in Washington.

(d) That had all operators been invited, their presence would have resulted in such a mass of conflicting opinions, demands, recommendations, and ideas that the purpose of the conference would have been defeated.

(e) That it had been the experience of the Department that an air transport organization operating over a route less than 700 miles long could not hope to make money, and that such organizations should not expect to receive recognition by the Post Office Department in the form of a subsidy or an air-mail contract.

The above is the candid statement of an important official of the Post Office Department. You will notice that his trend of thought is reflected in the attached copy of his letter to me, on June 5, in which he expresses the views of the Department whereby it refuses to grant the petitions of Wedell-Williams Air Service. Since we are operating over a route only 470 miles long, I take it we cannot hope to have our petitions endorsed by the Department.

The position of Superintendent Wadsworth is completely out of harmony with the will of the present Congress as reflected in the Watres Air Mail Law, which recognizes specifically any and all organizations which have operated for 6 months on a daily schedule over a course 250 miles long. Further, his position conflicts with the admitted intention of the Congress to assist all air transport operators—both great, near-great, and small—at a time when many aviation executives admitted their industry was about to collapse, by granting such operators an air-mail contract. Further, his position negatives the business man's understanding of the Presidential policy to stimulate trade and commerce and accelerate business in general.

In view of the attitude of the Post Office Department, as reflected in the enclosed letter from Mr. Wadsworth (June 5) and further in view of the verbal testimony made by that gentleman to me as hereinbefore set forth, it would seem that the future of Wedell-Williams Air Service, Inc., and other small operators like it, rests in the hands of William P. MacCracken, Esq., Col. Paul Henderson, and their associates representing the great aviation interests of this country. This is indeed a sorry and unfortunate spectacle.

By the admission of Mr. MacCracken, the Post Office Department has placed in the hands of this conference group practically the authority to control the future destiny of every small air transport operator in America. It is idle to say that these gentlemen will not abuse their authority, or that the Department will not heed their recommendations and demands. If it was not expected that they would abuse or exceed it, why should it have been given to them in the first instance?

The Wedell-Williams Air Service is very much disturbed over the present situation. It is engaged in rendering an air passenger transport service which links up four of the great cities of the Southwest and covers a route which is not now served by air-mail planes. The only air mail out of New Orleans for Dallas and Fort Worth departs at 11:30 in the morning. It must go west

to Houston, Tex., and north to Fort Worth and Dallas, arriving there after 7 in the evening. On the return trip there is no air mail service worthy of the name, as mail must be placed on a train at Houston and sent via rail into New Orleans. Such is the present air-mail picture in this locality.

I have been advised confidentially that there is likely to be a congressional investigation into this situation. I hope that it may be had. In the meantime I am submitting this statement to you in good faith, because I know how keenly you are interested in the commercial, industrial, and financial upbuilding of New Orleans and its vast trade territory and of its important relation to north and northeast Texas.

It would give us much pleasure to believe that the Post Office Department had considered our petitions on their merits. But in view of recent events and disclosures as outlined herein, we are bound to come to another conclusion.

I have the honor to submit this statement to you in behalf of the Wedell-William Air Service, Inc., of New Orleans, La.

With great respect, believe me,

Very sincerely yours,

THOMAS HUDSON MCKEE,
Washington Representative.

HON. ERNEST LEE JAHNCKE,
Assistant Secretary of the Navy,
Navy Department, Washington, D.C.

Mr. BLACK. Mr. President, I will read one or two statements from this letter that was sent to Mr. Jahncke, written June 17, 1930:

In fine, Mr. Secretary, here was a hand-picked, select group of fallible and interested air-transport operators, formally and officially invited to meet in Washington under the auspices of the Post Office Department, and apparently authorized by their official host to straighten out the national air-mail situation.

During the course of their deliberations, which covered the best part of 3 weeks or more, these gentlemen, executives of leading air transport organizations in this country, secretly formulated recommendations, plans, and perhaps policies, for submission to the Postmaster General which very probably will affect, frequently adversely, the many small operators all over the country. And during these meetings, the small passenger transport operators, many of whom are well qualified and interested as potential air-mail contractors, were as voiceless as the tomb.

I call attention to the fact that at that time Weddell-Williams were operating a pioneer line, and had been operating it for the necessary length of time to qualify them for a contract under the new law.

PAUL HENDERSON, VICE PRESIDENT OF UNITED, TESTIFIES

Now let us read from the vice president of the United Aircraft. I have already read from the statements of the officers of two of the large companies. I shall now read a statement made by the vice president of the United, found on page 1457 of the record, remembering that the issue here was whether or not they met for the purpose of dividing up the air-mail map, and thereby agreed to something which would prevent competitive bidding.

The CHAIRMAN. This is Col. Paul Henderson?

Mr. HENDERSON. Yes, sir.

The CHAIRMAN. Are you connected with any of the airline companies now?

Mr. HENDERSON. Yes, sir; I am vice president of the United Airlines.

The CHAIRMAN. Do you hold any other position with them?

Mr. HENDERSON. I am vice president of the United Aircraft Transport.

Pages 3003–3004:

I find practically every one of them made the statement that they would prefer the plan suggested rather than competitive bidding. Were the operators themselves the first ones that mentioned competitive bidding, or did the Postmaster General outline a plan with reference to avoiding competitive bidding?

Colonel HENDERSON. The plan which he outlined would have avoided competitive bidding.

The CHAIRMAN. And you understood that from what he said?

Colonel HENDERSON. Yes. I could not fail to understand it.

Page 3005:

The CHAIRMAN. I desire to refresh your recollection as to the statement made by the Postmaster General, by a memorandum prepared and, I believe, submitted to the Post Office Department.

I then asked him to look at the memorandum. He read the memorandum. I asked him if he prepared that memorandum. He said:

Parts of it; yes, sir.

Page 3006:

The CHAIRMAN. I will ask you whether or not the statements made here—

This was reading from the memorandum.

He further invited them to try to agree among themselves on which of the operators should operate those new lines which he wished to create.

Colonel Henderson questioned the propriety of this meeting while it was in progress. That will be found on page 3004. I shall ask to have the answers on pages 3004, 3005, and 3007 inserted in the Record.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the Record as follows:

The CHAIRMAN. Did you understand and did you discuss with anyone in there at that time, or within the next hour or two, whether you considered it to be legal and right?

Colonel HENDERSON. I did; yes, sir.

The CHAIRMAN (continuing). To agree on a division of those routes by the extension method or any other method?

Colonel HENDERSON. I did; yes, sir.

The CHAIRMAN. With whom did you discuss it?

Colonel HENDERSON. With the chairman of the meeting.

The CHAIRMAN. Who was that?

Colonel HENDERSON. Mr. MacCracken.

The CHAIRMAN. What was that discussion?

Colonel HENDERSON. Shortly after MacCracken was elected chairman I moved over into a chair adjoining his at the table where he was sitting and said, "Bill, I wish that you would adjourn this meeting immediately." He asked me why, and I told him I thought it was a great mistake to go on with it further until we had some more definite information about the legality of the plan that we were supposed to consider.

The CHAIRMAN. What did he say?

Colonel HENDERSON. He said that I was crazier than hell, and that he would not adjourn the meeting.

The CHAIRMAN. Did you tell him why you thought it ought to be adjourned?

Colonel HENDERSON. Yes, sir.

The CHAIRMAN. What reason did you give to him for wanting to adjourn the meeting? What criticism, if any, did you make of the plan?

Colonel HENDERSON. I told him that I did not believe the bill contemplated any such action as that which had been suggested, and I thought that we ought to all inform ourselves about it before we moved forward on anything.

* * * * * * *

Colonel HENDERSON. Mr. Chester W. Cuthell.

The CHAIRMAN. Mr. Cuthell?

Colonel HENDERSON. Yes, sir.

The CHAIRMAN. What was that discussion?

Colonel HENDERSON. I called Mr. Cuthell into the corridor and told him that I believed this meeting was an improper one and we should adjourn it at least until we learned something more about it.

The CHAIRMAN. Did you tell him why you thought it was improper?

Colonel HENDERSON. No.

The CHAIRMAN. What did he say about it?

Colonel HENDERSON. He said: "I quite agree with you; if we were holding this meeting across the street in the Raleigh Hotel, it would be an improper meeting; but, because we are holding it at the invitation of a member of the Cabinet and in the office of the Post Office Department, it is perfectly all right."

The CHAIRMAN. Did you discuss anything with any of them that day in connection with the illegality of the purposes of the meeting as you understood it?

Colonel HENDERSON. I did not consider that the meeting was illegal. I thought it was improper.

The CHAIRMAN. I desire to refresh your recollection as to the statement made by the Postmaster General, by a memorandum prepared and, I believe, submitted to the Post Office Department—I am not sure; submitted to some one, I think by you—and I will ask you to look at page 16. I am not sure just when that was made [handing memorandum to witness]. Do you remember when that memorandum was made?

Colonel HENDERSON. I don't know what it is until I look at it. It is dated March 15, 1933.

The CHAIRMAN. If you will look at those two paragraphs or any others you desire to, then I wish to ask you a question about it.

(Witness examines memorandum.)

The CHAIRMAN. May I have that now? Did you read that part?

Colonel HENDERSON. I read this page; yes, sir.

The CHAIRMAN. Did you prepare this?

Colonel HENDERSON. Parts of it; yes, sir.

The CHAIRMAN. I will ask you whether or not the statement made here—"He further invited them to try to agree among themselves on which of the operators should operate those new lines which he wished to create"—I will ask you if that statement is correct?

Colonel HENDERSON. Yes, sir.

The CHAIRMAN. That is correct?

Colonel HENDERSON. Yes, sir.

The CHAIRMAN. You were referring to the Postmaster General when you said that, "He further invited them to try to agree among themselves on which of the operators should operate those new lines which he wished to create?

Colonel HENDERSON. Yes, sir.

The CHAIRMAN. Was that in this meeting of May 19?

Colonel HENDERSON. That was the purpose for which he asked us to organize ourselves when he left the room.

The CHAIRMAN. In other words, the purpose he told you to organize for was to agree among yourselves on which of the operators should operate the new lines which he wished to create?

Colonel HENDERSON. That is right; yes, sir.

The CHAIRMAN. Did you have any other discussions with the operators that day that you recall?

Colonel HENDERSON. Only with my own associates.

The CHAIRMAN. Who was that?

Colonel HENDERSON. Mr. Johnson.

The CHAIRMAN. Mr. Phil Johnson?

Colonel HENDERSON. Mr. Phil Johnson, who was then president of the Boeing Air Transport, and Mr. Wheat, who was then an official of the United Aircraft & Transport.

The CHAIRMAN. What was that discussion?

Colonel HENDERSON. Well, after the meeting adjourned we three and perhaps others of our associates went to the hotel and talked the whole matter over.

* * * * * * *

Colonel HENDERSON. None. We spent the evening together, and sometime after dinner, at my suggestion, we went over and called on a personal friend of mine, who is a lawyer—none of us are lawyers.

The CHAIRMAN. Who was that, Colonel Henderson?

Colonel HENDERSON. Judge John Edwards, who was then Assistant Secretary of the Interior, with whom I had a personal acquaintance for several years.

The CHAIRMAN. What was the object of discussing that with him?

Colonel HENDERSON. Well, I have a high regard for his ability as a lawyer, and we were looking for a little advice.

The CHAIRMAN. As to what?

Colonel HENDERSON. As to the propriety of this plan, as to what we should do.

The CHAIRMAN. As to the propriety or legality?

Colonel HENDERSON. Either.

The CHAIRMAN. What advice did he give you about the plan?

Colonel HENDERSON. If we asked him for any particular advice other than his opinion as to whether it was a workable plan, I cannot say. He was very definite in saying that he did not believe it was a workable plan and that, of course, nothing could or would or should come from it.

The CHAIRMAN. Did he discuss the legality of it in any way with you?

Colonel HENDERSON. No. I think most of our discussion was an attempt to interpret the word "extension", and I remember that he said in his opinion there was a great deal of difference between the word "extension" and the word "elongation"; that he would think that "extension" might be thought of in the terms of the tail of a dog, but it certainly would not be longer than the dog; but that he could see that if the word had been "elongation" that it might be extension to any length compared to the thing that it was an extension to.

Mr. BLACK. Mr. President, I will refer to what was said there. Mr. Henderson, deciding that this meeting was wrong, stating in the beginning that he first thought it was a joke. He could not believe, he said, that anybody would try seriously to divide up the air-mail map in any such way. He has testified under oath, this vice president of the United Air Lines, by whose testimony the company is bound, according to the decision of the United States Supreme Court.

He got up and said, "Bill, I wish you would adjourn this meeting immediately"—

Speaking to Mr. MacCracken. Mr. MacCracken asked him why. Mr. Henderson said:

I told him I thought it was a great mistake to go on with it further until they had some definite information about the legality of the plan we were supposed to consider.

The CHAIRMAN. What did Mr. MacCracken say?

Colonel HENDERSON. He said that I was crazier than hell, and that he would not adjourn the meeting.

In other words, the chairman of the meeting, at the time the paid representative of more than one of the operators who later benefited by the contracts, declined to adjourn the meeting, even though its propriety was questioned by the vice president of the United Air Lines. Not content with that, Mr. Henderson took it up with the attorney for the Transcontinental & Western, or the T.A.T., and Mr. Cuthell took the position that that meeting was legal if held in the Post Office Department but that it would not be legal if held anywhere else.

Then, still not satisfied, Mr. Henderson, with the president of the United Aircraft himself, and another of his representatives, took it up with a lawyer that night in order to ascertain just how far they could go, questioning it at the very time that the meeting occurred.

Does that sound as if there has been no evidence, that there has been no proof, of the collusive and fraudulent purposes for which these people met down there in the Post Office Department to divide up the property of the United States as though it belonged to them and not to the people?

It may be that the time has come in this country when such activities simply prove that a man has great vision, but in the olden days it would not have been referred to as great vision. People would have referred to one of the commandments written of old.

Let us see what the attorney for the Transcontinental & Western, who was present in this meeting, said was the object and purpose of the meeting 2 days after the meeting of May 19. There was no reason in the world why the attorney for the T.A.T. should have written a letter to the president, or one of the chief men in the company, Mr. C. M. Keys, on May 21, 1930, and have told him anything but the truth. No one can imagine that there could have been the slightest excuse for Mr. Chester W. Cuthell to have written to Mr. C. M. Keys 2 days after this meeting was held and given him a false report of the objects and purposes of the meeting, remembering that we have been hearing that it was not to avoid competitive bidding, that there has been no evidence that such a purpose was intended, that it is wrong to theorize and jump to conclusions.

Let us see what the attorney for the company which got a contract, at a cost which, if it had gone 10 years, would have meant a cost to the Government of $16,000,000 over the next low bid, said was the object and purpose of that meeting.

I have already read the first seven paragraphs of this letter. I shall now proceed with the remainder:

At Monday's meeting—

May 19—

everybody was present—

This is the meeting which had been called at the instance of Mr. Cuthell and Mr. Daniel M. Sheaffer—

At Monday's meeting everybody was present. I never saw a Cabinet officer take such a courageous stand. He told the full meeting that he would like to avoid competitive bidding, but that that could only be done if all of the elements in the business agreed on some equitable distribution of routes, services, and compensations.

In other words, 2 days after the meeting the gentleman who suggested the meeting wrote to an officer of his company and told him that the Postmaster General said he wanted to avoid competitive bidding, but that the only way in which it could be done was for the operators to get together and agree on an "equitable distribution of routes, services, and compensation."

Whose compensation was that? Whose money was it that the Postmaster General was so flippantly saying to these gentlemen must be divided up and alloted among themselves? Eventually, it came from the hard-earned nickels and dimes and dollars of the men who contribute to create the wealth of this Nation. It did not come from these operators. It did not come in large part, unfortunately, from the gentlemen who drew $435,000 bonuses and salaries in 1 year. It came from the people who work and who toil. The Postmaster General told them, according to his statement, that they must agree upon an equitable distribution not only of routes but of services and compensation. A man with vision.

Let us see what else he said:

He suggested the appointment of a committee to prepare a new map and a new grouping of routes. Paul immediately countered with a suggestion that there be two committees—

That is in line with the report made by Mr. Wadsworth as to what happened. Continuing—

one representing those that already had mail contracts that would be extended, and the other representing companies with no mail contracts. Brown immediately answered that there was no assurance whatever that the old air-mail routes would be extended, and that such extensions—

Note—

depended entirely on the result of the committee's work and his approval thereof.

What did Cuthell say he said?

Nothing will be done until the agreement is reached. You—United Aircraft—you are here. I have it in my power to grant or withhold the certificate from you. Unless you agree with the others, nothing will be done in the way of a certificate until we have worked out this plan.

Reading further:

Bill MacCracken was present, representing Western Air and Pittsburgh Aviation Industries. We had Sheaffer and Maddux, representing T.A.T.; Doe, representing Eastern Air Transport; and Frank Russell, representing Curtiss-Wright Flying Service. Furlow was there also.

In other words, they had quite a representation.

The Postmaster General left the meeting, taking Glover and Wadsworth with him. I immediately nominated MacCracken to be chairman and obtained the support of everyone present, although I knew that Paul expected to have that position.

Each group thereupon named its representative. Paul was named by United; Hanshue, Thompson, Doe, Russell, and Sheaffer were the others. We withheld Maddux for the subsequent negotiations and because of his old troubles with Hanshue. Mayo attempted to limit the discussion of the committee by having it declare a policy that no new routes would be suggested which might increase the total amount to be expended beyond the appropriations. There is no such limitation in the law now, except in respect to contracts let after July 1, 1931. He also sought and obtained a statement from the Postmaster General that pioneer companies would only be those that had operated for over 6 months over 250-mile routes. That would exclude the Flying Service.

I have therefore urged upon Frank the necessity of persuading the Postmaster General that the Flying Service should be considered a pioneer, because it owns more planes, flies more miles, and many more passengers than any of the other contractors; that it has invested its own money without any contract or support from the Government; that it has provided airports, schools, and services which are just as important to the development of aviation, and which are proving just as unprofitable as the operation of passenger craft. It will be a very simple matter to prove that on a competitive bid—

Note this:

It will be a very simple matter to prove that on a competitive bid the Flying Service, because of its wider scope of operations over which its overhead can be distributed, can underbid a contractor carrying mail alone.

The whole plan of having the business divide up the Government's money—

Says the company's lawyer—

without competitive bidding will surely fail unless not only the Flying Service but perhaps other operators are taken into consideration.

The Postmaster General stated plainly that he would not welcome bidding—

Note this: It is said there is no evidence. Listen to the attorney, 2 days after the meeting—

The Postmaster General stated plainly that he would not welcome bidding by one company for lines in another one's territory.

Whom is this gentleman appearing for? For the Transcontinental & Western, the company that has been sending out propaganda for the last month, a great mass of it, in individual lots. It is the company of which Mr. Rickenbacker is an officer, the company of which Mr. Scheaffer and others are officers. What does this attorney say?—

The Postmaster General stated plainly that he would not welcome bidding by one company for lines in another one's territory, but stated that he would have to have such a competition unless an equitable arrangement could be made all around.

What does that mean? Let that be glossed over. Send out the word to the American people that somebody wants to try an issue before them on whether they believe in public honesty and public decency, or whether they believe that partisan spirit and special privilege should continue to override the honesty and decency that heretofore has existed in this Nation.

Continuing—

Obviously we cannot, in justice to the Flying Service, give up this possible source of revenue merely to accommodate lines which probably will not use our equipment.

Note that, "probably will not use our equipment."

It is equally obvious that there is a possibility here for an all-around trade.

The bill which is pending contains a provision divorcing the operating companies from the manufacturing interests. I invite those who are interested in knowing the extent to which the combination of companies has gone, to look at the chart which is on the wall, which will show a part of the combinations. It would be impossible to show all of them without covering the entire wall; but this chart shows a part of the interlocking directorates and stock ownership of these companies.

Notice what this attorney said, that these people probably would not use their equipment, and that it gives a chance for a good "all-around trade."

We have not yet been able to close the arrangements with Western Air. My guess is that Talbott is waiting to see what extensions Western Air could get before concluding the trade.

Listen to this. The Senate will remember that I read yesterday the beginning of the letter saying that certain representatives had already come to Washington about this extension to the Western Air.

By our aggressive moves last week—

Says Mr. Cuthell—

we have definitely blocked such a possibility and Hanshue understands what we have done. * * *

Doe will take a very firm position that Eastern Air is entitled on its performance to a most favorable consideration to an extension to Dallas—

But he did not get it—

which is along the lines of the route that the Postmaster General really wants established. In connection with this route, we have had several discussions with Coburn, the new president of the Aviation Corporation. I believe that Coburn, being a realist, is going to recommend that Aviation Corporation curtail its activities very sharply. He does not wish to join up in the Pennsylvania arrangement by which we hope to bring T.A.T. into New York in cooperation with the Pittsburgh group, Ball and Eastern Air Transport. * * *

I shall not read all the letter, but I desire to read now from a paragraph which shows what was done in the way of advertising:

He intends, therefore—

Says Mr. Cuthell—

to avoid the 40-cents-a-mile provision—

And that is what was done—

and get everyone flying both passengers and mail and receiving something like N.A.T.'s 80 cents day and 95 cents night flying rate. Assuming, therefore, that we cannot make a Western Air or Pittsburgh Aviation deal, I am confident that T.A.T. is going to get a mail contract, but I am certain that we will get a contract if we can make that combination.

I am certain that we can get a contract if we can make that combination.

Continuing:

I am fairly certain that Eastern Air will be granted an extension contract so as to enlarge its scope of operations to a point where it can afford to put in a considerable number of new planes.

The next step will be a report by the subcommittee to the full committee next Monday in Washington. It will be a miracle if this is a unanimous report, but by that time I hope to have more definite understandings with Western Air and the Pennsylvania group. I am very sure—

Says Mr. Cuthell—

that the P.M.G. will go the full limit to avoid competitive bidding, but the dangers to his own situation of overstepping his authority are obvious. Unless everyone is taken care of there may be an attack on the whole program in the courts, and unless the routes and the moneys are so clearly equitably distributed Congress simply will decline to appropriate more moneys at the next session or, indeed, may amend the bill so as to change his provisions radically.

But Mr. Cuthell said the third time:

I am very sure the P.M.G. will go the full limit to avoid competitive bidding.

And he did. I read the last paragraph:

Maddux is handling himself well, and Dan—

That is Sheaffer—

and Cheever—

That is Cowden—

are working very earnestly. Lindbergh has helped some, but the others in the group did not contribute very much except occasional attendance at meetings.

I have just read from a photostatic copy of a letter written by the attorney for the Transcontinental and Western, reporting what transpired at that meeting, 2 days after it occurred. In the face of that statement made by the attorney for the company, backing up the previous statements I have read from Coburn, from Hanshue, from Brittin, and from Sheaffer, is there any one who can deny that the object and purpose of that meeting was to do exactly what it did—to divide up the air-mail map, and to award the contracts to those who were specially selected, and not to those who earned them by competitive bidding?

Mr. President, having read from the evidence what took place there, I will call attention to the fact that, on page 2449 of the record, Mr. Brown specifically denies that this meeting continued or that any of its purposes continued after June 2, 1930. He also made the following statement in answer to a question I asked:

The CHAIRMAN. Then it is a fair statement, is it not, Mr. Brown, to say that the chief discussion among the operators under this meeting hinged around a plan to act under the Watres bill in awarding contracts by extensions or subletting or otherwise?

Mr. BROWN. That is correct; in line with the letter of the Watres bill.

The CHAIRMAN. And in such a way that there would be no competitive bidding?

Mr. BROWN. That is all they wanted to do—all of them.

Remember that on June 2, according to the evidence Mr. Brown gave before the committee, the whole transaction was closed. Now, let me show how far he departed from the facts. Mr. MacCracken made a report of this meeting, which was written on June 4. We only have a copy of that report, the original could not be found. Mr. MacCracken also wrote a letter to the Postmaster General on that date. We could not find the original letter; Mr. Brown did not turn it over to us; neither was it returned in the correspondence that he brought back after evidence as to the destruction by fire; but a copy taken from the files of Mr. MacCracken makes this statement, on June 4:

WASHINGTON, D.C., *June 4, 1930.*

Hon. WALTER F. BROWN,
Postmaster General.

MY DEAR MR. POSTMASTER GENERAL: The committee has instructed me to advise you that the representatives of all of the parties involved in the controversies desire to submit these controversies to you as arbiter and agree to be bound by your decision.

Faithfully yours,

———— ————.

On the same day there was submitted a report with an agreement, according to the statement, on 7 of the routes but a controversy as to the 5 remaining. The operators agreed as to 7 of the routes and made that recommendation to the Postmaster General. At the end of their statement they said:

The operators interested in the routes under controversy have all agreed to submit the issues to the Postmaster General, in the hope that a satisfactory solution may be reached. They request that an opportunity be afforded them to present their claims for consideration on the respective routes, in such manner and at such time as may be designated by the Postmaster General.

I shall ask here to have inserted in the RECORD as part of my remarks a copy of the report made by Mr. MacCracken, together with the names of the representatives.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

WASHINGTON, D.C., *June 4, 1930.*

Hon. WALTER F. BROWN,
Postmaster General of the United States,
Washington, D.C.

MY DEAR MR. POSTMASTER GENERAL: Pursuant to your invitation, representatives of the air-transport operators met on Monday, May 19, to formulate recommendations for the extension of the Air Mail Service, with a view to the participation in this service of air transport operators now engaged exclusively in passenger and express service.

This committee has held numerous sessions during the time which has intervened since the first meeting, and a list of those in attendance at one or more of these sessions is hereto attached.

The committee also submits with this report a map indicating its recommendations, as well as the problems which remain unsolved.

The committee has made a study of 12 routes, and has agreed upon recommendations as to 7 of these; while as to the remaining 5 there are still some matters in controversy.

RECOMMENDATIONS

No. 3. Omaha to St. Paul and Winnipeg: Northwest Airways (now flying entire route).

No. 4. Albany to Boston: Aviation Corporation.

No. 7. Denver to Kansas City: United States Air Lines (now flying route).

No. 8. Pueblo to Fort Worth and Dallas: Western Air Express (now flying route).

No. 9. Pueblo to El Paso: Western Air Express (now flying route).

No. 11. Great Falls to Lethbridge: National Parks Airways (only party in interest).

No. 12. Seattle to Vancouver: United, first schedule; Varney Air Lines, second schedule.

ROUTES WHICH ARE STILL THE SUBJECT OF NEGOTIATION

No. 5. Pittsburgh to Washington and Norfolk: Final terms not yet arranged.

No. 1. Los Angeles, San Diego, El Paso, Dallas to Atlanta.

No. 6. Dallas to Louisville: Atlanta to Dallas, Eastern Air Transport and Delta Air Service; Louisville to Dallas, Aviation Corporation and Curtiss Flying Service; Los Angeles, San Diego, El Paso to Dallas, Western Air Express and Aviation Corporation.

No. 2. Los Angeles, Albuquerque, Kansas City, St. Louis, Columbus, Pittsburgh, Philadelphia, and New York.

No. 10. Amarillo, Oklahoma City, Tulsa, and St. Louis (Tulsa cut-off): Kansas City to New York, Transcontinental Air Transport and Pittsburgh Aviation Industries; Los Angeles to Kansas City, Amarillo, Oklahoma City, Tulsa, to St. Louis, Western Air Express and Transcontinental Air Transport; Amarillo, Oklahoma City, Tulsa, and St. Louis cut-off, Western Air Express, Southwest Air Fast Express, Transcontinental Air Transport.

Because of the line of N.A.T. (United) south of Kansas City seemed to stand in the way of a proper solution of several of our problems, United has suggested that it abandon its line south of Kansas City and take over some other line of equal value; such line to be one that might be properly operated in connection with United's other lines. This would permit the clearing of the mid-transcontinental of its N.A.T. contract between Wichita and Kansas City, and would open the N.A.T. line south of Kansas City and Wichita for proper disposition in harmony with the Postmaster General's ideas. The suggestion has been made that Southwest Air Fast Express might operate the service on C.A.M. 3 south of Wichita and south of Kansas City.

The operators interested in the routes under controversy have all agreed to submit the issues to the Postmaster General, in the hope that a satisfactory solution may be reached. They request that an opportunity be afforded them to present their claims for consideration on the respective routes, in such manner and at such time as may be designated by the Postmaster General.

Respectfully submitted.

————— ————, *Chairman.*

United: Messrs. Henderson, Johnson, Wheat, Ireland, and Murray.
Transcontinental Air Transport: Messrs. Sheaffer, Cuthell, Maddux, and Furlow.
Western Air Express: Messrs. Hanshue and Woolley.
Northwest Airways: Messrs. Brittin and Smith.
National Parks Airways: Mr. Frank.
Varney Air Lines: Mr. Mueller.
Aviation Corporation: Messrs. Coburn and Hinshaw.
Southwest Air Fast Express: Messrs. Halliburton, Mayo, and Clark.
Eastern Air Transport: Messrs. Doe, Elliott, and Ottley.
Thompson Aeronautical: Messrs. Marshall and Denning.
United States Airways: Messrs. Holland and Letson.
Pittsburgh Aviation Industries: Messrs. Robbins and Hann.
Clifford Ball, Inc.: Mr. Clifford Ball.
Curtiss Flying Service: Messrs. Russell and Wright.
Delta Air Service: Messrs. Moore and Woolman.

Mr. BLACK. Mr. President, it will be noted that certain recommendations were made and certain claimants were named in this report. There appears on page 4613 of the CONGRESSIONAL RECORD of March 15, 1934, a detailed report from the Post Office Department showing that the recommendations were carried out in practically every instance and the reasons for the departure in the several instances where they were not carried out as shown by the evidence. Not only did they meet, not only did they agree as to the seven routes, but they threshed out the others, and in some of the instances after the date when Postmaster General

Brown had sworn before the committee that the matter was closed Postmaster General Brown himself was acting as the arbitrator, a kind arbitrator, deciding the amount of money that should be paid by one company to another in order that they might agree and get a route without any competition between them.

Now, let us see about that. Remembering that Postmaster General Brown says nothing else was done after June 4, I call attention again to the memorandum of D. M. Sheaffer dated June 9, 1930. I read the last paragraph. This was 5 days after the time Mr. Brown says that he had stopped. I quote from Mr. Sheaffer's memorandum made to his committee:

Last Thursday the operators made their report to the Postmaster General and asked that he review the unsettled matters with the operators involved to the end that a satisfactory arrangement may be obtained, and it was decided to abide by the decision of the Postmaster General with regard to the assignment of the routes in controversy.

What did that mean? It meant that he was to assign them and they were to agree to it. That would not have been necessary if there was going to be real, honest, genuine competitive bidding. He had to make no agreement with them as to whom they should be assigned. He knew that, and every other sane and intelligent man knows that when a report like that is made, it means that the Postmaster General was to decide these controversies where they did not agree, and to award the contract to the company he saw fit after they had arbitrated it and had been heard.

Remember also that according to a memorandum which I have previously put in, on July 15, 1930, more than a month after the date when Mr. Brown said the matter was closed, Sheaffer was reporting to his directors that, under the direction of Brown, they were arranging a consolidation with the Western Air Express and the Pittsburgh Aviation Industries, and that if this were done, the Postmaster General could and would award them the contract. Mr. Coburn, who had been the president of the Aviation Corporation, on page 1674, swore that the matters in dispute were left for the decision of the Postmaster General.

About that time, July 9, here is another evidence as to whether or not Mr. Brown was active and whether he had told them to wait. Halliburton had been insisting that he was going to bid if they did not give him a contract. Not only had he done it then, but the evidence in the record shows that the statement is that he was blocking the Watres bill in the House until he could get an agreement that he would get a contract. After the Watres bill was passed, he continued, as they say, to claim everything. Now let me read the telegram of Halliburton to MacCracken, found in Mr. MacCracken's files, dated July 9, 1930, pages 2449 and 2450 of the record. Here is the telegram:

When I and the other operators agreed that the Postmaster General should arbitrate controversy regarding air-mail routes, we believed that he would act under whatever authority the Watres bill gave him without unwarranted delay. If the Watres bill does not give him the authority, then he should act under whatever authority he had prior to the enactment of the Watres bill. Unless he takes immediate action under the Watres bill and grants to the air passenger lines air-mail contracts in accordance with the provisions thereof, then I shall be compelled to withdraw my consent to the Postmaster General to arbitrate the air-mail routes and demand not only the privilege of bidding on any additional route, but shall take the necessary legal action to require the canceling of any extension or route certificate that has been granted under the Watres bill. As chairman of the committee representing the operators, you will please advise me collect what action I can expect the Postmaster General to take.

(Signed) ERLE P. HALLIBURTON.

That is July 9. See what Mr. MacCracken replied:

MR. ERLE P. HALLIBURTON,
Berkeley Square, Los Angeles, Calif.:
Postmaster General is working on settlements of air-mail controversies.

More than a month after the date when Postmaster General Brown says it was all over. I read further:

States he is making progress but has not yet reached solution. Watres bill in effect repealed prior legislation, and he cannot act under that any more than he could under Watres bill that did not pass. Under circumstances believe it advisable you exercise patience in this situation.

Remember that while the Watres bill was up Larry King was here representing Halliburton. Ted Clarke wired Halliburton, according to page 1515, as follows:

Cannot say how much. Therefore time to bargain is before vote. Erle can phone me 7, your time.

At that time the Watres bill was pending. King says that a man had told the House committee:

This bill will never pass unless Halliburton gets a good contract; he has powerful backing both in the Senate and in the House, and if he chooses he can give us a great deal of trouble.

I read this to show how it led up to paying him $1,400,000 for his property to get him out of the picture.

Halliburton was represented in the May conference by Larry King and Ted Clark—Ted Clark, by the way, had previously been the private secretary to President Coolidge and former secretary to the late Senator Lodge.

Halliburton was also represented by Mr. W. B. Mayo. Mr. Mayo and Secretary Hurley both, according to the evidence of Mr. King found in the record, volume 4, page 1520, took up the Halliburton matter with President Hoover.

On June 30, 1930, Halliburton sent the following telegram to D. M. Sheaffer:

I do not consider that I have anything to gain by waiting until Congress adjourns. The Post Office Department should have acted on this matter more than a year ago, and if I could have secured the cooperation of those parties who now want me to cooperate, this matter could have long since been adjusted. Will be possible for me to leave here tomorrow afternoon for Washington, and unless I have definite assurance that there is to be an immediate adjustment I shall demand the right to bid on all extensions and new routes and am in better position to do this than anyone else in the business.

He was stating the truth. He was in a position to bid. He had the planes. He had been engaged in the service.

On August 4, 1930, a telegram came to Halliburton from W. G. Skelly, national Republican committeeman from Oklahoma, reading as follows:

After thorough analysis of the air-mail situation I am firmly convinced that it would be for best interests of you and your associates in Safeway to work out consolidation with T.A.T.

Remember, Halliburton had been insisting that he would not do it. August 4, 1930, Halliburton wired Skelly:

I do not intend to merge with or become connected with or associated with T.A.T., who prostituted names of Lindbergh and Earhart to general public and then asked the taxpayers to pay for such prostitution. If you care to sell your stock to T.A.T., I have no objection.

ERLE P. HALLIBURTON.

On August 5, 1930, Halliburton wired Skelly as follows:

Did not intend sarcasm by my wire. P.M.G. will not permit any of the operators to merge with Safeway. Northwest Air Lines and others have been warned if they interfere with plans of P.M.G. they will get no extensions of route certificates.

Remember, the Postmaster General had stated that no route certificates would be granted until an agreement was reached.

In volume 4 of the hearings, at page 1494, Mr. Halliburton tells why he merged. I read from the evidence:

The CHAIRMAN. Were you demanding the right to bid?
Mr. HALLIBURTON. Yes.
The CHAIRMAN. And was that right ever accorded?
Mr. HALLIBURTON. Well, I was advised, after considering the legality of the advertisements and everything, that to bid could only delay the thing and would most likely not secure a contract, and therefore was forced into a merger with the Aviation Corporation.

That does not sound like he merged because he wanted to do so.

At page 1491 of the hearings occurred the following:

The CHAIRMAN. Did you not go to see Mr. Brown himself about that very subject, and did you not go to see Mr. Glover, and did not Mr. Glover tell you finally, "I will ruin you if it is the last act of my life; you have tried to buck this thing all the way through, and you are not going to do it"?
Mr. HALLIBURTON. You know, I had so many conferences with Mr. Glover, several with Mr. Brown, in which at no time could we agree. I wouldn't know just when that statement was made, but I know that it was made.

The picture is there. The evidence has already been placed in the record that Mr. Glover had better watch his

step because he was favoring the N.A.T. too much. Paul Henderson was the representative of that company and the representative of T.A.T., and here is Halliburton, who had been insisting on the right to bid in order that he might assert this right, and who is told by Mr. Glover:

I will ruin you if it is the last act of my life; you have tried to buck this thing all the way through, and you are not going to do it.

Does that sound like a voluntary merger on the part of Mr. Halliburton?

Let us see what else he said:

The CHAIRMAN. Did or did not Mr. Glover make that statement to you at any time?

Mr. HALLIBURTON. Yes; he made that statement to me.

The CHAIRMAN. What reason did they give to you for insisting you sell out to the American Airways?

Mr. HALLIBURTON. They did not give me any reason. They alleged I was offering to carry the mail too cheap, using that as an excuse. Outside of that reason I don't know of any particular reason.

The CHAIRMAN. You were financially able to back up any mail aviation company you desired to operate, were you not?

Mr. HALLIBURTON. I would say that I was; yes; because I never have attempted anything that I first did not have finances to carry through.

The CHAIRMAN. Did you have an income at that time from your general business that would justify you in operating an aviation company even at a loss if you desired to do so?

Mr. HALLIBURTON. My income at that time was about three or four thousand dollars a day.

Here was a man able to bid and offering to bid. He was told that he would be despoiled if he attempted to "buck" their plan, and the excuse of those guardians of the public money, those "men of vision", was that he was offering to let the Government pay him too little money for his services to the Government. "Men of vision"! Let that be explained in the propaganda that is daily going out.

Mr. Halliburton found out where he was after the bids were advertised. A very interesting letter appears from Mr. Halliburton at page 1499 of the record of the hearings, addressed to Hon. Patrick J. Hurley, Secretary of War, and dated August 5, 1930, 3 days after the bids were called for. This is a very careful analysis of those bids. It points out their illegalities. It points out the same illegalities that the attorney for the Transcontinental and Western pointed out in his letter. Mr. Halliburton calls the attention of Mr. Hurley to the fact that if they are not careful about this matter it is going to be a blot on the administration. He called attention in his closing paragraph in these words:

If these contracts are awarded, as above outlined, I am quite certain it cannot help but result in an investigation of the Post Office Department, and due to the connection of Herbert Hoover, Jr., with the Western Air Express and the part which they will play in connection with the operation, I am sure it will result in serious criticism of Mr. Hoover himself, and for that reason, as well as personal reasons, I am passing this information on to you for whatever purpose you may care to use it.

Mr. President, I ask permission to have inserted in the RECORD at this point the entire letter of Mr. Halliburton to Secretary of War Hurley, to which I have just referred.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 5, 1930.

Hon. PATRICK J. HURLEY,
Secretary of War, Washington, D.C.

MY DEAR MR. SECRETARY: I regret that I must burden you further with matters concerning a Department with which you have no connection, but since I feel that I can depend upon you and you have signified that you were willing to help me in any matters which I might have here in Washington I am availing myself of this opportunity.

As you perhaps know, the Post Office Department has issued advertisements calling for bids on two transcontinental air-mail routes; one route extending from New York to Los Angeles, via St. Louis, Amarillo, Tex., and such other stops as may be designated, and the second route from Atlanta, Ga., via Fort Worth, Dallas, and El Paso, Tex., to Los Angeles, and such other points as the Postmaster General may designate.

It seems to me that in several particulars each of these advertisements violates the basic principle and spirit of the new air mail law, and clearly will have the effect of stifling all competition in connection with the extension of the Air Mail Service.

Certain provisions have been inserted in these advertisements which entirely eliminate all the air passenger lines and make only present air-mail contractors eligible as bidders over these routes, notwithstanding the fact that certain air passenger lines have been operating over these routes for over a year and have spent thousands of dollars in developing a passenger business.

Section 4 of the act approved April 29, 1930, clearly contemplated two separate procedures in awarding of contracts for the transportation of mail by air, the first procedure requiring open bidding as to routes carrying more than 225 pounds of mail per trip and the second being limited to routes carrying less than that poundage per trip. As to the second class of routes, requirement of the law is that the contract shall be awarded to the lowest responsible bidder who has been operating on a fixed daily schedule for not less than 6 months over a distance of not less than 250 miles. There is no such requirement as to the first class of routes.

The Post Office Department in its present advertisements has combined both provisions into a single bid, thus bringing into operation the provision that no one shall bid who has not been operating on a fixed daily schedule for more than 6 months and stretching this requirement to 6 months night flying, which eliminates all of the passenger lines which Congress intended should be benefited from this new piece of legislation.

Further, there is a provision in these advertisements permitting joint bids by two companies and providing that "the experience of either company or both will be acceptable insofar as the requirements of the advertisements are concerned." In other words, under the provision of the advertisements it will be possible for a company to obtain a contract which has been operating for less than 6 months, although the law specifically requires for the less than 225-pound routes that they must have been operating for more than 6 months. Here again this appears to be, on its face, a very clear violation of the law. Another and still more serious provision of both of these advertisements is the one to the effect that "in order for a bidder to qualify he shall submit evidence indicating he has had at least 6 months' active experience in operating aircraft on regular night schedules over a route 250 miles or more in length." This, of course, automatically eliminates practically every operator outside of those who are already air-mail contractors and actually eliminates the very class of operators which, it was generally expected, the new air mail law was aimed to help, namely, the companies which have been engaged in passenger carrying, and is contrary to the testimony of Postmaster General Brown before the House Committee on the Post Office and Post Roads; for, of course, Mr. Brown knew that none of the passenger carriers have been flying at night.

As I see it, the effect of these advertisements is to automatically eliminate the Southwest Air Fast Express and such other lines as have been established with a view to developing the passenger business.

The Postmaster General attaches to the advertisement, and makes it a part thereof, a formula which he calls "variable", which under certain conditions are additions to be paid for night flying, etc. Under this formula for paying contractors it is possible for the contractor to receive $1.61 per mile, while under the law the maximum is $1.25 per mile, which, to me, is clearly a violation of the act of Congress.

Certain small air-mail contractors, of which there are three, have been instructed that if they combine with the Southwest Air Fast Express, Inc., or any other air passenger line for the purpose of bidding on these two routes, that the Post Office Department will not issue to them a route certificate when their contracts expire and that they will be granted no extensions under the Watres bill until after the contracts have been awarded on these two routes. It is generally known in the industry that the Post Office Department intends that Western Air Express and Transcontinental Air Transport are to organize an operating company for the transportation of mail over the central route from New York via St. Louis to Los Angeles and that a subsidiary company of the Aviation Corporation is to be awarded a contract over the southern route from Atlanta, Ga., via Fort Worth, Dallas, and Los Angeles.

Why the Transcontinental Air Transport, which prostituted the names of Lindbergh and Earhart to the general public and then expected the taxpayers to pay for this prostitution, should be favored by the Postmaster General is beyond my understanding of all that is just.

If these contracts are awarded, as above outlined, I am quite certain it cannot help but result in an investigation of the Post Office Department, and due to the connection of Herbert Hoover, Jr., with the Western Air Express and the part which they will play in connection with the operation, I am sure it will result in serious criticism of Mr. Hoover himself, and for that reason, as well as personal reasons, I am passing this information on to you for whatever purpose you may care to use it.

With kindest personal regards,

Respectfully,

ERLE P. HALLIBURTON.

Mr. BLACK. Mr. Halliburton called attention to the fact that they had added night flying to the provision, and that they had combined a 40-cent rate with a $1.25 rate contrary to law. I also have a letter from the attorney of the Transcontinental & Western, passed to his own officers, stating that it was his judgment they could not combine the $1.25 bid with the 40-cent bid because it was contrary to law and would deprive some of bidding who otherwise could enter the picture. In other words, under the law

as it is written they could have called for bids for $1.25 on these lines from any company with or without 6 months' experience, but the 6 months' experience clause was applied to those who bid on the 40-cent basis. When the advertisements were issued, the bids were lumped together, so it added an additional restrictive clause, and it was this to which Mr. Halliburton called attention and to which the attorney for the Transcontinental & Western referred and stated that it might force the Comptroller General to reduce their bid to 40 cents per airplane-mile. Not only that, but they added a night flying provision which the Comptroller General held was illegal.

Let us see what Mr. Halliburton did after they threatened to ruin him. Let us see what he did after he pointed out to Mr. Hurley the matters to which I referred, and let us find out how much better Mr. Halliburton was treated with the representation he had than the other operators who were forced out of the picture.

The reason is not far to seek. Senators will recall the names I have stated as those representing Mr. Halliburton, and interceding in his behalf. He had friends at court. He had his letter in the hands of the Secretary of War. He had as his representative a man who had served as the secretary to Mr. Henry Cabot Lodge and as the secretary to President Coolidge. He had representing him Mr. W. B. Mayo, who is known to have had somewhat of a prominent place at that time. He had others whose names I have mentioned; and threats were being made to blot him out from the picture. He protested to the last minute.

What did he do?

On August 23, 1930—note the date, August 23, 1930—for the first time, Halliburton gave his option to the American Airways on the Safeways operation for $1,400,000. Note the price. Halliburton testified under oath that he believed the assets of the company were worth at that time from seven hundred to eight hundred thousand dollars; but the company which bought it did not think that. They had the property appraised by their own appraisers and fixed the value at $569,000, and they paid Halliburton $1,400,000 2 days before the bids were opened. In order, however, to appraise this property at $569,000 the company appraised the hangar at $205,000, which is shown on page 2966 of the record, although Halliburton testified under oath as to its value, saying, "We paid something over $100,000, about $150,000, for the hangar."

This property bought by the American Airways was actually sold to the Western Air Express for $284,000. If that was the actual value of the property, the overpayment to Halliburton to remove him from the picture was $1,116,000. Who will pay that? The company that pays it is the one that got the contract; and that company that year, in 1930, made enough to pay it off. My recollection is that the Western Air Express that year—I shall have the figures presently—made over a million dollars.

What happened then?

The American Airways made a contract with Halliburton for the purchase. Let us see how that happened.

The American Airways was the Aviation Corporation of Delaware. It was the company to which had been allotted the southern transcontinental route through Dallas. The Western Air Express and the T.A.T. were the two companies that had been allotted the middle transcontinental route. The American Airways permitted Halliburton to put in a bid on a part of the southern transcontinental route with one of their companies; but before they let him put in this bid they had him sign on the dotted line that if he got the contract it would be turned over to the American Airways if they wanted it, and, of course, they wanted it. He and the other company got the contract, and it immediately went to the Aviation Corporation of Delaware.

Mr. O'MAHONEY. Mr. President——

Mr. BLACK. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. Were the circumstances which the Senator has just described in any degree different from those which existed in the case of the air-mail contract for the route from Cheyenne to Pueblo which was canceled by Postmaster General New?

Mr. BLACK. Not a particle, except that this was probably worse. Postmaster General New did the very thing which the critics of this cancelation would herald as "un-American" when he canceled a contract like that.

These parties made the agreement, and I read from a part of that agreement. I will not read it all, but I will read one paragraph:

> Whereas Safeways is anxious to bid upon one of the said transcontinental mail routes—
>
> And it was—
>
> and to qualify itself as a bidder, therefor;
> Now, therefore, in consideration of the premises—

And so forth, and so forth.

In other words, Safeways had wanted to bid. Halliburton had been insisting that he should bid before the bill was passed. He demanded a promise from Glover, and, according to his representative, he got it. According to the statement of his representative, sworn to in the evidence, Halliburton had an agreement before the bill was ever passed, that he would be given a chance to bid, and the other operators bought him off. He stated time and time again that he was not only ready but anxious and willing to bid. He declared under oath; he placed it in his telegram; he put it in his letters; and the excuse given to him for not permitting him to do so was that he wanted to carry the mail too cheaply.

Think of that! An agent of the United States, a representative holding the high and exalted position of a Cabinet officer, telling a man who is seeking to do business with the Government, "I will not let you do business with the Government because you will not let me force the Government to pay you enough out of the hard-earned dollars and dimes of the American taxpayer.

A man of vision! Let that issue be taken to the country. If there is a "brain trust" to be formed by any party, I am sure that if its name is proper, that "brain trust" will never permit that issue to be put into the faces of the American people. Rest assured that the American people are honest. They do not believe in fraud, and they will not tolerate it, even to support the failing fortunes of a discredited party.

Now let us see why the American Airways bought out these people. I am not going to stop at that. I am going to refer to the sworn evidence of why they did it. There is no reason not to have the sworn evidence. It is in the record. I read from the evidence of Mr. Coburn, who was president of the Aviation Corporation when they bought out Mr. Halliburton. What did he say at page 1692?

> The CHAIRMAN. You were buying it because you had been told to; you were not buying it because of what they had done for the air?
>
> Mr. COBURN. That is true, but I wanted to find out whether they had done a good job.
>
> The CHAIRMAN. The impelling motive for buying it was because you were told to by the Postmaster General.
>
> Mr. COBURN. Yes, sir; and I had to come back to the executive committee and tell them this was the situation.
>
> The CHAIRMAN. You did not impress your executive committee with the idea of what it was worth; you impressed them with the fact that the Postmaster General had told you to buy?
>
> Mr. COBURN. The Postmaster General is always very careful to say, "I am not trying to tell you, Mr. Coburn, what to do with the assets of your company."
>
> The CHAIRMAN. He always told you, didn't he, he wanted you to take care of somebody?
>
> Mr. COBURN. I understood perfectly that it was necessary preliminary that Mr. Halliburton should be traded into a position that should be satisfactory to him.

Why, of course, no company with an officer with a thimbleful of brains would have bought out a company and paid $1,400,000 for it and then sold its assets for $269,000, unless they had to.

Let us see the next one. Let us see what Mr. Hinshaw declared under oath about the Halliburton purchase at page 1585. He was also the representative of the Aviation Corporation:

American Airways proceeded to try to deal with those people.

The CHAIRMAN. To buy them out?

Mr. HINSHAW. Yes, sir; and they did buy them out, and we were given to understand that there would not be, until the situation was cleaned up, and these people taken care of—that there would not be any advertisements for these two transcontinental routes. That is correct, what you said, sir.

There is the picture. They had already sworn that no certificate would be issued until they took care of these people. I have read that into the RECORD. Now here come the president of the company and the assistant to the president with their sworn statement that they bought out this company, not because they wanted it but because they had to remove it from the picture.

Why did they have to remove it from the picture? There was only one reason. Halliburton threatened to bid. He wanted to carry the mail too cheaply. It was a terrible crime of which Halliburton was guilty—so terrible that he was told by Mr. Glover that if he did not stop trying to buck them, he—Glover—would destroy him.

I desire to state here and now that there is no reason for anybody to get up on this floor, now or hereafter, and say that Mr. Glover had not been given a chance to testify. He was given the chance to testify, and it was stated in an open meeting of the committee when he was in the room that if he desired to testify the way was open to him.

Now, let us see what else happened in that trade. That was not all of it. It was necessary to get somebody else out, to work it all together. Here were two routes. The contract of August 23, 1930, provided that the Western Air Express agreed to buy 20,000 shares of its own stock from the American Airways for $1,115,000, or $55.77 per share. The last sale of that stock before August 23, 1930, had been at $34.50 per share; and the Western Air Express agreed in that contract to buy this stock at $55 per share.

Why did they do that? In a memorandum which was restored to the committee after it had been removed from Mr. MacCracken's files, and which is in this record, or in the CONGRESSIONAL RECORD, Mr. Hanshue explained why they did it. It was because they were forced to do it. He explains it in the memorandum.

In other words, the company bought 20,000 shares of its own stock for $1,115,000, being $425,000 more than the 20,000 shares would have brought at the price realized at the last sale of that stock. This contract also agreed to let the Postmaster General arbitrate the value of the Los Angeles property of the Western Air Express between the amounts of $300,000 and $500,000; and the Postmaster General did arbitrate it, and raised it from $300,000 to $406,000. That was long after the Postmaster General had sworn that it was all over so far as he was concerned.

Mr. President, that was not the only company they needed to get out. There was another, a little company down there, which did not have as much political influence as this one. It did not have these gentlemen representing it, but it was a pioneer company, and it was threatening to bid. It wanted a contract. I refer to the Delta Air Service. It was in the way. It was about to block the award of these contracts to the lines which the Postmaster General had selected, to wit, the Aviation Corporation of Delaware for the southern lines, and the Transcontinental & Western for the middle lines.

The Delta Air Service was a claimant to this line, according to the MacCracken report. Let us see what happened to them. Let us see whether they sold out because they wanted to sell. This is what their man, Mr. Woolman, said (p. 1605):

The CHAIRMAN. Did Mr. Grosvenor tell you anything about what Postmaster General Brown had told him?

Mr. WOOLMAN. I do not recall that he did, except that we were to get together.

The CHAIRMAN. You were to get together?

Mr. WOOLMAN. On a satisfactory basis to American Airways, ourselves, and the Post Office Department.

The CHAIRMAN. Mr. Brown had told you that, had he not?

Mr. WOOLMAN. Yes, sir.

The CHAIRMAN. When Mr. Brown told you you would have to get together, what did he say as to what way you would have to get together?

Mr. WOOLMAN. I do not think that he stated exactly how we would have to get together at all.

The CHAIRMAN. Did he say to get together on carrying the mail, or that you would have to sell out and they would have to buy you, or what?

Mr. WOOLMAN. I think he left that open, naturally, but it was understood, in discussing the matter with him later, that we would probably—we told him it seemed we would have to sell out to him and we were not entirely satisfied with the figure, and he assured us American Airways would do the right thing; he was sure.

The CHAIRMAN. That was Postmaster General Brown?

Mr. WOOLMAN. Yes, sir.

What business was it of the Postmaster General to be telling a pioneer operator, who had been operating a line, the first line that was ever operated on the way he flew, to sell out to the American Airways? Who can defend any such conduct without a blush coming on his face? What business was it of the Postmaster General?

Let us see what Mr. Hinshaw said they told him to do about that company, remembering it was threatenig to bid. Pages 1586 and 1587:

The CHAIRMAN. Did you not keep Mr. Woolman informed as to Mr. Brown's attitude?

Mr. HINSHAW. Yes; because we had some difficulty in arriving at a price with Mr. Woolman for his service.

The CHAIRMAN. Why was it necessary for Mr. Brown to be consulted about that?

Mr. HINSHAW. Mr. Brown laid down the premise that we had to buy them out, and I rather suspect, when they found they had to be bought out, they put up their price.

Who was it who said that? It was the paid representative of the American Airways in the transaction who stated that under oath.

Now I read what Mr. Coburn said, as appears on page 1683:

The CHAIRMAN. Who told you to buy them out?

Mr. COBURN. Oh, the Postmaster General had put us through that territory and it was up to us to make a satisfactory arrangement with them.

Why was that? Let us see what happened to this company which did not have the political influence which Mr. Halliburton had behind him. Remember, Mr. Halliburton sold his property for $1,400,000, and the assets were later sold to the Western Air Express for $269,000. I read from page 1607:

The CHAIRMAN. Well, the question is, Did you want to continue to operate a line?

Mr. WOOLMAN. Yes, sir.

The CHAIRMAN. Or did you want to sell?

Mr. WOOLMAN. I preferred to operate.

The CHAIRMAN. You had been in that business how long?

Mr. WOOLMAN. In airplane operations since 1925.

The CHAIRMAN. And you sold because you had to, did you not, Mr. Woolman?

Mr. WOOLMAN. Well, it was that or else.

The CHAIRMAN. What percentage of what your company cost you did they finally pay you?

Mr. WOOLMAN. I think we received approximately 50 cents on the dollar for the money we had spent in our operations.

The CHAIRMAN. And that was in the development of that route?

Mr. WOOLMAN. Yes, sir.

Therefore, it will be seen that the Postmaster General was directing them how to act, whom to buy from, whom to remove from the picture.

WINNIPEG EXTENSION

Remember, the Winnipeg route had been assigned to the Northwest Airways by the agreement, and it was shortly after this that the Postmaster General sent to the Comptroller General a request for an opinion in order to know whether or not they could let that route by extension.

The MacCracken report, which it is said was abandoned, assigned that route to Northwest Airways, by agreement, and on July 9, 1930, the Postmaster General, carrying it out, wrote to the Comptroller General, saying:

The Northwest Airways, Inc., has indicated to the Department its desire to have its route extended under the provisions of this bill to Winnipeg and to Omaha, and the Department is desirous of so doing.

Of course it was desirous of so doing. Had they not agreed upon it? Was that not a part of the pie that was

to be allotted to the Northwest Airways? Was not that a part of the spoils?

On July 24 the Comptroller General wrote a letter declining to hold that extension legal. I shall not go into the merits of that.

On August 2, 1930, there were advertisements for bids on the two transcontinental routes, on the ninth day after the Winnipeg decision, immediately after the Winnipeg decision. They had tried to see whether or not they could get that decision from the Comptroller General, trying to extend lines all across the country, by extension, under paragraph 6, and the Comptroller General would not let them do it.

What did they then do? Mr. Hinshaw said that when the Winnipeg decision came out, Postmaster General Brown almost had a stroke of apoplexy. Why? Because it was interrupting the plans. So, 9 days thereafter, they called for advertisements on the two routes as a formality.

Note this. Let us see who was controlling and putting those advertisements out. The Postmaster General was supposed to have the power, but on August 1 we find a telegram from Hinshaw, the representative of the Aviation Corporation, to Wadsworth, superintendent of mails, saying (p. 2340):

We are satisfied to have advertisements published tomorrow.

Why was it necessary for the Aviation Corporation to give its consent to have an advertisement published for the southern route?

On the next day, when the Aviation Corporation had consented, the advertisements went out, on August 2.

It will be remembered that Mr. Hinshaw has stated, as shown on pages 1591 and 1592, that there was an agreement about bidding, and it will also be recalled that Mr. Halliburton had pointed out that this advertisement called for restrictions which the law did not permit.

Not only that, but in a letter of November 17, 1930, by Mr. Cuthell, the attorney for the Transcontinental & Western, we find this statement about this particular advertisement, backing up exactly what Halliburton had stated:

It may be that the Comptroller intends to deal generally with their contracts—

Speaking of aviation—

as well as ours, in which event there would be some common ground for presentation of argument. On the other hand, it may very well be that the Comptroller will disapprove of this particular payment on a special ground that exists in the Aviation Corporation case which does not exist in ours.

You will recall that after the contract was awarded on the 40-cent basis—

This is not some outsider talking; this is the attorney for the Transcontinental & Western:

You will recall that after the contract was awarded on the 40-cent basis and before flying had actually commenced, and of course before the volume of mail increased over the 225 pounds per trip, there was an amended award by which the Government agreed to pay about 85 cents. I am at a loss to find any legal justification for the amended award.

My own feeling (which is not based on any intimation from official source) is that the Comptroller may sustain the Aviation Corporation's contract as well as our own as a valid 40-cent contract—

That man knew what the law was. He was their lawyer. As a matter of fact, it never should have been sustained for a penny over 40 cents, even if it could be sustained at all—

but hold both illegal in respect of payments under the $1.25 provision, because there are no statutory qualification tests in respect of proposals under the $1.25 basis where there are a few in respect of the 40-cent basis. There is no doubt at all that several companies which would have been qualified under the $1.25 basis, such as Curtiss-Wright Flying Service, were prohibited from bidding because of the inclusion of the statutory tests under the 40-cent arrangement as well as by the night-flying regulation.

Conceived in fraud? Every imaginable restriction was imposed so that the attorney for one of the companies is compelled to write to one of his associates that the thing is illegal. Yet this is the attorney for the company which has been sending out this propaganda, the attorney for the company in which Mr. Rickenbacker is an officer.

Now we find that they wanted to impose some restrictions, so we find here a photostatic copy of the first suggestion as to putting in night flying.

Now, who would Senators suppose inserted this restrictive clause? Naturally, Senators might think it would be the Postmaster General. It might be thought, at least, it was one of his subordinates, but it was not. Here is the photostatic copy showing who it was. It was Mr. William P. MacCracken—not an officer of the United States, but a paid representative of the very companies who wanted to restrict other companies from bidding. If there is any question about it, here are the photostatic copies as proof. No one has denied them. The Comptroller General held it illegal. Everybody else who has known anything about it has known it to be illegal; but it stood there.

It was 2 days before the day these bids were finally opened that Halliburton, the Western Air Express, and the Aviation Corporation made their agreement. Therefore, Halliburton could not bid. Of course, when the Aviation Corporation and the Western Air Express agreed with each other, they did not bid against each other. They were adjusting the differences between them as to the property that would be bought.

At this time I wish to call the attention of the Senate to the fact that the Supreme Court of the United States, in the case of McMullen against Hoffman, One Hundred and Seventy-fourth United States Reports, page 649, has expressly and unequivocally held that such a combination is a nefarious one. This combination, however, was not only approved by the companies but it was approved by the Post Office Department and by Postmaster General Brown, the man with the vision.

Now let us see what was stated about that bid by a man who knew about as much about what was going on as anybody in Washington. He had been an Assistant Postmaster General. He had been an active Republican for many years. He had been close to the powers that were in control. He was here reprcsenting aviation companies. He knew so much about this bid, and assisted the Transcontinental & Western to such an extent, that after they got their contract they wrote him a letter and thanked him for the services he had rendered to them for obtaining this contract. Here is the letter:

OCTOBER 9, 1930.

DEAR PAUL: Now, that the smoke has cleared away, and T.A.T. and Western Air Express have been awarded a contract and have set up a new operating company, I have a little breathing spell, and I wanted to drop you a note to express our appreciation of your great help in bringing about this conclusion wh.ch was so important to our welfare, as well as the welfare of the aviation industry.

I personally greatly value your assistance and cooperation, and at any time that I can be of assistance to you I hope you will not hesitate to call on me.

With kind regards, etc.

D. M. SHEAFFER.

Now let us see what this man Henderson, whom he thanks for his assistance, said about how that contract was awarded. In volume 7 of the record, pages 3095 and 3096, let me read what Mr. Henderson said about how this particular contract was awarded. I shall read what he said to his board in the report he wrote out, which he said he and the board worked over together, in which he referred to the Postmaster General and what occurred in May 1930:

He then invited all of the operators who were at that moment operating air-mail contracts, as well as those who were seeking Government help for passenger lines, to suggest to him changes in the air-mail map by the addition of two transcontinental lines and other lines not then in existence. He further invited them to try to agree among themselves on which of the operators should operate those new lines which he wished to create.

I continue reading further along in the report. He says:

Although these two biddings took the form of usual Government mail-contract biddings, they were in fact not competitive, since the Postmaster General had dealt with potential bidders to a point where all were eliminated except the successful bidder in each case.

Who said that? The vice president of the United Airways in a report made to his directors, which he said he and the

board worked over together. That is how the so-called "competitive-bid" contract was awarded.

I have already called the Senate's attention to the memorandum of Mr. Sheaffer, in which he gave a full statement on this subject; and at this point in my remarks I ask to have printed in the RECORD his memorandum of July 15, 1930.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, it is so ordered.

The memorandum referred to is as follows:

MEMORANDUM COVERING IMPORTANT POINTS IN THE DEVELOPMENT OF A CONSOLIDATED OPERATION. T.A.T., INC., AND WESTERN AIR EXPRESS, INC., AS PRESENTED IN THE ATTACHED AGREEMENT CONTEMPLATING THE FORMATION OF AN OPERATING COMPANY

To the Executive Committee, T.A.T., Inc.:

Since the early days of organization, in 1928, T.A.T. has endeavored to effect corporate and operating relations with Western Air Express. This was recognized as important by the executives of both companies by reason of the competitive service operated between Los Angeles and San Francisco, and later between Los Angeles and Kansas City.

The airway mileage operated by T.A.T.-Maddox is 2,344 miles, while that of the Western Air Express in competition is 2,228 miles, which includes the service from Amarillo to Tulsa, so that the airway mileage operated is very close.

In the past the difficulties that the executives of T.A.T. encountered were largely due to the fact that Western Air Express enjoy a very profitable air-mail contract between Los Angeles and Salt Lake City, all of which prompted the desires on the part of the Western Air Express to maintain and retain their corporate position and individuality in the air transportation business.

Negotiations pointing to some form of consolidation have been working ever since. With the enactment of the Watres bill—legislation intended to assist passenger-carrying lines as well as to establish a more scientific basis of pay for the carriage of air mail—the present Postmaster General, the Honorable Walter F. Brown, called the operators together early this spring, asking that they endeavor to work out among themselves three transcontinental air lines, namely, the present northern route, a central route via St. Louis, and the southern route via Atlanta and Dallas; these three routes to be operated by independent companies, separately owned and managed, and competitive in service.

For the central transcontinental, New York to Los Angeles-San Francisco, via Philadelphia, Pittsburgh, St. Louis, Tulsa, Kansas City-Amarillo, it was the desire of the Post Office Department that this be operated by one company, and as T.A.T. and the Western Air Express were the two important factors operating large mileage on this route it was the Postmaster General's suggestion that these two lines consolidate or in some manner work out an operating arrangement to that end. Other consolidations and rearrangements of air service became very much involved, to the end that the report of the operators to the Postmaster General left very much unsettled, but the operators agreed unanimously that the Postmaster General should act as umpire in settling and working out such rearrangements as might be necessary, to the end that three transcontinental lines would be established, and the operators agreed to abide by his decision.

In view of the fact that the operators were unable to decide among themselves to a full conclusion many of the major problems, the Postmaster General naturally has taken those problems up in their order of importance, the first being that of the central transcontinental.

Early in the year, recognizing the possibilities of economies that might be effected as a result of the consolidation with the Western Air Express, and also recognizing the fact that to secure a transcontinental mail contract it would require some form of consolidation, the executives of T.A.T. again approached the subject with the Western Air Express. These negotiations were carried on for several months, but the demands of the Western Air Express were too exacting, namely: Requesting an exchange of 5 for 1 and a very heavy participation in the outstanding options of T.A.T. This basis of exchange of stock was not felt to be justified, in view of the fact that the book value of the two companies was about 3 to 1 and the cash or quick assets were on about the same basis, as well as other potential factors taken into consideration. Finally these negotiations were terminated, as the Western Air stated they would not be willing to give up the identity of their corporation.

The Postmaster General having indicated that he could and would arrange so that an air-mail contract award would be properly made to the central transcontinental, providing the two companies organized for the operation of the service, T.A.T. got together with the Western Air Express on a plan to form an operating company, on the following basis, namely:

That our physical property on the line or route should be put into a new company at its depreciated value, and any difference in these property accounts should be made up by dollars, on the basis of both companies having a like interest in the new transcontinental company; that a third party, namely, the Pittsburgh Aviation Industries Corporation, which organization had done a great deal of valuable work in developing a new airline across the State of Pennsylvania, should have an equitable interest.

These negotiations have been carried on in detail in conference with the Postmaster General, and the agreement submitted is the result.

The statement attached presents figures as they relate to the property accounts, etc., of the two companies, namely, T.A.T. and Western Air.

T.A.T. will retain in its accounts its entire miscellaneous organization and corporate expense, the land and property at Monterey, Dodge City, Las Vegas, and Gallup, the land and property at Clovis, N.Mex., less the removable property, and the hangar and passenger station at Waynoka. The property and cash account, after turning in certain property to the new operating company, will approximate $4,800,000. The depreciated value of the property turned in to the new company by T.A.T.-Maddux will be $2,400,000.

The depreciated value of the property of the Western Air Express will be $2,148,000. This is subject to some revision, as the sale value of the land of the Los Angeles Terminal at the time the Western Air Express, Inc., purchased the property is to be determined by the Post Office Department, and this land is to be included at that value. Such adjustments as may be made as a result will to that extent affect the asset value of T.A.T.-Maddux.

T.A.T. today is suffering substantial losses and has been experiencing these losses since it started operations, July 1929; the Western Air Express are also suffering heavy losses on their passenger-carrying lines, but these losses are being largely made up by their mail contract on the Salt Lake route. It is fundamentally important and necessary that T.A.T. secure a mail contract; it is of strategic importance that the transcontinental line be one company; it has been determined that the only satisfactory solution is the one proposed in the attached contract with the Western Air Express, Inc.; and if the mail contract is secured it will be the means of turning our red figures into black.

It is believed that the arrangement proposed, while it seems to exact heavy tolls and contributions on the part of T.A.T., is the best that can be worked out, and, in all, after considering the many potential factors, that it will result most favorably and advantageously to the corporate interests of the Transcontinental Air Transport, Inc.; and under such an operation the new company, operating between New York and San Francisco via the route of Pittsburgh, St. Louis, etc., bids fair to become the most important in volume of traffic and character of operation of any air line in the world.

The attached contract and agreement as between T.A.T. and the Western Air, together with the exhibits, all of which are in sufficient detail, and which have been approved and accepted by the Western Air Express, Inc., are presented for your consideration and action today, with a favorable recommendation.

Respectfully,

CHAIRMAN EXECUTIVE COMMITTEE.

JULY 15, 1930.

Mr. BLACK. On page 1648, Mr. Sheaffer's memorandum said:

These negotiations have been carried on in detail in conference with the Postmaster General, and the agreement submitted is the result.

That is a month and a half after the time when the Postmaster General had testified under oath that this whole thing—the agreement between T.A.T. and Western Air—was called off. Now, let us see how much it was called off. I asked Mr. Sheaffer, on page 1572, as follows:

The CHAIRMAN. The Western Air also wanted you to pay a great deal more for their property than it cost them?

Mr. SHEAFFER. They wanted us to take the property and pay more than a 50-percent basis—than a 47½-percent basis.

The CHAIRMAN. And you reported that fully to Mr. Brown, did you not?

Mr. SHEAFFER. Yes, sir.

The CHAIRMAN. And told him?

Mr. SHEAFFER. I told him——

The CHAIRMAN. And told him each movement you were making and how you were getting along and what it was hanging up on?

Mr. SHEAFFER. Yes, sir.

The CHAIRMAN. You wrote him about it, too, did you not?

Mr. SHEAFFER. Possibly I did.

The CHAIRMAN. You wrote him more than three or four letters?

Mr. SHEAFFER. Yes, sir.

The CHAIRMAN. How many did you write?

Mr. SHEAFFER. I could not tell. I have not the number in mind.

On page 1573, volume 7, is a memorandum for the Honorable Walter F. Brown in which a complaint is made that the Western Air Express wants to increase the value of its land and the T.A.T. does not want to pay it. Then I asked Mr. Sheaffer:

Did you go to see General Brown about the disagreement over the values?

Mr. SHEAFFER. We did.

The CHAIRMAN. Did you present the matter to him to determine what the property was worth?

Mr. SHEAFFER. Yes, sir.

The CHAIRMAN. Did he arbitrate it for you?

Mr. SHEAFFER. It was very difficult, Mr. Chairman, to get the appraised value of that land.

The CHAIRMAN. Did he arbitrate it for you?

Mr. SHEAFFER. Yes, sir. He set an appraised value of the land through the inspectors of the Post Office Department.

The Postmaster General had the inspectors of the Post Office Department going over the country appraising the value of property between two private companies in order that they might combine and deprive the Government of a competitive bid.

Mr. Hanshue said, on page 2902 and page 2903:

Mr. HANSHUE. We combined before it was advertised.

The CHAIRMAN. Before it was advertised?

Mr. HANSHUE. Yes, sir.

The CHAIRMAN. And you combined conditionally on getting it, did you not? It was a conditional combination, was it not?

Mr. HANSHUE. No; I think the original agreement with T.A.T. was not conditional. I don't remember.

The CHAIRMAN. Do you mean that if you had not gotten that line that this corporation would have stayed organized and that you would have stayed merged with T.A.T.?

Mr. HANSHUE. No; I did not understand your other question—you mean conditionally on securing a mail contract?

The CHAIRMAN. Sure.

Mr. HANSHUE. Yes, sir.

The CHAIRMAN. So that the combination was made conditionally on getting a mail contract, wasn't it?

Mr. HANSHUE. Yes.

On page 2912 I asked Mr. Hanshue this question:

The CHAIRMAN. If anything had been said about—if you had thought it was competitive bidding, you would have gone on and taken your chance—

Listen to this:

on competitive bidding rather than to have combined with a company that you objected to combining with, would you not?

Mr. HANSHUE. Yes, sir.

The CHAIRMAN. You reached the conclusion, did you not, Mr. Hanshue, after a month or two there, and many discussions, that your only chance to get any kind of a contract over your lines was to combine with the T.A.T.?

Mr. HANSHUE. Yes, sir.

The CHAIRMAN. And that is the reason that you combined, and the only reason, is it not? You still objected to it when you did it, did you not?

Mr. HANSHUE. Yes, sir.

Mr. Hanshue wanted a mail contract. His only chance was to combine.

Senator McCARRAN then asked him, on page 2943:

Senator McCARRAN. So your entering into the agreement with T.A.T was by reason of the rather direct suggestion that you would have to do that, or you would not get a contract; isn't that true?

Mr. HANSHUE. Yes.

Later on—and I quote from his testimony—he responded to questions asked by Senator McCARRAN, as follows:

Senator McCARRAN. Just one or two questions more—the reason you would have to stop operating was, of course, because you could not get a contract. That is true, isn't it?

Mr. HANSHUE. Well, because we could not afford to run the passenger line at a loss.

Senator McCARRAN. You had to have a contract in order to run the line?

Mr. HANSHUE. Had to have a mail contract.

In order to show that fraud and collusion usually run the same course, I wish to read a resolution adopted by the United States Senate in 1834 with reference to an exact combination such as this. The report is dated June 9, 1834, a hundred years ago.

Resolved, That it does appear that an agreement was entered into between two companies of mail contractors, the express object of which was to put down all opposition lines of coaches, and all competition in the transportation of passengers on their respective mail routes. That said agreement was drawn by an officer of the Department, and entered into at his pressing instance, and that it was sanctioned by the Postmaster General; and that such agreement, so sanctioned, is an interference with the honest pursuits of the free citizens of these United States; that it tends to establish an odious and oppressive monopoly, and is an unjust invasion of private rights.

Exactly the same thing. Here is Hanshue swearing that they made him combine; that the Postmaster General forced him to do so. The Senate of the United States, a hundred years ago, expressed its disapproval of such conduct, and I believe that the people of this country are still honest and still opposed to any such pernicious practices.

I call attention to the fact that on page 2946 of the record Mr. Hanshue gave evidence with reference to the agreement made between his company and T.A.T. I ask to have inserted in the RECORD at this point, as part of my remarks, certain marked paragraphs in volume 7, pages 2946 and 2947, with reference to this agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From vol. 7, pp. 2946 and 2947]

The CHAIRMAN. Stating that those two companies would bid on those two routes?

Mr. HANSHUE. That is right.

The CHAIRMAN. And the Western Air, that was making the bid jointly with Transcontinental, was the same company that you had authority to bid on either or both of those routes in full; that is right, isn't it?

Mr. HANSHUE. Yes.

The CHAIRMAN. But you did agree here that the Transcontinental and Western Air jointly would bid, didn't you, on the middle route? That is correct, isn't it?

Mr. HANSHUE. Well, we stated that we were going to bid.

The CHAIRMAN. And this was an agreement, wasn't it—it starts off: "This agreement made and executed this 23d day of August 1930"—you agreed to the terms in his contract, didn't you?

Mr. HANSHUE. Sure.

The CHAIRMAN. And did you not also agree at the same time that a bid would be made on the southern route by the American Airways through its subsidiary—that is correct, isn't it?

Mr. HANSHUE. Yes; it says so.

The CHAIRMAN. And didn't you go further and agree there that there were various adjustments that had to be made between the companies in order for those bids to regulate the affairs of the company after the contracts were awarded?

Mr. HANSHUE. Well, we agreed to buy certain equipment from them and to sell them certain equipment.

The CHAIRMAN. And both contracts were entirely contingent, at your suggestion, were they not, upon the Transcontinental obtaining the middle route and the other one obtaining the southern route?

Mr. HANSHUE. Certainly it was all contingent on that.

Mr. BLACK. Mr. Hanshue had here a man named Woolley. Mr. Woolley was his representative; he was also a paid representative. He told all about how this happened. He told about Mr. Hanshue calling up over the long distance to his office in California at 3 o'clock in the morning in an effort to determine whether or not he should yield to the coercion by combining with T.A.T. That evidence is most interesting, and I ask at this point to insert in the RECORD, as a part of my remarks, the evidence of Mr. Woolley, which is found in volume 7, pages 2845 and 2846.

The PRESIDING OFFICER. Without objection it is so ordered.

The matter referred to is as follows:

[Vol. 7, pp. 2845 and 2846]

Mr. WOOLLEY. Mr. Hanshue had agreed to take certain assets and sell them certain assets on this other line, if it got the contract down there.

Through the information I had I realized how they had been brought to Mr. Hanshue or the other gentlemen concerned. And it constituted a very definite program to eliminate certain independent bidders from bidding on these contracts.

We argued that thing out in the Carlton Hotel until about 3 o'clock in the morning. Mr. MacCracken and Mr. Bishop were present. Mr. MacCracken repeated what other lawyers had told me about what was right and what could not be done, and had discussed it informally with some members, and if the administration wanted it done that way it would be all right, and all sorts of arguments, and I finally told Mr. Hanshue I thought he should fight. He said to fight Brown on this thing would take a million dollars. I said, "You better spend the million than to give them six and one-half million without a fight."

About 3 o'clock in the morning he seemed to be persuaded to my point of view. At that time he said he wanted to telephone the coast. I don't know whom he contacted. He went in the other room. I understand he called Mr. Chandler or Mr. Garland—couldn't get one of them, and got the other.

The CHAIRMAN. Who is Mr. Chandler?

Mr. WOOLLEY. The owner of the Los Angeles Times, who was one of the principal supporters of Mr. Hoover in the campaign of 1928. Mr. Garland is the Olympic man, a very wealthy man, delegate to the Republican National Convention of 1928. They are both men of business standing and friends of Mr. Hoover. He called Mr. Talbott, who was on the board of directors.

The CHAIRMAN. Who is Mr. Talbott?

Mr. WOOLLEY. Chairman of the board of Richfield Oil Co. He came back after he had been in there awhile and said one of these first two gentlemen he contacted told him not to do anything that would embarrass the President. Of course, these gentlemen came into Western Air Express purely as a matter of pride. They did

not care anything about the investment—it was infinitesimal in their holdings—and with their relations with Mr. Hoover, we should do nothing to embarrass the administration, and Mr. Talbott told him I was young and excitable, and you would never get anywhere fighting, you better do what the Postmaster General wants you to do if you are going to get along. * * *

The demands Mr. Hanshue told me of were that he was to buy certain assets and to take off their hands certain Western Air stock that they held, and in turn he was to sell them Western Air's assets on the southern line; and as a further consideration there had existed some contract or other between Pittsburgh Aviation Industries and T.A.T. with regard to sharing of that transcontinental route, if T.A.T. got it. I think it was based on some mileage principle, and when we first heard of that I insisted, and Mr. Hanshue insisted that it should come out of T.A.T.'s share of these holdings, that it was a contract with T.A.T., and Hanshue told me he had been in with Mr. Sheaffer to see Mr. Brown and Mr. Brown insisted that Pittsburgh Aviation would take a smaller portion but that it must come out of the middle. I told him, "You are giving control of your company away"; he was supposed to have a managerial contract that gave Western Air Express the management of the combined line, T. & W. A., for a year, but giving voting control into the hands of these eastern people that had a preconcerted agreement before we ever went into the negotiations at all, and I didn't like it, and he didn't like it, but he seemed to think the Postmaster General would not give him anything if he did not take that.

Mr. BLACK. I desire to read just a little as to whom he called up. He said:

About 3 o'clock in the morning he seemed to be persuaded to my point of view. At that time he said he wanted to telephone the coast. I don't know who he contacted. He went in the other room. I understand he called Mr. Chandler or Mr. Garlland—couldn't get one of them, and got the other.

The CHAIRMAN. Who is Mr. Chandler?

My recollection is, I might state here, that one of the editorials that has been placed in the RECORD is from the Los Angeles Times.

Mr. WOOLLEY. The owner of the Los Angeles Times, who was one of the principal supporters of Mr. Hoover in the campaign of 1928.

Mr. Garlland is the Olympic man, a very wealthy man, a delegate to the Republican National Convention of 1928. They are both men of business standing and friends of Mr. Hoover.

This evidence of Mr. Woolley shows that the combination that was made between these two companies was made over the vigorous protest of the Western Air Express, and the testimony of Mr. Hanshue which I have already read shows exactly the same thing.

Mr. Woolley also testified, on pages 2846 and 2847, with reference to the transaction, and I ask unanimous consent to insert that in the RECORD.

The PRESIDING OFFICER. Without objection it is so ordered.

The matter referred to is as follows:

[Vol. 7, pp. 2846 and 2847]

Mr. WOOLLEY. That was the thing that aroused my feeling of possibly this thing not being right. I went down to the Aviation Corporation about that time, and Mr. Coburn, president of the company, was standing at the door, and Mr. Hinshaw was at his desk inside the door. Mr. Coburn said, "I don't like to be a party to this sort of thing, but I guess we have to do it."

Sometime previous to that Mr. Hinshaw told me he had made a trip to Tulsa with a view to seeing if he could absorb Halliburton; and when he came back he said Halliburton wanted $1,700,000 and it was ridiculous.

At this time I learned that Mr. Coburn, through pressure from the Postmaster General, was to take Mr. Halliburton out for $1,400,000. I said, "That is a 'hell' of a lot for what he has got"; and Hinshaw said, "You are not getting out of it; you fellows have to pay your share." He meant, "You fellows have to buy those assets and take some stock off our hands."

That led me to believe some places, somewhere, this had been agreed to to put us on the spot and partition us and turn us over to these fellows, and not only give them our lines but pay them to take us over.

Mr. BLACK. In order that there may be no doubt about the fact that Mr. Hanshue did say he was forced to consolidate, I call attention to this part of his memorandum which was brought to the United States Senate under subpena to Mr. MacCracken after it had been removed from his files. Says Mr. Hanshue:

The deal for the Aero Corporation was barely completed when we were advised by the Postmaster General that we must sell the Standard Air Lines to Aviation Corporation and combine our Kansas City and San Francisco divisions with T.A.T. This did not set well with our directors, and they advised me to stand "pat" and insist on the Post Office Department giving us mail on our portions of the two transcontinentals. However, after several conferences with the Postmaster General I could see that this could not be done without a battle, which might upset temporarily the whole plan and work a hardship on everyone in the industry, so I consented to make an attempt to merge the properties of the T.A.T. and W.A.E. on the central transcontinental on a 50-50 basis.

He says further:

This feeling was not alleviated any when they were advised that we had to sell the Dallas route for $400,000 and take a $600,000 loss on it.

* * * * * * *

To sum up, the directors are not pleased with the deal given them by the Postmaster General, nor with the merger with T.A.T., whereby they lose their most valuable asset, the Alhambra Airport.

In other words, the Western Air Express was forced to combine with T.A.T. in order to get a contract.

Mr. President, it was about this time that the Pittsburgh Aviation Industries Corporation horned in. The Senator from Arkansas [Mr. ROBINSON] has already placed in the RECORD the letters and evidence showing their political activities. He has shown that in behalf of that company the then Secretary of the Treasury, Mr. Andrew W. Mellon, reported that he had taken up with the Postmaster General in person at a Cabinet meeting, a contract which this company desired. Two of the Mellons were connected with this company. It was this company which the Postmaster General directed should become a part of this organization. That is made clear by the memorandum to which I refer on page 1648 of the record, if there is anybody who has any question about it, in which it is stated that the Pittsburgh Aviation Industries Corporation, which organization had done a valuable work in developing new air lines, should have an equitable interest. It never had developed any air line. The only air line it had was one to Harrisburg, where they were going so as to have political appropriations made by the Pennsylvania Legislature, and another one to Washington, where they were going to the Department and sitting in on conferences with air-mail operators, when they never had operated any scheduled line in all their history. This company, however, was forced into the picture and became a part of the company.

Right here let me make one suggestion. I heard read in this Chamber a report of the activities of the Pittsburgh Aviation Industries Corporation. It so happens that I have in the files of correspondence a letter revising the statement that was to be made by the Pittsburgh Aviation Industries to show how small a part it had taken in political activities, and the report which I heard read was strikingly similar to that which would appear after the revision had been made.

Now let us see how they got in. They threatened to come down to Washington, and they called attention to those who were on their committee. Let us see who was on that committee which they threatened would come to Washington. From the record, volume 4, page 1569, I read this statement:

Other alternative is for committee—Humphrey, Mellon, and Monro, of our executive committee—to go with George to see Brown and present to him our claim to above 10-percent arrangement.

That is the way the Pittsburgh Aviation Industries got in. It was needed. Of course it claimed, as was shown by the Senator from Arkansas in his remarks, that it should have credit for the airports and the air developments that had been made by public money. This company took the position that it was just as much entitled to credit for money which had been spent by the State as though the company had expended it itself. It showed how active the company had been in securing the appropriation after one of the Messrs. Mellon had called up and made the engagement for them.

In order to show the influence of the Pittsburgh Aviation Industries with Mr. Brown, I desire to insert in the RECORD at this point evidence from page 1659, volume 4. I ask unanimous consent to insert in the RECORD the extracts from the evidence of Mr. Coburn.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[Vol. 4, p. 1659]

The CHAIRMAN. You knew about the Ball route being called off by the Postmaster General?

Mr. COBURN. Yes, sir.

The CHAIRMAN. How was that done?

Mr. COBURN. Well, it was testified here yesterday as to the circumstances under which we started negotiations with Mr. Ball. I had forgotten those. But remember, having that option agreement with Mr. Ball, the matter rested until I was told by—it must have been by the Postmaster General—that the Pittsburgh Aviation Industries Corporation was going to work out a trade, if they could, with Mr. Ball, and it would please the Postmaster General if such trade could be worked out and in the event of such trade, would American Airways release Ball from his option agreement, and I said, certainly.

Subsequently, however, an arrangement was effected between Ball's company and P.A.I.C., and we were so advised, and we executed a release.

The CHAIRMAN. You mean the Mellon Co. in Pittsburgh, by "P.A.I.C."?

Mr. COBURN. Yes, sir.

The CHAIRMAN. In other words, the Postmaster General told you it would suit him very much if you would release the Ball Co. so they could make an arrangement with the Mellon Co.?

Mr. COBURN. Yes, sir; and I made that move just like all other moves, in line with the agreement.

The CHAIRMAN. And when he told you that, you said, "Fine"?

Mr. COBURN. Yes, sir; I had worked for Cabinet officers before, when I was in the Navy.

Mr. BLACK. I insert this evidence because Mr. Coburn was first told that he ought to buy out Ball, and later on the Postmaster General told him that Ball was a pioneer. Later on the Postmaster General told him that it had been decided that that company should be bought out by the Pittsburgh Aviation Industries Corporation, of Pittsburgh, Pa.

The Avigation Co. bid lower than the Transcontinental & Western. The evidence shows, if they had secured the bid, that over a period of 10 years it would have saved the Government something like $16,000,000 on the schedules that were operating. The statement has been repeatedly made that they never did have any chance to operate a line. At this point I desire to insert in the RECORD the evidence of Mr. Taney, which is found on pages 1616 and 1617. Mr. Taney shows who was behind their company and that they had $1,000,000 available for use.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[Vol. 4, pp. 1616, 1617]

The CHAIRMAN. What arrangements had you made as to the amount of money that would be put up to begin the operation?

Mr. TANEY. The amount of money to be put up to begin operations was $1,000,000.

The CHAIRMAN. Did you have any assurance of more money, if needed?

Mr. TANEY. As much as we needed; yes, sir.

The CHAIRMAN. Who was behind that?

Mr. TANEY. Mr. Kaufman, Mr. Wick, from Youngstown; Mr. Wyck, and several other gentlemen.

The CHAIRMAN. And Mr. Sherman Adams?

Mr. TANEY. Yes, sir; Mr. Condon is more familiar with that than I am.

The CHAIRMAN. Who were the gentlemen, Mr. Condon?

Mr. CONDON. Sherman Adams, of Boston; Mr. Paul Wyck, of Youngstown; and Mr. Oliver M. Kaufman. Most of the men represented groups who, in turn, had guaranteed money to be paid in if, as, and when we received the contract.

Mr. BLACK. I also ask to insert in the RECORD certain extracts from his evidence appearing on page 1619, volume 4, of the hearings.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

The CHAIRMAN. Will you please read them into the record, so that they can be understood? First, what was your bid?

Mr. TANEY. Our bid was 64 percent of the allowable rate per mile.

The CHAIRMAN. What was their bid?

Mr. TANEY. 97½ percent.

The CHAIRMAN. Now, will you state what that was per-voyage cost to the Government? First, what was the distance?

Mr. TANEY. Two thousand nine hundred miles.

The CHAIRMAN. What was the voyage difference in those costs?

Mr. TANEY. Figuring on the 75-cent rate, with the variables, our cost to the Government per mile would have been 62 cents. The other bid of the Transcontinental Air Transport & Western Air Express, Inc., would have been $1.01. Over a period of 1 year the difference——

The CHAIRMAN. For how many voyages?

Mr. TANEY. One trip each way each day.

The CHAIRMAN. One trip each way each day?

Mr. TANEY. Yes, sir.

The CHAIRMAN. Is that what they started out with?

Mr. TANEY. Yes, sir. The difference, or the savings, there per year to the Government would have been $235,215.

The CHAIRMAN. Over a period of 10 years it would have been a little over $8,000,000?

Mr. TANEY. Yes, sir; the contract was let on a 4-year basis with the proviso that if the service was satisfactory a certificate for the route would be issued. I do not know whether that has ever been done or not.

The CHAIRMAN. For what length of time?

Mr. TANEY. An indefinite length of time, as I understand it. That is as I understand it, and as in the bid.

The CHAIRMAN. I believe the law says 10 years from the time of the original contract. That would be a difference, on this one trip daily each way, of $3,000,000 in 10 years.

Mr. TANEY. Yes, sir.

Mr. BLACK. After bids had been advertised for and had come in, let us see what happened. On August 26, 1 day after the bids were opened, Mr. W. Irving Glover sent a message back to Mr. Gove. Mr. Gove was his assistant and was the gentleman who had had his stock account taken care of by Mr. Paul Henderson, and who had given Mr. Henderson a note for $10,000, which note was later destroyed in a hotel here in Washington. Here is the message of Mr. Glover:

Cumberland last night. Wired you this morning. Am enclosing clipping from Pittsburgh paper. Looks as if they also wanted be a second-story man or men. Of course, I know you would not accept any strengthening documents to the bids but wanted to be sure. Have Earl go through the three bids and have their failings all lined up for the P.M.G. when he gets home. Be sure to save clipping and telegram.

Yours very truly,

W. IRVING GLOVER.

The very day after the bids had come in, Mr. Warren Irving Glover was sending word back, "Do not let there be any strengthening documents to Avigation Co. bid. Save them for the Pennsylvania Railroad Corporation and for the strong political group from the West coast." That is the substance of what he was saying.

A great deal has been said about Mr. Letson and his testimony before the Post Office Committee that he could not operate. Poor Mr. Letson never yet has learned how he got out of the picture. He does know that he got a contract. It so happens that someone was listening to his telephone conversations at a time when his bid was in, to find out exactly how strong he was. The company had bid and the Transcontinental & Western wanted to put him out of the picture.

On August 30, 1930, 7 days after the bids were opened, they were on Mr. Letson's trail. On that date a letter was written by a man named A. K. Owen, from the Hotel President, Kansas City, to Mr. J. R. Maddux, president of the T.A.T. and the Maddux Air Line. It started off by saying that—

The information contained in this letter came from sources which I consider very reliable, given to me in confidence with permission to advise you personally of the identity of the sources.

Then he proceeds to tell about the financial set-up of Letson. Mr. Skelly, Republican national committeeman of Oklahoma, was also interested in this company, and we are told how these gentlemen wired Mr. Letson not to bid, but the wire got through an hour too late. I read further:

In July with the capital of the company nearly exhausted, Mr. Letson managed to interest Bill Skelly and got him to put $30,000 into the line. This of course makes Skelly as large a stockholder as Letson.

The story of the bid! They reported the complete story of the bid made by Mr. Letson. There was a chance for a Denver-Kansas City mail contract. He got it. The Postmaster General gave it to him; and after it was given to him, Mr. Letson turned over the minutes to Mr. Brown and he lost interest in the Avigation Co. bid.

How did they get this information? Let us see, a large part of the information was obtained because of—

the story Letson gave out over the telephone to a third party this morning, to which I listened in, as follows.

At that very time, within 7 days after the Avigation Co. had made a bid, which would have saved the Government $16,000,000, they had men listening to his private telephone conversations he was having with other people. It was very wise, of course, for him to "behave like a good soldier", because those who did not so behave did not get anything from the administration in charge then in the Post Office Department.

That is the way Mr. Letson was taken care of. On September 17, 1930, Mr. Glover wrote another letter, which I ask at this time to have inserted in the RECORD. It will be found in volume 6 of the hearings, at page 2714.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

POST OFFICE DEPARTMENT,
SECOND ASSISTANT POSTMASTER GENERAL,
Dallas, Tex.

DEAR CHASE: Your telegrams to hand and your letter of 13th. Tell — the award has been made. Understand down here that Wedell-Williams plan to bring some kind of an action against the P.M.G. as Aviation Corporation did not carry out their bargain with them. How come?

Halliburton is going to make a statement saying P.M.G. is right in requiring what he did in the ads. Take it that the award was not made to Pan American South American route. Did not receive your letters until this morning, so could not wire you regarding telegrams. Believe we can work out of the Avigation bid.

Halliburton is going after Letson, and even Letson's stockholders do not approve this action. Don't know what you told the P.M.G., but there is no use recommending award be made to the high bidder and then getting cold feet, saying you and Earl agreed that we should fill out all the bids. We had better all stick together or we will all hang together. Believe we could make award to the W. Air and T.A.T. and make a statement along with it that no one would object to except the unsuccessful bidder.

Tomorrow I hop over to Houston and there for Thursday and Friday and then on to New Orleans, and reach Washington Monday.

Over 700 delegates to this convention, and believe me, it is an organization. Fight on between Luna for president and O'Rourke, of Brooklyn. May affect the organization. Spent half a day in Fort Worth on post-office site. Well, until later, I am,

Very truly yours,

W. IRVING GLOVER.

Mr. BLACK. In that letter Mr. Glover calls attention to the fact that the Aviation Corporation did not take care of Wedell-Williams and that they had not carried out their bargain. He said, "How come?" Then he said that they would "have to stick together or hang together." He said they must not retreat from the position they had taken in awarding the contract to the high bidder.

Why did he say that? It was because in the meantime a complaint had been made to the President of the United States and a request had been made of the Attorney General for an opinion, and Mr. O'Brian, the Assistant Attorney General, had rendered an opinion stating that the contract should not be awarded on this bid because it was contrary to the statute. At this point I ask that the opinion be inserted in the RECORD as a part of my remarks. It is in a letter dated September 3, from Mr. John Lord O'Brian to Hon. Arch Coleman, and is found on pages 2714 and 2715 of the record of the hearings.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SEPTEMBER 3, 1930.

Hon. ARCH COLEMAN,
First Assistant Postmaster General, Washington, D.C.

DEAR MR. COLEMAN: I have carefully considered the question whether the Postmaster General should award a contract for carrying air mail from New York, N.Y., to Los Angeles, Calif., and return, on the basis of the bids received in response to the Postmaster General's advertisement of August 2, 1930. In my opinion, section 4 of the Air Mail Act of February 2, 1925, as amended by the act of April 29, 1930 (U.S.C., title 39, sec. 464), does not authorize the Postmaster General to limit bids to those who have had "at least 6 months' actual experience in operating aircraft on regular night schedules over a route 250 miles or more in length." Since this requirement of the advertisement of August 2, 1930, may have prevented the submission of bids by otherwise qualified bidders and may to that extent have defeated open competition in bidding, I think the Postmaster General should reject all the bids received and readvertise for bids for this route. (See 36 Op.A.G. 33; also 8 Comp. Gen. 252.)

I suggest that paragraph 7, section 1330, Postal Laws and Regulations, be rescinded or amended and that the fifth paragraph on page 3 of the advertisement of August 2, 1930, be omitted from future advertisements for bids for air-mail contracts. I think that in lieu of said fifth paragraph the Postmaster General before awarding any contract involving night flying may require any bidder on such mail contract to satisfy him by appropriate evidence of the bidder's qualifications satisfactory to operate aircraft on regular night schedules. I also suggest that in future advertisements for bids for air-mail contracts the seventh paragraph on page 3 of the advertisement of August 2, 1930, be amended to read substantially as follows:

"The attention of prospective bidders is particularly called to that provision of section 4 that where the air mail moving between the designated points does not exceed 25 cubic feet, or 225 pounds, per trip, the Postmaster General may award to the lowest responsible bidder of those who have owned and operated an air-transportation service on a fixed daily schedule over a distance of not less than 250 miles and for a period of not less than 6 months prior to the advertisement for bids."

Yours very truly,

JOHN LORD O'BRIAN,
The Assistant to the Attorney General.

CONTRACT AWARDED TO HIGH BIDDER

Mr. BLACK. So we find that in the face of the low bid, in the face of everything else, they stood together as they suggested; the agreement they had made was carried out, and the Transcontinental & Western secured the contract. That company, of course, has filed no suit in court. It does not want to file a suit in court—that is, one that can be tried. They prefer to go around filing suits of a kind of which they know the court has no jurisdiction, because they know that the facts with reference to that contract cannot be exposed to the light and scrutiny of judicial decision without having it struck down as fraudulent.

There is another reason why it would be stricken down, among many others. Mr. Brown was a stockholder in the Pennsylvania Railroad and a stockholder in the Pennroad Corporation, one of its affiliates. It is attempted to claim that that makes no difference, because he owned such a small percentage of the stock. That is wholly immaterial. The criminal code, section 93, specifically provides that it is a criminal offense for any public official to award any contract to any firm or person who is indirectly interested in the pecuniary profits of the contracts of such corporation, joint-stock company, association, or firm. It makes it an offense punishable by a fine of $2,000 and imprisonment for not more than 2 years. Not only that, the courts have uniformly held that this is sufficient to strike down the contracts.

In the State of Pennsylvania, in the case of *Melford Borough* v. *Melford Water Co.* (124 Pa. State 623), a contract was made by the borough with the Melford Water Works, and it developed that officials of the Melford Water Works were on the board of officers; and the court said:

It is almost needless to say that a contract so prohibited by law is utterly void, and there is no power that can breathe life into such a dead thing.

In the State of New Jersey—and I call particular attention to this—in the case of *State* v. *the City of Cape May* (36 Atl. 1039) the city made an agreement with a power company to supply power. In developed later that one member of the board had up with himself, as collateral security, 1 share of stock in the power company with which the contract was made. Certainly that was not a very extensive holding. It was collateral security of 1 share of stock. Here is what the court said:

If the vote of an interested member of the common council be admitted, it must be received as absolute verity. No power exists in this or any other court to set on foot an inquiry to ascertain whether or to what extent his official conduct was influenced by his interest in the subject, in which he is supposed to act exclusively for the public benefit. * * * This resolution must be declared invalid.

So, Mr. President, insofar as the contract of Transcontinental & Western Air is concerned, it is void because of the collusive arrangements made in the Post Office Department.

It is void because of the stock owned by the Postmaster General in the Pennsylvania Railroad, which is associated as a part of the T.A.T.

It is void because the whole thing is a stench in the nostrils of decent and honest people, and no court will sustain it.

It is also void because, as stated by the Assistant Attorney General in the opinion which was rendered, the advertisement imposes restrictions that were not imposed by statute.

It is void for another reason. It is void by reason of the fact that the Transcontinental & Western employed Mr. Ernest W. Smoot for the purpose, as they stated, of attempting to "expedite" action on their contract. The courts have uniformly held that any such employment absolutely invalidates a contract. Did they do that? Yes; they did it. The sworn evidence shows that they did it.

I call attention to the fact that on page 2884 of the record, volume 7, there is a letter from Mr. James G. Woolley to Mr. Ernest W. Smoot calling the latter's attention to the friendly and personal relationship between Senator Smoot and the Comptroller General, and asking him to have Senator Smoot write a letter to the Comptroller General. In order that there may not be any dispute, I ask here to have that letter inserted in the RECORD, found on page 2884.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

WESTERN AIR SERVICE,
October 24, 1930.

Mr. ERNEST R. SMOOT,
Senate Office Building, Washington, D.C.

DEAR ERNEST: Enclosed is a draft of approximately what we would like your father to say in a letter to Major General McCarl.

Not knowing how personal and friendly the relationship between the Senator and the Comptroller General may be, the form of address and the language used in this draft are formal. It may well be that you will prefer to redraft it on the basis of your closer knowledge of their relationship. In substance, what we would like is for your father to use his very potent influence with Mr. McCarl to persuade the latter that the award as made should stand as being in the best interest of the public.

Knowing that you will fulfill this one additional mission for us and counting upon the continued good will of yourself and your father as one of our major assets, I am,

Yours very truly,

JAMES G. WOOLLEY.

JGW:GM
Will appreciate immediate action—JIM.

Mr. BLACK. On December 9, 1930, we find Mr. Ernest W. Smoot wiring Mr. Woolley:

Have checked with MacCracken. Find that information came through Pennsylvania Railroad and was given to him as the worst that could happen to this contract.

I call attention to the fact that what he was referring to was that the rate might be reduced to 40 cents a mile.

Still have hopes General will approve your high bid. If he renders decision giving you contract under low bid accept first checks under protest and file claim for the difference. This seems like foolish procedure, but it is a precedent in the General's office and claims have always been paid. Feel nobody should bring pressure to bear on General this week. If nothing happens, first next week father and I will see McCarl again.

Regards,

ERNEST W. SMOOT.

I call attention to the fact that Mr. Ernest W. Smoot testified under oath that the statement that he and his father would "see McCarl again" was not correct, and he denied that he and his father had seen Mr. McCarl.

Mr. LONG. Mr. President, what did he say about the letter?

Mr. BLACK. He said that he did not state the facts.

I call attention also to a letter in volume 7, page 2883, from Mr. Smoot to Mr. Woolley, in which he says:

DEAR JIM: So that you may keep posted, this is to advise you that I prepared a brief that father and I submitted to Mr. McCarl, asking him to expedite the consideration of your contract which is before him.

I wired you and phoned Doc as to the status of this last week. I have no doubt but what the whole matter will be cleared up for us by the middle of next week. Jim, this has been an awfully "tough" job.

I have not heard anything further from Frank, and I think it is about time that some definite arrangement be made. I air-mailed you today copies of the Senate appropriation hearings. No doubt this bill will be passed the first of next week. Will keep you posted as to progress. Let me know if Doc is coming East.

With kindest regards.

Yours sincerely,

ERNEST W. SMOOT.

That letter is dated December 12, 1930. On that date, appearing in the record at page 2885, is a letter from Senator Reed Smoot to Mr. J. R. McCarl, Comptroller General of the United States, which reads as follows:

REED SMOOT, UTAH, CHAIRMAN,
UNITED STATES SENATE,
COMMITTEE ON FINANCE,
December 12, 1930.

Hon. J. R. MCCARL,
Comptroller General of the United States,
General Accounting Office, Washington, D.C.

MY DEAR MR. MCCARL: Appreciating the fact that you have numerous things before you, as we all have these days, I hesitate to write you in this matter, but I have been asked by certain constituents of mine if it is not possible to expedite decision on the Transcontinental-Western Air case which is before you. If it is possible for you to do so, I shall greatly appreciate it.

With kindest personal regards, I remain,

Yours sincerely,

REED SMOOT.

Then we find on January 2, 1931, this telegram from Ernest W. Smoot:

Have assurance that the whole matter will be settled next week. Sorry it couldn't have been a New Year's present. Hope to see you in about 2 weeks.

On January 10 there is a telegram signed by Ernest Smoot, as follows:

Contract O.K. Glad to see you when you come east. Regards.

Mr. Smoot had predicted, a week before, that the contract would be approved by the Comptroller General's Office next week, and next week he wires that the contract is approved.

There will be found in volume 7, page 2871, a bill for services sent by Mr. Smoot to Mr. Hanshue. The bill is for $15,000, less an advance by James Woolley of $2,500, and he says:

DEAR MR. HANSHUE: I am enclosing my bill for the specific services you instructed me on November 13 to perform in Washington.

Both of these projects, the decision of the Comptroller General of the United States on the matter of domestic air-mail appropriations have now reached a successful conclusion. You will note in my bill that I have taken into consideration the $2,500 advance made by James Woolley on December 17, 1930.

With kind personal regards and best wishes, I am

Yours sincerely,

ERNEST W. SMOOT.

Mr. Woolley testified that Mr. Smoot was employed by the Transcontinental & Western Air Express; and it is also true that Mr. Smoot testified, on pages 2874 and 2875, that he obtained part of his information from Mr. Woodside, in the Comptroller's Office; and that Mr. Woodside at the time he [Smoot] testified was in the employment of the General Motors Corporation. If Senators will look at the chart which hangs on the wall, they will find that the General Motors Corporation is to a large extent the holding company of the companies that own the Transcontinental & Western Air, the company that got the contract, and it was awarded after this decision was written.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Nebraska.

Mr. NORRIS. As I remember, this company did not pay Smoot's bill for $15,000, but cut it down.

Mr. BLACK. They cut it down to $2,500. They declined to pay him any more than $2,500. He said that his lawyer—Mr. Donovan, as I recall—advised him not to sue, which was good advice.

Mr. NORRIS. That inquiry is preparatory to the real question I desire to ask the Senator. When Mr. Smoot was on the stand under oath, he admitted that one of these letters he had written to his client was not true; did he not?

Mr. BLACK. He did.

Mr. NORRIS. Was any explanation ever made as to why he told his client that falsehood in the letter, or was the committee able to draw any conclusion on the subject from any other evidence?

Mr. BLACK. I should say the impression he intended to leave was that he wanted to make his client think he was doing a lot of work.

Mr. NORRIS. That is the point I desired to bring out. If it is true that the letter was false, I do not see any other object in stating the falsehood in the letter than to increase his fee, and that was indicated in the bill for $15,000 which was settled for $2,500.

Mr. BLACK. The only inference I could draw, and it may not be correct, is that Mr. Smoot claimed he was doing a lot of work in order to impress his client.

Mr. NORRIS. Did he admit that on the stand?

Mr. BLACK. I cannot state at this time as to that. I have not that particular part of the evidence before me.

Mr. NORRIS. The Senator knows that there are a great many lobbyists around Washington who do nothing in the line of their employment, but who make their clients believe that they control a whole lot of Senators and Representatives and other officials, and draw their money for it.

Mr. BLACK. I think that is generally the case. I think they all exaggerate what they do.

Mr. NORRIS. Probably Mr. Smoot was indulging in that kind of a pastime at the time he wrote this letter.

Mr. BLACK. I have no doubt that he was.

The point I am making is that when a man is so employed, and a company so employs him to "expedite action", it makes no difference whether he expedites action or not; under the decisions of the courts, that invalidates any contract which is obtained by such methods. It is according to well-recognized principles that that should be true.

Mr. Hanshue testified that his company's contract which was canceled was the very contract for whoch they employed Mr. Smoot to use influence to expedite, and he testified that they thought he could expedite it; that he "sold" himself to them. It is the very contract that Mr. Woolley was asking Mr. Smoot to use his father's influence to get, and the object was to expedite the decision.

I desire to read a decision in that connection in order that there may be no question about the law, to show that if there were nothing else in the world bearing on this matter except that one thing, the contract would have to fall.

I read from the case of John E. Gorman against the United States. This is found in Thirty-fourth Court of Claims Reports, which has been cited with approval many times by the Supreme Court of the United States, the last time, as I recall it, in the Fall case. I read from page 242:

> As regards the contractor Price, the court is of opinion that this act of his rendered the expedited service—
>
> Note "expedited service"—
>
> contra bonos mores and against public policy. Whether the money went further than the person who received it, whether it was divided with officials of the Post Office Department the court does not inquire. It is sufficient to know that the expedited service was not ordered in conformity with the petition of inhabitants along the post-office routes until the money was promised, and that it was ordered immediately after that arrangement had been made, and that the money was paid so soon as the expedition was secured.

This is not the first time I have brought out, since I have been talking, evidence of employment to expedite action when the money was conditioned upon the expeditious action. Reading further:

> This court has always regarded the Government as somewhat in the character of a ward, and its officers in the character of its guardians, and it has never given effect to a contract where it appeared that the contractor had directly or indirectly by direct bribes or corrupt influences, sought to impair the good faith of the guardian. The corrupt purchase of political or personal influence is more insidious, and in its results as bad as direct bribery. Whoever has dealings with a trustee, a guardian, an executor, or officers of the Government can sway them by no influence which will be prejudicial to the interests of the cestui que trust.

Under that decision, and in line with the accepted authorities in all of this Nation, no one can be surprised that this company has not dared to go into the open doors of the Court of Claims. Of course it will not. It may do so if it can be taunted into doing so, but it cannot do so with any hope of winning.

It has been held in all the cases that efforts to secure legislation or contracts by employment of people to use personal solicitation or political influence are contrary to public policy. I have already cited the case of *Tool Co.* v. *Norris* (2 Wall. 54).

Mr. LONG. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. LONG. The Senator is reading a line of authorities which I am a little bit surprised to hear. Do those authorities go so far as to hold that, for instance, the employment of people to work on legislators is corrupt and against public policy?

Mr. BLACK. Yes; but they draw a dividing line. They say that if the employment is for the purpose of drawing up a bill, actual legal service, or to present an argument before a committee, that is all right; but if those employed are employed to go around and buttonhole people, and have telegrams sent, and worry and annoy everybody to death with propaganda letters, and annoy them by meeting them and talking to them about legislation, when they are doing it not in any public interest but for a fee they are to get, that is contrary to public policy.

Mr. LONG. Then the bringing of people to a capital for the purpose of suppressing legislation, to work on them, even though it is done openly, would be just as corrupt under that holding.

Suppose we had a bill before us like the oil tariff bill, for instance. We would find representatives of both sides practically swarming over this Capitol.

Mr. BLACK. There is a difference between people who are genuinely and bona fide interested in the business and the others.

Mr. ROBINSON of Arkansas. Mr. President, in brief, as I understand it, and have long thought the law to be, any contract of employment by which the employed agrees to exert his influence to cause or to prevent legislation is void as against public policy.

Mr. BLACK. That is correct.

Mr. ROBINSON of Arkansas. There is nothing immoral in the presentation of facts or law——

Mr. LONG. Oh, no; I understand that.

Mr. ROBINSON of Arkansas. To committees of any legislative body, because presumably, at least, that is helpful to the committees.

Mr. BLACK. That is correct.

Mr. ROBINSON of Arkansas. But the employment of any person to influence legislation, to exercise personal influence, to persuade, to intimidate, or to induce a member of a legislative body to take a certain viewpoint respecting legislative measures, is against public policy, and such contract cannot be enforced in any court.

Mr. LONG. Would not the use of the mails along that line be using the mails to defraud?

Mr. ROBINSON of Arkansas. No; I do not think that question would arise, unless the communication made misrepresentations.

Mr. LONG. I was unaware of these decisions, though perhaps I should have known of them. But hiring a man to go and buttonhole legislators is a corrupt act, as I understand.

Mr. ROBINSON of Arkansas. Yes.

Mr. BLACK. I shall proceed with my remarks, but suppose I let the Senator from Louisiana have the two cases which go into that matter very fully. I have already cited the case of *Tool Co.* v. *Norris* (2 Wall. 54), and *Trist* v. *Child* (21 Wall. 450).

Mr. President, I desire to show out of their own mouths that the officers of these companies not only admitted, but boasted, that this particular contract about which I have been talking was obtained as the result, at least in part, of political influence. I do not make that statement without having it supported under oath by the president of the Western Air Express.

I shall read at this point from volume 7, page 2926, Mr. Hanshue's evidence. Bear in mind that I have already cited the cases—and if the cases had not been cited, common sense would tell us that it is true—holding that contracts secured by political influence, and by reason of any cause except the legitimate exercise of a governmental duty by an official, are void. I read:

> The CHAIRMAN. There is one question in this memorandum I want to ask you about before we proceed on anything else, that

you gave to Mr. MacCracken and Mr. Frye—and you have stated that the statements in here are correct; that is true, is it not?

Mr. HANSHUE. Yes, sir.

The CHAIRMAN. And represented the views of the directors?

That is, the directors of his company.

Mr. HANSHUE. Yes, sir.

The CHAIRMAN. I find on page 3 of this statement——

Referring to the Western Air Express directors.

The CHAIRMAN. I find on page 3 of this statement referring to the W.A.E. directors:

"They also feel it was through the friends of the Western Air Express who are influential in politics that it was possible to secure the award of this contract and its approval by Government officials."

May I ask who are those friends that are influential in politics that they felt made it possible for you secure that contract?

Mr. HANSHUE. The newspapers——

The CHAIRMAN. What newspapers?

Mr. HANSHUE. The Los Angeles Times, the Los Angeles Examiner, the banks.

The CHAIRMAN. Who runs the Los Angeles Times?

Mr. HANSHUE. Mr. Chandler is the publisher.

The CHAIRMAN. Mr. Harry Chandler?

Mr. HANSHUE. Yes.

That is the first one he admits was active in politics. There has been no newspaper in the entire United States, perhaps, that is, any individual newspaper, which has been so bitter in its antagonism to cleaning up this scandal as the Los Angeles Times, operated by Mr. Harry Chandler.

In July 1925 Mr. Chandler bought 50 shares of Western Air Express stock for $5,000.

In February 1929 he exchanged those 50 shares for 1,250 shares of the Western Air Express, Inc., at $10 par value.

In July 1929, he bought 63 shares at $45.20, making a total payment for the 1,313 shares of $7,847.50.

His profits from these 25 shares, which he kept, are $58,461.10.

Naturally that newspaper would be very bitter against an investigation which would take away from Mr. Harry Chandler the opportunity to continue any such pyramiding of stock values.

How did he come to make that money? According to the sworn testimony of Mr. Hanshue, he made it because Mr. Harry Chandler and others whom I shall name later were influential in politics, and were able to get their contracts.

Let Mr. Chandler publish that in his newspaper. Let him also publish in his newspaper the fact that Mr. Hanshue swore under oath that Mr. Chandler did not usually come to Washington and go to the Post Office Department, but used his regular Washington representative. I wonder if tomorrow Mr. Harry Chandler, who contributed $2,500 to the Republican National Campaign Committee on August 20, 1930, 3 days before these bids were opened, will put that in his newspaper when he states that the President of the United States and his administration have gone wrong in taking away from Mr. Chandler and other influential people the money which they had extracted from the taxpayers of the United States. Let him deny any of those facts. They are testified to under oath, except as to the campaign contribution.

Those are not all the contributions. Do not misunderstand me. Mr. Chandler had a much larger investment than that; but that happened to be the only campaign contribution 3 days before these bids were opened up—the bids of the company for which Mr. Hanshue says Mr. Harry Chandler exercised his political influence to get the contract.

Not only did Mr. Chandler say that; he also said his directors believed it when the statement was made. The statement was not made accidentally. It was made in a written memorandum, and that is one of the memoranda which were returned to the committee after Mr. Hanshue had had them extracted from the files of Mr. MacCracken.

Mr. Chandler was not the only one Hanshue said had political influence that helped him. There is another paper out there called the Los Angeles Examiner. As I understand, it is a part of the Hearst organization. Let us see who he says was the next one that I asked him to mention:

The CHAIRMAN. What was the other paper that you said was influential in politics?

Mr. HANSHUE. Los Angeles Examiner.

The CHAIRMAN. Who runs that?

Mr. HANSHUE. George Young.

Remember, here is the statement that he said was true.

They also felt it was through the friends of the Western Air Express, who are influential in politics, that it was possible to secure the award of the contract and its approval by the Government officials.

The CHAIRMAN. Who else was it that was influential in politics, friends of the Western Air Express, that made it possible to secure the award of the contracts?

Mr. HANSHUE. The banks.

The CHAIRMAN. What banks?

Mr. HANSHUE. The Security First National was one.

The CHAIRMAN. Who was it in that bank that was influential in politics that helped to secure the contract?

Mr. HANSHUE. Mr. Henry M. Robinson.

Mr. Robinson also had made $45,053.41 out of this subsidized company.

The CHAIRMAN. Who was the vice president?

Mr. HANSHUE. William May Garland.

The CHAIRMAN. Was he the only vice president?

Mr. HANSHUE. Yes; he was the only vice president.

The CHAIRMAN. What was his business?

Mr. HANSHUE. Real estate.

The CHAIRMAN. Was he one of the ones you referred to as being influential in politics?

Mr. HANSHUE. Yes; I had forgotten about him.

* * * * * * *

The CHAIRMAN. Who were these friends that were influential in politics that you had in mind? Were there any others?

Mr. HANSHUE. No others.

The CHAIRMAN. How many of those gentlemen you have named came to Washington in reference to the contract?

Mr. HANSHUE. There was one other, Mr. Bonfils.

The CHAIRMAN. How do you spell that?

Mr. HANSHUE. B-o-n-f-i-l-s.

The CHAIRMAN. Where did he live?

Mr. HANSHUE. In Denver.

The CHAIRMAN. Denver, Colo.?

Mr. HANSHUE. Yes.

The CHAIRMAN. What was his business?

Mr. HANSHUE. He was owner and publisher of the Denver Post.

The CHAIRMAN. Was Mr. Chandler holding any political position at that time?

Mr. HANSHUE. No, sir.

The CHAIRMAN. Was Mr. Robinson?

Mr. HANSHUE. No.

The CHAIRMAN. Had they?

Mr. HANSHUE. Never that I know of.

The CHAIRMAN. What was the particular political influence that you mentioned they had, the gentlemen you have named?

Mr. HANSHUE. They were acquainted with members of the administration.

The CHAIRMAN. What members of the administration?

Mr. HANSHUE. Brown and the President.

* * * * * * *

The CHAIRMAN. Will you look at that paragraph at the top of the page and read it, and see whether or not it was true, according to your idea and the idea of your directors, as you stated?

That is the same statement about the political influence.

Mr. HANSHUE. Yes.

The CHAIRMAN. Now read it into the record so we will be sure we know what it is that was the truth as you saw it and as your directors saw it.

Mr. HANSHUE (reading). "They also feel that it was through the friends of the W.A.E. who are influential in politics that it was possible to secure the award of this contract and its approval by Government officials."

The CHAIRMAN. What contracts were you referring to?

Mr. HANSHUE. T. & W.A. contract, Western Air, and T.A.T. rather.

Is there anyone who will have the effrontery to say that a contract obtained by a company whose officers admit under oath it was not obtained on account of merit but which the officers and directors felt they had gotten on the ground of political influence, should be sustained by a man with a decent mind and an honest heart? Perhaps so. If so, I repeat, America has steered far away from the old-fashioned principles of honesty and integrity upon which this country was founded.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. McCARRAN. I wish to put a question to my colleague on the committee. Will there not be, and has there not always been, so far as the Senator's recollection and reading go, active use of political influence where a right or power is vested in a political agency?

Mr. BLACK. The Senator is correct. That is exactly the reason, as the Senator knows, why I desired to have the letting of these contracts placed in the hands of an independent commission, and why, so far as I am concerned, I personally prefer the Interstate Commerce Commission; but I have always thought, and I now think, that wherever it is possible to have a contract made by a commission sitting as nearly as possible as a judicial body, it is better to have it made there. I agree with the Senator thoroughly.

Mr. Hanshue testified that they had another man named Bishop doing political work in Washington. They had these strong and influential people doing work for them, and they also had Mr. Julius Kahn and Mr. Ernest W. Smoot. In a quotation from a letter written by Mr. Hanshue, which appears in the Record on page 2952, is the statement that they had employed Mr. Julius Kahn. The quotation is as follows:

> You will no doubt remember Wooley. Kahn was his assistant doing special work in the traffic department of Western Air Express, and also political work in Washington.

Not only that, but there will be found on page 2947 and page 2948 the statement under oath by Mr. Woolley, who I presume is reliable in his evidence. Whether he is reliable or not, he was the agent they had here, and he looked like an honest man. He was here as their representative, and it will be found that he said that Mr. Brown would not sign the contract until he had a statement from Senator Smoot and from Mr. Tilson that it would be all right, and he would not be attacked in Congress; and Mr. Woolley testified under oath that he went to both these gentlemen and had them communicate with Postmaster General Brown to tell him that it was O.K. after they had asked Mr. Woolley if it was all right with him. That will be found in the record on pages 2849 and 2848.

In order that it may be clear, I ask to have inserted in the RECORD at this point as a part of my remarks that part of the evidence which I will furnish for the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

> Mr. WOOLLEY. * * * So when we got through we went back to the Graybar Building, to the T. & W.A. office—Mr. Robbins, Mr. Cutheli, and Mr. Sheaffer were all there, and I think Mr. Keyes was there, and I asked Harris, "What was it you wanted me to do?" He said, "The Postmaster General says he won't award this contract until he has assurances he is not going to be attacked on the subject in the House or Senate."
>
> I said, "I thought he told you they were all right and legal." He said, "Well, he did, but he don't want a lot of argument afterward." I said, "Either he don't like the contracts or he is trying to mislead you." I said, "Let the other fellows get the assurances." He said, "They can't go to the people concerned." I said, "Who does he want them from?" He said, "From Smoot and from Tilson." Senator Smoot has been a friend of my family since boyhood, went to school with my mother and father, and Mr. Tilson had told me if ever I was in trouble to come to him.
>
> Smoot was one of the leaders in the Senate, and Tilson was the majority leader in the House. I said, "I will get them for you, if you have to have them, but you never can object to it after this." He said, "Maybe we can." I said, "You cannot if you once go to these people and ask them to stand back of you, you are through." We called Senator Smoot at Salt Lake City by long distance. He asked me if what we got was what we wanted. I said it was the best we could get, and said my principals were satisfied with it. He said he would advise the Postmaster General, as far as he was concerned, it was O.K.
>
> Hanshue and I went to the Roosevelt Building, where Mr. Tilson was conducting the Presidential campaign at that time, and we went in and asked him if the contract was satisfactory—he knew about this affair in 1929 when they were trying to bust us up—Mr. Hanshue said it was not as good as we hoped to get, but it was about all we could get out of the situation. He said, "Well, if you are satisfied with it, I will indicate my compliance to the Postmaster General"—and he started to dictate a letter, and we left.
>
> I never saw either Mr. Smoot's answer or Mr. Tilson's, but I understand they both went for it. The contract was awarded, I think, about 48 hours later.

Mr. BLACK. Such was the situation on the western side. Who was over on the eastern side working for this combination? Mr. W. W. Atterbury. Mr. Atterbury is no insignificant figure himself when it comes to politics. If the Senate will bear in mind that the evidence shows that the bankers of the Pennsylvania Railroad are Kuhn, Loeb & Co., and if the Senate will also bear in mind that, according to the evidence given before the Pecora committee under oath, the bankers who finance the transactions of that railroad insist on having policies submitted to them from time to time, and that it is also true, as correspondence shows, that Kuhn, Loeb & Co. were interested in determining the fate of various contracts, and were called upon for assistance, it can be seen that there was no mean political combination over on the eastern side.

Not only that; the directors of the T.A.T. were Col. Henry Breckinridge, Richard F. Hoyt, Paul Henderson, Earl Reynolds, W. B. Mayo, and William H. Vanderbilt.

Who else was there? The officers and directors of the Pittsburgh Aviation Industries Corporation. Whom did that embrace? They boasted of their board, the names of the members of which I have read into the RECORD. They boasted of their influence in Washington, and they had a right to boast of it, because they had the powerful Mellon family on that board, as they also had directors of the Pennsylvania Railroad. There is the combination, the irresistible, unbreakable force, one which was too strong to be resisted by the small and insignificant group who had nothing but a desire to operate a line on a cheaper basis, with the backing of bankers who would supply them money, but who did not have the political influence. They were even abandoning their bid which they sent in. Their bid was brought down by Mr. Kauffman, as I believe the evidence shows, and Mr. Letson says that Mr. Fess declined to represent them after the bid had been brought down. Old man Letson out there, his telephone conversations being listened to, reports being made that, like a good soldier, he had played the game. The other two men were left out on an island to oppose the strongest political forces all the way from California to the East that have ever been faced in the history of this Republic by men who sought a contract.

What happened? Why, of course, the Senate knows what happened. The high bidder got it, and the taxpayer has been footing the bill. How did they get it? It is not for me to change the statement of their sworn officer. Mr. Atterbury came down to see about it. The evidence shows that Mr. Atterbury made one or more trips to Washington and came down once to talk with Mr. Brown alone. There is the story.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield to the Senator.

Mr. NORRIS. I think the Senator ought to designate Mr. Atterbury by his official position. We know what it was, but the RECORD ought to show just who Mr. Atterbury was.

Mr. BLACK. Mr. Atterbury was at that time the president of the Pennsylvania Railroad Co., a director in various banks and other railroads, linking himself up with a small coterie of financiers in New York who direct the destinies, or who have directed the destinies, of the people of this Nation; and Mr. Atterbury also was either then or had been Republican national committeeman for the State of Pennsylvania.

Everywhere we go we find them springing up. Mr. President, do not let me be misunderstood. I have no more sympathy and no more respect for a Democratic national committeeman who would use his office for the purpose of trying to get special favors than I have for a Republican national committeeman doing such a thing. I am in favor of a bill with teeth in it, that will stop the pouring into Washington of lobbyists from every section of the country to attempt to obtain special favors, I do not care to what party they may belong or claim to belong.

Mr. WHITE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Maine?

Mr. BLACK. I yield to the Senator.

Mr. WHITE. I wonder if the Senator, while he is on this subject, will discuss the propriety of the chairman of the Democratic national committee being the person who, under the pending bill, is the one who will let the air-mail contracts?

Mr. BLACK. Yes; I shall be glad to accommodate the Senator by stating that the new air-mail contracts for which bids have been submitted, for the first time, in my judgment, since air-mail contracts have been let by competitive bidding, are being let honorably and justly. It is my belief that they have had an open, fair, square deal. I do not want to be led off into any such discussion; but there is quite a difference between a Senator or public officer serving as a committeeman in his party and a paid lobbyist serving as a committeeman. I have no criticism of any Senator or any public officer who wants to serve as a member of a party committee; I consider that to be his business; but I am opposed to having any member of the committee of any party trying to take advantage of his position in order to earn money, and reflecting upon the administration of which he claims to be a part, by leaving the impression that he can get special favors. I am not saying that with reference to any individual; nor do I say that because a man is a party committeeman that means that he cannot honestly represent a client; but I do say that with reference to the particular contracts which I imagine many would like to forget—such as the Transcontinental and Western Air—they are polluted from the beginning; they are filled with corruption so that they ought to be a stench in the nostrils of any honest-thinking citizen. Has the time come when the officers of a company can go on the stand and swear that they got their contracts by reason of political influence, and men will still defend it? Such a condition invalidates the transaction on its face in the mind of every man who believes in contracts being awarded not as political favors but in an honest spirit, according to American customs.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield.

Mr. NORRIS. I would not interrupt the Senator now to make this contribution if I had not already interrupted him along the same line, but having done that, and having listened to the questions asked by the Senator from Maine [Mr. WHITE], I should like, if the Senator will permit me, to say that I have tried to follow the investigation made by the committee of which the Senator from Alabama is the chairman, and I should like, with his permission, to say now that, so far as I have been able to observe his work on that committee and the work which the committee have done, I think they have performed an admirable service and are entitled to the grateful appreciation of the American people.

I agree with what the Senator said just a few moments ago about political influence, and the way it was wielded to get contracts; but I want to go further. I believe that the methods used by these corporations to get contracts are indefensible; they are corrupt, and deserve the condemnation of all honest men; but to prevent such things from happening, as a preventive measure, and without doing any injustice to anybody, I do not believe that we ought to stop at that. I do not believe that a chairman of a national committee ought to hold a position in the Cabinet of the President of the United States, especially when he is going to be called upon to act upon contracts as important as these are.

I think that applies to Mr. Farley, and it is only right for me to say that, because I believe it is only carrying out the idea that I have, and which I think the Senator from Alabama has, that the real object, after all, is to purify public dealings and not have anyone be able from the record hereafter to point the finger of scorn at corruption which has, I think, been so ably exposed by the Senator from Alabama.

Mr. BLACK. I appreciate the Senator's remarks. I will state not because of the one who is Postmaster General but for the reason——

Mr. NORRIS. Mr. President, will the Senator let me interrupt him again?

Mr. BLACK. Certainly.

Mr. NORRIS. I want to say that nothing, so far as I know, has pointed to anything Postmaster General Farley has done that is in any way wrong, or technically illegal, but I should like to have the members of the President's Cabinet placed beyond the power of evil influences. It is not because this man or that man may be dishonest; I think it is because the position he holds enables a dishonest man to perform acts which will bring about the results the Senator has disclosed.

Mr. BLACK. I am personally very much gratified that the present Postmaster General saw fit to do that which any honest man ought to do. When he found there was fraud he took action which the honest people of this country, who know the facts, will approve. I agree with the Senator.

Mr. McKELLAR. Mr. President——

Mr. BLACK. Just a moment. I agree with the Senator from Nebraska that I would prefer not to have matters of this kind decided by any one man. I want a bill and I am joining in championing a bill which provides for turning the letting of such contracts over to the Interstate Commerce Commission.

Mr. McKELLAR. Air-mail contracts?

Mr. BLACK. All air-mail contracts, without subsidy. That is what I favor. That is what I want to have enacted into law.

Mr. McKELLAR. I agree with the Senator that these contracts might well be put in the hands of the Interstate Commerce Commission, as it is proposed to do in the bill now before us. But I want to say also in behalf of Mr. Farley that even if these contracts were dishonest and corrupt, as I believe them to be, it took a remarkable degree of courage to cancel them, and I believe the Senator from Alabama agrees with me.

Mr. BLACK. I think I may say that any man, wherever he comes from or to whatever party he belongs, who has the courage to arouse the antagonism of the National City Bank—and I shall later show these are the people—and to interfere with the closely related affairs of the Morgans and the Kuhn-Loebs in New York is a man of courage, and I take off my hat to him.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield.

Mr. NORRIS. As I look at it, it is no defense to say that Mr. Farley, for instance, is a man of great courage and great honesty. So far as I know, no one has charged anything else. He is a human being; and human nature is about the same whether we find it in the Democratic Party or the Republican Party. I do not believe the chairman of the Republican National Committee or the chairman of the Democratic National Committee ought to be a Member of the United States Senate. Such a man might retain his office as a United States Senator, and Mr. Farley might retain his office as Postmaster General—I would not have any objection to that—but he ought to resign as chairman of a great political party in either case.

Many Senators will remember that just a few years ago the chairman of the Republican National Committee was a member of this body. I would not say anything against him. I knew him. I thought a great deal of him. I thought he was a fine man. I am not criticizing him as a man at all. I know he possessed an influence here by virtue of his chairmanship of the Republican National Committee that no other Senator possessed. Although he had practically no other influence, there were a good many votes on vital questions here which he controlled absolutely without doing anything himself and without saying a word. When it was known where he stood and what he wanted, there were some votes that went his way. I, personally, know of some instances of that kind.

I do not want to be understood as criticizing him. I did not criticize him. I do not want to be understood as criticiz-

ing Postmaster General Farley or saying he has not done his duty, because I think he has. But we are establishing precedents and the fact that he is Postmaster General ought to disqualify him from being chairman of a great national political committee.

Mr. BLACK. Mr. President, I want to call attention now to one more contract made by the Western Air Express. On July 31, 1931, the company made a contract by which it agreed if it ever got to where it could operate its line more rapidly or could carry passengers more cheaply than the Aviation Corporation of Delaware, it would surrender its contract. That is a very unusual contract, but that is exactly the contract which was made. In other words, under this contract, if the Western Air reached a point where it could carry passengers more cheaply or more quickly than the Aviation Corporation, it must surrender its contract.

Why did it make that kind of a contract? Mr. Hanshue declared under oath it was because he had to make it in order to get it at all. The Postmaster General told him he had to get a contract sublet by the Aviation Corporation of America, otherwise he would lose the interest he had in the line. So he made an agreement in writing which is in the record. I will read just briefly to show there is no question about it:

Senator McCARRAN. Mr. Hanshue, I would like to have you explain as to what you understood—it is not clear to me—as to what was understood, and what is the significance of the language read by Senator BLACK a few minutes ago as to these two routes?

Mr. HANSHUE. You mean this last paragraph about rates and time, and so forth?

Senator McCARRAN. Yes. Tell us in your own way just what that meant as you understood it.

Mr. HANSHUE. It simply meant if we could carry passengers faster from El Paso by way of Albuquerque to Los Angeles, or for a cheaper rate, and did so, we would lose the contract.

The CHAIRMAN. In other words, could you speed it up so as to go faster than this Transcontinental Line to Los Angeles——

Mr. HANSHUE. Faster than the Southern.

The CHAIRMAN. Than the Southern Line?

Mr. HANSHUE. Yes.

The CHAIRMAN. And cheapened the rates so you could carry people cheaper than they, you would lose your contract?

Mr. HANSHUE. The mail contract.

He made that contract because it was necessary for him to do so, or he would get no contract at all. It is true he had been operating that line. That is one of the lines which he was complaining he had taken away from him.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nevada?

Mr. BLACK. I yield.

Mr. McCARRAN. I hope I will not disrupt the train of thought of my colleague on the committee, and I want him to understand my interruption is not intended to do anything except to develop a thought.

As I recall, the evidence before the committee shows that Hanshue and his associates had devoted a large part of their lives and their time and their money to the development of those western lines. It also discloses that the Postmaster General had it in his power, and had made known his power to Hanshue and his associates, to put them out of business and destroy everything they had put into their respective lines. I think the Senator will agree with me on that point.

Mr. BLACK. The Senator is correct. It was for that reason that they combined with T.A.T., and it was for that reason they lost their line in the South which they had begun to operate, as Mr. Hanshue stated, because the Postmaster General had indicated to them he would give them a mail contract.

Mr. McCARRAN. Just another interruption, if the Senator please. I know the Senator is tired, because he has now been on his feet several hours.

Mr. BLACK. I am almost through, but I am glad to yield to the Senator from Nevada.

Mr. McCARRAN. I want to develop just this thought from the Senator. Wherever power is vested in a Federal agency or in one individual having Federal power behind him, and he threatens with destruction those who must come before him, they naturally will yield and bend to his will.

Mr. BLACK. That is usually true. That would not excuse them, however, if they did a wrong act. There is no difference between the Senator and me in respect to the idea he has in mind. I favor, as I have heretofore stated, turning these contracts over to the Interstate Commerce Commission. The Senator from Nevada favors a different commission. Insofar as our ideas of principle are concerned they are identical. We want to remove hereafter the making of these contracts from any agency, whether it is a good man or a bad man holding the office, and we want it placed in a commission which will pass upon the facts and deal justly with all concerned.

I ask to have inserted in the RECORD at this point, without reading, the evidence of Mr. Hanshue as to why he took this subcontract. It appears at page 2932 of the record.

The PRESIDING OFFICER. Without objection, the evidence referred to will be printed in the RECORD.

The matter referred to is as follows:

The CHAIRMAN. You stated in the contract between you and the Robertson Aircraft Corporation, the American Airways, Inc., on the 31st day of July 1931:

"Whereas the Western Co. has heretofore made claim to the said proposed air-mail contract between El Paso, Tex., and Albuquerque, N.Mex."

That is correct, is it not?

Mr. HANSHUE. Yes.

The CHAIRMAN. Is it not true that in that contract you were compelled against your will to agree that you would not ask for "an extension or extensions, either longutudinally or laterally, or in any other way on route no. 33, or any consolidation thereof or route certificate granted thereon."

Is that correct?

Mr. HANSHUE. That is correct.

The CHAIRMAN. So that on this contract made on the 31st day of July you did agree in writing over your signature, did you not——

Mr. HANSHUE (interposing). Sure.

The CHAIRMAN (continuing). With these people that you would not ask for any extensions or consolidations or anything else that would affect this American Airways Line across the continent?

Mr. HANSHUE. Yes, sir. That is the only way I could have the thing sublet to us.

The CHAIRMAN. The only way you could have what sublet to you?

Mr. HANSHUE. The extension from El Paso to Albuquerque.

The CHAIRMAN. Who attached that condition to the contract?

Mr. HANSHUE. American Airways.

The CHAIRMAN. The Postmaster General approved—this was turned over to him, was it not?

Mr. HANSHUE. Yes.

The CHAIRMAN. And he approved it, did he not?

Mr. HANSHUE. That is what I understand.

The CHAIRMAN. It was turned over before the extensions were granted, was it not?

Mr. HANSHUE. We had to——

The CHAIRMAN. You had to?

Mr. HANSHUE. We had to make the agreement first.

* * * * * * *

The CHAIRMAN. Why did you make such a contract as that, Mr. Hanshue?

Mr. HANSHUE. We had to do it to get the mail. They submitted a very much more stringent contract than that to begin with, but this is what it finally——

Senator McCARRAN. Who submitted it?

Mr. HANSHUE. The American Airways.

The CHAIRMAN. Had you been told you must agree with them before you would get any contract?

Mr. HANSHUE. Yes.

The CHAIRMAN. Who told you that?

Mr. HANSHUE. The Postmaster General.

The CHAIRMAN. Which Postmaster General?

Mr. HANSHUE. Postmaster General Brown.

Senator McCARRAN. Right there, Mr. Hanshue, I would like to have you explain as to what you understood—it is not clear to me—as to what was understood, and what is the significance of the language read by Senator BLACK a few minutes ago as to these two routes?

Mr. HANSHUE. You mean this last paragraph about rates and time, and so forth?

Senator McCARRAN. Yes. Tell us in your own way just what that meant as you understood it.

Mr. HANSHUE. It simply meant if we could carry passengers faster from El Paso by way of Albuquerque to Los Angeles, or for a cheaper rate, and did so, we would lose the contract.

The CHAIRMAN. In other words, could you speed it up so as to go faster than this Transcontinental Line to Los Angeles——

Mr. HANSHUE. Faster than the Southern.

The CHAIRMAN. Than the Southern Line?

Mr. HANSHUE. Yes.

The CHAIRMAN. And cheapened the rates so you could carry people cheaper than they, you would lose your contract?

Mr. HANSHUE. The mail contract.

Mr. BLACK. Mr. President, the strange part about this agreement is that it is not new, either. Let me read an exactly similar thing that happened in 1834, and what the Senate then thought about it:

Resolved, That it appears that an individual who made a contract for the transportation of the mail was required to give it up for no other reason than that it might be given to another desirous of having it; and that the act of the Department in requiring such surrender and effecting the transfer was illegal and unjust.

I also find that the Senate then resolved that the Department had a custom of varying from the advertisement; and I have already shown how they varied from the advertisement in this case. In fact, all the things which have recently occurred are just a repetition of the same old fraudulent practices which occurred heretofore.

I desire to call attention for just a few minutes, and then I shall conclude, to what has happened to the Government's money. I cannot go into all the figures, but I desire to call attention to what has happened to the Government's money. I made the statement a number of times that some bankers and some brokers have been getting it, and some individuals have been getting rich. Let me tell about a few of them. I might add that not so many are getting rich, because there are not so very many of them. The insiders are very few and very choice, but I will give the names of a few of them.

Let us find out what the bankers made out of some of these sales.

The North American, Inc., received for its stock $25,000,000 and paid to its bankers and brokers, for selling it, $4,864,726. Their brokers were the Bank of America and Keys.

The Aviation Corporation of Delaware received into its treasury from the sale of stock $35,000,000, and paid to its bankers and brokers for the sale of stock $5,000,000. They were W. A. Harriman & Co. and Lehman Bros.

The Transcontinental Air Transport received into its treasury $5,000,000, and the potential profit of the insiders, its bankers and brokers, on stock at the high price was $9,324,076; and the profits computed on the basis of actual sales by Blair & Co. were $1,141,280.

The stock sold by United Aircraft, for which money went into the treasury, amounted to $13,789,000. The National City Bank, through its associate, made $5,895,000; so that it got nearly $6,000,000, while the company got $13,000,000.

Now, let me go just a little further here.

The Western Air Express, routes 4 and 12, in 1930 made a net profit of $1,651,913.33. Its total investment at that time was $540,000. That represented a net profit during that year of 305 percent and a little more, which should have carried them, on an 8-percent basis, for 38 years.

The profits made by Western Air on their mail contracts from 1927 to 1933, inclusive, were more than $3,500,000. This is according to their Post Office Department reports.

Mr. Hanshue, the president of that company, bought 270 shares of that stock in 1925, 1926, and 1927. He paid $29,285 for it. He exchanged it for 6,750 shares of Western Air Express Corporation of Delaware in 1929. He sold 4,550 shares. He received, for the part that he sold, $225,362. He had left, however, 2,200 shares.

He paid, for 6,750 shares, $29,000, so that he actually realized as a profit $196,000, and he had 2,200 shares left. During that time—1925 to 1933—he drew salary and expenses of $305,265; and that is the company which made 305 percent in 1 year.

During that time Mr. Herbert Fleishacker came into the picture. Mr. Fleishacker is also a very generous contributor to the campaign fund out in California. Mr. Fleishacker bought 55 shares for $10,340 in 1927. He then sold them, and made a profit in 1929 and 1930 of $72,591. This was the company that was drawing its living from the Government.

I might mention there, incidentally, that this was a mere sideline to Mr. Fleishacker. He was also drawing some of the ocean-mail pay money. He made as profits and salaries out of that, in 6 years' time, $3,685,763.98, and he made $2,514,348 of that money without one nickel of investment. He did not invest a nickel, and made $2,514,348 on the subsidized shipping business, because he was one of the insiders. To make this total of $3,635,000 he had invested $185,000, but he had borrowed $50,000 of that back, and had received far more than that in salaries.

Now, let us take Pratt & Whitney. It started out with an investment of $1,000—5,000 shares at 20 cents a share. It exchanged those 5,000 shares, at 20 cents a share, for 868,000 shares of United Aircraft stock. That is the stock for which the public paid $97 a share when the insiders first turned it loose. So the owners of the Pratt & Whitney Co., which in 1927, according to the evidence, was an insolvent company—it owed more than it had—in 1929 got 868,000 shares of United Aircraft stock, or a total, at $97 a share, of $75,516,000, out of a $1,000 investment in a concern which 2 years before was worth nothing.

Who is going to pay for that? The taxpayer, of course, out of subsidies and contracts.

Mr. W. E. Boeing's orginal investment was $487,119. He ran it up to a value of $30,853,372 in stock of the United Aircraft which he received. He actually took profits of a little over $12,000,000, and had 36,000 shares left on hand. Bear in mind that that is the same company that sold their stock through the National City Bank. The only money they got in was the money that went through that institution; and they had to pay practically $6,000,000 to the bankers in order to get $13,000,000 into the treasury to take care of these gentlemen whose $1,000 investment grew to $75,000,000.

It might be interesting to know that the total investment of the Boeing Air Transport Co., according to the reports to the Post Office Department, was $750. That was the investment, $750. They issued some preferred stock, which was retired out of Post Office profits; but their common-stock investment, according to their reports to the Post Office Department, was $750. They bought that stock at 6 cents a share. This stock was then exchanged for United Aircraft stock. Now, note, the poor public had to buy it, and they paid $97 a share; but when the Boeing Air Transport stockholders exchanged their 6-cent shares, they received 106,433 shares of United Aircraft stock, which cost them a total of 47/100 of 1 cent per share—47/100 of 1 cent per share—and the market price of that stock in which $750 had been invested, at $97 per share, the day it opened up to the public, was $10,324,001.

Where did that come from? It came out of the United States Treasury, because that company with the $750 investment made a profit in 1928 of $891,629, or 118,884 percent on the investment.

In 1929 the company made a total profit of $1,657,897, or 221,053 percent on the investment.

In 1930 it made $1,141,700, a return of 152,227 percent on this $750 investment.

In 1931 it made $1,089,751, or 145,300 percent on the investment of $750.

In 1932 it made $731,410.62, or 97,521 percent on the $750 investment.

It seems to me that a company like that might be able to go along for a few months without having its hands dipped any deeper into the Public Treasury, unless the public just likes the pleasure of contributing to those who have, and taking money away from those who have not in order to give it to those who have.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Tennessee.

Mr. McKELLAR. All of which goes to show that these manipulators not only get the subsidies from the Government themselves, but they so use them as to get enormously larger sums from the public at large by the sale of stock.

Mr. BLACK. Why, certainly. The stockholders paid money for their stock. It did not all go into the Treasury. Only a small percentage of it went into the Treasury, because the very day the insiders turned it loose it sold for $97 a share; but do not ever think the insiders paid that.

They not only did not pay it, but they paid themselves $6,000,000 for the privilege of taking it at the low price, and then turned it loose on the public.

I am not sure that I placed in the RECORD the statement that Mr. F. B. Rentschler in July 1925 bought 1,375 shares of Pratt & Whitney aircraft stock at 20 cents a share, for $275, which grew like the prophet's gourd until in 1928 he had a stock dividend of 101,200 shares, and in 1928 he transferred that for 219,604 shares of the United Aircraft. That is the company which is a combination of the two.

The market price of the stock, on the day it was issued—this stock which cost him $275—was $21,301,588, and by the next year it had climbed up until the $275 had a potential value of $35,575,848.

During that time, from 1927 to 1933, the salary and bonus was $1,600,000, 1 year amounting to $430,000, and I have letters from people who work for Pratt & Whitney, whose names I cannot reveal because I would not want them to lose their jobs, whose wages during that very year were cut so low that some of them had to go out and ask for public charity from the Red Cross. In the face of that are we to be told that there is fairness or justice in a system which pours millions into the pockets of a few insiders and, at the same time, impoverishes and makes destitute the men who perform the work and do the labor without which the wheels could not revolve?

Mr. C. W. Deeds bought some stock for $40, and it grew and it grew until it was worth at its highest price $5,624,640, after it reached the United Air Transport Co.

I have stated for the RECORD the profits of the Western Air, according to their own reports, and because it has been stated on the floor that the T.A.T. and the Western Air have been losing a million dollars a year, I shall ask to have inserted in the RECORD a memorandum signed by Mr. Daniel M. Sheaffer on May 8, 1931, showing that the company was not losing money. It shows that it was in the black in 1931.

I have already shown the profits made by the Western Air Express. This memorandum is interesting also because it shows the bankers who actually pulled the strings which controlled each one of these different companies. Mr. Sheaffer did not intend this for the public. He intended it for the private eyes, evidently, of the Pennsylvania Railroad officials, and it actually tells who controls, and it does not say anything about the control of the little stockholders, about whom we have heard so much. It states the railroads and the companies which controlled.

I looked up today in a report a reference to one of these organizations which controls a large part of this stock—the Founders Corporation—and, as I recall it, it required five pages in the printed record to show the different stocks they owned—all the power companies and interlocking corporate affiliations of the large business enterprises of this Nation.

Senators should not permit themselves to be deceived. This is but a part of the same general fight which has to be made in this country if the plain, average, everyday American citizen is to have his rights preserved, to draw an honest wage. He cannot get it if it is taken away from him in excessive profits and high salaries and high bonuses. He will continue to be in the future, as he has been under this so-called "prosperity" of the past, actually the forgotten man as he walks up and asks for alms and for bread during the very years when some of the companies are making a thousand percent profit, and salaries and bonuses continue at the high rate, to be placed in the bulging pockets of those who already have more than they need.

What we have been fighting for has been to show to the country that this system of special privilege could not be permitted to continue if equity and justice and right are intended to prevail in the United States of America. It is with that idea that I have joined in the bill which has been offered. I believe fully and completely in the principle of placing this matter in the hands of some body which can act on it judicially, and grant rates according to what the companies ought to receive, according to the evidence.

I do not believe in granting any further subsidies to maintain companies which have already dropped their hands so deeply into the taxpayer's pockets that the taxpayer has been made to feel it.

I ask that this memorandum be inserted in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

The Pennsylvania Railroad has followed the development of commercial aviation since 1925, at which time the first private enterprise, namely, the National Air Transport, Inc., was organized for the carrying of United States mail between New York and Dallas via Chicago. In May 1928 Pennsylvania was instrumental in organizing the first transcontinental passenger service (in the form of rail-air), starting operation July 1929. It required over 1 year to construct the airway, airports, development of two-way radio and passenger-transport planes.

The company formed for the purpose—Transcontinental Air Transport, Inc.—issued 500,000 shares of stock, capital $5,000,000, of which $2,000,000 was set up as a corporate surplus for development and pioneering purposes, realizing that the first few years the operations would be carried on at a loss.

Pennsylvania's investment, 50,000 shares ($500,000), represented at that time a 10-percent interest, and from the beginning it has contributed substantially in the way of organization, operating help, advertising, and goodwill. The line is looked upon as a Pennsylvania enterprise, although our present interest equals but 6.7 percent.

During the past 5 years the development of commercial aviation in this country has consistently and rapidly progressed; for example:

(a) Air mail, 1926, 8,000 pounds; 1930, 8,000,000 pounds.
(b) Air passengers, 1926, 6,000; 1930, 400,000.
(c) Air express, 1926, 3,500 pounds; 1930, 718,000 pounds.
(d) Airports, present, 550 municipal and 564 commercial; total, 1,114.
(e) Airways, equipped for day flying, 30,000 miles; equipped for night flying, 16,000 miles.
(f) Scheduled daily flying, 75,857 miles.

The protecting franchises of air lines rests largely with the Federal Government through the mail contracts and the licensing of air lines by the Department of Commerce. Following shortly will come the certificates of public convenience by the States. Many States already have formed aeronautical commissions, and eventually such certificates will be granted the pioneering lines.

While airports and airways cannot at this time be preempted, being similar to the highways and waterways, they do afford certain potential franchises to the pioneering air lines through such ground facilities as are provided directly by the transportation companies, these being the emergency landing fields, radio communication, radio direction, airport contracts, and participation in or direct ownership of airports.

The manufacture of airplanes is experiencing some difficulty in that the potential supply is greater than the demand. This will always be more or less true, as it is with railroad equipment. Notwithstanding the design of air transport is improving, the efficiency is increasing, and the cruising speed advancing rather sharply in the larger planes. Metal transport planes will be available within the year cruising at 140 to 150 miles per hour. Of course, there is much to be looked for in the way of increasing the efficiency.

The cost of airplanes at the present time is greater than it will be at some time in the future, because there is no stabilization of design and planes go out more from obsolescence than they do from wear and tear, which naturally increases the depreciation rates and costs.

Considering the present competitive situation—air transport is related to rail transportation about 8 to 1 on cost of operation, while the ratio of speed approximates 3 to 1.

During the past 3 years the air lines have been solidifying their service by consolidation, and today four major operations exist: The Eastern Air Transport (North American Aviation, shown on map in green), the northern route (the United Aircraft & Transport Corporation, shown on map in yellow), the southern route (Aviation Corporation, shown on map in black), and the central route (Transcontinental & Western Air, Inc., shown on the map in red).

The Transcontinental & Western Air, Inc., is the operating company formed by Transcontinental Air Transport, Inc., and the Western Air Express, Inc. The route is the one originally surveyed and laid out by T.A.T. and traverses the best airway in the country, and serves the most potential traffic territory.

From the point of view of the Pennsylvania, considering the large contribution which it has made in the pioneering effort, the situation that must now be met is the question of further participation in order to hold and protect its position and its relation to air transportation. To go forward means the control or a participation in control of T.A.T.; the latter at this time will require about $1,500,000, and looking to the future may require a much greater financial interest.

The Transcontinental & Western Air, Inc., is now operating in black for the first time, and its successful operation—like rail transportation—depends on management and a diversified volume of traffic.

At the present time it is flying 9,000 miles a day, and without increasing the plant facility can readily fly 30,000 miles daily.

The operating company—

TRANSCONTINENTAL & WESTERN AIR, INC.

(Red line on map)

Started October 1, 1930, taking over the operating properties of Transcontinental Air Transport, Inc., and Western Air Express, Inc., on their lines between Columbus and San Francisco, via Kansas City and Los Angeles. T.A.T. and W.A.E. inaugurated a competitive service July 1, 1929, carrying passengers only between these points, and both lines were losing considerable money.

Certain physical properties, together with cash, $682,500, have been turned in to the operating company, approximating $5,000,000. There will be 500,000 shares of stock issued, no par value, of which 47½ percent will be owned by each of the companies and 5 percent by Pittsburgh Aviation Industries Corporation.

The operating company now performs a mail, passenger, and express service between New York and San Francisco, via Philadelphia, Pittsburgh, Columbus, St. Louis, Tulsa, Kansas City, Albequerque, and Los Angeles, and Columbus to Chicago.

Estimated gross business per annum—

Mail	$3,500,000
Passenger	1,400,000
Express	100,000
Total	5,000,000
Estimated earnings over and above operating expenses and fixed charges	500,000

Transcontinental Air Transport, Inc.

Common stock (no par value):		
746,893 shares, net worth	$5,905,847.47	
Or per share approximately	8.00	
Today's market price	7.25	
Principal stockholders:	*Shares*	*Percent*
North American Aviation	103,400	13.9
Pennsylvania RR	50,000	6.7
Total	153,400	20.6

There are about 17,000 stockholders, of which 47 have holdings of 1,000 shares or more—a total of 290,232 shares, 38.86 percent.

Trancontinental Air Transport is now a holding company, its operations and line property having been turned over to Transcontinental & Western Air, Inc., for a 47½-percent stock interest. Transcontinental Air Transport owns 10,000 shares of stock of Western Air, Inc.—a 4.8-percent interest.

WESTERN AIR EXPRESS, INC.

(Purple line on map)

Now operates between San Diego and Salt Lake City, carrying mail, passengers, and express, and owns 47½ percent stock interest in Transcontinental & Western Air, Inc.

Stock issued, 210,698 shares. Present market price, $15 per share.

Principal stockholders:	*Shares*	*Percent*
General Aviation (subsidiary of General Motors)	60,000	28.6
Aviation Corporation	26,000	12.4
National Aviation	16,000	7.6
T.A.T.	10,000	4.8
Control	112,000	53.4

This company, on its Salt Lake route, has been making money.

General Motors, through its subsidiary, General Aviation, owns working control of Western Air Express, Inc.

GENERAL AVIATION CORPORATION

A subsidiary of General Motors. Has approximately 1,000,000 shares of stock issued, no par value, representing $10,000,000 capital, of which General Motors owns 40 percent. Anthony Fokker owns and controls about 225,000 shares. These two holdings, approximately 625,000 shares, control. The company owns outright the Fokker Airplane Manufacturing Co. and 60,000 shares, or 28.6 percent, stock interest in Western Air Express. The business activity is manufacturing airplanes.

PITTSBURGH AVIATION INDUSTRIES CORPORATION

(Blue line on map)

Shares issued (no par), 45,683, representing a capital of $1,146,575. There are 204 stockholders. Working control rests with about 10 stockholders. Has 5-percent interest in Transcontinental & Western Air; also operates passenger, mail, and express line Cleveland-Pittsburgh-Washington. Active leaders include Messrs. Humphrey, Hann, Hillman, R. K. Mellon, Monro, and Smith.

NORTH AMERICAN AVIATION

Stock issued, 2,100,000 shares (no par value), representing capital of $26,250,000. This stock is well distributed, there being 23,000 stockholders.

Working control appears to rest with Bancamerica interests, including Messrs. J. Cheever Cowdin and C. M. Keys.

This company owns 103,400 shares of T.A.T. stock—13.9 percent. In addition it has $15,000,000 invested in various aviation companies. It owns outright the Eastern Air Transport, operating a mail, passenger, and express service between New York, Atlanta, Jacksonville, and Miami. It also owns Sperry Corporation and Ford Instrument Co.

AVIATION CORPORATION

(Black line on map)

A $25,000,000 corporation. Working control rests with Lehman Bros. & Harriman. This company owns a number of air lines operating passenger, mail, and express service, including the southern transcontinental. It also owns 26,000 shares of Western Air Express—12.4 percent.

NATIONAL AVIATION

Investment trust; $3,250,000 capital. Working control rests with Grayson Murphy and American Founders.

This company owns 16,000 shares Western Air Express—7.6 percent. In addition it has a diversified holding of aviation stock, both manufacturing and transportation, but controls no particular company.

BENDIX AVIATION CORPORATION

General Motors has about $15,000,000 invested in this company. Its business is manufacturing instruments and parts, such as brakes, carburetors, etc.—about 75 percent automobile, 25 percent aviation.

UNITED AIRCRAFT & TRANSPORT CORPORATION

(Yellow line on map)

Preferred and common stock, $26,000,000; assets, $41,000,000. Working control rests with National City Bank group.

This company owns several air lines operating passenger, mail, and express service, which includes the northern transcontinental (Boeing Airplane & Transport Corporation and the National Air Transport) and a substantial interest in Pan American Airways, South America; also manufactures aircraft, engines, and propellers. Has no interest in competing air lines.

DANIEL M. SHEAFFER.

Mr. BLACK. Mr. President, I shall now conclude my remarks simply by stating that I have presented here for the RECORD only a small part of the evidence. I have not attempted to present it all. To do so would require entirely too long a time.

I would not present it all for another reason. It is my judgment that this evidence should be presented, just as was the evidence in 1882, to a coordinate branch of the Government, if it desires it. If the criminal laws of our country have been violated, there should be trials and there should be punishment. There is no excuse and no reason why we should continue to talk about enforcing the law against the small law violator, and refrain from enforcing it against those who sit in the places of might and of power and of influence.

The time has come for a square deal to the people of this country with reference to their rights, and the only way it can be granted is to take away every special privilege that has been awarded to those who did not need it, and to let equal and exact justice reign in the United States of America.

Mr. President, I have submitted these facts simply as they came from the record. I could give more, but, in my judgment, these facts, if considered and understood, will convince the people of the United States, not because I have said them, but because they are the truth, that honesty and justice and fair dealing require that every one of these contracts should be canceled, and that the people of this Nation should have their mail carried upon an honest and solid foundation.

Mr. President, the chart I am inserting in the RECORD gives rather a complete picture of the aviation industry, dealing with the aviation dollar. It shows the percentage of the total amount paid each group of contractors for domestic air mail, foreign air mail, and for military airplane equipment that went to each group.

It is difficult to consider the air-mail aspects of aviation without also considering the military operations, because they are so closely identified and deal with our national defense, and the companies that have provided the air-mail service are also furnishing the military equipment. The interlocking of the directors and organizers of the companies forming the Aviation Trust would in case of an emergency place our national defense in the hands of a few masters of big business who have exploited air-mail and military contracts for their own selfish interests and have built up a monopoly within a monopoly, as shown by the chart.

This chart indicates our aviation industry is definitely headed for General Motors or E. I. du Pont de Nemours & Co. control. The chart indicates the process of gaining this control started during the World War in 1917, when the Aircraft Production Board was controlled by men closely identified with General Motors Corporation. These men are still directing our aviation policy.

(The charts and tables are on pp. 7436–7439.)

CONSOLIDATED STAT
SHOWING BY MANA
CERTAIN STATISTICS OF MAIL AND PA
ENUE MILES FLOWN, AND THE REVENU
DAR YEARS 1931 & 1932. ALSO TOTAL
ESTIC AIR MAIL, FOREIGN AIR MAIL,
PLANES AND SERVICE PARTS FOR THE
AGES OF TOTAL PAID EACH GROUP.

CONTRACTORS			TOTAL MAIL PAY PER YEAR	PERCENT TO TOTAL PAYMENTS	MILES OF ROUTE	MAIL POUNDAGE CARRIED CALENDAR YEAR	PERCENT TO TOTAL POUNDS CARRIED	PASSENGER REVENUE FOR YEAR	PERCENT TO TOTAL REVENUE
UNITED AIR LINES	1931		$6,981,463.12	41.97	6,003	4,026,929	53.1141		
		1932	6,794,560.14	34.10	6,216	3,326,611	43.096	$3,305,310.94	42.8
AVIATION CORPORATION	"		4,440,227.69	22.346	7,657.75	1,312,809	14.435		
		"	6,845,233.84	22.77	8,576	1,227,653	17.886	1,289,607.84	23.01
WESTERN AIR EXPRESS	"		1,184,237.00	6.014	1,970	768,286	8.803		
		"	774,110.53	4.01	1,767	520.47	6.74	150,261.62	2.68
PENNSYLVANIA AIR LINES	"		171,149.74	.85	344.35	91,111	.96		
		"	260,464.01	1.36	326.	118,208	1.68	112,206.31	2.00
CLEARING(NATIONAL & AVIATION)	"		1,914,601.00	8.093	3,334.8	895,047	6.377		
		"	3,287,810.57	13.655	3,347	1,130,174	15.56	705,576.47	12.59
UNITED STATES AIRWAYS	"		86,732.00	.440	544.	18,337	.276		
		"	140,422.27	.726	544.	18,189	.26	84,697.14	.659
LADDER AIR TRANSPORT	"		1,974,723.84	10.007	2,092.041	949,306	13.478		
		"	1,458,140.48	8.8	2,260	821,304	11.08	442,851.70	8.01
TRANSCONTINENTAL AIR LINES	"		617,130.99	3.079	1,344.583	182,583	2.007		
		"	898,319.38	3.11	1,344	130,941	2.02	365,740.35	6.39
SOUTHWEST AIRWAYS	"		918,532.71	4.606	1,443.8	276,601	2.963		
		"	823,210.64	4.48	1,438	260,446	3.62	320,384.38	5.59
NATIONAL PARES AIRWAYS	"		348,673.00	1.838	- 509.	42,537	.693		
		"	248,117.48	1.804	509.	30,638	.69	17,762.13	.317
TOTAL	1931		$19,930,870.84			9,100,953			
		1932	$19,294,329.47			7,399,257		$5,405,720.80	

AIRWAY LIGHTING DEPARTMENT
MIDLAND AVIATION CORP.
AVIATION CORPORATION CO. INC.

AIRPLANE ACCESSORIES CORPORATION
BENDIX AVIATION 5,000,000 Shares
BENDIX PRODUCERS 100%
BENDIX-STROMBERG PRODUCERS 100%
BRISTOL AVIATION CORP. 100%
PIONEER INSTRUMENT CO. 100%
BENDIX BRAKE COMPANY
CONSOLIDATED INST.CO.OF AMERICA, INC.
SCINTILLA MAGNETO CO.
AMERICAN PROPELLER CO.
PIONEER INSTRUMENT CO.
PRATT AND WHITNEY AIRCRAFT CO.
AERO SUPPLY MFG. CO. INC.
RE-CELL-O AIRCRAFT ART TOOL CO.
HAMILTON STANDARD PROPELLER CORP.
STROMBERG CARBURETOR CO. INC.

INVESTMENT TRUSTS
AVIATION CORP. OF CALIFORNIA
NATIONAL AVIATION CORPORATION
AERONAUTICAL INCORPORATION INC.
AVIATION SECURITIES CORP. OF NEW ENGLAND
AIR INVESTORS INC.
AMERICAN AERONAUTICAL TRADE CORP.
WING AND RUDDER COMPANY INC.
CAPITAL ACCUMULATION CORP.
THE ADAMS EXPRESS CO.
AVIATION AID INDUSTRIAL CORP.
FINANCE AND TRADING CORP.
BRIDAS CORP.
COMMERCIAL NATIONAL CORPORATION

GENERAL MOTORS CORPORATION
GENERAL AVIATION CORPORATION

AIRCRAFT PRODUCTION BOARD, WORLD WAR 1917.
Was foundation for our aviation development. Those dominating at that time and who still figure in our aviation policies.
Reeds, Col. S. A. — Griffin, Howard E.
Kettering, Charles F. — Hatha, George B.
The United States Co. — The Dayton Engineering Laboratories, Co.
Delco Lighting & Ignitions — Ignition & Starting Devices
The Dayton Metal Products Co. — The Dayton Wright Aeroplane Co.
Manufacturers of Munitions — The Domestic Building Co.
Real Estate Developments.
(See Congressional Record 65th Congress, 3rd Session. Page 883.)

1931
MAIL CONTRACTORS

AIR MAIL, Domestic	$ 19,990,870.84
AIR MAIL, Foreign	6,504,658.17
MILITARY EXPENDITURE	19,820,432.08
TOTAL	$ 46,315,961.09

THE AVIATION $ WHERE DID IT GO?

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DRAWN BY [illegible]

AIR MAIL DOMESTIC

26.764% 30.047%

CAPITAL STOCK
AUTHORIZED $5,000,000- PAR $1,000 & 800,000 SHARES OUTSTANDING $2,307,920 OR 230,792 SHARES.

CAPITAL STOCK
AUTHORIZED 400,000,000.00 6,000,000 SHARES- $5.00 PAR
CAPITALIZED $10,584,780.00 1,996,778 SHARES

36.10% 41.37%

CAPITAL STOCK
AUTHORIZED 2,800,000 SHARES
OUTSTANDING 2,598,317 SHARES
CAPITALIZED $60.00

27.350% 30.175%

CAPITAL STOCK
AUTHORIZED 125,000,000 & 6,000,000 SHARES,$5.00 PAR
OUTSTANDING $13,236,790.00 & 2,647,358 SHARES

WESTERN AIR EXPRESS, INC.
WESTERN AIR EXPRESS CORP.

A.M. ROUTE NO.	
Pennsylvania Air Lines Inc.	11
Transcontinental & Western Air Inc.	34

NOTE:
North American Aviation Owns 51.02% of Western Air Express Corporation and also 28.78% of Transcontinental Air Transport which in turn owns 47.4% of Transcontinental & Western Air Inc.

North American Aviation exchanged on April 28, 1932 - 1,461,922 shares, or 49% of its own present outstanding stock to the General Aviation Corporation, for 2,000 shares or all of the present authorized stock of General Aviation Manufacturing Company which is a subsidiary of General Aviation Corporation.

CURTISS-WRIGHT CORPORATION.
90.0% Curtiss Airplane & Motor Co.
90% Curtiss-Wright Airport Corp.
90.0% De Vaa Corporation
51.0% Curtiss-Wright Export Corp.
74.0% Curtiss-Caproni (Italian)
100.0% Curtiss-Wright Airplane Mfg.Co.(Del.)
99.5% Curtiss-Wright Airplane Co. (Inc.)
97.0% Wright Aeronautical
99.0% Keystone Aircraft Co.
100.0% Lessing Aeronautical Engineering
E. T. AIR TERMINALS, INC. Inc.
99% TRAVELAIR COMPANY

NORTH AMERICAN AVIATION, INC.
(Wholly Owned Subsidiaries)

A.M. ROUTE NO.	
Eastern Air Transport	19 & 25
Sperry Gyroscope Company, Inc.	
Sperry Gyroscope Company, Ltd.	
N.Y. & Atlantic Seaboard Exp., Inc.	
New York Airways, Inc.	
Fluid Instrument Co., Inc.	
B/J Aircraft Corporation	
Condor Corporation	

Partially Owned Companies:
64% Intercontinent Aviation, Inc.
Owned by Intercontinent Aviation:
100% Aviation Exploration, Inc.
100% Compania/National Cubana de Aviation Curtiss S.A. Cuba, (Sold to Pan-American.)
100% China Airways Federal Inc., U.S.A., (China Airways owns 62% of China National Aviation Corp.)
60% Compania de Aviation Faucett, S.A. Peru.
Curtiss-Wright Corporation.
Transcontinental Air Transport.
Douglas Aircraft Company, Inc.

UNITED AIRCRAFT & TRANSPORT CORP.
UNITED AIR LINES, INC.

A.M. ROUTE NO.	
National Air Transport Corp.	17
Varney Air Lines, Inc.	8
Pacific Air Transport Co.	6
Boeing Air Transport, Inc.	14

MANUFACTURING & SALES ORGANIZATIONS
HAMILTON AERO MFG. COMPANY
100% Hamilton Standard Propeller
100% Boeing Aero/Lamb Co.
100% Pratt & Whitney Aircraft Co.
100% Chance Vought Corp.
100% Sikorsky Aviation Corp.
99.0% Sikorsky Aviation Corp.
100% United Airports of Calif.
100% United Airports of Conn.
100% United Aircraft Export Corp.
100% Boeing School of Aeronautics.
Northrop Aircraft Corp., Ltd.

GULF CONSOLIDATED
AMERICAN AIRWAYS
AVIATION CORP.

A.M. ROUTE NO.	
Colonial Air Transport	1
Robertson Aircraft Corp.	3
Continental Airlines, Inc.	14
Colonial Western Airways	20
Cath Darwin	21
Dawn Rankins	22
Gulf Coast Airways	25
Embry-Riddle Co.	26
Robertson Aircraft Corp.	28
Gulf Coast Airways	29
Interstate Air Lines Inc.	30
Robertson Aircraft Corp.,and S.L.P.R.	33
United States Airways, Inc.	33
Transcontinental Air Lines	37

GENERAL MOTORS CORP.
GENERAL AVIATION CORP.

E. I. DU PONT DE NEMOURS & CO.

CURTISS WRIGHT CORP.

OFFICIALS & DIRECTORS OF AVIATION CORPORATIONS
IDENTIFIED WITH AVIATION CORPORATIONS

* GILSON, G. T.
* KETTERING, C. F.
* PINCUS, F. J.
* BERGEN, E. H.
* STETTINIUS, EDW. R.
* HARRIMAN, JOHN J.- Controls Aero Supply Corp.
* PRENTISS-BROWN, H. V.
* SCHOONMAKER, J. H. Jr.
* DU PONT, HENRY A.- Director of North American.
* SMITH, JOHN THOMAS - Director & General Counsel.
* MOTT, WARREN B.
* BRADLEY, ALBERT - Gen. Asst't Treas.

RE-GOVERNMENT OFFICIALS & DIRECTORS
IDENTIFIED WITH AVIATION CORPORATIONS

HOY, HARRY S. - Ex-Postmaster General.
PATRICK, MAJ. GEN. MASON - Former Chief of Army Air Corps.
McCRACKEN, WM. P. JR. - Former Asst'd Sec. of Dept. of Commerce.
HERRICK, PAUL - Former Asst'd P. M. G.
BROWN, D. W. E. - Son-in-law of Former Sec. Treasury, A. MELLON.
CRAPIN, MAY B. - Ex-Asst. of Dept. of Commerce.
O'RYAN, MAJ. GEN. JOHN F.
COFFIN, HOWARD E. - U. S. Aircraft Production Board, Gen. 1917.
BRIGG, COL. WM. A. - U. S. Aircraft Production Board - 1918.
WADSWORTH, JAMES W. JR.- Congressman.
HARRIS, EDWARD P. - Assistant Secretary of Navy, in charge of Aeronautics.

RAILROAD OFFICIALS
IDENTIFIED WITH AVIATION CORPORATIONS

RICHARDSON, JAMES A. - Director Canadian Pacific Ry.
HARRIMAN, W. A. - Pres. Am. Pac. SS.
BRUCE, MATHEW C. - Pres. Assn. International Corp. & Director in RR.
LANCASTER, JOHN L. - Pres. Texas Pacific RR.
BROWN, C. A. - Chm. of Finance Comm. of the Union Pacific RR.
FRANT, J. S. - Pres. Denver & Rio Grande Western Ry. Co.
CHAPPED, D. M. - Pennsylvania RR. Co.
HARRIMAN, W. A. - Director of several large railroads.
JOHNS, ROBERT A. - Pres. Union Pacific RR.
* BROWN, DONALDSON - Director of St.Louis & San Francisco RR.
* FINLEY, FRED J. - Director Clev., Cincin., Chicago & St. Louis RR.
* HOOP, GEO. F. - Dir. N.Y.C. RY.
U. S. ATTORNEY- PRESIDENT, Pennsylvania RR Co.

EMENT AND CHART
GEMENT GROUPS
SSENGER CARRYING OPERATIONS REVE PER MILE FLOWN, FOR THE CALENEXPENDITURES FOR CARRYING DOMMILITARY EXPENDATURES FOR AIRSAME YEARS, INCLUDING PERCENT-

AVIATION & INDUSTRIAL INSURANCE

AERO UNDERWRITERS CO.
PRESIDENT H. REYNOLDER, Dir.
MAJ. GEN. MASON M. PATRICK, Dir.
AERO INSURANCE CORP.
AVIATION UNDERWRITERS INC.
AVCO INDEMNITY CORP.
BANKERS AND RAILWAY
U. S. AVIATION- INSURANCE UNDERWRITERS
GEORGE MASON, Dir.

AERONAUTICAL COMMERCIAL CONTRACTORS

AERONAUTICAL CHAMBER OF COMMERCE
* THOMAS A. MORGAN Pres.
FRED B. REYNOLDER
* COL. PAUL HENDERSON
P. G. JOHNSON V.P.
* EDELIE M. RANDOLPH V.P.
* J. A. A. SMITH Treas.
* DONALD B. DOE Sec.
* RICHARD ROBINS "
* J. M. SCHOTTAUER, JR. "
* JAMES T. TRIPPE "
* CHARLES RANCH "
* CHARLES L. LAWRENCE "

INTERNATIONAL CONTROL & DOMINATION
INTERNATIONAL AIRFIELD TRANSPORT CORP.
PANAMA AIRFIELD TRANSPORT CORP. LTD.
AIRCRAFT DEVELOPMENT CORPORATION.

ABOVE ARE CONNECTIONS AND -
* CHARLES F. LINDBERGH
* CHARLES S. HOYT
* JOHN T. TRIPPE
HON. P. PARLEY
* C. H. HYDE
* R. G. WOODWELL
R. B. HOOPE
A. P. LEPLEY
R. L. MEYERCORD
MAURICE B. KIRKHAM
EDWARD FALKINGHAM
ROLAND FARNUM
STANLEY INGLIS
* HARRY GRANICK
* GEO. W. LOCKWOOD
MR. A. BALL
ROY T. HURLEY
JOHN M. ELLIOTT * MR. P. RAYMOND.

EXCLUSIVE MAIL	MAIL PASSENGER	EXCLUSIVE PASSENGER	TOTAL	PER CENT TOTAL MILES	MAIL (CENTS)	PASSENGER (CENTS)	TOTAL (CENTS)	MAIL REVENUE PER MILE TO TOTAL REVENUE PER CENT	REVENUE FROM EXPRESS & OTHER
1,807,122	8,344,971	373,648	10,525,841	84.32	60.156	18.899	96.019	63.48	2.977
764,787	10,830,796	850,830	12,580,763	89.48	84.4215	10.2715	72.9421	71.79	1.802
2,466,154	4,022,282	892,867	7,306,386	80.97	40.302	11.109	78.419	60.78	2.306
3,616,296	6,541,372	1,863,746	9,972,322	26.98	49.40	14.580	80.279	57.64	1.879
	1,492,492	1,946	1,496,648	6.44	86.596	8.289	92.445	91.31	2.750
	1,469,736	25,872	1,495,636	6.44	81.490	7.969	89.367	87.58	.862
87,387	331,163	11,888	430,138	1.30	47.926	16.186	65.133	76.76	.135
178,897	534,813	6,880	680,590	1.77	78.874	14.826	83.461	89.48	.702
934,226	2,156,636	602,973	3,694,089	11.99	63.007	26.987	78.913	81.62	3.619
1,899,954	2,457,176	169,835	4,530,963	12.26	87.404	10.844	54.683	72.98	1.663
	216,870	6,432	220,322	.73	38.870	12.027	69.819	77.38	.338
	647,098	2,176	649,271	1.28	34.688	8.108	42.797	80.73	.197
1,774,089	1,674,704	359,790	3,808,583	11.70	58.462	11.319	68.135	81.48	1.894
1,518,427	1,871,880	216,895	3,788,112	10.62	60.592	12.068	68.765	77.38	.870
269,669	681,702	240,243	1,383,674	4.84	48.109	17.394	68.350	79.86	.547
256,812	1,127,868	120,687	1,507,367	4.08	49.468	18.587	84.660	72.21	.473
187,863	1,134,148	67,109	1,440,308	4.73	62.790	13.519	79.803	78.93	2.194
294,851	1,268,775	103,851	1,665,672	4.51	54.968	17.721	79.104	78.58	2.664
	630,289	200	673,468	2.06	58.640	7.396	65.539	68.17	3.702
	728,278		728,278	1.97	47.826	1.473	51.507	70.16	2.366
7,444,182	20,408,168	2,532,340	30,384,971		65.479	12.379	82.355	79.54	
6,724,447	24,967,432	2,972,258	36,580,295		57.430	14.815	61.817	76.11	

1933
PAID CONTRACTORS

AIR MAIL, Domestic	$19,296,929.67
AIR MAIL, Foreign	4,946,984.80
MILITARY EXPENDITURES	24,991,138.78
Total	$49,225,053.25

YEAR	OPERATORS REPORTING	PLANES IN SERVICE	MILES FLOWN	HOURS FLOWN	PASSENGERS CARRIED	EMPLOYEES
1926	164	467	8,411,892		526,235	1989
1929*	800	1,695	104,834,860	1,304,307	2,938,800	30944
1930*	600	2,834	95,283,648	1,188,527	2,623,748	30368
1931*	340	2,512	72,683,130	962,180	1,378,898	5161
1932*	260	1,973	50,231,288	693,748	1,118,482	4138

* STATISTICAL ESTIMATES BASED ON A RANDOM SURVEY OF VITAL DATA

INVESTMENT OF AVIATION MONOPOLY ON THE SYSTEM

AERONAUTICAL CHAMBER OF COMMERCE

U. S. DU PONT IN KINDRED & COMPANY
SUBSIDIARIES AND PRODUCTS IMPORTANT
OWNS 10.75% INC. STAKES IN 20% of NATIONAL DISTILL. CORP.

SUBSIDIARIES WHOLLY OWNED:
AMERICAN NITROGEN COMPANY
ASSOCIATED SECURITIES OF CANADA, LTD.
DU PONT BUILDING CORPORATION
DU PONT CELLOPHANE COMPANY, INC.
DU PONT, T. A.
DU PONT EXPORT COMPANY
DU PONT SECURITIES COMPANY
DU PONT VISCOLOID COMPANY
THE PACIFIC R. & R. CHEMICALS CORP.
THE SEMET-SOLVAY CHEMICAL COMPANY
SOUTH. DU PONT COMPANY
INTERNATIONAL PRINTING CORP., THE.
NATIONAL ANILINE COMPANY, INC.
ROCKEN REALTY COMPANY

COMPANIES FOR WHOLLY OWNED: INVESTMENT

ACETOL PRODUCTS, INC.	75.00
BATA-BRITISH COMPANY, LTD.	50.00
CANADIAN INDUSTRIES, LIMITED	40.45
CELASTIC CORPORATION	50.00
COMPAÑIA MEXICANA DE EXPLOSIVOS	50.00
COMPAÑIA NITROCELULOSA DE EL PASO(?)	42.42
DU PONT FILM MFG. CORP.	51.00
EASTERN SUPP. CORP.	55.00
GENERAL MOTORS SECURITIES CO.	
PLASTIC SPECIALS, INC.	51.00
REEDS FINISHES & COLOR CORP.	70.00
C. G. SARGENT & CO., LTD.	60.00
LEAUTECHNIK PROPRIETARY, LTD.	40.00
SOUTH. CHEMICAL PRODUCTS, LTD.	45.00
OHIO RUBBER CHEMICAL COMPANY	50.00
SOCIETE FRANCAISE MICO, S.A.	35.00
SOCIETE FRANCAISE PARMELEE, S.A.	51.00
[illegible] Asst Manager	CONTROL

PRODUCT MANUFACTURED:

EXPLOSIVES	14 Plants	EXPERIMENTAL LABORATORY	1 Plant
EXPLOSIVES LABORATORY	1 "	MACHINE PLANT	1 "
CAPS AND FUSES	1 "	FABRIKOID PRODUCTS	2 "
WOOD PULP	1 "	CHEMICAL SPECIALTIES	3 "
SMOKES	1 "	CELLULOSES	1 "
SMOKELESS POWDER & SUBSTITUTE	1 "	RAYON	1 "
DYE STUFFS	1 "	MOTION PICTURE FILM	1 "
PAINTS AND VARNISH	4 "	ALCOHOL	1 "
CHEMICALS AND LACQUERS	1 "	ACIDS, HEAVY CHEMICALS, PIGMENTS	
FABRIKOID	1 "	AND COLORS	8 "
RUBBER GOODS	1 "	TETRA ETHYL LEAD	1 "
FOR DETAIL OF SYNTHETIC TERMS	1 "	SYNTHETIC AMMONIA	2 "
		AMMONIA AND AMMONIA PRODUCTS	3 "

AIR MAIL FOREIGN

MILITARY EXPENDITURES

CAPITAL STOCK
AUTHORIZED 50,000 NO PAR
OUTSTANDING 10,000 SHARES
(WITH NORTH AVIATION CORP.)
& SOLD T. & W. A.

CAPITAL STOCK
AUTHORIZED 150,000 SHARES
NO PAR VALUE
OUTSTANDING
50,000 SHARES

NORTHWEST AIRWAYS A.M. ROUTE NO. 9

NATIONAL PARKS AIRWAYS A.M. ROUTE NO. 24

AVIATION CORPORATION OF THE AMERICAS
PAN AMERICAN AIRWAYS INC.
BOOTHS NOS. 4,5,6,7,8,9, and 12.
PAN AMERICA-GRACE AIRWAYS
BOOTH NO. 9.

NOTE:
NOT CONTROLS NATIONAL AVIATION
100% PACIFIC AIRWAYS INC. (ALASKA)

Edward S. Stettinius, Vice Presidents of General Motors Corporation is a brother-in-law of J. T. Trippe, President of Pan American Airways.

OTHER FOREIGN SUBSIDIARIES:

	BOOTH NO.
CANADIAN COLONIAL AIRWAYS, INC.	1
CANADA-VICTORIA AIRWAYS, INC.	2
ANTHONY H. GRACE	3

BANKERS AND BROKERS
ASSOCIATED WITH AVIATION CORPORATIONS

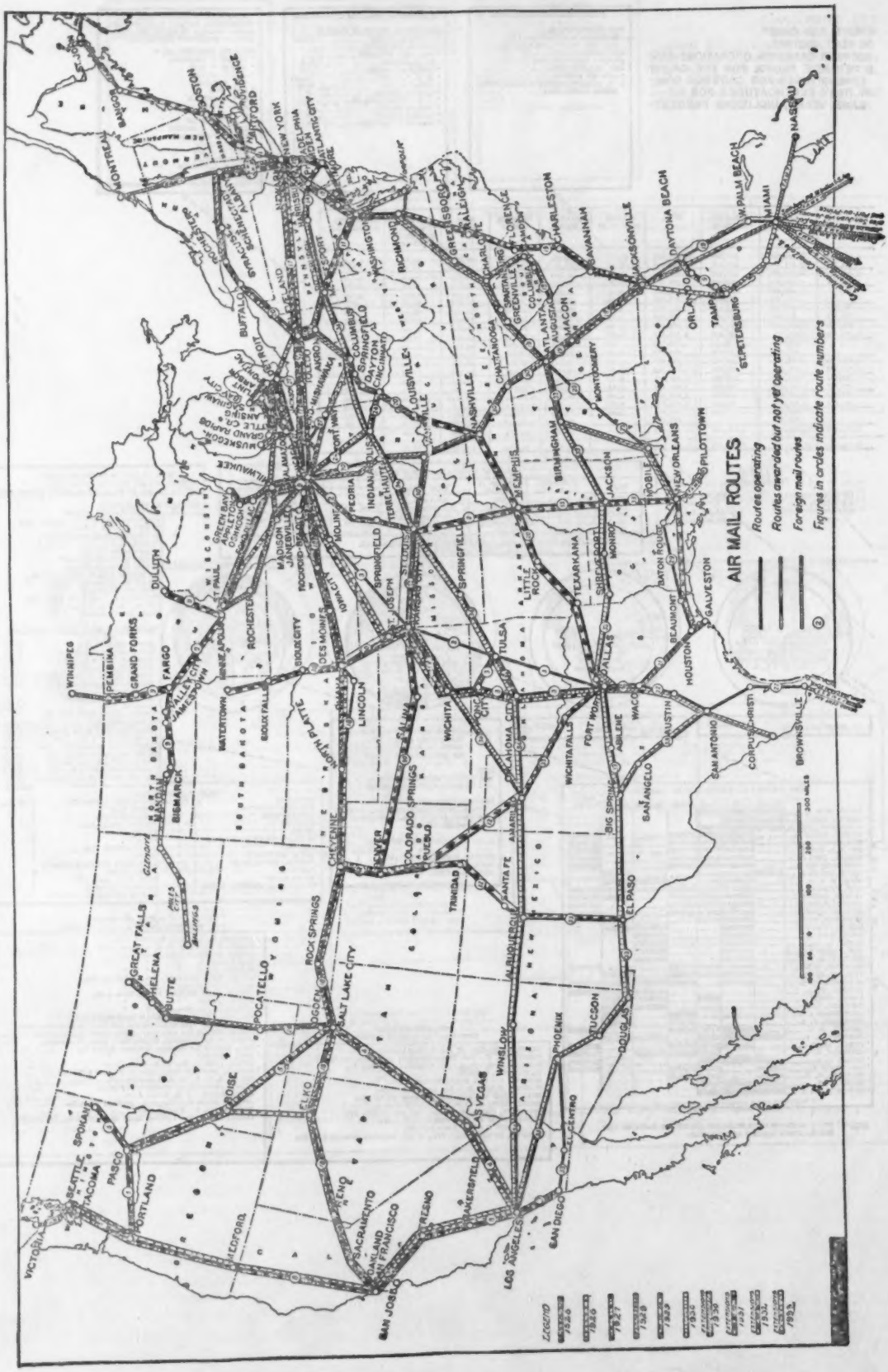
HACKMAN, W. A.- V. A. Harriman & Co.
WALKER, G. H.- Pres. W. A. Harriman & Co.
LEHMAN, PHILIP- Partner, Lehman Bros.
MAZER, PAUL M. " " "
PECORA, NORMAN " " "
* BUTLER, GEO.- Vice Pres. Stone & Webster Inc.
* PRATT, FREDERICK S.- " " "
* HOYT, RICHARD- Partner, Kuhn Loeb & Co.
WARNER, LEWIS- " " "
HOPKINS, C.W.JR. Director " "
WILLIAMS, HARRY L.- Pres. Air Investors Inc.
CROCKER, W.H.- Vice Pres. Crocker 1st Nat'l Bk. San Francisco.
MELLON, RICHARD K.- Vice Pres. Union Trust Co., Pittsburgh.
MCGAW, W. L.- Director, Mellon Nat'l Bank, Pittsburgh.
* COFF, LAWRENCE P.- Partner, Brown B. Hall & Co.
* COFF, HENRY W.- " " "
HUTTON, JAMES H. JR.- V. P. Hutton & Co.
* WILLIAMS, JAMES G.- Pres. James G. Williams & Co.
MOFFAT, G. H. P.- G. M. P. Murphy & Co.
GORDON, WILLIAM D.- Sanderson & Porter.
RAMEY, JOHN W.- G. H. Burney & Co.
STETSON, HARRIS W.- Vice Pres. Guaranty Trust Co.
PYLE, MRS. H.- President & Co.
ENGEL, MISSES V.- V.-Pres. Canal Bk. & Trust Co., New Orleans.

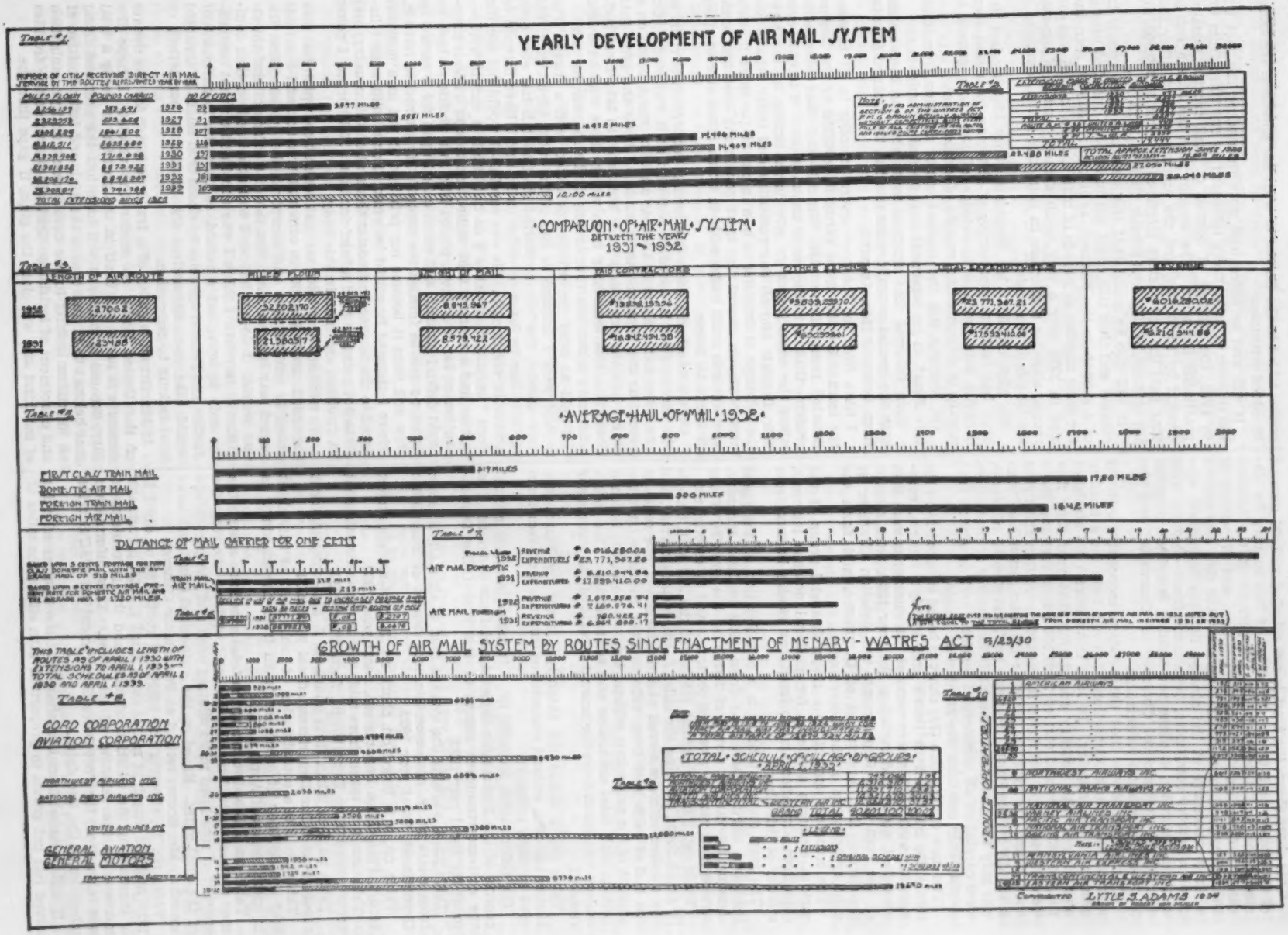
OFFICERS OF
CONSTITUENT AVIATION CORPORATIONS

BOBRAD, B. STANLEY, of Wm Dollar Steamship Lines.
FARLEY, HON. P.- Chm. Executive Comm. Assoc. Houston Co.
FRANKLIN, JOHN.- Vice Pres. Roosevelt Steamship Co.
FLETCHER&CREE, HEDRICK,
HUTH, HON. P.- Dir. Matson Navigation Co.
CHANDLER, HARRY - Dir. Los Angeles S.S. Co.
MOORE, MATTHEW C.- Dir. American Hawaiian S.S. Co.
HOOVER, LORING B.- Dir. American Hawaiian S.S. Co.
WILLAMSON, FREDERICK W.- Dir. Los Angeles S.S. Co.
STEWART, CECIL F.- Dir. Seaboard S.S. Lines.
REID, HAROLD D.- Dir. Grace S.S. Co.
MACOMBER, RICHARD B. JR.- Pres. & Dir. American Hawaiian S.S. Co.

| | | |

CHART NO. 1


AIR MAIL ROUTES
Routes operating
Routes awarded but not yet operating
Foreign mail routes
Figures in circles indicate route numbers
LEGEND
1926
1926
1927
1928
1929
1930
1931
1934
1933


YEARLY DEVELOPMENT OF AIR MAIL SYSTEM
COMPARISON OF AIR MAIL SYSTEM
BETWEEN THE YEARS
1931 - 1932
AVERAGE HAUL OF MAIL 1932
DISTANCE OF MAIL CARRIED FOR ONE CENT
GROWTH OF AIR MAIL SYSTEM BY ROUTES SINCE ENACTMENT OF McNARY-WATRES ACT 7/29/30
TOTAL SCHEDULE OF MILEAGE BY GROUPS
APRIL 1, 1935
GRAND TOTAL 30,801.100
CORD CORPORATION AVIATION CORPORATION
GENERAL AVIATION GENERAL MOTORS
NORTHWEST AIRWAYS INC.
NATIONAL PARKS AIRWAYS INC.
UNITED AIRLINES INC.
AMERICAN AIRWAYS
NORTHWEST AIRWAYS INC.
NATIONAL PARKS AIRWAYS INC.
PENNSYLVANIA AIRWAYS INC.
WESTERN AIR EXPRESS INC.
TRANSCONTINENTAL & WESTERN AIR INC.
COMPILED LYTLE S. ADAMS 1934

This chart shows the trust is not satisfied with 93 percent of the money paid by the taxpayers of this country for domestic air-mail transportation, 98 percent of the amount paid for foreign air-mail transportation, and 87 percent of the money paid for military equipment, but they also control a large percentage of the airways lighting equipment, airplane accessory companies, investment trusts—dealing with aviation securities, airplane and liability insurance, dirigible operations, Aeronautical Chamber of Commerce, and the National Aeronautic Association.

The record shows that the aviation monopoly, with its railroad and bank connections, has not been for a healthy growth of the industry. In 1929 there were 7,695 airplanes operating in this country and during that year they flew 104,336,560 miles and carried 2,995,530 passengers and there were 20,944 people employed in the transportation and flying operations. In 1932 the number of miles flown had been gradually reduced more than one half, the number of planes was only 1,979, and less than half the number of passengers were carried in all commercial services, and they were employing only one fifth the number of people.

The data upon which this chart is based is taken from information published in Poor's and Moody's reports, commencing with 1927, where some of the companies were first organized, up to and including the year 1933, from records of the Post Office Department, the Aviation Chamber of Commerce, the Department of Commerce, and from the military branches of the Government.

The complete control by a single financial group of the various elements available for national defense purposes, explosives, airplanes, and so forth, can readily be seen from a study of this chart.

The map on chart no. 1 is a consolidation of the maps published during each year from 1926 to 1933 inclusive, showing by various forms of hatching the growth of the service each year by awarded contracts and by extensions.

Table no. 1 is the annual growth of the Air Mail Service in graph form, showing the miles flown, pounds carried, and the number of cities served and the length of the route at the end of each year from 1926 to 1933, inclusive, and the amount of the extensions without bids shown in the hatched portion with total extensions and adjustments. This information was taken from the annual reports of the Postmaster General.

Table no. 2 shows the extensions made by Postmaster General Brown, without competitive bidding, each year from 1930 to 1933, inclusive.

The information on table no. 3 is taken from the annual reports of the Postmaster General and from chart no. 2 of the cost-ascertainment report of the Post Office Department for fiscal year 1932.

Table no. 4, showing the average haul of air mail, is taken from chart no. 3, cost-ascertainment report of Post Office Department, fiscal year 1932.

Table no. 5 is based on chart no. 3, cost-ascertainment report, Post Office Department, fiscal year 1932.

Table no. 6 is taken from table no. 2, cost-ascertainment report, Post Office Department, fiscal year 1932.

Table no. 7 is taken from chart no. 2, cost-ascertainment report, Post Office Department, fiscal year 1932.

Table no. 8 is a consolidation of table no. 1 of this chart and the addition of schedules taken from the schedules as in operation as of April 1, 1933.

Table no. 9 is a division of the total schedules among the five groups controlling the air-mail system, showing the amount of scheduled miles allotted each and the percentage of the total miles. Based on the authorized scheduled service when Mr. Brown retired as Postmaster General.

Table no. 10, showing the length of routes as of April 1, 1930, and the length of routes as of April 1, 1933, percentage of increase by the addition of miles and the percentage of increase by the addition of schedules. This information was taken from the Post Office Department Air Mail Service schedules of the two dates.

It will be noted from this chart that the number of cities served has not grown in proportion with either the miles of routes added to the Service or with the growth of the system by added schedules.

It will also be noted that notwithstanding the fact that the number of miles flown increased by one third from 1931 to 1932, the number of pounds of mail carried remained practically the same. The amount paid the contractors increased by $3,000,000, and the amount of cost other than that paid the contractors increased by over $3,000,000, and the revenue in 1931 was greater than in 1932.

It will also be noted that the schedules were greatly increased and that this could not have been justified because of a growth in the business, as it can readily be seen that the same number of pounds of mail carried in 1931 was carried in 1932 over a very much greater length of air-mail routes, showing a decrease in poundage when compared to the length of the routes.

Mr. McCARRAN. Mr. President, since Monday last this body has had an opportunity of listening to honest men, honestly bent, with a knowledge of the facts gained by months of diligence and months of studiousness.

On Monday last the learned senior Senator from Ohio [Mr. FESS], in his vehement way, opened the subject.

Then followed that studious man who has been sitting with the special committee for months, the learned Senator from Vermont [Mr. AUSTIN].

I have tried for the past several months to sit between the learned Senator from Vermont, fortified by the learned Senator from Maine [Mr. WHITE], and that everlasting student, that man who never knows what it is to quit, even when the night hours go into dawn, sitting on my right [Mr. BLACK]; and all day yesterday and today I have had the privilege of listening to him in one of the most finished arguments, in one of the most convincing speeches based upon records made under oath, to which it has ever been my privilege to listen.

On the one hand, there is a human conception of right as the Senators see it, based on a record as it was made. On the other hand, there is another angle of right, based on a record as the Senator saw it made. I hope and pray that in my humble way I may have been able to take from both these Senators something from which those who have lent their ears to this controversy may find a solution for it all.

I hold no brief for anyone connected with a fraud. For a solid week I listened to one of the most adroit men, the most careful, the best-memoried man that it has ever been my privilege to listen to under oath; and I have listened to a number under oath. He was careful—I would not use the word "cunning", because I do not think it should apply—but he had a memory that without notes and without preparation, so far as I know, placed him in a position where he could defend himself, and when called upon for a record he asked no one to furnish the record. He seemed to have it. Now and then it became my privilege to put in a question where I thought he might be weak. For a solid week I listened to the former Postmaster General of this country, and I am not going to hold a brief for him. Neither am I going to condemn any man in this body.

We were not appointed on that committee, which has now expended nearly $50,000, to convict any man; and I am not going to convict save and except as the evidence and the record may bring a conviction into the minds of the American people. I do not believe I was appointed on that committee to convict. I think I was appointed on that committee only to bring out a record, so that the Department of Justice and Federal agencies to whom trial might be accorded would take upon themselves the burden of conviction, or trial looking to conviction.

If Mr. Brown is guilty of a fraud, it is not for the Senate of the United States to render the verdict. I hope the Senate will never put itself in the position of being a trial jury, because if it does it will have lost the grandest thing that belongs to it, and that is the high and lofty position of an inquisitor looking to the development and promulgation and enactment of legislation that will overcome the frailties of mankind and will close the gaps, if gaps there be.

I hold no brief for the cancelation of the contracts unless those cancelations were warranted. As to whether or not they were warranted, some court having jurisdiction will determine, because those who hold contracts undoubtedly have ample means to go into a court of competent jurisdiction and have determined the question whether or not they were unlawfully deprived of the benefits of those contracts. But, Mr. President, the situation is that we are, and have been for months, working, investigating, trying to find the facts so that we might enact legislation, not that we might condemn. If condemnation there be, there are avenues and agencies for that purpose.

Now we are about to step out of one role into another.

The McNary-Watres Act came into effect, and under the McNary-Watres Act all these conditions arose. We now propose to enact new legislation that will take the place of at least part of the McNary-Watres Act; and we propose to do something more. Mr. President, we are only on the threshold of a science the limits of which only God Almighty can determine. The man who loses sight of our position today as a Nation, confronted with a developing science, loses sight of the biggest thing America ever knew.

Imagination belongs to youth. Imagination lingers and dwindles after the meridian of life. To youth belongs the development of this great science that must build us from a commercial standpoint and from a military standpoint as well.

I listened with interest to the learned Senator from Vermont, and I listened with rapt interest to the man by whose side I have worked for months, and with whose conclusions I have no argument, with many of whose conclusions I stand foursquare. But are we building, or are we merely tearing down? Was it the province of the special committee to tear down and leave the wrecks, or was it the province of the special committee to ascertain the facts and leave the conclusions for those agencies of government that had the right to execute, and then for us to build by legislation so that conditions which have developed may never again arise?

I want to pay a tribute now. Those conditions were developed by the zeal, by the midnight toil, by the everlasting toil and labor of the Senator from Alabama. There is no other member on the committee who deserves the credit he deserves. My opportunities did not give me the vantage ground. It was only a frail, meager support that I could give him as we went along. But until the Senate shall cease to exist, which I hope will never be, there will never come to it a man who will give so much of his energy, so much of his zeal, so much of his thought, or at least none will come who will give more of those qualities.

But, Mr. President, there must come something out of this that will be forgetful of the past and only used as a framework by which we will build the future. That legislation must come calmly, judiciously, and must be carefully prepared.

We are about to suspend for the day, I hope, and I want to say, as a closing thought which I may leave with this body tonight, that the future is before us with all the development it promises for the great science of aviation which is now in the making. Legislation should be enacted now. Have we the courage to do it now, or must we wait for some more investigation out of which there will come condemnations hand over hand? Have we not the courage now, delegated by the sovereign States, to say that we can legislate and use the past as the foundation on which to build for the future? The future must depend upon the legislation we shall enact, I hope at this session.

The future must depend upon the lines we shall write, I hope at this session, and not experimentally. We have now spent $50,000 experimenting. We have had a committee in session for months and months and months, and it is not now a question of experimenting. We have found where the law had its loopholes, and we have found where those who want to declare fraud and collusion might have opportunity to do so. Let us close them judiciously and carefully. Let us build something that will be worth while.

Mr. President, I listened to one ex-Postmaster General for a week and then I listened to the present Postmaster General. I shall not say a word save and except that I wished and I shall always wish that both those men might have been out of the dilemma and out of the conditions which were imposed upon them by a law enacted by the Congress. I think the present Postmaster General would use and has used the best judgment he could use with the advice he had. He said so under oath. "I relied upon the advice of counsel," he said repeatedly. Undoubtedly the other Postmaster General relied upon the advice of counsel. But why does the Postmaster General of the great Nation to which we belong, with all the political power conferred on him beforehand, have the power to throttle the commerce of America through the air?

By what right does the Postmaster General come into power and put his thumb on the throttle of the commerce of this country? The commerce of the country will go through the air in the years yet to come.

Mr. ROBINSON of Arkansas. Mr. President, I understand the Senator from Nevada would like to suspend at this time?

Mr. McCARRAN. That would be agreeable to me.

THE PATH TO RECOVERY—ADDRESS BY SECRETARY OF STATE HULL

Mr. ROBINSON of Arkansas. Mr. President, on the 23d of April the Secretary of State, Hon. Cordell Hull, a former member of this body, delivered an address which is both interesting and informative. I ask that the address may be printed in the RECORD and lie on the table.

There being no objection, the address was ordered to lie on the table and to be printed in the RECORD, as follows:

THE PATH TO RECOVERY

ADDRESS OF THE HONORABLE CORDELL HULL, SECRETARY OF STATE, TO THE MEMBERS OF THE ASSOCIATED PRESS, AT LUNCHEON, AT THE WALDORF-ASTORIA HOTEL, NEW YORK CITY, MONDAY, APRIL 23, 1934

Mr. President, gentlemen of the Associated Press, ladies and gentlemen, I know how seriously disappointed you are at the inability of the President of the United States to be present in person and greet you on this notable occasion. In conveying to you the President's sincere thanks for your cordial invitation and his keen regrets, I can assure you that his disappointment is at least equal to yours.

I naturally do not come here in any special substitute capacity for our honored President, and I shall, therefore, speak only my individual views. It gives me unusual pleasure to have this chance to pay the tribute of my admiration to an internationally known news-collecting agency. It has been my good fortune to know personally and well many of your members, and I am also happy to meet so many of the others present here. As an individual some of the time, and as an official most of the time, over a long period of years, I have had every opportunity to observe the operation and the activities of your organization, and frankly, in whatsoever part of the world I have come in contact with them, I have never hesitated to trust implicitly representatives of a well-established news agency. For collecting and disseminating accurate news, information of news value, and carefully selected news not calculated unnecessarily to create misunderstanding or discord between peoples or governments, your organization has built up a splendid reputation. All honor and all success to yours as to every other impartial news agency.

Freedom of the press is abridged almost universally today. In a number of important countries the press is controlled by the governments; in others by military or political censors; in still others by manufacturers of war materials, or by foreign subsidies. It is represented that the more serious threats against peace today are in those parts of the world where the press is controlled by government officials who have the power either to declare or to force war.

It is a matter of congratulation that this country has a free press. Its service to our people and our free institutions is of incalculable value. This very freedom of the press, however, imposes the duty and responsibility of avoiding or refraining from excesses, undue license, or abuses; for instance, the hasty transmission of unconfirmed news reports for publication and their verification later, often leads to unjust and disastrous results. Another instance of abuse is the publication of matter not in the interest of the general public but positively detrimental to it. It may be read not on account of any news value, but by reason of its sensational or scandalous or hurtful nature. This class of publicity always raises the difficult question of when is news not news.

The gathering and dissemination of news conducted on right lines is a powerful influence for international understanding, friendship, and peace.

Those associated with the press today have rarely had such an opportunity to develop an alert and informed public opinion, and

never has there been a more crying need for this than today. Similarly they may be of inestimable service by aiding in disseminating such information as will enable the people in every country thoroughly to understand each other's viewpoints, conditions, aims, and aspirations. Because of the very important part the gentlemen of the press play in the conduct of our foreign relations, I am profoundly glad that they are as a class intelligent, thoughtful, hard working, and devoted to the best interests of the country as a whole.

Potent remedies have been applied to stay panic conditions, and the more acute ravages of the depression have thereby been checked. But although substantial improvement has definitely been noted, all nations are still passing through troublous times.

Some of our own citizens have become bewildered. "Where is the Government going?" they ask, and others more personal in their queries face their own future with grave forebodings and much uncertainty. The distressing and sobering effects of the depression have finally impelled some measure of stock taking. For until the present depression became serious in its destructive effects, people here and everywhere were on a joy ride. There was little thought during that period about such vital subjects as government, morals, and civilization. Standards of human conduct had reached the low ebb of modern civilization.

The trite saying that, after all, people get as good government as they are entitled to, is especially true where they have as direct a voice in governmental affairs as in the United States. I personally feel that most phases of human affairs have been on the decline. This deplorable trend challenges the attention of parents, churches, schools, newspapers, and governments. Our own country urgently needs a moral and spiritual awakening. I sometimes wonder whether the trumpet call of the ancient prophets will not be necessary to revive and restore moral and spiritual ideals. Any permanent governmental structure erected by a free people must rest upon solid moral and spiritual foundations. Sound liberal doctrines, humanitarianism, social justice, and social welfare can live and thrive only in a moral and spiritual atmosphere.

If the people of this country will indicate that these high ideals are their first objective, one could with all the more definiteness point to a sound economic philosophy and a wise political system which would constitute the most desirable agencies for the promotion of human rights and human welfare. The individual citizen, therefore, would logically inquire first where he himself is going. The second question of where the Government is going would then practically be answered in like terms and like spirit. No despotism, no autocracy, no arbitrary power of any kind can offer a substitute for sympathy, for distress, for the spirit of the good neighbor, and for the humanitarian desire to see that every individual has a full and fair opportunity in life. The latter feelings and convictions, too, can only find lodgment in the minds and hearts of those who are free.

Despite the unlimited number of those who profess to have an accurate comprehension of existing difficulties, we know that few really have a full grasp of them and that the ablest experts differ widely on many points. We, therefore, understand the necessity of proceeding with a mind open to all reasonable proposals, but with cautious concern in adopting them and studying their effects.

It was unavoidably necessary that our Government should formulate a program, not one, but really two programs, one set of measures designed to meet urgent crisis difficulties, the other generally helpful to the acute panic relief situation, but designed primarily to meet the ultimate objectives and the long-time economic requirements of the country. This latter program alone will assure a course of business recovery which will be full, stable, and durable.

The tendency of the average person is to confine his attention to the immediate policies and methods, to press for his idea of immediate relief without taking into due account the necessity of following broader lines permanently beneficial. Naturally, any portion of the temporary or emergency measures undertaken which is found to be good and wholesome, will be permanently retained, while other portions made necessary for the time being by acute depression conditions would naturally be modified or abandoned as the Nation emerges from these panic difficulties. Short-time and long-time programs in their operation involve no important conflict with each other. No one wishes a mere temporary or short-lived recovery by emergency methods; and no one wishes to pursue some distant ideal that would be inconsistent with the vital necessity of immediate recovery. The present administration has moved in as practical a manner as possible to correct chaotic conditions, calling for both emergency and permanent treatment.

We want business recovery, but we naturally want it based on sound policies and honest methods and practices. We would not gain permanently, for example, by restoring business to the level of 1926, if it should carry the seeds of its own destruction, such as the inevitable disaster of 1929. We should not forget the years of depression. We should remember them—and learn by them.

Would not the Government have been justly pilloried if it had not exposed and called for reforms of the outrageous financial manipulations of stock markets and security flotations, which stripped millions of individuals of their life savings and left a finance not worthy of public confidence? When aid for the unemployed, social justice, and social welfare constitute a first lien on our civilization, how could deliberate neglect to direct attention to these unequal and distressful conditions of those who toil, be justified? Was it not the plain duty of the Government forcibly to bring attention to these colossal abuses and unfortunate conditions, to suggest remedies, and to call upon those individuals and groups responsible to clean house?

Our social and political fabric might not be able to stand another such catastrophe within a few years. Unfortunately, many are clamoring for any brand of business recovery, regardless of whether it might be temporary or unsound or partial in its application. It behooves every citizen of business integrity, who has a respect for his government and a regard for the well-being of his fellow men, to lend all possible aid to a policy of business recovery as broad as the material, social, moral, and political welfare of humanity.

This sort of business and general economic recovery should, of course, contemplate the retention unimpaired and the possible extension of our structure of free government. There is no higher, finer objective than the "preservation and promotion of the inalienable rights of life, liberty, and the pursuit of happiness" to every individual.

The people cannot give consideration too careful and intelligent to existing problems. The world today is filled with careless utterances and muddled thinking. There is also to an astonishing extent a narrowness of vision and a lack of practical grasp on the part of the individual. It is imperative in time of grave crisis that heed should be given both to new methods of treatment required by new conditions and to the unassailable teachings of past experience.

Let us neither minimize nor magnify the extent and nature of the political and economic transition during the war period, and the amazingly difficult problems resulting. Many countries have proven incapable of meeting the challenge thus presented. It would be inconceivable for a great young country like ours to falter. It is marvelously equipped with ability, with resources, and with the highest civilization of all time to meet this challenge, and in meeting it to render humanity here and everywhere incomparable service.

Nations should not blink the ugly facts still facing them, despite the degree of recovery thus far experienced. The unemployed in the important countries exceed 25,000,000; international indebtedness amounts to $50,000,000,000 or more, of which a large part is in default. Disordered currencies competing in the movement toward depreciation; changing monetary standards; vast armament rivalries, necessitating huge expenditures with resulting abandonment of external debts, both public and private, are notorious world conditions. Abnormal shrinkage of production and trade, and of prices and values, both domestic and international, still handicaps desirable business recovery everywhere.

Vicious methods and practices, evils and abuses, wild extravagances, far-reaching scandals, crimes, and many other outrageous violations of all ethics and honesty have crept into the financial and economic affairs of the Nation. Both the purpose and the result have been to enable the authors to rob, plunder, and impoverish, not only the masses but each other as well. Humanitarian considerations and principles of equality and fair dealing have been flouted. The social and general economic distress which has followed cannot be exaggerated. In their suffering and despair peoples in some countries have rushed to the extreme of destroying liberal political institutions and have set up dictatorships and despotisms instead.

It is my unalterable opinion, I repeat, that in our own country we can and should effect economic and social rehabilitation to the extent dictated by policies of sound liberalism, and at the same time preserve all the fundamentals of popular government. This is the very essence of the new deal. It is true we are living in a new age with new conditions, calling for new remedial methods, especially when compared with the early period of our history. I am confidently assuming that while conditions and remedies are different, we still have the same kind of men as Jefferson and Madison and Jackson—men deeply imbued with the principles of free government, of honor, and of love for humanity—to make wise and careful application of all remedial policies and programs. I know the best traditions of this Republic will thus be preserved; that liberty, justice, equality, and the progressive well-being of the masses will be thoroughly safeguarded and fully promoted.

Our forefathers, guided by thousands of years of experience, were of the profound belief that continued human betterment largely depends upon the extension of free government, based on popular representation and constitutional safeguards. We of the present age are not unmindful of the fact that our democratic Republic, which extends popular government further than any other government in the past, is still on trial.

Our present efforts may yet prove to be the final test of that momentous question, whether or not man is capable of self-government. I have confidence that an aroused, intelligent, and patriotic people will measure up to this great task. Failure is unthinkable.

I am an optimist. I have faith in the wisdom, the vision, the patience, and the enterprise of the American people. I believe that this Nation of high civilization will, in the providence of God, advance to still greater heights, with a more permanent system of free government, and to a condition of more comfort, benefit, and security to the common man. In pursuing these objectives, the gains in democracy and liberalism secured at such an awful cost during recent centuries, need not and must not be jeopardized. My optimistic views that this can and will be done are greatly strengthened by the progress in the work of economic and business restoration as carried on in this country during the past 12 months.

I make this statement because of my profound conviction that the administration of President Roosevelt is conscientiously, ably, and patriotically grappling with the terrific problems of recovery.

and that its fairness and its friendly interest can be absolutely depended upon by industry, by agriculture, by mining, and by labor. This administration has to its credit a brilliant record of practical accomplishment in the face of difficulties and complications without a parallel in peace time. It is entitled to the confidence and cooperation of the country. The vast work of restoration will be long, tedious, and technical. It will tax the patience of the most patient person. It requires a degree of energy, ingenuity, and constructive capacity far beyond the demands of war time. The incalculable extent to which most phases of human affairs have been set back must be realized by the people.

Many of the chaotic conditions through which we have been passing are unprecedented in their nature and extent. The Federal administration, in my judgment, has pursued the wisest possible course in attempting their solution. The Government instead of proceeding rashly or hastily from one proposed remedy to another has on the contrary, carefully measured each step. It has felt its way with the utmost caution, in the light of experience either past or present.

While some countries elsewhere sought to deal with the existing crisis by indefinitely discarding individual freedom, we here have in no sense undertaken or planned to do so. Naturally, even more so than in war time, it was necessary to centralize power; but that power was asked as a free and revocable grant, from the representatives of a free people, exercising a free choice. It was necessary to bring unity of effort out of many conflicting interests. Unity was secured by common consent through constitutional means and under constitutional safeguards. It was necessary to employ new methods; but those methods were forged from the common desires of communities the continent over. We enthroned no dictators; we made no secret trades with private, self-interest groups; we merely drew together the different and scattered forces of democracy into a common effort, openly conceived, openly discussed, openly chosen.

The primary objective is recovery on a sound and permanent basis. We propose to care for the unemployed and the unfortunate; but we should find a system not merely of relief but under which relief shall be, insofar as humanly achievable, unnecessary. That system, the fundamentals of which I have already outlined, should comprise, in brief, every element and factor in a program calculated to work fairness, equity, and every reasonable benefit, comfort, and security to employees.

The purpose also is to eliminate and destroy the major evils, abuses, manipulations, and other unfair practices in finance and commerce and industry to the detriment of legitimate business, of labor, and of the general public. This objective contemplates reasonable hours, reasonable wages, and the maximum of employment for labor under the wholesome and favorable conditions to which the partnership of labor with capital fairly entitles it. It contemplates entirely reasonable profits to industry—not excessive, or sweated, or oppressive. People should not get rich by exploiting each other. The exploitation of one person by another spells economic and social disaster.

I cannot here discuss the functioning of each organization created for the purpose of developing fair and friendly relationship between employer and employee—industry and labor. The primary purpose of these new agencies is to develop mutually acceptable codes of fair dealing and of satisfactory conditions governing the relationship between different industries, units of the same industry, and labor.

We do not desire public regimentation; but we should not permit irresponsible regimentation by small private groups in their own selfish interests. Self-regulation should be the true policy. Its success, of course, would rest with those individuals, groups, and industries affected. Their responsibility would increase as the Nation emerges from the operation of those methods and agencies for panic recovery which are temporary. Most discerning persons will readily recognize, at least for the present, the necessity for more substantial governmental supervision here, restraint there, and control or other form of cooperation at some other point in the general industrial and economic situation than before the war. But in any event, over small business the sole objective should be complete freedom, subject only to essential limitations such as minimum wages and decent hours and conditions of work. The small business man, unlike the great corporation, is an individual; and his individuality is too great an asset to be endangered. In no circumstances should the Nation adopt either autocracy or autarchy as an ultimate or long-time objective. The evils of paternalism will not be permanently tolerated by a free and self-reliant people.

Another objective is the preservation of the national credit, the balancing of the Budget as early as practicable, provision for adequate credit, and the avoidance of schemes of uncontrolled or uncontrollable inflation. We should favor a policy that will result as early as may be practicable in permanent exchange stabilization and permanent monetary arrangements. But the topsy-turvy financial and commercial conditions everywhere compel the approach of the final stages of such problems carefully and gradually. A wide distribution of goods affords the most healthful and satisfactory prosperity to the masses. Undue or abnormal raising of prices conflicts with this objective. A moderate level of prices that is stable, and preferably fixed by fair competition, meets this condition. It is frequently alleged that certain clauses in the Security Act are too drastic. Whatever may be the truth of such statements, I do know that during the mushroom prosperity period leading up to the 1929 collapse, many billions of dollars of securities without one dollar of physical properties behind them were poured out upon the innocent and confiding public, which later has taken this huge loss. It is imperative, therefore, that necessary prohibitions be thrown around the business of the security distributor, and he should be the last to complain. If, upon fair and searching examination, some liberalization of one or more of the alleged drastic clauses in the Security Act seems advisable, in my view affirmative action should be taken without delay.

Still another objective is the restoration of normal commercial intercourse with our foreign neighbors, on terms of friendship, equality, and mutual profit. World standards of living are bound further to decline rather than rise, without the restoration and expansion of international trade. Industry and business throughout the world could scarcely be more hopelessly fettered. So many restrictions and impediments hinder production and distribution that many millions throughout the world are obliged to live upon charity or government relief.

The problems of international commerce are at the very core of this country's economic dilemma. The situations to be met in all fields of American life and the policies that will be required will depend vitally on whether our trade relationships with the rest of the world can be sustained and revived, or whether they will be left further to deteriorate. If American foreign commerce dies, if the trade of the world is left to other countries which are willing to recognize its importance, this country will have to grapple with the problem of surplus production of many of our main agricultural products. It will have to absorb the people engaged in producing and to take care of the communities dependent upon them. Obviously there is a vital connection between international commerce and our whole agricultural program. This connection equally applies to our surplus-producing industry.

No less vital is the connection between international commerce and our national finances. The state of our international trade will be an important factor in determining the ultimate value of our currency. The fate of our ports and of our merchant marine, the welfare of many of our railways and domestic lines of transportation, the employment of millions of people, will directly or indirectly depend inevitably upon our international commerce, upon the recovery of the trade of the world. This also will affect, in large measure, the amount of relief funds which our Government must provide and the undertaking of public works which the Government must finance. In short, if international trade is not restored, the domestic burdens of increased financial relief, increased unemployment, and increased restrictions on American agriculture and industry are inevitable.

The present movement in the direction of extreme economic nationalism is choking the trade of the world. If long continued it spells disaster. Many important countries cannot sustain themselves without the importation of vitally needed raw materials or foods or manufactured goods and the corresponding sale abroad of their manufactures or raw materials. The strangling of foreign trade means for them economic ruin. The financial and economic collapse of these nations in turn must react disastrously upon the home production and home prices and home markets of every other nation, including our own.

The approaching break-down is intensified and embittered by arbitrary and changing trade restrictions leading to further uncertainty, fear, and retaliation. Economic strife, because of the bitterness engendered, leads directly to competitive armaments, and once the race in armaments has begun the road lies open to bankruptcy and to war.

It becomes all important, as this Nation emerges from panic conditions, to combine with the permanent parts of the present domestic economic program a program of international economic cooperation, based on a more liberal commercial policy and steadily increasing mutually profitable trade with other nations. May I here remark that in July 1932 at the University of Virginia I undertook to interpret the economic provisions of the platform adopted at the time of President Roosevelt's nomination. After reciting the three methods proposed for attacking the problem of liberalizing trade obstructions and restoring international trade, I said: "That platform defines a program of policies as broad as our expanded domestic and international economic interests. It assumes that there is a practical middle course between extreme nationalism and extreme internationalism, and while disclaiming the latter, it challenges the former as practiced in this country since 1920."

It is gratifying to observe that this formula is being received more favorably from month to month. Human progress has been chiefly promoted by middle course policies and programs. It is never wise, especially in a time of crisis, to hearken too much to the extreme reactionary or the extreme radical, the extreme pessimist or the extreme optimist, the extreme deflationist or the extreme inflationist, the extreme pacifist or the extreme militarist.

I believe implicitly that the unquenchable spirit which inspired those who waged the 500-year contest for Anglo-Saxon liberty, still exists in the minds and hearts of our American people. I love to read the story of those irrepressible movements that brought on Magna Carta, habeas corpus, the petition of right, the settlement act, and the bill of rights in England, and our own Declaration of Independence and Constitution. I believe that the lessons of courage and patriotism, of love and loyalty to the principles of civil, religious, and political liberty, still animate and inspire my fellow citizens, and that their support can be counted on for any program of recovery, restoration, and rehabilitation which embraces the rights and the liberties of the individual and the progressive improvement of the social and material condition of the masses.

REGULATION OF FOOD AND DRUGS

Mr. GOLDSBOROUGH. Mr. President, many communications have reached me during the past few weeks from interested constituents and business organizations protesting against the passage in its present form of Senate bill 2800, "A bill to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics, and for other purposes", now on the Senate Calendar."

Practically all of my correspondents are entirely in accord with the intent and purpose of the bill so far as it seeks to protect public health and public interest, and provide proper control of the distribution of drug and food products, but they all insist that certain of its provisions are impractical and unenforceable unless amended. It is further insisted that if legislation of this character is to be enacted, it should be so drawn as to not only protect the public but also to do no injustice to legitimate business.

At the request of one of the leading business houses of Baltimore I am sending to the desk, and would ask unanimous consent to have inserted in the RECORD, certain amendments to be proposed to the bill. They are 14 in number, suggested by the Associated Grocery Manufacturers of America, Inc., of 205 East Forty-second Street, New York City. This organization is a trade association of leading and representative manufacturers of food and other grocery products. The latter products include soap and other cleansers also subject to the provisions of Senate bill 2800, as well as cosmetics. The association approves a constructive revision of the Federal Food and Drugs Act, to strengthen its protection of the consuming public, and especially its extension to prohibit false advertising. It asks that these amendments be added to the bill and urges their acceptance.

My request to have them printed in the RECORD is for the purpose of bringing them to the attention of the Members of the Senate in printed form, with the hope that they will be found of sufficient merit to receive consideration when the proposed legislation is taken up for action.

To each amendment offered there is a supporting statement which I also desire to have printed in the RECORD, together with the names of the officers of the Associated Grocery Manufacturers of America, Inc., and a list of its membership in the various States, which will be found as an annex to the amendments I am submitting.

There being no objection, the proposed amendments were ordered to lie on the table, to be printed, and, with the accompanying statements, to be printed in the RECORD, as follows:

AMENDMENT NO. 1. OFFICIAL NAME OF ACT

Section 1, page 1, lines 3–4: revise this section to read (the amendment is italic)—

"That this act may be cited as the 'Federal Food, Drug, *and Cosmetic* Act'."

Supporting statement

1. Section 1 now reads—"That this act may be cited as the 'Federal Food and Drugs Act'."

2. This name is inaccurate and misleading. For the revised act has been extended also to include cosmetics. And its official name should indicate that fact.

AMENDMENT NO. 2. DEFINITION OF FOOD

Section 2 (a), page 2, lines 1–3: Revise this paragraph to read—

"The term 'food' includes (1) all articles used for food, drink, or condiment by man or animal; and (2) all articles used for confectionery and chewing gum by man; and (3) any substance or preparation intended for use as an ingredient in the composition of any such article."

Supporting statement

1. Section 2(a) now reads: "The term 'food' includes all substances and preparations used for, or entering into the composition of, food, drink, confectionery, or condiment for man or other animals."

2. This amendment is effective, first, to make the definition more accurate and exact. For example, confectionery is only used by man. It is effective, second, to exclude from this definition any substance or preparation used as an ingredient of food, if and to the extent it is sold for a nonfood use. Numerous substances and preparations in this category are used for both food and nonfood purposes. Clearly the act should not apply to such substances and preparations where they are intended—that is, sold—for a nonfood purpose exclusively. And as the definition now stands, the act does so. This "intended" limitation is sound and practically necessary in the circumstances and is parallel to the similar limitation in the definition of "drug" in section 2 (b).

3. As so amended the definition is comprehensive.

AMENDMENT NO. 3. DEFINITION OF ADVERTISING

Section 2 (j), page 3, lines 16–18: Revise this paragraph to read (the amendment is in italics)—

"The term 'advertisement' includes *all advertisements and* all representations of fact or opinion *therein or commercially* disseminated in any manner or by any means other than by the labeling."

Supporting statement

1. Section 2 (j) now reads—"The term 'advertisement' includes all representations of fact or opinion disseminated in any manner or by any means other than by the labeling."

2. This amendment is effective to make the definition more accurate and exact. As it now stands, the definition is so broadly and loosely drawn as to include, for example, the correspondence between a manufacturer and his director of research with respect of the experimental development of a new product.

3. As so amended the definition is comprehensive and parallel to that of "labeling." And it preserves the inclusion of all representations of fact or opinion, which the committee emphasizes (Com. Repts. 3 and 16.)

4. Because this act will serve as a model for similar State legislation accurate and exact definitions in it are highly important.

AMENDMENT NO. 4. DEFINITION OF FALSE ADVERTISING

Section 9 (a), pages 15–16: Add at the end, in line 2 of page 16, the following new sentences—

"No representation concerning any value or effect of a food or cosmetic shall be deemed to be false under this paragraph if such representation is supported by substantial scientific opinion or by demonstrable scientific facts. This paragraph shall not be construed or applied to prohibit harmless trade puffing."

1. Section 9 (a) now reads: "An advertisement of a food, drug, or cosmetic shall be deemed to be false if it is false or misleading in any particular relevant to the purposes of this act regarding such food, drug, or cosmetic. Any representation concerning any effect of a drug shall be deemed to be false under this paragraph if that representation is not supported by substantial medical opinion or by demonstrable scientific facts."

2. This amendment is effective, first, to add an interpretative statement as to food and cosmetics, which is essentially the same as that now in the section with respect of drugs. The latter statement is properly affirmative and the former statement is necessarily negative in character. Clearly, if the one statement is justified in this section, then the other is also. For there is no basic difference between them in principle and they are each and equally sound in public policy. This last because if a representation is supported, as provided in either case, it is not false in fact. And both interpretative statements have a real practical value. The value of clarifying the practical meaning and application of a broad law against false advertising, necessarily couched in general terms, a clarification which promotes due compliance with this law and its due administration and enforcement.

3. This amendment is effective, next, to add a further interpretative statement exempting harmless trade puffing. It is a harmless trade exaggeration, in the nature of a prideful or fanciful or figurative statement. While technically untrue, it deceives and harms no one. In illustration: "There is nothing any man or woman likes better than pancakes"; "as marvelously light and delicate as a cloud"; "clothes that are as fresh as a breeze"; "good as gold"; "like velvet"; "light as air"; "stands alone"; "makes housework a joy." This amendment is justified for four reasons. The first reason is that without it this law literally prohibits harmless trade puffing. The second reason is that this law is intended only to prevent harmful trade deceit. The third reason is that harmless trade puffing is permitted by common law and judicially sanctioned under the Federal Trade Commission Act, which prohibits every unfair method of competition and therefore that of false advertising (*Ostermoore & Co.* v. *Federal Trade Commission*, 16 Fed. (2d) 962). Hence the amendment simply validates under this new false advertising law what is now valid under the existing false advertising law. The fourth reason is that the amendment does not lessen the protection of the new law. For (a) this law remains prohibitory of all harmful trade puffing; (b) its administrator is left free to say what trade puffing is harmful; and (c) in a proceeding under it against trade puffing, the burden is upon him who made it to prove that it is harmless. Harmless trade puffing is a common and valuable advertising practice, as old and as wide as advertising itself. And to ban it is to needlessly place advertising under an undue restriction of it.

4. These interpretative statements are an important part of section 9 (a). Not only because of their own practical value, but also because this act will serve as a model for similar State legislation. And the enactment of 49 false advertising laws, subject to 49 independent administrative constructions, will present a difficult practical problem to the national or interstate advertiser. And the more exact such laws are the less will be their problem.

AMENDMENT NO. 5. DEFINITION OF MISBRANDING

Section 6 (a), page 7, lines 20–26: Add at the end, in line 26, the following new sentence:

"No representation concerning any value or effect of a food or cosmetic shall be deemed to be false under this paragraph if such representation is supported by substantial scientific opinion or by demonstrable scientific facts."

Supporting statement

1. Section 6 (a) now reads: "A food, drug, or cosmetic shall be deemed to be misbranded, if its labeling is false or misleading in any particular. Any representation concerning any effect of a drug shall be deemed to be false under this paragraph if that representation is not supported by substantial medical opinion or by demonstrable scientific facts."

2. This amendment of the definition of misbranding is precisely the same as that suggested in amendment no. 4, as to the definition of false advertising. And the statement supporting that amendment likewise supports this amendment.

AMENDMENT NO. 6. FILL OF CONTAINER

Section 7 (a), page 9, lines 3–6: Substitute a colon for the period in line 6 and add the following proviso:

"*Provided*, That under subdivision (1) of this paragraph reasonable variations shall be permitted, as to the fill of a container, by regulations prescribed by the Secretary."

Supporting statement

1. Section 7 (a) (1) defines a food as misbranded "if its container is so made, formed, or filled as to mislead the purchaser", etc. It is directed to prevent the deceptive slack filling of a container. This amendment is effective simply to provide for the allowance of reasonable variations in fill. It is necessary because variations in fill occur by reason of discrepancies in the filling process and as a result of the subsequent expansion or shrinkage of food, which variations are due to a mechanical or natural or other cause beyond reasonable control by the manufacturer using the best factory practice. In illustration: Because baking powder is subject to subsequent expansion caused by moisture absorption its container must be filled accordingly. Whereas corn flakes are subject to subsequent volume shrinkage caused by their shaking down in commercial transit and handling. The manufacturer cannot control either consequence. There is no slack filling in either case. And the net weight is correctly stated in each instance.

2. It is no answer to say: "This provision is not intended to authorize action against packages of food which are filled as full as practicable under good manufacturing practice" (Com. Rep. 9), for without this amendment there is no assurance of a reasonable variation allowance. Moreover, if such an allowance will be made, there can be no objection to a provision for it.

3. This is essentially the same situation as that presented by the requirement in section 6 (b) that packaged food be labeled to declare its net weight, measure, or numerical count. To this requirement is added the provision that reasonable variations shall be permitted by regulations prescribed by the Secretary. The reason for that provision is precisely the reason for this provision. And they are each and equally necessary.

AMENDMENT NO. 7. DECLARATION OF NET WEIGHT, ETC.

Section 6 (b), page 8, lines 1–8: Revise the proviso in lines 5–8 to read as follows (the amendment is italic):

"*Provided*, That under subdivision (2) of this paragraph, reasonable variations shall be permitted, and exemptions as to small packages, *soap, and other cosmetics reasonably exempted*, shall be established, by regulations prescribed by the Secretary."

Supporting statement

1. Section 6 (b) (2) requires every cosmetic in package form to be labeled with an accurate statement of its net weight, measure, or numerical count, subject to the aforesaid proviso without the additions in italics.

2. This amendment is effective, first, to exempt all soap from that requirement. For the reason that soap is subject to great variation in weight caused by the subsequent evaporation of its moisture content, which the manufacturer cannot control. Wherefore the requirement is impracticable with respect of it. Soap is customarily sold on a unit basis, i.e., by the bar, cake, piece, or package. And such sale is not deceptive.

3. This amendment is effective, second, to authorize the Secretary of Agriculture to exempt other cosmetics from that requirement where such exemption is reasonably justified in the circumstances. As manifestly it is justified in some circumstances.

AMENDMENT NO. 8. COMPULSORY LABEL DISCLOSURE OF INGREDIENTS OF FOOD

Section 7 (f), page 10, lines 9–21, strike out subdivision (2) requiring such disclosure. That is, strike out "(1)" in line 8, insert a period after "b" in line 9, and strike out the remainder of this paragraph.

Therefore also strike out the provisions in section 25, page 41, lines 15–21, relating to and dependent upon the aforesaid subdivision (2). That is, strike out "(1)" in line 12, insert a colon after "direct", in line 15, and strike out all after "direct", in line 15 down to "*Provided further*", in line 21.

Supporting statement

I

1. Section 11 authorizes the Secretary of Agriculture to establish a definition and standard of identity for any food by regulation. Section 7 (f) applies to every food for which no definition and standard of identity have been so established or which does not purport to be or which is not represented as a food for which a definition and standard of identity have been so established. And subdivision (2) of section 7 (f) requires that each such food shall be labeled to disclose all its ingredients, described by their common or usual names, and stated in the order of their preponderance by weight, subject to the exceptions later noted. The amendment is to strike out this requirement entirely.

2. The exceptions to this requirement are four in number. The first exception is that in so declaring the ingredients, spices, flavors, and colorings, other than those sold as such, may be designated as spices, flavors, and colorings without naming each. The second exception is that to the extent compliance with this requirement is impracticable because of normal variations in ingredients or their quantities, usual in good manufacturing or packing practice, reasonable variations from the stated order (but not list) of such ingredients shall be permited by regulation. The third exception is that exemptions as to packages of assorted food shall be established by regulation. All the aforegoing exceptions are contained in subdivision (2) of section 7 (f). Their practical application is clear and the supporting reasons are stated in the committee report (p. 12). These exceptions need no comment. For however valuable they are, per se, they leave this requirement essentially unimpaired from the standpoint of its fundamental objections.

3. The fourth exception is contained in section 25, page 41, lines 15 to 21. It is that upon the approval of this revised act the Secretary is authorized to designate food having common or usual names and to exempt such food from this requirement for a reasonable time to permit the formulation, promulgation, and effective application of definitions and standards of identity therefor as provided by the act. This exception must be read in the light of these facts: (a) The revised act is effective 12 months after the date of its approval; and (b) this 12 months' period is undoubtedly an insufficient time within which to establish definitions and standards of identity for all food having a common or usual name. Therefore it is effective to authorize the Secretary to exempt such food from this requirement during the period intervening between the effective date of the act and the effective date of definitions and standards of identity for such food.

4. This exception invites comment directly pertinent to the amendment requested. The first comment is that it authorizes the Secretary of Agriculture to completely exempt from this requirement all food sold under a common or usual name. That name is not defined. But it plainly means any and every name under which a food is commonly or usually sold. For example, bread, butter, crackers, flour, soup, etc., or any class thereof, such as graham bread, renovated butter, whole-wheat crackers, gluten flour, pea soup, etc. It plainly does not mean an exclusive proprietary name. Consequently a food sold under such a name and not sold under a common or usual name is outside this exception and remains subject to this requirement. The second comment is ancillary to the first. It is that therefore the Secretary is authorized to exempt nearly all food from this requirement. For food is sold under a common or usual name, as a rule; and its sale under a proprietary name exclusively is an incidental exception to the general rule. The third comment is that this authority to exempt is, however, discretionary and not mandatory in character. Therefore there is no statutory assurance that it will be exercised or to what extent. The implication is that it will be exercised to an extent now unknown. The fourth comment is that in any event this requirement is undoubtedly temporary in duration with respect of food sold under a common or usual name. It is clear upon the face of section 11 that it will be ultimately used to establish definitions and standards of identity for all such food, because that is its manifest purpose. The exception in section 25 evidences this fact. And Mr. Campbell confirms it. For in his testimony before the reference committee he said (p. 571): "Now in the ordinary course of the work of the Department undoubtedly there will be standards for different types of foods now known commonly under a certain name", etc.

5. Consequently the food-manufacturing industry is confronted with the following situation: This requirement applies to all food sold under a common or usual name, for which no definitions and standards of identity have been established under section 11, and it may be temporarily enforced against such food to an extent now unknown; this requirement applies to all food sold under an exclusive proprietary name and not under a common or usual name and it will be enforced against such food, unless and until the latter is subject to a definition and standard of identity established under section 11. Therefore Congress and the industry must deal with the requirement accordingly. Wherefore the following argument against it.

II

1. This requirement is not necessary to effectuate the fundamental purposes of the revised act, with respect of food. They are: To safeguard the public health, by prohibiting product adulteration comprehensively defined; and to protect the purchasing public from injurious trade deceit, by prohibiting product misbranding and misadvertising comprehensively defined. This is patently and demonstrably so. For by its injunctions against adulteration the act outlaws every food which is dangerous or injurious to health. And by its injunctions against misbranding and misadvertising the act outlaws every food label or advertisement which is false or misleading in any particular. Therefore the circle of the public protection of the act, in its fundamental conception, is complete without this requirement. And any argument to the contrary is clearly fallacious.

2. This requirement is injurious and grossly unfair to the manufacturer of superior food made under a private formula. (As used herein, the term "private formula" also means a secret process.) For it is practically effective to deprive him of the trade value of that formula, to which he fairly has a proprietary right in the circumstances. For it is also practically effective to permit, create, and support unfair competition against him. Competition unfair because it involves the deceptive simulation of his product

and the successful palming off of competing products as identical to his own, which they are not. That this requirement is potential and effective for such a business and trade consequence is plain upon its face and demonstrably certain in practice. By reason of two compelling facts. The first fact is that competing food may be labeled with an identical ingredient statement, in exact and correct compliance with this requirement, and yet be wholly different in every essential attribute of identity, namely, composition, quality, and value. This because they may differ in the variety, quality, quantity, and proportion of their respective ingredients and in the definitive process of their manufacture. In which event, while labeled as identical products, they are actually nonidentical products in all basic food respects. And one may be a product of the lowest grade and the other a product of the highest standard in quality and value. The second fact is that the moment a superior food, made under a private formula and occupying the, or a, leading sales place in its class, is labeled with the comprehensive and rigidly ordered ingredient statement prescribed by this requirement, all the natural and unnatural forces of competition will immediately and irresistibly work for an identical statement upon the label of competing food, including, and especially, inferior food. This because such an identical label statement is an effective means to easily, cheaply, and successfully sell the inferior food as identical to the superior food and thus to exploit its reputation and to misappropriate its goodwill and market. In which event the consequence is the business injury and the unfair competition stated, and a situation that plays directly into the hands of unscrupulous manufacturers. Any denial of this consequence is at war with the facts and the experience of competition.

In illustration: A manufacturer develops an improved food, outstanding in quality and value, under a private formula. It is the product of his extraordinary knowledge of the science of its production, a knowledge gained by costly research, long experience, and specialized manufacture. Its superior quality is derived from a better formula and process, a discriminating selection of the best ingredients and their expert blending, and a perfection of the art of their preparation into the finished product. Its superior value consists of a higher dietary and biological value and resides in other characteristics of superior food, such as taste, flavor, palatability, etc. While an analysis will more or less disclose its composition, such analysis will not disclose its definitive formula and process, which are the key to its superior quality and value. And to such formula and process, originated by him, the manufacturer fairly has a proprietary right under the most elementary conception of equity. And he is fairly entitled to the full business and trade benefit of that right. For this food he creates and maintains a broad market, by merchandising action necessarily expensive. Because of its genuine merit it enjoys a wide, continuous, and increasing consumption. Because of its superior merit it comes to the, or a, leading sales place in its class. It is, of course, sold in a competitive market. Its success results in keen competition against it, sharply seeking in every available way to displace it. Such competition includes that of inferior products having the price advantage of their inferiority. They are inferior because they are not made by the improved formula and process of the superior product and also, perhaps, because they are deliberately cheapened for a price advantage. To all this competition the manufacturer of the superior food cannot object, no matter how severe it is, since it is simply the normal working of the competitive system ordained by public policy. He can only object to this competition, if and to the extent it is unfairly pursued. And against unfair competition he has a twofold protection. It is first the legal protection given by the common law, the Federal Trade Commission Act and the other applicable statutes. An essential protection of great value. It is second the practical protection given by the privacy of his formula and process and by the resulting fact that the label of his product contains no identifying composition statement which can be copied by a competitive product for its successful sale as an identical product, which is his greatest protection against unfair competition. For the absence of any composition statement upon the label of his product places the burden upon the manufacturer of a different and inferior product to otherwise prove its identity and to otherwise promote its sale. Which first stated proof is difficult, if not impossible, to establish.

This is the present state of competition by and against a superior food of private formula into which the compulsory ingredient-disclosure requirement in question enters. And that state it completely reverses. For it places the competing manufacturer of an inferior food in the position where he now, for the first time, can easily and successfully represent his product as identical to the superior one by the simple and inexpensive device of an identical label-ingredient statement and any readjustment of composition accordingly; a statement that is apparently conclusive of such identity to the dealer and consumer, and one that has the sanction of law; a position which the unscrupulous manufacturer can and will exploit to the limit. And the burden is now shifted back to the manufacturer of the superior food to prove its superiority in the face of a comparative label statement directly to the contrary, supported by a price advantage. Manifestly this situation is grossly unfair to him, because it exposes him to the misappropriation of his product and market. And in such a situation there can be no doubt that he has lost the trade value of his private formula, in its competitive conception; that he is made subject to the injuriously unfair competition of deceptive product simulation and the successful palming off of competitive products as identical to his own, which they are not. And it is because of these detrimental trade consequences that the manufacturers of superior food of private formula have not voluntarily disclosed its composition upon its label, as they are naturally disposed to do; that for 150 years and more the Federal law has not required them to make this disclosure; that for 25 years and more this act has expressly provided in section 8 that he is not required to do so. For that section provides that "nothing in this act shall be construed as requiring proprietors or manufacturers of proprietary foods which contain no unwholesome added ingredient to disclose their trade formulas, except insofar as the provisions of this act may require to secure freedom from adulteration or misbranding."

In short, whatever may be said for this requirement the fact remains that it is practically potential and effective for injurious consumer deception and injurious unfair competition; that it works against the rightful interest of the best manufacturers of the finest food, to their detriment, and plays into the hands of unscrupulous manufacturers, to their benefit; that it is fundamentally an influence against food improvement by private formula and an incentive for food manipulation and debasement under a deceptive label; and that it is not necessary to effectuate the basic purposes of this act. It is too plain for argument that such a requirement has no proper place in an act designed to prevent consumer deception and unfair competition. Only an imperative public health reason, outweighing the consequences stated, could justify this requirement. And that reason does not exist. For this requirement does not present the question of injurious ingredients which the act elsewhere condemns.

It is no answer to say that this act is directed to primarily protect the consumer, rather than the manufacturer. For this requirement actually operates to deceive the consumer and this act was never intended to injure honest and better food manufacturers because they produce superior food. It is no answer to say that this requirement does not compel the disclosure of ingredient percentages or the specific names of spices, flavors and colorings. For its stated injurious consequences remain.

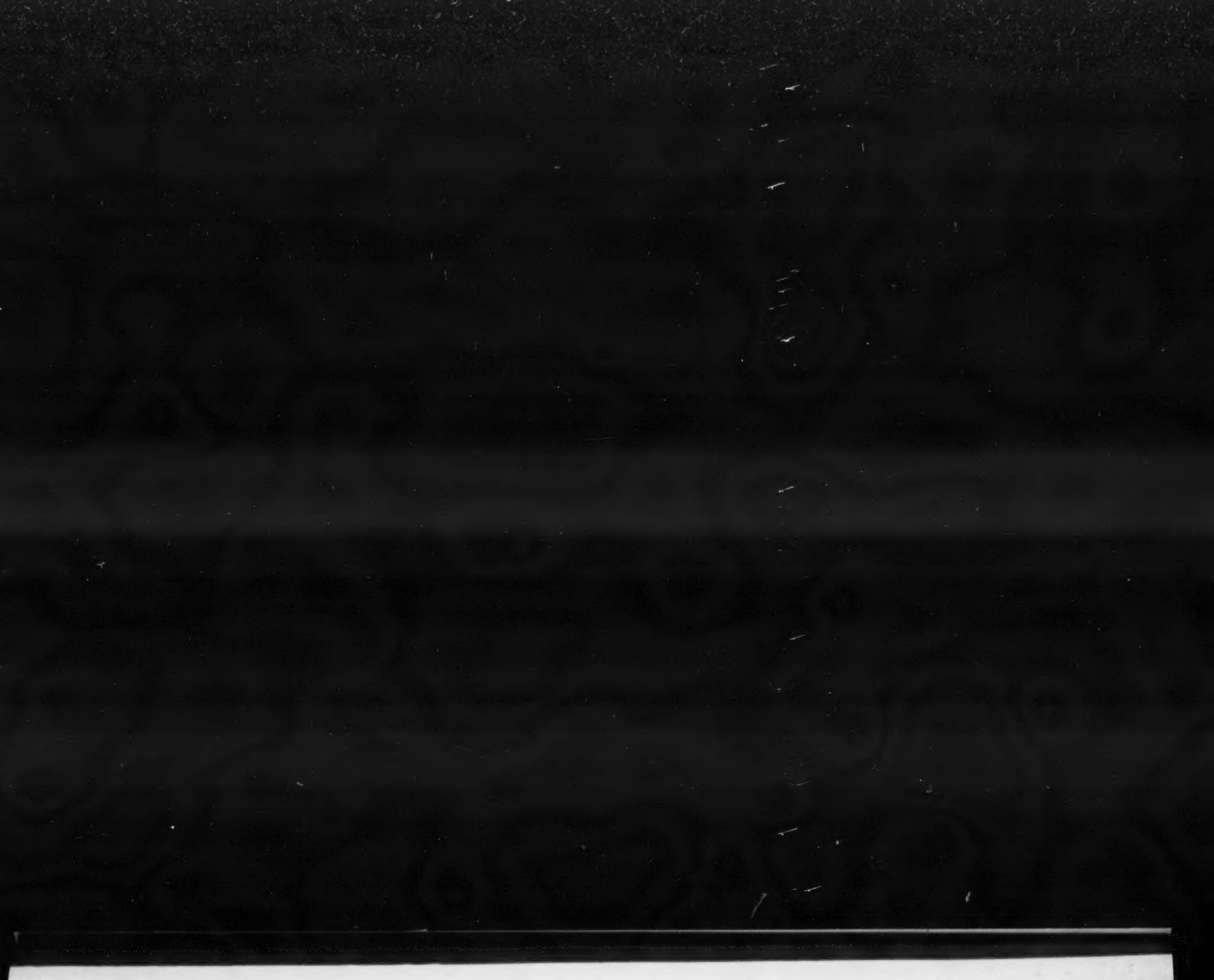
3. This requirement is also injuriously and grossly unfair to the manufacturer of a new food originated by him and made under a private formula, a food valuable to the public and successful accordingly, for the reasons stated in the preceding paragraphs. The situation described there, as to a superior food, is essentially that presented here, as to an original food. A successful original food invariably provokes imitative reproduction. And the greater its success the more its imitation. Against this imitative competition the manufacturer has two protections. One is legal and the other is practical. The legal protection is the law against unfair competition. The practical protection is the privacy of his formula and the resulting fact that the label of his product contains no identifying ingredient statement. This fact is his greatest protection against such competition. And that protection this requirement is practically effective to destroy. For once an original food bears a label ingredient statement identifying it, its exclusive product identity is gone. Because an imitation product can immediately copy that statement and thereby successfully represent itself as an identical product. In which event the original product has practically lost the trade value of its private formula, from a competitive standpoint, and it is left exposed to the injuriously unfair competition hereinbefore described.

4. This requirement is also injuriously and grossly unfair to the manufacturer of food sold under a standard name known to every housewife, which substantially identifies such food to her. For as to such food it is unnecessary, and therefore it needlessly exposes the manufacturer to the injurious consequences hereinbefore described.

5. This requirement is also injuriously and grossly unfair to the manufacturer of food only temporarily subject to it. Such food is that sold under a common or usual name and therefore includes nearly all food. For definitions and standards of identity will be established with respect of all food sold under such a name and they will exempt it from this requirement. To compel manufacturers to temporarily comply with a requirement which seriously injures them is neither sound public policy nor fair play. To impose upon the food-manufacturing industry the expense of a purely temporary label revision is likewise neither sound public policy nor fair play. That expense will amount to $150,000 for one manufacturer alone as to each revision, or $300,000 for the original and return revision. Its aggregate amount will run into millions. This expense will increase the necessitous cost of living accordingly. And because it is unnecessary such increase is unjustified.

III

1. This requirement is potential and effective for serious injury to the consuming public—an injury inherent in it and certain by reason of its described trade abuse, for it permits, encourages, supports, and validates a food-label statement which, while technically true, is actually false and deceptive in its practical operation—a statement which is a half truth amounting to a lie, that is, an identical label-composition statement for nonidentical food. It has been shown that such a statement for such food is practicable with respect of competing food, and easily accomplished; that all the natural and unnatural forces of competition irresistibly work for such a statement with respect of inferior and imitative food; and that such a statement can and will be abused by an unscrupulous manufacturer. It is indisputable that an identical label-composition statement for competing food represents their product identity to the consumer and is prima facie evidence thereof; that the average consumer will be inclined to



accept such an identical statement as sufficient evidence of product identity, especially when backed by a lower price permitted by a cheaper composition; that such a statement is deceptive to the consumer who is thereby induced to purchase one food as identical to another, which it is not. And this deception results in an economic injury, if and to the extent the food purchased by reason of it is inferior; and in such a case it may also result in serious injury to health. Clearly a requirement having these consequences has no proper place in an act designed to safeguard health and to prevent trade deceit. And it is no answer to say that the act elsewhere prohibits a label representation which, while literally true, is actually deceptive, for compliance with this requirement is compulsory under the act.

2. Moreover this requirement will unnecessarily increase the cost of food to the consuming public, if and to the extent it compels the expense of a temporary label revision. This situation has been explained; and the large amount of such expense has been indicated. Whatever its amount the consumer is certain to pay it, since the price will include it.

3. Furthermore, this requirement will impose another large and unnecessary expense upon the consuming public by preventing the manufacturing practice now described. It is the practice of certain ingredient variation required by a fluctuating ingredient cost differential. It is a normal manufacturing practice customarily pursued with respect of particular food subject thereto. It is a legitimate practice, because it involves no change in the identity or character of the food affected. It is a necessary practice, because it is required to maintain the lowest manufacturing cost and the lowest price accordingly. An example of this practice is the substitution of one shortening material, such as lard, for another in a bakery product, caused by the fluctuating market price of the available shortening material and the resulting variable price differential. By this substitution one manufacturer alone saves $150,000 a year in production cost. The total saving from this practice runs into millions. And such practice this requirement is effective to prevent. For it compels the label disclosure of each ingredient, except as to spices, flavors, and colorings, described by its common or usual name. Therefore, lard would have to be described by that name. And since the manufacturer must practically use a standard label and since he cannot practically change the label of his product, every time he makes such a change in its composition he will be compelled to desist from this practice. Section 7 (f) recognizes this practice and undertakes to provide a remedy. But it fails to do so. For it provides that to the extent compliance with this requirement is impracticable because of normal variations in ingredients or their quantities, used in good manufacturing or packing practice, reasonable variations from the stated order of such ingredients shall be permitted by regulation. Therefore, reasonable variations from the stated list of ingredients is not permitted.

IV

1. The argument for this requirement is fallacious. The first argument is that the requirement is essential to inform the consumer of commercial food composition (Com. Rep. 11). In the first place this argument implies that the requirement will have a general application to food. Whereas it will not. For ultimately it will not apply to food sold under a common or usual name, and nearly all food is in that category. Therefore at most the requirement will then apply only to relatively few foods. In the second place, this argument implies that the requirement will result in a composition disclosure enabling the consumer to intelligently determine the composition and character of food, actually and relatively. Whereas it will not, to a large extent. It will not do so with respect of ingredients which are spices, flavors, and colorings, because they may be generally described as such. It will not do so with respect of ingredient proportions, because they need not be disclosed. It will not do so with respect of food for which a composition statement is either meaningless or confusing. For example: In the case of a small food containing from 15 to 20 ingredients. Or in the case of a well-known food which may comply with this requirement by a declaration reading: "Water, sugar, spices, and flavors." A declaration that utterly fails to indicate its value and is derogatory to it. Moreover, as previously shown, compliance with this requirement may not disclose the identity, character, or value of food; and, on the contrary, it may be used to misrepresent food. Consequently, whatever informative value the requirement may have it will be relatively small. And that value is offset by the injurious consequences stated.

2. The second argument is that this requirement is necessary to discourage the use of a proprietary name for cheap food in order to sell it at an exorbitant price (Com. Rep. 12). In the first place, this argument assumes that all food sold under a proprietary name has a cheap composition and is sold at an exorbitant price. Whereas that is not so. In the second place it also assumes that this requirement will actually discourage the use of a proprietary name for food. Whereas the pertinent facts indicate to the contrary. In the third place, the committee report contains no statement of established facts upon which to base this argument. In the fourth place, it is a wholly price argument in a purely economic conception; whereas the act has nothing to do with price in that conception. If it did, this requirement would have long since been in it; and this requirement would also apply to drugs and cosmetics, which it does not. What and all the act is purposed to do is to prevent product adulteration and misstatement in sale. And if a food is not objectionable in either of these respects it fully satisfies that purpose. Moreover, this argument is met by the fact that the requirement is potential for injurious consequences which condemn it.

3. The third argument is that this requirement is necessary to safeguard public health with respect of allergy. (Com. Rep. 12.) That is, to protect persons who are hypersensitive to a certain substance, which is injurious to them notwithstanding it is normally harmless, by informing them of its presence in food. This is a novel argument in food law annals. And it is open to several answers. In the first place, this protection will be extremely limited, because the requirement will ultimately apply only to a relatively few proprietary foods. To what extent these foods are open to allergic objection is unknown. An inquiry to some prominent proprietary food manufacturers discloses no allergic experience. In the second place, this protection will not extend to ingredients which are spices, flavors, and colorings, because they may be generally named. In the third place, this argument is met by the fact that the requirement is potential for injurious economic and health consequences which condemn it. Finally, if this argument is sound, why is it that drugs and cosmetics are not made subject to a similar requirement? For it would be equally justified as to them.

4. The last argument is that proprietary foods of valuable composition will be benefited by this requirement (Com. Rep. 12), whereas the fact is that it will result in their injury, for the reasons previously explained.

AMENDMENT NO. 9. DEFINITIONS AND STANDARDS FOR FOOD

Section 11, page 18, lines 8–15: Revise this section to read (the amendment is in italic):

"SEC. 11. For the effectuation of the purposes of this act, the Secretary is hereby authorized to promulgate regulations, as provided by section 22, fixing and establishing for any food *having a common name*, a *reasonable* definition and standard of identity, and a reasonable standard of quality and fill of container: *Provided*, That no standards of quality shall be established for fresh foods and fresh vegetables."

Supporting statement

1. As now drawn section 11 authorizes the Secretary of Agriculture to establish a definition and standards of identity, quality, and fill of container for any food. This amendment is effective, first, to confine that authority to food having a common name, which is a name of common use. And therefore to confine it to common food as distinguished from proprietary food. For without this amendment that authority may be used to unjustly deprive the manufacturer of his valuable business asset of a private formula, to which he fairly has a proprietary right, as previously shown. Moreover, the amendment is not derogatory to the consuming public, because (a) proprietary food is otherwise required by the act to be pure and truthfully sold; (b) no food having a common name can escape section 11 by assuming a proprietary name; (c) section 7 (c) requires any food which purports to be or which is represented as a food for which a definition and standard of identity have been established under section 11 to conform thereto and to be labeled with the name prescribed therein; and (d) section 7 (a) prohibits any misleading fill of container. In short, proprietary food necessarily establishes its own definition and standards; to subject it to this authority is unjustly injurious to the manufacturer; and that is unnecessary, because the act otherwise thoroughly protects the consuming public with respect of such food. The definitions and standards for food heretofore established to enforce this act and all pure-food laws have always been confined to food having a common name. And there is no sound reason for departing from that policy.

2. As now drawn section 11 provides that the authorized standards of quality and fill of container shall be reasonable. This amendment is effective, next and simply, to insert the same provision as to the authorized definitions and standards of identity. They, of course, must also be reasonable. And therefore the section should likewise so provide.

AMENDMENT NO. 10. ADMINISTRATIVE BOARD OF REVIEW

Section 15, pages 22–24: Add at the end, after line 3, on page 24, the following new paragraph:

"(d) If an administrative hearing, prescribed by paragraph (c) of this section, results in a finding that the respondent thereto has violated this act, then said respondent shall have the right of a review of such finding by the board created by this paragraph, as and to the extent herein provided. An administrative board of review is hereby created and vested with the necessary jurisdiction, for the purposes of this paragraph. The board shall be composed of five members, who shall be appointed by the President. Not more than three members of the board shall be members of the same political party. The terms of office of members of the board shall be 5 years: *Provided*, That the terms of office of the members first appointed shall expire at the end of 1, 2, 3, 4, and 5 years, respectively, as the President shall designate. The President shall prescribe the extent of the board's power of review, under this paragraph, and any necessary limitations upon such power and the procedure of its exercise, by regulations promulgated by him. The decision of the board that a respondent has not violated this act shall be binding upon the Secretary under this act: *Provided*, That the several district courts of the United States shall have jurisdiction to review such decision and to modify or reverse it, upon application by the Secretary. The board shall annually choose a chairman from its own membership. A majority vote shall prevail upon any motion before or upon any decision by the board."

Supporting statement

1. Section 15 (c) requires an administrative hearing upon an apparent violation of the act, before the Secretary of Agriculture reports it for a criminal prosecution. If the hearing results in a finding adverse to the respondent, he is subject to immediate prosecution upon the basis of that finding; and this amendment is effective to provide for an administrative review of a finding open to fair question as to its validity.

2. The amendment is designed to establish a plan whereby a manufacturer or advertiser may secure an impartial administrative review of an administrative finding that he has violated this act, which he believes to be erroneous and which, in fact, is of doubtful legal sanction, before he is compelled to face a criminal prosecution (with all that it implies) upon the basis of that finding. The amendment is a reasonable, just, and necessary part of the revised act, because of its extension into the broad field of advertising. Advertising goes far beyond a label, to which alone the act now applies. For it involves a boundless and continuously changing sales appeal, largely opinion in character; whereas a label is static as a rule and contains a strictly limited product declaration; and the administration of a broad advertising law, such as this, presents an infinite number of difficult and close questions of construction, which are puzzling to the best experts and which are open to honest difference of opinion and subject to honest opposite answer. It is certain that the administrative answer will be sometimes wrong; and in plain justice the advertiser should have a reasonable opportunity to correct an administrative answer, which may be fairly said to be wrong, before he is dragged into a criminal prosecution and publicly branded as a false advertiser upon the basis of that answer.

3. This amendment must be appraised in the light of the facts pertinent to it. The first fact is that the administrative hearing presents the first and only opportunity which the respondent now has to establish his innocence of the charge of violation against him in avoidance of a criminal prosecution. If the hearing results in a finding adverse to him, then he is subject to immediate prosecution, notwithstanding that finding may be wrong. The second fact is that upon the hearing the finding is ultimately made by a single administrative officer, who acts as prosecuting attorney, judge, and jury combined in one in an administrative sense. And his finding is practically conclusive. Nominally that officer is the Secretary of Agriculture. Actually it is the Chief of the Food and Drug Administration. The third fact is that however able that officer may be, his finding is certain to be erroneous on numerous occasions, especially in the broad and doubtful field of advertising. He is bound to be a strict constructionist; his point of view is necessarily academic; and his judgment is not infallible. Moreover, he must largely rely upon the judgment of subordinates. The fourth fact is that this amendment is carefully drawn to prevent its abuse. In the first place, the President is explicitly directed to prescribe the board's power of review, to place any necessary restrictions upon it, and to define the procedure of its exercise. In that situation no review will be permitted unless it is justified in the circumstances. And if it is justified in the circumstances, it ought to be allowed. In the second place, an erroneous decision by the board in favor of the respondent is subject to immediate review and reversal by any district court of the United States upon application by the Secretary. In short, this amendment is effective to reasonably protect the Secretary and the food, drug, and cosmetic industries from an injurious misadministration of the act by a plan duly safeguarded against its misuse.

4. The arguments against this amendment are fallacious. The first argument is that because the present act contains no provision for an administrative board of review, the revised act should not. The answer is that the present act should contain such a provision; that, in any event and because it includes advertising, the revised act should equitably contain such a provision. The second argument is that the amendment will operate to interfere with and delay the administration of the act. The answer is that it cannot do so, because the President is directed to duly restrict its application. Hence, there will be no review that ought not to be made and only a review that ought to be made. Moreover, this review has no application whatever to the Secretary's action for a seizure or injunction proceeding, for he may institute such a proceeding without an administrative hearing. The third argument is that the advisory committee plan of section 15 (a) precludes the need of this amendment. The answer is that such plan does not provide the administrative review which this amendment is purposed and effective to secure.

AMENDMENT NO. 11. PERMIT FACTORIES

Section 12 (a), pages 18–19: Amend this paragraph in the following respects:

First. Strike out the word "adequately" in line 21 of page 18.

Second. Insert between "merce" and the following comma, in line 23 of page 18, the words "and the act cannot be otherwise enforced with respect of such articles."

Third. Add, in line 3 of page 19, the following new sentence: "The several district courts of the United States are hereby vested with jurisdiction to determine whether any administrative use of this paragraph is authorized by it, upon application by any person affected thereby."

Supporting statement

1. Section 12 (a) empowers the Secretary of Agriculture to place the manufacture of any class of food, drugs, or cosmetics under complete Government permit control, whenever he finds that, by reason of conditions surrounding their manufacture, interstate commerce in such articles may be injurious to health and their injurious nature cannot be adequately determined after they enter such commerce. The drastic and discretionary character of this power requires no explanatory comment.

2. The amendment is effective, first, to modify this power by providing that it may be exercised only (a) if the injurious nature of such articles cannot be determined after they enter interstate commerce; and (b) if the act cannot be otherwise enforced with respect of such articles. These are reasonable conditions. For if the injurious nature of such articles can be determined after they enter interstate commerce and the act can be otherwise enforced with respect of such articles, then this power should not be exercised. Moreover, unless this amendment is made the Secretary may exercise this power to place any and all food, drug, or cosmetic manufacture under his complete control. For there is nothing in section 12 (a), as now drawn, which prevents him from finding that any class of such manufacture may be injurious to health by reason of manufacturing conditions and that its injurious nature cannot be adequately determined after entry into interstate commerce. As to drugs, he may make this finding upon the basis of uncertainty of necessary scientific control. As to food and cosmetics, upon the basis of uncertainty of sanitary control.

3. The amendment is effective, next, to provide the right of a court review of an administrative use of section 12 (a), which is deemed unwarranted and prejudicial. The right conferred by section 23 does not extend to the heart of section 12 (a).

AMENDMENT NO. 12. FACTORY INSPECTION

Section 13 (b), pages 20–21, add at the end of line 6, on page 21, the following new sentence:

"No injunction shall be issued pursuant to this paragraph unless (1) the denied inspection is shown to be necessary for the administration of this act, and (2) such injunction provides against an unwarranted inspection or disclosure of a private formula or a secret process."

Supporting statement

1. Section 13 (b) empowers any district court of the United States to enjoin, temporarily or permanently, all interstate commerce in any food, drug, or cosmetic with respect of which an official factory inspection is denied, "after reasonable request" therefor. The breadth and drastic character of this power requires no explanatory comment. It suffices to note that the term "reasonable request" remains undefined.

2. This amendment is effective to prescribe two conditions of such an injunction: The first condition is that it shall not be issued unless the denied inspection is shown to be necessary for the administration of the act. This is a reasonable condition necessary to prevent an inspection abuse. The second condition is that the injunction shall provide against an unwarranted inspection or disclosure of a private formula or a secret process. This is also a reasonable condition necessary to protect the manufacturer accordingly, which protection section 17 (g) supplements.

AMENDMENT NO. 13. SEIZURE PROCEEDING

Section 16, pages 24–26, amend this section in the following respects:

First. Strike out the words "or at any time thereafter" in line 12 of page 24.

Second. Strike out "(1)" in line 15 of page 24; substitute a period for the comma after "libel" in line 16 of page 24 and strike out the remainder of this paragraph; strike out paragraph (b) in lines 4–11 of page 25; substitute "(b)" for "(c)" in line 12 of page 25; substitute "(c)" for "(d)" in line 15 of page 25; substitute "(d)" for "(e)" in line 13 of page 26; substitute "(e)" for "(f)" in line 17 of page 26.

Supporting statement

1. Section 16 provides that a food, drug, or cosmetic in interstate commerce that is adulterated or misbranded, etc., shall be liable to be proceeded against "while in interstate commerce or at any time thereafter", by process pursuant to libel. This amendment is, first, to strike out the words "or at any time thereafter." Unless this amendment is made section 16 expressly authorizes the seizure of a food, drug, or cosmetic after it has passed from interstate into intrastate commerce. And because and to the extent it does so this section plainly violates the Constitution of the United States and is void.

2. This amendment is effective, next, to strike out the provisions of section 16 authorizing the seizure of an apparently adulterated or misbranded food, drug, or cosmetic, upon the basis of a purely administrative order issued without court sanction. Upon this amendment the section will authorize such a seizure only when approved by the court in pursuance of a libel proceeding. This the present and indicated state of the act.

AMENDMENT NO. 14. LIABILITY OF CORPORATION AGENT

Section 18 (b), page 31, lines 17–22: Revise this paragraph to read (the amendment is italic)—

"Whenever a corporation or association violates any of the provisions of this act, such violation shall also be deemed to be a violation of the individual directors, officers, or agents of such corporation or association who personally ordered, or *knowingly* did any of the acts constituting, in whole or in part, such violation."

Supporting statement

1. This amendment is required to protect an employee of a corporation from liability for its violation of this act, with respect of action he was ordered and therefore was required to take and

the illegality of which he does not and cannot know. To hold him liable under such circumstances is grossly unjust.

2. In illustration: The foreman of a factory printing department orders an employee therein to print a new label according to the copy given to him. Such employee did not prepare the label; he knows nothing about its legality; and he is not positioned to secure that knowledge. His job is simply to operate the printing press and if he declines to do so he is subject to discharge. It subsequently develops that the label violates the act and the corporation is successfully prosecuted accordingly. Under section 18 (b), as now drawn, this employee would be equally liable for such violation. And that is plainly a wrong state of the law.

ANNEX

1. The officers of the Associated Grocery Manufacturers of America, Inc., are Paul S. Willis, New York, N.Y., president; B. E. Snyder, R. B. Davis Co., Hoboken, N.J., first vice president; R. L. James, Libby, McNeill & Libby, Chicago, Ill., second vice president; R. W. Snow, Canada Dry Ginger Ale, Inc., New York, N.Y., third vice president; H. D. Crippen, Bon Ami Co., New York, N.Y., treasurer; Charles Wesley Dunn, New York, N.Y., general counsel.

2. The directors of the Associated Grocery Manufacturers of America, Inc., are W. C. Arkell, Beech-Nut Packing Co., Canajoharie, N.Y.; W. R. Barry, Gold Medal Foods, Inc., of General Mills, Inc., Minneapolis, Minn.; C. F. Baumgart, Kellogg Co., Battle Creek, Mich.; J. F. Brownlee, General Foods Corporation, New York, N.Y.; D. F. Bull, Cream of Wheat Co., Minneapolis, Minn.; C. L. Connor, Wheatena Corporation, Rahway, N.J.; H. R. Drackett, the Drackett Co., Cincinnati, Ohio; L. J. Gumpert, B. T. Babbitt, Inc., New York, N.Y.; F. A. Harding, Wm. Underwood Co., Watertown, Mass.; P. G. Kinzer, Carnation Co., Milwaukee, Wis.; James Knox, Chas. B. Knox Gelatine Co., Johnstown, N.Y.; John H. Kraft, Kraft-Phenix Cheese Corporation, Chicago, Ill.; W. P. Mohan, Scott Paper Co., Chester, Pa.; H. J. Mountrey, Borden Co., New York, N.Y.; Henry Mueller, C. F. Mueller Co., Jersey City, N.J.; W. T. Nardin, Pet Milk Co., St. Louis, Mo.; D. F. Norton, Nestle's Milk Products, Inc., New York, N.Y.; T. J. Reynolds, the Diamond Match Co., New York, N.Y.; J. P. Spang, Jr., Swift & Co., Chicago, Ill.; R. Douglas Stuart, the Quaker Oats Co., Chicago, Ill.; Ralph S. Stubbs, American Sugar Refining Co., New York, N.Y.

3. The membership of the Associated Grocery Manufacturers of America, Inc., includes:

California: California Animal Products Co., Oakland; California Packing Corporation, San Francisco; Jell Well Dessert Co., Ltd., Los Angeles; Los Angeles Soap Co., Los Angeles.

Connecticut: C. B. Dolge Co., Westport; G. F. Heublein & Bro., Hartford.

Delaware: Richardson & Robbins, Dover.

Illinois: Angelus-Campfire Co., Chicago; the John B. Canepa Co., Chicago; Champion Chemical Works, Chicago; Colgate-Palmolive-Peet Co., Chicago; College Inn Food Products Co., Chicago; Fitzpatrick Bros., Inc., Chicago; Fortune-Zerega Co., Chicago; Kitchen Art Foods, Inc., Chicago; Kraft-Phenix Cheese Corporation, Chicago; Libby, McNeill & Libby, Chicago; Northwestern Yeast Co., Chicago; Pennsylvania Salt Manufacturing Co., Chicago; Price Flavoring Extract Co., Chicago; the John Puhl Products Co., Chicago; the Quaker Oats Co., Chicago; the Shotwell Manufacturing Co., Chicago; the S.O.S. Co., Chicago; Staley Sales Corporation, Decatur; Stein Hall Manufacturing Co., Chicago; Swift & Co., Chicago; Tenderoni, Inc., Joliet.

Indiana: The Indiana Condensed Milk Co., Indianapolis; Little Crow Milling Co., Inc., Warsaw.

Iowa: American Pop Corn Co., Sioux City; Robb-Ross Co., Sioux City.

Maine: Burnham & Morrill Co., Portland.

Maryland: Cloverdale Spring Co., Baltimore; Crosse & Blackwell, Inc., Baltimore; Fruit Puddine Co., Baltimore; McCormick & Co., Inc., Baltimore; Sea Gull Specialty Co., Baltimore.

Massachusetts: Bakers Extract Co., Springfield; Boston Food Products Co., Boston; Joseph Burnett Co., Boston; Dwinell-Wright Co., Boston; Gorton-Pew Fisheries Co., Gloucester; C. M. Kimball Co., Everett; Lever Bros. Co., Cambridge; Sawyer Crystal Blue Co., Boston; D. & L. Slade Co., Boston; Wm. Underwood Co., Watertown.

Michigan: The J. B. Ford Co., Wyandotte; Gerber Products Division, Fremont Canning Co., Fremont; Kellogg Co., Battle Creek; LaChoy Food Products, Inc., Detroit; McKenzie Milling Co., Quincy.

Minnesota: Airy Fairy Foods, Inc., Minneapolis; The Cream of Wheat Corporation, Minneapolis; The Creamette Co., Minneapolis; Luther Ford & Co., Minneapolis; General Mills, Inc., Minneapolis; The Hilex Co., Inc., St. Paul; Geo. A. Hormel & Co., Austin; Pillsbury Flour Mills Co., Minneapolis; Sanitary Food Manufacturing Co., St. Paul.

Missouri: F. B. Chamberlain Co., St. Louis; Faultless Starch Co., Kansas City; Loose-Wiles Biscuit Co., Kansas City; Pet Milk Co., St. Louis; Ralston Purina Co., St. Louis.

Nebraska: Skinner Manufacturing Co., Omaha.

New Jersey: J. W. Beardsley's Sons, Newark; Edgar Brick & Son, Crosswicks; H. C. Brill Co., Inc., Newark; Campbell Sales Co., Camden; R. B. Davis Co., Hoboken; Dif Corporation, Garwood; Flako Products Corporation, New Brunswick; Thomas J. Lipton, Inc., Hoboken; Mechling Bros. Chemical Co., Camden; Metal Textile Corporation, Orange; C. F. Mueller Co., Jersey City; Paas Dye Co., Newark; G. Washington Coffee Refining Co., Morris Plains; The Wheatena Corporation, Rahway.

New York: American Kitchen Products Co., New York; American Maize Products Co., New York; the American Sugar Refining Co., New York; B. T. Babbitt, Inc., New York; Beech-Nut Packing Co., Canajoharie; Bon Ami Co., New York; the Borden Co., New York; Brillo Manufacturing Co., Inc., Brooklyn; Edward & John Burke, Ltd., Long Island City; Canada Dry Ginger Ale, Inc., New York; Church & Dwight Co., Inc., New York; Comet Rice Co., New York; Corn Products Refining Co., New York; Dannemiller Coffee Co., New York; the Diamond Match Co., New York; Duffy-Mott Co., Inc., New York; Durkee Famous Foods, Inc., Elmhurst; estate of Edward Pritchard, New York; Far Eastern Manufacturing Co., Inc., Brooklyn; Fred Fear & Co., Brooklyn; General Foods Corporation, New York; Good Luck Food Co., Inc., Rochester; Christian Hansen's Laboratory, Inc., Little Falls; Hecker H-O Co., Inc., Buffalo; the Hills Bros. Co., New York; Chas. B. Knox Gelatine Co., Johnstown; Lea & Perrins, New York; Liebig Products Co., Inc., New York; Enoch Morgan's Sons Co., New York; My-T-Fine Corporation, Brooklyn; National Biscuit Co., New York; the National Sugar Refining Co. of New Jersey, New York; Nestle's Milk Products, Inc., New York; Oakite Products, Inc., New York; Pal Products Co., Brooklyn; Park Tissue Mills, New York; Parsons Ammonia Co., Inc., New York; Penick & Ford Sales Co., New York; Pure Food Factory "Hansa", Mamaroneck; Runkel Bros., Inc., New York; J. Hungerford Smith Co., Rochester; Southern Rice Sales Co., Inc., New York; Standard Brands, Inc., New York; Teco Foods, Inc., Cortland; Joseph Talley & Co., Inc., New York; C. J. Van Houten & Zoon, Inc., New York; the Wayne County Produce Co., Brooklyn; the Welch Grape Juice Co., Westfield; Wilbert Products Co., Inc., New York; Wood & Selick, Inc., New York; Worcester Salt Co., New York; Yeasties Products Corporation, New York; A. Zerega's Sons, Inc., Brooklyn; Virginia Dare Extract Co., Inc., Brooklyn.

Ohio: The Climaline Co., Canton; The Colonial Salt Co., Akron; The Drackett Products Co., Cincinnati; The Frank Tea & Spice Co., Cincinnati; The Harbauer Co., Toledo; The Heekin Co., Cincinnati; The Hygienic Products Co., Canton; The Ohio Match Co., Wadsworth; The Palmer Match Co., Akron; The Procter & Gamble Co., Cincinnati; Snow King Baking Powder Co., Cincinnati; The Union Salt Co., Cleveland; The Zanol Products Co., Cincinnati.

Pennsylvania: P. Duff & Sons, Inc., Pittsburgh; The Franklin Sugar Refining Co., Philadelphia; Jersey Cereal Co., Cereal; Keystone Macaroni Manufacturing Co., Lebanon; The W. J. McCahan Sugar Refining & Molasses Co., Philadelphia; Scott Paper Co., Chester; F. G. Vogt & Sons, Inc., Philadelphia; Stephen Whitman & Son, Inc., Philadelphia.

Rhode Island: Rumford Chemical Works, East Providence.

Texas: Gebhardt Chili Powder Co., San Antonio; Walker's Austex Chili Co., Austin.

Vermont: Malted Cereals Co., Burlington.

Virginia: The Cobb Manufacturing Co., Inc., Richmond; Larus & Bro. Co., Inc., Richmond; Rich Maid Manufacturing Co., Inc., Richmond.

Washington: Roman Meal Co., Tacoma.

West Virginia: The Bloch Bros. Tobacco Co., Wheeling.

Wisconsin: Carnation Co., Milwaukee.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 12 minutes p.m.) the Senate took a recess until tomorrow, Friday, April 27, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 26, 1934

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore, Mr. PARSONS.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Thou, who coverest Thyself with light as with a garment, so fill us with Thy radiant Spirit that we may see and magnify the good in the lives of others. May we honor it; may we rejoice in it and try to imitate it. Teach us, Heavenly Father, however turbulent outward conditions may be, to maintain inward calm. O ever keep us conscious of our birthright as Thy children, that our actions and purposes may be filial, fraternal, and loyal to Thee. This day may we so put our trust in Thy fatherhood that old hurts will be relieved, anxious forebodings will be dispelled, self-assurance will be merged into the Divine will, and self-direction will yield to Thy leadership, and Thine shall be the praise forever. In the name of Jesus, our Savior, we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 191. An act for the relief of William K. Lovett;

H.R. 210. An act for the relief of Anne B. Slocum;

H.R. 232. An act for the relief of Anna Marie Sanford;

H.R. 233. An act for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay;

H.R. 264. An act for the relief of Marguerite Ciscoe;

H.R. 323. An act for the relief of Harvey M. Hunter;

H.R. 408. An act for the relief of William J. Nowinski;

H.R. 470. An act for the relief of the city of Glendale, Calif.;

H.R. 507. An act for the relief of John Thomas Simpkin;

H.R. 520. An act for the relief of Ward A. Jefferson;

H.R. 526. An act for the relief of Arthur K. Finney;

H.R. 666. An act for the relief of Charles W. Dworack;

H.R. 719. An act for the relief of Willard B. Hall;

H.R. 763. An act for the relief of William E. Bosworth;

H.R. 879. An act for the relief of John H. Mehrle;

H.R. 880. An act for the relief of Daisy M. Avery;

H.R. 909. An act for the relief of Elbert L. Grove;

H.R. 1301. An act for the relief of M. Aileen Offerman;

H.R. 1362. An act for the relief of Edna B. Wylie;

H.R. 1398. An act for the relief of Lewis E. Green;

H.R. 1404. An act for the relief of John C. McCann;

H.R. 1418. An act for the relief of W. C. Garber;

H.R. 2040. An act for the relief of P. Jean des Garennes;

H.R. 2041. An act for the relief of Irwin D. Coyle;

H.R. 2074. An act for the relief of Harvey Collins;

H.R. 2169. An act for the relief of Edward V. Bryant;

H.R. 2337. An act for the relief of Harry L. Haberkorn;

H.R. 2512. An act for the relief of John Moore;

H.R. 2818. An act for the relief of Katherine G. Taylor;

H.R. 3542. An act to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situate in the city of Philadelphia and State of Pennsylvania;

H.R. 4423. An act for the relief of Wilbur Rogers;

H.R. 4542. An act for the relief of Frank Wilkins;

H.R. 4609. An act for the relief of Augustus Thompson;

H.R. 4784. An act to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries;

H.R. 4959. An act for the relief of Mary Josephine Lobert;

H.R. 5397. An act to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein;

H.R. 5936. An act for the relief of Gale A. Lee;

H.R. 6166. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States;

H.R. 6638. An act for the relief of the Monumental Stevedore Co.;

H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices;

H.R. 6690. An act for the relief of certain officers of the Dental Corps of the United States Navy;

H.R. 6862. An act for the relief of Martha Edwards;

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7200. An act to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia;

H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes;

H.R. 7488. An act authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes;

H.R. 7746. An act regulating procedure in criminal cases in the courts of the United States;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 7803. An act authorizing the city of East St. Louis, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.;

H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931;

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.;

H.R. 8516. An act granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi;

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River;

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore; and

H.J.Res. 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 211. An act for the relief of John A. Rapelye;

H.R. 276. An act to authorize the placing of a bronze tablet bearing a replica of the Congressional Medal of Honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va.;

H.R. 328. An act for the relief of E. W. Gillespie;

H.R. 473. An act for the relief of Irene Brand Alper;

H.R. 916. An act for the relief of C. A. Dickson;

H.R. 1197. An act for the relief of Glenna F. Kelley;

H.R. 1211. An act for the relief of R. Gilbertsen;

H.R. 1212. An act for the relief of Marie Toenberg;

H.R. 2439. An act for the relief of William G. Burress, deceased;

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916;

H.R. 3900. An act authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.;

H.R. 5284. An act for the relief of the Playa de Flor Land & Improvement Co.;

H.R. 6871. An act for the relief of Austin L. Tierney; and

H.R. 7356. An act to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 99. An act for the relief of Francis Gerrity;

S. 113. An act for the relief of Hans Dahl;

S. 164. An act for the relief of Joseph Gould;

S. 236. An act to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.;

S. 250. An act for the relief of Fred Herrick;

S. 309. An act for the relief of Willard Heath Mitchell;

S. 333. An act for the relief of Clarence Leroy Witham;

S. 367. An act for the relief of Hugh Flaherty;

S. 379. An act for the relief of Frederick G. Barker;

S. 380. An act for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of Nature;

S. 417. An act for the relief of Marino Ambrogi;

S. 426. An act for the relief of Robert H. Wilder;

S. 427. An act for the relief of Edgar Joseph Casey;

S. 618. An act to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes";

S. 790. An act for the relief of Charles B. Arrington;

S. 819. An act for the relief of S. N. Kempton;

S. 822. An act to amend the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, with respect to the use of the mails for the shipment of certain drugs and medicines to cosmetologists and barbers;

S. 865. An act for the relief of Michael J. Budzinski;

S. 887. An act for the relief of Lucy B. Hertz and J. W. Hertz;

S. 1198. An act for the relief of Louise Fox;

S. 1214. An act for the relief of Zinsser & Co.;

S. 1231. An act for the relief of A. H. Marshall;

S. 1338. An act for the relief of John F. Patterson;

S. 1358. An act to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark.;

S. 1382. An act for the relief of Uldric Thompson, Jr.;

S. 1595. An act extending the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to provisional officers of the Regular Establishment who served during the World War;

S. 1633. An act for the relief of Emma Fein;

S. 1690. An act for the relief of the Bowers Southern Dredging Co.;

S. 1725. An act for the relief of Robert Emil Taylor;

S. 1779. An act authorizing the issuance of a special postage stamp in commemoration of the three hundredth anniversary of the founding of the Colony of Connecticut;

S. 1794. An act to authorize Vernon C. DeVotie, captain, United States Army, to accept a certain decoration tendered to him by the Colombian Government;

S. 1797. An act authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.;

S. 1826. An act for expenditure of funds for cooperation with the public school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.;

S. 1972. An act for the relief of James W. Walters;

S. 1992. An act for the relief of Arthur R. Lewis;

S. 1998. An act for the relief of the estate of Martin Flynn;

S. 2044. An act to amend the National Defense Act of June 3, 1916, as amended;

S. 2046. An act to provide relief for disbursing officers of the Army in certain cases;

S. 2112. An act for the relief of W. H. Key and the estate of James R. Wilson;

S. 2130. An act to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States;

S. 2204. An act for the relief of James Johnson;

S. 2207. An act for the relief of Sarah Lloyd;

S. 2227. An act for the relief of Harold S. Shepardson;

S. 2367. An act for the relief of Emilie C. Davis;

S. 2431. An act for the relief of the estate of Joseph Y. Underwood;

S. 2455. An act to increase the efficiency of the Medical Corps of the Regular Army;

S. 2553. An act for the relief of the Brewer Paint & Wall Paper Co., Inc.;

S. 2623. An act to amend the act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes", approved March 19, 1906, as amended;

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians;

S. 2674. An act to amend an act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933;

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;*

S. 2692. An act relating to the record of registry of certain aliens;

S. 2720. An act for the relief of George M. Wright;

S. 2748. An act to authorize an appropriation for the reimbursement of Stelio Vassiliadis;

S. 2752. An act for the relief of the legal beneficiaries and heirs of Mrs. C. A. Toline;

S. 2794. An act to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes;

S. 2817. An act to amend the act relating to contracts and agreements under the Agricultural Adjustment Act, approved January 25, 1934;

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the old Indian trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway";

S. 2864. An act for the relief of Weymouth Kirkland and Robert N. Golding;

S. 2875. An act for the relief of Margoth Olsen von Struve;

S. 2883. An act for the relief of Mike L. Sweeney;

S. 2899. An act establishing certain commodity divisions in the Department of Agriculture;

S. 2909. An act for the relief of Augustus C. Hensley;

S. 2919. An act for the relief of Cornelia Claiborne;

S. 2922. An act to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto;

S. 2969. An act for the relief of the Mary Black Memorial Hospital;

S. 2972. An act for the relief of John N. Knauff Co., Inc.;

S. 3007. An act to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon;

S. 3016. An act for the relief of the Dongji Investment Co., Ltd.;

S. 3023. An act to amend section 4878 of the United States Revised Statutes, as amended, relating to burials in national cemeteries;

S. 3026. An act for the relief of Lucy Cobb Stewart;

S. 3044. An act granting a pension to Eleanora Emma Bliss;

S. 3046. An act creating the Sistersville Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, hold, and operate a highway bridge across the Ohio River at or near Sistersville, W.Va.;

S. 3047. An act to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass.;

S. 3085. An act relating to the operations of the Reconstruction Finance Corporation, and for other purposes;

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.;

S. 3114. An act to extend the times for commencing the construction of certain bridges in the State of Oregon;

S. 3128. An act to pay certain fees to Maude G. Nicholson, widow of George A. Nicholson, late a United States commissioner;

S. 3211. An act to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md.;

S. 3230. An act creating the Florence Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Missouri River at or near Florence, Nebr.;

S. 3269. An act relating to the construction, maintenance, and operation by the city of Davenport, Iowa, of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, State of Iowa;

S. 3272. An act for the relief of the city of Baltimore;

S. 3275. An act for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims;

S. 3287. An act to authorize national banks situated in a Territory or possession of the United States to establish branches;

S. 3290. An act to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932;

S. 3303. An act to provide for the expeditious condemnation and taking of possession of land by officers, agencies, or corporations of the United States authorized to acquire real estate by condemnation in the name of or for the use of the United States for the construction of public works now or hereafter authorized by Congress;

S. 3335. An act for the relief of Joanna A. Sheehan;

S. 3346. An act to amend the naturalization laws with respect to records of registry and residence abroad; and

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

The message also announced that the Senate agrees to the amendment of the House to the concurrent resolution (S.Con.Res. 13) to authorize the printing of additional copies of the hearings held before the special committee appointed to investigate air- and ocean-mail contracts.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

REPUBLICAN POLICY

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech I delivered last evening over the Columbia Broadcasting System.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SNELL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered by myself over Columbia Broadcasting Co. network, Wednesday, April 25, 1934:

At the beginning of this session of Congress I made certain statements in behalf of the Republican minority in the House of Representatives. I invite attention to the policy of the minority as then outlined. It has been observed to the letter in the eventful session now approaching its end.

We declared that we would gladly cooperate with the administration in restoring prosperity and would support any policies that would contribute to the common welfare, without regard to the political fortunes of either party.

At the same time, we declared that we would oppose any policies which were destructive of our form of government, or alien to the basic ideals of the American people, or economically unsound, or as threatening the Nation with fiscal bankruptcy, and that we would hold the administration responsible at the bar of public opinion for promoting such policies.

The Republican minority has been faithful to that pledge. It has voted for sound legislation calculated to hasten recovery. It has stoutly opposed unsound, un-American legislation.

The record of this Congress will be submitted to the verdict of public opinion; I urge all citizens to study it. I court a rigid scrutiny of the position taken by representatives of the Republican Party on all the questions that have arisen.

It will be found that the Republican Party as represented in Congress, has sought to defend this Nation against the forces of disintegration. It has championed the personal liberties of the individual as guaranteed by the Constitution. It has defended the cause of honestly conducted business and has opposed unwarranted interference of government with such business. It has fought for the integrity of our currency and for national solvency through honest balancing of an honest budget. It has supported generous relief of destitution and full assistance to all agencies of recovery; but it has opposed extravagant appropriation of public money and reckless expenditure of appropriations which were made.

Notwithstanding the great confusion resulting from unprecedented conditions and the astounding assortment of contradictory legislation proposed by the administration, the Republican Party has kept to the clear path of constitutional government and sound economic policies. It has refused to plunge blindly ahead in search of imaginary short cuts to the millennium. It has preferred the wisdom and safety of experience to the hazards of experimentation.

We are opposed to any further tinkering with the currency. It must be stabilized on an honest basis for the protection of the individual and the honor of our Government. Those who go into the market places must know not only what our dollar is worth today but what it will be worth a month, a year, or 5 years from today. Ordinary business contracts cannot be made or long-time investments planned so long as there is continual experimentation with the circulating medium of exchange.

As a corollary to this, we must have a solvent Government. Promises upon the part of this administration to balance the Budget must begin to be fulfilled, instead of the time of their redemption being still further postponed. That cannot be if there is a continuation of public expenditures on the present vast scale. Such expenditures only create demand for still greater ones.

The present expenditures were authorized upon the plea of an emergency, to tide over public and private business until the backbone of the depression could be broken and business and industry had time to recuperate. The period of emergency is over. Private enterprise is now ready to go ahead. Nothing is retarding it except the harassing laws enacted by this administration and the even greater harassment incident to their administration by an army of bureaucrats.

A great contributing cause to the retardment of recovery is the growing competition by the Government with private industry. Officers of this administration have taken out articles of incorporation in several States authorizing them, in their capacity as representatives of the Federal Government and using Federal funds, to enter into practically every known field of private enterprise—manufacturing, fabricating, the real-estate business, the building trades, wholesaling, and retailing of merchandise of all kinds.

No real or prospective investor has any certainty that tomorrow he may not find himself engaged in a losing fight with some Federal bureau incorporated to invade his particular line of activity and operating with Federal funds. The business of the people of the United States belongs to them and not to the Government, except and unless we are ready to embark upon a career of state socialism. To transfer millions of men now idle to permanent pay rolls in productive industry and business it is essential the Government withdraw from private business. The Republican minority will stand against voting any further appropriations to finance this unwarranted intrusion into the field of private endeavor.

We also stand steadfast against any attempt to make the various emergency measures and set-ups permanent. The Republican

minority gave unanimous support to these extraordinary measures a year ago because they were designed to meet the extraordinary needs of the hour. Moreover, the administration in asking the passage of these measures pledged its honor they were only emergency measures. Since that time the public has been informed that it is the intent of this administration to make this emergency legislation permanent.

To do this would make permanent the vast system of bureaucracy which has been set up to administer these laws. It would make permanent increased expenditures of billions of dollars annually. To support such a program the Republican minority would not only be breaking faith with the people but it would be contributing to the overthrow, not only of our present economic system but our constitutional form of government. To that program we will not subscribe.

The Republican Party is not willing to assist in wrecking the economic system upon which our country is erected, by reason of which we have developed as a nation and prospered as a people to a degree not equaled by any other people of any other time or place. We do not admit that a Federal bureaucracy can excel the people in the wise direction of their own affairs. As between bureaucrats who never created an industry or developed one; met a pay roll or created productive employment for a single wage earner; built up a business in the face of competition in the marts of the world or risked a dollar of their own money in pioneering an idea; plowed a furrow, planted a crop, or reaped a harvest, and those of our private citizens who have done all this, and done it so successfully that they have made America the outstanding Nation of the world, the Republican minority takes its stand by the side of the private citizen.

Dangerous as is the threat of the new deal's philosophy and policies to America's economic structure and the material welfare of our people, the threat it carries to America's political institutions and the liberties of our citizens is even more dangerous. For the first time in our history an administration in power at Washington has challenged our form of government and those occupying high official and advisory positions in this administration are making a concerted and persistent attack upon American ideals and institutions.

When, in answer to an appeal of this administration, the American Congress vested extraordinary powers in the Chief Executive to meet an emergency, it expected and the American people expected there would be no transgression of the fundamental principles of our Government. The American people were faithful to the American Constitution and they expected the administration to be just as faithful.

No economic emergency could possibly equal the emergency created by an attempt to foist upon this country a system of government which will exercise the powers of life or death over not only all agricultural, industrial, and business operations, but over the liberties and fortunes of American citizens.

The political philosophy of this administration is that nothing must be left to the individual citizen. His freedom of action is to be denied. His individual judgment is to be suspended. He is to be brought under the dictatorship of a Federal bureau and regimented by Federal officers.

This constitutes not only a denial of the citizen's economic rights but a denial of those political liberties which are guaranteed him in our Constitution. The Republican Party stands where it has always stood, for a constitutional government. It holds the powers of our Government under our Constitution are sufficient to cope with any emergency. It holds that where these powers are usurped either by a dictator or by a bureaucracy, they thrust upon the American people an issue which must be met if the form of this Government is to continue as it has existed since its establishment.

This issue may be met squarely by applying the philosophy of one of our earliest Americans, Thomas Jefferson, who said: "I am not one of those who fear the people. I know of no safe depository of the ultimate powers of society but the people themselves. I would rather be exposed to the inconveniences attending too much liberty than those attending too small a degree of it."

DEVELOPMENT OF THE COLUMBIA RIVER BASIN

Mr. MARTIN of Oregon. Mr. Speaker, I ask unanimous consent to address the House and to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MARTIN of Oregon. Mr. Speaker, this administration is launching some of the most important development work and plans ever undertaken by our Nation.

There is a far-sighted intelligence manifest in the program; also there is a determination that some of these great basic resources shall remain wholly within the control of the people at large.

I am pleased with the opportunity of contributing to the movement and sharing the work that makes such a program possible. It is my conviction that the name of our President, Franklin D. Roosevelt, will go into history as a leader who has inaugurated principles which will stand high on all of the future records of our people. That I should have the opportunity of joining him in this work, that this Congress should be a part of the historic program, and that this period when there is so much distress and uneasiness at large, should have been marked by inauguration of this movement is most gratifying to me.

We are in the midst of a new conservation principle advocated by our President. It is the development and use and production of our matchless natural resources. There is a movement not to seal certain potential assets for an indefinite period in the future, but rather to get orderly, intelligent action in their uses, so that they may be made to serve the highest purpose and, at the same time, be replenished or conserved with the highest possible, modern intelligence.

In approaching the water resources of our Nation, which are conceded of enormous value, this administration is taking positive, forward steps which are blazing a trail for a new field in national development. These resources are both wasteful and destructive when not controlled. Our President's program is planned to control the flood waters in order to check their present destructive influences and also to harness this energy to the Nation's industrial and domestic use. Instead of proceeding in the haphazard program of the past, the order of the day is for a great systematic program balanced with care in respect to location and time.

When the Tennessee Valley Authority was before this Congress we voted it with enthusiasm, I deeming it an honor and an opportunity to join. This Authority has the statutory right to undertake the most far-reaching and scientific work that has ever been laid down in respect to the treatment of any American watershed. The more effective application of agriculture, the industrialization of a rural people, the reforesting of the mountains, the impounding of flood waters, navigation of streams, and the development of power is all within the range of this effort.

WILL ADD TO HOME COMFORTS

In the Tennessee Valley power has been and will be for long years the outstanding feature of the development program. Waters of this stream and its tributaries that formerly ran to the sea in idleness are now to be put to the effective use of man. All of the more modern conveniences and comforts of home are to be offered to the people of this region at living prices, and the rates of the power are to be such as to encourage the maximum use of electricity. Industrial uses of this power are to be directed and encouraged by this Federal Authority, in order to give the people opportunities for employment and a means of establishing themselves on a more profitable, comfortable basis of life. This experiment is to be a gigantic commercial laboratory in social economic plans. It will undoubtedly reflect its influence throughout the Nation.

On the St. Lawrence River the administration also stands for the harnessing of that mighty stream with Canadian cooperation. In this work navigation developments for the great producing and industrial elements tributary to the Lakes territory is to be accompanied by a power development under the control of the New York State Authority. Here we have two cardinal principles bearing on the life of the northern region of our country presented by our President with the insistence that they shall be recognized through treaty, and later appropriation by Congress.

Mr. Speaker, in the Columbia River Watershed of the Pacific Northwest, we have another mighty program inaugurated through the forceful action of President Roosevelt. He has designated sites and allocated funds for the inauguration of work at both Bonneville and Grand Coulee projects. The Grand Coulee is planned as the beginning of the greatest irrigation development the Nation has ever undertaken in any one project, and, in fact, almost equals the total of Federal reclamation work since another President Roosevelt started this program. It will prove a monument going down through history, affecting a large number of people and making possible the development of productive farms by the thousands for that time when American agriculture is called upon to feed our growing population, and also in that program wherein the farmer is to be put on a profitable basis of operation. With the Grand Coulee

will be a large offering of power, which may, as in the Tennessee Valley, be used for domestic consumption in cities and the country tributary there for industrial operations.

I am more directly connected with the Bonneville development on the Columbia. This is in my immediate territory. It is laid out for the inauguration of a program embracing the most perfect navigation conditions and the generation of power in heavy blocks at very low cost, beginning with a tidewater dam.

BONNEVILLE DAM OUTSTANDING UNIT

I hope this House and the country at large will better understand the Bonneville project. To me it is the outstanding, single unit in our President's mighty national program. It is the beginning of work to harness the great resources of the Columbia River on a plan which the engineers themselves regard the most effective that could be adopted.

Will you indulge me for a moment to study the Bonneville layout? Picture the country as a whole. Observe the Columbia River as the second greatest stream on the North American continent and third in the Western Hemisphere. Note that its discharge into the sea is nearly as large as that of the Mississippi into the Gulf of Mexico; that is, about 200,000,000 acre-feet of water annually.

Mr. Speaker and my colleagues, make further note of the fact that this stream has a watershed only one fifth the size of the watershed of the Mississippi. The effect of this inevitably must be accepted as an ideal condition for the generation of power; that is, tremendous volume of water flowing from the highest levels of the continent a very short distance to the sea, swift waters, cascades, many gorges hewn through the rocks, limited development and population down next to the stream, proximity of the first developments to the sea, an easy deep-sea channel to the first and second dams, ideal climatic conditions for industrial operations and human comfort, and on top of it all, the background of the beautiful, outstanding, scenic Pacific Northwest.

More than 150,000,000 acre-feet of the Columbia's flow comes from east of the Cascade Mountain Range. This rugged and picturesque uplift has an average elevation of 6,000 feet and parallels the Pacific Ocean shoreline from British Columbia to Mexico, only about 150 miles away. But one cut has been made through this great mountain range by waters of the interior, and that is the gorge of the Columbia.

At the point where tidal influence ceases is located the Bonneville Dam. Barge navigation requiring drafts from 9 to 15 feet is now available, and with the expenditure of but $5,000,000 more, a deep-sea channel may be cut to the dam. With another two and a half or three million dollars, deep-sea locks may be put through the dam enabling deep-sea ships to operate up to The Dalles, Oreg., better than 200 miles from the Pacific Ocean.

HAS NO PARALLEL IN THE WORLD

There is no other parallel to this project anywhere in the world. Volume of flow, economy of development, tidewater location, perfect transportation conditions, and the combined influence of economic opportunities make this the gem of the power projects which either private capital or the Federal Government has yet undertaken to develop.

About 600,000 horsepower of energy may be generated at this dam, more than 50 percent of the same prime power under the present flow conditions of the river. With further reservoiring in future developments upstream the prime power will steadily increase until practically the total energy now discussed will be of that type.

Mr. Speaker, this dam is but 40 miles today from a 35-foot channel to the sea. It is within 40 miles of a great population center in and around Portland, Oreg., and Vancouver, Wash. In transmitting the energy for use of the people the shortest line yet proposed for any major project will be found sufficient. For those industries that desire to locate at the dam site our country can easily make it possible for the deep-sea ships to reach that point without breaking cargo of raw materials brought in until unloaded at the factory warehouse, and taking the finished products out to all parts of the world. There are two railways and two highways serving the site where transportation advantages are more perfect than may be found elsewhere.

This great storehouse of energy is being opened to the people of Oregon and Washington. Control of the power is solely and wholly with the Federal Government, which agency is putting up all of the funds for development. As the people of the two States approach the Federal authorities with plans for the use of this energy, the same as is being done in the Tennessee Valley, they will be met in a responsive, cooperative way, and every possible encouragement will be given to the extension of the use of this power throughout the region where there may be a market.

The two other great Federal developments on the Pacific seaboard now under way are the Boulder Canyon Dam and the Grand Coulee. Each of these are much further from tidewater than Bonneville. Boulder Canyon energy will be transmitted from 200 to 300 miles to reach its major market. Grand Coulee can find an industrial market of any magnitude only over lines of from 200 to 250 miles length. Bonneville is on tidewater, on perfect navigation channels, and in a large population center. These relative locations will indicate to us the enormous value of Bonneville in comparison with any other Federal or private project of size that has been undertaken on the American Continent.

RECAPTURE OF INDUSTRY TO RESULT

In addition to serving the people adjacent to such developments as that at Bonneville for their greater human comfort and advancement with the lowest possible cost of electric energy, Bonneville is the tangible, living bid of these United States to recapture industry which has been driven to foreign lands. It is the logical economic procedure in laying foundations for revival within the United States of the pulp-paper, chemical, and metallurgical lines of industry. It is the nearest bid this country has yet made in meeting the great competitive program which the Soviet Republic is inaugurating for industrial supremacy. It is the lowest bid so far made within the United States to meet the low cost of power in Canada. It will, Mr. Speaker and my fellow colleagues in the House, be accepted by the experts of this and coming generations as the beginning of a real, virile industrial period for the Pacific coast wherein our country will start the building on our western seaboard of a vastly greater industrial empire for our safety and prosperity in war and peace.

In the Canadian hydroelectric program a marvelous combination of conditions was presented by nature. You have the great glacial lake regions north of the St. Lawrence and Lakes Ontario and Erie. Here we see vast natural reservoirs provided at no cost to man. We also find a rough terrain between the northern lakes and the St. Lawrence drainage system which enables the power plant to secure an advantageous head at a low cost of construction. These power sites are near the marvelous transportation system of the Great Lakes and that which will be provided on the St. Lawrence. With nature offering the reservoirs and very satisfactory dam sites, Canada has forged ahead in her power development in a remarkable manner.

Mr. Speaker, with the development of hydroenergy in Canada has gone marvelous increase in her industrial expansion. I note from recent reports that $276,000,000 of American capital has been invested there to produce pulp-paper products. I also observe that more than $400,000,000 of our capital has been used in the development of public utility enterprises for Canada, much of this being water power. I further observe that the pulp-paper industry of the North American Continent has rapidly shifted to our neighbor on the north until we pay her approximately $150,000,000 a year for products of this character which we import and use within the United States. It is also to be noted that the great Aluminum Company has built at Arvida a superb, modern plant for the reduction of bauxite ore into this newest and most useful metal. Other chemical and metallurgical operations have been attracted to Canada.

CANADA'S HEADWAY REMARKABLE

While Canadian industrial progress was being recorded in an amazing manner, we also were making headway, but not in the same proportion. We did not have the low rates for electric energy which Canada possessed. We had not approached our greatest unit developments of hydropower because of their magnitude and the difficulties of private capital in financing such projects and carrying them until there was a market for the energy created there.

Due to this combination, the most rapidly expanding line of American industry, termed electrochemical and electrometallurgical, which is commanding the greatest attention of any single field in world effort, was not holding its proper place within the United States. We were falling behind in the race, and were due, under that program, to become a relatively light industrial factor.

Our people were prone to hold that fuel-generated power, conveniently located for industrial purposes would protect our position. I recognize that amazing progress has been made in the efficiency of fuel uses for power production. However, every expert who has ever testified before congressional committees admits that there is a basic, enduring advantage to the industry using hydroenergy. When the great dam is written off as a capital charge and when only the parts of a hydroelectric plant which deteriorate through use and age are calculated for stated renewals, the hydroplant has an advantage which can never be attained through fuel-generated power.

I have another observation to make in this respect. Coal, the chief source of fuel energy for all time is becoming every year more and more an essential raw material in industrial operations. Science is using coal with a diversity and a completeness for manufacturing a great variety of products that is amazing to all of us. Coal within another generation or two has in prospect a greater value as a raw material than for fuel. Coal cannot be reproduced within any historic period. When it is exhausted another crop will not be available for millions of years.

ARTIFICIAL RESERVOIRS COST MONEY

Mr. Speaker, water power is perpetual, at least, so long as the present climatic conditions prevail. Water running to the sea unused is a waste. Unused water power throwing the burden of industrial energy upon coal violates a fundamental principle of the present conservation program. Although in the use of coal the fuel requirement has been cut 50 percent within quite recent years for the same unit of energy, still this fuel is being exhausted. Prices will inevitably become higher. Mining conditions in the coal mine are unwholesome. Increased depths involve greater costs, and in every respect I say that substitution of fuel-generated energy by water power is one of the most farsighted and fundamental conservation efforts that the Nation can indulge today.

Except for the Great Lakes, which constitute probably the world's most perfect reservoiring system for equalizing the flow of Niagara and the St. Lawrence, there is no great natural reservoir condition found within the United States. Where the stream's flow is not naturally equalized artificial reservoirs must be created. These cost money. The flood-control program being urged by our President and accepted by the Congress as fair and proper is a step in the great national work of restraining our flood waters at proper intervals, preventing destructive erosion, safeguarding against channel silting, and equalizing the flow so that these waters will serve navigation, irrigation, and power.

Three great projects now under construction in Montana, Oregon and Washington, Nevada and Arizona are the initial steps for the control of flood waters, harnessing the vast latent energy previously wasted there and making the channels carry an additional flow during the usual low season to accommodate navigation. As these initial steps are expanded, as each additional reservoir is built, and as each new project is brought in, man's hand will by slow and inevitable degrees provide the storage capacity which nature has failed to leave in the major watersheds of the United States and which have been so admirably furnished in Canada in the Great Lakes system.

I mention general physical conditions in order to point the argument in support of the President's splendid program of development. I hope that every Member of Congress, from whatever part of the country he may come, will recognize that each of these developments has a national significance and cannot be termed local in any sense of the word. I further hope that the wisdom of our great leader, who is writing economic history in flaming letters, will never be the target for the charge of "pork barrel", provincialism, or localized vision. If there ever was a time when the Congress should get the inspiration of his view it is now. If there ever was a period when coordination of the forces in different parts of the country should govern our work it is now.

At a cost of something like $50,000,000 a 35-foot deep-sea channel has been provided between the Pacific Ocean and Portland, Oreg., and Vancouver, Wash. About half this total outlay has been paid out of local taxes, the other half being a Federal charge.

SAVING TO MANKIND COMPENSATES COST

Bringing deep-sea ships 100 miles interior from the Pacific has given low rates of transportation for producers of the soil and industry that no other human efforts could have provided. It has been a heavy outlay, but the saving to mankind is so great that the annual net returns compensate many times over the cost involved.

In our program on the Columbia for further improvement, which is marked by the first big navigation power unit at Bonneville, we shall take when the work is finished, deep-sea ships another 100 miles into the interior beyond Portland. This will give to the upper reaches as far as The Dalles deep-sea terminal rates. Ships going on this route will be able to reach Bonneville first, where 600,000 horsepower of energy may be generated. By providing deep-sea locks through the dam constructed and provision for which is made in the plans now being executed, deep-sea ships may proceed another 47 miles to the foot of the greatest potential power development in any one unit of the American continent.

Mr. Speaker and my colleagues, engineers could not create a more perfect setting for tremendous industrial operations than may be provided at a very low cost on the Columbia. Not to exceed $5,000,000 will be needed to dig the deep-sea channel as far as the Bonneville Dam. About $2,500,000 more than is needed for a barge canal will be necessary to convert these locks into a deep-sea type. After passing through the Bonneville locks, the ships then have a pooled area 47 miles in length, with a minimum depth of 35 feet or better, in reaching The Dalles. At The Dalles a high-dam type of construction could be made to generate from four to six million horsepower of energy, perhaps even more as the flow of the Columbia is regulated above.

After The Dalles project is developed, again there is pooled water provided to the next site which may be selected by the engineers. Thus, starting downstream and working up, the Columbia offers the ideal opportunity for carrying cheap transportation to the power sites of the greatest energy stream on the North American Continent and perhaps even greater than will be found in South America. It has been estimated that the trunk and tributaries of the Columbia have a potential of approximately 22,000,000 horsepower. With deep-sea ships and barges penetrating through the very heart of this, and with all climatic and other conditions favorable, industry is bound to hail this storehouse of energy and this marvelous transportation system as one of the greatest industrial centers the Nation has known.

WASTED ENERGY TO BE CONSERVED

With coal at $3 a ton and with the most modern practices known to the largest fuel-generated plants, the wasted energy of the Columbia River watershed is today practically equivalent to 100,000,000 tons of our precious fuel supply. If you saw 100,000,000 tons of coal being burned each year, would you not feel it your duty as a patriot and a true conservationist to stop the appalling waste? Why not, then,

with equal effectiveness, save the equivalent of 100,000,000 tons of coal per year in water power and put it to the use of man in this most modern and progressive age?

The Columbia Basin, so far as existing records prove, is without any appreciable supply of commercial coal or petroleum. Deprived of these important factors, we must turn to our "white coal", that is, water power. Using this water power with the most advanced methods of science, our industries will thrive. Nature has given us compensations, but they are valueless until developed. Our President has started the development program. Our Nation in due course will write this plan down as the beginning of a most important era. All people in different parts of the country will hail this as one of our greatest forward steps. The man who today shouts "pork barrel" and "provincialism" at the expense of the whole people will be ashamed that he ever uttered such words.

Mr. Speaker, we of Washington, Oregon, and California are on the Pacific seaboard. That is your western front. We look out upon about half the population of the world. Trade is steadily growing there and is intensely competitive. The United States cannot take its proper share without our natural facilities on the Pacific coast being used. Distance is in our favor in seeking Pacific-country trade. We can reach those consumers in a shorter mileage than Europe. If you undertake to haul through the Panama Canal American products intended for that market, distances are against you. From an American viewpoint, whether indulged in the North, East, South, or West, this program is national in scope and purport. We want to establish all of our people on the firmest possible footing. We want our seaboard strong and invulnerable, either from an economic or an invasion viewpoint. We want American population in industry balanced. A top-heavy, centralized industry is not healthy. Trade within our own country is soundest when markets for our products may be widely distributed. You of the East and the South will find the West a superb market for your products when you encourage our development. You of this region should and will be happy to know that your western front is strong and impregnable in any event.

LOW COST OF POWER MAKES MARKET

We hear much of rates in connection with the Presidential power-development program. Taking the same basis of computation for all projects, Bonneville offers the lowest cost of energy yet determined by the engineers in their preliminary estimates. It is this low cost that will make the market. It is this advantageous situation, combined with the low cost found at Bonneville and plants upstream as navigation is taken to each, which will give us the competitive strength to meet Canadian and other foreign operations.

Mr. Speaker, America will in due course be proud of this work, and a careful study of the situation will command general admiration. I ask you, my colleagues in this House, to become more intimately acquainted with this program and believe with the fervor of patriotism that it is of benefit to every American.

CONTESTED-ELECTION CASE—M'ANDREWS v. BRITTEN

Mr. PARKER. Mr. Speaker, I call up the privileged resolution, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 362

Resolved, That James McAndrews was not elected a Representative to the Seventy-third Congress from the Ninth District of the State of Illinois and is not entitled to a seat therein.

Resolved, That Fred A. Britten was duly elected a Representative to the Seventy-third Congress from the Ninth Congressional District of the State of Illinois and is entitled to retain his seat.

Mr. SABATH. Mr. Speaker, I offer the following substitute for the resolution which the gentleman from Georgia has just sent to the desk.

The SPEAKER pro tempore. Does the gentleman from Georgia yield for that purpose?

Mr. PARKER. I do not. I understand that I am to be recognized for 1 hour. If any gentleman in the House wants time on this resolution, I shall be glad to yield him time; but I do not yield the floor, and I do not yield to anyone to offer any amendment or substitute for the resolution.

The SPEAKER pro tempore. The gentleman from Georgia refuses to yield and is recognized for 1 hour.

Mr. SABATH. Mr. Speaker, I rise to a point of order. The gentleman refuses to yield to me to offer a substitute. I know many instances where recognition has been accorded Members to offer a substitute in similar matters and, therefore, I feel that the precedents permit the offering of a substitute, regardless of whether the Chairman of the Committee on Elections yields or not. That is a right which every Member has, and of which he cannot be deprived. For that reason I feel that my substitute for the resolution is in order.

Mr. PARKER. Mr. Speaker, the gentleman from Illinois has not conferred with the chairman of this committee, nor with any member of the committee, with reference to this proposed amendment. We do not know what it provides, and I think the gentleman is entirely out of order. He has shown the committee no courtesy whatsoever in coming here and offering a substitute without letting us know he had it in mind.

Mr. DIRKSEN. Why not have the substitute read and let the gentleman from Georgia reserve his objection?

Mr. SABATH. That is satisfactory. I ask unanimous consent that my substitute be read for the information of the House.

The SPEAKER pro tempore. The gentleman from Illinois asks unanimous consent that the substitute be read. Is there objection?

Mr. ELTSE of California. Mr. Speaker, I object.

The SPEAKER pro tempore. The gentleman from Georgia is recognized for 1 hour.

Mr. SABATH. Mr. Speaker, will the gentleman yield for a question?

Mr. PARKER. How much time does the gentleman from Illinois desire?

Mr. SABATH. Usually the time is divided equally.

Mr. PARKER. I shall be glad to yield the gentleman from Illinois 10 minutes if he wants it.

Mr. SABATH. If the gentleman cannot divide the time equally, or yield me 30 minutes, I will content myself with 20 minutes.

Mr. PARKER. Mr. Speaker, I shall be glad to yield time to any Member who wants to speak on this resolution. I do not want to yield time to any Member to speak out of order.

Mr. SABATH. I assure the gentleman my remarks will not be out of order.

Mr. PARKER. I shall be glad to yield half the time to Members opposing the resolution.

Mr. SABATH. Mr. Speaker, I am opposed to the resolution.

Mr. PARKER. How much time do gentlemen on the minority side desire?

Mr. HOLLISTER. Fifteen minutes.

Mr. SNELL. We would like to reserve 15 minutes. As I understand, the whole hour is under the control of the gentleman from Georgia, and that he may yield to anyone he sees fit a certain length of time without yielding the floor.

Mr. PARKER. I want to take into consideration the time the minority members of the committee may need. I wish to yield such time as may be needed on the minority side.

Mr. HOLLISTER. Under the circumstances it would be best for the minority to reserve half the time.

Mr. PARKER. Mr. Speaker, I yield 30 minutes of the time to the gentleman from Ohio [Mr. HOLLISTER].

I am glad to yield 15 minutes, half of my time, to the gentleman from Illinois [Mr. SABATH], which he may use himself or apportion to other members of his delegation as he sees fit.

Mr. SABATH. Mr. Speaker, I greatly regret that it is my unpleasant duty today to oppose the resolution before this House, namely, the resolution that would seat my colleague, Mr. Britten. I wish to sincerely assure the gentleman from Illinois [Mr. Britten], and the Membership of this House, that there is absolutely nothing personal in this matter; but, as the ranking Democratic Member from the State of Illinois, and chairman of the Illinois Democratic delegation, I have a plain duty to perform, and I shall try to perform it to the best of my meager ability, notwithstanding I have had no time to properly prepare to present matters with which I feel the House should be acquainted.

James McAndrews, the contestant, was the Democratic nominee from the Ninth Congressional District in the election of November 8, 1932, and he claims he received the majority of the votes cast in that election and he has filed a contest charging irregularities and that he was deprived of the certificate of election due to fraud and other reasons he has assigned. Obviously 15 minutes is not sufficient time within which to properly present the contestant's side of the case.

Shortly after the contest was filed testimony was taken in the city of Chicago. Approximately nine witnesses were heard and a transcript of the testimony was submitted to the Clerk of the House in accordance with the law. Later, oral arguments were made before the Elections Committee by attorneys for the contestant and the contestee. On March 15, the Committee on Elections No. 1, which had jurisdiction of this case, voted to recount the ballots cast in that election. The former Chairman of the Committee on Elections No. 1, the gentleman from North Carolina [Mr. CLARK], having been assigned to the Rules Committee, the gentleman from Georgia [Mr. PARKER] became Chairman of the Committee on Elections No. 1, and a day or two later he introduced House Resolution 335 asking that $2,500 be appropriated for the purpose of defraying the expense of recounting the ballots in the city of Chicago. Although Mr. PARKER appeared before the Committee on Accounts a day or two later, for some unknown reason the Committee on Accounts did not act upon the resolution; and, if I am correctly advised, the resolution has been withdrawn.

The contestee, my colleague, Mr. Britten, appeared with Republican Members, as I am informed, although I had no notice, nor did the other Democratic Members from the State of Illinois have notice, that the request would be made that morning for this authorization by the Committee on Accounts.

The resolution asking for this authorization was introduced upon the vote of the Elections Committee ordering the recount, and the Committee on Accounts met the following day. Being informed that the Committee on Elections No. 1 would have a meeting—not knowing the reasons for the meeting, but believing they might desire some information—I, with five or six other Democratic Members, appeared before it. To my great surprise, my colleague, Mr. Britten, was present. After about 45 minutes the Democratic Members from Illinois were permitted to appear before the committee. We were obliged to listen to unjustifiable and inappropriate attacks made by the gentleman from Illinois [Mr. Britten]. The gentleman attacked the Democratic National Committeeman from Illinois, attacked me, and attacked the contestant [Mr. McAndrews]. Later I, too, was given the privilege of addressing the committee; and I stated that these charges were unjustifiable, unfair, unfounded.

The gentleman from Illinois tried to convince the committee that these ballots had been tampered with, stating that he had received a telephonic communication from a friend of his, whose name I shall not mention because the name was given in confidence, to the effect that this friend was informed by some other friend that if the ballot boxes were opened and the ballots recounted, beyond any doubt Mr. Britten would be unseated.

I stated to the committee in behalf of the Democratic Members from Illinois who were present that notwithstanding there was a Democratic board and the county judge having jurisdiction in the matter was a Democrat, they were honorable, trustworthy men, who would not tolerate, permit, sanction, or be a party to the perpetration of any fraud. Not only did I assure the committee that I felt but I assured the committee that I was satisfied—and I am still satisfied—that the ballot boxes had not been tampered with. Whereupon my colleague the gentleman from Illinois [Mr. O'BRIEN] telegraphed to Judge Jarecki and received an answer, which was handed to me this very minute.

The telegram reads as follows:

Hon. JAMES J. O'BRIEN,
House of Representatives.

Charges that ballots in Ninth Congressional District have been tampered with are absolutely baseless. On the contrary, they have been since election, and are today, in sealed vaults. Access to them in local contests has even been denied by the courts.

EDMUND K. JARECKI,
County Judge.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. As I understand the parliamentary situation, the gentleman from Illinois has been denied the right to offer a substitute resolution.

Mr. SABATH. Yes.

Mr. COCHRAN of Missouri. We are, therefore, going to be asked to vote on a resolution presented by the committee seating Mr. Britten.

I think it would be to the gentleman's advantage if he would tell us just what evidence of fraud has been presented in this case and why he thinks we should vote against the resolution that has been offered by the Chairman of the Elections Committee. I am a member of the Committee on Accounts and we received absolutely no information of fraud when money was asked to count the ballots. Therefore, I should like to hear what evidence of fraud has been presented, if the gentleman has the information.

Mr. SABATH. The gentleman will get it.

The mere fact that the Elections Committee, originally, after long deliberation, ordered the opening of the ballots should satisfy any Member of this House that there must have been justification and evidence on which to base its action. That was the vote of that committee on March 15. Why, after two of the Members have gone to other committees from that committee, the new chairman and the members of the committee have rescinded the action without giving the contestant or any of his representatives a chance or opportunity to be heard, I cannot understand; but the mere fact that the ballot boxes have been ordered opened and the ballots recounted should suffice to show that the report before the House today should be voted down and the Elections Committee instructed to proceed with its original action to recount the ballots. The ballots have been protected and are protected.

The statement of my colleague before the Committee on Elections No. 1 that some of the election judges in Chicago have been convicted of fraud might have influenced some of the members of the Elections Committee, but may I say right here that it is the practice and the things that my colleague did during the election that bring about and are responsible for the frauds committed by the election judges and the clerks of election. The evidence discloses that my colleague [Mr. Britten] offered prizes of $250 in each ward to the captain and the workers of the precinct that would give Mr. Britten the largest vote in the precinct. It is because of that fact and because of the desire on the part of these election judges and some of the political workers to obtain this large sum of money, namely, $250, that Mr. McAndrews believes that frauds were committed. The tally sheets have been changed and the votes have not been properly counted.

May I say to the Democrats as well as to the Republicans that I would not vote against this resolution or against my colleague [Mr. Britten] if I thought for one single minute that justice would not prevail. I harbor no ill will against my colleague [Mr. Britten], with whom I have served long, despite the fact that he has, for a reason I do not know, charged me with pressing this contest. I have made a few inquiries of two members of Elections Committee No. 1 and urged that some action be taken, as there was a continuous demand from the Democratic leaders and the Democrats in general that a Democratic House give Mr. McAndrews an opportunity to prove that he and not Mr. Britten was elected.

Therefore, I repeat that I have no personal interest, that there is no animosity, and that all I desire, even now, is that Mr. McAndrews be given the merited opportunity of a recount.

In view of that fact and the manly position assumed by contestant, Mr. McAndrews, the recklessness and unworthiness displayed by my colleague, Mr. Britten, and his lawyers in attacking the character of the contestant is deplorable. Mr. McAndrews for six terms served honorably and ably in this House, and who, contrary to the charges, has resided for many years in that district and, in fact, has spent more time therein than has my colleague, the contestee. Mr. McAndrews was born and reared in the city of Chicago, and has held many important positions of trust, is honored and respected by all who know him; no one is held in higher esteem than he, and long before my colleague, Mr. Britten, or I reached the city of Chicago, Mr. McAndrews was favorably known to a majority of the people of that district.

The charge made by the contestee against the county judge and the election board, before the Elections Committee, was willful and malicious. The same can be said as to the attacks Mr. Britten has made against the Illinois Democratic leader, Mr. Nash, and, surely, the wise-cracking remark as to myself, though undeserving of attention, caused me to remark, or counter, that I may not have such a luxurious residence in my district, nor such a mansion in Washington as he has.

The gentleman from Missouri [Mr. COCHRAN] suggested what evidence there was to justify the opening of the ballot boxes or for a recount. In answer to his query, I wish to say that, in addition to the witnesses who testified as to the $250 prizes or rewards offered to precinct captains and workers for the highest votes for Mr. Britten, Mr. Arthur G. Murray, who has served in many election contests, and who is considered an expert, testified that the split vote given was so unreasonably high in favor of the contestee that they were three to five times greater than the usual split vote. This is shown by the vote in the precincts in every one of the wards. The following table shows the disproportionate vote in many of the precincts:

In the forty-second ward:

Precinct	Straight vote	Split vote	Vote credited to Britten
5	69	207	276
7	87	280	367
19	75	202	277
23	55	244	299
25	53	260	313
26	48	234	282
31	56	139	195
49	88	181	269

And in the forty-third ward:

Precinct	Straight vote	Split vote	Vote credited to Britten
21	75	247	322
36	50	229	279
38	68	241	309
41	55	210	265
42	44	222	266

Likewise, in the forty-fourth ward:

Precinct	Straight vote	Split vote	Vote credited to Britten
1	49	168	217
3	57	259	316
4	49	215	264
5	71	227	298
11	41	209	250
12	61	196	257
14	80	265	345
15	61	149	210
16	104	244	348
29	57	203	260
31	90	230	320
36	80	274	354
38	21	219	240
41	83	219	302
43	51	151	202
44	43	167	210

Also, in the forty-sixth ward:

Precinct	Straight vote	Split vote	Vote credited to Britten
18	79	213	290
31	60	255	315
32	84	276	360
33	63	227	290
43	61	139	200
44	90	189	279
45	32	127	159
46	72	254	326

It is upon this evidence that the contestant, a gentleman of splendid reputation, who served in this House five or six terms with marked fidelity and ability, believes that if the ballots are recounted it will clearly show that the judges and the clerks of elections, due to the temptation and in the desire of winning the rewards offered, changed the tallies and credited Mr. Britten with many votes that were not cast for him.

In view of this disproportionate vote and the testimony given, and in view of the fact that the ballot boxes are certified as intact, I feel that there should be a recount, and, if I were in my colleague's position, I would not oppose that motion. I repeat, that is all I ask in the resolution which I have offered as a substitute for the committee's resolution, and which I feel, in justice to the contestant, the sanctity of the ballot, and the House, should have prevailed. The resolution reads as follows:

Whereas Committee on Elections No. 1, on March 15, 1934, ordered a recount of the votes cast in the election held November 8, 1932, in the Ninth Congressional District in the State of Illinois; and

Whereas a subcommittee was authorized to recount the ballots and to obtain a determination of the actual votes cast for contestant and contestee; and

Whereas notwithstanding said action of said committee, and without said recount having been made, the committee reported on April 23 to the House recommending the adoption of a resolution entitling contestee to retain his seat; and

Whereas the action of the committee was taken without notice to the contestant, and thereby nullified its own previous action without due procedure or formality of notice to contestant: Therefore be it

Resolved, That the Committee on Elections No. 1, or a subcommittee thereof, is hereby authorized to recount the ballots cast in said election and to report to the House the number of votes received by the contestant and the number of votes received by the contestee.

The Chairman of the Elections Committee, who acted in a most unfriendly manner, and who under the rules of the House refused to yield to me, precludes the obtaining of a vote on my substitute resolution.

In conclusion, I cannot refrain from stating that this arbitrary action, as well as the action of the gentleman of the Elections Committee who first moved that the ballots be recounted and who some weeks later moved to rescind the action of the committee, is difficult for me to comprehend. There is a great deal more that I could say which I shall refrain from saying at this time; but when the opportunity presents itself I will name the Members and some nonmembers of this House who may be responsible for the re-

consideration of the first action of the committee and for its refusal of the recount.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. DIRKSEN. Mr. Speaker, reserving the right to object, I have never, since I have been a Member of the House, objected to a request of this kind; however, I can see in a delicate matter such as an election contest the opportunity to lodge in the hands of the gentleman from Illinois a weapon that might do irreparable damage to my colleague, Mr. BRITTEN. I do not believe it is fair under the fiction of revision and extension of remarks to permit 35,000 copies of the CONGRESSIONAL RECORD to go out setting forth a statement of the case by the gentleman from Illinois [Mr. SABATH], which my colleague, Mr. BRITTEN, has not the opportunity to properly answer. Therefore I am constrained to object, as much as I am reluctant to do so.

Mr. SABATH. Would the gentleman object to the real honest facts and truths going before the people?

Mr. DIRKSEN. I have no objection to the gentleman making his presentation on the floor of this House where there is adequate opportunity to answer him, but I do not believe it is fair to grant the gentleman's request under the circumstances to extend all this information and material in the RECORD, which cannot be answered, and therefore I object.

The SPEAKER pro tempore. Objection is heard.

Mr. PARKER. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas [Mr. TERRY].

Mr. TERRY of Arkansas. Mr. Speaker, I am in the embarrassing position of coming before this honorable body defending the Republican side rather than the Democratic side. I am one of the Democratic members of Election Committee No. 1, to which committee was assigned this case of McAndrews against Britten.

The charges involved in this case were, first, that Mr. Britten, the Republican candidate, offered prizes to the various precinct captains whose precincts voted the largest votes in proportion to the Republican votes that were given in these precincts. The evidence is that he offered $150—some say $200—to the precinct captain in whose precinct the largest proportionate vote was turned in. To the second precinct captain he offered $100, and to the third precinct captain receiving the highest proportionate vote he offered $50. There is some dispute as to the exact amount that was offered. Some of the testimony is that he offered $250 to the precinct captain in whose precinct the highest vote was recorded. It is immaterial whether it was $250 to the first man or $150. The principle is the same. It is a question as to whether or not his conduct in offering these prizes was a violation of the Corrupt Practices Act. If it was a violation of the Corrupt Practices Act, it is immaterial as to the amount offered.

The evidence in the case is undisputed that Mr. Britten offered these prizes to the precinct captains. There is no dispute as to that fact, and, in fact, the gentleman from Illinois [Mr. Britten] admits it himself. The record in the case so indicates. What the committee had to decide was whether or not the offering of these prizes was in fact a violation of the Corrupt Practices Act.

Section 150 of title 2 of the United States Code, Annotated, reads as follows:

> It is unlawful for any person to make or offer to make an expenditure or to cause an expenditure to be made or offered to any person either to vote or withhold his vote or to vote for or against any candidate, and it is unlawful for any person to solicit, accept, or receive any such expenditure in consideration of his vote or the withholding of his vote.

Now, the charge in relation to that is that during the campaign the said Britten, for election to the Congress of the United States, offered to make expenditures to certain persons to vote for him, the said Britten, by offering to make an expenditure in the sum of $250 to the precinct captain whose precinct would give Britten the largest vote and by offering to make an expenditure of $100, and so on.

It was the unanimous opinion of the committee that the action which the Republican candidate took, and which is admitted, did not fall within——

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. TERRY of Arkansas. As I say, the question is whether or not the admitted conduct of Mr. Britten came within the terms of the Corrupt Practices Act, section 250, which I have just read.

It was the unanimous opinion of the committee, the Democratic members as well as the Republican members, that the conduct of Mr. Britten did not constitute a violation of this section.

It was argued in the brief for Mr. McAndrews that this was an expenditure to influence votes.

Mr. COLDEN. Will the gentleman yield?

Mr. TERRY of Arkansas. I yield.

Mr. COLDEN. I should like to ask the gentleman in how many precincts these prizes were offered and about what was the total amount in prizes offered in the congressional district?

Mr. TERRY of Arkansas. I have not the information before me as to that.

Mr. HANCOCK of New York. If the gentleman will permit, is it not the gentleman's recollection that three prizes were offered to the precinct captains making the best showing on election day, and that there were 172 precinct captains eligible to receive these prizes? Of course, their identity was not known until long after the election when the votes had been canvassed, and if anyone can be said to have been bribed, he certainly did not know he was bribed and could not have known it until about 3 months after the election was over.

Mr. BRITTEN. Will the gentleman yield for a statement?

Mr. TERRY of Arkansas. I yield.

Mr. BRITTEN. I may say to the gentleman and to the House that there were two prizes offered in two wards of my district, each of them consisting of $250, divided, $100 for the first, $75 for the second, $50 for the third, $25, and $15, and the total amount of prizes in the entire district was $500.

Mr. BRENNAN. Will the gentleman from Arkansas yield?

Mr. TERRY of Arkansas. I yield.

Mr. BRENNAN. May I ask the gentleman if it is not a fact that Mr. Britten and his attorney appeared before the committee and consented and agreed that these ballot boxes should be opened?

Mr. TERRY of Arkansas. One of the questions is whether or not they did consent, and I will come to that in a moment.

Mr. BRENNAN. May I ask one further question? If they did consent, did such consent have any bearing on the actions of the committee?

Mr. TERRY of Arkansas. The apparent consent did have a bearing on the actions of the committee.

I think the Members of the House who will read section 250 of title II, will readily appreciate the fact that the conduct which Mr. Britten admits does not come within the provisions of this section.

It seems to me that probably the law should be changed to provide that prizes should not be given. In some States the law is that money cannot be expended to influence votes. This is the law in my State; but so long as the law remains as it is, your committee did not feel it could hold any other way than it did in this respect.

Another point that was raised as showing corruption was the fact that Mr. Britten, the Republican candidate, used franked stationery in connection with his campaign. The committee was of the opinion that this does not come within the purview of this election contest.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. TERRY of Arkansas. The testimony on this point was that 2 months or more after the election Mr. Britten used his stationery and franked envelops to write to Chicago

to ascertain the names of the precinct captains who were entitled to these rewards.

The evidence shows that probably not more than 25 were franked for this purpose. Whether or not this was reprehensible conduct was not within the province of the committee to take into consideration in an election contest.

The third ground, and the principal ground, of contest was based upon the fact that Mr. Britten obtained an unusually large number of split votes.

There was not one iota of testimony, direct or indirect, to show that there was fraud in the counting of these ballots, and the only evidence that was in the case on the part of the contestant was that a witness from Chicago testified that he had participated as an election clerk or an official in a good many contests and that the proportion of split votes that Mr. Britten received was unusually large. Upon this ground the committee was asked to hold that there was fraud in this election.

It was testified in the case that Mr. Britten had resided in his district for more than 20 years; that he was active in matters concerning the Naval Affairs Committee; that he was active in obtaining the location of the Great Lakes Naval Training Station there; that he was thoroughly at home in that district, was well known there, and had conducted an active campaign.

Mr. SABATH. Will the gentleman yield?

Mr. TERRY of Arkansas. I yield.

Mr. SABATH. Is it not a fact that that was the statement of the attorney for Mr. Britten? There was no such evidence as to the residence of Mr. Britten or the short residence of Mr. McAndrews. That was the statement of Mr. Britten's attorney.

Mr. TERRY of Arkansas. The gentleman may be correct; I was under the impression that that was in the testimony—at any rate, the statement was not denied.

But I want to say that the committee, taking the split vote alone, in its opinion would not have justified it in holding that there was fraud in the election or in the counting of the votes. That was the principal reason urged for the unseating of Mr. Britten.

Now, the question came up as to the agreement that a recount should be made. It is true that in the argument made by the counsel for Mr. Britten there was no transcription made of the argument, but in the course of his argument, in answer to a question, he contends that he said that he would not be afraid of a recount. Some of the committee felt that his statement was in the nature of an agreement for a recount, and some of them felt that even though there was no evidence that would justify it in the record that if the two contestants mutually agreed for a recount the committee could see no harm in granting one.

Mr. BRENNAN. Will the gentleman yield?

Mr. TERRY of Arkansas. Yes.

Mr. BRENNAN. Am I correct in stating that the committee agreed to a recount?

Mr. TERRY of Arkansas. At one time the committee voted that there should be a recount.

Mr. BRENNAN. Has there ever been any other action taken by your committee up to the present time?

Mr. PARKER. The committee afterward reconsidered that action.

Mr. BRENNAN. I was at the hearing, and the agreement was that the ballots should be opened, and there was no objection.

Mr. PARKER. The gentleman is mistaken. There was no such agreement.

Mr. BRENNAN. No agreement, but after the meeting it was agreed by your committee that the ballots should be opened.

Mr. PARKER. We went into executive session after the meeting, and the committee rescinded its former action.

Mr. BRENNAN. Since the determination to open the ballots, has there been any hearing on the matter since that time?

Mr. PARKER. We did have an open hearing, at which the gentleman was present.

Mr. BRENNAN. Who appeared?

Mr. PARKER. Judge SABATH and the gentleman——

Mr. BRENNAN. I was not present.

Mr. PARKER. I beg the gentleman's pardon. I thought he was Mr. O'BRIEN.

Mr. BRENNAN. I should like to know what happened to warrant a change in the decision of the committee.

Mr. PARKER. If no other gentleman tells you, I will tell you in a minute. Mr. Speaker, I want to withdraw the statement I made that the gentleman from Illinois [Mr. BRENNAN] was present. I thought he was Mr. O'BRIEN.

Mr. HOLLISTER. I yield the gentleman 2 minutes more.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. TERRY of Arkansas. Yes.

Mr. BLANTON. Is this a unanimous committee report?

Mr. TERRY of Arkansas. Yes; it is a unanimous committee report.

Mr. BLANTON. And the committee is composed of a majority of Democrats and a minority of Republicans, and yet reports this unanimously, deciding the case in favor of the Republican?

Mr. TERRY of Arkansas. Yes.

Mr. BLANTON. Then what is all this fuss about?

Mr. TERRY of Arkansas. I shall not take up any more time of the House, except to say that I am a new Member, having come here last January. I was put on this Elections Committee. I feel that when one takes his place on an Elections Committee he thereby assumes a quasi-judicial position, and when he goes into the Elections Committee room he should leave behind him any question of partisanship, and he should decide the cases that come before him between Democrats and Republicans the same as though there were no party lines. [Applause.] And that is what the Democrats and the Republicans did in this case, and I appeal to Members of this House to sustain the action of the committee.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. HOLLISTER. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Speaker, I fear that if I let this opportunity pass without saying something the Committee on Accounts, after the happenings of yesterday, might sink still further in the estimation and esteem of the House. The gentleman from Illinois [Mr. SABATH]—and this is the occasion for my saying something, called attention to the fact that a resolution for funds for a recount was presented, and a hearing was held before the Committee on Accounts. That is correct. I granted a very quick hearing upon the understanding and assurance that the Elections Committee was unanimous in its opinion that there should be a recount. The gentleman from Georgia [Mr. PARKER], the chairman of the committee, was notified, as was the gentleman from Illinois [Mr. Britten] and the gentleman from Illinois [Mr. SABATH], and other gentlemen appeared. We have felt in the Committee on Accounts that when we report out a resolution to the House we must have something with which to back it up. Not one single charge of fraud in this contest was presented to us, not one earthly reason was given why there was even a necessity for a recount, and I am safe in saying that that committee, composed of 7 Democrats and 4 Republicans, was unanimous that no case had been made out so far as a recount was concerned. We later heard that the Elections Committee reconsidered and by a unanimous vote decided against a recount.

Mr. Speaker and gentlemen of the House, I know nothing whatever about this case. I am not a member of the Elections Committee. I do know that up until a few days ago one of the greatest lawyers in this House was the chairman of that committee. I speak of my colleague, Mr. CLARK of North Carolina. He is one of the ablest and fairest and squarest men I have ever known in my life. I know that a few days ago our friend the gentleman from Georgia [Mr. PARKER], who likewise has the confidence and esteem of this House, succeeded Mr. CLARK as chairman of that committee.

Mr. HANCOCK of New York. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Not now. I know that the Elections Committee is composed of 6 Democrats and 3 Republicans and that they now come in with a unanimous report that there is nothing to this contest.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. WARREN. In just a minute. Mr. Speaker, I am a partisan down-the-line-organization-caucus Democrat, if you please. [Applause and laughter.] But I am not so partisan that I am going to cast a vote in this House to steal a seat from another Member when nothing has been shown to warrant it. We have had enough of that in times past, and the Republican Party has been much more responsible for such occurrences than we have, probably because they have been in power longer. We know all of the outrages that happened here following the Civil War and on down. I think one of the most flagrant cases, one of the greatest outrages ever perpetrated on this floor, was when, in the expiring hours of a Congress, 3 hours before the Congress died, my colleague, the gentleman from North Carolina [Mr. WEAVER], was unseated by a majority of 1 here in this body and 2 years' salary and other emoluments were voted to the man who contested that seat, Mr. WEAVER having been overwhelmingly elected to take the new seat which the contestant warmed for 3 hours.

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Not now. I know that recently, because I was on the committee that heard the cases, in the case of our friend, Mr. PALMISANO, of Maryland, a recount was ordered, and it was in that case that the deadly social lobby tried to get in its work.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has expired.

Mr. HOLLISTER. Mr. Speaker, I yield 2 minutes more to the gentleman.

Mr. WARREN. In the Palmisano case, I went with Mr. Speaker Garner to the late Speaker of the House, Mr. Longworth, when Mr. Garner exposed to him the rottenness that was being concocted when friends of the contestant were knocking at our doors, using their social influence with every Member of the House to seat him. I am hoping that those days have gone and we will no more decide election cases on such things as that. I agree with the gentleman from Arkansas [Mr. TERRY], who has just spoken, that we ought to sit as solemn judges in these cases and cast our vote according to law and evidence and free ourselves from any feeling or spirit of partisanship. Mr. Britten should be unanimously seated. [Applause.]

I yield back the remainder of my time.

The SPEAKER pro tempore. The gentleman from North Carolina yields back 1 minute.

Mr. HOLLISTER. Mr. Speaker, I yield back the balance of my time.

Mr. SABATH. Mr. Speaker, the gentleman yields to me now; he has a minute left.

The SPEAKER pro tempore. The gentleman from North Carolina has yielded back his time.

The Chair recognizes the gentleman from Georgia [Mr. PARKER].

Mr. PARKER. Mr. Speaker, in the very beginning let me state that I am in hearty accord with the remarks of the gentleman from Arkansas [Mr. TERRY], a member of the committee. When the gentleman from Arkansas tells you that no member of Elections Committee No. 1 has considered any action in any of these election contests along partisan lines he is telling the unvarnished truth. While, the committee has voted to seat 3 Republicans in this House, it did so because it believed these 3 Republicans were elected to membership in this body.

We Democrats on the committee are partisan, yes, every one of us. We come from Georgia, from Arkansas, from Texas, and from Louisiana. It is needless for me to say that we are partisan Democrats; but I believe every member of this committee is an honorable gentleman. There is not a thief in the crowd, and I am sure there is not a man holding membership on the committee who would vote to steal an election from anybody regardless of political affiliation. With respect to the victim in this case, my good friend the gentleman from Illinois [Mr. Britten] we recognize that he is partisan. As a matter of fact, he came before the committee and told us that he was partisan. I would not have any respect for him if he were not partisan; I think he ought to be partisan; and I think we ought to be partisan. But I do not believe we ought to be partisan when we go into a committee room and undertake to decide between man and man as to which one of them was elected to a seat in the House of Representatives.

I have had some experiences along this line myself. I was elected to office in a State-wide election and had the office stolen from me, stolen from me by Democrats, too. [Laughter.] I went into a Democratic convention after I had gotten the vote of the people in the primary, and the delegates to that convention from 21 of the counties in Georgia which I had carried, voted against me and I lost the office I had won at the hands of the people. You would not expect me, after having had such an experience, to be in favor of doing anything but justice to a man who has waged a campaign and has offered himself as a candidate for office. I mention this merely that you may know that there is not any remote possibility that I would try to steal any election from anybody. I feel too strongly on the subject.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. PARKER. For a question; yes.

Mr. SABATH. Did anyone attempt, or was any effort made, to steal the election from the gentleman from Illinois [Mr. Britten]? Is it not a fact that the only thing Mr. McAndrews ever urged and requested was that a recount be had so that the committee would have before it evidence on which it could act?

Mr. PARKER. I cannot answer the gentleman's question, because I do not know the facts in the case.

Mr. SABATH. And is it not a fact that the committee originally voted to order a recount to satisfy itself whether Mr. Britten had been elected or whether Mr. McAndrews had been elected?

Mr. PARKER. I shall address myself to that proposition right now, and I shall answer your question fully.

Mr. Speaker, on March 14 the committee had a hearing; I believe that was the day. In the course of his argument to the committee, counsel for the contestee, Mr. Britten, made the statement that he had nothing to fear from a recount. The committee understood from what Mr. Britten's counsel had said that the gentleman from Illinois did not object to a recount being ordered. One of the Democratic members of the committee, the gentleman from Texas [Mr. BAILEY], suggested that if nobody objected to the recount, he thought the committee might go ahead and order it. We took no action in the case that day, but when the committee met again the gentleman from Texas [Mr. BAILEY] made the motion that the recount be ordered, believing, as he did, that neither the contestant nor the contestee had any objection to a recount. This resolution was adopted by the committee and placed on the minutes. Five or six weeks elapsed, and nothing was done except that the chairman of the committee tentatively appointed two members of the committee, one Republican and one Democrat, to go to Chicago and count the ballots.

Some time thereafter the chairman of the committee was designated as a member of the Rules Committee and gave up his appointment to the Committee on Elections No. 1. After his resignation from the committee, the incumbent took over his duties as chairman. There was that resolution on the minutes, and no arrangements had been made whereby it could be carried into effect.

The first thing I did after I became chairman of the committee was to introduce a resolution asking for funds with which to conduct the recount. The resolution was referred to the Committee on Accounts. I appeared before the Committee on Accounts as did a number of other Members of Congress. When I appeared before that committee, it wanted to know on what evidence our committee had authorized this recount. I told them very frankly that in

my opinion the recount had been ordered by the Elections Committee because it believed that neither party to the contest objected to the ballots being counted.

The gentleman from Illinois [Mr. Britten] stated that he had violent objections and that he had already told the former chairman of the committee, my predecessor, that he wanted to be heard. He said he understood that the committee believed he had no objection to this recount, and he wanted to appear before the committee and correct this impression. After I became chairman of the committee he made the same statement to me. I called the committee together and laid the facts before it and asked the members if they wanted to hear Mr. Britten. The committee voted unanimously to have another hearing and to permit Mr. Britten to come in and tell us how he felt about the recount. Several Members of the House from Illinois attended that hearing. We did not shut anybody off. I think the committee was in session some 2 hours or more.

I let everyone talk who wanted to talk. It was an informal, open hearing. There was nothing secret about it. After this hearing was over, and after Mr. Britten had stated he had never agreed to the recount and that he did not want one, we went into executive session, and the committee voted unanimously to reconsider the action it had taken in ordering the recount. Mr. Britten stated he did not believe a recount would hurt him, but he said he could not afford to make any such agreement.

At that meeting every member of the committee was present. After Mr. CLARK was transferred from the committee there was a vacancy and there were only 5 Democrats and 3 Republicans present at the meeting, but all 8 of them voted to reconsider the action, and the motion to reconsider was made by the same Democrat, Mr. BAILEY, of Texas, who had made the motion in the first place to authorize the recount.

Mr. BLANTON. Will the gentleman yield?

Mr. PARKER. I yield to the gentleman from Texas.

Mr. BLANTON. After moving to reconsider, then did the committee vote not to have the recount?

Mr. PARKER. Not that day. Two or three days later we had another meeting in executive session, at which time we considered all the evidence in the case and every Democrat and every Republican member of the committee decided that there was absolutely nothing in the contest and that there was absolutely no ground for unseating Mr. Britten or for even asking for a recount.

Mr. ALLEN. Will the gentleman yield?

Mr. PARKER. I yield to the gentleman from Illinois.

Mr. ALLEN. In the gentleman's opinion, and in the opinion of the other members of the committee, there was no evidence of collusion or fraud that would warrant spending thousands of dollars of the taxpayers' money sending people out there?

Mr. PARKER. Absolutely none. If it had not been for the fact that the committee believed all parties to the contest were willing to have the recount, none would have been suggested by the committee in the first place.

The charges against Mr. Britten were that he violated the Corrupt Practices Act. We heard the evidence and we decided that there was absolutely no evidence to substantiate this charge.

The second charge was a reiteration of the first charge with some additions but it too fell flat. There was absolutely no evidence to substantiate it. The third ground was that there should be a recount because Mr. Britten had received a disproportionate number of split ballots.

In all fairness, I want to state that if the fact that a Republican ran ahead of his ticket in the elections of 1932 is any ground for a recount, I think we would have to recount the ballots in the districts from which everyone of you gentlemen on this side of the aisle come. I do not know a Republican Member of this House who did not run ahead of his ticket in 1932. If they had not run ahead of the ticket they would not be here, and it is only natural that Mr. Britten, who has been in this House for 22 years, would run ahead of his ticket in Chicago.

As I understand it, Mr. Britten is the senior Republican in the House. He has been here longer or as long as any other Republican Member, and I was not willing—and no other member of the committee was willing—to subject him to a recount 2 years after the ballots were cast and perhaps cause him to lose his seniority in the House, his committee assignments, and all the other prerogatives that go with long Membership in the House of Representatives without good and sufficient reasons substantiated by evidence. The committee did not believe there was anything to the contest.

We have been frank and honest about the matter. We have brought our report to you. It is a unanimous report. It has the concurrence of every Democrat on the committee as well as the Republicans, and I had hoped when the report was submitted to the House it would not be necessary to take up any of the time of the House. I know of nothing further that I care to say, and I do not believe it is necessary to say anything more.

Mr. Speaker, I move the previous question. [Applause.]

The previous question was ordered.

The SPEAKER pro tempore. The question is on the adoption of the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

VOCATIONAL EDUCATION

Mr. BANKHEAD. Mr. Speaker, on yesterday I yielded the remainder of my time to the gentleman from Massachusetts. I understand the gentleman desires to use only 5 additional minutes.

Mr. DOUGLASS. That is correct.

Mr. BANKHEAD. At the conclusion of the 5 minutes I shall move the previous question.

Mr. DOUGLASS. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL. Mr. Speaker, I want to commend the action of the Committee on Rules in giving this legislation the right-of-way at this time. Large expenditures of public money are made from time to time by the Congress of the United States, but at no time can we as public servants render a greater service than in the expenditure of the people's money for the development of education.

This proposed legislation, Mr. Speaker, will reach and benefit every section of our common country. In times of depression, want, and distress I know of no program or action that this House could take that would mean more to the common citizenry of the country than a liberal appropriation for vocational training. It reaches the homes of the great masses of the common people in every section of the country. The resources of the people have been depleted and in many States and in many sections, except for the strong arm of the Federal Government reaching out in an effort to help the citizenship, vocational education would not be available in many sections.

Every man is entitled to an equal opportunity in life, and the advantages of education should be available to every citizen in this country. By this appropriation of $3,000,000 we make an investment throughout the United States that will declare dividends for all time. No man or woman has ever been enabled to adequately appraise the value of one human life. No statistician will ever be able to calculate the worth of a Washington, a Jefferson, or a Jackson. So in making this contribution to help the forgotten men and women of this country we truly are playing the part of the good Samaritan.

Many reckless expenditures characterize our deliberations from time to time. My only criticism of this legislation is the fact that only $3,000,000 is proposed by the bill. If the opportunities were such and the resources of the country were adequate, I would favor a greatly increased appropriation at this time. I am glad to say that many of the appropriations of a reckless character have not characterized this administration as have characterized former administrations.

No man could rise in his seat on the floor of this House and justify an expenditure of $11,000,000 in the erection of one public building for nine Supreme Judges or $46,000,000

in the erection of another public building down the Avenue and then undertake to say that only $3,000,000 should be available to forward human destiny and build character in this country.

Vocational education and training by reason of this appropriation will reach every part and section of the country. It will afford an opportunity for young men and women in the country to receive special and technical training that would not otherwise be available to them. It gives the farmers' sons and daughters an opportunity for vocational training. It affords them an opportunity in life to which they are so justly entitled. Every father and mother is anxious to give their children the best training and most advantages possible. This appropriation will afford them equal opportunities with those in more favored industrial centers. It gives to the farmers' sons special schooling in agriculture and farm life. It extends to his daughters an opportunity to make a special study of home economics, domestic science, and kindred subjects so helpful to them. The safety of our Government rests in the contented homes of America. No nation will ever be great that does not have an educated, trained, and patriotic people. The birthplace of liberty is in the homes of the farmers. It is in the country where freedom has its birth. The money being appropriated in this bill is an investment in future citizenship. We are investing in young men and women of America.

There should not be a single vote in opposition to this measure. It has been well said that "education is a debt due from present to future generations." We should encourage and educate the young men and women, the boys and girls of today, for upon them soon the responsibility of government will rest. We should prepare them by training and education for this great responsibility. The only investment worth while in this country is in the development of character and spiritual value. It is in the making of men and women. It is in the proper training and development of the mental, physical, and moral man.

Let us continue in our efforts to render service to those so deserving and so worthy as the sons and daughters of the farmers of America.

It has been well said that man made the city, but a kindly and All-Wise Providence made the country. When the only sinless man who ever lived was on earth He dwelt in the open places. He selected his disciples and teachers from the shepherds on the hills and the fishermen on the banks of the rivers and streams.

Let us continue in our efforts to better conditions and improve opportunities in the country homes of our people.

Only by doing this can we measure up to the responsibility expected of us by those who send us here and whose servants we are honored to be, and for whom I am proud to speak.

Let us keep in mind that he lives the most who serves the best. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, before moving the previous question I think it might be proper for me to make the announcement that at the conclusion of the consideration of this bill it is the purpose to call up the rule for the consideration of the Dockweiler bill affecting the compensation of rural carriers, and we hope to dispose of that measure before adjourning this afternoon.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. SNELL. Will that probably conclude the work for the afternoon?

Mr. BANKHEAD. I should think so, but in the absence of the majority leader I should not like to make that as a definite statement.

Mr. SNELL. I believe earlier in the day the majority leader said to me he believed that would be the program.

Mr. BANKHEAD. I think that is a reasonable assumption, but I should not like to make such a statement in his absence.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Mississippi.

Mr. RANKIN. When do we take up the Johnson bill?

Mr. BANKHEAD. As I stated to the gentleman in private conversation yesterday, of course, we are amenable entirely to the suggestions of the majority leader as to when that bill shall be called up.

Mr. RANKIN. Will it be called up this week?

Mr. BANKHEAD. I cannot tell the gentleman. Of course, the Committee on Rules is ready to go ahead and present the rule for its consideration whenever it is put on the program.

Mr. RANKIN. The rule has been reported?

Mr. BANKHEAD. Yes; and is on the calendar.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. DOUGLASS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 7059) to provide for the further development of vocational education in the several States and Territories.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 7059, with Mr. ROBERTSON in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. DOUGLASS. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. ELLZEY].

Mr. ELLZEY of Mississippi. Mr. Chairman, in the year 1917 Congress passed the Smith-Hughes Act. This authorized an appropriation of money for the purpose of cooperating with the States in promoting training in trades and industries, vocational agriculture, and home economics.

The first year the authorization carried $1,660,000 for this purpose. This amount was increased until it reached its peak in 1926, carrying, at that time, $7,167,000 for this purpose. This continued until 1929, when the George-Reed Act was passed. The George-Reed Act was for the purpose of further providing vocational education and it carried an authorization of $500,000 the first year and was effective for a period of 5 years, adding each year an increased amount of $500,000, making, therefore, for the present year an authorization of $2,500,000.

Under the first Economy Act during the Hoover administration this allocation for Smith-Hughes funds was reduced from $7,167,000 to $6,450,300, and then under the present administration it was further reduced to $5,940,000, making a total reduction in the Smith-Hughes funds for vocational education of $1,227,000.

Under the George-Reed Act the allocation reached as high as $1,500,000 for the year ending June 30, 1933. Then the Economy Act of this administration reduced that to $1,275,000, making a reduction of said funds of $1,225,000, or a total reduction of Smith-Hughes and George-Reed funds of $2,502,000.

I repeat these facts: The total authorization at the peak for the Smith-Hughes appropriation was $7,167,000, plus the George-Reed appropriation of $2,500,000, making a total of $9,667,000. With the passage of the pending bill, Mr. Chairman, the George-Reed Act expiring in June of this year, an additional $3,000,000 will be added, which, with the present funds under the Smith-Hughes Act, would make a total of $10,167,000, or an increase of $500,000.

The bill under consideration carries an appropriation of $3,000,000, and of this amount $1,000,000 is for vocational agriculture on the basis of farm population; $1,000,000 for trades and industry on the basis of nonfarm population; and $1,000,000 for home economics on the basis of rural population. In addition thereto it provides for an equalization fund of $84,603, which would guarantee each State a minimum of $5,000.

You will be interested in data given below, viz:

Smith-Hughes Act

Year	Total allotted	Agriculture	Trade-industry (20 percent home economics)	Teacher-training
1930 (June 30)	$7,167,000	$3,027,000	$3,050,000	$1,090,000
1931 (June 30)	7,167,000	3,027,000	3,050,000	1,090,000
1932 (June 30)	7,167,000	3,027,000	3,050,000	1,090,000
1933 (June 30)	6,450,300	2,724,300	2,745,000	981,000
1934 (June 30)	5,940,000	2,520,000	2,510,000	910,000

NOTE.—Authorization for year 1933 was $7,167,000, reduced by Economy Act to $6,450,300; authorization for year 1934 was $7,167,000, reduced by Economy Act to $5,940,000; total reduction, year 1934, $1,227,000.

George-Reed Act

Year	Total allotted	Agriculture	Home economics
1930 (June 30)	$500,000.00	$250,000.00	$250,000.00
1931 (June 30)	962,806.43	478,428.02	484,379.40
1932 (June 30)	1,483,000.00	737,000.00	746,000.00
1933 (June 30)	1,500,000.00	750,000.00	750,000.00
1934 (June 30)	1,275,000.00	637,500.00	637,500.00

NOTE.—Authorization for year 1933 was $2,000,000, reduced by Economy Act to $1,500,000; authorization for year 1934 was $2,500,000, reduced by Economy Act to $1,275,000. Total reduction year 1934, $1,225,000 (George-Reed funds); total reduction year 1934, $1,227,000 (Smith-Hughes funds); total reduction year 1934, $2,502,000.

Total authorization at peak:	
Smith-Hughes Act	$7,167,000
George-Reed Act	2,500,000
Grand total	9,667,000
With passage of this bill for next year you will have	3,000,000
Smith-Hughes Act next year you will have	7,167,000
Total	10,167,000
Increase of	500,000

It seems to me that the gentleman from Tennessee [Mr. MITCHELL] was entirely correct in his splendid statement in behalf of this worthy cause.

In 1917 the first appropriation was made by the National Congress for vocational education. I feel that the whole program has been well justified. I wish each Member of the House could have heard the testimony of Bobby Jones, of Ohio, who happens to be a good friend and neighbor of my colleague [Mr. FLETCHER].

This young gentleman is a product of vocational education, and he thoroughly demonstrated to our Committee on Education that he had not only been trained as a true American citizen but as a practical farmer. I think he clearly convinced the committee that the appropriation had been wholly justified in his case.

I remember that our good friend from Alabama [Mr. BANKHEAD], who has been such a loyal friend of education, told the committee that a vocational class had once visited his farm. He testified that their knowledge of agricultural facts convinced him that they had been taught very practical information.

Then the bill carries another worth-while feature, and that is the provision with reference to trade and industry. Before our committee Miss Betty Hawley, vice president of the New York State Federation of Labor, testified. I shall read you a portion of what she said:

We feel we are living in the interests of America, and just because we are a little bit better off financially than perhaps some other urban and rural centers, that we have no less responsibility, and particularly those of us who are leaders of labor do care what is happening to Bobby Jones and to the future farmers and his brother Jim O'Rourke from Tenth Avenue. One is the future farmer and the other is the future industrialist, and they are the future America.

May I say in conclusion that in 1917, when the Federal Government made the appropriation to foster vocational education throughout this Nation, the school authorities of the little red schoolhouse on the hill, and wherever they taught vocational agriculture and home economics, appropriated a lot of money for laboratories for agriculture and for home economics. At this particular time it seems wise to continue the appropriation, and I, therefore, hope that this bill will pass.

Summarizing, let me state again that the bill carries $3,000,000 per year for a period of 3 years—$1,000,000 for vocational agriculture, $1,000,000 for home economics, and $1,000,000 for trade and industry. Add this amount to the $7,167,000 Smith-Hughes funds and you will have for vocational education the total amount of $10,167,000. I am convinced that this amount is extremely small, when we take into consideration the fact that this administration has appropriated for national recovery $3,300,000,000; and another act provided $500,000,000 for relief; and still an additional act $950,000,000 for relief. Before we adjourn this term another billion dollars or more will probably be appropriated. Ten million dollars seems to me a pitful sum to contribute to this worthy cause of vocational education, and I think it should be given careful consideration by the House. [Applause.]

Mr. Chairman, I ask unanimous consent to revise and extend my remarks, and to include therein a breakdown of this set-up showing how the $3,000,000 is to be distributed.

The CHAIRMAN. Without objection, it is so ordered.

The matter referred to follows:

Allotments for vocational education by States and Territories

Allotment of $1,000,000 on the basis of farm population for vocational agricultural education; of $1,000,000 on the basis of nonfarm population for vocational trade and industrial education; and of $1,000,000 on the basis of rural population for vocational home-economics education; and additional amounts required to insure minimums of $5,000.

State or Territory	For vocational agricultural education		For vocational trade and industrial education		For vocational home-economics education	
	Allotment of $1,000,000 on the basis of farm population	Additional amount required to insure minimums of $5,000	Allotment of $1,000,000 on the basis of nonfarm population	Additional amount required to insure minimums of $5,000	Allotment of $1,000,000 on the basis of rural population	Additional amount required to insure minimums of $5,000
Total	$1,000,000.00	$31,019.66	$1,000,000.00	$32,191.61	$1,000,000.00	$21,391.65
Alabama	43,789.65		14,181.82		35,194.35	
Arizona	3,232.16	1,767.84	3,654.98	1,345.02	5,286.94	
Arkansas	36,550.17		7,981.17		27,230.72	
California	20,259.34		54,912.30		28,064.34	
Colorado	9,234.22		8,176.60		9,546.43	
Connecticut	2,833.02	2,166.98	16,507.46		8,791.91	
Delaware	1,519.19	3,480.81	2,083.34	2,916.66	2,132.30	2,867.70
Florida	9,108.65		12,914.11		13,108.92	
Georgia	46,314.07		16,180.15		37,249.02	
Idaho	6,150.06		2,787.20	2,212.80	5,838.51	
Illinois	32,625.19		72,011.89		56,914.34	
Indiana	26,544.44		26,338.99		26,694.23	
Iowa	31,928.34		16,213.18		27,601.59	
Kansas	23,069.74		12,746.58		21,301.28	
Kentucky	38,413.16		15,616.26		33,595.37	
Louisiana	27,119.04		13,801.93		23,464.33	
Maine	5,582.94		6,802.52		8,806.42	
Maryland	7,752.87		15,138.51		12,150.85	

Allotments for vocational education by States and Territories—Continued

State or Territory	For vocational agricultural education		For vocational trade and industrial education		For vocational home-economics education	
	Allotment of $1,000,000 on the basis of farm population	Additional amount required to insure minimums of $5,000	Allotment of $1,000,000 on the basis of nonfarm population	Additional amount required to insure minimums of $5,000	Allotment of $1,000,000 on the basis of rural population	Additional amount required to insure minimums of $5,000
Massachusetts	4,024.24	975.76	44,809.04		7,738.19	
Michigan	25,544.94		44,087.69		28,500.95	
Minnesota	29,232.88		18,119.74		24,172.60	
Mississippi	44,496.42		7,025.68		30,919.82	
Missouri	36,367.58		27,309.66		32,756.86	
Montana	6,879.93		3,616.25	1,383.75	6,598.01	
Nebraska	19,122.97		8,603.34		16,503.00	
Nevada	536.79	4,463.21	810.28	4,189.72	1,047.22	3,952.78
New Hampshire	2,052.03	2,947.97	4,370.22	629.78	3,556.75	1,443.25
New Jersey	4,280.35	719.65	42,462.14		12,991.55	
New Mexico	5,179.28		2,874.28	2,125.72	5,856.57	
New York	23,505.47		128,878.71		38,231.59	
North Carolina	52,236.85		17,052.86		43,677.63	
North Dakota	12,971.53		3,079.14	1,920.86	10,501.80	
Ohio	33,681.03		61,175.07		39,586.31	
Oklahoma	33,435.59		14,898.53		29,132.11	
Oregon	7,302.66		7,928.52		8,586.65	
Pennsylvania	27,970.81		95,285.92		57,322.74	
Rhode Island	537.97	4,462.03	7,286.75		963.47	4,036.53
South Carolina	29,922.51		8,929.47		25,307.79	
South Dakota	12,740.08		3,286.48	1,713.52	10,398.23	
Tennessee	30,584.15		15,214.90		31,827.39	
Texas	76,800.99		37,708.02		63,568.39	
Utah	3,778.00	1,222.00	4,258.27	741.73	4,470.28	529.72
Vermont	3,686.28	1,313.72	2,679.05	2,320.95	4,456.62	543.38
Virginia	31,041.94		15,974.94		30,278.53	
Washington	9,949.57		13,668.06		12,561.64	
West Virginia	14,663.44		13,900.79		22,902.55	
Wisconsin	28,766.16		22,347.75		25,631.20	
Wyoming	2,388.39	2,611.61	1,655.09	3,344.91	2,876.80	2,123.20
Alaska	111.92	4,888.08	606.49	4,393.51	951.83	4,048.17
Hawaii	5,870.52		2,047.32	2,952.68	3,153.08	1,846.92

Mr. CARTER of California. Mr. Chairman, this bill was reported unanimously by the Committee on Education. I think it is a very necessary and splendid piece of legislation. So far as I know, there is no opposition to the bill from any Member of the House. Therefore, I shall make no extended speech in its behalf, as I do not consider it necessary.

I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I am heartily in favor of this bill which really is to extend the life of the so-called "Reed-George Act." Some years ago, when the farm situation was becoming rather acute, a commission of business men was appointed to study the situation as it related to agriculture throughout the country. After the commission had made a very exhaustive study of the farm situation throughout the United States, a joint report was published by two organizations, one the United States Chamber of Commerce, and the other the National Industrial Conference Board. I quote briefly from that report the portion which relates to rural education:

[From the Condition of Agriculture in the United States and Measures for its Improvement]

EDUCATION OF THE FARM YOUTH

It is certain that the task of transmitting to the rank and file of the farmers the results of agricultural research work must largely be attacked through improvements in education of the rural youth. * * * The rural schools can be of great help in transmitting better methods to our future farmers. In the opinion of the commission this phase of rural education has not yet received the necessary attention. At present the rural schools consider it their main task to dispense a type of education which seems ill suited to the probable needs of the pupils. Little consideration is given to the fundamentals of agriculture, and the curriculum seems to be shaped almost completely to meet the requirements necessary for entrance into high school or college. It is not suggested that the rural school become a training ground solely for the vocation of agriculture, but the fact remains that most of the children who stay in the locality will pursue that calling, and it therefore seems that a curriculum which does not completely ignore this fact might be more beneficial than that now normally pursued.

The prosperity of the American farmer depends upon his efficiency relative to foreign competitors. To attain and preserve an American standard of living he must constantly keep several steps in advance of those competitors. This can be adequately done only through education. A well-conceived program of education, moreover, will not only help to provide the means of living well but will in itself contribute to better living and working conditions. Its benefits will not be rapidly attained nor spectacular, but they will work out their results in a thousand devious but effective ways, and education will thus be one of the most important means for improving conditions on our farms and giving American agriculture the standing which it must have if the Nation is to maintain its proper place in the progress of mankind.

Above all, the commission wishes to emphasize the importance of giving to our rural education in large degree a character and a quality which will help to conserve and improve rural life. If we are to preserve some of the fundamental characteristics of farming as a way of life and a noble calling, our farm youth must be brought to a clearer realization of its intangible values and its advantages in contrast to urban activities, and the farmer himself must in larger measure be brought to conceive of his occupation not as a temporary makeshift in which he may well be content to accept lower returns for his labor than his city fellow in the hope of speculative returns on his land values, but as an opportunity for a rich, well-rounded life in which his intelligence and culture and all the resources of community life may find full scope for development.

After that report was made there was formulated before the Committee on Education, of which I then had the honor of being chairman, a program, calculated to meet the recommendations of this committee. As I recall it at that time there were some 11,651 rural high schools in the country, but only 29 percent of those high schools were giving any training whatever in vocational agriculture. The purpose of the Reed-George Act was to reach, so far as possible, the other 71 percent of the over 11,000 rural high schools in the country.

If there ever was a time when we needed this legislation it is now. You gentlemen who have recently read the report of Mr. Hopkins realize that there are some 400,000 farm families on the relief roll. The one ambition of the average father and mother is to see that their boys and girls have an opportunity to get an education. They are willing to suffer almost any sacrifice in the interest of their children, and the only hope that many of these farm families now have in the rural districts for their children to receive an education and to prepare them for life is through vocational work that is made possible by the Federal aid that comes through this bill.

We have poured money in great volume into every kind and type and description of public works, but there is nothing more important to America than the education of the youth of the land. It is a condition precedent to the safety

of a republic that the rank and file of the boys and girls have an opportunity to at least receive the fundamentals of an education. Daniel Webster once said:

> If we work upon marble, it will perish; if we work upon brass, time will efface it; if we rear temples, they will crumble to dust; but if we work on men's immortal minds, if we imbue them with high principles, with a just fear of God and love for their fellow men, then we engrave on these tablets something which no time can destroy and which will brighten to all eternity.

The purpose of this legislation is to make more effective an instrumentality for achieving the ideals of education so ably enunciated by the great defender of our Constitution.

We have over 11,000 rural high schools in the United States. We are reaching only part of them, but under the Reed-George Act we have narrowed down the percentage, and more boys and girls are having an opportunity to get an education. At this particular crisis, where in many communities rural high schools have been built, it is utterly impossible for those communities to support those schools unless assured of some aid from the Government. We have assisted about everything imaginable in this country, and I want to see this legislation enacted today to underwrite the future of the farm youth of this land. [Applause.]

Mr. DOUGLASS. Mr. Chairman, I yield now to the gentleman from North Carolina [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, I am very much in favor of this bill. I ask unanimous consent to extend my remarks in the RECORD and to include therein letters from President Roosevelt, Mr. Farley, and Mr. Byrns.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ABERNETHY. Mr. Chairman, I wish to take this opportunity to give a brief summary of the achievements of the Seventy-third Congress and tell in a few words the story of the new deal inaugurated by President Roosevelt. My remarks are in a measure a summary of a recent radio address I delivered at the invitation of the Columbia Broadcasting System from Washington on April 20, 1934.

A little over a year ago our Nation had sunk to the lowest point ever reached in the morale of a people. Business, trade, and industry were at a low ebb, and the number of unemployed increased to an extent never before experienced in our history. March 4, 1933, was more than a mere change in administration. It was the beginning of a new social order. No modern state has undertaken an experiment which even remotely compares with the adventure upon which President Roosevelt has embarked. He is the first statesman who has sought systematically to use the power of the Federal Government to benefit the individual.

On March 5, 1933, the calling of a Nation-wide bank holiday was immediately followed by the passing by Congress of emergency legislation permitting the gradual reopening of sound banks.

Through the Public Works Administration and the Civil Works Administration and other agencies of the Government more than 4,000,000 of the 11,000,000 unemployed have been given work during the past winter, thereby eliminating much hardship and suffering.

The National Industrial Recovery Act gives effect to ideas which have been fought for in Congress for over a quarter of a century. This act abolished child labor. The codes of fair competition give a national status to the regulation of hours and wages, increasing employment and raising the general price level of commodities.

The Public Works Act provided for the expenditure of $3,300,000,000 on public works or public-benefiting private works. It has brought forward many projects such as Federal buildings, waterways, and civic improvements that will mean much to all communities throughout the Nation.

FARM RELIEF

The Agricultural Adjustment Administration has attempted to raise agricultural prices by curtailing production. It provides a plan to pay farmers for crop cuts and a method to raise necessary funds by taxing processors.

From 1921 to 1929 buying power that should have stayed with the farmers became concentrated in the great money centers. Overproduction in agriculture reduced the consumer's buying power even more than it reduced the prices of what he needed to buy. By March 1932 farm incomes in the Nation had dropped from $16,935,000,000 in 1919 to $5,250,000,000 in 1932. Farm prices were the lowest ever recorded. The Agricultural Adjustment Act was built upon the principle of price parity for farmers. In other words, fair-exchange value for farm products as measured by their buying power in the pre-war period of normal agricultural stability. While the National Recovery Administration has succeeded in raising wage levels and the price of manufactured articles, the Agricultural Adjustment Administration has not been so successful as yet in raising the general price level of farm produce. I am hopeful, however, that in due time the general price level of farm produce will keep pace with the rising price level of wages and articles of manufacture.

The special session of the Seventy-third Congress granted the President broad powers to control currency and sanctioned a temporary departure from the gold standard and abrogated gold clauses in Federal and private contracts.

The Federal Trade Commission has been authorized to pass on all new security issues sold in interstate commerce, through the "truth in securities act", which imposes severe liabilities on sellers of stocks and securities, who fail to furnish prospective buyers with complete information. This legislation is most fair to the rank and file of the American public because of the long history of terrific losses taken by innocent investors over a period of years.

Legislation has been passed providing a system of licensing sound banks and instituting far-reaching bank reforms, including separation of investment, private and commercial banking, and setting up a way of insuring bank deposits. Our banking and currency systems are now on a sounder basis than they have been for many years. Today, owing to the Federal Deposit Insurance Corporation, people may put their savings in a bank with the assurance that their money will be there when they wish to withdraw it.

The Tennessee Valley Authority was created to operate Government properties at Muscle Shoals, Ala. I am confident that this huge undertaking will contribute much in the fight for recovery. The railroads of our Nation had been hard hit by the depression, and legislation was passed creating the Federal Coordinator of Transportation. Much relief has also been extended to the railroads through the Reconstruction Finance Corporation.

The regular session of the Seventy-third Congress, beginning January 3, 1934, enlarged and expanded the forces of recovery given birth during the special session ended June 16, 1933.

The Emergency Farm Mortgage Act provides for the establishment of a corporation to aid in refinancing farm debts and other purposes. It provides for the handling and refinancing of farm mortgages on liberal terms.

OLD-AGE PENSIONS

During the present session of the Seventy-third Congress several bills have been introduced to provide for old-age pensions. People who have passed the years where they are expected to work hard should have security. They should not be compelled to compete in the markets for the relatively few jobs. I favor a Federal pension system whereby the aged and destitute can remain at home and spend their last days in peace and contentment.

The Home Owners' Loan Corporation bonds heretofore guaranteed by the Government for interest only will now be guaranteed as to principal. This will be of much assistance to the home owners throughout the Nation in view of the fact that many mortgagees had declined to accept the Home Owners' Loan Corporation loan bonds. With this guarantee there should be no more hesitancy on the part of any mortgagee in accepting the bonds of the Home Owners' Loan Corporation.

I have made two recent speeches on the floor of the House in reference to veterans' legislation. During my entire service in Congress I have at all times been a consistent

friend of the veterans in my district. I voted for the immediate cash payment of the bonus when the matter came before the House, and I also voted for the Independent Offices Appropriation Act with its provisions for increased benefits to veterans.

I have received letters from Hon. John Thomas Taylor, vice chairman of the national legislative committee of the American Legion, and Hon. James E. Van Zandt, national commander in chief of the Veterans of Foreign Wars, expressing appreciation and approval of my efforts in behalf of veterans. The North Carolina organization of Veterans of Foreign Wars has officially endorsed my candidacy for renomination and reelection to Congress, and have asked all veterans to support me as an appreciation of my services.

All new-deal legislation has had as prime essentials, first, to give immediate aid to those in dire distress and, second, to create a purchasing power among the masses and to eventually bring back prosperity.

I favor a measure now pending before the Congress providing a plan to pay off depositors of closed banks in full and thereby turning over all sound assets of these banks to the Government to be liquidated over a period of 10 years.

Another measure under consideration provides unemployment insurance whereby the employer in good times will contribute a small percentage of the total pay roll to create a fund to provide a small income for those temporarily out of work.

I favor legislation whereby the Reconstruction Finance Corporation will be enabled to give relief directly to private industry.

There is much legislation I have not been able to discuss in the time allotted to me. I can safely say, however, that more real work has been crowded into these last two sessions of the Seventy-third Congress than in any like period of time in the past. It has been my privilege to contribute my share in helping our President in his fight for recovery.

I strongly favor a continuance of the new deal, and I think no half-way measures should be adopted. I believe in doing the job well while we are at it, and there is strong evidence that we are definitely on the road to recovery and that good times are ahead.

A PERSONAL APPEAL TO MY FRIENDS AT HOME

Mr. Chairman, I am a candidate for renomination in the Democratic primary in my district on June 2, 1934; and although I have seen many hundreds of my friends on recent trips to my district, most of my time between now and June 2 will be required at my post of duty in Washington; therefore I ask the privilege of making a personal appeal to my friends at home.

During 12 years of service the interests of my congressional district have always been paramount with me. I have a sense of honor; and if I did not know that I had given good service and did not know that I was in better position than ever before to accomplish things for my district, I would not ask to be returned as their Congressman.

My many years of seniority in the Congress, my position on the Appropriations Committee, the friendships I have made in my years of work at the Capitol, and my close personal association with the present administration enables me to accomplish things for my district now that I would have had to fight for unsuccessfully years ago. I feel certain that I have accomplished more for my district during my last two terms than ever before. President Roosevelt, in the midst of his new-deal program, needs members of Congress with years of seniority and experience to help him at this time. A new member of Congress would need long experience in Federal affairs to give assistance in a crisis like this.

In view of the fact that so many unfair and false reports have been deliberately circulated in the district in an effort to secure my defeat in the coming primary on June 2, 1934, and for the benefit of my friends who have manifested an interest in me and for all those in the district who believe in fair play, I wish to give the opinions of others than myself as to the service I have rendered.

I quote letters from outstanding leaders of our Nation sent to me, unsolicited and voluntarily, in a spirit of sincere appreciation of my efforts. The first letter is from Hon. Franklin D. Roosevelt, our President, received while I was home for a few days during the Christmas holidays. The second letter is from Hon. James A. Farley, chairman of our National Democratic Executive Committee, Postmaster General, and chief spokesman of the present administration. The third letter is from Hon. JOSEPH W. BYRNS, former Chairman of the Appropriations Committee (of which I have been a member for several years) and the Present Democratic floor leader of the House of Representatives.

Hon. CHARLES L. ABERNETHY,
New Bern, N.C.

MY DEAR MR. ABERNETHY: It is with keen regret that I learn that you have been ill this summer and trust that you may soon be fully recovered. I want you to know how grateful I am for your untiring efforts in support of the administration's policies during the grinding weeks of the special session of the Congress. While we are all looking forward to and counting on this same fine helpfulness during the coming session, I do hope you will pay attention first to your health. Do not let anything stand in the way of your doing this.

When you do come to Washington, be sure to come in to see me.

Many thanks and best wishes for a happy holiday season to you.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
Washington, December 12, 1933.

DEMOCRATIC NATIONAL COMMITTEE,
NATIONAL PRESS BUILDING,
Washington, June 16, 1933.

Hon. CHARLES L. ABERNETHY,
House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN: I want you to know that I greatly appreciate the support you gave the administration's program during the session just closed. I feel certain the people of the country generally realize that more beneficial legislation was passed at this session of Congress than ever before in the Nation's history.

For the part you played in these remarkable accomplishments I want you to know that I am personally grateful.

With best wishes, I am, sincerely,

JAMES A. FARLEY, *Chairman.*

OFFICE OF THE MAJORITY LEADER,
HOUSE OF REPRESENTATIVES, UNITED STATES,
SEVENTY-THIRD CONGRESS,
Washington, D.C., June 24, 1933.

Hon. CHARLES L. ABERNETHY,
House of Representatives, Washington, D.C.

MY DEAR CHARLES: May I take this opportunity to express to you my deep appreciation and gratitude for your kindly consideration to me personally during the trying days of the session. Your service and your loyalty to the party made possible the splendid record written by our Democratic Congress at this session.

With best wishes, I am, sincerely your friend,

JO BYRNS.

These letters show conclusively that I have been of real service, not only to President Roosevelt in helping him put over his great recovery program, but also to the Nation and district.

I have at all times kept in constant touch with the affairs of my district. I am carrying on for my constituents as I always have.

When Democrats are privileged to contest in a primary, a spirit of chivalry should prevail. I promise the district that regardless of any unfair and underhand tactics used against me, and regardless of any false reports that may be spread about in the district, I shall say no unkind or harmful word against anyone. I ask to be renominated to Congress on the basis of my record.

As in years past I am personally available to my constituents at all times. I shall continue to try to answer every call made upon me, and the poorest person in my district can now, as in the past, always command my every effort in his or her behalf.

I am deeply grateful for every consideration extended to me by my constituents during my long years of service; and if I am privileged to continue as their Representative in Congress, I promise that I will make every effort in my power to prove worthy of the trust and confidence reposed in me.

As long as the great majority of my constituents want me for their Congressman and encourage me personally and tell me that I am doing well by them, and as long as they continue to write me letters of commendation and approval, I shall carry on.

Mr. DOUGLASS. Mr. Chairman, I yield 5 minutes to the gentlewoman from Kansas [Mrs. McCARTHY].

Mrs. McCARTHY. Mr. Chairman, when we realize that a large part of our Federal tax dollar is spent for national defense and roads, then we should surely make no objection to spending an infinitesimal part of that dollar for education. I think few of us realize the crisis in education at this time, except those who have been in close contact with the schools. It is true that education has suffered in all countries during the present depression, but it is a sad commentary that education in America has suffered more during this period than in any other country. Of course, industry and agriculture have suffered, but education has suffered more than either of these, and of course vocational education, along with the other kinds of education, has been greatly hampered on account of finances. When expenses were to be cut, some of these vocational courses were the first to suffer, regardless of the necessity for them and the demand from the general public.

Briefly, I shall go into some of the merits of vocational education. The pending bill authorizes an appropriation to aid these States in paying the salaries of teachers of agricultural, home economics, and industrial education. In many cases these teachers could not be employed for these projects without the benefit of Federal aid.

In the courses on agriculture, instruction is given in the rotation of crops, marketing, soil chemistry, poultry raising, dairying, and animal husbandry. In the home-economics courses, the girls learn how to make their own clothes, which is a very important matter during this time when incomes are so drastically reduced. These courses also include instruction in the care of infants, child development, and home nursing. In these days there are many families which must depend upon home care in case of illness, for they cannot afford to incur hospital bills. This education is practical along other lines. When the clothes are made at home it is important that the seamstress know something about the fabrics that will be used; and the students are taught how to test fabrics used in garments, draperies, and table linens. I am stressing these things that you may know the practicability of this work.

Then, also, to a family with a reduced budget it is important that a well-balanced diet continue regardless of the reduction of income. These classes are instructed that the cheaper cuts of meat, for instance, can be utilized and made just as tasty as the more expensive cuts through proper preparation. This training has enabled many families to have meat on their tables who would not have had it otherwise.

I bring out the fact, also, that too many schools have already closed; and more of them are going to close unless Federal aid continues; a separate bill covers such an appropriation. The pending bill continues the George-Reed Act. Federal aid to vocational education will terminate in July if this bill is not enacted. At this time there are 316 schools in my own State of Kansas already closed. Federal aid money will be of great benefit in paying teachers' salaries.

As we have been told by members of the committee, education is of extreme importance in a representative government. The children of today cannot wait for the passing of the depression to receive their education; they are growing to manhood and womanhood. Federal aid must be given at this time if it is to be of any advantage to them. Vocational education aids not only the youth of the country, but serves also to provide adult education. Many of the older people who attend these vocational schools had no opportunity during their childhood to receive an adequate education. [Applause.]

Mrs. McCARTHY. Mr. Chairman, perhaps few of our citizens, with the exception of the school men and women, who are in touch with the situation, realize the magnitude of the calamity which has fallen upon the schools and children of America. In order to fully appreciate the crisis it is necessary to quote some statistics in regard to losses recently sustained by education. While it is true that retrenchment has come about throughout the world because of economic conditions, yet in the United States it is a sad commentary when we find that education has suffered more during the depression than in any other country.

Hundreds of rural schools in the various States failed to open last fall because of lack of funds, and by the first of the year 2,600 schools were closed to the 140,000 children in attendance. It is estimated that by April 1, 20,000 rural schools had closed, affecting over 1,000,000 children. While the pupils in the primary and secondary schools are of first importance, the tragedy that has come to the school teachers cannot be overlooked. More than 200,000 of these teachers, or one fourth of all public-school teachers, are receiving less than $750 per year, which is the minimum provided for unskilled labor under the blanket codes of the President's reemployment agreement. Of this number, approximately 85,000 teachers are receiving less than $450 per annum. The teachers, by sacrificing a great part of their salaries to keep the schools open, are thereby bearing a greater portion of the tax burden than any other group.

The seriousness of the situation cannot be overemphasized. The success of a representative government depends upon an informed and enlightened citizenry. In civilization and government we are a democracy, and governments are designed to be the agents of a free society. The first public schools emphasized the need of giving solidarity to a new government. Solidarity through education was an urgent necessity to protect the United States from enemies within as well as from enemies without. Today our Government is threatened more by the danger of internal strife than by the possibilities of invasion by a foreign foe. Agitators spreading their propaganda for revolution and communism find ready listeners among the ignorant and uneducated. Prejudices are easily aroused in such groups.

LOSS OF SCHOOL REVENUE

The present financial condition of the school is due to several causes, chief among which are the shrinkage in property values, inability to pay taxes, lower tax rates, and loss or freezing of school money in closed banks. It is clear that many small taxing units can no longer maintain the present educational opportunities unless there is adjustment of the taxing systems of the country. It is most important that each State put its own house in order and tap every available source of revenue before appealing to the Federal Government for aid. The States may complain that the Federal Government has monopolized the revenues of the Nation through the income tax and other Federal levies but many commonwealths have met the situation by imposition of a sales tax, a State income tax, and license taxes.

TEMPORARY EMERGENCY AID

The Civil Works Administration has been the good fairy for a great many Cinderella American schools that were in dire need. The funds of this emergency bureau received from the Public Works Administration were used for repair of school buildings, payment of teachers' salaries, and income to students who were dependent on their own earnings. The Federal Emergency Relief Administration has provided $2,000,000 per month which is furnishing 40,000 teachers employment. Through the Public Works Administration funds for defraying the cost of constructing school buildings are made available, 30 percent as a gift and 70 percent as a loan, and provision is made in other cases for the Federal Government to pay the cost of construction and lease the building to the school district. About $30,000,000 was allotted to schools up to the first of the year.

PENDING FEDERAL LEGISLATION

The use of Federal funds for the schools is not an innovation and is not unconstitutional. As early as 1785 the Confederation set aside land for schools, and these general grants were continued as the various States came into the Union. The act of 1862 known as the "Morrill Act" marked definite changes in Federal policy from general grants to specific appropriations for specific types of education. This was followed by the Hatch Act in 1887, giving Federal aid to agricultural education and initiating the policy of annual subsidies to the States. In 1914 came the Smith-Lever Act for Federal aid for diffusion of information on subjects

related to agriculture and home economics. In 1917 the Smith-Hughes Act, designed to promote vocational education, was enacted, and the work in vocational education was further developed under the George-Reed Act of 1929. In 1920 the Federal Board for Vocational Education was given an appropriation for vocational rehabilitation of persons disabled in industry.

The agitation of many school leaders for permanent Federal aid for our educational system has been a deterring factor in meeting the present crisis. It is not questioned that the present emergency is most acute and the fact that Federal aid is the only remedy is unchallenged. Nevertheless, the danger of paternalism and of surrendering the educational system to Federal control, to become a part of political controversies and campaigns, threatens the traditional functions of government.

Due to the many demands which already have been made upon the Federal Government, further expenditures should be curtailed as much as possible; however, even in this national emergency no child of school age should be denied the opportunity of receiving at least a rudimentary education. These children of today are the leaders of tomorrow, and lawmaking and enforcing are conditioned by the existing level of public intelligence and character. Solution of the problem cannot wait and provisions must be made for keeping the school child at his studies.

The Committee on Education has held extensive hearings on the Federal aid bills before it. The data compiled by the Bureau of Education, the National Committee for Federal Emergency Aid for Education and other interested groups indicates that an appropriation of some ninety to one hundred million dollars is necessary. The conditions in some States has been brought about through the elements of nature, that is drought, flood, and the like. In several States the industrial situation is responsible. In others, mismanagement may be said to be the leading factor, due to an overemphasis on providing elaborate school buildings and equipment rather than giving due consideration to the type and methods of instruction. A bill to authorize Federal aid to primary and secondary schools should be enacted before Congress adjourns without fail.

VOCATIONAL EDUCATION

The first appropriation by Congress in aid of vocational education was passed in 1917, and provided for allotting $500,000 to the States for paying salaries of teachers of agricultural subjects and $500,000 for teachers of trade, home economics, and the industrial subjects, these sums to be increased annually until a maximum of $6,000,000 should be reached in 1926.

H.R. 7059 contains two important improvements over the initial legislation. The provision for limiting expenditures for salaries of teachers of home economics to 20 percent of the appropriation is eliminated. The present bill cuts in half the allowance for administration of the act by the Office of Education. During the present school crisis many of the high schools and colleges would find it impossible to continue their present courses in agricultural, home economics, and industrial education were it not for the assistance given by the Federal Government. The Ellzey bill for vocational education distributes the $3,000,000 annual appropriation on the basis of one third to agriculture, one third to home economics, and one third to industrial education, whereas heretofore industrial education and home economics were lumped together and the entire allowance for both was the same as for agriculture. As the committee report states, this is emergency legislation for a period of 3 years, and the States are to take over the program of vocational education as soon as they are able to carry it on.

The present unemployment situation has resulted in a demand for industrial education which can only be met by assistance from the Federal Government.

For those who are not familiar with the courses of study for which Federal aid is given for teachers' salaries, it might be well to describe some of the courses. For example, home economics is not merely cooking and sewing—training is given in home nursing, dietetics, infant care, child development, home dressmaking, testing of fabrics for garments, draperies, and so forth, consumer education, and practical demonstrations in the value of the cheaper foods which can be used in a balanced diet during the present conditions of reduced incomes. The value of the courses in agriculture is well known and covers a variety of subjects, including crop rotation, marketing, animal husbandry, soil chemistry, seed testing, dairying, poultry raising, and so forth. The courses in industrial education cover manual training, drafting, craftsmanship, and industries which fit each particular locality.

Federal aid has enabled the schools having these courses to have better qualified teachers with higher degrees or more experience. The States, by being relieved of part of the salary expense, are thereby enabled to spend more for laboratory equipment and supplies which are so necessary in these courses.

In the State of Kansas a vast majority of the graduates of high schools and colleges go back to farms, or take up the occupation of housewives, and the value of the courses mentioned cannot be overestimated. During this emergency, when there is such a scarcity of "white-collar" jobs, many of the college-trained young men and women find that there is dignity and inspiration in making homes more livable and in relieving their parents of needless drudgery through the use of improved methods. The vocational courses do not direct the student away from the farm or home environment but increase his interest in them.

As long as we pursue a policy of Federal aid to the States for any purpose, this type of assistance which is so valuable should be given a preference, as it is just as important as good roads, or other beneficiaries of Federal donations. Surely the education of the youth of a country under a representative government is of the utmost importance.

Mr. CARTER of California. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. EVANS].

Mr. EVANS. Mr. Chairman, I ask unanimous consent to proceed out of order; and I propose to address my remarks to the bills H.R. 8495 and H.R. 8496.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. EVANS. Mr. Chairman, recently, on the 6th of March of this year, there were introduced in the House of Representatives two bills, H.R. 8495—

To authorize the Secrstary of the Interior to repossess certain mineral lands ceded by Mexico to the United States of America by the Treaty of Guadalupe Hidalgo, and to provide for the national defense, and for other purposes—

And H.R. 8496—

To withdraw from "disposition and sale" under the public-land laws all lands lying within the exterior boundaries of "alleged" or "duly asserted" Spanish or Mexican land grants, and for the protection of bona fide homesteaders, settlers, and/or innocent purchasers thereon, and for other purposes.

Both of these bills were introduced by the gentleman from Pennsylvania [Mr. EDMONDS], and, by the way, were introduced by request.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. EVANS. I yield.

Mr. COLDEN. Did the Member who introduced these bills come from California? Is the author of the bills familiar with the situation?

Mr. EVANS. I may say to the gentleman from California that the Member of Congress who introduced these bills is not a member of the California delegation. He is a Representative in Congress from the State of Pennsylvania. I have consulted him with reference to these bills. He told me that he had introduced these bills at the request of one H. N. Wheeler, who, to my personal knowledge, has been carrying on a real-estate racket in the State of California for several years, and who, within the past 3 or 4 months, was convicted of a felony in that connection and is now out on bail under a 5-year penitentiary sentence.

Mr. COLDEN. Mr. Chairman, will the gentleman yield for a further question?

Mr. EVANS. I yield.

Mr. COLDEN. Was the gentleman from Pennsylvania aware of the character of this real-estate racket that has been worked in California and through which many of our citizens have been defrauded?

Mr. EVANS. I had not finished my statement as to the gentleman's conversation with me with reference to the bill.

Mr. COLDEN. I beg the gentleman's pardon.

Mr. EVANS. The gentleman from Pennsylvania stated to me that he had introduced these bills as requested, but he did not know at the time he introduced the bills that the man who requested him to do so had been tried and convicted in the United States courts in California. He further said that at the proper time he proposed to ask unanimous consent to withdraw the bills. I called the gentleman's office on the telephone, but he was not in his office. I told his secretary that I proposed to ask permission to say a few words with regard to these bills and that I hoped he would be present when I made my remarks. This, I may say to the gentleman, is the extent of my knowledge as to the connection of the author of these bills with the California land situation.

Mr. Chairman, the purpose and purport of both these bills impeach the integrity and the validity of the title of two thirds of the homes of the people of California. These bills were introduced at the request and instance of a bunch of racketeers who have been carrying on a racket in California for several years by which operations they have taken from innocent people hundreds of thousands of dollars. The members engaged in this scheme have been indicted from time to time. Just recently three or four of them were tried in the United States court, two convictions being obtained. There were several acquittals, and then one of them was convicted and is now serving time for failing to report in his income tax large sums of money he had obtained from innocent people through the fraud he was carrying on. I am familiar with land titles in California, and I consider the operations of these racketeers the most vulgar sort of fraud I have ever witnessed.

They carry on this racket in a very clever manner. Some of them are attorneys. They have a plan of locating would-be homesteaders on property situated anywhere in the State of California, which properties are a part of the old Spanish or Mexican grant. These properties have been in adverse peaceful possession of their owners for more than 60, 70, or 80 years, following the Treaty of Guadalupe Hidalgo in 1848, through which treaty all of this territory was ceded to the United States Government.

A commission was appointed by an act of Congress in 1851 to survey and investigate these Mexican and Spanish grants and pass on their validity. The commission functioned, and the act creating the commission provided an appeal would lie from the decision of the commission to the courts of the United States, and in the absence of an appeal the decision of the commission would be res adjudicata as against the questioning of these titles forever. Thereafter, I may say, the Supreme Court of the United States has in no less than half a dozen decisions held that all those titles were in the first place valid; and if any question could have been raised as to their validity, such questions were settled by the decision of the commission which was authorized by Congress to pass on the same.

Furthermore, the United States Senate in 1929 appointed a subcommittee of the Public Lands Committee of the Senate to go to California and investigate the claims of these so-called "homesteaders." The committee was headed by Senator NYE. Senator Sam Bratton, of New Mexico, one of the ablest land-title lawyers in the country and now on the United States district court bench, was a member of this subcommittee. Senator Dale, of the State of Vermont, an able lawyer, now dead, was also a member of the committee. This committee went to California and held sessions for weeks. They made an exhaustive investigation. They brought before them these very men themselves, these pirates, and it was shown through this investigation that there was not a semblance of merit in the claims of these so-called "homestead locators." Of course, the homesteaders themselves may have been acting in good faith, but the men who led them to file on these lands were not acting in good faith in any instance.

The Senate committee made a report in 1931, and I have before me a copy of the report. It was a unanimous report. I will read a few paragraphs at the conclusion of the report.

NO FACTS INDICATING FRAUD

Although, for the reason stated, it is the belief of the committee that the confirmation of the several grants in the manner previously stated with the subsequent issuance of patent, forecloses further inquiry into the antecedent facts, it may be appropriate to say that the committee's inquiry has disclosed nothing substantial indicating that such grants were not in fact made, or that they were made with attending fraud. Aside from a meager showing that no record of such grants could be found in the archives of the Mexican Government recently, there is nothing to indicate any facts tending to support, even remotely, the charges to which Senate Resolution 291 refers.

CONCLUSIONS

It is the judgment of the committee that the grants in question are separately and severally valid; that their confirmation in conformity with the provisions of the act of March 3, 1851, constitute res adjudicata and cannot be reviewed; that no fraud in connection with its issuance being shown, the patent in each case is conclusively binding with respect to the quantity of land conveyed; that such confirmation of title and issuance of patent present a perfect case of repose of title and foreclose further question; that the attacks being made upon such titles are without substance or foundation and are inspired and furthered by persons seeking to profit financially at the expense of well-intentioned but grossly misled applicants for homestead entry.

Your committee is unanimously of the opinion that those now claiming the lands in question, as successors in interest under the original grants, confirmed as hereinbefore stated, are the unqualified owners thereof and have an unquestioned legal title thereto, and that there is no foundation in fact or in law for the charges which Senate Resolution 291 directed this committee to investigate.

Approved by subcommittee:

GERALD P. NYE.
PORTER H. DALE.
SAM G. BRATTON.

Approved by committee:

GERALD P. NYE.
REED SMOOT.
PETER NORBECK.
TASKER L. ODDIE.
PORTER H. DALE.
BRONSON CUTTING.
FREDERICK STEIWER.
ROBERT D. CAREY.
KEY PITMAN.
JOHN B. KENDRICK.
THOMAS J. WALSH.
HENRY F. ASHURST.
ROBERT F. WAGNER.
C. C. DILL.
SAM G. BRATTON.

[Here the gavel fell.]

Mr. CARTER of California. Mr. Chairman, I yield the gentleman 8 additional minutes.

Mr. EVANS. Mr. Chairman, when these bills were introduced a few days ago the newspapers of Los Angeles had quite a little to say about the purpose behind these bills. I ask the Clerk to read in my time an excerpt from the Los Angeles Times, issued March 2, 1934, which gives in quite correct detail an interview with the United States district attorney's office in Los Angeles as to the effect of these bills.

The Clerk read as follows:

LAND-GRANT BILL RAPPED—BOOST TO RACKET ASSERTED—LOCAL FEDERAL PROSECUTORS SAY PROPOSED MEASURE MEANS HEAVY COSTS—SCHEME PROVIDES PAYMENTS BY HOLDERS FOR BENEFIT OF CLAIM FILERS

Federal authorities in Los Angeles sharply disagree with the statement of Washington correspondents that the bill introduced recently in Congress by Representative EDMONDS, of Pennsylvania, and referred to the Committee on the Public Lands, would end the Spanish land-grant racket.

In the opinion of local Federal land officials and United States Attorney Hall and Assistant United States Attorney Thomas, the Edmonds bill would not end the racket, but would continue it, and would pile up mountains of "needless and ridiculous expense" on the Government landowners and the taxpayers.

CITE "SETTLEMENTS"

The "catch" in the Edmonds bill, according to Thomas, is disclosed wherein it provides that the Secretary of the Interior would be empowered to negotiate settlements with the California Homesteaders, an organization whose applications were rejected and their filing fees returned to them, and refer all disagreements over fair prices to a mediation board of three members.

Thomas declared that the California Homesteaders had no legal claim to the property they sought to file on as their applications had been rejected.

"The title originating in the Spanish-Mexican land grants has been many times affirmed by the courts as a good and valid title", said Thomas. "The applicants all seem to believe that by the mere attempt to make an application for a homestead the Gov-

ernment would owe them the duty of helping them take from the present owners some highly developed valuable land."

Many of the rejected applicants were reported to have believed that they would, in the end, if some such a bill as is proposed were adopted by Congress, receive huge sums of money in exchange for their ambitions to become possessed of some of the old land-grant acreage. Most of them tried to file for 160 acres, tendering a fee of $1 an acre. These fees were returned to them when their applications were rejected.

Many of the would-be homesteaders, as soon as their applications were rejected by local Federal land officials, acting under instructions from Washington, paid retainer fees ranging from $100 to $1,000, averaging $500, to carry their appeals from the rejected applications to Washington. If they could not get the land they tried to file on, they apparently believed, it was declared, that they could later collect the money value of the land denied them.

The bill provides the present owners of the old grants would receive a new patent for their lands on payment of $1.25 an acre, with a minimum fee of $10. This would mean that the owners of the Irvine Ranch, encompassing about 47,000 acres of land, would have to pay a fortune for land which has been in their legal possession for many years, and the owners of other grants a sum of money proportionate to their acreages. From this sum of money, so collected, the "California Homesteaders" would be paid the present market value of the land, according to the bill's provisions.

"The bill is so utterly ridiculous that I hesitate to believe any Congress Member will take it seriously, especially those who possess intimate knowledge of the racket, and who are informed as to the findings of the commission and committee reports", Thomas said.

Mr. CULKIN. Will the gentleman yield?

Mr. EVANS. I yield to the gentleman from New York.

Mr. CULKIN. As I understand the gentleman, the proponents of this bill, having been beaten in the civil and criminal courts, are coming here and asking Congress to give them title to something that does not belong to them.

Mr. EVANS. They come here and ask Congress to consider a bill which will in a way create a background that will support them in continuing a racket which they have carried on for years and also create an atmosphere that there is after all a question as to the validity of these titles and that that question is of such consequence that Congress has taken a hand. This will sound good to the people they have robbed.

Mr. CULKIN. They are asking corrective legislation for a racket?

Mr. EVANS. Yes; the worst kind of a racket. The lands involved in these grants are the highest developed lands in southern California. A score of cities occupy these lands, including part of the city of Los Angeles. There may be a 12-story building on some of this land. There are orange and lemon groves 20 to 40 years old on them. The title to these lands is as good as is the title to land whereon this Capitol stands.

Mr. FREAR. What is the status of the bill?

Mr. EVANS. It was introduced by request and referred to the Public Lands Committee and a hearing requested.

[Here the gavel fell.]

Mr. EVANS. Mr. Chairman, I ask unanimous consent to extend my remarks and to include two more short editorials from Los Angeles papers on this subject. They are very short editorials.

Mr. CARTER of California. Mr. Chairman, reserving the right to object, will the gentleman withdraw the request to include the editorials?

Mr. EVANS. They are very short. I do not care to withdraw the request.

Mr. CARTER of California. I may say that I am constitutionally opposed to the insertion of editorials.

Mr. EVANS. The gentleman just heard one of them read.

Mr. CARTER of California. If the gentleman wants to read them and can get the time to read the editorials, that is a different thing. I object, Mr. Chairman.

Mr. EVANS. Will the gentleman allow me time to read them?

Mr. CARTER of California. I regret I have no more time to yield the gentleman.

Mr. DOUGLASS. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. FLETCHER].

Mr. FLETCHER. Mr. Chairman, the time is limited and there are a large number of Members, I understand, who want to talk on the subject of vocational education which we are now considering, and I do not want to take up much of the time, but I should like to have unanimous consent to extend my remarks and include some statistical information in addition to what I may say on the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FLETCHER. Mr. Chairman, it should not be necessary to produce many arguments to convince Members of the House of the necessity for this legislation.

Occupational changes everywhere are affecting the opportunity of the individual to adjust himself to his environment, which makes it very essential that we provide this legislation for increasing vocational education.

Some phases of education are being criticized today because much of the education in the high schools is for the purpose of preparing young folks to enter college, and there has not been enough education preparing young folks to enter life direct from high school. A large percentage never even enter college. This is the most practical kind of education at this time, especially in view of the fact that the N.R.A. makes it impossible for young folks under 18 to enter industry, and because of the 40-year or middle-aged deadline employment policy in so many industries. The earning capacity period of the average man is very limited.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. FLETCHER. My time is very limited, but if I have any time after I make this statement, I shall be pleased to yield to the gentleman.

The bill now before the House for consideration, H.R. 7059, vocational education, authorizes to be appropriated for the fiscal year ending June 30, 1935, the sum of $3,000,000; for the fiscal year ending June 30, 1936, the sum of $3,000,000; and for the fiscal year ending June 30, 1937, the sum of $3,000,000.

In 1917, for the purpose of promoting vocational education in the field of agriculture, home economics, and industry, Congress passed the Smith-Hughes Act providing for aid by the Federal Government under a match-fund agreement to the several States. In 1918, $500,000 was appropriated for home economics, trade, and industrial education, and of this amount only 20 percent was decoted to home-economics education, and an additional sum of $500,000 was appropriated for agricultural education.

It was provided that $500,000 was to be added each year until 1926, at which time the total sum appropriated reached $6,000,000.

It was originally intended that this should continue as permanent legislation, but under the so-called "Economy Act of 1932" the appropriation was reduced 10 percent, or $600,000, and a further reduction of approximately $400,000 was authorized March 20, 1933, by an act designated "An act to maintain the credit of the United States Government."

As a result of these reductions, agricultural education in 1934 received $2,270,250, while industrial vocational education received $1,830,000, and the amount allocated to home economics was $457,500. The amount, $1,000,000, which, under the Smith-Hughes Act, is annually allotted for maintenance of teacher training was in 1934 reduced to $910,000.

The purpose of the George-Reed bill passed by Congress in 1929 was to add to the amount which the Smith-Hughes bill originally authorized for appropriation to agricultural education and home economics, but excluding vocational training in trade and industry. This bill provided for an equal distribution of the appropriation between agriculture and home economics, the amounts being $500,000 for 1930, to be increased each year after that for 4 years in the amount of $500,000, so that on June 30, 1934, this act expired, thus making necessary the passage of this bill we are now considering if the Federal Government is to continue its past policy of cooperating with the States in financing and encouraging vocational education in agriculture, home economics, in trade and in industry.

The enrollment in Federally aided schools in the year ending June 30, 1933, totaled 253,197. Of this total enrollment

153,062 boys in high schools were enrolled in vocational classes. In the evening schools for adult farmers there were 76,596. In day schools for boys 10,075 were enrolled, and there were 13,464 enrolled in part-time schools for farm youth out of school. Since 1917 there has been an ever-increasing enrollment, which would seem to indicate how great is the necessity for legislation of the kind provided in this bill. The school year ending in June will show for the evening school the largest enrollment in the history of this educational service.

There are three kinds of classes served by vocational teachers, as follows:

First. All-day classes for boys enrolled in high school.

Second. Evening classes for adult farmers.

Third. Part-time classes for boys out of school.

In 1932–33 in the George-Reed department alone there were 1,326 teachers in 1,309 departments in high schools. Forty-three thousand eight hundred and fifty-two boys were enrolled in 3,169 vocational classes for farm boys in high school. It should be kept in mind that these same teachers directed classes for a total enrollment of 21,945 adult farmers attending 836 evening classes and 241 part-time classes serving an enrollment of 3,857 farm boys who were out of school.

Those who were responsible for directing vocational education reported at the hearings conducted by your Education Committee facts which indicate that if the funds provided by the George-Reed Act are withdrawn the present difficult situation in country schools, where most of these departments are located, will be compelled to abandon practically all of these departments. If business conditions were normal, there is a possibility that many of the departments would be able to continue, financed by local and State funds, but under the unfortunate conditions of the depression there is little likelihood that the Department will be able to continue without the aid of Federal funds.

That the financing of this type of education is a profitable investment is indicated in the facts made available by a study of 8,340 former students selected at random in nearly all the States, of which group 59 percent were on farms. This survey was made in 1922. Another survey, in 1927, revealed the fact that there has been no reduction of the 59 percent of former students engaged in using their vocational training in actual farming. A survey made in 1932 showed an increase to 64 percent of former vocational students engaged in farming.

Additional proof of the investment value of the type of education provided for in this bill we are discussing today is evident from a survey made by State Supervisor of Agriculture Education in Virginia, Walter S. Newman. This survey was made of two groups of farmers, alike in every respect, except that one group had enjoyed the advantages of vocational training and the other group had not. The number of years farmed, the amounts of capital, and the years in high school and other factors in relation to each group were equal. The individual labor income of these two groups was determined for a period of over 2 years. Because the 2 years were years of depression, and therefore all labor incomes were low, the comparison in relation to the two groups is valid.

The farmers in the group vocationally trained were able to earn a much larger annual income. Eight hundred and sixty dollars was the average labor income of the vocationally trained farmer as compared with only $549 for the non-vocational group, a difference of $311. In other words, as a result of enjoying the educational advantages such as the provisions of this bill help to make possible, the earning power of the farmers in the vocationally trained group was increased $311 each.

Other convincing arguments which should persuade Congress to vote immediate passage of this legislation are contained in the reports of the serious results that seem inevitable if the Congress should fail to authorize this appropriation to continue vocational education in collaboration with the States. Here are a few of the possible consequences if the funds are withdrawn.

First. Elimination of vocational agriculture in schools will cause the overloading of academic courses and impair the work of the entire school system.

Second. Work now being done by the vocational teachers on relief and recovery programs must be discontinued.

Third. It will be necessary to drop some of the vocational training for the unemployed.

Fourth. The continued development in vocational agriculture will be blocked.

Fifth. Buildings and equipment have been especially provided for vocational agriculture department. If these funds are not made available then it will not be possible to utilize these buildings and equipment.

Sixth. Another serious result of failure to pass this legislation will be the increasing of unemployment by the discharging of vocational teachers now being financed under the funds provided for by the George-Reed Act.

Seventh. In addition to these serious possibilities that would seem to be inevitable if this legislation should fail to be favorably considered is the fact that State funds which have already been appropriated contingent on receipt of Federal funds will, of course, necessarily lapse, and the very serious emergency that now confronts education everywhere will be alarmingly increased.

This bill affords Congress a real opportunity to participate in a great service to the Nation by investing some of the financial benefits of our growing prosperity in building the character and developing the intelligence of the coming generation of citizens whose thinking and whose standards of citizenship will help to determine the Nation's destiny. I earnestly urge the passage of this deserving measure.

Mr. DOUGLASS. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, along with the other speakers who have voiced their opinions on this bill, I want to add my endorsement of the thing which this measure is attempting to do.

This bill gives to the State of Kentucky, to be spent in vocational education in trades and home economics and in agriculture, a little over $87,000. As is well known throughout the Union, Kentucky does not rank as high educationally as that State ought to rank. We have been for a great many years under the domination of a bipartisan combine of Republicans and Democrats who have used the educational system of the State and the money that ought to have gone to education as a pawn in politics. This money they cannot use in that way. This money goes to the point where it ought to go, because the Federal Government designates it for this particular purpose.

It gives actual benefit to the boys and girls of the State of Kentucky, and they will be grateful to the national Government for continuing this splendid work which is now being carried on in these fields.

There are other measures before this House to give additional aid to education, and I trust that the Congress will give thoughtful consideration to emergency relief to school systems. Our present head of the educational department of Kentucky, Dr. Richmond, a very able educator, is the head of the National Council of Educators for Emergency Relief. They have made a study of the needs in the Nation as a whole and they have advocated appropriation to the school systems of this Nation. I sincerely hope that before we adjourn we shall have an opportunity to vote on that subject. [Applause.]

Mr. DOUGLASS. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas [Mr. GLOVER].

(Mr. GLOVER asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. GLOVER. Mr. Chairman, the bill now before us is H.R. 7059, by the gentleman from Mississippi, which is a bill to continue vocational education in the United States. Money spent in developing the youth of our land is never wasted; in fact, no money we have ever spent has brought better results than money spent in vocational education. No nation has ever risen, or will ever rise above the intelligence of its citizenship.

The constitution of my State declares that "Education is the safeguard to liberty and the bulwark of our free institutions and good government." Vocational education teaches the person the practical things of life. Many boys are now drifting around when if they had received a vocational training they would be useful citizens, home owners, and would be helping to maintain a government.

There are many persons who have some physical defect and without being trained for some useful trade or vocation they have a poor chance in life to earn a living as they would like to do. It is for that class I plead.

I had the privilege of serving for 2 years on the Committee on Education. I remember well when we had hearings on a bill for vocational education that several persons who had received training from vocational training schools appeared before us to give testimony of what it had meant to them in life. I remember one in particular who was on the street corner selling pencils for a living. He was induced to take a training course to learn a vocation or trade, and at the time he gave testimony he was earning a good salary and was the owner of a home. Every person growing up should be taught along this line.

The author of this bill has spent a part of his life in educating the youth of the land, and he feels keenly the need of this kind of education for our boys and girls. I can see no reason why anyone should oppose this bill, and I hope it will be passed by a large majority.

I hope the time will soon come when our National Government will contribute to the States a large percent of the money necessary to carry on our schools as they should be. The Government is interested in the education of its citizenship. [Applause.]

Mr. DOUGLASS. Mr. Chairman, may I inquire how the time now stands?

The CHAIRMAN. The gentleman from Massachusetts has 6 minutes remaining, and the gentleman from California 4½ minutes.

Mr. CARTER of California. Mr. Chairman, I have no further requests for time, and I yield the balance of my time to the gentleman from Massachusettts [Mr. DOUGLASS].

Mr. DOUGLASS. I thank the gentleman cordially.

Mr. Chairman, I yield 3 monutes to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Chairman, the Smith-Hughes Act passed by Congress in 1917 provided for aid by the Federal Government on a 50-50 basis to the several States to promote vocational education for the benefit of agricultural education, home economics, and industrial training. This is permanent legislation.

In 1934 agricultural education under the Smith-Hughes Act received $2,270,250, home economics received $457,000, and industrial training received $1,830,000. Under the Smith-Hughes Act, in addition, $910,000 was appropriated for the maintenance of teacher training.

In 1929 authorizations were made under the George-Reed Act for additional funds to the original Smith-Hughes authorization in the field of agricultural education and home economics, trade and industrial training being excluded in the George-Reed Act.

In 1934 under the Economy Act $1,275,000 was appropriated under the George-Reed Act, which act will expire on June 30, 1934.

The pending bill provides for a continuation and expansion of the authorization under the George-Reed Act.

The bill, as reported, authorizes an annual appropriation for the next 3 years of $3,000,000, one third to be allotted to agricultural education, one third to home economics, and one third to trade and industrial education.

I am pleased with the provisions made for industrial education. Child labor has been abolished under the new deal. The youth that formerly worked in factories will thus have an opportunity to train themselves for life. The youth is not being, in many cases, employed, so that employment may be given to people who have family obligations. Manual training will be provided, and the youth will be better prepared for life.

Under previous legislation much equipment, at large expense to the local taxpayers, has been provided for vocational training and for home economics.

States, counties, and municipalities are unable to carry on without assistance the vocational work for which equipment has been provided. It is important, therefore, that the George-Reed Act be continued.

Schools are probably harder hit than any other institutions on account of the depression. The salaries of teachers have been drastically reduced. Local taxes are inadequate to provide for the operation of the schools. There was an unusual expansion in school building and construction during the past 15 years. Interest must be paid and bonds must be retired—sinking funds must be provided. Probably no class among us has suffered more than the teachers during the past 4 years as a result of economic conditions. Our schools must be saved.

I have therefore gladly promoted and aided in the emergency in the allocation of relief funds to the cause of education. The program of recovery is not complete; the need for assistance to schools is still urgent; and States, cities, and local districts are unable to support and maintain their schools adequately. I shall continue to cooperate with all of the friends and supporters of legislation to secure additional funds for education to supplement local funds.

The paramount duty of the State and Nation is to provide for the education of the youth. Thomas Jefferson was right when he said:

> There is no darkness except ignorance.

We hear much of the problem of the youth today. Heretofore the high school was intended to prepare largely for the college and university. Comparatively few high-school graduates are now attending college. It is necessary, therefore, for the high schools of the country to revise their courses and to prepare the young men and young women of today for life.

I believe in the countryside. It should be made more attractive. I am an advocate of the ownership of the farm by the man who cultivates the soil. It is just as essential for the farmer to be educated as it is for the engineer to be trained. In the race of life, success is the result of preparation. Home life in the country should be made more desirable. The women who live on the farm should have the comforts and conveniences that obtain in the homes in the towns and cities.

Again, it has been my experience and my observation from my contacts with the vocational schools that they reach a class of students who otherwise would be unable to obtain vocational training or training in home economics. We are coming more and more to believe that education should prepare for life.

My heart goes out to the youth of the land today. We live in a period of uncertainty. Our college and university graduates are without employment. It is more imperative than ever, therefore, that our schools provide training that will enable the youth to be prepared definitely to earn a living as well as to live. The value of vocational education and training in home economics has been fully demonstrated.

Mr. DOUGLASS. Mr. Chairman, I was very much interested in the debate upon the election case just preceding when the gentleman from Texas inquired, if there was a unanimous committee report, why all the fuss about it. I am not going to do any fussing about this bill. I am glad that the committee has reported it unanimously, and I think all its details have been thoroughly explained to you. I sincerely hope it will go through speedily and without amendment, as the bill has been carefully thought out and we need hasty action.

This is but an authorization for an appropriation, and not an appropriation itself. The bill must go through the Senate and then back to the Committee on Appropriations. We are nearing the adjournment of Congress, we are told, and, therefore, I ask for speedy consideration and passage of this bill.

I am very much in the position of the gentleman from Connecticut [Mr. BAKEWELL] who so eloquently addressed

you yesterday. I am one of the men of the House most thoroughly opposed to Federal aid, but this is one of two bills involving Federal aid that, as chairman of the Committee on Education of the House, by your sufferance, I have favored, and I do it despite my general opposition to Federal aid to education, except perhaps in an emergency, of which we shall hear more later. This vocational education is an established national policy, set in operation 17 years ago. It has worked out well, and it has accomplished splendid results. I could not find it within myself, with all my stern principles and objections to Federal aid, to refuse to help the passage of this bill, and I do it principally because of the argument that has been advanced, though briefly here, and that is on account of the youth of the Nation.

We organized the C.C.C. because there were hundreds of thousands of young men wandering about this country in idleness and temptation. We have appropriated for migratory birds, and I have human nature enough to want to appropriate also for human souls. We have this youth problem before us, and even your C.C.C. men, when they get through their course of training in the C.C.C., will some day have to find means of making a living. Under the N.R.A. code we have closed the doors of the shops and the industries to those under 18 years of age. That multitude of young men and young women is thrown back upon us. We are in a Federal educational emergency, and the surging and dangerous wave of it all is those thousands of youths. Here is a measure providing for vocational education, to take them off the streets at a tender age, when their minds are receptive, and to put them into a vocational school of an agricultural nature, or in an industrial or trade school, or, in the case of the girls, into a home economic school, that their time may be taken up advantageously, and that they may learn a healthful way of making a living. In voting for this bill you are voting for the young men and young women of the future America. [Applause.]

I ask unanimous consent to insert as a part of my remarks a portion of the committee report. It is very brief and much to the point.

The CHAIRMAN. Is there objection?

There was no objection.

The matter referred to follows:

The Smith-Hughes Act, which was passed by Congress in 1917, provided for aid by the Federal Government, under a match fund agreement, to the several States, in the field of vocational education, for the benefit of agricultural education, and home economics and trade and industrial education.

This is permanent legislation. Starting with the year 1918, $500,000 was appropriated for agricultural education and $500,000 for home economics and trade and industrial education—home economics not to receive more than 20 percent of the latter appropriation. This appropriation of $1,000,000, which was to be divided as mentioned, was to increase each year by $500,000, until in 1926, the sum of $6,000,000 was reached; one half for agriculture and one half for home economics and trade and industrial education, and from 1926 thereafter, it was to remain at $6,000,000. In 1933 the appropriations were reduced 10 percent by an act approved June 30, 1932, the Economy Act. This reduction amounted to $600,000 per year from the total amount. In 1934, the appropriations were further reduced by an act approved March 20, 1933, entitled "An act to maintain the credit of the United States Government." This reduction amounted to approximately $400,000.

Thus in 1934, agricultural education, under the Smith-Hughes Act, received $2,270,250; trade and industrial subjects, $1,830,000; and home economics, $457,500.

In addition, under the Smith-Hughes Act $1,000,000 is allotted each year for maintenance of teacher training. In 1934, $910,000 was appropriated.

In 1929 Congress passed the George-Reed bill, the purpose of which was to add funds to the original Smith-Hughes bill in the field of agricultural education and home economics, excluding trade and industrial subjects. The appropriation was to be divided equally between agriculture and home economics. This act provided for $500,000 for the first year, 1930, to be increased $500,000 each year for 4 years. Thus on June 30, 1934, this act expires. In 1933, instead of receiving the $2,000,000 authorized under the act, only $1,500,000 was received under the provisions of the Economy Act. Instead of receiving the $2,500,000 for 1934, $1,275,000 was appropriated under the Independent Offices Act of June 16, 1933.

This bill, as introduced, H.R. 7059, called for $3,750,000 annually and was intended to be permanent legislation. Under the George-Reed Act, now expiring, $1,250,000 of the $2,500,000 authorized in 1934 goes to agricultural education and $1,250,000 to home economics. It was proposed in the bill H.R. 7059 that a further $1,250,000 be added to be allotted to trade and industrial subjects, making a total of $3,750,000.

The committee believes there is no question of the great value of vocational education in each of these phases mentioned. Vocational education has made a splendid social contribution, as evidenced by the testimony and reports of those appearing before the committee in favor of this bill. But it is believed that this problem of vocational education is essentially a problem for the individual State while it is able to carry it on.

From 1930 to 1934 these added provisions to the Smith-Hughes Act helped to meet the emergency which existed and which is now continuing. The committee is reporting this bill, not as a permanent measure but to cover a period of 3 years as an emergency measure during the present depression, in the sum of $3,000,000 annually, commencing with the fiscal year ending June 30, 1935; one third to be allotted to agricultural education, one third to home economics, and one third to trade and industrial education. It is believed that trade and industrial education should be included in order to assist those young people who, because of lack of employment, are going back to school to learn trades. It is thought that this is not the proper year and time to withdraw Federal aid, as this action would mean probably the immediate loss of employment to many people engaged in this work, and there is no desire on the part of the committee to bring about this situation.

But it is recommended strongly that the States put their houses in order and prepare themselves, just as soon as possible, to take over this whole program of vocational education, and rid the Federal Government of a task which is properly the duty of the State.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That for the purposes of providing for the further development of vocational education in the several States and Territories there is hereby authorized to be appropriated for the fiscal year ending June 30, 1935, and for each year thereafter, the sum of $3,750,000. One third of this sum each year shall be allotted to the States and Territories in the proportion that their farm population bears to the total farm population of the United States, exclusive of the insular possessions, according to the United States census last preceeding the end of the fiscal year in which any such allotment is to be made, and shall be used for the salaries of teachers, supervisors, and directors of agricultural subjects in such States and Territories. One third of the sum appropriated for each fiscal year shall be allotted to the States and Territories in the proportion that their rural population bears to the total rural population of the United States, exclusive of the insular possessions, according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made, and shall be used for the salaries of teachers, supervisors, and directors of home-economics subjects in such State and Territories. One third of the sum appropriated for each fiscal year shall be allotted to the States and Territories in the proportion that their nonfarm population bears to the total nonfarm population of the United States, exclusive of the insular possessions, according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made, and shall be used for the salaries of teachers, supervisors, and directors of trade and industrial-education subjects in such States and Territories.

With the following committee amendments:

Page 1, line 6, after the figures "1935", strike out "and for each year thereafter."

Page 1, line 7, strike out "$3,750,000" and insert "$3,000,000; for the fiscal year ending June 30, 1936, the sum of $3,000,000; and for the fiscal year ending June 30, 1937, the sum of $3,000,000."

Page 3, after the word "Territories", insert "*Provided*, That the allotment of funds to any State or Territory for each of three purposes enumerated in this section shall be not less than a minimum of $5,000 for any fiscal year, and there is hereby authorized to be appropriated for each of the fiscal years ending June 30, 1935; June 30, 1936; and June 30, 1937, the sum of $84,603, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section."

The committee amendments were severally reported and severally agreed to.

Mr. CONNERY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. CONNERY: Page 3, line 9, at the end of section 1, insert "*Provided further*, That none of the funds herein authorized shall be allocated to any State or Territory to pay salaries of teachers, supervisors, and directors, if such teachers, supervisors, and directors are denied the right of joining any legal organization of their own choosing."

Mr. RANKIN. Mr. Chairman, on that I reserve the point of order.

Mr. CONNERY. Mr. Chairman, the whole purpose of this amendment is that it is asked for by organized labor to pro-

tect the school teachers in their right to organize, if they see fit to do so and to join an organization of their own choosing. In some instances boards of education may say to the teachers, "We forbid you to join a labor union." The House will notice that the language in the amendment is "any legal organization of their own choosing." Since labor organizations are legal I do not see how any Member can have any objection to this amendment which I am offering.

The right of labor to organize, the right of collective bargaining, is a legal right now under the NRA; and the purpose of this amendment is merely to prevent some board of education from saying to its teachers that they shall not be permitted to join a labor organization under penalty of losing their positions. That is the sole purpose of this amendment. I am not trying to harm this bill. I am in favor of the bill. I favor the general principle of vocational education, but I do not want to allow any board of education to get funds from the United States Government and then use those funds to outlaw labor-union organizations. I hope the committee will adopt the amendment, because it injures the bill in no manner whatsoever and merely protects the right of school teachers to organize if they want to, and as they should be entitled to under the the law.

Mr. RANKIN. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. RANKIN. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. Does the gentleman from Mississippi wish to be heard on the point of order?

Mr. RANKIN. No. I think the soundness of the point of order is apparent on its face.

The CHAIRMAN. Does the gentleman from Massachusetts desire to be heard on the point of order?

Mr. DOUGLASS. Mr. Chairman, I do not desire to be heard on the point of order. I agree with the gentleman from Mississippi that the amendment is not germane.

The CHAIRMAN. The Chair is ready to rule.

The section under consideration deals with the appropriation of money and sets out certain sums authorized to be appropriated. The amendment offered by the gentleman from Massachusetts places certain restrictions upon the use of the money.

The Chair holds that the amendment is germane, and overrules the point of order raised by the gentleman from Mississippi.

Mr. DOUGLASS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I dislike very much to oppose such an amendment, but I feel compelled to do so. This matter was not brought before the committee in any of its hearings, and we held 3 days of hearings on the subject of vocational education.

I think that the gentleman from Massachusetts, perhaps, is raising a straw man here at which to throw balls. There is no proof before us that any such condition as the gentleman described has actually occurred or is likely to occur.

In a matter of such grave importance as the pending bill, and in the present parliamentary situation, we are not, in my opinion, in a position where we can risk this legislation by burdening it with an academic question not based on any facts presented to the House and which was not brought before the committee.

Mr. RAMSPECK. Mr. Chairman, will the gentleman yield?

Mr. DOUGLASS. I yield.

Mr. RAMSPECK. I may say to the gentleman from Massachusetts that I can cite instances in the State of Georgia where teachers were prohibited from joining organizations.

Mr. DOUGLASS. If that be true the State authorities can take care of the situation. I do not know why this bill should be burdened with such an amendment.

Mr. WHITTINGTON. Mr. Chairman, may we have the amendment read again?

The CHAIRMAN. Without objection, the Clerk will again read the amendment.

There was no objection.

The Clerk again read the amendment.

Mr. WHITTINGTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, these funds are used to supplement funds appropriated by States and subdivisions of the States. The expenditure of these funds is in the hands of the State, whether it be Georgia, New York, Massachusetts, or any other State of the Union.

One of the objections, Mr. Chairman, to Federal aid for education has been that the States are to be deprived of their independence, and of their supervision of education. I respectfully submit that the virtue of this legislation lies in the fact that the handling and expenditures of the funds is left entirely to the States. However sympathetic we may be toward the gentleman's amendment, the matter should be left to the States and to the municipalities to provide restrictions on the expenditure of these funds. For this reason, among others, I submit that, inasmuch as there may be one requirement in Louisiana, an entirely different requirement in Massachusetts, and a still different one in Ohio, and so on throughout all the 48 States, and further, as the States have the last word in the expenditure of these funds, the States alone should have the right to impose these restrictions.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. RANKIN. In the opinion of the gentleman from Mississippi, will not the placing of restrictions in measures of this kind result in killing such legislation?

Mr. WHITTINGTON. Yes; I do not think such a policy is helpful to this kind of legislation, and I ask that the committee be supported in its stand.

Mr. Chairman, I am always sympathetic with labor and with the men and women who work and toil, but the question of labor has no place in this bill nor should the race question be injected into this legislation.

Federal aid to education of any kind would be endangered if Congress undertakes to exercise authority in the operation of the schools. Education is primarily the function of the State. The purpose of Federal aid is to enable States, counties, and municipalities, especially in the emergency, to provide for the youth of the land, but in the last analysis education is the function of the State. The State should, therefore, be supreme in the matter of the employment of teachers and in the disbursement of funds. When Congress undertakes to prescribe and stipulate as to the disbursement of the funds within the State the cause of Federal aid will be endangered.

The virtue of the bill under consideration, as well as the Smith-Hughes Act, is that the funds are distributed by the local agencies. Conditions in Mississippi may be different from conditions in Massachusetts; conditions in New York may be different from conditions in Kentucky. There is too much centralization already. The rights of the States are fast disappearing. As the friend of labor and as the friend of all races, I urge that the amendment be defeated, and that any amendment that has to do with the distribution of the funds within the States among the races should also be defeated.

Of course, I believe the teachers should have the right to organize. I think all classes are entitled to consideration, but there is no place in the pending legislation for either the labor question or the race question.

Mr. DOUGLASS. Mr. Chairman, I know I have not the right to speak a second time on one amendment, but I feel so strongly about the matter that I ask unanimous consent that I may be permitted to speak again for 2 minutes on this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. DOUGLASS. Mr. Chairman, I take pride in saying that the Committee on Education is a very conservative

committee. We understand the difficulty with regard to Federal control through Federal aid. We have conscientiously, and I may say jealously, religiously tried to avoid this issue to keep it from coming upon the floor of the House.

I am a lifelong, tried friend of labor, but I can see that such an amendment as the one now pending brings in the subject of Federal control. Just as soon as we inject into bills providing Federal aid to education any element of Federal control strong opposition will be raised to the whole vocational and rehabilitation system, and perhaps result in the denial of Federal aid to any form of education.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. DOUGLASS. I yield.

Mr. CONNERY. Under the N.R.A., industrial enterprises are not allowed to work their employees more than 40 hours a week, and they are required to pay a certain standard of wages.

Mr. DOUGLASS. But I do not see how the situation the gentleman pictures in his mind can arise at all.

Mr. CONNERY. The gentleman from Georgia has just stated that such a situation exists in his State.

Mr. DOUGLASS. Then, as pointed out by the gentleman from Mississippi, for 17 years the distribution of funds under this act has been in the hands of the State authorities. They will know the local situation best and can best deal with it at all times.

Mr. CONNERY. They have not taken care of it in Georgia and they have had it there for 17 years.

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 22, noes 64.

So the amendment was rejected.

Mr. DE PRIEST. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DE PRIEST: Page 3, after line 9, insert: "*Provided further*, That in States and Territories where there are separate schools between white and colored pupils that the funds herein mentioned shall be divided according to population based on the last United States census."

Mr. BANKHEAD. Mr. Chairman, I make a point of order against the amendment that it is not germane to the section or to the bill.

Mr. MARTIN of Massachusetts. Mr. Chairman, this amendment is plainly a limitation, and, therefore, I believe it is in order.

Mr. WHITTINGTON. Mr. Chairman, may I offer the suggestion to the Chair that the distribution of this fund is fixed in this bill, as suggested by the gentleman from Alabama, to be allotted on the basis of population, on the basis of agriculture, and on the basis of industrial training. The proposed amendment undertakes to change the very foundation upon which this legislation rests and the method of distribution as outlined in the bill. It strikes me the amendment is not germane to the purposes of this bill, which is not only to provide for aid insofar as population is concerned, but also insofar as trade and agriculture are concerned.

Mr. MARTIN of Massachusetts. Does not the gentleman believe that the gentleman from Illinois can make a further limitation? The gentleman has already read a number of limitations.

Mr. WHITTINGTON. If it is in line with the previous limitations and not in contradiction and absolutely repugnant to the provisions contained in this bill. It must be germane to the method carried in the bill. One yardstick cannot be substituted for another.

The CHAIRMAN. The Chair is ready to rule. The Chair is of the opinion that the section to which this amendment is offered fixes certain limitations and that the committee has the right to change these limitations. The amendment of the gentleman from Illinois seeks to put a further and additional restriction upon the distribution of the funds, and therefore the amendment is germane, and the Chair overrules the point of order.

Mr. DE PRIEST. Mr. Chairman, I would not have offered this amendment if I thought there would be a fair distribution of funds. I know, and every gentleman here knows, that in the Southland, where the great proportion of the Negroes live, they do not get their just proportion of the school funds according to population.

According to a recent study it was found that the average educational expenditure per pupil in 11 Southern States amounted to $35. When divided according to the two races it was found that the average expenditure for each white child was $44 as compared with $12 for each Negro child.

It was further found that the average investment for plant and equipment was approximately $160 for each white child as compared with $40 for each Negro child.

The South, in general, is far behind other sections of the country educationally, and naturally the Negro in the South is proportionately further behind the whites of that whole section. For example, the average wealth per capita in the South is only $1,700 as compared with $3,600 for the States outside of the South.

It is believed by many persons in the South that the only way that the educational interests of the Negro can be safeguarded is by definitely earmarking funds appropriated for educational purposes.

In 1932 one State appropriated to counties, as the result of a Negro census and average daily attendance, in round numbers two and one half million dollars, with the assumption that the counties would supplement this from local funds. One hundred and thirty-two counties in this State not only failed to supplement the appropriation but failed to expend for Negro education the full amount allotted by the State for that purpose. Thus only a million three hundred thousand, or one half the amount received from the State for Negroes was spent for them.

In 15 Southern States in 1930 there were 230 counties with a Negro population of 12½ percent, or more, of the total, without any high-school facilities for colored children. These counties contain 1,400,000 colored people, 160,000 of whom are of high-school age.

The average annual salary of colored teachers in rural areas is only $388 as compared with $945 for white teachers in the same area.

It has been revealed that out of approximately $72,000,000 loaned and granted by the P.W.A. for purposes of building and repairing schoolhouses, only $3,000,000 went to Negro schools and colleges. Of this sum $2,000,000 was spent on one institution alone which meant that only $1,000,000 was left to be distributed among 6 Negro high schools and 1 Negro college.

Mr. DOUGLASS. Mr. Chairman, I am in somewhat the same difficulty, hoping I will not be misunderstood, in opposing this amendment as I was in opposing the labor amendment.

I do not think anyone can accuse a man of my name and its association with the Negro race of prejudice. I do not think anyone can accuse me as a member of the Committee on Education for 10 years of prejudice, because I have been one of the stanchest supporters on that committee of appropriations for the Howard University. So with a free and open mind I make the same point against this amendment that I did against the other one.

Mr. DE PRIEST. I do not think the gentleman thinks for a minute I accused him of prejudice.

Mr. DOUGLASS. I want the gentleman to know that in opposing his amendment I am not actuated by prejudice.

Mr. DE PRIEST. I appreciate that fact.

Mr. DOUGLASS. I am glad the gentleman appreciates it.

Mr. DE PRIEST. I do not think the gentleman is acquainted with conditions in the South.

Mr. DOUGLASS. That is the point I want to bring out. This amendment, as far as the committee's position is concerned, stands upon the same footing as the labor amendment. We cannot and should not by any action of this body begin to dictate the policies of education carried on in the schools nor interfere directly in the way that Fed-

eral funds are employed or distributed by the State, because when we take that position on this matter, as upon the labor matter, we drive the entering wedge of Federal control which we are not here advocating, but actually trying to avoid.

As soon as we pass one measure of this kind we open the door to measures of all kinds in the way of Federal control. The sentiment of this country is against interference with the States in the matter of education. [Applause.] Your committee is convinced, and I think the country is convinced, that education is a State function, a State duty, and a State responsibility, and it is only an emergency that a State has any real right to come here and ask for aid. There is no emergency in this case except the general one of depression. The amendment asks the Government of the United States to say to the States, "Not only do we give you this money but we are telling you how you shall distribute it."

As chairman of the Committee on Education, I believe the States of the United States are all broad and liberal and that they will properly, and in accordance with local tradition, local justice, and in good faith, administer these funds that we give them 50-50 in the interests of all the people of their States. I have no right to make any presumption to the contrary.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

The Clerk read as follows:

SEC. 2. For the purpose of carrying out the provisions of this act there is hereby authorized to be appropriated to the Department of the Interior, Office of Education, for vocational education, the sum of $100,000, annually to be expended for the same purposes and in the same manner as provided in section 7 of the act approved February 23, 1917, as amended October 6, 1917.

With the following committee amendments:

Page 3, line 13, after the word "education", insert "for each of the fiscal years ending June 30, 1935, June 30, 1936, and June 30, 1937"; and in line 15, after "$100,000", strike out the word "annually."

The committee amendments were agreed to.

The Clerk concluded the reading of the bill.

The CHAIRMAN. If there are no further amendments, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. PARSONS] having resumed the chair, Mr. ROBERTSON, of Virginia, reported that the Committee, having had under consideration the bill (H.R. 7059) to provide for the further development of vocational education in the several States and Territories, pursuant to House Resolution 324, he reported the same back to the House with sundry amendments adopted by the Committee.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment? (After a pause.) If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. RANKIN. Mr. Speaker, I make the point of order there is no quorum present.

Mr. DE PRIEST. Mr. Speaker, I have a motion to recommit.

The SPEAKER pro tempore. Evidently there is not a quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 133]

Allgood	Brooks	Chapman	Frey
Andrews, N.Y.	Browning	Claiborne	Fulmer
Auf der Heide	Brumm	Clarke, N.Y.	Gasque
Ayers, Mont.	Buckbee	Collins, Miss.	Gillespie
Bailey	Burke, Calif.	Cooper, Ohio	Greenway
Beam	Cady	Corning	Greenwood
Beck	Cannon, Wis.	Crosby	Griswold
Berlin	Carley, N.Y.	Darden	Hart
Bloom	Carpenter, Nebr.	Doutrich	Hartley
Britten	Celler	Ellenbogen	Hastings
Hess	Lozier	Peyser	Sullivan
Hildebrandt	McGugin	Prall	Swick
Hill, Ala.	McSwain	Ramspeck	Taylor, S.C.
Hill, Knute	Maloney, La.	Randolph	Thom
Hill, Samuel B.	Marshall	Rayburn	Thurston
Howard	Meeks	Reid, Ill.	Vinson, Ga.
Huddleston	Montague	Sadowski	Vinson, Ky.
Jeffers	Montet	Schaefer	Wadsworth
Jenckes, Ind.	Nesbit	Shoemaker	Waldron
Kennedy, Md.	O'Connor	Simpson	Wilcox
Kerr	O'Malley	Sisson	Withrow
Kurtz	Oliver, Ala.	Smith, Va.	Wolfenden
Lehlbach	Oliver, N.Y.	Snyder	Zioncheck
Lesinski	Peavey	Stalker	
Lewis, Md.	Perkins	Stokes	

The SPEAKER pro tempore. Three hundred and thirty-two Members have answered to their names; a quorum is present.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. DEROUEN and Mr. DE PRIEST rose.

Mr. DEROUEN. Mr. Speaker, I move to recommit the bill.

The SPEAKER pro tempore. Is the gentleman a member of the committee?

Mr. DEROUEN. I am.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. DEROUEN. I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DEROUEN moves to recommit the bill (H.R. 7059) to the Committee on Education, with instructions to that committee to report the bill back forthwith with the following amendment: "On page 3, line 15, strike out '$100,000' and insert in lieu thereof '$75,000.'"

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken, and the bill was passed.

Mr. DE PRIEST. Mr. Speaker, I rose before the Speaker put the question, and could not get recognition.

The SPEAKER pro tempore. For what purpose does the gentleman from Illinois rise?

Mr. DE PRIEST. I rise to submit a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman may state his parliamentary inquiry.

Mr. DE PRIEST. My parliamentary inquiry is whether a second motion to recommit is in order.

The SPEAKER pro tempore. The rule provides for only one motion to recommit.

On motion of Mr. DOUGLASS, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS—H.R. 7059

Mr. DOUGLASS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE DESCENDANTS OF THE PEOPLES OF NORTHERN EUROPE HAVE REASON TO BE PROUD OF THE IMPORTANT PART AND ROLE WHICH HAVE BEEN PLAYED BY THEIR ANCESTORS AND COUNTRYMEN IN THE HISTORY AND DEVELOPMENT OF THE UNITED STATES AND THE WORLD

Mr. SMITH of Washington. Mr. Speaker, I am proud of my Scandinavian ancestry. I was accidentally born in this country, in Chicago, Ill., a very fortunate accident, I should say, but I do not claim any especial credit for that fact, for I did not have a great deal to say about it; in fact, I cannot remember that I was even consulted and asked to express a preference as to where I should like to be born. If I had been, I would certainly have selected the same country where I was born, the United States of America, the best, the freest, and the grandest country upon which the sun ever shone.

However, my mother was born in Sweden and my father was born in Denmark, and next to my love for America is

my affection for those countries and that other country in Scandinavia, Norway, where my mother and father met in Christiania, the capital, and carried on their courtship, and also for Finland, where my wife's parents were born. My wife was born in this country, in Montana, but both of her parents were born in Finland, so our two little daughters, Margaret Louise and Marian Eleanor, born in Hoquiam, Wash., are truly descended from the peoples of northern Europe.

The descendants of the peoples of northern Europe have reason to be proud of the important part and role which have been played by their ancestors and countrymen in the history and development of the United States. It is appropriate to mention the fact that George Washington, the Father of our Country, was directly descended from a family which emigrated from Skane, Sweden, in the year A.D. 970 and settled in Durham County, England, where they built a small town, calling it Wass-in-gatun—town of Wassings. Also that John Morton, of Swedish ancestry, as a Member of the Continental Congress, cast the deciding vote of Pennsylvania in favor of the adoption of the Declaration of Independence; that John Hanson, of Swedish ancestry, was elected the first president of the Confederation of the Thirteen Original States, with the official title of president of the United States in Congress assembled; that Sweden was the first nation which voluntarily recognized the American Republic in 1783; that Theodore Roosevelt was descended from forbears who settled in Normandy, and had the blood of the Viking in his veins. John Erickson, of Vermland, Sweden, invented the *Monitor*, the first iron-clad and screw-propelled battleship, and who, former President William Howard Taft declared, saved the Union cause; and when the first shot of the Civil War was fired it was none other than Robert Anderson who met the first shock of rebellion at Fort Sumter, a descendant of a Delaware Swede. In the Civil War we have General Stolbrand and Admiral Dahlgren, both Swedes, and there were 14 Swedish officers in the War of the Revolution.

Although limited in area geographically, the Scandinavian countries, considering their small size and populations, have made greater contributions to the culture, learning, progress, and development of the race than almost any other nation. Let us call the roll of some of the brilliant names which adorn the pages of history and biography: Leif Ericsson and Eric the Red, Norsemen, who were the first discoverers of America about the year 1000; Nansen, Amundsen, and Steffansen, the great Norwegian Arctic explorers; Eric Nelson, the Norwegian aviator; Lindbergh, the Prince of the Aviators, whose father was born in Sweden; Carl XII, the boy king and warrior of Sweden, of whom Voltair wrote his famous biography; Gustavus Vasa and Gustavus Adolphus, the Lion of the North, champion of the Protestant Church after the Reformation, and who lost his life on the field of Lutzen in his battle for religious freedom for Europe during the Thirty Years War; Jenny Lind and Christine Nilsson, the Swedish nightingales, two of the most renowned singers the world has ever known; Ole Bull, Norwegian violinist; Grieg, the Norwegian composer; Ellen Key, Norwegian authoress; Tegner, Swedish poet, whose great classic, Fritjofs Saga, was beautifully translated by Longfellow, who declared it to be one of the masterpieces of literature; Strindberg, the great novelist and dramatist; Ibsen and Bjornson, the two noted Norwegian novelists; Selma Lagerlof, a daughter of Sweden and one of the greatest, if not the greatest living woman novelist of the world.

Finland has contributed a galaxy of brilliant names: Johan Ludwif Runeberg, professor of history and literature, and the famous author of Vort Land, the national anthem of Finland and Sweden; Elias Lonnroth, professor of Finnish language and compiler of the noted collection of folk epics, Kalevala; Johan W. Spellman, Finland's greatest senator and statesman; Topelius, her greatest novelist; Albert Edelfelt and Axel Gallen, two of the world's most noted painters and artists; John Sibelius, one of the world's greatest composers, author of the Swan of Tuonela, and the author of several world-known symphonies; Robert Kijanus, leader of the symphonic orchestra in Helsingfors for the past 40 years; the great sculptor, Takanen, who died in Rome some years ago; Emil Wickstrom, its greatest sculptor; Johan Aho, one of Europe's greatest novelists.

Hans Christian Andersen, Danish writer of folk and fairy tales. Thorwaldsen, the eminent Danish sculptor. George Brandes, of Copenhagen, one of the most noted scholars of this generation. Carl Von Linnaeus, the poor Swedish barefooted boy who became the father of botany, and probably the greatest botanist that ever lived. Schele, the Swedish chemist who discovered oxygen. Emanuel Swedenborg, the great mystic and founder of the religion which bears his name. Count Bernadotte, Napoleon's field marshal, who was invited to become the King of Sweden and founded the present dynasty. Alfred Nobel, another Swede, inventor of dynamite and founder of the Nobel peace prize.

Time does not permit my enumerating any more of the names of the gifted sons and daughters of the North, but I have named a sufficient number to justify my pride in my Scandinavian ancestry.

Those of us who are of Scandinavian ancestry can justly take pride in the important part which the Scandinavians are playing in the growth and progress of the Pacific Northwest and of the State of Washington in particular. Some of the leading business men, newspapermen, industrial leaders, bankers, merchants, building contractors, doctors, lawyers, professional men, and public officials of the State of Washington are Scandinavians. Washington is becoming, in fact it already is, one of the leading States in the Union from the standpoint of the large number of our citizens who were born in the northern European countries, or whose parents were born there, and I believe we rank next to Minnesota in that respect. That is true particularly of my home community, Grays Harbor, and the Scandinavians are very numerous in Pacific County, in Clark County, in Lewis County, and throughout my congressional district and the State of Washington. They are doing their part toward the growth, development, and progress of the communities in which they live, and are highly respected for their industry, thrift, and sterling qualities as law-abiding citizens.

THE NECESSITY FOR MODIFICATION OF THE STEEL CODE TO RELIEVE OPPRESSED INDUSTRIES

Mr. CHASE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHASE. Mr. Speaker, ladies and gentlemen of the House, it is vitally necessary that immediate action be taken to secure relief for the industries of Minnesota, and States similarly situated, from the harm done said industries by the actual workings of the steel code.

Tuesday, in an effort to secure Presidential intervention to end the oppressive discrimination, that if not stopped now, will ruin many industries in my home State, I introduced the following resolution:

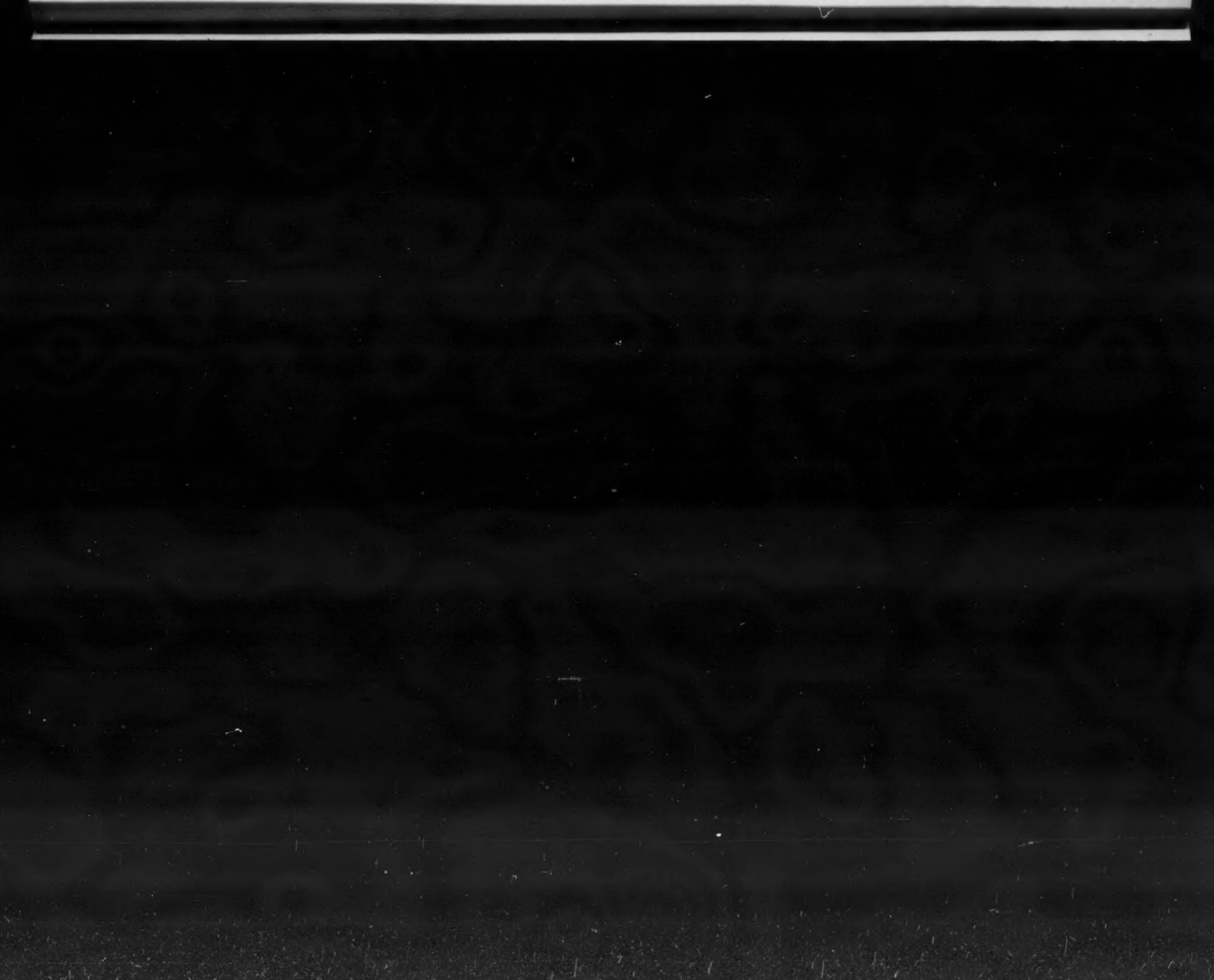
Resolved, That the President of the United States be requested to exercise forthwith the powers conferred upon him by the National Industrial Recovery Act, to cause such amendment or modification of the steel code as will eliminate the abuses herein described.

The steel code is a contract between all steel producers to make in a certain way their delivered prices, which delivered prices are made up of theoretical base prices at certain basing points, plus all-rail freight, although other and cheaper methods of transportation exist.

The United States Steel Corporation owns a plant at Duluth, Minn. The Minnesota Steel Co. is its subsidiary company, created to operate the Duluth plant, and the Illinois Steel Co. is its distributing agency. The ore used by this Duluth plant is mined from the Minnesota iron ranges. Orders placed with the United States Steel Corporation or any of its subsidiaries, by Minnesota steel fabricators, for articles produced at the Duluth plant are filled in many cases, from that plant, and not from Chicago, Gary, Pittsburgh, or any other point.

Under the code, Duluth is a basing point for wire, wire nails, bale ties, and wire fencing. These are all consumer goods—the finished product—and the basing price is the Chicago price on similar goods plus $1 a ton.

Duluth is not a basing point on merchant bars and billets. On these articles, which are not consumer goods, but require fabrication for their ultimate use, Chicago is the basing point, and the price at Duluth is the Chicago price plus all-rail freight of $6.60



per ton—this in spite of the fact that the goods are not shipped from Chicago, have never been in Chicago, and the $6.60 charge is a fictitious one imposed for an imaginary service.

In the Twin Cities the price on merchant bars and billets is the Chicago price plus freight from Chicago, and this in spite of the fact that the metal is shipped from Duluth, less than half as far away as Chicago.

This method of fixing prices ignores conditions—that Duluth-produced steel is made from Minnesota ore; that it can be moved from Duluth to many manufacturing cities at a fraction of the freight charges from Chicago to these cities; that if sold and fabricated at Duluth there is no freight charge at all; and that if shipment were from Chicago there are available lower freight rates than the all-rail rates.

To gage the discrimination it is necessary to remember that various Minnesota industries using Duluth steel must compete with similar industries located, for example, at Chicago. Considerable quantities of steel made at Duluth are sold to Chicago fabricators. For this steel the United States Steel Corporation must charge the Chicago price. Therefore, it does not get the fictitious freight charge which the Duluth buyer must pay. So as between the Duluth and Chicago users of Duluth steel, the Chicago buyer pays $6.60 per ton less and therefore has a production cost advantage of $6.60 on this item alone.

But this is not all. Since the price of the Duluth steel at Chicago is the Chicago price and the steel must be shipped from Duluth to Chicago, it is clear that the United States Steel Corporation must pay the $6.60 freight from Duluth to Chicago. Consequently it is too apparent to require argument that on the product of its Duluth plant shipped to Chicago, the United States Steel Corporation receives for each ton of merchant bars $13.20 less, and for each ton of billets approximately $13.20 less from the Chicago buyers than it charges the Duluth competitors of said Chicago buyers.

These lower prices made to Chicago fabricators have the effect of lessening substantially the competition of Minnesota fabricators and are not prices made to meet competition in good faith. It is an outrageous situation.

Minnesota steel-using industries always have been handicapped because of the State's geographical location, but this handicap has been offset somewhat by lower production costs, particularly for labor, in the Northwest.

Also, the United States Steel Corporation, realizing the burden placed on Minnesota industry, endeavored to equalize costs of production for Minnesota and eastern industry by making partially offsetting price allowances.

Now the code has changed this.

Many Minnesota producers have signed their industry codes and are complying with their provisions. Consequently these producers are paying nearly the same wage as their eastern competitors.

The United States Steel Corporation and its subsidiaries have signed the code and are complying with its provisions. Consequently they are unable to make price allowances or adjustments.

As a result, Minnesota industry, without offsetting advantages, has tried to carry the oppressive burden of the fictitious charges for imaginary services, which burden is unbearable. Therefore, Minnesota producers are faced with two alternatives: Go out of business or appeal for modification of those provisions of the code which have brought about the trouble.

Of course there are other kindred problems. For example: (1) In the past, enormous tonnages of steel have been shipped into Minnesota based on water rates. Yet under the code, the fictitious charge is based on all-rail shipment. (2) Minnesota in its trunk highway program uses large quantities of concrete reinforcing bars. These are consumer goods, a finished product. The State should not be charged Chicago plus.

Since it is not the purpose of the President or the Congress to oppress small industries, and since under the code they are being oppressed to the point of extermination, and since under the provisions of the National Industrial Recovery Act the President has the power to modify the code; it is fitting that, by formal congressional action, his attention be called to the conditions existing and that he be requested to modify the code's provisions in such manner as to provide immediate adequate relief from the abuses mentioned.

MINNESOTA INDUSTRIES ENDANGERED

Some hundreds of Minnesota industries with factories located at Minneapolis, St. Paul, and Duluth use bars and billets. Their production costs are increased by the discriminatory freight charge for a service which is entirely and admittedly fictitious and imaginary.

One of these firms, the business of which affords a striking example of the problem in point because its factory is located in Duluth, and is therefore immediately adjacent to the plant of the Minnesota Steel Co. where merchant bars and billets are produced from Minnesota ores, is the Diamond Calk & Horseshoe Co.

LETTER ASKING RELIEF

Through its president the Diamond Calk & Horseshoe Co. wrote the Illinois Steel Co., distributing agents for the United States Steel Corporation, in part as follows, the letter being dated March 8 of this year and constituting only a step in the company's continued and insistent demands for relief:

Mr. W. I. HOLLAND,
Vice President Illinois Steel Co.,
Chicago, Ill.

DEAR SIR: As I have not been granted relief from the present oppressive, discriminating, and destructive position which my company has been placed under the present steel code, forcing us to pay Chicago prices for steel, plus an imaginary freight charge, which amounts to $6.60 per ton, although the steel is made and rolled at your mill in Duluth, I have appealed to you and to Mr. C. L. Wood, vice president of the United States Steel Corporation, both by correspondence and by personal interviews ever since the code was being formulated, but so far without avail or relief.

This has of necessity forced me to appeal direct to the Government for relief. * * *

Yesterday I was asked to make a statement before the Chief Counsel for the Federal Trade Commission. I gave a complete history of our business, its progress from 1908 up to the present time, and how, until 1917, we made only horseshoes and horseshoe calks, but in that year made large quantities of tools for the United States Government, and as the horseshoe business was getting sharply less we decided to continue in the tool business permanently. We soon found that as we no longer were protected by patents in our horseshoe business and the tool manufacturing was a wide-open competitive proposition, we were getting in a bad way because of the high cost of raw material.

I appealed to Mr. Buffington, then president of the Illinois Steel Co., for reduction in our raw material cost and asked for parity with Pittsburgh. Mr. Buffington saw that I had to have relief and advised me to see Mr. Farrell, president of the United State Steel Corporation, New York City. After having listened to a detailed story of our position, he was convinced that we could not continue in open competition, unless we were granted some relief and I was then given $5 per ton reduction as relief against freight, as a permanent proposition until I may eventually be relieved of the entire freight burden. This had reference to steel made or rolled at the Duluth mill.

I also explained to Judge Healy that, at that time, we had an investment of $165,000 in the business and that, with the relief so granted us by Mr. Farrell, we were able to meet competition in a fair way, although we still were handicapped. Depending upon this relief being permanent we have, since that time, added more than one-half million dollars to our permanent investment so today, we have invested capital of about three quarters of a million dollars, which would never have been possible, had we not been granted such concession.

I further explained to Judge Healy that, because of our unfavorable location, so far from the consuming district, 90 percent of all goods we manufacture must first reach Chicago, which includes the west coast, because of lower freight rates. This adds another hardship to the amount of $15 per ton on 90 percent of our manufactured goods and that added to the $6.60 on raw material gives us a disadvantage of approximately $22 per ton—which our competitor who is located at such points as Pittsburgh and Chicago, does not have.

I also stated that I was appealing for relief to the extent of $1 over Chicago, in other words, steel rolled at the Duluth plant at Chicago base, plus $1 differential and while that still gave us a handicap, we would, however, be able to operate, but anything in excess of $1 over Chicago, we could not stand. I showed him our inability to continue in business under the present set-up; that it would be absolutely necessary for us to close our doors within a short time and that the entire investment would be lost and more than 300 men thrown out of employment.

I was finally told that my case was a most striking example of violation of the Recovery Act that had come to the Commission and it was agreed that I should at once appeal to you in person and have my request granted by the institute while in session now.

It has been the general impression of all those I have come in contact with that any reason which existed in 1924 in granting Duluth as a basing point on wire and wire products should also have been declared a basing point on merchant bars and billets manufactured and rolled in the same mill with the same machinery.

The appeal that I am making is for both merchant bars and billets. I have come here now in my final effort to save the business of the Diamond Calk & Horseshoe Co., and to save the 67 stockholders, all Duluth citizens, from losing their investment in this institution and our more than 300 employees from losing their jobs which would mean that a great many of them would be thrown upon the municipality and the Government for their support.

Sincerely hoping you may see the light, making it unnecessary for me to go further, I am,

Very truly yours,

DIAMOND CALK & HORSESHOE CO.,
OTTO SWANSTROM, *President.*

February 2 of this year another body, by resolution, directed the Federal Trade Commission to investigate the steel code and its effects upon industry, particularly con-

cerning price fixing and any increase in price of steel products.

The Federal Trade Commission immediately conducted an investigation and on March 19 submitted its report.

It went into the entire problem at length and in detail. Under "the practice of the steel industry under the code with reference to price fixing" it found:

Briefly stated, members must file their mill-base price quotations with the authority, may make deductions therefrom only as permitted by the authority, must make certain additions thereto as specified by the authority, must calculate delivery charges from specified common basing points according to a specified formula, must sell through distributors selected according to standards determined by the authority, and must require of such distributors written agreements to conform to specified resale prices. From the moment mill-base price quotations are filed the code itself prescribes the formula and the factors entering into it by which the ultimate price is automatically calculated.

As to what made up "the selling prices which are required by the code" its findings were:

With certain specified exceptions, all prices at which members of the code may quote and sell "shall be delivered prices" (schedule E, sec. 4). These delivered prices are a composite of several factors; a so-called "mill-base price" plus whatever extras may be specified by the code authority for given products plus a delivery charge which must be the equivalent of the all-rail freight charge to destination, regardless of what mode of transportation is actually used.

A little later on in speaking on this program the Trade Commission says:

The code accepts such a fiction by requiring that delivered prices shall be arrived at by adding to the mill-base quotation the all-rail freight from specified common basing points. As a result the so-called "mill-base quotations" do not represent net realized prices for steel except for such mills as are located at the basing point for a particular product. For all other mills the code contemplates that freight to a given destination shall not be calculated from actual shipping point but from what may be called the "ruling basing point", which is the one whose base quotation plus all-rail freight, makes the lowest delivered price.

On the exact point now before us, the Federal Trade Commission, to illustrate its views, uses the unfortunate experience of the same company used by me for illustrative purposes in this address.

The Commission in discussing "Minimum additions to mill-base quotation required by code authority", say in part:

The code (schedule F) lists the recognized basing points for each product and requires that delivery charges be calculated therefrom and not from place of shipment as such. A producer is not at liberty to sell his product f.o.b. his own mill and allow the purchaser to assume the exact delivery cost. Nor may he figure the actual delivery cost in his delivered price unless his shipping point happens to coincide with the authorized basing point. The power to select and establish basing points therefore is the power to determine which mills shall be required to calculate and collect a delivery charge from the purchaser, which is not the equivalent of their actual cost of delivery.

The basing points now established were selected by the organized industry through the American Iron and Steel Institute and they can be changed only by similar action of the institute as the code authority. As a result a member whose mill is not located at a recognized basing point must get the approval of the institute before he can calculate his delivery charge at its actual cost. In the last analysis the application of a member to make his mill a basing point or to enlarge or reduce the number of basing points is subject to the collective approval of his competitors.

An illustration of those facts and the sort of results which may occur in their application is found in the experience of the Diamond Calk & Horseshoe Co., of Duluth, Minn. It has long been buying its raw steel from the Minnesota Steel Co., whose mill is at Duluth. Duluth not being a recognized basing point for such steel, the code requires prices to be based on Chicago, the nearest basing point. This required the Diamond Co. to pay in addition to the price as quoted by the Duluth mill, the equivalent of the all-rail freight from Chicago to Duluth, or imaginary freight of $6.60 a ton on steel produced at Duluth. As a further result the nearest competitor of Diamond Co. located in Chicago can buy there at the basing point price, or $6.60 a ton less than the Diamond Co. pays at Duluth.

For a number of years before the code, this competitive disadvantage of the Diamond Co., due to the basing-point system, was largely offset by the Minnesota Steel Co. making it a special concession of $5 a ton on steel from its Duluth mill. This still left the mill with $1.60 a ton out of the imaginary freight of $6.60 a ton which the basing point system called for, yet enabled the Diamond Co. to compete. Because the code forbids continuation of that concession, and despite the desire of the Minnesota Steel Co. and United States Steel Corporation, its parent company, to continue it, they are forced to collect from the Diamond Co. the full $6.60 a ton imaginary freight. At the same time, however, Minnesota Steel Co. sells similar steel in Illinois and Indiana and nets $13.20 a ton less for it than it nets from Diamond Co. By contrast, the code establishes Duluth as a basing point for other forms of this same steel, thereby permitting them to be sold at Duluth at a fixed differential of only $1 per ton over the Chicago prices.

The Diamond Co. has invested three quarters of a million dollars in its Duluth plant and has some 300 employees, while the Minnesota Steel Co. has a plant investment at Duluth of $10,000,000 or more with numerous employees. Without the consent of its competitors on the appropriate Institute committee and Institute board of directors, the Minnesota Steel Co. is unable to continue a price reduction which it can much better afford to make than that which the code requires it to make on sales at distant points. Similar situations are likely to be created in many other sections of the country.

CONCLUSIONS ON THIS PROBLEM

The Trade Commission's conclusion on this problem which concerns so vitally Minneapolis, St. Paul, and Duluth is this:

It is a conservative statement that the power to select, discontinue, or increase the number of basing points involves the power of deciding what cities shall be handicapped and what cities shall be built up as centers for the remanufacture and processing of steel products. The importance of such a power over the future of communities can hardly be overstated. The tendency is distinctly against what is commonly considered as desirable decentralization of industry.

SUMMARY IN PRICE FIXING

The Federal Trade Commission's explanation of the reasons or causes for the fatally discriminatory plan for price fixing, apparently unforeseen when the code was adopted, is summarized in the statement found on page 26 of its report:

Summing up this system of calculating delivery charges, it starts with an arbitrary basing point, so that differences in actual delivery cost are merged into a fictitious common rate. Then it uses, but solely for calculating purposes, a higher cost mode of transportation than is frequently utilized. Then in some cases it substitutes arbitraries which are higher than the actual cost even of the calculated transportation. Thus the system is not one for determining actual freight costs. It is a device for automatically insuring that all mills will reach a given destination at identical delivered prices and that the identity in their mill-base quotations will not be set at naught by differences of location and of actual freight costs.

After giving the entire problem intensive study, the Federal Trade Commission submits to the other body of this Congress its—

FINAL CONCLUSION

The question naturally arises whether this situation of enforced violation of the Commission's order in the Pittsburgh plus case can be harmonized with the terms of the National Recovery Act and the powers therein conferred.

The National Industrial Recovery Act looked forward to the authorization of codes of fair competition. True, it conceived the possibility of such codes designedly authorizing practices hitherto forbidden by the antitrust laws of the United States, but at the same time it sought to restrain the promulgation of codes that were designed to promote monopolies or operate to eliminate or oppress or discriminate against small enterprises. Furthermore, it expressly prohibited codes from permitting monopolies or monopolistic practices.

A distinct conflict of means and objectives exists between the provisions of the code and the Commission's order in the Pittsburgh plus case. That conflict raises questions not only of legal import but of basic economic implication. Departure from hitherto accepted policies of governmental concern over the maintenance of fair competition is, however, evident. Nevertheless it has been assumed thus far that the departure has the sanction of a congressional mandate embodied in the National Industrial Recovery Act. The test of whether such a sanction is actually present in that act can, of course, be submitted to the courts for determination. But other means for the solution of such an issue are also available. The work under the National Industrial Recovery Act was conceived of as necessarily being largely experimental. The act itself provides not only for means to pursue effectively paths demonstrated to be sound and desirable, but also for means to withdraw from the enforcement of policies which evidence a tendency to attain ends regarded by the act as those that our national economy has discarded.

By direction of the Commission:

GARLAND S. FERGUSON, Jr.,
Chairman.

MARCH 19, 1934.

FURTHER ATTEMPTS TO SECURE RELIEF

None of the industries concerned having secured relief, on March 28, 1934, the Diamond Calk & Horseshoe Co. applied for help to the National Recovery Review Board, of

which Clarence Darrow is chairman. The company's appeal was, in part, as follows:

NATIONAL RECOVERY REVIEW BOARD,
Washington, D.C.

GENTLEMEN: I hereby apply to you for relief from certain sections of the steel code that are oppressing, unjust, and discriminatory in their present form, and if continued will force my company to close its doors, confiscate our investment of approximately three quarters of a million dollars, and throw more than 300 of our employees out of employment.

The Minnesota Steel Co., a subsidiary of the United States Steel Corporation, is located in Duluth. Under the steel code we are compelled to pay Chicago base price, plus an imaginary freight rate from Chicago to Duluth of $6.60 per ton, although a large portion of their products, merchant bars and billets, are sold in Chicago and Indiana at $13.20 per ton less than the price forced on us. Our business is built up and depending upon national distribution of our products.

In 1924 Duluth was made a basing point for wire and wire products, Chicago base plus $1, and in all fairness we only ask the same consideration pertaining to merchant bars and billets. We have been able to develop our business to its present position because of an allowance granted us of $5 per ton in 1918, and which we have had continuously until October 1, 1933; in other words, we have had Chicago base plus $1.60, and now the steel code has taken that away from us, even though the steel corporation declares to us their willingness to grant our request of $1 over Chicago.

Formerly, we had a lower labor cost, because of a natural lower cost of living at our location. This, however, is not so any more. We signed the President's reemployment agreement and are complying with all of its provisions. We are operating under the metal fabricators code. Because of these new conditions we ask for a differential not to exceed $1 over Chicago on both merchant bars and billets—a greater handicap would be destructive to us.

We have appealed to the United States Steel Corporation and to the Iron and Steel Institute, and to Mr. K. M. Simpson, deputy administrator for the steel code, ever since last August, but without any result or promise.

As president of the Diamond Calk & Horseshoe Co. of Duluth, a Minnesota corporation, who started in business in 1908, I now appeal to you and most urgently request your help for immediate relief, as our resources are being rapidly depleted, with the final results of being forced to close our business if relief is not granted very soon.

Sincerely yours,

DIAMOND CALK & HORSESHOE CO.,
OTTO SWANSTROM, *President*.

GENERAL AGREEMENT CODE SHOULD BE MODIFIED

That those charged with final supervision of the codes are inclined to believe that the steel code requires modification is evidenced by the statement of Gen. Hugh S. Johnson as reported in the Wall Street Journal of last Saturday.

The article starts as follows:

JOHNSON DOUBTS STEEL PRICE RULE—BASING-POINT SYSTEM "PROBABLY WRONG"—HAS NO BIG LABOR CASE WORTH PUTTING TO TEST

WASHINGTON.—The basing-point system embodied in the steel code is "probably wrong", General Johnson stated in discussing criticism of the code before the American Society of Newspaper Editors.

This is the story of how one Minnesota industry is being forced out of business through actual operation of the provisions of the steel code, which increase production costs, add an unbearable burden for charges for imaginary freight service and forbid relief in the form of price allowance.

The same story is being repeated in the business life of many other Minnesota industries.

Minneapolis, St. Paul, and Duluth cannot grow as they should as industrial centers if they are to be handicapped for no other reason than their geographical location, by the arbitrary addition of fictitious charges for imaginary service to those production costs which of necessity they must pay for real service.

The existing procedure constitutes, in effect, a fatal attack on many industries of my home State and is an inexcusable blow to the development of the State.

All other avenues of relief thus far having proved ineffective, it is apparent that a feasible way is to seek remedial action through the provision of the National Recovery Administration, which authorizes the President to modify codes.

RURAL LETTER CARRIERS

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 355.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 8919, a bill to adjust the salaries of rural letter carriers, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted; and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit; with or without instructions.

Mr. BANKHEAD. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY]. It is the desire of the majority leader that we try and dispose of this bill this afternoon. It is now about 3:30 o'clock, and in order to conserve the time for the consideration of the bill upon its merits, I shall be most brief in presenting the resolution for consideration of the bill.

I do not conceive it to be necessarily the function of a member of the Committee on Rules in presenting a resolution for consideration of a bill to undertake to explain all its provisions, or any of its provisions, unless it is a highly controversial or a political proposition.

This bill has been reported by the committee—I understand unanimously. It is a bill that seeks to reclassify salaries and allowances of rural carriers.

You gentlemen will recollect that under the provisions of the Economy Act there was a reduction in the equipment allowances of rural carriers. Under the provisions of this bill, as I understand it, the allowances for equipment of rural carriers upkeep is raised from 4 cents to 6 cents a mile. There may be some controversy as to whether or not that increase shall be put at 5 cents a mile or 6 cents a mile. I understood that perhaps there was some division on that in the committee as to the amount of increase.

I shall not undertake to go into the provisions of the bill. The members of the Committee on the Post Office and Post Roads will explain it thoroughly; and, gentlemen, I want to say—if I can say it with propriety—I have been serving in Congress for many years, and I have had occasion to observe the capacity, character, poise, and good judgment of various chairmen of the legislative committees of the House. I do not want to indulge in any flattery of the Chairman of the Committee on the Post Office and Post Roads, but the more I see of his conduct with bills, his familiarity with the legislation, his knowledge of all details of the bill he is sponsoring, the higher becomes my admiration of the admirable qualifications of the chairman of this committee, the gentleman from New York [Mr. MEAD]. [Applause.] He is always armed and equipped, his information is accurate concerning all features of the legislation under his control. Of course, there are able gentlemen associated with him on his committee, but I felt that in passing, this small tribute to his capacity should be stated.

I now yield 2 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. GREEN. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. GREEN. I am in favor of this legislation. I wondered whether the gentleman could state whether this is a unanimous report from the committee?

Mr. BANKHEAD. I understand that it is. I yield 2 minutes to the gentleman from Texas [Mr. PATMAN].

BILL TO PAY DEPOSITORS OF BANKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein such tables and other information as may be explanatory of my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, I want to say a word about the McLeod bill. The way I view it, it is like the story I heard about Columbus.

M'LEOD BILL SUPPORTERS LIKE COLUMBUS

Columbus left home and did not know where he was going; when he got there he did not know where he was; when he returned home he did not know where he had been.

The proponents of the McLeod bill are in a similar position. They are advocating an appropriation of public funds unknown in amount; they do not know who will get the money; and they do not know the reason for its payment. The bill is sponsored by the Republican Members of the House. It is opposed by the President of the United States.

WHAT THE BILL PROPOSES

The McLeod bill—H.R. 8479—proposes that the Reconstruction Finance Corporation be compelled to acquire by purchase all the remaining assets of closed banks that are in charge of receivers and conservators, which at the date of closing were members of the Federal Reserve System. It is proposed that the bill be amended so as to include State and private banks, and I understand the author is favorable to the amendment.

WHERE WILL MONEY COME FROM?

The Reconstruction Finance Corporation, under the present policy of obtaining funds, will be required to issue more tax-exempt interest-bearing bonds to get the money. The Government will guarantee the payment of interest and the principal of the bonds. It is not known how much money it will take, since we do not know the institutions that will come within the provisions of the law by the time it is enacted.

WILL THERE BE A LOSS, AND WHO WILL PAY IT?

Certainly there will be a loss. The Government cannot acquire the bad debts of closed banks without taking a loss. The taxpayers will pay the loss. If the present sources of revenue are insufficient for that purpose, Congress will be under obligations to enact additional tax measures, which will doubtless restore many of the nuisance taxes, to pay the losses. Further, by reason of paying these losses, deserving appropriations for the relief of destitution and the unemployed will probably have to be reduced in amount.

WHO WILL GET THE MONEY?

If this bill is enacted, one depositor will get more than $32,000,000. Four percent of the depositors will receive 50 percent of the money. The following table is self-explanatory:

Analysis of closed national banks, showing percentages with respect to accounts

	Percent, number of accounts by groups	Number of accounts	Net deposits (deposits less offsets, etc.)
Classification of deposit accounts by size:			
$0 to $500	80.89	2,402,389	$258,261,348
$501 to $1,000	8.43	238,645	173,749,086
$1,001 to $2,500	6.91	206,824	311,144,797
$2,501 to $5,000	2.28	63,636	231,341,902
$5,001 to $10,000	.92	31,819	183,247,096
$10,001 and over	.57	15,909	433,218,932
Grand total	100.00	2,959,192	1,590,963,161

THE RICH MAN'S BONUS

This is not a bill to help the poor so much as it is a bill to help the rich. If we owed the rich anything, I would be in favor of paying them, but we do not owe them a penny.

A few, less than 300, of the large, wealthy depositors of the Guardian National Bank, Detroit, Mich., contributed an amount sufficient to pay in full all the depositors of that bank who had accounts less than $1,000. It required more than $3,000,000. If this bill passes, the small depositors of that institution will not be paid; they have already been paid; the ones who paid them will be reimbursed. The Government will assume the debt and release them. This bank, when closed, had deposits amounting to more than $100,000,000. All depositors have already been paid 68 percent of the amount of their deposits, and more will be paid. I wonder how many people in Detroit can get 68 percent in cash from any other investment they made at the same time the deposits were made.

The First National Bank of Detroit, Mich., when closed, had deposits aggregating more than $338,000,000. The depositors have already been paid 50 percent of the amount of their deposits and will likely be paid 75 or 80 percent. The average for all banks is around 76 percent.

Someone is doing a good job liquidating these institutions. The Reconstruction Finance Corporation has authorized loans and commitments to receivers and conservators in Michigan banks for the purpose of paying depositors the enormous sum of $198,640,351.07.

Notice the following statement:

Loans authorized to receivers and conservators prior to Oct. 17, 1933, plus authorizations and commitments for ratable distribution to depositors from Oct. 17, 1933, to Apr. 18, 1934, inclusive

State	Loans authorized (receivers and conservators) by States through Oct. 16	Authorizations and commitments, after Oct. 17, 1933	Total
Alabama	$270,500.00	$3,704,932.48	$3,975,432.48
Arizona	85,000.00	228,750.00	313,750.00
Arkansas	2,176,709.18	4,216,417.66	6,393,126.84
California	3,322,000.00	6,133,000.00	9,455,000.00
Colorado	327,600.00	1,642,700.00	1,970,300.00
Connecticut		1,250,000.00	1,250,000.00
Delaware			
District of Columbia	7,226,000.00	3,187,903.52	10,413,903.52
Florida	794,500.00	5,565,868.33	6,360,368.33
Georgia	113,000.00	2,963,268.54	3,076,268.54
Idaho	392,900.00	364,000.00	756,900.00
Illinois	12,265,300.00	14,004,694.19	26,269,994.19
Indiana	3,638,100.00	8,355,850.69	11,993,950.69
Iowa	6,840,000.00	7,412,855.04	14,222,855.04
Kansas	839,500.00	2,485,602.94	3,325,102.94
Kentucky	4,122,850.00	2,420,014.57	6,542,864.57
Louisiana	24,812,511.90	11,016,256.44	35,828,768.34
Maine	8,342,572.57	24,723,000.00	33,065,572.57
Maryland	1,488,000.00	6,241,000.00	7,729,000.00
Massachusetts	2,638,000.00	14,199,000.00	16,837,000.00
Michigan	79,911,770.00	118,728,581.07	198,640,351.07
Minnesota	481,100.00	3,059,384.10	3,540,484.10
Mississippi	1,046,759.00	4,930,800.94	5,976,559.94
Missouri	2,329,600.00	7,193,225.20	9,522,825.20
Montana	37,200.00	636,000.00	673,200.00
Nebraska	229,400.00	1,535,753.43	1,765,153.43
Nevada		290,000.00	290,000.00
New Hampshire		500,000.00	500,000.00
New Jersey	7,899,000.00	10,451,676.07	18,350,676.07
New Mexico		437,947.08	437,947.08
New York	17,271,470.63	18,660,869.54	35,932,340.17
North Carolina	2,052,200.00	4,366,975.00	6,419,175.00
North Dakota	1,799,150.00	117,100.00	1,916,250.00
Ohio	79,085,565.42	38,028,032.08	117,113,597.50
Oklahoma	448,300.00	599,368.00	1,047,668.00
Oregon	151,700.00	1,264,993.44	1,416,693.44
Pennsylvania	12,057,070.87	74,541,933.25	86,599,004.12
Rhode Island	600,000.00		600,000.00
South Carolina	735,000.00	5,592,230.14	6,327,230.14
South Dakota	392,500.00	1,184,257.70	1,576,757.70
Tennessee	5,667,500.00	1,429,038.64	7,096,538.64
Texas	2,260,600.00	3,148,478.92	5,409,078.92
Utah	635,000.00	197,000.00	832,000.00
Vermont		542,000.00	542,000.00
Virginia	1,432,400.00	3,713,500.00	5,145,900.00
Washington	948,000.00	6,534,925.32	7,482,925.32
West Virginia	2,869,000.00	5,102,742.83	7,971,742.83
Wisconsin	384,800.00	3,777,079.47	4,161,879.47
Wyoming		127,000.00	127,000.00
Total	300,389,129.57	436,806,006.62	737,195,136.19
Loans authorized between Apr. 18 and Apr. 21, 1934			1,041,500.00
Total			738,236,636.19
Total number of loans authorized to closed banks	730	1,633	2,363

HOOVER AND MILLS SPEECHES—DEPOSITS DECREASED

It is contended that depositors were persuaded to deposit their funds in national banks by reason of the antihoarding speeches made by President Hoover and Secretary of the Treasury Mills in February and March of 1932, which caused them to lose it. Let us consider the facts. The last report of deposits in national banks before these speeches were made was December 31, 1931. At that time the deposits were $19,244,347,000. The next report after the speeches were made was June 30, 1932. The deposits had dropped to $17,460,913,000. In other words, it seems that deposits decreased almost $2,000,000,000 instead of increasing.

Within 12 months after these speeches were made, the deposits in all banks had been reduced more than $4,000,000,000.

BAD PRECEDENT

The passage of this bill would enact a very bad precedent. If carried to its logical conclusion, it would call for the Government to pay the debts of all banks—national, State, and private—even though the banking officials are now serving time in a penitentiary for embezzling the funds—building and loan companies, joint-stock land banks, and finally all losses suffered by investors on the stock exchange. Many investors claim the banks denied loans to brokers which caused stocks to be thrown on the market, causing the break. They also contend that Government officials caused these banks to reduce their loans to brokers. Therefore, they contend the Government agents caused their loss. If the McLeod bill passes, these investors who lost their money will have claims against the Government supported by the same sort of reasoning.

WHAT IS NOW BEING DONE TO AID BANKS AND DEPOSITORS

In order to show what is now being done in the way of aiding the banks, including closed banks and their depositors, the following statement is inserted from the 1934 report of the Comptroller of the Currency:

In addition to the new duties of the Comptroller as a member of the Federal Deposit Insurance Corporation Board, he was appointed to membership on two special committees created by the President, one to be known as the Deposit Liquidation Board, on October 15, 1933, which constitutes a special division of the Reconstruction Finance Corporation. The President appointed this Board for the purpose of making loans to banks closed since January 1, 1933, on their assets. The Board was constituted as follows:

C. B. Merriam, the head of the special board; Jesse H. Jones, chairman of the Reconstruction Finance Corporation; Dean G. Acheson, Under Secretary of the Treasury; J. F. T. O'Connor, Comptroller of the Currency; Walter J. Cummings, chairman Federal Deposit Insurance Corporation; Lewis Douglas, Director of the Budget.

"The purposes of the Deposit Liquidation Division", the President's announcement read, "will be to stimulate and encourage liquidating agents of banks closed after January 1, 1933, to borrow from the Reconstruction Finance Corporation in order that funds may be made available to depositors as quickly as possible. The general intention is to make loans on the assets of closed banks for the benefit of depositors up to a maximum of 50 percent of their deposits, inclusive of distributions heretofore made. This does not, of course, mean that in a bank whose remaining assets are worthless, the depositors will get 50 percent. They will get in such a case only their share in the remaining assets.

"It is estimated that the maximum loanable value of the assets of banks closed during the year 1933 will not exceed $1,000,000,000, and it is hoped that the distribution will approximate that amount."

We have acted speedily in coming to the rescue of depositors in closed banking institutions. Between October 17, when this Board started functioning, and January 2, 1934, the Reconstruction Finance Corporation authorized $243,119,582.97 for distribution to depositors in 496 closed banks, nearly all of which were closed after the first of the year.

The President on October 23, 1933, announced the establishment of a special Reconstruction Finance Corporation division for bank reorganization and to make recommendations for purchase by the Reconstruction Finance Corporation of preferred stock of State banks. The following members of this new division were named by the President:

Harvey Couch, to be its head; Jesse Jones, Chairman of the Reconstruction Finance Corporation, ex-officio; Eugene Black, Governor of the Federal Reserve Board; Dean Acheson, Under Secretary of the Treasury; Lewis Douglas, Director of the Budget; J. F. T. O'Connor, Comptroller of the Currency; Walter J. Cummings, Chairman Federal Deposit Insurance Corporation; Henry Bruere; Frank Walker.

At the same time the President announced that "Governor Black is to head a subcommittee on cooperation with member banks in this same effort." The prime purpose behind the formation of this special division was to prepare State banks for eligibility in the Federal Deposit Insurance Corporation by January 1 in that the sale by them of preferred stock will strengthen their capital structure. "We hope", President Roosevelt said, in announcing the creation of this division, "that all banks will take advantage of this opportunity to put themselves in an easy cash position to help in the work of recovery. We need the banks and want them to have adequate capital. As a rule such capital cannot now easily be found in the communities. As recovery continues, such capital will be found. But in the meanwhile and temporarily, but for such length of time as may be necessary, the Government will supply the necessary capital through the Reconstruction Finance Corporation in its purchase of preferred stock. The Reconstruction Finance Corporation will thus serve as a recovery finance corporation.

"The banks must feel free to function well, and the Government will help them prepare themselves to play their important part.

"To accept the Government's offer to purchase preferred stock does not mean that a bank is weak but that it is eager to cooperate in the recovery effort to the fullest possible extent and thus undertake to put this additional capital to work. We are not thinking of idle capital. We are thinking of working capital—capital working for recovery."

As a member of the Board appointed by President Roosevelt, I can say with pardonable pride that we have made a good record so far in strengthening State banks through the purchases of their preferred stocks, capital notes, and debentures by the Reconstruction Finance Corporation. From October 23, the date of creation of this division by the President, to the close of business on December 31 a total of 3,323 nonmember banks had a total of $242,100,000 approved for issue, of which amount $84,936,000 consisted of preferred stock and $157,164,000 consisted of capital notes and debentures.

In addition to the above record made by the special division in such a short time, the Reconstruction Finance Corporation during the 7 months ended December 31, 1933, approved the purchase of a total of $65,336,000 in preferred stock, capital notes, and debentures in 78 nonmember banks. During the same time the Corporation approved 1,059 applications from member banks for a total issue of $502,930,000, of which amount $372,868,000 was in preferred stock and $130,062,000 in capital notes and debentures.

Never in our history has the Federal Government done so much to aid distressed depositors in closed banks by declaring dividends from the loans made on the assets, as well as the purchase by the Government of preferred stock, capital notes, and debentures in the banks in the country.

Do not overlook the statement of President Roosevelt in the foregoing, and be sure and read the last paragraph of this statement about more being done by the Government for distressed depositors and closed banks than ever before in our history.

Mr. BANKHEAD. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. RANSLEY. Mr. Speaker, I yield 8 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I am in favor of this rule and of the legislation which it seeks to make in order. It is my privilege to enjoy the acquaintance of the very able and efficient president of the National Association of Rural Letter Carriers, Mr. W. G. Armstrong. He is a resident of the State of Michigan. His recommendations and views on matters relating to the Rural Carrier Service go a long way with me, because I feel he knows the problems of the rural carrier and the Rural Carrier Service from A to Z.

The bill contains three important provisions. The first recommended by the Department takes into consideration the improvement that has been made in our road system during the last few years and changes the length of a standard route from 24 miles to 30 miles, keeping the compensation for a standard route the same as it is now, $1,800 per year. It further takes into consideration the improved condition of the roads and provides a compensation of $20 per mile over the standard road instead of $30 under existing law. My understanding is that the carriers are willing to accept this provision, provided the other provisions of the bill are retained in the bill and enacted into law.

The second provision in the bill raises the equipment allowance of the rural carriers from 4 cents to 6 cents per mile. There is a tendency on the part of many when considering this equipment-allowance question to compare it with the cost of maintaining an automobile used only in good weather, on good roads, under normal conditions, traveling long distances, and making few stops. That is not the situation with the rural carrier. He must go in all kinds of weather, rain or shine, and, in many instances, snow or shine. He makes frequent stops, he goes over good and bad roads alike, and I am told that the equipment allowance of 6 cents a mile, as a matter of fact, is much less than the average cost to the rural carrier in keeping up his equipment. He has more oil to buy, more gas to buy, and he has to take his car to the service stations for repairs more frequently than the average user of an automobile.

Mr. McDUFFIE. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. McDUFFIE. Can the gentleman tell the House how much additional cost will be entailed on the Public Treasury as a result of this legislation?

Mr. MAPES. I am not on the Committee on the Post Office and Post Roads, but I am told that there will be a saving to the Department of something like $3,000,000 per year by the enactment of this legislation.

Mr. McDUFFIE. What is the average salary of the rural carrier now?

Mr. MAPES. I cannot tell the gentleman what the average salary is, but I understand that under the Economy Act the equipment allowance was reduced to 1 cent per mile.

The third provision in the bill prevents the consolidation of rural routes except in case of the resignation, death, retirement, or dismissal, on charges, of carriers in the Rural Mail Delivery Service. That provision is put in to prevent arbitrary dismissals by the Department and the consolidation and extension of routes in some cases to abnormal lengths.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. CULKIN. What the gentleman says about the mileage allowance is particularly true in the north country, where the winters are long and severe, and where the wear on the equipment is extremely severe.

Mr. MAPES. There is no question about it in the gentleman's State of New York and in the State of Michigan.

Mr. CULKIN. In other words, they face storms and bad roads for 6 months at a time.

Mr. MAPES. That is correct. I shall not discuss the bill further but content myself with the statement that I am in favor of it with the amendments recommended by the Committee on the Post Office and Post Roads.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Speaker, this legislation has my approval. I followed the course of the bill in the Committee on Post Offices and Post Roads through my good friend the chairman of the committee, who has been considerate enough to keep me advised as to its progress. I know the thorough job Mr. MEAD has done in the consideration of the bill. I make this statement not with any idea of flattering the gentleman from New York, but merely to stress the fact that the rural carriers in coming before this committee laid their program before the Membership with the desire to do them the justice they claimed they deserved and to be heard on the merits of the matter.

From my study of the provisions of this bill and the report of the committee, from the testimony I heard, and the talks I had with members of the Rural Letter Carriers' Association, I am satisfied that the bill in its present form represents a carefully worked-out program that not only does a measure of justice to these Federal employees but at the same time does no violence to the financial program of the Treasury. For these reasons, Mr. Speaker, I give my full approval to this measure.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. JOHNSON of Oklahoma. Do I state the fact correctly when I say that the bill reduces the appropriation by $3,000,000?

Mr. BLANCHARD. It makes a reduction in the appropriation, of course, and it also irons out some of the inequalities which exist at the present time. Am I correct in my understanding of the matter?

Mr. MEAD. Yes; the gentleman is correct.

Mr. JOHNSON of Oklahoma. And is not the total reduction $3,000,000?

Mr. BLANCHARD. It is my understanding that it is more than $3,000,000. The rural carriers, in giving their approval to this measure and the amendments to be proposed, recognize the practical difficulties confronting them. It represents to them the securing of some stability to their employment, and it removes uncertainties and inequalities. In addition the maintenance and equipment allowance is fixed by law and will no longer be subject to administrative order. This is a highly desirable change.

The rural carriers do not desire to raid the Treasury. They are willing to do their part in this trying time; they have always been loyal servants. They do ask common justice, and this measure provides Congress with the opportunity to correct a situation which all must admit is unfair, harsh, and unjustifiable from every standpoint.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Speaker, I am supporting this bill for the same reason that I supported the Senate amendments to the independent offices appropriation bill and for the same reason that I voted to override the veto on that bill.

In supporting the Senate amendments to the independent offices bill, we undertook to restore the compensation of underpaid Federal employees whose salaries had been cut by the Economy Act. We did not succeed in restoring all their compensation but did effect a restoration of two thirds of it.

That bill, which was vetoed by the President and passed over his veto, not only helped to restore a living wage but it tended to make the jobs of the Federal employees more secure. It took the jurisdiction of fixing the wages of Government workers out of the hands of the executive department and put it back into the hands of the lawmaking branch of the Government, where it originally was and where it rightfully belongs. The pending bill has for its purpose the taking of a further step in the same direction in regard to one very large and important class of Federal employees, the rural mail carriers.

For many years the rural mail carrier has been working under conditions of uncertainty, both with respect to the compensation he receives and also with respect to the tenure of the work itself. The bill we are now considering undertakes to remove that uncertainty. It does this by stabilizing the base pay of the rural carrier by adjusting it to modern methods of travel upon modern roads, and by assuring to the carrier a reasonable allowance for the necessary upkeep of the modern equipment which he uses on those roads in the performance of his daily work.

I think it is generally conceded that an equipment-maintenance allowance of 4 cents per mile is too low; that it actually costs the rural carrier more than this amount to maintain and operate his mail-delivery equipment. In this bill not only has the equipment-maintenance allowance been raised from 4 cents to 6 cents per mile, but neither the Postmaster General nor anyone else is permitted, under the provisions of the bill, to lower the amount provided by law, as was the case under the Economy Act.

The legislation provided in this bill also saves the jobs of about 9,500 rural mail carriers. The Postmaster General declared some time ago that the service could be maintained adequately with 9,500 fewer rural carriers than we have at present. He also announced that adequate rural mail service could be maintained for $11,000,000 less than it is now costing. He proposed to effect this saving by dismissing 9,500 rural mail carriers and by consolidating existing rural mail routes.

By the plan worked iout under this bill, the jobs of these 9,500 rural carriers are saved, and in addition thereto a reduction of $3,000,000 in the total cost of the service is made. The members of the Committee on the Post Office are to be congratulated on their splendid and humane solution of this problem. And the Congress is to be congratulated for taking this matter into its own hands and by demonstrating that real economy can be effected without throwing men out of work and without reducing the wages of those who remain at work.

Mr. Speaker, this is a fair bill and a just bill. It not only gives to the rural mail carrier a net compensation as large as he is now receiving but it does what I believe is even more important. It makes the jobs of the rural mail carriers secure, and it removes the mental hazard under which they

have been working, and it prevents 9,500 men from being thrown out of work at a time when we are bending every effort to put men to work.

The results of this legislation will prove of benefit not only to the rural carriers themselves, but to everyone with whom they come in daily contact. It will benefit the patrons whom they serve. It will benefit the communities in which these faithful, patriotic, and hard-working public servants live. The bill deserves and it should receive our hearty, unanimous support. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield back the remainder of my time.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was adopted.

COMMITTEE ON THE JUDICIARY

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may sit tomorrow during the session of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H.R. 518. An act for the relief of T. Perry Higgins;

H.R. 1127. An act for the relief of O. H. Chrisp;

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899;

H.R. 1870. An act for the relief of Corinne Blackburn Gale;

H.R. 2026. An act for the relief of George Jeffcoat;

H.R. 2321. An act for the relief of Capt. J. O. Faria;

H.R. 2339. An act for the relief of Karim Joseph Mery;

H.R. 2340. An act for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas;

H.R. 2541. An act for the relief of Robert B. James;

H.R. 2561. An act for the relief of G. Elias & Bro., Inc.;

H.R. 2666. An act for the relief of D. F. Phillips;

H.R. 2682. An act for the relief of Bonnie S. Baker;

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel;

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation;

H.R. 2858. An act to add certain lands to the Pike National Forest, Colo.;

H.R. 2862. An act to add certain lands to the Cochetopa National Forest in the State of Colorado;

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost;

H.R. 3463. An act for the relief of Walter E. Switzer;

H.R. 3551. An act for the relief of T. J. Morrison;

H.R. 3579. An act for the relief of O. S. Cordon;

H.R. 3580. An act for the relief of Paul Bulfinch;

H.R. 3611. An act for the relief of Frances E. Eller;

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912;

H.R. 3851. An act for the relief of Henry A. Richmond;

H.R. 3952. An act for the relief of Grace P. Stark;

H.R. 4013. An act to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926;

H.R. 4269. An act for the relief of Edward J. Devine;

H.R. 4519. An act for the relief of C. W. Mooney;

H.R. 4611. An act for the relief of Barney Rieke;

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey;

H.R. 4808. An act granting citizenship to the Metlakahtla Indians of Alaska;

H.R. 4846. An act for the relief of Joseph Dumas;

H.R. 4847. An act for the relief of Galen E. Lichty;

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same;

H.R. 6013. An act to authorize the sale of land and houses at Anchorage, Alaska;

H.R. 6386. An act for the relief of Lucien M. Grant;

H.R. 7279. An act for the relief of Porter Bros. & Biffle, and certain other citizens;

H.R. 7551. An act authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.;

H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation;

H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods;

H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America; and

H.J.Res. 61. Joint resolution granting compensation to George Charles Walther.

RURAL LETTER CARRIERS

Mr. MEAD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 8919) to adjust the salaries of rural letter carriers, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 8919, with Mr. WEST of Ohio in the chair.

The Clerk read the title of the bill.

Mr. MEAD. Mr. Chairman, in view of the lateness of the hour, I trust it will not be necessary to use all the time allotted for general debate. I hope we may proceed without delay with the consideration of the bill under the 5-minute rule. While the measure is important, the degree of opposition in the committee and, I believe, on the floor of the House will be such as to warrant our speedy consideration of this measure.

This bill was introduced after the receipt of a letter from the Postmaster General directed to our committee urging a reclassification of the salaries of rural letter carriers on the theory that the Department could get along with approximately 9,500 less than the number they have in that service and because of the modernization of transportation methods and the improvement of highways.

Under the original plan proposed by the Postmaster General it was suggested that the standard route of 24 miles be extended to 30 miles; that is, that the standard rural route hereafter would be a route of 30 miles, for which the carrier would receive $1,800 per year. It was further recommended that the equipment allowance for rural carriers in this service be restored to 4 cents per mile. On the basis of recommendations proposed by the Postmaster General a saving of approximately $11,000,000 would be effected. The saving of the $11,000,000, however, would be a wage reduction upon the personnel of this service.

The committee, in its consideration of the measure, agreed to the adjustment so far as the length of the standard route was concerned, and in that connection the committee was in entire accord both with the Department and with the representatives of the employees. The committee differed, however, with the Post Office Department in connection with the equipment allowance, and, as will be noticed in the bill, the committee felt that 6 cents a mile was a fair

and just rate. Increasing the equipment allowance from the recommendation of the Department to the figure contained in the bill reduces the saving to approximately $3,000,000 annually. So that the personnel of the rural service will suffer a total reduction, in the aggregate, of $3,000,000. The bill increases the standard route from 24 to 30 miles. In addition to this, it reduces the annual pay per mile for every mile in excess of 30 miles from $30, which is the rate they now receive, to $20 per mile, which is the rate they will hereafter receive. The adjustment of the standard route from 24 to 30 miles and the reduction from $30 to $20 for the excess mileage over and above the standard route effects the saving requested by the Department. The increase in the equipment allowance from 4 to 6 cents, as was adopted by our committee, reduces the $11,000,000 saving by approximately $8,000,000.

The rural letter carrier under the Economy Act had his equipment allowance reduced by 15 percent. As a result of a provision inserted in the independent offices bill, authority was given the President to reduce or suspend the equipment allowance. As a result of that authority, the equipment allowance was reduced to 3 cents for the months of November, December, January, and February, and to 1 cent a mile for the remaining months of the year. Under this bill that authority is repealed and the equipment allowance will be 6 cents.

Mr. SABATH. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Illinois.

Mr. SABATH. I do not know whether I have the right figures, but may I ask if it is not a fact that the equipment allowance is 4 cents and that that is the present law?

Mr. MEAD. The present law is 4 cents.

Mr. SABATH. And this is increased to 6 cents?

Mr. MEAD. That is correct.

Mr. SABATH. This is an increase of 50 percent, causing an additional expenditure for equipment allowance of $8,000,000?

Mr. MEAD. The gentleman is correct.

Mr. DOWELL. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Iowa.

Mr. DOWELL. Is it not true that in the extension of these routes, with the reduction in the amount allowed for equipment, many of these carriers had to absorb a great deal of their salaries in order to keep up their equipment and carry the mail?

Mr. MEAD. That is correct. The carriers, particularly those on long routes, are credited with being the recipients of excessive salaries. Such is not the case, because the best information received by our committee permits me to explain to the House that somewhere in the neighborhood of $500 annually on an average is necessary to meet the expenses incident to the transportation of mail by motor vehicle. It is also necessary for these rural letter carriers to purchase a new car on an average of every 3 years. Much of the excessive salary or compensation, as it is called, is used in the upkeep and maintenance of their equipment.

Mr. DOWELL. Of course, it is necessary to keep up the equipment in order to give service, and the longer the route assigned to the carrier the more expensive it becomes to the carrier?

Mr. MEAD. The gentleman is correct.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. Can the gentleman give us information as to what it costs the carrier to maintain his equipment on the average?

Mr. MEAD. I may say to the gentleman that our committee heard from the carriers and the Department, and we also took occasion to communicate with many of the large organizations of the country, including telephone, gas, electric companies, and various other organizations that use a great many cars. The best information that we have is that it costs somewhere in the neighborhood of 6 cents a mile to operate a motor vehicle of the type used in the rural letter-carrier service; and the committee felt, upon the evidence presented, that 6 cents was a fair equipment allowance.

Mr. ADAMS. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Delaware.

Mr. ADAMS. Does the bill make any provision for routes less than 30 miles in length; and if so, what is the provision?

Mr. MEAD. I may say to the gentleman that routes of a mileage less than 30 miles suffer a severe reduction in base pay.

The reduction in some instances exceeds $400; but we have an amendment taking care of that situation, so that the reduction in no case, on the shorter routes, will be in excess of $180 per annum.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I yield to the distinguished gentleman from Pennsylvania.

Mr. DUNN. Are the rural letter carriers in favor of this proposed legislation?

Mr. MEAD. The rural letter carriers face a reality rather than a theory, and they realize that the dismissal of approximately 9,000 men would be an undue hardship, one they could not accept if there is any avenue of escape, and therefore they are willing to accept this readjustment at a loss to them of some $3,000,000 in order that they may meet the recommendations of the Department and save the personnel.

Mr. DUNN. Then they are not opposed to this legislation?

Mr. MEAD. No; they are not opposing it.

Mr. DURGAN of Indiana. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. DURGAN of Indiana. On a 30-mile base how many hours a day does it require a carrier to complete his service?

Mr. MEAD. The Department informed us that the average rural route in the country requires about 5½ hours.

Mr. DURGAN of Indiana. What did they mean by the average rural route?

Mr. MEAD. Rural routes run all the way from 7 miles to 90 miles; but they take an average route, and it is their claim that the average number of hours put in, 6 days a week by a rural letter carrier, is somewhere in the neighborhood of 5½ hours.

Mr. DURGAN of Indiana. Is it not a fact that it takes them from 1½ hours to 2 hours per day on a 30-mile base and during the balance of the time they crowd out some other good man from giving service at an oil station or something of that kind?

Mr. MEAD. Under the regulations of the Department no rural letter carrier can compete, in employment with any other man.

Mr. DURGAN of Indiana. But they do, to my knowledge.

Mr. MEAD. That may have been the case some years ago.

Mr. DURGAN of Indiana. No; lately.

Mr. MEAD. The gentleman may have this service confused with the star-route service.

Mr. DURGAN of Indiana. The gentleman is not confused. He has made an examination of the matter.

Mr. MEAD. The rural letter carrier of today, I will say to the gentleman, in very few cases violates the regulations of the Department.

Mr. DURGAN of Indiana. Should not this bill provide against that?

Mr. MEAD. The regulations are severe. They are so severe that no law could make them more stringent. Separation from the service is the penalty, and I may say to the gentleman that in view of the regulations, legislation on the subject, in my judgment, is not necessary. While the Department maintains that the average number of hours is 5½, the best information we have is that it is 1 hour in excess of that, or approximately 42 hours a week.

Mr. DURGAN of Indiana. I was not inquiring about the average, but I was taking your base of 30 miles of which the gentleman speaks. How long does it take such a carrier to give this service on good roads?

Mr. MEAD. Thirty miles is approximately the average route because they run from 7 miles to 90 miles in length, and therefore the average number of hours on the average route, according to the Department, is 5½, but according to the employees it is 7 hours. It is my judgment that it is somewhere in the neighborhood of 6½ or 7 hours.

Mr. DURGAN of Indiana. My dear sir, I have made an examination, and the information that you have been giving is incorrect on a 30-mile base on good roads.

Mr. MEAD. I may say to the gentleman that this country is so large and the geography of the country is so different in so many different sections, and there are so many different seasons of the year, that the committee, intimately associated with this problem, is perfectly willing to meet the statement of the gentleman by saying that we believe the average rural letter carrier works in excess of 5½ hours a day and that nearly 7 hours a day is more than reasonably correct.

Mr. DURGAN of Indiana. On a 30-mile base?

Mr. MEAD. Yes; taking the average route over all the United States.

Mr. DURGAN of Indiana. I should like the Members to examine into this question before voting on this bill.

Mr. ROMJUE. If the gentleman will permit, I may say that nobody before the committee ever questioned that it was not at least 5½ hours.

Mr. DURGAN of Indiana. For 30 miles.

Mr. MEAD. Yes; 30 miles or the average route. I am very sorry the gentleman did not come before the committee and give us the benefit of his information.

Mr. DURGAN of Indiana. The gentleman did not want to come before the committee. I am looking to you for information, and I am challenging the statement that a 30-mile base takes five hours and a half of service. That is what I am challenging.

Mr. ROMJUE. And I am telling the gentleman that the members of the committee, after long hearing, as well as the Post Office Department itself, never made any such claim as the gentleman is now making.

Mr. MEAD. I may say in further answer to the gentleman that when the Post Office Department explained to us that the average workday of the rural letter carrier on the average route, taking the country as a whole into consideration, is five hours and a half, the gentleman can bank on it that no rural letter carrier finishes his duties on such an average route in less than five hours and a half. That was a minimum estimate in our estimation, and I may say in addition to what I have already said on this subject, the average rural letter carrier does not follow the improved highways of the country. The average rural letter carrier is crisscrossing the highways like the average hockey player crisscrosses the hockey rinks. The rural letter carrier follows the good and the bad highways; he follows the hills and the valleys, and takes the improved highways once in a while in the course of his daily tour. I think it is unfair to say that the average rural letter carrier of the country on an average route, in following the highways, works less than five hours and a half. There is no information before our committee to support such a statement, and as the gentleman from Missouri [Mr. ROMJUE] has stated, I am sorry we did not have such information during our hearing.

Mr. BEEDY. The net result of this bill is that the rural carrier is going to do more work and get the same base pay, but with an increase of the equipment allowance, and have more money than he is now getting.

Mr. MEAD. More money for equipment and less base pay.

Mr. BEEDY. He gets less money in toto and does more work.

Mr. MEAD. Yes; they are reduced $3,000,000 a year.

Mr. BEEDY. Do the carriers want this legislation?

Mr. MEAD. As I said a moment ago, it is a serious situation that confronts them. The Postmaster General has authority to drop 9,500 to effect the saving required by the Budget.

Mr. BEEDY. And in face of that possibility, the carriers think it is the best thing to do.

Mr. MEAD. They accept this legislation as the best way out.

Mr. DURGAN of Indiana. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. DURGAN of Indiana. I want to say that I asked the gentleman with reference specially to the 30-mile route—I did not refer to the average route. I want to say that the chances are that I will vote for the gentleman's bill.

Mr. MEAD. I will say to the gentleman that perhaps we were both somewhat confused.

Mr. DURGAN of Indiana. No; I was not confused; I was not making an unfair statement, and I resent the statement of the gentleman.

Mr. MEAD. If the gentleman from Indiana knew the caliber of the men who are members of our committee, he would allow the chairman to resent the challenge made to the committee.

Mr. DURGAN of Indiana. I would not, but I think the gentleman was a little bit out of order.

Mr. MEAD. I could have explained the misunderstanding—30 miles is the average route.

Mr. DURGAN of Indiana. I think I will vote for your bill, but I want to say that out in Indiana they work an hour and a half or two hours a day, and they work at other things, throwing men out of jobs.

Mr. HENNEY. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. HENNEY. Does the chairman take into consideration the time that the rural carriers put in at the post office distributing mail?

Mr. MEAD. The rural carrier is a traveling postmaster. He collects c.o.d.'s, issues money orders, attends to registered letters; he is a traveling salesman for the Department and a traveling bureau of information. He sells stamps. He does the work of a postmaster; he prepares the mail in the morning, makes up his reports in the afternoon, and he should be credited with that in addition to the service on his route.

Mr. DURGAN of Indiana. I am aware of all that.

Mr. HASTINGS. Will the gentleman from New York explain section 3? Suppose there is no voluntary resignation, no death, no retirement, the rural carrier can only be dismissed under charges, and in any event there can be no consolidation of routes.

Mr. MEAD. That is the situation today, except that under the Economy Act the rural carrier, after 30 years' service, can retire, even though he has not reached the age limit. But we expect that that will soon be eliminated; then this bill follows existing law.

Mr. HASTINGS. And prevents the consolidations except under the conditions as stated in section 3.

Mr. MEAD. That is present law. Mr. Chairman, I now yield to the ranking minority member of the committee, because I think he will be able to answer questions that I have at least attempted to answer. I yield to the gentleman from Pennsylvania [Mr. KELLY] such time as he may desire.

Mr. KELLY of Pennsylvania. Mr. Chairman, I am sure the able and distinguished Chairman of the Committee on the Post Office and Post Roads has been answering questions with all directness and with full information. This bill as amended by the House Post Office Committee is a constructive solution of an emergency. This measure did not originate with any member of the Post Office Committee.

The Postmaster General came before our committee and stated that he was compelled to save $11,000,000 in the conduct of the Rural Free Delivery Service, and that he proposed to do it if possible by extending the standard route and by reducing the amount paid for additional mileage from $30 to $20 per mile. We were faced with a proposition of doing a grave injury to the Rural Free Mail Service or adding some provisions to that proposal changing that. That is the situation regarding this bill. The committee has modified it in the interest of the Rural Delivery Service. From the beginning there has been a conflict between the Post Office Department and the Congress as to this Service. At the beginning two appropriations were made, originating

in this House, and the then Postmaster General refused to expend the money on the ground that the Rural Free Delivery Service was not justified, and that it would cost more money than the American people would favor. Still the House put through the appropriations, and finally with a start of $40,000 it was established. From that time the House and the Senate have been supporting this great Service, even while there has been more or less lukewarmness on the part of the Department.

Postmaster General Farley stated that it would be necessary for him to dismiss 9,500 rural carriers unless we gave him a saving through legislation. In my estimation, the Department has already curtailed this great service quite far enough. Between 1932 and 1933 they stripped off 1,597 rural carriers. They are proceeding now at the rate of a hundred a week. This cuts down this service, which ought to be kept up and extended as in the past. Beginning with a very small expenditure, this service grew until 25,000,000 Americans in the rural sections are being served every day by their Government carrying them the mail, which means enlightenment and information. Many of these 25,000,000 are out of touch with any other activity of the Government. This service has led to a great many improvements in rural sections. It takes the market reports every day to the farmer. It helps to bring good roads to the rural sections. Instead of being isolated, it made them really part of a great community. In my estimation we should not hesitate in giving complete service to every dweller in the rural sections of America. Instead of endeavoring to cheapen and curtail this service we should be extending it at a time like this and thus bring encouragement to those who are so greatly discouraged at this time.

As I said, our committee did not originate this legislation. The bill was sent to us by the Department, and we were compelled to take action. The bill as originally presented provided that the standard route should be raised from 24 miles to 30 miles, with the pay remaining the same—$1,800 a year. We believe that that can be justified, because since the 24-mile route was established, better roads have come. It is justifiable to say that the standard route shall be 30 miles. Where the excess mileage went above 30 miles, there was a provision for $20 per mile instead of $30 per mile. We thought that was fair also, and it was approved. However, the Postmaster General has power to consolidate arbitrarily—to dismiss these faithful servants of the rural sections and to cut the equipment allowance down to 1 cent, as is being done at this moment. We felt that protection features should be written in this bill. I remember very well when we first put that equipment allowance in the law. It was in the salary bill of 1925, which, as some here will remember, had a hectic history for 2 years. We provided a basic increase for the post-office clerks, city letter carriers, and railway mail clerks of $300 a year. We did not give $1 increase in salary to the rural-delivery carriers. We gave them, instead, a 4-cent equipment allowance, which amounts to about $300 a year on a standard 24-mile route. That was the inception of this equipment allowance, and it was a matter of simple fairness and justice.

I have always believed that it is unfair for the Government of the United States to employ a citizen and then compel him to spend an indeterminate amount for equipment in order that he may perform the duties of his position. We endeavored to correct that through the equipment allowance. Then along came the Economy Act which reduced this allowance. In February an Executive order was issued again reducing the amount to be paid. Here is an Executive order of February 23 which states that beginning on April 1 and continuing to July 1, 1934, the rate of equipment allowance shall be fixed at one cent and one hundred and eleven ten-thousandths of a cent. This, with a 10 percent reduction, reduces the equipment allowance to exactly 1 cent per mile. So that until the 1st of July the equipment allowance is only 1 cent per mile.

We have had abundant testimony before the committee that it costs more than 6 cents per mile on the average to provide and maintain the vehicle required by the Post Office Department. The amendment in section 1 of this bill, therefore, provides that the rate shall be 6 cents and that such allowance shall not be changed except pursuant to law enacted after the date this act takes effect.

Mr. Chairman, it is important that we maintain the equipment allowance at this rate. Unless that is done, we will work a grave injustice upon these rural letter carriers. With this allowance we do them some measure of justice. I am confident that it will meet with the approval of the rural carriers as a rate more nearly in accordance with the actual expense.

Without further amendment the carriers would have to face the chance of dismissal to the extent of any number the Post Office Department felt necessary. Therefore, another amendment was inserted on page 3. It is a very important provision and reads as follows:

> No consolidation of rural routes shall be made otherwise than on account of the resignation, death, retirement, or dismissal on charges of carriers in the Rural Mail Delivery Service.

Without this amendment there is no limitation to the arbitrary power of the Postmaster General. Without it he may dismiss 9,500 rural carriers, and there can be no way of preventing it. With this amendment we undertake to hold the number of employees in the Rural Mail Service at the point where normal causes operate. We have precedent for it in the Railroad Act, where the service rendered by the common carriers of the country comes under the Interstate Commerce Commission. In the last session of Congress we passed an act freezing the number of employees as of May 1, 1933, and providing for a 5-percent reduction only.

In this amendment we provide that consolidations can be made only on account of resignation, death, retirement, or dismissal on charges; and that provides more than enough curtailment of the service. It seems to me that we know from the Postmaster General's own report that he has been going far enough in the matter of the reduction of the number of rural free delivery carriers.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. BANKHEAD. As a matter of fact, has the Post Office Department been making consolidations except in the instances mentioned in section 3 of the bill?

Mr. KELLY of Pennsylvania. In 1933 there were some 1,591 consolidations.

Mr. BANKHEAD. But were not all those cases in which there had been resignation, retirement, death, or dismissal?

Mr. KELLY of Pennsylvania. Or transfers from the rural service to some other service.

Mr. BANKHEAD. So, as I understand it, then, section 3 is really nothing but a perpetuation of the present situation with respect to consolidation.

Mr. KELLY of Pennsylvania. That is correct. The Postmaster General told us he would be forced to dismiss some 9,500 carriers, which means adding to the unemployment problem of the country, unless we gave him legislation.

Now, we are not going to accomplish a saving of $11,000,000, for each one of the two additional cents for equipment allowance will mean $4,000,000; but, I am convinced that by the operation of this provision with respect to consolidations as a result only of death, resignation, retirement, or dismissal from charges, that a proper and natural reduction will be made and that the Department should ask for no more power than that.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. DOBBINS. The gentleman referred to the curtailment of service. The gentleman does not mean to curtail the number of people receiving rural free delivery service, but he means, rather, does he not, a curtailment of the number of carriers by an extension of routes?

Mr. KELLY of Pennsylvania. At the present time, for instance, there are 39,000 carriers in the Service. A few years ago there were 45,000 carriers in the Service. This means that some 6,000 carriers have been dropped. Our

committee has received many complaints from people who are without the service that should be given in the rural sections of the country.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. TABER. In connection with the hearing on the Treasury-Post Office appropriation bill there was testimony to the effect that a very substantial number of families had been deprived of rural free delivery service because of the consolidations.

Mr. KELLY of Pennsylvania. That is true; and, Mr. Chairman, I may say further that we have gone far enough in the matter of curtailment. Hardships have been inflicted upon the carriers and the public has less service. Therefore it seems to me that to pass this measure will be to do a constructive act along two lines.

We are endeavoring to establish a permanent basis for this travel allowance, at a point which will more nearly meet the costs, and we are endeavoring to make sure the rural carrier does not have the fear of dismissal hanging over his head every day of the year. We are trying to give him some security.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. I am in full sympathy with the able argument which the gentleman from Pennsylvania has made. I should like to know what special compensation is provided for those carriers whose routes are more than 30 miles?

Mr. KELLY of Pennsylvania. Those that have routes more than 30 miles in length receive $20 for each mile per year in excess of 30 miles. At present it is $30, and this is a cut of $10 per mile per year.

Mr. HASTINGS. What will a rural carrier get who serves a route under 30 miles after the enactment of this bill?

Mr. KELLY of Pennsylvania. That is figured out at $60 a mile. On a 10-mile route his regular pay would be $600. If the reduction amounts to more than $180 it stops at $180 under an amendment authorized by the committee.

Mr. JOHNSON of Minnesota. May I say a word in answer to the statement of the gentleman from Illinois in reference to curtailing service to patrons of rural routes by citing an example? I know of one consolidation in my own county where they cut out one rural carrier. They previously had 4 and now they have 3. The route was extended mostly on the route of one carrier. I know that one farmer who formerly had his mail delivered right to his door now has to walk a mile and a half to get it. Two of his neighbors had their mail delivered previously to their farms and now they have to travel a mile to get their mail, and there are two more that have nearly a half mile to go to their mail boxes. This goes to show that every time there is a consolidation of mail routes there is some curtailment in service at the same time resulting in a detriment to the rural patrons.

Mr. DOBBINS. Will the gentleman yield?

Mr. JOHNSON of Minnesota. I yield to the gentleman from Illinois.

Mr. DOBBINS. That may be true in the locality to which the gentleman refers, but does he know that on the 1st day of July 1932 there were nearly 7,000,000 families receiving rural delivery service and notwithstanding the reduction of the number of routes throughout the country the total mileage of the routes had increased by 3,271 miles because the old routes were made longer and the aggregate length was increased under the rearrangement of the routes?

Mr. JOHNSON of Minnesota. I understand; and the committee has considered that phase of it. May I say that I agree with the able chairman of the committee and also with the able gentleman from Pennsylvania [Mr. KELLY] in what they have already said about this bill. They are experts on postal and postal-employee legislation.

The rural carriers in wanting the passage of this legislation are not asking for anything that is unfair. They desire to be secure in their positions. They only ask a fair salary with a fair and reasonable expenditure allowance. The committee has carefully considered this bill and has reviewed every phase of it before bringing it out on the floor today. The committee has sought information from all sources, and in establishing the mileage rate now contained in this bill it was found that the 6-cent-a-mile rate was fair and that in use by private companies with equipment very much similar as that used by the rural carriers.

The carriers are forced to take almost a $3,000,000 salary loss by the passage of H.R. 8919, but they are faced with the cold reality of either accepting the salary adjustment embodied in this measure or seeing 9,500 of their fellow carriers dismissed from the service, through a wholesale consolidation of routes by the Post Office Department. This bill will provide the rural carriers with assurance against dismissal. It provides against any indiscriminate or wholesale letting out of rural carriers. It makes it impossible for the Post Office Department to consolidate thousands of rural routes and release from employment a like number of carriers.

The committee has felt that the rural carriers had suffered a real set-back in fair earnings when their mileage allowances were slashed by Executive bulletin, following the passage of the Economy Act, to 1 cent a mile. This reduction in allowance, coupled with the 15-percent cut under the Economy Act, placed practically all of the carriers in a most unfair condition.

The rural carriers are daily serving more than 25,000,000 people in the conduct of their duties, and to curtail this service by the dismissal of 9,500 employees would mean the elimination of decent rural service to thousands of people who are entitled to get rural free delivery. They are as much entitled to daily mail service as those persons residing in the cities. They are just as much entitled to as close a contact with the other sections, both with their own community as well as other parts of the country, as the residents of villages and cities. Why deny them such service? If the Post Office Department is facing a deficit why should the rural carriers be made to shoulder the burden?

In the first place, this Department has never paid its way, except during the year in which the Economy Act was in operation, and then only at the expense of the employees in that Department, and if the air and ship subsidies are considered, they would still be in the red. Each employee was trimmed of part of his wages, wages which should never have been sliced. The salary of the rural carrier is not high. He is not able to put away each month any amount from his earnings, nor will he after this bill is passed. No; on the contrary, the rural carrier as a general rule spends his entire monthly salary, and where is it spent? I would say that, without an exception, his wages go into the merchant's cash drawer of his own community. He buys everything locally, and the community as a whole benefits from the salary of the rural carrier.

The argument has been raised by Members of Congress that the rural carrier should be cut in salary and mileage because he competes with his neighbor in other employment. In answer to that I would say that no rural carrier—and this is Department order—can enter into any competitive employment of any kind. This regulation is strictly and rigidly enforced, and I do not believe that there are any violations of this Department order.

The 25,000,000 rural-route patrons now being served by the rural carriers with this service will be gratified to hear of the passage of this bill. It means that their mail delivery service will be guaranteed and protected, and it will mean that they will not have to adjust themselves to changes which the Post Office Department could make without taking into consideration what effect it would have on the people being served by these routes.

The rural carrier travels over every kind of road in every kind of weather. He is faced with the task of serving the patrons of his route in all seasons and under all conditions. His salary is not being increased by the passage of this bill; as a matter of fact, it is decreased, but what it does is to guarantee him in his position so that he need not be under

the constant and everlasting fear of finding himself without a job because of a widespread consolidation of routes that the Post Office Department might wish to invoke. This bill merely adjusts his salary.

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman and Members of the Committee, the Chairman of the Post Office and Post Roads Committee [Mr. MEAD] is deserving of commendation for the excellent piece of legislation that he and the other members of the committee prepared for our consideration. I know these men are very much interested in the underpaid rural letter carriers and all other Federal employees.

Mr. Chairman, I believe the time has come when the representatives of our Government should discontinue the economy program, because of which thousands of men and women have been dismissed from their positions.

The other day I stated on the floor of the House that I was a member of the Labor Committee, and when this committee was holding public hearings on the 5-day, 6-hour bill many officials of our industries appeared before our committee in opposition to the bill. I asked these men, "Do you have an age limit in your plant?" I was informed by them that the age limit was 40 to 45 years.

Now, Mr. Chairman and Members of the Committee, we will never get out of a depression unless we are able to find employment for men and women who are physically and mentally able to work.

I am going to repeat a statement I made here some time ago. I said that if we Members of the House would permit ourselves to be actuated by humanitarian motives instead of selfish ones, we could solve any problem which would confront us. [Applause.]

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, I yield 5 minutes to my colleague on the committee [Mr. ROMJUE].

Mr. ROMJUE. Mr. Chairman, there are three points involved in this legislation and three only.

First is the base-pay proposition. As has been stated, the base-pay proposition of $1,800 per year is now made to apply on a mileage of 30 miles. Previously it was on the basis of 24 miles.

The second proposition involved in the bill is the equipment allowance. Under the present law we have an allowance of 4 cents a mile. This bill makes the equipment allowance 6 cents a mile. I call the attention of the Members of the House to the fact that in many sections of the country some rural carriers have to maintain vehicles and horses; and, strange as it may seem, in all the testimony that has ever come before the Post Office Committee and in all the testimony that has come before the Post Office Department bearing on the proposition of equipment allowance, nowhere have the figures been officially submitted bearing on what it costs to maintain a horse and vehicle. We took all this into consideration, as in some sections of the country equipment of this kind has to be kept in addition to automobile.

The third proposition involved in the bill is the matter of consolidation. This is the same as the present law, except that this bill provides that there cannot be any dismissal except for resignation, death, retirement, or dismissal on charges. Taking this altogether, this bill, if enacted into law, will save something over $3,000,000 to the Government.

Mr. McDUFFIE. May I ask the gentleman whether the rural carriers are in favor of this bill?

Mr. ROMJUE. Of course the rural carriers are not entirely satisfied with the bill, but they realize the situation the country is in and are willing to do their share to assist recovery.

Mr. McDUFFIE. I am sure they cannot be. I understood this morning they were. I could not understand how they would be in favor of a bill which would take from them $3,000,000.

Mr. ROMJUE. I will explain the situation to the gentleman. Every member of this committee worked diligently and painstakingly on this matter. And this bill comes to the House unanimously agreed upon.

I do not remember the exact number, but there have been something like 7,000 reductions in the personnel of the rural mail service. The Department, of course, wanted to be as economical as possible, and they felt that unless there was some legislation on this matter they might have to make further considerations and bring about dismissals in order to keep within the revenue of the Department.

Mr. McDUFFIE. Does this bill prevent any further consolidations regardless of whether the Department thinks that advisable or not?

Mr. ROMJUE. The consolidations that have taken place heretofore, mainly, have been where there was a death or resignation or dismissal on charges or a retirement, and that is what this bill provides.

Mr. McDUFFIE. Then there is no change in that respect.

Mr. ROMJUE. No change, except we are enacting that into law, whereas that is done under regulations at the present time.

Mr. McDUFFIE. In other words, you are writing the regulations into law.

Mr. ROMJUE. We are writing the regulations into law, and, so far as I know, the regulations of the Department have never gone beyond what I have stated, but the Department said they might have to dismiss a lot of these people, and the first proposition in this bill reduces the letter carrier's salary 25 percent on the basis of a base pay of $1,800 for 24 miles. His mileage is increased to 30 miles. So he takes a 25-percent reduction in that respect, figured on the basis of the length of the 30-mile route.

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. ROMJUE. The standard now, instead of being 24 miles, is increased to 30 miles, as the gentleman knows.

Mr. ADAMS. Will the gentleman yield?

Mr. ROMJUE. I yield.

Mr. ADAMS. Is the provision with respect to equipment-maintenance allowance increased from 4 cents to 6 cents upon the initiative of the committee or upon the protest of the rural mail carriers?

Mr. ROMJUE. No; the committee listened to everybody who desired to be heard, and we had testimony from various sources as to what the equipment allowance should be. There were plenty of people who thought it ought to be 7 or 8 cents and the committee used what we thought was our best judgment and tried to do justice both to the Government and to those who are in the service.

Mr. ADAMS. Was there any general complaint among the carriers that a rate of 4 cents is insufficient?

Mr. ROMJUE. Yes; it was almost universal.

Mr. COLDEN and Mr. DONDERO rose.

Mr. ROMJUE. I yield first to the gentleman from California.

Mr. COLDEN. I want to ask the gentleman this question, bringing out a comparison of the wages of the rural carrier with the rural teacher. Every rural route goes past several school buildings in the country where teachers are probably laboring for 8 months at a salary of from $40 to $60 a month. Does not the gentleman believe that is an inconsistent salary in comparison with the rural mail carrier?

Mr. ROMJUE. I may say to the gentleman that we cannot go into every issue that may come up of that kind. We are trying to legislate on this particular problem and, of course, we will never get everybody equalized, and for that reason we did not go into that problem.

Mr. DONDERO. Does the committee justify the reduction in salary by the increase in mileage or by the increase in the pay per mile for his vehicle?

Mr. ROMJUE. No; as I said a moment ago, there was never any estimate about the operation of vehicles or the cost of feeding horses or anything of that kind, but there is a general belief that the roads have been improved; yet, as the chairman has said, improved roads in many sections of

the country do not mean very much to the rural carrier, for the reason that the rural carrier goes into the country and does not follow the main highway, because all improved concrete roads run practically on a straight line, and rural routes run mostly in a circle, coming back to the starting point with as little duplication in travel as possible.

Mr. DONDERO. And all the people do not live on the improved highways.

Mr. ROMJUE. No; and the rural mail carrier has to travel in a sort of circle. He may, of course, cross an improved highway now and then, but he does not travel straight down the highway like a tourist.

Mr. DONDERO. Have the rural carriers expressed their approval of this bill and are they satisfied with it?

Mr. ROMJUE. I do not know that anybody is ever satisfied with anything, and I cannot say that, but the committee, or at least the other members of the committee, used all the judgment they had to do what they thought was due the Government in the way of economy, and at the same time they tried to deal as fairly as they could with the employees under the circumstances.

[Here the gavel fell.]

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, in view of some of the things that have come up today, I wish to make a brief statement about the consolidation situation.

According to my information, the consolidations that have been made so far are averaging at the present time a saving of about $1,200 per consolidation; but these consolidations almost altogether come from forced 30-year retirements, so that the additional expense to the Government on account of retirement is $1,000 a year and therefore the net saving, after you deduct the retirement cost, is only about $200 per consolidation.

There are a couple of things about the bill itself that I want to ask some questions about. The first one is this: On page 2 it appears that the carrier with 30 miles receives a salary of $1,800 for 6 days a week, and I would like to ask the chairman of the committee by what provision of law, Is anything less than the $1,800 paid to the carrier who carries mail only 3 days a week? I am wondering if this section requires an amendment to take care of that situation?

Mr. MEAD. No; a carrier who carries two triweekly routes of 40 miles each is paid at the rate of a carrier who carries 6 days a week on a route half the combined mileage of the two triweekly routes.

Mr. TABER. Is there authority of law for that?

Mr. MEAD. Yes; he is listed as a carrier who carries two triweekly routes and is paid the same as a carrier who carries one route 6 days a week.

Mr. TABER. I would like to ask the gentleman one other question. There are a number of roads in my territory that serve a section with a large population where the carrier is obliged to spend almost the full 8 hours of the time and some of the time, more, in getting over his route. These routes are not much more than the present standard of 24 miles. That would reduce these carriers substantially, would it not?

Mr. MEAD. We have an amendment to cover that. It will take care of the short routes. After we had the estimate furnished by the Department we found out that rural carriers whose routes are 7 to 20 miles were reduced in some instances in excess of $400, an unwarranted reduction, so we have an amendment covering the short routes in which we limit the reduction so that it will not exceed $180.

Mr. DOWELL. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. DOWELL. Is it not true that most of these carriers necessarily, where their routes are extended, require a substitute carrier or someone to assist them?

Mr. MEAD. That may be true in the winter season and during the holidays, and in some cases the Department adds an auxiliary carrier.

Mr. DOWELL. And the carrier has to pay that substitute or assistant out of his own pocket.

Mr. MEAD. Any help provided by the rural carrier is paid for by the carrier, and it is no added expense to the Department. I now yield to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I want to say that I am tremendously interested in this bill. I heartily approve of the bill and believe that it is just and fair.

I represent a district in which the routes have great mileage, and, although they have good roads, in the fall and wintertime there are, as there always have been, quantities of mud. The bill is apparently well justified, and if there is any injustice it is the amount paid to the carrier and not to the Government of the United States.

Mr. MEAD. Mr. Chairman, I have only one more speaker, and I yield to the gentleman from Illinois [Mr. DOBBINS].

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield the gentleman from Illinois 4 minutes.

Mr. DOBBINS. Mr. Chairman, I want to say a few words about some of the inquiries, not all of them audible over this hall, but many of them questions that have come to me privately here at this desk, with reference to a comparison between alleged lower costs of operating ordinary motor vehicles and this allowance we are making for a motor vehicle used in the rural mail service. Gentlemen making that comparison lose sight of the fact that as they employ their own motor vehicles, they frequently drive them 200 or 300 miles a day, traveling on the best of improved roads, whereas the rural carrier in the performance of his service uses the vehicle on an average only 30 miles a day, and travels over roads of all conditions and descriptions. They lose sight of the fact also that the rural carrier has to perform his work on schedule and cannot wait for good weather nor for good roads.

He starts out at exactly the same hour every day, no matter whether it is raining or snowing or what the weather is and regardless of what the condition of his roads may be. He must frequently equip the wheels of his vehicle with tire chains, and the testimony before us showed that the average rural carrier wears out many sets of chains in the course of a year in his battles with mud, snow, and ice. He is obliged to attend to his vehicle and equipment after returning to his home, often requiring hours for this work, and that is probably overlooked by the gentleman from Indiana [Mr. DURGAN] in commenting upon the time they spend in their work. A good many people think that a rural carrier is working for us only when he is traveling. He must go to the post office and assemble his mail and route it in the order of its intended delivery. He must attend to numerous other postal transactions with the patrons of the route, and when he has traveled over his route, he must take care of his collected mail in the post office, take his vehicle home and put it in condition for punctual and efficient service on the following day.

There is another feature that we must consider. The rural carrier heretofore has been making up a considerable part of his equipment allowance, or the expense for which his equipment allowance is designed, out of his salary, yet the public have been looking upon him as receiving that salary net for his services. Few rural carriers in the past, with the small equipment allowances they have had, have been able to avoid dipping deeply into their salaries to supplement their inadequate expense allowance. Often $300 or $400 a year has had to be taken by a carrier out of his salary to pay for his equipment expense, which the meager allowance heretofore made is inadequate to cover. This new provision is fair to the carrier, because it allocates to him as salary only that which is intended to compensate him for the work that he does, and provides an equipment allowance that is actually required for that purpose.

Mr. DURGAN of Indiana. Mr. Chairman, will the gentleman yield?

Mr. DOBBINS. I am glad to yield to my friend the gentleman from Indiana.

Mr. DURGAN of Indiana. I know the committee has not investigated dairies, but within the last 30 days—and I hope the chairman of the committee will listen to this—a rural

carrier's neighbors made complaint that he works 2 hours a day and runs a dairy the balance of the time.

Mr. DOBBINS. I do not believe there is a rural carrier in the United States who devotes as little as 2 hours a day to the Postal Service.

Mr. DURGAN of Indiana. I have turned that complaint in to the postal authorities, and I wish the chairman would read those letters.

Mr. MEAD. I will help the gentleman get rid of him if necessary.

Mr. DURGAN of Indiana. He is a good Republican, as 90 percent of them are.

Mr. SABATH. Mr. Chairman, I appreciate the fact that the gentleman from Illinois [Mr. DOBBINS] is immensely interested in rural carriers. Nevertheless, in all fairness, I ask him whether he does not think that an equipment allowance of 5 cents should be made instead of 6 cents?

[Here the gavel fell.]

Mr. DOBBINS. I am sorry indeed that the expiration of all time under the rule prevents my replying to my distinguished colleague the gentleman from Illinois [Mr. SABATH].

The CHAIRMAN. The time of the gentleman from Illinois has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That (a) the first paragraph of section 8 of the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes", approved February 28, 1925, as amended (U.S.C., title 39, sec. 197), is amended to read as follows:

"SEC. 8. The salary of carriers in the rural mail delivery service for serving a rural route of 30 miles 6 days a week shall be $1,800; on routes less than 30 miles, $60 per mile per annum for each mile or major fraction thereof. Each rural carrier assigned to a route served 6 days in a week shall receive $20 per mile per annum for each mile or major fraction thereof said route is in excess of 30 miles, based on actual mileage, and each rural carrier assigned to a route served 3 days in the week shall receive $10 per mile per annum for each mile or major fraction thereof said route is in excess of 30 miles, based on actual mileage."

(b) The second paragraph of such section 8 (U.S.C., title 39, sec. 200) is amended to read as follows:

"Deductions for failure to perform service on a standard rural-delivery route for 30 miles and less shall not exceed the rate of pay per mile for service for 30 miles and less; and deductions for failure to perform service on mileage in excess of 30 miles shall not exceed the rate of compensation allowed for such excess mileage."

(c) The third paragraph of such section 8 (relating to equipment-maintenance allowance for rural carriers) (U.S.C., title 39, sec 206) is amended by striking out "4 cents" and inserting in lieu thereof "6 cents."

With the following committee amendment:

Page 2, line 22, after the word "cents" insert: "Such allowance shall not be changed except pursuant to law enacted after the date this act takes effect."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. WILLFORD. Mr. Chairman, I offer the following amendment which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. WILLFORD: Page 2, line 22, after the word "thereof" strike out "6 cents", and insert "5 cents."

Mr. DOWELL. Mr. Chairman, I make the point of order that the amendment is not in order because this amendment has just been adopted by the committee. A motion to strike it out is not now in order.

The CHAIRMAN. The Chair overrules the point of order. The question is on the amendment offered by the gentleman from Iowa.

Mr. WILLFORD. Mr. Chairman, before we grant 6 cents a mile for equipment allowance let us consider the practice in private industry. The big companies of the country which employ salesmen who travel across the country by automobile allow but 4 cents and 4½ cents a mile. Out in our country we have hard-surfaced roads.

I have listened to the controversy provoked when the gentleman from Indiana said some carriers worked an hour to an hour and a half a day. I know that to be a fact in some places in my country.

Mr. DURGAN of Indiana. So do I.

Mr. WILLFORD. I know cases of rural carriers where they say their wives carry the mail for them and that it took only an hour or an hour and a half and that it took only 30 minutes to fix the mail. As I say, we have hard surfaced roads, fine gravel roads, all-weather roads.

I think 5 cents a mile is ample allowance, for if the carriers took any human kind of care of their cars at all they would not need to buy a new car every 3 years.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. WILLFORD. I yield.

Mr. DUNN. The gentleman states there are rural carriers who work for an hour and a half or 2 hours a day. Does the gentleman know how many rural carriers work 5, 6, and 7 hours a day?

Mr. WILLFORD. I have never gone into the matter far enough to know the number, but I do know positively of one rural carrier with whom I am very closely acquainted.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. WILLFORD. I yield.

Mr. HOEPPEL. Does the gentleman realize that rural carriers are compelled to buy more tires and that they have more engine trouble and more clutch trouble than the ordinary driver, because the rural carriers have to make frequent stops and are frequently obliged to run off the hard road onto rough shoulders?

Mr. WILLFORD. I have listened to the rural carriers' talk until I have come to the conclusion that they are little tin gods favored above all others and that they have misused their privileges. In my country rural carriers receive from $2,400 to $3,600 a year. They receive greater compensation than the postmaster who accepts the responsibility. Not only that, but they are doing a wonderful lot of political activity in my country.

Mr. DURGAN of Indiana. Mr. Chairman, will the gentleman yield?

Mr. WILLFORD. I yield.

Mr. DURGAN of Indiana. How many Democrats are there among them?

Mr. WILLFORD. Not one that I know of; not one. I repeat, 5 cents a mile is sufficient allowance. I drive a car myself as many miles as the average rural carrier drives his, and it does not cost me any 6 cents a mile; and I drive a car for 5 years before I get a new one.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. WILLFORD. I yield.

Mr. SABATH. Is it not a fact that the Federal Government has spent millions upon millions of dollars improving the roads, that the States and counties have spent vast sums of money, and the roads have been so improved that it does not cost as much to drive a car today as it did in years gone by?

Mr. WILLFORD. We have spent hundreds of millions of dollars in Iowa alone in the building and improving of roads to help the rural mail carrier. That was the plea on which the roads were built; that was the cry, "Help the rural carriers."

Mr. BEITER. Mr. Chairman, will the gentleman yield?

Mr. WILLFORD. I yield.

Mr. BEITER. Is it not a fact that practically every garage and activity connected with the use of automobiles has adopted a code which increases the cost of the maintenance of cars and that that is reflected in this rate?

Mr. WILLFORD. No; most of the rural carriers repair their own cars.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. WILLFORD. I yield.

Mr. JOHNSON of Minnesota. Does the gentleman take into consideration the high cost of gasoline? In Florida they pay a tax of 8 cents a gallon, 7 cents of which goes to the State and 1 cent to the Federal Government.

Mr. WILLFORD. In Iowa we are paying 14 cents a gallon.

Mr. JOHNSON of Minnesota. I may add further, if the gentleman will permit, that in my section of the country for several years the mail carrier had to drive across my plowed fields for half a mile because the roads were blocked by snow.

Mr. WILLFORD. Under the rules of the Post Office Department when the roads are blocked the mail carrier is not compelled to travel his route.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. WILLFORD. I yield.

Mr. MILLARD. Is the gentleman a member of the Committee on Post Offices and Post Roads?

Mr. WILLFORD. I am not.

Mr. MILLARD. Does the gentleman want to put his individual opinion against that of the whole committee?

Mr. WILLFORD. At least I have the right to state conditions as I know them to be in my part of the country.

Mr. MILLARD. Does the gentleman know what testimony was presented before the committee?

Mr. WILLFORD. No; I do not. But I still maintain I have the right to state my own observations and opinion.

Mr. DURGAN of Indiana. Mr. Chairman, will the gentleman yield?

Mr. WILLFORD. I yield.

Mr. DURGAN of Indiana. The gentleman's knoweldge is practical, obtained from close association with the rural carriers?

Mr. WILLFORD. Absolutely. The rural carriers are organized. They came here in a body to sell their goods, and they have sold them to the committee. The other fellow was not heard; there were millions and millions who were not even considered because they were not organized. The carriers are like a lot of frogs in a swamp; they make a lot of noise.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I offer a substitute to the amendment offered by the gentleman from Iowa.

The Clerk read as follows:

Substitute amendment offered by Mr. McDUFFIE to the amendment of Mr. WILLFORD: Strike out the figure "5" and insert in lieu thereof the figure "4."

Mr. KELLY of Pennsylvania. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. KELLY of Pennsylvania. Mr. Chairman, I make the point of order that the amendment, if adopted, would mean nothing at all. There is a provision in the bill which states that the law is amended by striking out "4 cents" and inserting in lieu thereof "6 cents." The adoption of this amendment would make that provision read "strike out '4 cents' and insert in lieu thereof "4 cents.'"

Mr. McDUFFIE. No. The gentleman did not understand the substitute I offered. There is an amendment offered by the gentleman from Iowa [Mr. WILLFORD] to strike out "6" and insert "5." I am offering an amendment to strike out the "5" and insert "4." I am suggesting the old rate, a difference of 2 cents under what the committee has reported. The language in the line can, of course, be corrected.

The CHAIRMAN. The Chair is ready to rule. Insofar as the parliamentary procedure is concerned, the Chair holds that the amendment is in order and overrules the point of order. The gentleman from Alabama is recognized for 5 minutes.

Mr. McDUFFIE. Mr. Chairman, in nowise would I assume to know more about this subject than do the very fine gentlemen who have given it hours of study. I have just read the letter written the committee by the Postmaster General, and I am sure he has given quite as much thought and study to this problem as has the committee because he is dealing with this subject as closely and directly as the committee has done.

The Postmaster General suggested that 4 cents a mile should be given as an allowance to rural carriers in lieu of what they are now receiving under the provisions of the Economy Act.

I recognize that the rural-carrier service is a very fine service. The personnel of that service is far above the average; indeed some of our best citizens are rural carriers. I appreciate the fact also that it is not a popular thing to stand in a legislative body and incur the displeasure of that great organization of some 40,000 men throughout the Nation who have their influence and their power. This is just one more instance of the power of an organized minority under our form of government. It is not a very happy thing to take a position that is not approved by that very active and fine organization.

The rural carrier in America today, and I say this without fear of successful contradiction, is the best-paid individual on the Government pay roll in proportion to amount of real work done. Five and one quarter hours per day is the average work done by the rural carrier. Roads have been improved, and the work is less arduous from year to year. There are thousands of people, yes, hundreds of thousands, who would be delighted to have an opportunity to serve the Government as rural carriers. No injustice would be done by giving them their allowance which was granted, I think, in 1925, and which was eliminated under the Economy Act, and it is proper for Congress to follow the suggestion of the Postmaster General and give them back the 4 cents per mile. I think gentlemen are not very sure of their ground when they say they cannot operate their vehicles on an allowance of 6 cents per mile.

I think it is unfortunate indeed if, in our admiration and respect for this great organization, we permit ourselves to lose sight of our better judgment and pay these employees more in proportion for the work they do than any other Government employee by and large. I submit that 4 cents per mile is not an unreasonably low figure.

I realize that you gentlemen are not going to adopt this amendment. I have no doubt that the House is going through with this program, but I have risen to take a few moments of your time to suggest that you are going beyond the recommendations made by the head of the Post Office Department in this allowance. In the light of these times of unemployment, I feel the average rural carrier should thank God for his job. He can, in many instances, finish his carrier service in time to work every day on his farm or do other things outside the Government service. Instead of urging more pay and allowance the carrier in these times should be very happy and feel himself a most fortunate citizen. The carriers have been my friends. It is not pleasing to me to oppose their program at any time. This committee has not followed the suggestions of the Postmaster General, who feels that economies must be effected to come within the Budget figures. No one wishes to curtail our splendid mail service. The Postmaster General has not done so where he could avoid it. We must not forget that funds expended for this service must come from the taxpayers. This bill repeals the Economy Act as it applied to the carriers. I realize it may be popular here to repeal that act, but the taxpayer will some day be heard from. We too often forget that he is the man who pays for all Government service.

Mr. HAINES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think we are exaggerating just a little bit when we say that the rural carriers of America are favored above any of the Federal employees. We do not take into consideration, and I take it from the statement the gentleman has just made that he has not taken into consideration, the fact that rural carriers must spend some money to do the job that they are performing for this Government. I do not believe that the 6-cents-a-mile equipment allowance is too much. In addition to operating a pleasure car I have employed men in my business to operate automobiles. These men drive the best roads of the country, and it costs more than 6 cents per mile. This is not true with rural carriers. They are traveling the worst roads of this country. I know some rural carriers that work 2 and 2½ hours a day when

the weather is good. I have in my home town a fine fellow who carries mail in an old model T Ford. He has not been able to buy a new car because of the equipment allowance that is coming to him. That fellow has gone out at 9:30 in the morning and arrived back at 8 o'clock in the evening during the month of March.

Mr. JOHNSON of Minnesota. Maybe he had to work a half hour to get the thing started in the morning.

Mr. HAINES. Mr. Chairman, I know it is a popular proposition these days to find fault with the Federal employees, but I think it is all wrong. It is true that men want these jobs today, but they did not want the jobs years ago when the present incumbents went into service. The average time that these men have served in the Rural Free Delivery Service is a little more than 14 years. Some of these men are getting up in years. They have done a good job, and they have built up a service that is appreciated by the people in the rural sections of America. I think we should do nothing to tear down that great service.

I do not believe that they can operate their automobiles over the bad roads of this country for less than 6 cents a mile. The fact of the matter is I have some figures here which show that the average cost throughout the Nation to operate an automobile in the Rural Free Delivery Service is a little over 8½ cents a mile, and in the State of Texas the figures show it costs 13 cents a mile to operate automobiles in the Rural Free Delivery Service of that State.

This talk of all the men working 2 and 3 hours a day is an exaggeration. The average time that is put in by these men is almost 7½ hours a day. Of course you can take isolated cases and point to one or two rural carriers working 1½ or 2 hours a day, but we should not judge the entire service by an isolated case or two. In Pennsylvania we boast of having the finest roads of any State in the Union. We have a program on now for the building of 50,000 miles of roads in Pennsylvania. We built more than 13,000 miles of roads in that State in the last 2 years. Notwithstanding this fact, our rural carriers are traveling the mud roads and the upkeep expense of their cars is tremendous.

Here is one of the finest chaps I have ever known. He has a 41-mile route, serving 2,001 patrons. He has 499 families on his route. His salary is $2,310. His maintenance allowance at the rate of 4 cents a mile is $477 less 15 percent. During the year from July 1, 1932, to June 30, 1933, he received a salary of $2,226.98. His maintenance costs amounted to 6.3 cents a mile to operate his car. He covered 11,960 miles and his total maintenance cost for the year was $753.48.

[Here the gavel fell.]

Mr. HAINES. Now subtract this from his total amount received and you will find that this fellow received a net salary of $1,473.50. A city letter carrier working 8 hours a day receives $2,100, and this is not too much, but when Members stand here on the floor and claim that our rural carriers are the "best paid men in the service", they make statements that they cannot substantiate with facts. Deduct from this amount the depreciation of a car, which is several hundred dollars a year, his insurance, his liability costs, you will find that this carrier is not overpaid; and Mr. Chairman, this is but one of thousands of similar experiences in the ranks of the rural carriers. I know no finer type of men in the Government service. They give this service with a smile, and while there may be a few cases where these men have easy jobs and do things politically that are unethical, and engage in business on the side, this is the exception and a rare one indeed. I do not think that we should find fault with this great group of faithful Government employees for the mistakes of a few. I have many letters from these men who give me their cost experience, and after deducting this from the total paid them, they are not the best paid men in the service, but I believe I am safe in saying that they are among the lowest paid of our employees, when we know the true situation among these men. We want our employees to be well paid. The trouble right now in this country is that we have too many underpaid men and women and surely this great Government of ours should set the right example. If we do not set such an example we have no right to ask private industry to do so. Another fact has been overlooked by those who appear to find fault with this 6 cents equipment allowance and that is that most of these men must call in auxiliary help, indeed 35 percent of the carriers are forced to do this. These men are not paid by the Department, but by the carriers themselves. Clerks and city and village carriers are not asked to do this. The rural carriers' working day is divided into four parts:

First he must spend time keeping his equipment in good condition.

He has a car to keep running or a horse to feed, many times both. He must spend part of his day sorting his mail, casing his mail in the post office; then he goes out on his route. When he returns he must again do a varying amount of clerical work in connection with the responsibilities that are his in the performance of his work and the fine service he wants to give to his patrons. Mr. Chairman, 6 cents is not too much equipment allowance. If we are to deduct 25 percent from the base pay of these men in the changing of the base pay upon the basis of 30 miles instead of 24 miles, we are working a hardship upon these men; but to reduce their equipment allowance below that called for in this bill, and unanimously approved by the committee, is unfair, to say the least. Mr. Chairman, I know most of the rural carriers in my own district. I say to you here and now that we have no finer group of employees in the Government service. I am proud to be listed as their friend. I am as much interested in economy in the affairs of the Government as any Member in this body, but I do not believe in economizing at the expense of faithful employees. I think that private industry admits that the greatest blunder they made in the past was the ridiculous reduction of wages, which contributed so much to our economic ills of this present day. Will not we profit by that mistake, Mr. Chairman?

Would it not be a grave error to take more from these men than we now propose to do in the enactment of this legislation? The saving of more than $3,000,000 will meet with the approval of our people, but such a saving will not be looked upon with favor by the great host of public-spirited Americans, if by doing so we cripple an established service that is giving such wonderful service to our rural communities. I ask, Mr. Chairman and Members of this committee, that you vote down the amendment to reduce the equipment allowance to 4 cents and to also vote against reducing the equipment allowance to 5 cents. Stand by the committee, who gave serious and long study to this bill, and who come to you feeling that it is a fair and just measure, meriting the approval of the entire Membership of Congress.

Mr. MEAD. Mr. Chairman, I move that all debate on the pending amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Alabama.

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. MEAD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Page 2, at the end of section 1, insert the following new subsection (d):

"In the case of any carrier in the Rural Mail Delivery Service on the date this act takes effect who serves 6 days a week a rural route of less than 30 miles or who serves 3 days a week a rural route of less than 60 miles, or two routes of a combined length of less than 60 miles, the annual salary of such carrier shall not be reduced more than $180 by operation of subsection (a) of this section."

Mr. MEAD. Mr. Chairman, in explanation of the amendment I may say that it prevents a reduction in excess of $180 per annum on the short routes. Many of them will be eliminated as quickly as possible; but were it not for this amendment the salary on some of the short routes would be reduced in the neighborhood of $400 and no one wanted to do that. I therefore ask for the adoption of the amendment.

The amendment was agreed to.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 2, line 10, strike out period and insert a colon and add: "*Provided*, That no reduction in salary shall apply under this section wherever the carriers in the Rural Service serve over 500 legitimate patrons on routes of 24 miles or less."

Mr. HOEPPEL. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and print them in the RECORD in a subsequent edition.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Chairman and Members of the Committee, after 8 years' experience as postmaster I am satisfied that the deficit which only too often exists in the Post Office Department is more or less chargeable to the Congress which, under the stimulus of political expediency, in some instances ties the hands of the post-office administration and in others is perhaps indifferent or illiberal. The Post Office Department is handicapped in the efficient conduct of business to a great extent due to the fact that it is subservient to the whim of 531 politicians who, apparently, are, as a whole, more concerned as to their political futures than in revising and modernizing the largest department in the Government.

That the Post Office Department itself is culpable in some respects is illustrated in this bill now under discussion. The fact that the Post Office Department has permitted the various inequalities pertaining to rural carriers to exist without suitable recommendation to the Congress for their correction would indicate that the Post Office Department officials are sympathetic toward the archaic procedure of the oxcart or pony-express days, notwithstanding that we have progressed to the days of the air mail with its expeditious and very satisfactory service.

It is my opinion that any competent business man could take over the functions of the office of Postmaster General if freed from the influence of politics and its concomitant ills, and through the adoption of modern, efficient methods, could improve the service immeasurably and at the same time save the taxpayers millions of dollars annually.

Outwardly the Post Office Department has every appearance of efficiency, but in its internal administration there are many glaring examples of inefficiency which no corporation would permit to exist. During the days I served as postmaster I was continually calling the attention of the Department to the unbusinesslike methods forced upon the various postmasters and the personnel which, if corrected, would have resulted in improvements in the service with lesser expenditures.

My time is too limited to go into extensive details on the subject, but a few illustrations will suffice to indicate the type of discriminations, extravagances, and inefficiency which is so costly to the American taxpayers and so unfair to our post-office personnel.

For instance, the postmaster of a third-class office whose sales are $7,999 per annum receives a limited clerical allowance, and at the same time he must provide himself with all incidental supplies required in the administration of his office. Where the sales of the same type of office are, for example, $8,001 per annum, the postmaster is supplied every facility without charge, and clerical allowance is increased from $2,100 per annum to approximately $3,900 per annum. In addition, the Government then furnishes all post-office boxes and other facilities. To be more specific, because of the sale of only $2 more stamps in 1 year over another the clerical allowance is increased approximately $150 per month, plus the furnishing of all facilities at a high annual rate. In addition, village letter carriers serving such offices may then be classified as city carriers, and receive approximately a 30-percent increase in salary.

Criticism in this respect does not apply to the Post Office Department but is directed at the Congress, and it is my opinion that postal laws and regulations should be rewritten in order to permit greater elasticity in the administration of the Post Office Department by the Postmaster General and less interference on the part of the Congress.

In this bill under discussion, I wish to congratulate the committee on its sympathetic attitude toward the rural carrier. The Republican as well as the Democratic Members have shown a helpful attitude toward our rural carriers, but I am very sorry that they have apparently failed to recognize the most pertinent features of the rural service which should be corrected. In this bill we have a striking example of exterior service which cries to high heaven for correction in the interest of justice to the rural carriers and also in the interest of the National Treasury.

According to my observation, some rural carriers are overpaid and others are underpaid. Strict justice would demand that this be corrected as soon as possible. I can explain this best by citing specific instances.

In my district, one rural carrier has a 30-mile route having 205 patrons. Another carrier in my district, with a 30-mile route has 705 patrons. Both carriers receive the same annual compensation, while the truth is that one of these men is working almost three and a half times more than the other. This is flagrantly unfair.

I have another rural carrier in my district who serves approximately 680 patrons. His route is 22 miles long. Notwithstanding that he has 475 more patrons than one of the carriers just mentioned, his compensation, under the provisions of the bill under discussion, will be approximately $300 less per annum than is the compensation of the carrier on the 30 mile route with only 205 boxes.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. HOEPPEL. In just a moment.

This condition prevails throughout the United States where service is from the densely populated areas. The gentleman from New York [Mr. TABER] just a moment ago made a reference to this same condition, which exists in his district.

In my opinion, we should enact legislation to correct the injustices in compensation paid to rural carriers with short routes but who have a large number of patrons on these short routes. While the amendment just adopted will reduce the compensation of this class of rural carriers only $180 per annum, it still places them in an unfortunate position with relation to other carriers with more mileage and fewer patrons to be served.

I now yield to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. The gentleman is correct in saying that something must be done about the short routes where there are many boxes and I want to inform the gentleman that we are endeavoring to work out a fair differential. The gentleman's amendment will not do justice and it will be necessary for us to fix a differential based on the number of boxes on the route. The Post Office Committee now has under consideration a separate measure to fix this differential and I hope the gentleman will not press the amendment, because it will not do justice.

Mr. HOEPPEL. The statement of the gentleman from Pennsylvania brings out exactly what I referred to a moment ago when I spoke of the sympathetic attitude of the Post Office Committee. Both the Republican and the Democratic members are outstanding men and I know they will remedy this situation. I thank the gentleman for his suggestion and I ask unanimous consent, Mr. Chairman, to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COLMER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 24, insert after the word "effect" a new paragraph, as follows:

"*Provided*, That no rural carrier shall operate more than one route."

Mr. COLMER. Mr. Chairman, the object of this amendment is to prevent one rural carrier from operating more

than one rural route. There are conditions in many parts of the country where one rural carrier handles two routes. He goes out in the morning on one route and comes back and starts out on another in the afternoon. In this time, when we are trying to make opportunities for employment for the unemployed, I think that condition is unfair.

Mr. DURGAN of Indiana. Will the gentleman turn to the committee and make that statement in a loud voice so it can hear. [Laughter.]

Mr. COLMER. I think the committee has heard it. I have mentioned it to them before. Now, I do not care to take up further time except to say that in fairness to millions of unemployed men I think the amendment ought to be adopted.

Mr. DOWELL. Will the gentleman yield?

Mr. COLMER. I yield.

Mr. DOWELL. Are not the two routes that the gentleman mentions consolidated?

Mr. COLMER. It is my information that they are not.

Mr. DOWELL. I never heard of any two routes operated by one car ..., unless the routes were consolidated.

Mr. COLMER. I will ask the chairman of the committee if I am not correct.

Mr. MEAD. There are some cases where carriers operate two routes—usually one today and another tomorrow. If the mileage of the combined routes is 80 miles he is paid for a 40-mile daily route.

Mr. DOWELL. In that event the pay is fixed according to the schedule of one half of the combined mileage.

Mr. COLMER. I want to say that these cases have caused more discussion among the people, and reacted unfavorably to the rural mail carriers themselves.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 2. The last sentence (making inapplicable to rural carriers provisions respecting rotative furloughs, and authorizing the President to suspend or reduce equipment allowances of rural carriers) of subsection (a) of section 9 of the Independent Offices Appropriation Act, 1934, and such sentence as continued and amended for the fiscal year 1935, are amended to read as follows: "The provisions of this section relating to furloughs shall not apply to carriers in the Rural Mail Delivery Service."

With the following committee amendment:

Strike out all of section 2.

The amendment was agreed to.

The Clerk read as follows:

SEC. 3. Salaries (not including equipment-maintenance allowances) of rural carriers shall, during that portion of the fiscal year 1934 which remains after the time this act takes effect, and during the fiscal year 1935, be reduced by the percentage of reduction, if any, applicable by law to salaries of employees of the Government generally.

With the following committee amendment:

Line 10, page 3, strike out the figure "3" and insert the figure "2".

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 4. No rural route extended or established, by consolidation or otherwise, after this act takes effect, shall exceed 60 miles in length.

With the following committee amendment:

Strike out all of section 4.

The amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 3, after line 18, insert:

"SEC. 3. No consolidation of rural routes shall be made otherwise than on account of the resignation, death, retirement, or dismissal on charges of carriers in the Rural Mail Delivery Service."

Mr. McDUFFIE. Mr. Chairman, I rise in opposition to the committee amendment. Was that language suggested by the Postmaster General?

Mr. MEAD. No; it was not suggested, but the committee considered the amendment in section 4 that no rural route should be extended in excess of 60 miles. We thought that was too drastic, and so we continue the present law. That is, we permit consolidations as a result of retirement, resignation, death, or removal from the Service.

Mr. McDUFFIE. Under the Economy Act and the law as it is today, the President acting through the Postmaster General, by Executive order can order consolidations wherever he thinks it is feasible without waiting for death of one in the Service or his resignation or retirement if it be found that adequate delivery service can be given by consolidation of two short routes at a saving to the taxpayers; the Postmaster General can now consolidate. This language would not permit that to be done. Is not that true?

Mr. MEAD. Only as specified in the amendment.

Mr. McDUFFIE. Those occasions may not arise.

Mr. MEAD. They are arising.

Mr. McDUFFIE. Other than death, resignation, or retirement?

Mr. MEAD. Yes; dismissal, or discharge for cause.

Mr. McDUFFIE. The point I make is that occasion may arise when the Postmaster General may find it proper, at a saving to the Treasury, to consolidate two or more short routes, but he will not be permitted to do so if this language is carried in the bill.

Mr. MEAD. He is not doing it now, and no other Postmaster General has ever done so in the way the gentleman would permit. They are effecting consolidations when such occasions arise, and this bill will not prevent a deviation from present policy. Consolidations are being effected at the rate of from 75 to 100 a week, and routes are being extended until I doubt very much whether they can continue these consolidations for any great length of time. I believe we will have finished consolidations within the next few years. There is ample authority to create all the necessary consolidations in this amendment.

Mr. McDUFFIE. But it is based only upon death, resignation, or retirement. Those are the only conditions under which a consolidation may occur. Is not that correct?

Mr. MEAD. That is the existing policy.

Mr. McDUFFIE. It may be the existing policy, but suppose the Postmaster General found that certain routes should be consolidated, we will say two 20-mile routes; he may find such a thing is necessary and not hurtful to the Service. I am not an expert, but you prevent that under this committee amendment. I am trying to prevent the tying of the hands of the Postmaster General, so that he may not be able to act in the interest of the taxpayers of the country.

Mr. MEAD. In that case the Postmaster General would consolidate those two routes. He would effect that consolidation by a separation from the Service of a rural carrier on some other route, and so he can effect all the consolidations he wishes.

Mr. McDUFFIE. The gentleman means that he will take a carrier from one of these routes and send him over to another route where there has been a retirement or a resignation or death.

Mr. MEAD. And that is just what he is doing now. That is the only way in which he can eliminate these short routes.

Mr. McDUFFIE. Why hedge him about with this language?

Mr. MEAD. We are doing no more than the Postmaster General is doing himself.

Mr. McDUFFIE. I think if he had wanted this done he would have suggested it.

Mr. MEAD. We are the legislative committee and the Postmaster has not requested such authority.

Mr. GRAY. Mr. Chairman, I represent a progressive farming district in Indiana. The farmers of that country have been served with prompt and efficient rural-mail service for 25 to 30 years. They have adapted their business and occupations to that service. They have come to expect and rely upon receiving their mail at an early hour in the day.

But under this proposed reorganization of the Service and consolidation of routes, many of these farmers are and will be thrown off the mail route from a quarter to a full mile.

Where the reorganization and consolidation has already gone into effect, many of the farmers have taken down their mail boxes rather than leave their mail exposed at some distant highway corner where delivered and are renting a box in the post office and going back for their mail, where they received their mail before the rural-route service was inaugurated.

I could understand this policy better, coming from the other side of the House, where greater attention has always been given to industry, and the interests of the people of the towns and cities have always been favored over the farm population.

But this side has always stood for the farm population and for the farmer against the impositions of high tariffs under which the farmers have been compelled to buy high and sell low.

This reversed position of the majority here puts the Members on this side at great disadvantage in their claim for equal rights and equal consideration of the farm population under the administration of public affairs. We can defy our enemies, but God only can save us from our fool friends. [Applause.]

I confess I am greatly confused and embarrassed by this uncalled-for policy of legislation, with the farmers still left to pay high prices for equipment and supplies, and before there is a proper rise of values and prices for their grain, crops, and stock. And now, with the administration withdrawing their only remaining consolation, the rural mail service, in the name of economy, I am constrained to exclaim in the words uttered by King Solomon when he was growing old and failing in his powers to meet the obligations of life, "All is vanity and vexation of spirit." [Laughter.]

The farmers today want to receive their mail at the noon hour and have their papers and letters before them at the midday meal the same as the town and city patrons want their mail and daily papers at the breakfast table. Where this consolidation has been carried out the farmers are greatly dissatisfied and discommoded with the service afforded. In many localities they are in a state of revolt and demanding a restoration of the service.

I am opposed to the policy of increasing salaries, cutting down the service, throwing men out of employment, lengthening the routes, and depriving the farmers of proper and convenient mail service only to effect trivial economy. This is not justifiable economy; it is false economy. It is not only an injury to the farmers but it is a policy in conflict with any principle of the recovery program.

The shorter routes not only afford the patrons earlier service and more regular, reliable, and prompt deliveries but I have made inquiries among the hundreds of men seeking rural-carrier positions and I find the majority would prefer a shorter route at half or less salary, which would leave them with the greater part of the day to devote to work for themselves or otherwise. This would afford both employment to a greater number and better and more prompt and reliable service to the patrons without greater cost to the Government.

The counties of my district include many highly developed and well-organized country communities. The town and the surrounding country form such communities, of which the town is the business and social center and the general meeting and assembling place of the people. In most, if not all, of these towns, well-regulated stores, a bank or banks, and other business institutions have been established. Modern high-school buildings, churches, theaters, or lecture halls have been erected, and physicians and other professional men have located there in response to the needs and wants of the people.

The town post office, long established, and the rural-route service have become a part of the community organization. Here the farmers come to market and ship their products, do their banking, and to purchase supplies to meet their daily needs. Here all the children of the nearby country come to attend school, and from greater distances come the more advanced students to graduate in the higher branches of education. Here the people come to attend their clubs, churches, lodge sessions, lecture courses, and various gatherings and entertainments.

Farmers or members of their families driving into town in the afternoon or evening on business or to attend club meetings or social entertainments and school children and high-school students from the country call at the post office to receive the afternoon or late mail; and farmers often drive in from the country to receive important mail matter arriving too late for delivery by the carrier, and which it is necessary for them to have in time for some important business transaction.

In these agricultural community centers telephone exchanges have been established, and telephone service has been extended over the country coextensive with the territory covered by the rural routes running out from their respective towns. Country patrons order many articles of merchandise to be delivered to them by parcel post, and town residents likewise take advantage to receive their food products from the country by the carriers on their return trips. Physicians respond to phone calls from their patients and send out their medicine by the rural carriers. The telephone and the carrier service have become joined as one coordinate system of local communication and transportation in general and universal use.

But this long route service deprives the people of all these advantages and conveniences, and places their mail beyond their reach in a far-distant town or city to which they never go and in which none of their interests are located, neither business nor social.

The free-delivery service of two or more daily deliveries of mail to the people of the towns and cities is not to be curtailed under this economy program. This service is in no way to be affected or impaired. The economy to be brought about and the service to be reduced is only to apply to the isolated rural population and to leave the farmer's mail long delayed and in some cases to arrive only late in the afternoon, and in bad weather even nearing the nighttime.

If the town and city free-delivery service was to be equally cut down and reduced to 1 delivery instead of 2 and if the same strenuous economy was to be observed in other departments of the public service, this proposition for economy at the expense of the rural population might come with better grace.

I am in favor of economy, but I am opposed to the impairment of the rural mail service as a means to effect economy and solely at the expense and at the sacrifice of the rural population. Reducing the cost at the expense of regular, reliable, and prompt service is not economy. It is a false system of cost reduction. Economy is maintaining efficient service while reducing expense and cost of operation or maintaining greater efficiency in the Service at the same cost. If mere cost reduction is economy, then greater economy would be effected by triweekly service, and still greater economy by a discontinuance of the Service altogether.

Reducing the number of carriers and increasing the salaries of those remaining, where a superior service can be secured by maintaining the full number of employees at the same cost to the Government, is not only a false economy but is a wrong policy of public employment at this time, when 10,000,000 remain unemployed.

Mr. SHOEMAKER. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield.

Mr. SHOEMAKER. As a matter of fact, under the N.R.A. private employers are being urged to increase the number of their employees and to increase wages, are they not?

Mr. GRAY. I think that is the policy being urged under the N.R.A. program. I would rather see more men put on the routes than more men taken off, because that would increase employment and mean better and more prompt and efficient service to the farmers. But I would not want to increase the pay provided for in the Rural Route Service until there is a restoration of employment and an increase of pay to private employees. There is no reason why public employees, with a fixed and fair wage and with uninterrupted employment, should be favored over private employees.

Ten million men remain unemployed and strenuous efforts are being made to spread employment to a greater number of men. Economy is the watchword. The isolated farmers are suffering not only neglect but discrimination against them. Under these conditions it is difficult to understand this demand to increase the salaries of the few, consolidate the routes, and throw public employees out of employment, and at the same time compel the farm population to suffer an impairment of its mail service. This proposition is urged upon the country with a strange consistency at this time.

The so-called "economy" resulting would be trivial and negligible in comparison with the decrease of employment suffered and the great damage and injury brought upon the farm population.

But I am not advocating a change at this time in the Rural Route Service, except sufficient change to give better and give equal mail service to the farmers with the service provided for the patrons in towns and cities. But if I were making a change to meet the conditions of the times to effect economy and bring about an increase of employment to a greater number of men and afford more equal mail service, then it would be made under N.R.A. principles of employment. Then, I would say, until there is relief from this panic, divide the salaries, put two men on the routes instead of one and give the farmer his morning paper at breakfast time the same as enjoyed by the people of the towns and cities, put more men to useful service and take them off the relief roles. But I am not urging such change here. I am only opposing a change at this time that will reduce employment, work injury and damage to the farmer without a substantial saving. The farmers are satisfied with the existing service; they are asking the Postal Department to let well enough alone.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 5. This act shall take effect on April 15, 1934.

With the following committee amendments:

Page 3, line 23, strike out the figure "5" and insert in lieu thereof the figure "4."

Page 3, line 23, strike out "April 15, 1934", and insert in lieu thereof the following: "the 1st day of the calendar month next following the month in which this act is enacted."

The committee amendments were agreed to.

The CHAIRMAN. Under the rule, the committee rises.

Accordingly the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. WEST of Ohio, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H.R. 8919) to adjust the salaries of rural letter carriers, and for other purposes, pursuant to House Resolution 355, he reported the bill back to the House with sundry amendments adopted by the Committee.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. MEAD, a motion to reconsider the vote by which the bill was passed was laid on the table.

APPROPRIATIONS FOR CERTAIN URGENT NEEDS IN THE GOVERNMENT SERVICE

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 332, to provide appropriations to meet urgent needs in certain public services, and for other purposes.

The Clerk read the House joint resolution, as follows:

House Joint Resolution 332

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes hereinafter enumerated:

LEGISLATIVE

HOUSE OF REPRESENTATIVES

For expenses of special and select committees authorized by the House, fiscal year 1934, $35,000.

TREASURY DEPARTMENT

PUBLIC DEBT SERVICE

The limitation on the price per pound permitted to be paid for distinctive paper for United States securities under the appropriation for the purchase of such paper in the Treasury Department Appropriation Act, 1935, is hereby repealed.

PROCUREMENT DIVISION

Washington, D.C., furniture for triangle buildings: The Secretary of the Treasury is hereby authorized to expend not to exceed the sum of $472,454 out of the aggregate of the unexpended balances under the authorizations for the construction of the new buildings for the Departments of Justice, Post Office, and Labor, and the Interstate Commerce Commission, the connecting wing between the Interstate Commerce Commission and Department of Labor Buildings, and the Archives Building as may be required to provide the necessary furniture and furnishings for said buildings, and the unexpended portion of the appropriations available for the construction of such buildings is hereby made available for that purpose, and the Director of Procurement, Treasury Department, is hereby authorized to make contracts, after advertising and competitive bidding, without regard to section 4 of the act approved June 17, 1910 (ch. 297, sec. 4, 36 Stat. 531), for the purchase of said furniture and furnishings, and to make expenditures for services, supplies, material, and equipment, including moving services and the reconditioning of old furniture and the temporary rental of space therefor, and necessary travel and subsistence in connection with the inspection of commodities to be contracted for or purchased; and, when deemed desirable or advantageous by him, the said Director of Procurement is authorized to employ, by contract or otherwise, without regard to the civil-service laws and regulations, such temporary outside professional or technical services as he may find necessary in furnishing those portions of the said buildings requiring special treatment, all within the total amount made available herein: *Provided*, That not to exceed $10,000 may be expended for such temporary outside professional or technical services: *Provided further*, That not to exceed $31,515 may be expended for furniture and furnishings for the auditorium located in the connecting wing between the Interstate Commerce Commission and Department of Labor Buildings: *Provided further*, That the cost of furniture and furnishings for Cabinet officers' suites, assistant Cabinet officers' suites, executive officers' suites, and conference and hearing rooms for the Interstate Commerce Commission shall be based upon the square-foot area of the rooms to be furnished, and shall not exceed the rates set forth herein, as follows: For Cabinet officers' suites and conference rooms for the Interstate Commerce Commission, $1.75 per square foot; for assistant Cabinet officers' suites, $1.50 per square foot, and for executive officers' suites, $1 per square foot.

WAR DEPARTMENT

PANAMA CANAL

For repatriation of unemployed aliens who have been employed in the service of the United States Government or the Panama Railroad Co. on the Isthmus of Panama for 3 or more years at any time, and repatriation of members of families of such alien former employees, including expenses of transportation of such alien former employees and members of their families, and the payment in cash of not to exceed $100 to each such alien former employee for assistance in rehabilitation after repatriation, $150,000, to be expended under the direction of the Governor of the Panama Canal and to be available until expended.

The SPEAKER pro tempore. Is there objection to the present consideration of the House joint resolution?

There was no objection.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

[Mr. JOHNSON of Oklahoma, Mr. SABATH, Mr. MCDUFFIE and Mr. PATMAN asked and were given permission to revise and extend their remarks in the RECORD.]

PROPOSED TEXTBOOK CODE, IF ADOPTED, WILL ADD MILLIONS TO COST OF EDUCATION

Mr. JOHNSON of Oklahoma. Mr. Speaker, I have introduced a resolution, same being House Resolution 351, asking for the appointment of a committee to investigate the proposed code for the school textbook industry. I feel that this is an important matter and fear that steps may be taken that will increase by many millions of dollars the annual outlay for books that our school patrons must buy. Every school child in America, whether in private, parochial, or public schools, is affected by the price of textbooks. Every teacher is affected. Every parent who buys textbooks is affected. I would not want to see any step taken that would add unnecessary burdens to our school children, teachers, and school patrons.

I have loyally supported the National Recovery Administration and was one of those who voted for the National Industrial Recovery Act. I have addressed civic clubs and organizations in practically every town in my district, calling upon business men to support the N.R.A. and urging the cooperation of citizens in eliminating the chiselers. The N.R.A. is not so important in the district represented by me in Congress as it is in the Eastern States, since my district is principally an agricultural section. In fact, the N.R.A. has worked a hardship on many small business men of Oklahoma, yet I have urged that the spirit and letter of the National Industrial Recovery Act be complied with to the fullest by citizens of my State.

But I also believe in State rights, and I do not believe we should take any action here, or permit action to be taken, that would impair or threaten to impair contracts entered into by our States for the protection of the schoolbook buying public. I feel that this matter should be gone into carefully before any definite action is taken.

Permit me to cite a few facts for consideration in connection with any proposal affecting textbooks.

By reason of the practices that have existed in the schoolbook industry, practically every State in the Union has laws for the protection of the consumer.

Textbook publishing companies are, practically without exception, organizations that employ teachers to write their textbooks, paying the authors small royalties on sales, and that employ commercial printing establishments to print their books.

Wage earners engaged in actual composition and printing of textbooks are all protected under codes for the various phases of the printing industry.

All employees of the textbook publishers are now protected as to hours and wages under the general provisions of the N.R.A.

It is a matter of common knowledge that the textbook publishers have sought to advance their own selfish interests at the expense of the consumers for more than a quarter of a century and I want to be assured that the proposed code is not another effort to advance the selfish interests of the textbook publishers and hide behind the protection of the Federal Government in so doing.

The proposed code appears to me to be merely an effort to take advantage of a national emergency to entrench the textbook publishers still further with the backing of Federal authority.

The State governments are coordinated with the Federal Government. They have never been in such financial difficulty as at present. Delinquent taxes, reduction in tax rates and tax strikes have threatened to close most of the public schools of this country. I feel that the schools are entitled to look to the Federal Government for financial aid in the present emergency and early in this session introduced legislation to provide for an annual Federal appropriation to aid our weak schools.

But so far the Federal Government, although giving temporary help to the public schools, has failed and refused to provide for a permanent program for schools that are financially unable to remain open a full term. In my judgment the very least the Government could do at this time would be to reduce rather than materially increase the cost of textbooks that are now in the making if the present textbook code is allowed to stand.

I see no reason why the Federal Government should interest itself in or lend sanction to a code which clearly has for its purpose the increasing of prices on this universally used product. If there must be a textbook code, I feel that it should be confined strictly to wages and hours and the necessary machinery to enforce such provisions without any effort, veiled or implied, to eliminate competitive bidding. The school patrons certainly should not be called upon in their distressed financial condition to add to the profits of the textbook trust. Nor should it be made easy for the publishers to evade, under the protection of the Federal Government, the laws of the various States.

WAGES IN FEDERAL BUILDINGS

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to extend my remarks by including therein a newspaper article and certain letters.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, I wish to call to your attention a set of circumstances which carry alarming possibilities. First let me place before you an article which appeared in the Washington Herald of this morning:

WAGES RACKET MENACES UNITED STATES BUILDING HERE—CARPENTERS' UNION VOTES 5 TO 1 FOR RESTORATION OF $11 RATE—CONTRACTORS' OFFER SPURNED

The entire Federal building program in this city, involving $100,000,000 in massive Government buildings, faces a sudden halt unless contractors are made to return the $500,000 wage steal, the local carpenters gave notice last night.

Charging that the present rate of $8 a day paid to union men was illegally adopted and has robbed workmen of half a million dollars, the membership of the union demanded, by an overwhelming vote of 5 to 1, that the $11 rate (on the 8-hour day) be restored.

The contractors offered a compromise of $8.80 a day but this met with a crushing defeat, 828 to 156.

CONTRACT NEAR END

Only 4 more days remain until the present contract expires. Unless an agreement can be reached by May 1, union officials declared they will be forced to call a strike.

More than 1,000 members of the local carpenters' union fought for admission into Carpenters Hall, 1010 Tenth Street, last night, to attend the special meeting called to decide on the terms of the wage contract which will be drawn between the union and the Master Builders' Association, representing the employers.

Two propositions were presented to the meeting. One came from the Master Builders' Association. It offered an 8-hour day, 5-day week with a rate of $1.10 an hour.

The other, which the union adopted, calls for a 6-hour day, 5-day week, with a rate of $1.37½ an hour. This is the rate at which the Government contracts were let and at which the carpenters were originally hired.

HERALD WORK LAUDED

Subsequently the rate was reduced. The union claimed this act was illegal because it was never accepted by a vote of the membership. It is charged that workmen have been robbed of $500,000 during the last year through the illegal reduction in wages.

Last night Albert Caya, business agent for the union, and J. B. Lagasa, who has been working with Caya to bring about a restoration of the wage scale, spoke in favor of the $11 rate. Lagasa said:

"We are making splendid progress toward having our rightful wage rate restored. The $1.37½ rate is not a raise. It is the rate that was in force on all Government work prior to last year, when the present illegal contract went into effect.

"It has been ruled to be the prevailing wage on two occasions by the United States Treasury Department. Congress is now interested in finding out how we have been deprived of the money which the Government paid to the contractors for us. The Washington Herald has done a wonderful job in bringing the facts to light. I hope you will vote for the $1.37½-an-hour rate, as I am going to."

"TO HELL" WITH THEM

The hall resounded with cheers for several minutes after Caya and Lagasa sat down. Immediately after the membership voted the $1.37½ rate by a landslide.

The 6-hour day stipulation will fix the daily rate at $8.25. This is less than the daily rate of $8.80 now offered by the contractors. It would mean that several hundred more carpenters would have to be employed to keep up production schedule.

Frank J. Sheehan, secretary of the Master Builders' Association, when informed that the union had rejected the contractors' offer, replied:

"If they want to reject it, to hell with them."

Let me place particular emphasis upon the last paragraph of that article. After reporting that the union carpenters of the District of Columbia had voted to reject a wage compromise with the Master Builders' Association, the article says in this last paragraph:

Frank J. Sheehan, secretary of the Master Builders' Association, when informed that the union had rejected the contractors' offer, replied:

"If they want to reject it, to hell with them."

The money to pay the wages under discussion, Mr. Speaker, is not the money of Mr. Sheehan nor of the Master Builders' Association. It is the public money of the American people, appropriated by the Congress, and allotted by

the Executive for the primary purpose, not of fattening contractors but of giving payment to skilled craftsmen for the work they do with their hands and brains. That makes the affair the business of this House.

I read that statement of Mr. Sheehan's with astonishment. I made inquiries to discover who this Mr. Sheehan is, who so casually says that workmen employed on work paid for by the United States Government can take what he and his associates choose to give them or else—and I am quoting Mr. Sheehan—"To 'hell' with them."

I found out a little about Mr. Sheehan. My time was short and so the findings are not yet extensive. Perhaps they will grow with time. But, short as they are, they are of considerable interest.

First. I call your attention to an extract from a letter written by G. Clark Macomber, of the George B. H. Macomber Co., of Boston, Mass., and addressed to Mr. R. D. Morrison, post-office box no. 283, Benjamin Franklin Post Office, Washington, D.C. This extract reads as follows:

I further understand that you have agreed that we would contribute to the Washington Building Trades Employers' Association the sum of $500 to be paid in installments, an initial installment of $100 which you can pay from petty cash during the coming week, and the balance to be paid during the life of the B-W job as may work out most conveniently for us. Please make certain that the dollar-an-hour rate for carpenters is in effect before making any contribution to the employers' association.

Let me say that the prevailing rate of wages in Washington to be paid to carpenters under the Bacon-Davis Act was and is $1.37½ per hour.

Now I quote another letter in which a demand is made for the payment of this contribution to what may turn out to have been a slush fund.

GEORGE A. FULLER CO.,
Washington, D.C., May 2, 1933.

GEORGE B. H. MACOMBER CO.,
Care of McCloskey Co., Washington, D.C.

GENTLEMEN: Will you kindly forward to the writer your check made out to the Master Builders' Association, in amount agreed upon as promptly as possible.

The writer has received several calls from the secretary of the association regarding this matter and it is getting to be rather embarrassing inasmuch as the master builders fulfilled their part of the agreement 2 weeks ago.

Trusting you will give this your immediate attention, I am,
Very truly yours,

J. B. BOWLING, Jr.

The secretary of the association wanted his money. Who was this secretary? The next letter will tell us.

WASHINGTON, D.C., *July 20, 1933.*

Re: B-W Construction Co.,
Washington post-office extension.

MR. C. CLARK MACOMBER,
George B. H. Macomber Co., Boston, Mass.

DEAR CLARK: Joe Bowling, of Littlejohn, Bowling & Morris, and Frank Sheehan, secretary of the Master Builders Association, were on the job today asking me for the balance due for our contribution toward the reduction in carpenters' rate. They seem to think they have waited long enough for us to realize a saving and want to get the matter cleaned up.

You will remember some time ago I made them a payment of $100 from the petty cash account and they are now looking for the balance. I told them I would write to you regarding the situation and I think you might reply directly to Frank J. Sheehan, secretary, Master Builders Association, 1719 I Street NW., Washington, D.C.

Sincerely,

RALPH D. MORRISON.

Now let me add another interesting letter about Mr. Sheehan. Everything seems to be getting along all right. The contractors are making money, even if the carpenters are not. Mr. Sheehan is to have some of his money, but only a part of it. The rest will have to wait until Mr. Macomber could get it out of Uncle Sam.

GEORGE B. H. MACOMBER CO., BUILDERS,
CHARLES CHAUNCY BUILDING,
Boston, Mass., July 21, 1933.

Re: B-W Construction Co.,
Washington post-office extension.

MR. R. D. MORRISON,
Washington, D.C.

DEAR MORRISON: I have your note relative to Mr. Sheehan and Joe Bowling, relative to the Building Trades Association. Mr. Sheehan called me on the telephone after he left you. I told him that I would at this time send him a small remittance that would follow with the balance as soon as we could get it out of the B-W job.

I have not had any comments from any of you three men on the job relative to the communications which I sent to you on Tuesday. I am assuming, therefore, that everything is coordinating properly and that you are working together to accomplish the objectives as we set them forth on Monday and as I confirmed them to you in my Tuesday communications.

Yours very truly,

C. C. MACOMBER.

That is as much as I can tell you today about Mr. Sheehan, who says "to hell with them" in speaking of workmen.

RURAL LETTER CARRIERS—EXTENSION OF REMARKS

Mr. MEAD. Mr. Speaker, I ask unanimous consent that all those who spoke on the rural letter carriers' bill may have 5 legislative days within which to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, in accordance with the permission granted by the House yesterday during the discussion of the bill to adjust the salaries of rural letter carriers, I desire to extend my remarks by inserting in the RECORD information pertaining to these carriers which may be of interest to the Members of the House.

RURAL ROUTES

There is no limitation upon length of routes.

The shortest route at present is 7.6 miles, at West Englewood, N.J.

Longest routes are at Brawley, Calif., and Brewster, Ala., each 91 miles.

All persons, except those who reside within the city-delivery limits of cities where city-delivery service is in operation, or within the village-delivery limits of cities, towns, or villages where village-delivery service is in operation, may be served by rural carriers, provided they will erect approved boxes on the established line of the routes in the manner required by the Department.

Roads on which rural-delivery service is established shall be in good condition and so maintained, unobstructed by gates, and there shall be no unbridged streams not fordable at all seasons of the year.

The frequency of service on a newly established route shall not exceed three times a week, unless such route is formed wholly or in greater part by rearrangement of six-times-a-week service.

Rural mail delivery shall be extended so as to serve, as nearly as practicable, the entire rural population of the United States.

Number of rural delivery carriers under each salary, Mar. 1, 1933

Salary	Number of carriers
$3,810	2
$3,720	1
$3,690	
$3,660	2
$3,630	4
$3,600	
$3,570	1
$3,540	2
$3,510	3
$3,480	2
$3,450	10
$3,420	7
$3,390	6
$3,360	5
$3,330	19
$3,300	13
$3,270	[1] 16
$3,240	25
$3,210	20
$3,180	39
$3,150	38
$3,120	33
$3,090	47
$3,060	[1] 56
$3,030	[3] 68
$3,000	73
$2,970	83
$2,940	125
$2,910	[3] 149
$2,880	[2] 162
$2,850	154
$2,820	[1] 203
$2,790	[1] 202
$2,760	251
$2,730	[1] 275
$2,700	300
$2,670	317
$2,640	332
$2,610	337
$2,600	11
$2,580	361
$2,550	403
$2,520	439
$2,490	[1] 451
$2,460	493

Number of rural delivery carriers under each salary, Mar. 1, 1933—Continued

Salary	Number of carriers
$2,430	[1] 487
$2,400	[1] 585
$2,370	[1] 640
$2,340	[1] 627
$2,310	[1] 722
$2,280	[1] 752
$2,250	[1] 808
$2,220	[2] 852
$2,190	[3] 918
$2,175	(1) 1
$2,160	(2) [1] 1077
$2,145	
$2,130	[4] 1102
$2,115	(2) 2
$2,100	[2] 1231
$2,085	(1) 1
$2,070	(1) [6] 1,377
$2,055	(3) 3
$2,040	(1) [7] 1,653
$2,025	(2) 2
$2,010	(2) [5] 1,887
$1,995	(1) 1
$1,980	(1) [5] 2,439
$1,965	
$1,950	(1) [8] 2,680
$1,935	(1) 1
$1,920	(2) [6] 2,905
$1,905	(2) 2
$1,890	[2] 2,676
$1,875	(2) 2
$1,860	(2) [7] 2,462
$1,845	(2) 2
$1,830	(2) [4] 2,284
$1,815	(2) 2
$1,800	(1) [1] 1,101
$1,728	(16) [4] 1,544
$1,620	(25) [3] 832
$1,440	(37) 379
$1,260	(85) 250
$1,080	(112) 198
$1,008	(106) 145
$936	(83) 101
$864	(39) 39
$792	(13) 15
$720	(2) 2
Total	40,329

Figures in parentheses indicate number of rural letter carriers serving one triweekly route.

Figures in black brackets indicate number of rural letter carriers serving two triweekly routes.

Triweekly routes

Miles:	Number
9	1
11	1
12	1
13	1
14	4
15	6
16	4
17	8
18	13
19	8
20	21
21	13
22	18
23	24
24	17
25	25
26	27
27	21
28	30
29	28
30	26
31	24
32	19
33	27
34	20
35	20
36	16
37	8
38	11
39	6
40	4
41	6
42	7
43	6
44	6
45	4
46	2
47	4
48	4

Triweekly routes—Continued

Miles:	Number
49	2
50	2
51	2
52	2
53	2
55	2
56	2
57	1
58	1
60	1
61	1
63	3
63	2
64	1
65	3
66	1
67	1
69	2
72	2
73	1

Total number of all rural carriers as of Apr. 1, 37,597.
Daily travel is 1,356,475 miles.

Triweekly routes

Two routes served by one carrier.

Where there are two routes, having a total length of 82 miles, both served by one carrier, he would be paid the salary for one daily route of 41 miles.

Miles (average length):	Number
41	2
42	1
20½	4
21	2
22	2
23	4
24	2
24½	2
25	2
25½	4
26	8
26½	8
27	2
27½	6
28	6
28½	4
29	8
29½	2
30	8
30½	8
31	4
31½	2
32	8
32½	10
33	4
33½	2
34	4
35	6
35½	2
36	2
36½	4
37	2
37½	2
38	2
39	2
40	2
41	2
42½	4
44½	2
45	2
47½	2
55	2
56½	2
58	2
59½	2
60	2
60½	2
61	2
61½	2
62	2
64½	2
66	2
73	2

POST OFFICE DEPARTMENT,
SECOND ASSISTANT POSTMASTER GENERAL,
Washington, April 26, 1934.

HON. JAMES M. MEAD,
Chairman Committee on the Post Office and Post Roads,
House of Representatives.

MY DEAR MR. MEAD: Further reference is made to your letter of April 18, enclosing a copy of bill H.R. 8919 to adjust the salaries

of rural letter carriers, and requesting certain information pertaining to the rural service for consideration in connection with the measure.

If legislation were enacted limiting the lengths of rural routes hereafter to 60 miles, it would frequently be impracticable for the Department to effect consolidations of rural routes, but no estimate can be made as to the extent to which reduction of the cost of operating the service would thereby be prevented.

If the equipment-maintenance allowance to rural carriers were fixed at 5 cents per mile per day instead of 6 cents, as proposed in bill H.R. 8919, the difference in cost would be approximately $4,150,000 per annum.

A statement is enclosed showing the amounts of salaries as well as the amounts of salaries with equipment-maintenance allowances, for service over rural routes of different lengths, which are authorized by existing law and those which would be authorized by proposed legislation now under consideration in Congress.

There are approximately 500 rural routes from 7 to 19 miles in length. Only 86 of these are less than 15 miles in length. These rural routes are operated where the territory is limited in which the condition of roads and the number of families that would be served would warrant extending the routes to greater lengths. It will no doubt be practicable to absorb some of these short routes through consolidations of service, but many of them will have to be continued because there are no adjacent routes with which they can be combined. No definite information can be given as to how many of them can be eliminated through consolidations.

The chart enclosed by you is returned as requested.

Sincerely yours,

HARLLEE BRANCH,
Second Assistant Postmaster General.

[Enclosure]

Statement showing present and proposed salaries and equipment-maintenance allowance for Rural Delivery Service

Miles	Present		Proposed		
	Salary	Salary plus equipment maintenance at 4 cents	Salary	Salary plus equipment maintenance at 5 cents	Salary plus equipment maintenance at 6 cents
6 and not over 6.5	$792	$865.44	$360	$451.80	$470.16
Over 6.5 and not over 7.5	792	877.68	420	527.10	548.52
Over 7.5 and less than 8	792	889.92	480	602.40	626.88
8 and not over 8.5	864	961.92	480	602.40	626.88
Over 8.5 and not over 9.5	864	974.16	540	677.70	705.24
Over 9.5 and less than 10	864	986.40	600	753.00	783.60
10 and not over 10.5	936	1,058.40	600	753.00	783.60
Over 10.5 and not over 11.5	936	1,070.64	660	828.30	861.96
Over 11.5 and less than 12	936	1,082.88	720	903.60	940.32
12 and not over 12.5	1,008	1,154.88	720	903.60	940.32
Over 12.5 and not over 13.5	1,008	1,167.12	780	978.90	1,018.68
Over 13.5 and less than 14	1,008	1,179.36	840	1,054.20	1,097.04
14 and not over 14.5	1,080	1,251.36	840	1,054.20	1,097.04
Over 14.5 and not over 15.5	1,080	1,263.60	900	1,129.50	1,175.40
Over 15.5 and less than 16	1,080	1,275.84	960	1,204.80	1,253.76
16 and not over 16.5	1,200	1,455.84	960	1,204.80	1,253.76
Over 16.5 and not over 17.5	1,200	1,468.08	1,020	1,280.10	1,332.12
Over 17.5 and less than 18	1,200	1,480.32	1,080	1,355.40	1,410.48
18 and not over 18.5	1,440	1,660.32	1,080	1,355.40	1,410.48
Over 18.5 and not over 19.5	1,440	1,672.56	1,140	1,430.70	1,488.84
Over 19.5 and less than 20	1,440	1,684.80	1,200	1,506.00	1,567.20
20 and not over 20.5	1,620	1,864.80	1,200	1,506.00	1,567.20
Over 20.5 and not over 21.5	1,620	1,877.04	1,260	1,581.30	1,645.56
Over 21.5 and less than 22	1,620	1,889.28	1,320	1,656.60	1,723.92
22 and not over 22.5	1,728	1,997.28	1,320	1,656.60	1,723.92
Over 22.5 and not over 23.5	1,728	2,009.52	1,380	1,731.90	1,802.28
Over 23.5 and less than 24	1,728	2,021.76	1,440	1,807.20	1,880.64
24 and not over 24.5	1,800	2,093.76	1,440	1,807.20	1,880.64
Over 24.5 and not over 25.5	1,830	2,136.00	1,500	1,882.50	1,959.00
Over 25.5 and not over 26.5	1,860	2,178.24	1,560	1,957.80	2,037.36
Over 26.5 and not over 27.5	1,890	2,220.48	1,620	2,033.10	2,115.72
Over 27.5 and not over 28.5	1,920	2,262.72	1,680	2,108.40	2,194.08
Over 28.5 and not over 29.5	1,950	2,304.96	1,740	2,183.70	2,272.44
Over 29.5 and not over 30.5	1,980	2,347.20	1,800	2,259.00	2,350.80
Over 30.5 and not over 31.5	2,010	2,389.44	1,820	2,294.30	2,389.16
Over 31.5 and not over 32.5	2,040	2,431.68	1,840	2,329.60	2,427.52
Over 32.5 and not over 33.5	2,070	2,473.92	1,860	2,364.90	2,465.88
Over 33.5 and not over 34.5	2,100	2,516.16	1,880	2,400.20	2,504.24
Over 34.5 and not over 35.5	2,130	2,558.40	1,900	2,435.50	2,542.60
Over 35.5 and not over 36.5	2,160	2,600.64	1,920	2,470.80	2,580.96
Over 36.5 and not over 37.5	2,190	2,642.88	1,940	2,506.10	2,619.32
Over 37.5 and not over 38.5	2,220	2,685.12	1,960	2,541.40	2,657.68
Over 38.5 and not over 39.5	2,250	2,727.36	1,980	2,576.70	2,696.04
Over 39.5 and not over 40.5	2,280	2,769.60	2,000	2,612.00	2,734.40
Over 40.5 and not over 41.5	3,310	2,811.84	2,020	2,647.30	2,772.76
Over 41.5 and not over 42.5	2,340	2,854.08	2,040	2,682.60	2,811.12
Over 42.5 and not over 43.5	2,370	2,896.32	2,060	2,717.90	2,849.48
Over 43.5 and not over 44.5	2,400	2,938.56	2,080	2,753.20	2,887.84
Over 44.5 and not over 45.5	2,430	2,980.80	2,100	2,788.50	2,926.20
Over 45.5 and not over 46.5	2,460	3,023.04	2,120	2,823.80	2,964.56
Over 46.5 and not over 47.5	2,490	3,065.28	2,140	2,859.10	3,002.92
Over 47.5 and not over 48.5	2,520	3,107.52	2,160	2,894.40	3,041.28
Over 48.5 and not over 49.5	2,550	3,149.76	2,180	2,929.70	3,079.64
Over 49.5 and not over 50.5	2,580	3,192.00	2,200	2,965.00	3,118.00
Over 50.5 and not over 51.5	2,610	3,234.24	2,220	3,000.30	3,156.36
Over 51.5 and not over 52.5	2,640	3,276.48	2,240	3,035.60	3,194.72
Over 52.5 and not over 53.5	2,670	3,318.72	2,260	3,070.90	3,233.08
Over 53.5 and not over 54.5	2,700	3,360.96	2,280	3,106.20	3,271.44
Over 54.5 and not over 55.5	2,730	3,403.20	2,300	3,141.50	3,309.80

Statement showing present and proposed salaries and equipment-maintenance allowance for Rural Delivery Service—Continued

Miles	Present		Proposed		
	Salary	Salary plus equipment maintenance at 4 cents	Salary	Salary plus equipment maintenance at 5 cents	Salary plus equipment maintenance at 6 cents
Over 55.5 and not over 56.5	$2,760	$3,445.44	$2,320	$3,176.80	$3,348.16
Over 56.5 and not over 57.5	2,790	3,487.68	2,340	3,212.10	3,386.52
Over 57.5 and not over 58.5	2,820	3,529.92	2,360	3,247.40	3,424.88
Over 58.5 and not over 59.5	2,850	3,572.16	2,380	3,282.70	3,463.24
Over 59.5 and not over 60.5	2,880	3,614.40	2,400	3,318.00	3,501.60
Over 60.5 and not over 61.5	2,910	3,656.64	2,420	3,353.30	3,539.96
Over 61.5 and not over 62.5	2,940	3,698.88	2,440	3,388.60	3,578.32
Over 62.5 and not over 63.5	2,970	3,741.12	2,460	3,423.90	3,616.68
Over 63.5 and not over 64.5	3,000	3,783.36	2,480	3,459.20	3,655.04
Over 64.5 and not over 65.5	3,030	3,825.60	2,500	3,494.50	3,693.40
Over 65.5 and not over 66.5	3,060	3,867.84	2,520	3,529.80	3,731.76
Over 66.5 and not over 67.5	3,090	3,910.08	2,540	3,565.10	3,770.12
Over 67.5 and not over 68.5	3,120	3,952.32	2,560	3,600.40	3,808.48
Over 68.5 and not over 69.5	3,150	3,994.56	2,580	3,635.70	3,846.84
Over 69.5 and not over 70.5	3,180	4,036.80	2,600	3,671.00	3,885.20
Over 70.5 and not over 71.5	3,210	4,079.04	2,620	3,706.30	3,923.56
Over 71.5 and not over 72.5	3,240	4,121.28	2,640	3,741.60	3,961.92
Over 72.5 and not over 73.5	3,270	4,163.52	2,660	3,776.90	4,000.28
Over 73.5 and not over 74.5	3,300	4,205.76	2,680	3,812.20	4,038.64
Over 74.5 and not over 75.5	3,330	4,248.00	2,700	3,847.50	4,077.00
Over 75.5 and not over 76.5	3,360	4,290.24	2,720	3,882.80	4,115.36
Over 76.5 and not over 77.5	3,390	4,332.48	2,740	3,918.10	4,153.72
Over 77.5 and not over 78.5	3,420	4,374.72	2,760	3,953.40	4,192.08
Over 78.5 and not over 79.5	3,450	4,416.96	2,780	3,988.70	4,230.44
Over 79.5 and not over 80.5	3,480	4,459.20	2,800	4,024.00	4,268.80
Over 80.5 and not over 81.5	3,510	4,501.44	2,820	4,059.30	4,307.16
Over 81.5 and not over 82.5	3,540	4,543.68	2,840	4,094.60	4,345.52
Over 82.5 and not over 83.5	3,570	4,585.92	2,860	4,129.90	4,383.88
Over 83.5 and not over 84.5	3,600	4,628.16	2,880	4,165.20	4,422.24
Over 84.5 and not over 85.5	3,630	4,670.40	2,900	4,200.50	4,460.60
Over 85.5 and not over 86.5	3,660	4,712.64	2,920	4,235.80	4,498.96
Over 86.5 and not over 87.5	3,690	4,754.88	2,940	4,271.10	4,537.32
Over 87.5 and not over 88.5	3,720	4,797.12	2,960	4,306.40	4,575.68
Over 88.5 and not over 89.5	3,750	4,839.36	2,980	4,341.70	4,614.04
Over 89.5 and not over 90.5	3,780	4,881.60	3,000	4,377.00	4,652.40
Over 90.5 and not over 91.5	3,810	4,923.84	3,020	4,412.30	4,690.76

Mr. CULKIN. Mr. Speaker, there is no type of Government employee upon whose faithful, efficient service the comfort and convenience of the public more depends, than the rural carrier. He is like a soldier and must see that the mail goes through irrespective of sunshine or storm.

This bill, H.R. 8919, adjusts the salaries of rural letter carriers and makes provision for their equipment-maintenance allowance. No group was more savagely hit by the Economy Act than the rural letter carriers. They were caught going and coming. They were at the mercy of the departmental head who was intent upon making a record and were made the subject of repeated changes in their salary and allowances. This bill fixes their status. The salary of a carrier in the Rural Free Delivery Service, serving a rural route of 30 miles, 6 days a week, will be $1,800. It should be kept in mind that this is actually a reduction in base pay.

If there is additional mileage he shall receive $20 per mile per annum or major fraction thereof. This measure fixes the mileage allowance for equipment and maintenance at 6 cents per mile. The statute insures permanence of this provision, for such allowance cannot be changed except by act of Congress. It provides that no consolidation of rural routes shall be made otherwise than on account of the resignation, death, retirement, or dismissal on charges of carriers in the rural mail service. This last provision removes the ever-present fear of retirement from the service.

It gives them an added mileage allowance which in my judgment is actually inadequate.

CLIMATE A FACTOR

The status of the rural letter carrier has been clouded by the fact that many of those administering the laws have never felt the rigorous and extreme weather that is typical of our climate in the northern States, both east and west. In my section of New York there are 5 months of solid winter, with the thermometer below zero much of the time. Snow, accompanied by windstorms of gale force, are frequent and these storms often continue over a period of days. On many of the roads the ordinary motor method of transportation has to be abandoned and horses have to be supplied by the

carrier under his arrangement with the Government. These horses have to be maintained by the carrier during the open season or he has to rent in the emergency. Roads are blocked with a coating of snow many feet deep. Drifts attain the height of 15 to 20 feet. All the perils and none of the glory of arctic exploration are present in the performance of duty by the rural carriers. I have no hesitancy in saying that the allowance of 6 cents per mile in the northern latitudes is not sufficient. I would gladly vote to make it 8 cents per mile.

But I am for this bill because it does partial justice to a group of faithful public servants. It does partial justice to a group of veteran employees who, during the rigors and perils of the northern winter, face the storms unflinchingly and bring the newspapers, supplies, and comforts of civilization to those who dwell in the open spaces.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Goss indefinitely, on account of illness in family.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 250. An act for the relief of Fred Herrick; to the Committee on Claims.

S. 2046. An act to provide relief for disbursing officers of the Army in certain cases; to the Committee on Military Affairs.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p.m.) the House adjourned until tomorrow, Friday, April 27, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

423. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the legislative establishment, under the Architect of the Capitol, fiscal year 1935, in the sum of $463,250 (H.Doc. No. 315); to the Committee on Appropriations and ordered to be printed.

424. A communication from the President of the United States, transmitting estimates of appropriation submitted by the War Department to pay claims for damages to privately owned property by collision with river and harbor vessels in the sum of $1,833.10 (H.Doc. No. 316); to the Committee on Appropriations and ordered to be printed.

425. A communication from the President of the United States, transmitting schedules of claims allowed by the General Accounting Office pursuant to Private Act No. 20, Seventy-third Congress, approved February 26, 1934, amounting to $8,246 (H.Doc. No. 317); to the Committee on Appropriations and ordered to be printed.

426. A communication from the President of the United States, transmitting an estimate of appropriation covering a claim amounting to $10.25 allowed by the General Accounting Office, and certified under certificate of settlement no. 0157024 (H.Doc. No. 318); to the Committee on Appropriations and ordered to be printed.

427. A communication from the President of the United States, transmitting an estimate of appropriations submitted by the War Department to pay claims for damages to privately owned property arising in the Philippine Islands in the sum of $45.50 (H.Doc. No. 319); to the Committee on Appropriations, and ordered to be printed.

428. A communication from the President of the United States, transmitting schedules covering certain claims allowed by the General Accounting Office, as shown by certificates of settlement transmitted to the Treasury Department for payment, in the sum of $17,853.30 (H.Doc. No. 320); to the Committee on Appropriations and ordered to be printed.

429. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for the Treasury Department for the fiscal year 1932, amounting to $3,000, together with drafts of proposed provisions pertaining to existing appropriations (H.Doc. No. 321); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII,

Mr. COLLINS of California: Committee on Indian Affairs. S. 1887. An act to authorize the change of homestead designations on allotted Indian lands; without amendment (Rept. No. 1367). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS of California: Committee on Indian Affairs. S. 2876. An act to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings; without amendment (Rept. No. 1368). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS of California: Committee on Indian Affairs. S. 1882. An act to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.; without amendment (Rept. No. 1369). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS of California: Committee on Indian Affairs. S. 1874. An act relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes; without amendment (Rept. No. 1370). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS of California: Committee on Indian Affairs. S. 2425. An act to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations", approved January 5, 1927; without amendment (Rept. No. 1372). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS of California: Committee on Indian Affairs. S. 723. An act to amend the act of March 13, 1924 (43 Stat.L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder; without amendment (Rept. No. 1374). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS of California: Committee on Indian Affairs. S. 847. An act for the relief of the Nez Perce Tribe of Indians; with amendment (Rept. No. 1375). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SEGER: Committee on Claims. H.R. 514. A bill for the relief of the estate of Milton L. Baxter; with amendment (Rept. No. 1337). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H.R. 742. A bill for the relief of Fanny Reuter Shafer; without amendment (Rept. No. 1338). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 1196. A bill for the relief of Henry Raley; with amendment (Rept. No. 1339). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 2711. A bill for the relief of the Yellow Drivurself Co.; with amendment (Rept. No. 1340). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H.R. 3856. A bill for the relief of Bertha Ingmire; with amend-

ment (Rept. No. 1341). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H.R. 3866. A bill for the relief of Erik Nylen; with amendment (Rept. No. 1342). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. H.R. 4073. A bill for the relief of Margaret Sloane; with amendment (Rept. No. 1343). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 4916. A bill for the relief of Virginia Houghton; with amendment (Rept. No. 1344). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 4917. A bill for the relief of Mary V. Spear; with amendment (Rept. No. 1345). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 4918. A bill for the relief of Alice E. Broas; with amendment (Rept. No. 1346). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. H.R. 6112. A bill for the relief of Grace Schultz; with amendment (Rept. No. 1347). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. H.R. 6392. A bill for the relief of Carrie K. Currie, doing business as Atmore Milling & Elevator Co.; with amendment (Rept. No. 1348). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on Claims. H.R. 6649. A bill for the relief of Henry C. Zeller and Edward G. Zeller with respect to the maintenance of suit against the United States for the recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for such period; without amendment (Rept. No. 1349). Referred to the Committee of the Whole House.

Mr. OWEN: Committee on Claims. H.R. 6887. A bill for the relief of J. H. Taylor & Son; with amendment (Rept. No. 1350). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. H.R. 7615. A bill to provide for the payment of a claim of the Ingram-Day Lumber Co. arising out of the sale of special ship timbers used in the construction of ships for the United States Shipping Board Emergency Fleet Corporation; with amendment (Rept. No. 1351). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. H.R. 8456. A bill for the relief of Ettie A. Shepard; with amendment (Rept. No. 1352). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 9032. A bill for the relief of Mary F. Crim; without amendment (Rept. No. 1353). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 9128. A bill for the relief of Bruce Bros. Grain Co.; with amendment (Rept. No. 1354). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 9250. A bill for the relief of Ralph E. Wooley; without amendment (Rept. No. 1355). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. S. 826. An act for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.; without amendment (Rept. No. 1356). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. S. 1118. An act for the relief of George J. Bloxham; without amendment (Rept. No. 1357). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. S. 1119. An act for the relief of Fred A. Robinson; without amendment (Rept. No. 1358). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. S. 1526. An act for the relief of Ann Engle; without amendment (Rept. No. 1359). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 1600. An act for the relief of S. G. Mortimer; without amendment (Rept. No. 1360). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 1753. An act for the relief of Marcella Leahy McNerney; with amendment (Rept. No. 1361). Referred to the Committee of the Whole House.

Mr. OWEN: Committee on Claims. S. 2233. An act for the relief of Mildred F. Stamm; with amendment (Rept. No. 1362). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 2561. An act for the relief of Robert R. Prann; with amendment (Rept. No. 1363). Referred to the Committee of the Whole House.

Mr. THOM: Committee on Claims. S. 2620. An act for the relief of N. W. Carrington and J. E. Mitchell; with amendment (Rept. No. 1364). Referred to the Committee of the Whole House.

Mr. THOM: Committee on Claims. S. 2627. An act for the relief of Arvin C. Sands; with amendments (Rept. No. 1365). Referred to the Committee of the Whole House.

Mr. OWEN: Committee on Claims. S. 2672. An act for the relief of Mabel S. Parker; without amendment (Rept. No. 1366). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. H.R. 437. A bill for the relief of Charles Davis; with amendment (Rept. No. 1371). Referred to the Committee of the Whole House.

Mr. COLLINS of California: Committee on Indian Affairs. S. 838. An act for the relief of Anson H. Pease; without amendment (Rept. No. 1373). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JOHNSON of West Virginia: A bill (H.R. 9355) to increase the postage charge for the return of dead letters and to provide for the collection of a registry fee upon such letters when containing money; to the Committee on the Post Office and Post Roads.

By Mr. COFFIN: A bill (H.R. 9356) to amend section 36 of the Emergency Farm Mortgage Act of 1933, and amendments thereto, relating to the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

By Mr. CHAPMAN: A bill (H.R. 9357) to provide for the creation of the Pioneer National Monument in the State of Kentucky, and for other purposes; to the Committee on the Public Lands.

By Mr. DOCKWEILER: A bill (H.R. 9358) to authorize the issuance of a medal to members of the Army of Occupation of Germany; to the Committee on Military Affairs.

By Mrs. NORTON: A bill (H.R. 9359) to provide for the regulation of the business of making small loans in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. TRUAX: A bill (H.R. 9360) to authorize and empower the Reconstruction Finance Corporation to make personal loans secured by promissory notes of the borrower with one or more comakers; to the Committee on Banking and Currency.

By Mrs. NORTON: A bill (H.R. 9361) to authorize the Secretary of the Interior to build a stadium at the end of East Capitol Street, and for other purposes; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 9362) to amend the act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia", approved February 27, 1929; to the Committee on the District of Columbia.

By Mr. CROWE: A bill (H.R. 9363) to clarify the provisions of section 19 of the Immigration Act of February 5, 1917, to authorize the deportation of the habitual criminal, to guard against the separation from their families of aliens of the noncriminal classes, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SCHULTE: A bill (H.R. 9364) to provide for legalizing the residence in the United States of certain classes of aliens; to the Committee on Immigration and Naturalization.

By Mr. WEIDEMAN: A bill (H.R. 9365) to extend nonquota status to certain relatives and to limit the class of aliens entitled to first preference in the issuance of immigration visas; to the Committee on Immigration and Naturalization.

By Mr. COLMER: A bill (H.R. 9366) to amend section 8 of the Immigration Act of February 5, 1917 (39 Stat. 874); to the Committee on Immigration and Naturalization.

By Mr. WEIDEMAN: A bill (H.R. 9367) to provide a penalty upon vessels arriving in the United States having on board stowaways; to the Committee on Immigration and Naturalization.

By Mr. STEAGALL: A bill (H.R. 9368) to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes; to the Committee on Banking and Currency.

By Mr. WALTER: A bill (H.R. 9369) to prevent shipment of machine guns, submachine guns, sawed-off shotguns, and bullet-proof vests in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. PATMAN: A bill (H.R. 9370) to authorize an appropriation of money to facilitate the apprehension of certain persons charged with crime; to the Committee on the Judiciary.

By Mr. DIMOND: A bill (H.R. 9371) to authorize the incorporated town of Douglas City, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $40,000; to the Committee on the Territories.

By Mr. RAYBURN: Resolution (H.Res. 363) for the consideration of H.R. 9323, a bill to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 9372) for the relief of John J. Sweeney; to the Committee on Naval Affairs.

By Mr. HANCOCK of North Carolina: A bill (H.R. 9373) for the relief of John Y. Stokes; to the Committee on Military Affairs.

By Mr. HOEPPEL: A bill (H.R. 9374) for the relief of Vincent Ford; to the Committee on Military Affairs.

By Mr. JENKINS of Ohio: A bill (H.R. 9375) for the relief of the Mohawk Coal Co.; to the Committee on Claims.

By Mr. KINZER: A bill (H.R. 9376) granting an increase of pension to Anna B. Miller; to the Committee on Invalid Pensions.

By Mr. LEE of Missouri: A bill (H.R. 9377) for the relief of Rock White; to the Committee on Military Affairs.

By Mr. McCORMACK: A bill (H.R. 9378) for the relief of Walter M. Cass; to the Committee on Naval Affairs.

Also, a bill (H.R. 9379) for the relief of Charles J. LaFarge; to the Committee on Naval Affairs.

By Mr. MEAD: A bill (H.R. 9380) for the relief of Mary Czap; to the Committee on Claims.

By Mr. O'CONNOR: A bill (H.R. 9381) for the relief of Max Geissler; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 9382) granting a pension to Elmer J. Rush; to the Committee on Pensions.

Also, a bill (H.R. 9383) granting a pension to Annie Hankal; to the Committee on Pensions.

By Mr. TARVER: A bill (H.R. 9384) for the relief of Luther M. Turpin and Amanda Turpin; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4281. By Mr. BOYLAN: Letter from the Workers Unemployed Union of the Hudson Guild Local No. 4, New York City, favoring the passage of House bill 7598, to provide for the establishment of unemployment and social insurance, and for other purposes; to the Committee on Labor.

4282. Also, letter from Rand McNally & Co., New York City, opposing the Wagner Disputes Act; to the Committee on Labor.

4283. By Mr. BRUNNER: Petition of the St. Raymond's Holy Name Society, East Rockaway, N.Y., in support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4284. By Mr. CONNERY: Petition of the Revere City Council, Revere, Mass., favoring passage of the McLeod bill, which would guarantee payment of frozen assets in closed banks; to the Committee on Banking and Currency.

4285. Also, petition of the Bricklayers and Masons Union, No. 10, of Lawrence, Mass., favoring the passage of the Wagner-Lewis unemployment insurance bill; to the Committee on Labor.

4286. By Mr. CULKIN: Petition of the mayor and Common Council, of the city of Oswego, N.Y., together with 34 other business men and industrialists of that city, urging the immediate passage of legislation providing direct loans to industry by the Government; to the Committee on Banking and Currency.

4287. By Mr. HEALEY: Petition of the City Council of the City of Cambridge, Mass., favoring the McLeod bill; to the Committee on Banking and Currency.

4288. Also, petition of the city council of the city of Cambridge, Mass., favoring the Wagner-Costigan antilynch bill; to the Committee on the Judiciary.

4289. By Mr. HOWARD: Petition of H. McKim, of Adams, Nebr., and many other producers of livestock in Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

4290. By Mr. KELLY of Pennsylvania: Petition of 356 citizens of McKeesport, Pa., and vicinity, protesting against curtailment of Postal Service; to the Committee on the Post Offices and Post Roads.

4291. By Mr. KENNEY: Petition in the nature of a resolution of the members of Westwood Council, Knights of Columbus, of the city of Westwood, State of New Jersey, calling upon Senators and Representatives in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar nonprofit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4292. Also, petition in the nature of a resolution of the executive board of the New Jersey State League of Municipalities, respectfully petitioning and urging upon the President of the United States and the Members of the Congress thereof that additional funds be made available to the Federal Emergency Relief Administration, in order to enable it to adequately care for the relief needs of unemployed citizens prior to the next regular session of Congress, and that the Federal Government be urged to formulate a long-time relief program because of the fact that it is now apparent that the problem of unemployment relief is not temporary and it is impossible for local governments to intelligently plan relief activities on any long-time basis under the present system of constantly changing Federal relief policies; to the Committee on Appropriations.

4293. Also, petition in the nature of a resolution of the members of Westwood Council, Knights of Columbus, of

Westwood, N.J., calling upon our Senators and Representative in Congress to support the amendment to section 301 of Senate bill 2910 providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment of said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4294. Also, petition in the nature of a resolution of the members of the Junior Holy Name Society of the Parish of Edgewater, N.J., calling upon our Senators and Representative in Congress to support the amendment to section 301 of Senate bill 2910 providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4295. Also, petition in the nature of a resolution of the members of St. Theresa's Parish, of Cresskill, N.J., calling upon our Senators and Representative in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all the radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4296. Also, petition in the nature of a resolution of members of the Senior Holy Name Society of the Parish of Edgewater, N.J., calling upon our Senators and Representative in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4297. Also, petition in the nature of a resolution of the executive board of the New Jersey State League of Municipalities, urging upon the Federal Government to provide funds to bear the cost of unfinished approved projects as begun under the Civil Works Administration program; to the Committee on Appropriations.

4298. Also, petition in the nature of a resolution of the Phil Sheridan Council, No. 2229, Knights of Columbus, of Ridgefield Park, N.J., in council assembled, endorsing the amendments as presented by Father Harney, and instructing the grand knight to so advise the President of the United States, Franklin Delano Roosevelt, the White House, and our representatives to the Congress, to wit, the Honorable HAMILTON KEAN and W. WARREN BARBOUR, of the Senate, and the Honorable EDWARD A. KENNEY, of the House of Representatives (the amendments referred to pertain to Senate bill 2910—this bill devised to accord to human welfare and other nonprofit agencies a fair proportion of radio time and location); to the Committee on Merchant Marine, Radio, and Fisheries.

4299. Also, petition in the nature of a resolution of the Federation of Holy Name Societies of the Diocese of Newark, N.J., representing its membership in calling upon our Senators and Representatives in Congress to support the amendment of section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4300. Also, petition in the nature of a resolution of the members of St. Joseph's Parish, of Demarest, N.J., calling upon our Senators and Representative in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4301. Also, petition in the nature of a resolution of the members of Jersey City Council, No. 137, Knights of Columbus, commending the program of radio station WLWL as being thoroughly representative of radio's highest purpose—namely, to serve public interest, convenience, and necessity—and that we place ourselves on record as approving the radio station WLWL's struggle against monopolistic commercial interests, and dedicate ourselves to support with every means at our command the efforts of an agency which has been productive of so much good will, tolerance, and enlightenment; to the Committee on Merchant Marine, Radio, and Fisheries.

4302. By Mr. LEHR: Memorial of the Jackson Association of Life Underwriters, at its annual meeting in Jackson, Mich., commending the President of the United States for resisting the pressure in favor of unsound monetary policies and as favoring the continuation of a sound currency; to the Committee on Coinage, Weights, and Measures.

4303. Also, petition of the Southern Association of Congregational and Christian Churches of Michigan, favoring legislation for the nationalization of all munition and arms manufacturing plants, thus taking out of the realm of private profit the matter of national defense; to the Committee on Military Affairs.

4304. By Mr. LINDSAY: Petition of Anne M. Flood and nine others, all of Brooklyn, N.Y., urging the passage of the Ickes-Collier program for the betterment of conditions among the American Indians; to the Committee on Indian Affairs.

4305. Also, petition of the Air Preheater Corporation, New York City, opposing the passage of House bill 8720 in its present form; to the Committee on Interstate and Foreign Commerce.

4306. Also, petition of the National Association of Railroad and Utilities Commissioners, Washington, D.C., urging the enactment of Senate bill 752 in its original form; to the Committee on Interstate and Foreign Commerce.

4307. By Mr. LUDLOW. Petition of residents of Indianapolis, Ind., protesting against discriminatory operation of busses and trucks, and requesting the enactment of regulatory measures; to the Committee on Interstate and Foreign Commerce.

4308. By Mr. McCORMACK: Petition of the city council of the city of Cambridge, Mass., endorsing the Costigan-Wagner bill, the so-called "antilynch bill"; to the Committee on the Judiciary.

4309. Also, petition of the city council of the city of Cambridge, Mass., urging early and favorable consideration of the McLeod bank bill; to the Committee on Banking and Currency.

4310. By Mr. RICH: Petition of citizens of Williamsport, Pa., favoring the passage of the McLeod banking bill; to the Committee on Banking and Currency.

4311. By Mr. RUDD: Petition of the Superheater Co., New York City, favoring certain modifications to the stock-exchange bill (H.R. 8720); to the Committee on Interstate and Foreign Commerce.

4312. Also, petition of Anne M. Flood and nine other citizens, of Brooklyn, N.Y., favoring the Ickes-Collier program for the betterment of conditions among the American Indians; to the Committee on Indian Affairs.

4313. By Mr. SABATH: Petition of the National Alliance of Bohemian Catholics, urging support of Senate bill 2910 to provide 25-percent allotment of radio facilities to non-

profit-making organizations; to the Committee on Merchant Marine, Radio, and Fisheries.

4314. By Mr. WOLCOTT: Memorial of the township commission of Erin Township, Macomb County, Mich., urging the passage of the McLeod bill (H.R. 7908) for the relief of bank depositors; to the Committee on Banking and Currency.

4315. By the SPEAKER: Petition of Pontiac, Mich., urging passage of the McLeod bank bill; to the Committee on Banking and Currency.

4316. Also, petition of the American Society for Pharmacology and Experimental Therapeutics, urging passage of Senate bill 2800; to the Committee on Interstate and Foreign Commerce.

4317. Also, petition of Bellwood, Ill., urging the issuance of $30,000,000,000 and the method by which same should be placed in circulation; to the Committee on Ways and Means.

4318. Also, petition of St. John the Baptist Parish, of Newport and Middleville, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4319. Also, petition of St. Francis Parish, of North Adams, Mass., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4320. Also, petition of St. Anne's Sodality of St. Matthew's Parish, of Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4321. Also, petition of St. Mary's Parish, of Mount Vernon, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4322. Also, petition of St. Matthew's Benevolent Society, of St. Paul, Minn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

FRIDAY, APRIL 27, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MEMORIAL SERVICES FOR DECEASED SENATORS AND REPRESENTATIVES

Mr. ROBINSON of Arkansas. Mr. President, in the Hall of the House of Representatives, that body convening at noon today, memorial services will be held in memory of 10 deceased Members of the House and 4 former Members of this body who died during their terms of service, the Honorable THOMAS J. WALSH, late a Senator from the State of Montana; the Honorable ROBERT B. HOWELL, late a Senator from the State of Nebraska; the Honorable PORTER H. DALE, late a Senator from the State of Vermont; and the Honorable JOHN B. KENDRICK, late a Senator from the State of Wyoming.

I ask unanimous consent that the Senate take a recess until the hour of 1:15 p.m. today in order that Senators may be afforded the opportunity of attending the ceremonies.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Thereupon, at 12 o'clock and 2 minutes p.m., the Senate took a recess until 1:15 p.m.

At the expiration of the recess the Senate reassembled, and the President pro tempore took the chair.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Interstate Commerce:

STATE OF NEW YORK,
IN SENATE,
Albany, April 12, 1934.

By Mr. Burchill

Whereas the Missionary Society of St. Paul the Apostle, a domestic corporation of the State of New York, owns and operates, in the city of New York, Radio Station WLWL; and

Whereas such radio station is maintained for rendering religious, educational, cultural, and social service; and

Whereas in July 1925 the Department of Commerce granted to the said Missionary Society of St. Paul the Apostle a class b commercial license, no. 1829, to broadcast with 5,000-watt power and with unlimited time; and

Whereas on the 13th day of October 1926, due to a request from the Department of Commerce, the Radio Station WLWL changed its frequency from 1,040 to 780 under license no. 1829 with the enjoyment of unlimited time; and

Whereas said license no. 1829 was renewed without change on January 22, 1927; and

Whereas the Federal Radio Commission was created in February 1927 and said commission requested all stations to designate the minimum number of hours necessary to their existence; and

Whereas Radio Station WLWL specified the evening hours of 7:30 to 9:30 on Sunday and 8 p.m. to 11 p.m. on week days, Monday to Saturday inclusive, with 1 hour Thursday mornings; and

Whereas the Federal Radio Commission notified Radio Station WLWL that it would have to broadcast on a 1020 frequency instead of 780 frequency and Radio Station WLWL appealed from said ruling, and on June 8, 1927, was assigned to an 810 frequency; and

Whereas on June 10, 1927 the Federal Radio Commission caused Radio Station WLWL to share the frequency 810 with a commercial Station WMCA; and

Whereas the hours on the air to be enjoyed by Radio Station WLWL were to be fixed by the commercial Station WMCA; and

Whereas in September 1928 the Federal Radio Commission assigned Radio Station WLWL to 1,100 frequency, together with the commercial Station WPG of Atlantic City; and

Whereas Station WLWL was assigned 15½ broadcasting-hours per week and WPG was assigned 110½ broadcasting-hours per week; and

Whereas the license of WPG was renewed despite the fact that, in violation of the rulings of the Commission, it had leased not only all its broadcasting hours, but had surrendered control over the programs and operations of its station to the Columbia Broadcasting System; and

Whereas there are 30 radio stations in the United States classified as educational, enjoying a total of 817 hours and 40 minutes of broadcasting time each week, or an average of 4 hours per day for each station; and

Whereas the broadcasting time assigned to educational radio stations amounts to but 2½ percent of all broadcasting time; and

Whereas it is the proud boast of the United States that its people are devoted to the cause of education and to freedom in the exercise of religious beliefs: Now, therefore, be it

Resolved (if the assembly concur), That the Congress of the United States be, and it is hereby memorialized, to enact with all convenient speed, such measures as may be necessary to increase the broadcasting time of educational and religious associations to one quarter of all the radio-broadcasting facilities; and be it further

Resolved (if the assembly concur), That Radio Station WLWL, owned and operated by the Missionary Society of St. Paul the Apostle, in the city of New York, State of New York, be granted a reasonable extension of its broadcasting time; and be it further

Resolved (if the assembly concur), That a copy of this resolution be submitted to the Secretary of the United States Senate and the Clerk of the House of Representatives, and to each Senator and Member of the House of Representatives elected from the State of New York, and that the latter be urged to use their best offices to procure the enactment of such legislation as will accomplish the purpose of this resolution.

By order of the senate.

MARGUERITE O'CONNELL, *Clerk.*

In assembly, April 18, 1934.
Concurred in without amendment.
By order of the assembly.

FRED W. HAMMOND, *Clerk.*

The PRESIDENT pro tempore also laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Special Committee on Conservation of Wild Life Resources:

STATE OF NEW YORK,
IN SENATE,
Albany, April 20, 1934.

By Mr. Nunan

Whereas President Roosevelt's Committee on Wild Life Restoration has submitted a report embodying suggestions for action by the Federal Government to restore and enlarge the wild-life resources of the Nation; and

Whereas this report has been received with virtually unanimous praise from conservationists from every part of the State of New York and elsewhere throughout the United States; and

Whereas the conservation commissioner of the State of New York, after close examination of the report, has endorsed it enthusiastically: Therefore be it

Resolved (*if the assembly concur*), That the people of the State of New York, through their representatives in the senate and assembly, request the President and Congress of the United States to adopt the report of the President's Committee on Wild Life Restoration as a basis for legislation and executive action designed to increase and protect the wild life of the Nation.

By order of the senate.

MARGUERITE O'CONNELL, *Clerk.*

In assembly, April 21, 1934.
Concurred in without amendment.
By order of the assembly.

FRED W. HAMMOND, *Clerk.*

The PRESIDENT pro tempore also laid before the Senate a resolution adopted by Knox County Post, No. 2257, Veterans of Foreign Wars, of Galesburg, Ill., protesting against the entrance of the United States into the League of Nations and the World Court, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by Justice Council, No. 2, Sons and Daughters of Liberty, of Washington, D.C., opposing the passage of legislation loosening immigration restrictions, which was referred to the Committee on Immigration.

He also laid before the Senate a letter from Anna Jarvis, founder of Mother's Day, Philadelphia, Pa., relative to Senate Resolution 218, submitted by Mr. COPELAND, favoring an expression on Mother's Day of our love and reverence for motherhood, agreed to April 26, 1934, which, with the accompanying paper, was ordered to lie on the table.

Mr. ASHURST presented resolutions adopted by the Egg Harbor City (N.J.) Regular Democratic Club, favoring the passage of the so-called "Costigan-Wagner anti-lynching bill", which was ordered to lie on the table.

Mr. CAPPER presented the petition of Local Union No. 11, Bricklayers, Masons, and Plasterers' International Union, of Emporia, Kans., praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a national labor board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by a mass meeting held under the auspices of the Manhattan Peace Council, Manhattan, Kans., favoring the prompt ratification of the World Court protocols, and also measures for the furtherance of international peace and fuller cooperation with the League of Nations, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented a resolution adopted by the Greater Buffalo Meat Packers Association, East Buffalo, N.Y., favoring the reduction of the processing tax on hogs of $2.25 per hundredweight live weight to the basis of $1 per hundredweight live weight, and that the time for full payment of such tax now set as of November 1, 1935, be extended over a longer period, and also the granting of other relief to packers, in the interest of the preservation of small independent meat packers, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Common Council of the City of Oswego, N.Y., favoring the prompt passage of legislation liberalizing governmental policy in regard to the making of loans directly to industry, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by LaFayette Post, No. 37, American Legion, of Poughkeepsie, N.Y., favoring the establishment of a free-port site for Poughkeepsie, which was referred to the Committee on Finance.

He also presented resolutions adopted by Carl Follen Unit, No. 103, of the Steuben Society of America, of Richmond Hill, N.Y., and Westchester County (N.Y.) District Council, United Brotherhood of Carpenters and Joiners of America, Tarrytown, N.Y., protesting against the entrance of the United States into the World Court or the League of Nations, which were referred to the Committee on Foreign Relations.

He also presented several resolutions adopted by various councils of the Sons and Daughters of Liberty, in the State of New York, opposing the passage of legislation loosening immigration restrictions, which were referred to the Committee on Immigration.

He also presented numerous resolutions adopted by various religious, educational, fraternal, and other organizations, and petitions of sundry citizens, all in the State of New York, praying the amendment of proposed radio legislation so as to provide adequate broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by volunteers who served in the Spanish-American War, in convention assembled at Jackson, Miss., asking that the people of Mississippi contribute funds to purchase gold and diamond crosses of honor and present one to each Member of the United States Senate from Mississippi who volunteered to serve in the Army in the Spanish-American War, which were referred to the Committee on the Library.

He also presented a petition of about 300 citizens of Yonkers and Mount Vernon, N.Y., praying for the passage of the so-called "Sweeney bill", proposing to repeal that part of the Economy Act permitting department heads to impose payless furloughs on employees, which was referred to the Committee on Post Offices and Post Roads.

Mr. LA FOLLETTE presented resolutions adopted by the Council of the City of Kenosha, Wis., which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Resolution 1812 (by Mr. Burns)

Whereas the discontinuance of the Civil Works Administration program has resulted in the unemployment of a large number of men and women in the city of Kenosha; and

Whereas a plan has been worked out by Federal and State authorities whereby certain work may be made available to those persons receiving relief or who are eligible to relief; and

Whereas the amount of money appropriated to Kenosha County for relief and work relief is inadequate to provide properly work for the able-bodied men and women now eligible under the Federal emergency relief plan; and

Whereas Kenosha County has agreed to provide the sum of $35,000 monthly for direct relief and work relief for the unemployed within the county of Kenosha and has agreed to continue to pay said sum as long as money is available for said purpose; and

Whereas the resources of Kenosha County are strained because of the business depression and the inability of the property owners and citizens within said county and city to pay their taxes, and the credit of Kenosha County has been deeply pledged for funds made available as aforesaid; and

Whereas application has been made to the Industrial Commission of the State of Wisconsin for payment of the work-relief and direct-relief program out of Federal funds to the extent of 100 percent thereof in order to relieve Kenosha County of such serious financial strain; and

Whereas the program heretofore adopted will allow the employment of only a small percentage of the needy and unemployed workers within Kenosha County, thereby working a hardship upon those for whom employment is impossible to obtain under present conditions; and

Whereas the county of Kenosha is unable to raise funds in any manner under existing laws to adequately provide employment for the remainder of the unemployed workers of Kenosha County; and

Whereas a resolution has been presented to the City Council of Kenosha from the Kenosha County Workers Committee, urging State and Federal governmental agencies to provide larger funds for the work-relief program which has been designed to follow the Civil Works Administration program: Now, therefore, be it

Resolved, That the Council of the City of Kenosha does hereby petition His Excellency the Honorable A. G. Schmedeman, Governor of Wisconsin, to call into special session the Legislature of the State of Wisconsin for the purpose of enacting legislation establishing a more adequate and comprehensive work-relief program for the unemployed workers of Kenosha County, and for the State at large, and for the further purpose of enacting such legislation to finance such program as to the legislature shall seem wise and just; and be it further

Resolved, That said legislature petition the President and the Congress of the United States for such financial need and assistance to the State of Wisconsin necessary for the carrying on of such plan whereby employment may be obtained for as large a number of unemployed workers throughout the State of Wisconsin as is expedient and possible; and be it further

Resolved, That the city clerk be and he is hereby instructed to forward a copy of this resolution, together with the resolution

of the Kenosha County Workers Committee to His Excellency the Governor, the local State senator, and assemblymen, and to the local Congressman, as well as the United States Senators from Wisconsin.

Passed this 16th day of April, A.D. 1934.

JAKE J. HERRMANN,
President Pro Tempore of the Council.

Attest:

A. E. AXTELL,
Clerk of the Council.

I, A. E. Axtell, city clerk, hereby certify that the above is a true and correct copy of resolution adopted by the city of Kenosha on the 16th day of April, A.D. 1934.

A. E. AXTELL, *City Clerk.*

Mr. LA FOLLETTE also presented a resolution addressed to the city manager and members of the Council of the City of Kenosha, Wis., which was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Resolution

To the City Manager and Members of the Council of the City of Kenosha:

Whereas the Federal Government has canceled the Civil Works program, thereby throwing 4,000,000 men and women out of employment; and

Whereas 6,000 of Kenosha's workers are now unemployed and the great majority thereof are now living on relief and there is no hope in sight, either by action of Congress, the President, or our Governor of Wisconsin; and

Whereas there are at least 10,000,000 men and women workers now without employment in addition to the 4,000,000 recently discharged from the C.W.A. and the $600,000,000 available for relief will employ less than 1 in 10 for only 8 months and is therefore insufficient to prevent misery and starvation; and

Whereas local, county, and State governments must finance any project under the plan of 70-30-percent basis and thereby raise sufficient funds to give work to all instead of only 400 or less than 1 in 10 of Kenosha's unemployed, which will create jealousy, hatred, and the building of a small political machine; and

Whereas it would be more just and equitable that enough money be raised to put all to work and that a special session of the legislature ought therefore be called to levy a sufficient income tax and an increased inheritance tax to cover this absolute necessity, rather than employ an insignificant number of men and thereby cause more discontent and dissension, as, under the present ruling, there is not enough to even begin to relieve the situation; and

Whereas the superestate or inheritance tax levied and income taxes are the most just taxes that can be levied because such a levy puts the burden on those who have been most favorably taken care of and given such favorable financial opportunities by laws permitting them to accumulate wealth; and

Whereas the general welfare of the people of the State and Nation demands that the great body of our citizens shall first be provided for rather than the small minority and heretofore most favored few: Now, therefore, be it

Resolved, That the Kenosha County Workers Committee does hereby petition the city manager and the City Council of Kenosha to use their best offices for an immediate call into special session of the Legislature of the State of Wisconsin for the purpose of enacting such legislation in behalf of the general welfare so as to establish a more adequate and comprehensive work-relief program for the great and increasing body of unemployed workers of Kenosha County and for the State at large.

Dated this 16th day of April 1934.

FRANK S. SYMMONDS, *Chairman,*
JOSEPH LEICKEM,
FRANK KIGER,
JOHN P. KUEHNL,
GILBERT E. FECHNER,
ERNEST HAWKE,
Executive Board of the
Kenosha County Workers Committee.

I, A. E. Axtell, city clerk of the city of Kenosha, hereby certify that the within is a true and correct copy of a resolution presented to the council by the executive board of the Kenosha County Workers Committee on the 16th day of April 1934.

A. E. AXTELL, *City Clerk.*

REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (H.R. 5542) for the relief of Joe G. McInerney, reported it without amendment and submitted a report (No. 840) thereon.

He also, from the same committee, to which was referred the bill (S. 3408) to provide for a preliminary examination of Cromline Creek in the State of New York, with a view to the control of its floods, reported it with an amendment and submitted a report (No. 842) thereon.

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2806. An act to confer jurisdiction on the Court of Claims to hear and determine the claim of Carlo de Luca (Rept. No. 843); and

S. 3280. An act to carry out the findings of the Court of Claims in the claim of the Morse Dry Dock & Repair Co. (Rept. No. 844).

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2872. An act for the relief of Marie Louise Belanger (Rept. No. 845); and

S. 2873. An act for the relief of Stella D. Wickersham (Rept. No. 846).

Mr. NEELY, from the Committee on the Judiciary, to which was referred the bill (S. 2915) requiring national banks to obtain indemnity bonds from State-qualified bonding companies, reported it without amendment and submitted a report (No. 847) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 2506) to provide funds for cooperation with White Swan School District, No. 88, Yakima County, Washington, for extension of public-school buildings to be available for Indian children of the Yakima Reservation, reported it with an amendment and submitted a report (No. 848) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. VAN NUYS:

A bill (S. 3480) granting a pension to Mariah A. House; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 3481) for the relief of Joseph M. Purrington; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3482) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claim of Squaw Island Freight Terminal Co., Inc., of Buffalo, N.Y., against the United States in respect of loss of property occasioned by the breaking of a Government dike on Squaw Island (with an accompanying paper); to the Committee on Claims.

THE AIR MAIL—AMENDMENTS

Mr. McKELLAR submitted two amendments intended to be proposed by him to the bill (S. 3170) to revise air-mail laws, which were ordered to lie on the table and to be printed.

REGULATION OF COMMUNICATIONS BY WIRE AND RADIO—AMENDMENT

Mr. WAGNER and Mr. HATFIELD jointly submitted an amendment intended to be proposed by them to the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, which was ordered to lie on the table and to be printed.

REGULATION OF GRAZING ON PUBLIC RANGE—AMENDMENT

Mr. ASHURST submitted an amendment intended to be proposed by him to the bill (H.R. 6462) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, which was referred to the Committee on Public Lands and Surveys and ordered to be printed.

BOSTON IRON & METAL CO.

Mr. TYDINGS. I wish to submit a resolution asking the Secretary of Commerce to furnish the Senate with certain information, and I shall ask for its immediate consideration.

The PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S.Res. 226), as follows:

Whereas the United States has entered into a contract with the Boston Iron & Metal Co., dated November 5, 1932, providing for the sale and delivery of certain vessels; and

Whereas under the provisions of that contract the Government cannot withdraw the ships unless, first, said ships were needed for operation; second, were needed for sale for operation; or, third, when a national emergency was declared existent by the Secretary of War: Therefore be it

Resolved, That the Secretary of Commerce inform the Senate under which of the above provisions the vessels were withdrawn by him; second, what he, the Secretary of Commerce, proposes to do with said vessels so withdrawn; third, if the Government intends to use said vessels for operation; fourth, whether they are to be sold for operation, and, if so, when said sale is to be effected; and, fifth, what national emergency, if any, was declared existent by the Secretary of War or the Secretary of Commerce, the date of said declaration, and a copy of the same; also, to furnish the Senate with specific information as to the basis for such withdrawal of said ships by the Secretary of Commerce and the specific provision of the contract authorizing said withdrawal upon which said Secretary of Commerce has acted, and any formal declaration of policy on the part of the Secretary of Commerce as stated in the provisions of the contract which he has exercised for the withdrawal of said ships.

Mr. TYDINGS. I ask unanimous consent for the immediate consideration and adoption of the resolution.

The PRESIDENT pro tempore. Is there objection?

Mr. FESS. What is the resolution?

Mr. TYDINGS. It is a resolution asking the Secretary of Commerce for information on a contract; that is all.

Mr. FESS. Just asking for facts?

Mr. TYDINGS. That is all.

Mr. FESS. I have no objection.

There being no objection, the resolution was considered and agreed to.

The preamble was agreed to.

SELECT COMMITTEE TO STUDY METHODS OF PRODUCTION AND DISTRIBUTION OF ELECTRICITY

Mr. GIBSON submitted the following resolution (S.Res. 227), which was referred to the Committee on Interstate Commerce;

Whereas there exists a large and growing need for low-cost electricity and means for its production and distribution; and

Whereas the time is now propitious for the development of methods for such production and distribution: Therefore, be it

Resolved, That a select committee of the Senate, consisting of five Members, to be appointed by the President of the Senate, is authorized and directed to make a study of the methods of production and distribution of electricity and confer with and advise the President concerning plans for the adoption of some method of production and distribution that will insure low cost to the consumers. The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations, if any, for further necessary legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were subsequently signed by the Vice President:

S. 2999. An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes;

H.R. 191. An act for the relief of William K. Lovett;

H.R. 210. An act for the relief of Anne B. Slocum;

H.R. 232. An act for the relief of Anna Marie Sanford;

H.R. 233. An act for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay;

H.R. 264. An act for the relief of Marguerite Ciscoe;

H.R. 323. An act for the relief of Harvey M. Hunter;

H.R. 408. An act for the relief of William J. Nowinski;

H.R. 470. An act for the relief of the city of Glendale, Calif.;

H.R. 507. An act for the relief of John Thomas Simpkin;

H.R. 520. An act for the relief of Ward A. Jefferson;

H.R. 526. An act for the relief of Arthur K. Finney;

H.R. 666. An act for the relief of Charles W. Dworack;

H.R. 768. An act for the relief of William E. Bosworth;

H.R. 879. An act for the relief of John H. Mehrle;

H.R. 880. An act for the relief of Daisy M. Avery;

H.R. 909. An act for the relief of Elbert L. Grove;

H.R. 1301. An act for the relief of M. Aileen Offerman;

H.R. 1362. An act for the relief of Edna B. Wylie;

H.R. 1398. An act for the relief of Lewis E. Green;

H.R. 1404. An act for the relief of John C. McCann;

H.R. 1418. An act for the relief of W. C. Garber;

H.R. 2040. An act for the relief of P. Jean des Garennes;

H.R. 2041. An act for the relief of Irwin D. Coyle;

H.R. 2074. An act for the relief of Harvey Collins;

H.R. 2169. An act for the relief of Edward V. Bryant;

H.R. 2337. An act for the relief of Harry L. Haberkorn;

H.R. 2512. An act for the relief of John Moore;

H.R. 2818. An act for the relief of Katherine G. Taylor;

H.R. 3542. An act to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situate in the city of Philadelphia and State of Pennsylvania;

H.R. 4423. An act for the relief of Wilbur Rogers;

H.R. 4542. An act for the relief of Frank Wilkins;

H.R. 4609. An act for the relief of Augustus Thompson;

H.R. 4784. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries;

H.R. 4959. An act for the relief of Mary Josephine Lobert;

H.R. 5397. An act to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein;

H.R. 5936. An act for the relief of Gale A. Lee;

H.R. 6166. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States;

H.R. 6638. An act for the relief of the Monumental Stevedore Co.;

H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices;

H.R. 6690. An act for the relief of certain officers of the Dental Corps of the United States Navy;

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7200. An act to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia;

H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes;

H.R. 7488. An act authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes;

H.R. 7748. An act regulating procedure in criminal cases in the courts of the United States;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.;

H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931;

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.;

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River;

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore;

H.R. 8861. An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes; and

H.J.Res. 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority, with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On April 25, 1934:

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to undertake certain municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipes, bridge construction and replacement, construction of concrete bulkheads, and construction of refuse incinerator, and for such purposes to issue bonds in any sum not exceeding $103,000;

S. 2812. An act to authorize the incoporated city of Skagway, Alaska, to construct, reconstruct, replace, and install a water-distribution system, and for such purpose to issue bonds in any sum not exceeding $40,000; and

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; construction of a retaining wall and to back-fill behind same to make a permanent street; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $51,000.

On April 26, 1934:

S. 606. An act to authorize the waiver or remission of certain coal-lease rentals, and for other purposes.

On April 27, 1934:

S. 2084. An act granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic, of said State, and a political subdivision thereof, certain lands, and for other purposes.

THE TARIFF—ADDRESS BY SENATOR REED

Mr. BARBOUR. Mr. President, I ask unanimous consent to have inserted in the RECORD an address by the senior Senator from Pennsylvania [Mr. REED], delivered during the National Radio Forum arranged by the Washington Star and broadcast over the National Broadcasting Co. network on Monday night, April 23. The subject of the address was the request of the President to Congress for the passage of a law to give him the power to raise or lower any tariff duty.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I should like to talk to you tonight, in language as simple as I can make it, about the President's request of Congress for the passage of a law giving him the power to raise or lower any tariff duty as much as 50 percent whenever he thinks it wise to do so in the interest of our foreign trade.

This proposal seems to be a clear contradiction of the statements made previously by President Roosevelt and Secretary of State Cordell Hull. The plan would make the Tariff Commission ineffective if not wholly impotent. It would permit the President to raise or lower tariff duties, not only without regard to the Commission's recommendations but without regard to the effect of this action on American industry. This power used unwisely—and it is certainly unwise to ask for a power to be used without knowing the facts—would make it possible to sink long-established American industries without a trace. It could easily wipe out whole communities, adding them to the ghost towns which once knew life and happiness but now live only in memory.

We find President Roosevelt saying on July 20, 1932, in a radio address delivered from Albany, N.Y., while a candidate for President: "It is a difficult and highly technical matter to determine standards and costs of production abroad and at home. A commission of experts can be trusted to find such facts, but not to dictate policies. The facts should be left to speak for themselves, free from Presidential interference."

Yet now the President proposes to ignore the Tariff Commission and asks for power to reduce duties, without notice to those affected, without a hearing, and without any chance to protest.

Again we find that he said on October 19, 1932, at Wheeling, W.Va.: "I have advocated a lowering of tariffs by negotiation with foreign countries. But I have not advocated, and I never will advocate, a tariff policy that will withdraw protection from American workers against those countries which employ cheap labor or who operate under a standard of living which is lower than that of our own great laboring groups."

Where in the world, may I ask, is there any country which does not employ cheaper labor than the United States and whose standard of living is not lower than those of our own great laboring groups? I have been in many countries of the world, and I have studied wage comparisons, production costs, and price comparisons in these countries, and I know of none whose living standards even approaching those of the United States.

And we find Secretary Hull saying in 1929, while a Member of the House of Representatives, with reference to a proposal for greater flexibility in tariff rates: "The proposed enlargement and broad expansion of the provisions and functions of the flexible tariff is astonishing, is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the Head of a Government on a basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion, 'This is too much power for a bad man to have or for a good man to want.'"

I am willing to agree entirely with that statement.

In the light of the latest proposal for dealing with the tariff, I can only conclude that it makes a difference at which end of Pennsylvania Avenue Secretary Hull does his thinking on this subject.

Let us understand that there is nothing mysterious about the tariff. A great deal is said and thought about it which is untrue; and when there is a tariff revision, we hear complicated discussions of wages and rates of duty and imports and exports and of all the other factors which must be taken into consideration, or which should be taken into consideration, when any change is made in any tariff duty. But it is not necessary to go into the subject on this basis tonight. We shall have a clearer understanding of the problem, I think, if we start with a simple statement of what the tariff is and why we are a protectionist country.

As an aid to that understanding, let us remember that a tariff or customs duty is nothing but a tax on foreign goods. The free-trader will tell you that this tax, which has a tendency to restrict the flow of these foreign goods into the United States, is imposed in the interest of rich manufacturers in this country, who, enjoying this protection against foreign competition, line their pockets with the excess profits they are thereby enabled to take from the American consumers. The manufacturers themselves will tell you that without this protection their industries could not exist. The truth lies somewhere between these two statements. The facts are that few industries at present are making much money, owing to the intensity of domestic competition; that some industries would go out of business if they were not protected against foreign competition; that a very large group of small industries would be killed or seriously crippled if the protection they now enjoy were withdrawn; and that a third group do not need any tariff protection on their products for the simple reason that Americans prefer their American-made products to the foreign-made goods offered by their foreign competitors.

The automobile industry is a fair example of one which turns out so superior a product at so low a cost—due, of course, to the enormous number of cars used in the United States as compared with other countries—that it needs little, if any, protection. But this industry is an exception to the rule. The great body of American workers and of American industries could not last a

year, under modern competitive conditions, without some measure of protection against foreign competition.

Now, just why is this true? The answer is perfectly plain to anyone who has seen or read or stopped to think about the conditions under which men, women, and children work in other countries. Remember that in most foreign countries there are no minimum-wage laws, no 5-day week, no 6- or 7- or 8-hour day. Remember that in Italy, where the people were working 14 hours a day at a pitifully low wage, Premier Mussolini has just lowered wages again and speeded up Italy's industrial production for the purpose, as he explained, of "placing Italy in a better position to compete with other countries in the world's markets." Remember that in Germany the women formerly employed in industry have been ordered back to their homes and the men put under semimilitary discipline requiring them to work long hours at low wages. Even in England, where wages and working conditions are very much better than on the Continent of Europe, people do not begin to live as well as they do in the United States. It is worth noting here also that much of England's present prosperity—and she is much farther along the road to recovery than we are—is due to the abandonment of her free-trade policy in favor of protection, plus the empire-preference agreement by which her goods are accorded preferential treatment in the British dominions.

And when we stop to think of conditions in Japan and China, and examine the soaring figures of Japanese importations into the United States—of socks and table scarfs and children's clothing and kitchenware selling in the 5- and 10-cent stores—we must realize that every article of this sort which comes into the United States displaces a similar article which otherwise would have been made by American workmen, and displaces just so much American labor; and that the reason it comes in is not that American industry is inefficient, but because we have not adequately protected it against this sort of competition, and that without our very much higher wage rates American industries cannot exist without protection against this oriental competition.

Again there is no mystery about this. It is idle to contend that the British, the Germans, and the Japanese are more efficient than we are. The reason they can flood this country with their goods—as they do, in some instances, and as they could, in others, if we did not act in self-defense to prevent it—is that their wages are so far below ours that we in this country cannot comprehend the conditions under which their workmen live. In a land like the United States, where automobiles are so common, it is impossible to conceive of a country where no workingman owns a bathtub or enjoys the benefits of electricity and gas and running water. Yet this is the kind of competition we must meet unless we are willing to continue the protection we have given to American workers since the beginning of the Republic.

The first tariff act in this country was passed by Congress in 1789. Never at any time since have the ports of the United States been open to the unrestricted flow of foreign goods. Behind the tariff walls whose foundations were laid at that time we have flourished and grown great as a nation. Protection and sound money have been the twin pillars of our governmental policy in all that time. Now, having for the first time in our history debased the dollar deliberately in the hope of selling more goods abroad, we find the present Washington administration asking Congress for a power that no administration has ever had in dealing with the problem of import duties.

I shall not discuss tonight the constitutionality of this proposal. Some of us think that Congress cannot properly delegate this power to the President. On this question there will naturally be disagreement. It is possible that the courts would uphold such a grant of power. But important as this issue is, we need not concern ourselves with it here. Rather, let us think only of the wisdom of such a policy. Is it wise to give the President—any President—the power of life and death over American industry; to give into his sole keeping the power to say that this or that industry doesn't belong in the United States and should therefore be scrapped; to put a padlock on the doors of a great factory and turn its employees into the street because some bureau official who advises the President on these subjects thinks it would be better for Americans to buy glass and chinaware and shoes made in Czechoslovakia; or metal wares made in England or Germany; or hats made in Italy; or pencils and textiles made in Japan? Or, if the power to reduce duties were to be exercised in the case of agricultural products, we might find some official deciding for us in the name of the President that all our dairy products ought to come from Canada; our wheat, from Canada and Russia; our wool, from Australia; our cattle, from Argentina; and our cotton, from Egypt; so that those countries in theory could buy more automobiles from America. That might make the people of Detroit happy if the theory worked, but I doubt very much whether it would add to the total happiness of the American people.

And that, in short, is exactly what the President is proposing. He is asking this power for trading purposes, so that, in his unrestrained discretion, he can let in a larger volume of foreign goods, so that, at least in theory, we could sell a larger volume of American goods in some foreign market.

When we stop to consider that except for automobiles and machinery and a limited group of other manufactures in which we specialize, and which we turn out in quantities which cannot be duplicated elsewhere in the world because of the wealth and extent of our domestic market, other nations can make most of the things we do, and make them very much cheaper, it is impossible to conceive that we would get anything but the worst of the bargain in any such reciprocal tariff policy. We have so much that they want, and they so little that we want. I strongly suspect that the shrewd people who dominate the foreign policy of the other trading countries are laughing up their sleeves at this moment in anticipation of what they will do to us if Congress should give the President what he wants. I am not sure that it will, and I hope earnestly that it won't.

But, you say, the President has the power now to raise or to lower tariff duties within the same range of 50 percent. True, he has; but only after a thorough inquiry by the Tariff Commission into the cost of the domestic product and the competing foreign product; and only after the Tariff Commission, having ascertained the facts, recommends to the President that the existing tariff duty be raised or lowered in order to equalize the prices of the foreign and the domestic product in the principal markets of this country.

If it costs a dollar to make a given article in Germany, and a dollar and a half to make the same article here, the tariff in that event would be 50 percent, or 50 cents, on the German product, so that the American manufacturer and the German could compete on equal terms in New York or Boston or Philadelphia or Detroit, or whatever happened to be the principal domestic market for this particular product. That is the way the tariff and the flexible provision of the tariff act work out at present. The Tariff Commission reports the facts to the President and the President acts on the facts. But what is being asked now is a power which would permit the President to change tariff duties—and that means change them downward—without regard to the facts. What the President asks is permission to ignore the facts; to shut his eyes to the facts; to raise or lower tariff duties without even asking for the facts. That is the evil in this proposal. That is the reason that some of us, not as political partisans but as experienced legislators and business men, with some knowledge of conditions in American industry as well as in foreign countries, have thought it necessary to oppose the President's proposal as strongly as we know how.

There is in the bill no provision whatever for any representation or hearing of those most vitally interested before the President negotiates his proposed treaties and sweeps away in doing so the trade position of some American industry. Not until the treaty was actually signed would any industry know of the President's purpose to shut it down in favor of some foreign competitor. American farmers or American workmen would wake up some morning and read that the President had agreed to sweeping reductions in the duties on wheat, or cotton or cotton textiles, or lace, or on shoes, or pig iron, or pottery, or machine tools, or rayon, or leather, or rubber goods.

It has been stated in the debate on the measure that the power the President asks would not be used to the disadvantage of any large or essential industry. It can only be concluded that this means the smaller industries are to be sacrificed—industries which in some States represent one third of the total of all industries and give employment to more than a third of the workers. On the judgment of one man these small industries could be traded out of existence overnight without being given a chance to protest and without a word of warning or explanation.

One of the primary purposes of the new deal has been to restore employment. The latest report from the Department of Labor indicates that employment in manufacturing industries is still 30 percent below the average employment in 1926, toward which efforts are being made to raise it. Much of the increase which has been reported in recent months has been due to the spread of the work among a larger number of persons and to the cooperation of industry in shortening hours and raising wages. It is now proposed to give the President a power which, if exercised at all in the manner for which it is asked, would subject these same industries and their workers to the possibility of disaster and unemployment—in short, undo all the good that has been done by the machinery of recovery already set in motion. It would place in unseen hands, almost at the mercy of foreign bankers and business men and diplomatic bargainers, the power to control the jobs of millions of American workers. If the power to reduce duties were exercised, wages would be reduced, factories would close, and the no-more-work ticket might appear in any one of millions of pay envelopes. And all as the result of the guesswork of some men or some group with only an academic knowledge of business problems and economic laws.

In my State alone—in Pennsylvania—the normal employment of workers in manufacturing industries is more than a million. This means that 5,000,000 persons, or half the population of the State, are directly dependent on manufacturing for their daily bread. These industries have been built up over a period of many years. Most of them enjoy some degree of tariff protection. The lace industry, for example, which employs several thousand persons, has been in existence for more than 50 years, yet is singled out by Secretary of Agriculture Wallace as one of those which should be shut down so that we could buy our lace from Europe. How will Secretary Wallace explain it to the workers in that industry, if it should be shut down as a result of this proposed policy? I wonder if he has given any thought to the suffering that would follow the removal of this or other tariff duties which alone make it possible for these American industries to keep going?

Not always have those who are in charge of the Government at present felt as they say they do now. In 1928 a select committee of the Senate investigated the manner in which the flexible provisions of the tariff act were being administered. You will remember that it was not long after this that Secretary Hull seemed to be horrified at the idea of placing the power to change tariff

duties in the President's hands. Two years before he spoke, the Democratic leader of the Senate, Senator JOSEPH T. ROBINSON of Arkansas, a fine, able, and sincere statesman, said in a report submitted to the Senate:

"It is impracticable for the President to devote the time and attention essential to the proper performance of the duties imposed upon him by the flexible tariff law. The Chief Executive is already overburdened with executive duties.

"Tariff making and revision under our Constitution are legislative duties, and to impose such responsibilities on the President as are carried in the flexible provision confuses legislative and executive responsibility."

I hope that he will join me now in opposing this even more sweeping provision giving additional power to the President at a time when he is more heavily burdened with executive duties than any other Chief Executive since the World War.

One word in conclusion: What we need in this country is confidence in the future. We cannot have confidence in the future without confidence in the Government. We cannot have confidence in either with so many uncertainties overhanging the business world. This proposal would add to those uncertainties. It might easily upset the whole recovery program. How could we keep wages up? How could we pay the N.R.A. minimum? Japan has no N.R.A., nor has Russia, nor Germany, nor England, nor Italy. How can our industries live in competition with the child labor and peasant labor of Europe? With the coolie labor of China? How can we in America maintain our living standards if compelled to compete on even terms with countries which have never known such standards? Until I hear a satisfactory answer to these questions—and I do not believe there is one—I will continue to regard this proposal as a menace to the security and happiness of every American home.

NATIONAL DEFENSE—ADDRESS BY SENATOR ROBINSON OF INDIANA

Mr. McNARY. Mr. President, on Saturday, April 14, 1934, the learned senior Senator from Indiana [Mr. ROBINSON] delivered a very interesting speech on "National Defense" over a Columbia coast-to-coast network, from Washington, D.C. I ask unanimous consent that the address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

If the American Republic shall continue to survive, it is of the utmost importance that it be prepared at all times to defend itself. We are a peace-loving people and do not seek trouble with any land. Indeed, we will do anything within our power to remain in peaceful relations with the rest of the world. We do not seek a foot of ground belonging to any other power. We ask only to be let alone in the peaceful possession of our own territory and in the peaceful working-out of our own destiny. While this is true, we dare not lose sight of the fact that we cannot control the actions, aspirations, and ambitions of other lands; and if they undertake aggressive warfare against us, we must be prepared to defend ourselves and our sovereignty.

To do this we must have armies, navies, and marine corps. They must have able and well-trained officers, who are familiar with military tactics and the strategy of armed conflict. Whence are these officers to come? Whence their training? As partial answer to these questions, the Reserve Officers' Training Corps has been devised as an integral part of our national defense.

In modern warfare millions of enlisted men are required—man power is just as essential today as it ever was in the past. For great armies of this size hundreds of thousands of commissioned officers are necessary. They must be trained to lead. And the better they are trained, the better chance the men under them have to survive. Only a limited number of officers can be educated at the great service academies at West Point and Annapolis. There must accordingly be other facilities provided—and at not too great cost. To supply this need the R.O.T.C. system came into existence. What is it? In more than a hundred land-grant colleges and higher educational institutions students are enrolled in the R.O.T.C. work.

The curriculum consists of a 4-year course. There is a basic and an advanced course, each of 2 years' duration. The work of the basic course consists of 96 hours during the academic year—3 hours per week—of which 60 hours are devoted to practical exercises out of doors when the weather permits, while 36 hours are used for theoretical instruction in the classroom.

While the basic course is required of freshmen and sophomores at 80 of the 126 institutions maintaining senior units of the R.O.T.C., the advanced course is entirely optional and operates on a schedule of 5 hours per week for both junior and senior years.

What is the practical result of this training? Just this: Thousands of young men who are educated to command and lead are graduated every year from the several institutions. They take their place in the country's civil life during peace time; but if emergency should arise, they are ready in an instant to don the uniform and assume the position for which they have been trained in the defensive forces of the country.

If the national defense were to lose the services of the R.O.T.C., we would find ourselves utterly without adequate officer personnel in event we should be attacked by hostile forces. To properly train officers requires months and even years. Such delay in getting our forces into the conflict certainly would be costly and might even be fatal. This is not an overstatement in any sense of the word.

Most of those now living retain a vivid recollection of what transpired during the World War. We entered the conflict in the spring of 1917 and at the time were utterly unprepared. But let me quote the words of Lt. Gen. Robert Lee Bullard in this connection. It will be remembered that this distinguished general commanded the American Second Army in France and, therefore, knows whereof he speaks. In passing it might be well to mention also that he is now president of the National Security League, still interested in the safety of the country for which he offered his life.

Says General Bullard: "In 1917 the United States was almost 100 percent disarmed in the seven major weapons—field artillery, automatic rifles, machine guns, planes, tanks, hand grenades, and automatic pistols. Our entire Army personnel was little more than half the number of officers alone required in 1918."

Five times in history we were as unprepared as any pacifist could ask, and wars followed. In major wars we have paid heavy death penalties for 2 years because of lack of technically trained officer personnel.

We are the seventeenth military power today in Regulars and trained Reserves.

The wealthiest nation, we are last in number of soldiers in proportion to wealth.

If 15 years' improvements have been so great that our war-time artillery * * * are only "souvenirs", 14 months after the next war starts we could begin to deliver new artillery.

And now Communists, pacifists, economists, and even churchmen are striking at the R.O.T.C. The Communists at least know what they are doing. The Communist bylaws and manuals lay down the rule that abolition of military training and the breaking of the loyalty of the Army are essential steps toward civil war.

America probably has no more vulnerable spot for attack than the R.O.T.C. In it are enrolled 127,000 students in 326 schools. Since we maintain such a small standing Army and have of Regular officers one twentieth of the number required for a major war, we must depend chiefly on the R.O.T.C. for the training and commanding of a citizen army.

To an amazing degree we did depend on student officers in 1917–18.

At that time 9,600 Regular Army and National Guard officers faced the superhuman task of building a citizen army of 4,000,000 enlisted men and nearly 200,000 officers.

It was fortunate indeed for us that in 53 land-grant colleges there had been Officers' Training Corps. Recent accurate data from 39 revealed that they furnished us with 15 major generals, 28 brigadier generals, 154 colonels, 320 lieutenant colonels, 1,157 majors, 4,790 captains, and 18,973 lieutenants.

The 53 colleges, it is estimated, furnished 40,000 commissioned officers and more than 50,000 noncoms. In other words, the R.O.T.C. furnished as many as all other sources combined.

Continues General Bullard: "Communists, receiving orders and 'manuals' from abroad, know what they are doing when they strike—as at New York City College—at the R.O.T.C. But loyal American citizens should not be deluded into joining or lending sympathy to these campaigns.

"When honest, but short-sighted, advocates of economy consider the R.O.T.C. budget, I suggest that they first note that this institution which furnished half of our officers in 1917–18, costs annually a sum equivalent to 3 cents—the price of a postage stamp—per citizen.

"Earnest, well-meaning opponents of war, and many members of religious bodies, join, more or less, in agitation against military training in schools. Such individuals, doubtless, are parents of sons. Let them consider this:

"In France, Private John Smith was commanded by a trained officer. Private Bill Jones' commander was a new officer. The statistics show that John had about a 35-percent better chance of coming home than did Bill.

"We are all opposed to war. But disarmament does not prevent it. Influenced by that fallacy, America has been virtually disarmed five times. Wars followed immediately. We needlessly sacrificed scores of thousands, victims of unpreparedness.

"Each time we have indulged in the 'costly luxury' of unpreparedness, eminent men have been ready to assure us that there would be no more war. They have been wrong; as was David Starr Jordan, when in June 1914 he vigorously denied the possibility of European war.

"Such men habitually argue that armies and navies, generals and admirals 'make war.' Not in these modern times! Peoples make war. Theirs is the decision. It then becomes the duty of our armed forces to restore peace—which civilian leadership has been unable to maintain.

"Civilian leadership very nearly 'made' a war with Japan only recently on the occasion of our interference in the Manchuria question, though our naval and military leaders knew quite well that we were not adequately prepared for such a war if it came.

"If we insist, as a national policy, on a small standing army, then we must have officer personnel around which an army can be built. The R.O.T.C., better than any other institution, meets that need. We should guard it zealously now.

"Fortunately, the overwhelming majority of the students of our colleges have only contempt for the Communist-inspired, radical agitation against the R.O.T.C. And the 'I-will-not-fight' ballots cast have been almost microscopic in size when compared with total enrollments.

"But the extension of Communist, pacifist, and unpreparedness agitation into the colleges raises a grave issue."

If any man in America should know the value of preparadness, it is General Bullard. He has given his life to close study of the subject. It is for that reason that I am quoting him so extensively.

Says this spokesman for national defense: "The error of a great many Americans is to assume that conferences pacify—and disarm. True, we disarm. And every time a conference convenes—or reconvenes—with oratory which seems to promise that swords will be beaten into plowshares tomorrow morning, there occurs a new burst of activity by pacifists and internationalists within the United States."

The most recent pacifist attack has occurred in the colleges. There have been so-called "antijingo" campaigns against the Reserve Officers' Training Corps. In a score of colleges there have been antiwar votes taken, students being asked to declare that under no circumstances would they fight for their country!

There is unquestionable evidence that much of the subversive propaganda which has led to attacks on the R.O.T.C. and to antiwar-service votes in the colleges has come from Communist headquarters in our cities.

But a certain portion of the students listen to this propaganda—including the old fallacy that disarmament insures peace—and are convinced.

I wish they would reread their history books. Many elders as well need a lesson. We certainly have tried unpreparedness, as these experiences indicate:

First. Thomas Jefferson believed in unpreparedness. There were but 6,600 men in United States Army uniforms in July 1812. That force had to be expanded almost one-hundredfold, to 527,000 total.

Because the smoke of British-built fires could not be removed from walls of the President's official residence, it was given a coat of paint and became "the White House." The smoke stains are still there beneath the paint. Then Jefferson advocated military training in the schools.

Second. In the early forties our Army was reduced to 8,000, and shortly thereafter our forces were outnumbered 3 to 1 in the first two battles with the invading Mexicans.

Third. Soon after that war pacifism and economy cut the Army to 16,744, and that figure had to be multiplied by 200—to 2,228,000 Federal soldiers—during the Civil War.

Fourth. Our forces numbered about 20,000 before the Spanish War, and the meagerness of the American Army influenced Spain in its war decision.

Of course, the outstanding American in the World War was Gen. John J. Pershing. To him was intrusted the task of organizing America's vast Army for service "over there." He was the gallant Commander in Chief of the American Expeditionary Forces. To his leadership were intrusted millions of the country's bravest young men. No one's counsel is entitled to greater respect than his in matters of this kind. Because of the great weight his opinion should carry, therefore, I quote his words:

"I am very happy to learn that the R.O.T.C. Association of the United States proposes to meet an imperative need by issuing a booklet for general use in support of military training and education in our schools and colleges.

"In the restlessness and the instability of youth lies the greatest danger to any government. Unless guided and directed along rational and patriotic paths, then security for the future is endangered. Work and association under the self-imposed discipline of the military-training courses should inevitably result in a new sense of patriotic obligation and the development of higher moral standards, which in turn must exert an important influence among our people. This voluntary service makes for better citizens and strengthens American power and prestige.

"The program for military training takes on a national importance from the sole viewpoint of citizenship, and calls for the most earnest consideration of every thinking man and woman. The principles underlying the undertaking are sound and its success will be productive of permanent and beneficial results. Its approval comes from loyal citizens who recognize its necessity. Its support comes from those who stood helpless and unready, but valiant, in the face of a world calamity. These men belong to no class or clique; they are business men and men from all walks of life, practical men who apply common sense to their everyday problems.

"I regard the system of military training in all of its phases as a wonderful school for the development of the ideal virtues required for good citizenship."

Finally, I deem it advisable to quote the words of Frederick B. Robinson, president of the College of the City of New York. Because of his peculiar environment, radicals flourish all around him and the Communists are extremely active in their subversive efforts to overthrow constitutional government in this country. Says this distinguished educator: "I believe that the organization and maintenance of the Reserve Officers' Training Corps in American colleges is most desirable and wholesome. Although a member of various committees working to establish peace and ultimate disarmament through international agreements, it is my opinion that the United States must at this time maintain adequate national defense. It would be unwise to support a professional standing army of size sufficient to defend us. Indeed, the Nation could not afford a program of this sort. The present program of a small standing Army with trained reserves and a National Guard is a good one.

To make available for young men in college, education which will fit them to serve as officers in the case of national necessity is wise. These young men constitute a group whose lives are not interfered with at all by the arrangement, who are not withdrawn from industry or hampered in their general progress. Furthermore, as a group they are the least likely to be militaristic in the undesirable sense, while at the same time their general intelligence is such as to make them most valuable in the event that they should be required for national service.

The training itself is good in that it develops a spirit of cooperation and reasonable obedience, ready response to necessary command, and willingness to cooperate in undertakings which must of necessity be organized and properly led. I observe that the work of the R.O.T.C. improves the posture and bearing of the young men and also has an excellent effect upon their manners and attitude toward their elders and superiors.

There are, of course, certain details in the actual program of study which might be considered and improved from time to time. The R.O.T.C. also has its problems arising from individual peculiarities in the personnel. These problems, though, are common to all organizations and activities of life. The influence of the R.O.T.C. is, on the whole, beneficial to the individual, the college, and the Nation.

The purpose of this conference today is to bring together the patriotic, civic, and fraternal societies of the United States, into closer cooperation, in opposing the combined efforts of the pacifist, Socialist, and Communist organizations and movements designed to bring about the abolition of the R.O.T.C. and all forms of military training, by stressing the constitutional obligations of citizenship in relation to national defense.

Our Government is founded on the principle of mutual benefits through mutual public service by its citizens. Otherwise it could not have been established, nor could it be maintained.

The Constitution having imposed the obligation "to raise and support armies", such plans as it adopts in so doing impose a constitutional obligation on the part of the classes of citizens so included to serve in the defense of the country by bearing arms, if necessary, if and when called upon so to do. In the *Selective Draft Law cases* (*Arver* v. *United States*, 245 U.S. 366), Chief Justice White, speaking for the Court, said: "The very conception of a just government and its duty to the citizen includes the reciprocal obligation of the citizen to render military service in case of need. Whatever tends to lessen the willingness of citizens to discharge their duty to bear arms in the country's defense detracts from the strength and safety of the government."

In a later case, that of *United States* v. *Rosika Schwimmer* (279 U.S. 644), Mr. Justice Butler, delivering the opinion of the Court, said: "That it is the duty of the citizen by force of arms to defend our Government against all enemies whenever necessity arises is a fundamental principle of the Constitution." Justice Butler quoted with approval the language of the decision in *Jacobson* v. *Massachusetts* (197 U.S. 11), as follows: "This court, speaking of the liberties guaranteed to the individual by the fourteenth amendment, said: '* * * and yet he may be compelled, by force if need be, against his will and without regard to his personal wishes or his peculiar interests, or even his religious or political convictions, to take his place in the ranks of the Army and risk the chance of being shot down in its defense.'"

Reserve Officers' Training Corps students are not members of the Military Establishment of the United States, as they take no oath or other obligation, nor are they enlisted in the Army of the United States. They assume no more obligation to serve the country in case of war than does the student refusing or neglecting to take military training in the Reserve Officers' Training Corps. Under section 1, chapter 1, title 32, of the United States Code, the militia is divided into three parts, the National Guard, Naval Militia, and the unorganized militia, and under section 81a, chapter 5, title 32, of the United States Code, the President is authorized to order the militia not a part of the National Guard into the service of the United States, if necessary, for a period of 9 months. Therefore, the young man refusing to take military training is just as liable to military service as is the young man who takes such training, the difference being the student who takes such instruction is the better prepared to discharge his highest obligation of citizenship with multifold benefits to his country and himself.

It is but the exercise of good sense to take the subject of military education by such scholars as are able to obtain it, especially if they can do so at the expense of the Government.

As Mr. Justice White said in the *Selective Draft Law cases*, "Whatever tends to lessen the willingness of citizens to discharge their duty to bear arms in the country's defense detracts from the strength and safety of the Government." This brief, candid, and logical statement by one of our foremost jurists very definitely characterizes those seeking to prevent the young men of America from properly preparing themselves to discharge the first and most important constitutional duty imposed upon them.

Under the Constitution and statutes the President has power to excuse bona fide conscientious objectors from combat service, but under no provision of either the Constitution or statutes of this country can male citizens otherwise qualified be exempted from military service.

Since all able-bodied male citizens and aliens who have declared their intention to become citizens, between the ages of 18 and 45 years are on precisely the same legal basis in respect to their obligation to serve the country in time of war, and since that obligation is the very foundation stone upon which the Con-

stitution and our form of government rests, it is unpatriotic to encourage unpreparedness and disobedience to the highest requirement of American citizenship.

Our most fervent wish is to have peace with all the world, but in order to assure it we must be prepared at all times to defend ourselves if attacked. Only thus may we feel secure in the permanent enjoyment of our free institutions and our constitutional liberty.

FOREIGN COTTON PRODUCTION

Mr. BANKHEAD. Mr. President, in view of numerous statements which have been made recently about the effect of foreign production of cotton by reason of our reduction-of-surplus program, I desire to have inserted in the RECORD an article by F. L. Teuton, appearing in the Southern Agriculturist, entitled "Foreign Cotton Production."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Southern Agriculturist]

FOREIGN COTTON PRODUCTION—HOW WILL OUR ADJUSTMENT PROGRAM AFFECT IT?

By F. L. Teuton

Will the cotton-adjustment program cause an increase in foreign production? Some say "yes" and some say "no." So, for the benefit of those interested in this matter, Southern Agriculturist presents a brief word picture of the cotton situation.

For several years the world has produced an average of about 26,000,000 bales of cotton a year. The United States produced about 15,000,000 bales, or approximately 60 percent of the total, and the rest of the world produced about 11,000,000 bales, or 40 percent of the production.

We produced 18,000,000 bales of cotton in 1926. We can raise that to 20,000,000 bales without much difficulty; and with a little effort the economists tell us that we can just about produce the world supply of cotton right here in the United States. We not only have the land, the climate, and the experience for growing cotton but we have modern gin facilities, transportation, and other advantages that some of our foreign competitors don't have. C. A. Cobb, Chief of the Cotton Section of the Agricultural Adjustment Administration, says that we are not only the biggest cotton-producing country in the world but that we can hold that place in spite of propaganda intended to scare us into believing something else.

But there are always two sides to a case. So let's face the facts and see where we stand. The United States first. We can expand production whenever we get ready. That's settled. We can improve quality, as we have in the last 5 years, if that is needed. But there is one thing we can't do. We can't use all the cotton we produce. Only about half of it. We depend on other countries to buy the rest. That's why we're interested in the foreign situation.

OUR FOREIGN COMPETITORS

Now, let's go abroad. Three things determine foreign production. First, is the amount of land that can be planted to cotton under favorable conditions. Second, is the need for food crops and the disinclination of the people to grow cotton at the expense of food. And third, is the price of cotton. Let's look at our foreign competitors now in the light of these three things. India first.

India is the second largest cotton-producing country in the world. She produces about 4,000,000 bales a year, or about one third as much as we do, and takes about 25,000,000 acres to do it. The most she ever produced was 5,201,000 bales. Most of India's cotton land is old, the farms small, averaging from 3 to 5 acres each, and the yield low, ranging from 60 to 100 pounds of lint cotton per acre. We don't know a great deal about India's potential cotton land. Irrigation possibilities will determine that. We're studying them now. India's main problem is to feed 320,000,000 people. That in itself prevents her from making sharp or substantial shifts in her crop acreage. The general opinion is that expansion will be slow unless high prices cause her to bring in large areas of irrigated land or to produce cotton at the expense of food crops.

CHINA, TOO, NEEDS FOOD

China is our next competitor. So much of her cotton is consumed in homes in the interior without passing through commercial trade channels that it is hard to get an accurate figure on either her acreage or her production. Her production is usually given at about 2,000,000 bales a year. But P. O. Nyhus, a Department of Agriculture field man, who has made a personal study of the Chinese situation, says that it is undoubtedly more than that. He says the amount of land in China that can grow cotton is far greater than the amount now planted to cotton. But that the Chinese farmer's first interest is to grow food; that poor transportation makes it hazardous to depend on food from outside of his own district; and that it is doubtful if our adjustment program will influence the situation one way or another unless the price of cotton rises far beyond present levels.

Egypt is next. She produces about a million and a half bales a year. The most she ever produced was 1,768,000 bales. P. K. Norris, our foreign cotton specialist, who has made a personal study of the Egyptian situation, says that Egypt's cotton acreage varies a great deal from year to year—sometimes as much as 50 percent—and that 2,160,000 acres is just about the limit of her cotton land under present conditions. Anything beyond that would be at the expense of food crops, and not followed as a fixed policy.

However, Egypt, like India, China, and the United States, has additional land that would produce cotton if irrigated. But that's expensive, and requires years to complete, and is undoubtedly a long way off if built solely to expand cotton acreage. So Mr. Norris says that our program of adjusted production is not likely to affect the Egyptian situation very much one way or another unless we go too far, or continue it too long. And we don't expect to do either. But there is one thing that we ought to watch in Egypt. And that is her announced intention of increasing the proportion of her shorter staples to bring them in direct competition with our longer staples. The decline in the use of laces, and the new methods of making automobile tires from shorter staples has undoubtedly decreased the demand for Egypt's longer staples, and she is doing what any other country would probably do under similar conditions—shifting to meet the new deal.

HOW ABOUT RUSSIA?

Now for Russia. We've heard much about Russia's cotton program. But that was when she was expanding production, and trying to produce cotton in new regions with cold climate. The venture was not satisfactory. The most she ever produced was 1,889,000 bales. She recently reduced her acreage about 10 percent and is now producing most of her cotton back in her old cotton belt—the deserts of Turkestan. Most of this is produced under irrigation. And that's expensive. If Russia is producing her own supply now, the future growth of her population will necessitate either a further expansion of production, which proved difficult during the last 3 years, or a revival of imports. Which way she will turn, nobody knows.

Brazil produces cotton, too. Her production averages about a half million bales a year. The rumor is that she has a lot of land that will produce cotton under favorable conditions. P. K. Norris is down there now. And we'll know more about that when he returns in July.

Mexico and Peru produce cotton also. In fact, more than 50 countries produce some cotton. But our biggest competitors in the order named are India, China, Egypt, Russia, and Brazil. Many of the other countries are marginal countries. Within limits they increase production when the price is favorable, and decrease it when the price is unfavorable.

Of the three things that control production, namely, land, the need for food crops, and price—price is undoubtedly the most important. Lawrence Myers, cotton economist of the Department of Agriculture, says that any increase in the price of cotton tends to stimulate production and that the increase benefits foreign producers as well as us. He says that foreign production has increased in the past when the price was high enough. And he believes it will increase again if the price rises high enough. But what is that price? Some say 15 cents, some more, and some less. Nobody knows exactly what it is, and your guess is about as good as the other fellow's. It's all mixed up with the relative price of other crops, the value of the dollar, and so on. The thing to remember is that we could not go on reducing production and raising prices indefinitely without encouraging foreign production.

Undoubtedly the main reason for the foreign-expansion scare is the increase that occurred last year in Egypt, China, India, Brazil, and Mexico. But that can hardly be called an expansion, since in most cases it was merely a return to, or toward, normal production after 1 or 2 years of reduced production. And if it hadn't been for reduced production abroad, the total supply of cotton would be a lot bigger than it is.

SUMMING UP

As a matter of fact, the supply of foreign cotton is more in line with what it normally is than the supply of American cotton. On the average, American cotton makes up about 55 percent of the world supply. But for the last 2 years it has made up 65 percent of the supply, much of which we still have in our warehouses. So the economists tell us that we can stand a reduction for a time, even at the expense of the little foreign expansion that may occur, in order to get rid of the American surplus and get us back in line with supply and demand.

The general opinion among cotton economists is that we may have a little increase abroad if the price is favorable, but that we can stand it for a year or two until we get back on an even keel. And since the object of the program is to reduce production only until we are back in line, and then return to normal production, the economists see no reason for becoming unduly alarmed over the foreign situation. The Secretary of Agriculture can declare the program off and let us return to maximum production whenever he thinks it necessary. And with our natural advantages in producing cotton, we can make it hard for any country that enters the race against us.

Our Government has an eye on the foreign situation. The Bureau of Agricultural Economics has been studying it for several years. We have men in the foreign fields now making regular reports. In short, the Government is doing everything possible to protect the interests of the American cotton farmer.

THE MONETARY SYSTEM—ARTICLE BY FRANK E. JOHNESSE

Mr. POPE. Mr. President, I ask unanimous consent to have inserted in the RECORD a very valuable article by Mr. Frank E. Johnesse, of Boise, Idaho, a mining engineer and a student of monetary matters.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ECONOMICS, THE LIFEBLOOD OF INDUSTRY, SOCIETY, AND HUMAN ENDEAVOR, DEPENDS UPON THE MONETARY SYSTEM INVOLVED

Our Government's greatest troubles and failures are involved in its economic field.

Economics is the philosophy of human industry, of the relativity of exchange between human endeavors, and therefore rests upon the monetary system involved.

According to economic laws, certain causes under certain conditions produce certain effects. They are, however, independent of human opinion and make no allowance for human desire, sentiment, or human emotion.

The philosophy of economics is nature's law. Nature always stands firm, and man must accommodate himself to her conditions. Therefore economics must rest on the nature of things as they are and not on the assertion of what man thinks they should be.

Nature never deceives, although man's judgment as to what nature is may sometime be at fault.

If economics is not based upon accurate observation, it becomes a riot of futile, mythical, and conflicting ideas, and unnatural urges to do or prove something for some particular group or purpose.

Government operations can in no way escape economic laws. It may change economic conditions, but it cannot in any way stop the inevitable consequence of economic laws.

A government economic system to function satisfactorily must be based upon a logical and practical monetary system (money, the medium of exchange, representing wealth). And as all wealth is created by applying labor to nature's products, labor is the basis of all wealth, and the purchasing power of money or its exchange value must be based thereon.

In order that the exchange or purchasing power of a national or international currency or medium of exchange may function equitably, the natural law of relativity must also be taken into consideration and allowed to function.

Economics has become a science, and advanced civilization can no longer recognize the traditional jewel, token, or precious metal as their medium of exchange. It must be a compensated medium redeemable in essential commodities at a fixed relative value.

An economic system should be judged by its efficiency in the production of commodities, the equity of its system of distribution, and by its ethical, social, and human byproducts. But we must not overlook the fact that in a commercialized world, such as this has grown to be, the money subject is the paramount issue—the one thing upon which the success or failure of the system depends.

The productivity of industry is the most important criterion of the worth of an economic system, and it is generally conceded that the inefficiency of our present monetary system is the one thing in particular that has so sorely depressed our industrial and economic activities.

Regardless of what the reason for the labor urge may be, nature is man's only source of subsistence. Nature does not give any person anything for nothing. Everything wrested from nature requires labor. It is nature's universal law.

Labor must be both physical and mental. Some one has said, "There is no such thing as mere physical labor. The difference between so-called 'mental and physical labor' is merely one of degree. Even the simplest form of physical exertion requires some mental effort, and all labor must be directed. Both brawn and brain are necessary to make the world go. Probably less than 15 percent of our people are capable of real thinking; therefore, there is much more brawn available than brains. It is a matter of common observation that brain work usually receives a higher wage than physical labor. If conditions were just reversed and 85 percent of our people were high in brains and low in physical strength, and only 15 percent high in physical strength and low in brains, then the physical labor would be the one in most demand and would receive the higher wages."

The term "wealth" we apply to anything that has been secured, processed, and modified by human exertion so as to fit in for the gratification of human desires. Wealth does not reside in the object itself, but in the human desire for getting the object. That is, there is no such thing as absolute wealth, and the wealth attribute depends entirely upon human opinion actuated by desire and demand.

A government may put any kind of currency or circulating medium into circulation, but it is utterly powerless by any fiat to give it the purchasing power of any fixed standard.

Economics originated when primitive man first exchanged a coconut for a bunch of bananas.

Then followed barter and trade (exchanging kind for kind), which was carried on until organized government developed, when the necessity for a medium of exchange of some kind evolved. Gold being an indestructible precious metal of limited quantity in existence at the time, it was used as such, and later on given a fixed exchange value, and all obligations, both public and private were made payable therein.

At various periods in history silver has been associated with gold, and for about 700 years, between the seventh and fourteenth centuries, silver alone was the sole standard. Since 1873 gold has been recognized by leading nations and the commercial world as the universal standard of value and exchange. But business and commercial intercourse having expanded out of all proportion with the increase in gold production, the supply has become wholly inadequate and it has gradually ceased to be used as a circulating medium and is being hoarded by nations, corporate interests, and individuals. As a result it has ceased to function as a relative standard on anything like an equitable basis. The public no longer associates the dollar with gold, and its exchange value and purchasing power has varied in recent years from 100 to 1,000 percent. With such an erratic monetary standard a practical and logical economic system is impossible.

Therefore, to provide an equitable standard of value it must be based upon the average relative cost in labor of essential commodities of a sufficient number to provide the necessary stability and relativity, and of those that are interchangeable, indestructible, and indispensable to the maintenance and progress of science and industry.

The cause of the extreme variability of the exchange value of our established monetary standard in the past has been due to the fact that it has been confined to gold alone, or gold and silver only, and of which there has always been an insufficient supply. Gold has never had an intrinsic value; and while silver has, it alone cannot provide for the average relative commodity cost. Consequently labor, which is the source of all wealth, is left out of the picture, and the natural laws of relativity and economics cannot function.

For any government to say that their dollar or medium of exchange is based on something substantial is futile. The only thing that will make it worth something substantial is its actual conversion, and this depends on the amount of labor or commodity the people will part with in exchange therefor.

All the gold and silver coinage and bullion in the United States represent but 1.4 percent of the total wealth in the Nation. Therefore a monetary system which provides that all obligations, both private and public, are payable in either one or both, cannot possibly have the necessary stability and credit backing to provide a stable commodity price level.

In the recent past we have tried to make credit serve our purpose instead of broadening the basis of our monetary system; but credit is not wealth, and increasing or extending credit does not increase our total wealth. As someone has said, "Credit may be likened to a rubber band that may be stretched to cover more surface without, however, increasing the total content, and in this stretching process it becomes thinner, more fragile, and more likely to break", which is precisely what happened to our credit system in October 1929.

For a government to undertake to curtail production is most illogical. The urgent need of the world today is for human beings to do more work and increase production. There will be no question about consumption if only they are allowed to exchange products on an equitable basis. This can be provided only by a broad and equitable monetary system which must be based upon a fixed relative price of several interchangeable, indispensable, and indestructible commodities, which must necessarily be composed chiefly of the leading industrial metals, such as silver, copper, lead, zinc, and iron, with gold to be used simply as the pivot point from which the relative value of the other metals included is to be based. Call it multimetalism. As to what the price of gold is fixed at is of little consequence so long as it is not variable.

To continue gold inflation or to go back on the single gold standard with gold at any price will only prolong existing conditions.

The existing unprecedented economic depression has drifted along to well within its fifth year, and to date nothing has been done that gives any assurance of lasting relief.

Without revolution society moves slow, and the inherited creeds and prejudices of humanity are modified and changed only by a very slow process of evolution, if at all.

A society that is not willing to modify its processes and relationships to conform to new situations cannot endure indefinitely.

The pioneers of our Nation established institutions in accordance with their needs, and as a result we advanced far to the front in the march of progress. But, like the orientals, modern America has fallen into idolatry, bound to tradition, and its reverence to irresponsible power is leading us into stagnation. We are paying deference to a traditional system of law that respects established customs at the expense of society. In spite of the wonderful scientific strides made within the recent past, we still cling tenaciously to an outworn medieval monetary system.

Not even those who suffer from the limitations of a social or economic system are easily persuaded to change it, because they are usually too ignorant to discover the basic rather than the superficial and incidental causes of their distress. This is particularly true of the United States where the great wealth of the Nation obscures the defects of the system. The question then arises: Can society gain sufficient social intelligence to modify the existing system step by step as the need arises and as traditional methods become unworkable, or whether through the stubbornness and blindness of the holders of power and privilege and through the ignorance of the masses the system will be permitted to disintegrate until change can come only through social convulsion and revolution?

The single gold standard, with the price at any level, is impractical and illogical and will not provide the necessary stability. Gold, because of its high value and low cost of transportation, is essentially a regulator fund and should be used only as such and not as a backing fund. It functions chiefly in being used and, to the extent that it is used, to adjust the supply of currency and circulating credit to the changing demands of trade. If we could only get our Government authorities to realize the fallacy of binding the Nation to a system that cannot possibly function as

a sane and sound national or international monetary system, it would open the way for the modernization of our entire economic system with inspiring results.

Inflating consumption is of far greater importance at this time than the inflation of commodity prices, and that is just where we are making the mistake. Under existing conditions, people in every walk of life are gradually coming to live on a lower scale. They are consuming less, and they will continue to do so until we adopt a monetary system that will function in the interest of the masses without discriminating barriers.

It is an established fact that the money or medium of exchange used by any nation, is the most profound, potent, and far-reaching influence affecting the general and individual welfare and prosperity of the people of that nation. In fact, this having become a commercialized world, it is the life blood of every phase of society and human endeavor. History records many instances where nations have been wrecked as a result of an unjust or inadequate monetary system.

The monetary policies, legislation, and practices of our Nation have for many decades been almost wholly dictated by a comparatively small number of great banking, money-lending, and money-manipulating interests. The judgment of the general run of the people has seldom been consulted, little considered, and usually ignored by the small number of persons in control of our monetary legislation and administration. These same persons now aspire, in cooperation with similar groups in other nations, to world-wide financial dominion, and are creating a system wherein the United States will be but one of the service stations under their control and subject to their absolute dictation.

The men and influences in control have had many years of almost unlimited power in which to demonstrate the wisdom or folly of their policy and administration. It has resulted in the concentration of wealth, to the detriment of the masses, and the building of colossal fortunes in the ownership of a comparatively few; fortunes so vast and increasing so rapidly that one stands appalled at their magnitude and rapidity of increase; fortunes so vast that their owners, when well-intentioned toward society, must apparently permit their continued growth through a very dearth of opportunities of sufficient size to effect a wide distribution of their holdings without injury to the affairs and the morale of the people; fortunes so vast that, if held by those of unwise or vicious intentions toward their fellow humans, are capable of being the means of wide-spread harm and demoralization; fortunes which, unless widely scattered and distributed, will possibly and very probably be the creative source of a great permanent class of worthless idlers, forever a drain upon the labor and industry of others.

General business is always in a precarious state under the present financial system, with its alternate fevers of expansion and chills of contraction. Labor, in its varied forms, has its comparative good times and then a siege of enforced idleness that eats up the savings possibly set aside to meet the needs of the declining years of life.

Our money system, as it has been created and operated by those long in control, has utterly failed to meet the needs of the masses. It functions crudely, both in times of peace and in times of war. It is a system of instability instead of stability and certainty. The value of our money as measured in average purchasing power, instead of being as stable and fixed as the law of gravitation and as it should be, it is, on the contrary, as unstable and treacherous as the shifting sands of the Sahara Desert, robbing first the debtor and then the creditor, and seldom or never preserving the just equities of average business calculations and obligations.

Our monetary system has lagged far behind in the progress of the various phases of our governmental structure. It, more than all other causes combined, is responsible for the existing world-wide depression.

Those groups and factions that have been chief manipulators in devising and in our adherence to the present system stand in self-confessed helplessness, unable to give any tangible assurance of even temporary relief, much less a permanent remedy. They are afraid that the adoption of any new or radical change may rob them of their prestige.

The greed of selfish wealth accumulation is arrogant and well-nigh insatiable. During the war it not only took every precaution to prevent the drafting of capital to harmonize with the drafting of man power, but it took advantage of every opportunity of aggrandizement. At a time when the Nation was becoming almost hopelessly involved in debt, the great private and corporate accumulations multiplied and mounted skyward.

They have now become so powerful that we have the amazing spectacle of prominent Government officials practically confessing that they must be given full rein to accumulate and hold, without limit or restraint. Threat has been carefully conveyed that unless such concessions were recognized and approved, that the welfare of the people would be further hampered and curtailed by a refusal of the money service now furnished by means of the so-called "loans and investments" of private and corporate capital, and the Federal Reserve Banking System. That any power exists to demand such concessions, or exact such penalty, is proof of the need for great readjustments in the present money system and service.

Our aim should be the establishment of a money system and service upon a basis in full harmony with the letter and spirit of popular government, as set forth so admirably in the preamble to the Constitution of the United States, "In order to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity."

The main objective of our monetary system, as well as that of every other factor in our governmental structure, should be in conformity with the Golden Rule, which is real democracy.

Our Government has long ago ceased to function as a democracy. It has become capitalistic, but cannot endure for long in this day and age. Unless the necessary radical changes are brought about at an early date under the existing system, it will come as a result of revolution.

The money of a nation must be regulated for the public good and not for private or corporate profit. In providing such we must get far away from tradition and outworn theories and get down to fundamentals. We need a monetary system that will provide a compensated commodity dollar—a dollar or medium of exchange that will function equitably, nationally and internationally.

To undertake to stabilize the dollar by the revaluation of gold and to continue to use it as a standard and medium of exchange will only prolong this terrible industrial panic and necessity for the N.I.R.A. program, which at best will soon have reached its limitations.

Monometalism (the single gold standard) is the thing of the past. We are in dire need of a logical, practical modernized monetary system. Multimetalism—explained in brief in conclusion—is the logical solution.

While multimetalism has never been tried out and its feasibility demonstrated, no other plan so far proposed comes anywhere near providing so sound a method; and while it may not prove perfect, it will without a doubt prove to be far superior to any plan ever devised or adopted by any nation in the past. It is the only plan upon which an international monetary system that will function satisfactorily can be based. Its early adoption by our own Nation will at once start us on the short cut back to prosperity with such startling results that other nations looking for a logical way out and not bound by tradition and the greed and narrowness of the dominating class will quickly fall in line. Right now multimetalism is our salvation. It will also tend to obliterate extreme national independence and lead the world on to a broader application of interdependence and internationalism, as it should.

It matters not what system we may finally decide to try out (unless it should be a return to the gold standard); there will develop a strong reactionary force that will resort to every means within their power to defeat it. However, should we return to the single gold standard, defeat will be inevitable.

The first step toward multimetalism is to peg gold at some fixed price and remonetize silver at the old ratio of 16 to 1 or thereabout. Then fix the relative price of copper, lead, zinc, and iron at the proper level therewith, and we will then have revolutionized, modernized, harmonized, and stabilized our monetary system.

MULTIMETALISM IN BRIEF

For a broader and more stable metal backing to our monetary system we should include along with gold not only silver but at least four of the most important industrial metals, copper, lead, zinc, and iron.

Then peg gold at some fixed price in dollars from which there can be no variation; then fix a relative labor or production cost price on the other five metals at something like a normal 10-year price average.

Issue multimetal certificates in various denominations for our circulating currency, to be redeemable in any one or more of the said six metals at their fixed relative prices, and all debts, public and private, payable therein.

Have a Federal currency control board with power to gradually vary the relative value of any of the said metals other than gold, if necessary, to conform to extreme variation in supply and demand.

The Government to certify to the production of all the said six metals hereafter produced in the Nation and charge a certification fee of, say, 15 percent on gold, 10 percent on silver, and 5 percent on the other four.

A like certification fee could well be imposed on the production of all other metals. They constitute real wealth coming from the earth which is the natural birthright of the people. It would therefore be just and felt less than mostly any other form of tax. It would also provide a large percentage of the necessary income.

Under this system the relative price of all commodities could be brought to any desired level because under such a system the relative average price level of all commodities would conform to the relative labor cost of the six metals and would become stable.

It will provide a most ideal international monetary system and an international medium of exchange, and check the growing tendency toward nationalism, which is much to be desired.

We are living in the metal age. The progress of science and industry is dependent upon the use of metals. With these industrial metals functioning as a monetary standard, they will be used to a very large extent in commodity exchange and thereby greatly increase our international commercial intercourse.

Under multimetalism the extreme variation in the purchasing power of our standard of value, such as experienced under the single gold standard, could not occur.

Once it is adopted, details as to price, certification fees, etc., can very easily be worked out to conform to existing conditions, and we will then have paved the way for a rapid recovery from our present ills.

MUNICIPAL WATER SUPPLY OF SALT LAKE CITY

Mr. KING. Mr. President, I ask unanimous consent for the present consideration of a local bill, the bill (S. 2442) for the protection of the municipal water supply of the city of Salt Lake City, State of Utah. The bill deals with the watershed of Salt Lake City. It is merely a matter of protecting the water supply of Salt Lake City.

Mr. ROBINSON of Arkansas. Mr. President, I understand the bill has the unanimous approval of the committee and is approved by the Department?

Mr. KING. That is correct.

Mr. McNARY. Mr. President, I understand the bill affects only the water supply of the city of Salt Lake City?

Mr. KING. That is the only purpose. I ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Public Lands and Surveys, with amendments, on page 1, line 5, after the words "Salt Lake", to insert "City"; on page 3, line 21, after the words "Salt Lake", to insert "City"; on page 4, line 8, to strike out "each patent also shall reserve to the city of Salt Lake all rights to any surface or underground water which may exist or be developed on or in the claim", in line 19, after the words "Salt Lake", to insert "City"; and on page 5, line 2, after the words "Salt Lake", to insert "City", so as to make the bill read:

Be it enacted, etc., That hereafter mining locations made under the United States mining laws upon lands within the municipal watershed of the city of Salt Lake City, within the Wasatch National Forest in the State of Utah, specifically described as follows—

South half section 22; all of section 23; and sections 25 to 36, inclusive; township 1 south, range 2 east, Salt Lake meridian.

South half of section 30; and sections 31 to 33, inclusive; township 1 south, range 3 east, Salt Lake meridian.

Southeast quarter northeast quarter and east half southeast quarter section 11; south half and south half north half section 12; north half, southeast quarter, east half southwest quarter and northwest quarter southwest quarter section 13; east half northeast quarter and northeast quarter southeast quarter section 14; east half northwest quarter; and east half section 24; southeast quarter section 25, township 2 south, range 1 east, Salt Lake meridian.

All of township 2 south, range 2 east, Salt Lake meridian.

West half section 3; sections 4 to 9; west half and southeast quarter section 10, south half section 14; sections 15 to 23; west half section 24; west half section 25; sections 26 to 35; and west half section 36; township 2 south, range 3 east, Salt Lake meridian.

East half section 1, township 3 south, range 1 east, Salt Lake meridian.

Sections 1 to 18, inclusive; and sections 20 to 24, inclusive; township 3 south, range 2 east, Salt Lake meridian.

Sections 1 to 9, inclusive; north half section 10; and section 18, township 3 south, range 3 east, Salt Lake meridian.

shall confer on the locator the right to occupy and use so much of the surface of the land covered by the location as may be reasonably necessary to carry on prospecting and mining, including the taking of mineral deposits and timber required by or in the mining operations, and no permit shall be required or charge made for such use or occupancy: *Provided, however*, That the cutting and removal of timber, except where clearing is necessary in connection with mining operations or to provide space for buildings or structures used in connection with mining operations, shall be conducted in accordance with the rules for timber cutting on adjoining national-forest land, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining and prospecting shall be allowed except under the national-forest rules and regulations, nor shall the locator prevent or obstruct other occupancy of the surface or use of surface resources under authority of national-forest regulations, or permits issued thereunder, if such occupancy or use is not in conflict with mineral development.

SEC. 2. That hereafter all patents issued under the United States mining laws affecting the above-mentioned lands within the municipal watershed of the city of Salt Lake City, within the Wasatch National Forest, in the State of Utah, shall convey title to the mineral deposits within the claim, together with the right to cut and remove so much of the mature timber therefrom as may be needed in extracting and removing the mineral deposits, if the timber is cut under sound principles of forest management as defined by the national-forest rules and regulations, but each patent shall reserve to the United States all title in or to the surface of the lands and products thereof, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining or prospecting shall be allowed except under the rules and regulations of the Department of Agriculture.

SEC. 3. That the public lands within the several townships and subdivisions thereof hereinafter enumerated, situate in Big Cottonwood Canyon in the county of Salt Lake, State of Utah, are hereby reserved from all forms of location, entry, or appropriation, whether under the mineral or nonmineral land laws of the United States, and set aside as a municipal water-supply reservoir site for the use and benefit of the city of Salt Lake City, a municipal corporation of the State of Utah, as follows, to wit: Lands in sections 13 and 14, township 2 south, range 2 east; and sections 7, 17, and 18, township 2 south, range 3 east, Salt Lake meridian, Utah, as shown on reservoir map approved on January 25, 1924, under section 4 of the act of February 1, 1905 (33 Stat. 628).

SEC. 4. That valid mining claims within the municipal watershed of the city of Salt Lake City, within the Wasatch National Forest in the State of Utah, existing on the date of the enactment of this act, and thereafter maintained in compliance with the law under which they were initiated and the laws of the State of Utah, may be perfected under this act, or under the laws under which they were initiated, as the claimant may desire.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the protection of the municipal water supply of the city of Salt Lake City, State of Utah."

AMENDMENT OF DISTRICT ALCOHOLIC BEVERAGE CONTROL ACT

Mr. KING. Mr. President, I ask unanimous consent to lay aside temporarily the unfinished business in order that I may call up two District of Columbia bills, which I am sure will lead to no discussion.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Utah? The Chair hears none.

Mr. KING. Mr. President, I ask unanimous consent for the immediate consideration of the bill (H.R. 8854) to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24.

This bill was introduced in the House and after hearings was reported back to the House and passed. It was considered by the Senate committee and unanimously approved.

Broadly speaking, the bill is to meet a situation not anticipated when the law which this amends was enacted. Evasions to that law have occurred, and the Commissioners of the District of Columbia prepared and recommended the passage of the bill under consideration in order that these evasions might be prevented. The information brought to the attention of the committee indicates that the District is losing considerable money each day through failure to obtain taxes to which it is entitled. Broadly speaking, the bill seeks to amend an existing law only by providing for the placing of stamps upon containers containing the liquors authorized to be sold under the Alcoholic Beverage Control Act. To accomplish this result, the bill was drafted in such form as to reenact a number of the sections of the original law with a few verbal changes therein.

The purpose of this bill is to change the method of collecting taxes on liquor in the District of Columbia from the present system of reporting to a stamp-tax system. At present the licensee is required to report on or before the 10th of each month the amount of the tax for the preceding month. We have no way of checking except through his books. Obviously this method is easily susceptible of evasion. We propose that stamps be placed on containers to indicate the payment of the tax.

The sections of the present law which relate to the payment and collection of tax are sections 22, 23, and 24. This bill rewrites these sections, the provisions being as follows:

Section 2 permits the Commissioners to discontinue the making of the reports relative to taxes required by the present law.

Section 3 rewrites section 23 of the present act, as follows:

(a) Levies the tax at exactly the same rates as the present law.

(b) Provides for collection by the collector of taxes.

(c) Provides for payment by the affixture of a stamp.

(d) Provides that the collector of taxes shall furnish the stamps.

(e) Provides the time for affixing of the stamp.

(f) Prohibits the reuse of stamps.

(g) Is the same as the present law.

(h) Is the same as the present law.

(i) Is the enforcement provision providing for the forfeiture of liquor on which the tax has not been paid.

(j) Prohibits the counterfeiting of stamps.

Section 4 rewrites section 24 of the present law to provide that stamps shall be furnished to licensees to affix to containers of liquor upon which the tax has already been paid and which is in their possession on the effective date of this act.

Section 5 provides for the effective date of the act.

The first section of this bill is a minor amendment—not relating to stamps—which merely inserts in section 11, subsection (c) of the present law relating to wholesalers, the same provisions as to regulations by the Commissioners as are already in section 11, subsection (a), with reference to manufacturers. This omission was purely an oversight in the drafting of the original liquor bill.

Mr. McNARY. Mr. President, I understand that an emergency exists, and I have no objection to the immediate consideration of the bill.

Mr. BORAH. Mr. President, I just entered the Chamber. Is the Senator from Utah going to explain the bill?

Mr. KING. Before the Senator came into the Chamber I had explained the purpose of the bill and also referred to its provisions. Practically, the bill under consideration, though it contains a number of amendments, has but one purpose, and that is to make more certain that taxes shall be collected upon the liquors sold within the District of Columbia. It has been discovered that the requirement that licensees shall make report of the amount of liquor sold does not meet the situation. It has been shown that liquors are brought into the District of Columbia and sold and there has been no accurate and satisfactory way to determine whether the tax provided by law has been paid upon the same. The Federal Government requires stamps upon the containers of liquors, and it has been found that this is a reasonably satisfactory plan to obtain the taxes provided by law. The bill before us requires, as I have heretofore stated, that stamps showing that the tax has been paid be placed on all containers. In other words, before alcoholic liquors can be sold, stamps must be obtained from the District authorities and placed upon all vessels, kegs, bottles, and so forth, in which the alcoholic beverages provided by law are contained.

Mr. BORAH. This is the only amendment of the act?

Mr. KING. As stated, the various amendments offered deal with the purchase of stamps and the placing of them upon all receptacles and containers. There is also a minor amendment which relates to regulations.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 11, subsection (c), of the District of Columbia Alcoholic Beverage Control Act is amended by adding at the end of the first paragraph thereof the following: "It shall not authorize the sale of beverages to any other person except as may be provided by regulations promulgated by the Commissioners under this act."

SEC. 2. That section 22 of the said Alcoholic Beverage Control Act be amended by adding at the end thereof a new paragraph to read as follows:

"(c) The Commissioners may at any time suspend or revoke in whole or in part the requirements of this section."

SEC. 3. That section 23 of the said Alcohol Beverage Control Act is amended so as to read as follows:

"SEC. 23. (a) There shall be levied, collected, and paid on all of the following-named beverages manufactured by a holder of a manufacturer's license, and on all of the said beverages imported or brought into the District of Columbia by a holder of a wholesaler's or retailer's license, a tax at the following rates, to be paid by the licensee in the manner hereinafter provided:

"(1) A tax of 35 cents on every wine-gallon of wine containing more than 14 percent of alcohol by volume, except champagne, or any wine artificially carbonated and a proportionate tax at a like rate on all fractional parts of such gallon; (2) a tax of 50 cents on every wine-gallon of champagne or any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (3) a tax of 50 cents on every wine-gallon of spirits, and a proportionate tax at a like rate on all fractional parts of such gallon; (4) and a tax of $1.10 on every wine-gallon of alcohol, and a proportionate tax at a like rate on all fractional parts of such gallon.

"(b) Said taxes shall be collected by and paid to the Collector of Taxes of the District of Columbia and shall be deposited in the Treasury of the United States to the credit of the District of Columbia.

"(c) Said taxes shall be collected and paid by the affixture of a stamp or stamps secured from the Collector of Taxes of the District of Columbia denoting the payment of the amount of the tax imposed by this act upon such beverage, such affixture to be upon the immediate container of the beverage, unless the Commissioners shall by regulation permit otherwise.

"(d) The collector of taxes of the District of Columbia shall furnish suitable stamps, to be prescribed by the Commissioners, denoting the payment of the taxes imposed by this act, and shall by the sale of such stamps at the amounts indicated on the faces thereof cause the said taxes to be collected.

"(e) Upon beverages manufactured in the District of Columbia by a manufacturer licensed under this act, the stamps required by this act shall be affixed before the removal of the beverage from the place of business or warehouse of the said manufacturer for delivery to a purchaser. Upon beverages except taxable light wines, imported or brought into the District of Columbia by any wholesaler licensed under this act, the stamps required by this act shall be affixed before the removal of the beverage from the place of business or warehouse of the said wholesaler for delivery to a purchaser; upon taxable light wines imported or brought into the District of Columbia by any wholesaler licensed under this act, the said stamps shall be affixed within 24 hours (excluding Sunday from the count) after the wines are received at the licensed premises of the wholesaler and before said wines are sold by such wholesaler. Upon beverages purchased outside the District of Columbia by any retailer licensed under this act, the stamps required by this act shall be affixed within 24 hours (excluding Sunday from the count) after the beverage is received at the licensed premises of said retailer and before said beverage is sold by such retailer.

"(f) No person shall use or cause to be used for the payment of any tax imposed by this act a stamp or stamps already theretofore used for the payment of any such tax.

"(g) No tax shall be levied and collected on any alcohol exempt from tax under the laws of the United States, or on any alcohol sold for nonbeverage purposes by the holder of a manufacturer's or wholesaler's license, in accordance with the regulations promulgated by the Commissioners.

"(h) If any act of Congress shall hereafter prescribe for a Federal volume tax on alcoholic beverages under which a portion of said tax shall be returned to the District of Columbia, the taxes levied under this section shall not be collected after the effective date of said act.

"(i) The possession by any licensee of any beverage after its removal from the licensed premises of a manufacturer or wholesaler within the District of Columbia or after 24 hours (Sunday being excluded from the count) after its receipt from outside the District of Columbia, upon which the tax required has not been paid, shall render such beverage liable to seizure wherever found, and to forfeiture by the District of Columbia. And the absence of the proper stamps from any container (or wrapper if such be permitted) after the time at which the affixture of the stamp is required by this act shall be notice to all persons that the tax has not been paid thereon and shall be prima facie evidence of the nonpayment thereof. Such beverage so liable to forfeiture shall be proceeded against in the Supreme Court of the District of Columbia by the corporation counsel of the District of Columbia, and, if condemned, the said beverage shall be disposed of by destruction or delivered for medicinal, mechanical, or scientific uses to any department or agency of the United States Government or the District of Columbia government or any hospital or other charitable institution in the District of Columbia, or sold at public auction, as the court may direct. The proceedings of such libel cases shall conform, as near as may be, to the proceedings in admiralty, and all such proceedings shall be at the suit of and in the name of the District of Columbia.

"(j) Any person who shall counterfeit or forge any stamp required by this act shall, upon conviction, be subject to a fine not exceeding $5,000 or to imprisonment for a period of not more than 2 years, or to both such fine and imprisonment."

SEC. 4. That section 24 of said Alcoholic Beverage Control Act is amended so as to read as follows:

"SEC. 24. (a) Every licensed manufacturer, wholesaler, and retailer under this act shall furnish the collector of taxes of the District of Columbia on the day this act becomes effective a statement under oath, on a form to be prescribed by the Commissioners, showing the amount and kind of taxable beverages held and possessed by him on the day this act becomes effective, and shall state the number and denomination of stamps necessary for the stamping of such beverages so held and possessed on said date, as required by this act.

"(b) All beverages held or possessed by any licensed manufacturer, wholesaler, and retailer under this act on the effective date of this act shall have the stamps affixed thereto as required by this act, but such stamps shall be furnished free and without cost to such licensee by the collector of taxes of the District of Columbia upon receipt by him of the statement under oath

required by paragraph (a) of this section: *Provided, however*, That such licensee shall on or before the 10th day of the calendar month first occurring after the effective date of this act, file with the board the statement under oath required under section 22, paragraphs (a) and (b) of the Alcoholic Beverage Control Act for the District of Columbia as originally enacted and approved, and shall on or before the 15th day of the calendar month first occurring after the effective date of this act pay to the collector of taxes of the District of Columbia all taxes imposed by section 23 of said act, as originally enacted and approved, on the beverages so reported as herein required."

SEC. 5. This act shall become effective on the 1st day of the calendar month first occurring after 30 days from the approval thereof.

PUBLIC WORKS ADMINISTRATION LOANS TO THE DISTRICT

Mr. KING. Mr. President, from the Committee on the District of Columbia, I report back favorably, with amendments, the bill (S. 3404) authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes, and I submit a report (No. 841) thereon.

This being in the nature of an emergency measure, I ask unanimous consent that the unfinished business may be temporarily laid aside and that the bill may be considered.

Briefly, the measure has the approval of the National Park and Planning Commission and of the District Commissioners. The House and Senate Committees on the District of Columbia held a joint session for the consideration of the bill, at which a number of witnesses were heard, including the District Commissioners, corporation counsel, representatives of the National Park and Planning Commission, and representatives of citizens' associations. The Senate Committees also considered the bill and have agreed upon the same, with certain amendments, and request its passage.

The purpose of the bill is to permit the Commissioners of the District of Columbia to take advantage of the provisions of the act relating to the Federal Emergency Administration of Public Works. Under existing law the Commissioners have no power to borrow money. This bill gives them such authority to the extent of $20,000,000, to be obtained from the Public Works Administration under the same conditions as other municipalities are obtaining such funds. The money thus obtained is to be used almost entirely in building and construction projects, thus providing employment for many unemployed. The projects contemplated are a tuberculosis hospital, a sewage-disposal plant, the first unit of a municipal center to house the juvenile, municipal, and police courts, an addition to Gallinger Municipal Hospital, a jail or other enclosure for prisoners at Lorton, certain public schools, and for parks, parkways, and playgrounds. The committee is of the opinion that these are much-needed improvements in the District.

Since the detailed plans of each project must be investigated and approved by the Public Works Administration and the various costs checked and approved before the money can be advanced, it is not feasible to state the precise cost of each project before such action. It is hoped that these projects will be completed at sums sufficiently less than the estimates to permit the use of approximately $1,000,000 for the development of some of the land which has been acquired by the National Capital Park and Planning Commission, so that it will be presently available for use as parks and playgrounds.

The bill further provides that $2,000,000 of the total authorized shall be transferred to the National Capital Park and Planning Commission for use in the acquisition of lands under the Capper-Cramton Act. Of the $16,000,000 originally authorized to be appropriated for the purposes of that Commission, $4,000,000 has been appropriated and expended, and the $2,000,000 here provided will apply on the balance of that authorized appropriation.

The total amount for which the District of Columbia will be indebted to the United States under both this act and under the authorization of the Capper-Cramton Act will be about $24,000,000 (assuming that Congress at some time appropriates the full balance authorized under the Capper-Cramton Act). This bill provides that this total shall be repaid at the rate of not less than $1,000,000 if there is no outstanding obligation on the part of the District under the Capper-Cramton Act, and not less than $1,300,000 if there is a combined obligation under the two acts outstanding. It also provides that the total requirements of the two acts for repayment in any one year shall not exceed $1,300,000, but that the Commissioners of the District may in their discretion repay any greater amount that the financial condition of the District may permit. This provision will require that the entire obligation of $24,000,000 to the United States be repaid in not less than 19 years. This would seem to be sound financing, and to require the liquidation in less than that period of a major debt of this sort, expended for public improvements of this nature, might not be entirely reasonable. The Commissioners contend that the finances of the District should not be compelled to meet a larger payment.

The bill also provides that in making payments on their account with the United States the Commissioners may exercise their own discretion in allocating their payments as between the amounts due under this act and those due under the Capper-Cramton Act. The purpose and effect of this provision is to enable the District Commissioners to handle this financing upon the most economical basis in the interest of the District.

The act in no way lessens the authorization of the National Capital Park and Planning Commission under the Capper-Cramton Act, nor does it impinge upon the authority of that Commission.

I renew my request for unanimous consent for the immediate consideration of the bill.

The PRESIDENT pro tempore. The Senator from Utah asks unanimous consent that the unfinished business may be temporarily laid aside, and that Senate bill 3404 may be considered at this time. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDENT pro tempore. The clerk will state the amendments.

The first amendment of the Committee on the District of Columbia was, on page 1, line 9, after the word "for", to strike out "the purposes of"; on page 2, line 2, after the word "sewage", to strike out "and refuse"; and on the same page, line 9, before the word "and", to insert "parks, parkways, and playgrounds (to be acquired and improved in accordance with existing law, said improvement to be on lands acquired by the National Capital Park and Planning Commission)", so as to make the section read:

That the Commissioners of the District of Columbia are hereby authorized to borrow for the District of Columbia from the Federal Emergency Administration of Public Works, created by the National Industrial Recovery Act, and said Administration is authorized to lend to said Commissioners, the sum of $20,000,000, or any part thereof, out of funds heretofore authorized by law for said Administration, for the acquisition, purchase, construction, establishment, and development of a tuberculosis hospital, a sewage-disposal plant, a municipal center or any unit thereof (under and in accordance with the provisions of the act entitled "An act to provide for the establishment of a municipal center in the District of Columbia", approved Feb. 28, 1929 (45 Stat. 1408)), an extension of or addition to Gallinger Municipal Hospital, a jail or other enclosure for prisoners at Lorton, Va., parks, parkways, and playgrounds (to be acquired and improved in accordance with existing law, said improvement to be on lands acquired by the National Capital Park and Planning Commission), and public schools, or any one or more of said projects as the said Commissioners may determine.

The amendment was agreed to.

The next amendment was, on page 2, line 13, before the word "transfer", to strike out "may in their discretion" and insert "shall"; in line 15, before the words "to be", to strike out "or any part thereof"; in line 16, after the word "the", to strike out "purchase" and insert "acquisition"; and in line 22, after the figures "$2,000,000", to strike out "if so transferred, or such part thereof as may be transferred to the said Commission", so as to make the section read:

SEC. 2. That from the sum authorized to be borrowed by section 1 of this act the Commissioners of the District of Columbia shall transfer to the National Capital Park and Planning Commission the sum of $2,000,000, to be available to said Commission

for the acquisition of land for parks, parkways, and playgrounds in the District of Columbia in accordance with the terms of section 4 of Public Act No. 284, Seventy-first Congress, entitled "An act for the acquisition, establishment, and development of the George Washington Memorial Parkway, and so forth", approved May 29, 1930: *Provided*, That said sum of $2,000,000 shall be deemed to be in lieu of the appropriation of an equal amount of the sums authorized to be appropriated by the aforesaid section of the aforesaid act.

The amendment was agreed to.

The next amendment was, on page 3, line 12, after the word "services", to insert "without reference to the Classification Act of 1923, as amended, and section 3709 of the Revised Statutes", so as to make the section read:

SEC. 3. The sum authorized by section 1 hereof, or any part thereof (except such sums as may be transferred by them as provided in section 2), shall, when borrowed, be available to the Commissioners of the District of Columbia for the acquisition by dedication, purchase, or condemnation of the fee simple title to land, or rights or easements in land, for the public uses authorized by this act, and for the preparation of plans, designs, estimates, models, and contracts, for architectural and other necessary professional services without reference to the Classification Act of 1923, as amended, and section 3709 of the Revised Statutes, for the construction of buildings, including materials and labor, heating, lighting, elevators, plumbing, landscaping, and all other appurtenances, and the purchase and installation of machinery, apparatus, and any and all other expenditures necessary for or incident to the complete construction of the aforesaid buildings and plants. All contracts, agreements, and proceedings in court for condemnation or otherwise, pursuant to this act shall be had and made in accordance with existing provisions of law, except as otherwise herein provided.

The amendment was agreed to.

The next amendment was, on page 4, line 4, after the word "been", to strike out "borrowed" and insert "advanced to said District"; in line 7, before the word "and", to strike out "borrowing" and insert "advances"; and in line 8, after the word "thereafter", to insert "on annual balances as of each June 30", so as to read:

SEC. 4. That 70 percent of so much of said sum authorized by section 1 of this act as may be expended as therein provided shall be reimbursed to the Federal Emergency Administration of Public Works from any funds in the Treasury to the credit of the District of Columbia, as follows, to wit: Not less than $1,000,000 on the 30th day of June each year after such sum shall have been advanced to said District until the full amount expended hereunder is reimbursed, without interest for the first 3 years after any such advances and with interest at not exceeding 4 percent per year thereafter on annual balances as of each June 30.

The amendment was agreed to.

The next amendment was, on page 4, line 16, after the word "less" to strike out "than $1,000,000"; in line 17, after the word "than", to strike out "$1,250,000" and insert "$1,300,000", so as to make the proviso read:

Provided, That whenever the District of Columbia is under obligation by virtue of the provisions of section 4 of Public Act No. 284, Seventy-first Congress, entitled "An act for the acquisition, establishment, and development of the George Washington Memorial Parkway, etc.", approved May 29, 1930, to reimburse the United States for sums appropriated by the Congress under that act, the total reimbursement required under both that act and this act shall be not less nor more than $1,300,000 in any one fiscal year.

The amendment was agreed to.

The next amendment was, on page 4, line 19, after the word "said", to strike out "amounts" and insert "amount", so as to make the proviso read:

Provided, That the Commissioners may, in their discretion, repay more than said amount:

The amendment was agreed to.

The next amendment was, on page 4, line 24, after the word "act", to strike out the period and insert a colon and the following additional proviso:

Provided, That such sums as may be necessary for the reimbursement herein required of or permitted by the District of Columbia, and for the payment of interest, shall be included in the annual estimates of the Commissioners of the District of Columbia, the first reimbursement to be made on June 30, 1936.

The amendment was agreed to.

The next amendment was, on page 5, line 2, after the word "submit", to strike out "quarterly" and insert "with their annual estimates", and in line 3, after the name "House of Representatives", to strike out "(or to the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session)", so as to make the section read:

SEC. 5. That the Commissioners of the District of Columbia shall submit with their annual estimates to the Senate and the House of Representatives a report of their activities and expenditures under section 1 of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. KING. Mr. President, I desire to express my thanks to the Senate for its courtesy in permitting me to take up and dispose of the two measures which have just been passed.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. McCARRAN. Mr. President, yesterday afternoon for a limited time I had the opportunity of addressing myself to the Senate with reference to the bill now pending and the general subject matter thereof.

I doubt very much if the Congress of the United States will have before it during this session a more important measure, one with greater constructive possibilities, or one that will look further into the future than the pending proposed legislation.

Whatever may have been the history of the past, like all histories of the past, it constitutes a foundation on which the future must be builded. That history may have had its chapters that were not written in brilliant letters, and it may have had its chapters that were written indelibly into something that means much for the centuries yet to come. Never in all the history of mankind, however, has there been a science that meant more than the science of travel by the air, than the science of commerce by the air, because that science leads to a multitude of possibilities concerning which the imagination of man may never exhaust itself.

I desire to say now that within the past few months there has been predicted by those who should know and who do know, and who do not deal in imagination alone, something which ordinarily would startle mankind. It is predicted that the day is not far distant when one may leave the Capitol Grounds of the Capital of this Nation in the latter part of the week, rise in 8 minutes to the stratosphere, travel to the lion-hunting grounds of South Africa, and return with the trophies of his hunt to present on the following Monday at noon.

Just above our atmosphere is something that gives rise to that which led Jules Verne, the author of Twenty Thousand Leagues Under the Sea, into the realm of an imaginative fancy which you and I laughed about when we were boys. In this proposed legislation we are not dealing with trifles; we are not dealing with mere imagination. We are dealing with realities, where science has bent its effort, and the imagination of mankind, following science and its development, has had an opportunity to know at least a little of the possibilities.

What does the bill now before this body present? Does it present a solution of that which comes now as a problem by reason of months of investigation? I say, as a member of the special investigating committee, that it does not. There is no more reason for placing the science of aviation in the hands of a political agent than there is for placing every railroad in America in such hands.

Commercial aviation should be out of the Post Office Department. It has no place there. The Post Office Department has a commodity to ship, by commercial aviation and by rail and by water; but the fact that it has a commodity to ship is no reason why it should control the avenues through which that commodity should be shipped, any more than a private individual, a great shipper, should control the avenues by which his commodity should be transferred from one State to another.

I intend to propose an amendment, and it is now before this body in printed form, which takes this entire matter out of the realm in which it now finds itself, and, finding

itself there, looks back to a history that brought it into that realm. That history, so far as my present purposes go, began with what is known now as the "McNary-Watres Act", undoubtedly enacted at a time and an hour when everyone believed that the Post Office Department was the proper place for the legislation to rest itself. No one will criticize the seriousness or sincerity of those who worked out the McNary-Watres Act.

The history of that legislation will not lend itself to anything save and except a serious desire on the part of those who were studying out that line of legislation to bring about the best result for the country; but we have had the experience of that legislation, and we have found its flaws; we have found its fallacies; we have found its loopholes. Shall we go on with that? Shall we place this industry back in the control of the Postmaster General; and if so, why?

Let us consider a little history aside from the record, as well as that found in the record. For some time past—I do not know why—the office of the Postmaster General has been the office through which public patronage seems to have been dealt out under different administrations. It is as true today as it was in the past administration. It was as true then as it is now. Why should we say that a great governmental agency having in its control one of the most vital things to national life—namely, the distribution and carriage of the mail—and which, by an unwritten law, seems to have inherited the distribution of political patronage, should also control, by legislation enacted by Congress, the carrying of the mail by air, when, as a matter of fact, the navigation of the air, and the method of carrying the mail in that wise, is a new science only in its making, the ultimate possibility of which no man knows? Why should we adopt the method heretofore followed, when all that we can say of the result of past legislation is that we have brought a cloud upon a former Postmaster General, and brought the present administration in its first dilemma, by reason of that very agency?

As a Democrat, I wish to God that Postmaster General Farley had never had control over the air mail, because it has presented the first opportunity or avenue for criticism on the part of those who would criticize the present administration. If I were a Republican, I would say that I only wish my administration, when it was in power, had never had this air-mail avenue by which the opposition could drive shafts into an advancement over which I had no control.

Yet the bill now pending, introduced by the Chairman of the Committee on Post Offices and Post Roads, proposes to put that control right back where it was, although we are on the threshold of an advancing science, a science that is only in its infant stage, a science vital to this Government and this country in the years to come.

Mr. BORAH. Mr. President——

Mr. McCARRAN. I yield to the Senator from Idaho.

Mr. BORAH. The Senator's amendment of which he speaks is in the nature of a substitute?

Mr. McCARRAN. Yes, sir. I shall deal with my proposed substitute further. I am going now to deal with this subject from another angle, which presents itself to the Senate by reason of many expressions that have been made. Some of them, I am sorry to say, come from the learned Senator from Ohio [Mr. FESS], who has criticized in rather intemperate language the experience we have had in carrying the mail through the agency of the Army. If there is one thing the American people have learned during the past few months, it is that the arm of aviation, which nations have sought to build for their own defense, which we have tried to build by the expenditure of millions of dollars of the taxpayers' money, has not been developed to the point where it should stand without betterment.

Suppose war had been declared on the 9th day of February; suppose on that day our armed forces had been called upon to bring their air forces into service; where would we have been? Has it not been brought to the attention of the American people—and I regret it more than anyone else—that that great adjunct which belongs to our armed forces for defense in the future is indeed sadly lacking? If no other lesson comes out of this whole situation, we shall at least have learned that we must give more attention, from a national standpoint, to the science of defense through the air, because the air is going to be one of the great avenues of the national defense in the years to come. From that standpoint we are dealing with a science.

More than that, commerce will take its place in the air as well as on the land and on the sea. It will take its place in the air as the science develops. Are we going to destroy the thing which will make us a great commercial nation? Are we going to impede the progress of a science that is progressing day by day? Are we going to say that a science which is developing and which is essential for our national growth shall be in the control of one man, and that man a politician? I say that much as a Democrat; Senators on the other side may say it as Republicans; but regardless of the line which divides us, the Nation is bigger than this side or the other side, and a thousand times bigger than both sides. The national future means more to you and to me than our division by party lines. The man who controls patronage today has no more right to control this great science than the man who controlled patronage during the Hoover Administration had a right to control it. He made his mistakes, we have made ours, perchance. Let us take the air mail bodily, wholly, completely out of that control and put it under the jurisdiction of an independent, nonpartisan commission.

Where would we have been today if it had not been for the Interstate Commerce Commission? Have they not helped at least to solve many of our problems? Have they not given diligence and toil and energy and foresight to the development of commerce? I do not think anyone will deny that to be so. The answer comes, however, and comes from my learned colleague, the chairman of the special committee, that this avenue of commerce should be placed under the Interstate Commerce Commission, and to that suggestion I desire now to address myself.

I said there would be commerce by water, commerce by air, and commerce by rail. It will be remembered that during this masterful discourse on yesterday and the previous day, the Senator from Alabama made reference to the fact that the railroads of this country—I do not quote him; I take the substance only of his statement—were apparently looking to a control of the air lines of the country. I think the learned Senator from Alabama will agree with me that the record which he has, and which I have seen, bears out that suggestion. Are we now going to place in the hands of a competitor the control of a natural scientific agency which is only in its making? Are we going to place this whole science, this whole development, in the hands and control of the Interstate Commerce Commission, when, as a matter of fact, we have not as yet, save by legislation now pending here, which has not as yet been passed, sought to give control of international water rates through the Canal to the Interstate Commerce Commission? Not as yet have we seen fit to give control of intercoastal water rates through the Canal to the Interstate Commerce Commission. Many of us have fought for that, and will continue to fight for it, because we think it will develop and build up our railroad industry and give opportunity to laborers who toil on the railroads of this country.

Mr. BORAH. Mr. President, I hope we will be considering shortly the question of giving the pipe lines over to the control of the Interstate Commerce Commission.

Mr. McCARRAN. The Senator from Idaho makes a suggestion in which, perhaps, there is much merit. I regret exceedingly that I have not sufficient knowledge to accede to or to contradict his position. Undoubtedly his diligent study and his long experience here have brought him to that frame of mind. My admiration for him naturally leads me to say that there must be something in the suggestion, or he would not make it.

But what have we before the Senate of the United States today? A reiteration, a repetition, of that which was portrayed for 2 days here by one of the masters of logic, the

chairman of the special committee. He proposes, by adding his name to the now pending bill, to bring back into the hodge-podge of the Post Office Department the control of this great science and this great avenue of commerce. When I queried him yesterday, he said, "Yes; your mind and mine run along the same line, but I want to put it in the Interstate Commerce Commission." I should like to know why.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). Does the Senator from Nevada yield to the Senator from Alabama?

Mr. McCARRAN. I yield.

Mr. BLACK. I assume the Senator is asking me the question. I do not want to interrupt him, if he does not desire to yield at this time.

Mr. McCARRAN. I yield.

Mr. BLACK. I will state to the Senator very frankly the reason why I think the control should be placed in the Interstate Commerce Commission.

The bill to which my name is signed would take the air mail away from the Post Office Department and place it in the Interstate Commerce Commission. We have already given notice that an amendment will be offered cutting down the length of time within which that is to be done. The amendment will provide that a study shall be begun within 6 months and that, upon the expiration of the then-existing contracts, the rates fixed by the Interstate Commerce Commission for carrying the mail shall be adopted. I wanted to state this to the Senator so that he would understand the nature of the amendment of which we have given notice.

I will say to the Senator further that I prefer to have the control in the Interstate Commerce Commission because I am opposed to the creation of a new bureau for that purpose at the present time. Frankly, I should like to see the Interstate Commerce Commission have control of all transportation in the country, perhaps with a division in the Commission, but the reason why I favor giving the air-mail control to the Interstate Commerce Commission is that I believe it could better handle the subject.

I thoroughly subscribe to the Senator's idea, as he understands, that we should take it out of the Post Office Department, and I shall be very glad indeed if the bill shall be amended as we suggest, so that upon the expiration of the contracts which have been made the Interstate Commerce Commission may take charge and fix the rates.

The Senator and I have discussed the matter many times, and I have no controversy whatever with him as to taking control away from the Post Office Department. I do not believe, however, we should create a new commission for the purpose, I think that is the essential difference between the idea of the Senator and my idea.

Mr. McCARRAN. Mr. President, I am grateful to my colleague on the special committee. I have never yet found him when he was not candid. I love his blunt, resolute, determined candor. That is the kind of stuff I like to deal with, and the Senator is the kind of man with whom I love to be associated. Now I wish to compare his ideas and mine.

The Interstate Commerce Commission, if I may use a homely expression—and I hope I do not use it to the point of exaggeration—by reason of long study is rail-minded. We are on the threshold of a new science, a new science into which new blood must be brought, into which new thoughts must be brought, and in which independent efforts must be put forth. The rule, the law, the code, which apply today may be antiquated tomorrow, because only yesterday men went 11 miles above the earth and tomorrow they may be going twice 11. I say it should be under a commission, independent, free, clear of the old thoughts and the old ideas, because aviation cannot be built up save and except upon a prospectus founded upon the glories of imagination.

Our aviation experience up to date has developed that, after men pass a certain period in life, after they have passed middle age, for some reason or other, the majority—though not all—lose the keener senses of imagination; and it is said that a pilot beyond the meridian of life is not always to be trusted, because for some reason or other he has been deprived of that beauty of imagination and, perchance, I might put it, that courage which says, "There is no limit to what I can do." So we are dealing with something new and something young and something beautiful. Let us erect a new commission to take hold of it.

The Senator from Alabama does not need to fear the creation of a new commission. Continuous contact for months in this study has brought the Senator from Alabama and me very closely together, mentally and otherwise. The Senator from Alabama knows as well as I know that since the 4th of March 1933, by legislative enactment we have been creating more and more new commissions. So we do not have to fear another new one created to take hold of a great and new science and a great and new avenue of national commerce. A little something more new will not hurt us, because we are in the midst of the new, and I am grateful for it. We have had a new deal. I hope it will succeed. My efforts will be bent toward accomplishing its success, and that is the reason why I am now bending my efforts in the present direction. The learned Senator from Alabama, however, in his very courteous reply, for which I am grateful, says that he and other Senators propose an amendment whereby there will be created a commission to make a study and investigation of this matter. That is exactly what my amendment, which will be offered as a substitute for the bill under consideration, proposes; but it proposes a basic investigation so that the commission shall continue on and on, and so that out of its investigations it shall build for the future.

The Senator from Alabama, representing the authors of the pending bill, now says that he proposes a commission to make a study, that that shall proceed for a year, and then that a report shall be made to the Interstate Commerce Commission, I presume. If a study is worth while, why do we not from the first give the proposed commission the benefit of its own study, so that it may look into the future and say, "This is our course. We are inspired with a national responsibility, and we will carry it out to the best of our ability under our oath and our obligation"?

Mr. BLACK. Mr. President, will my colleague on the committee yield in order that I may explain the idea and conception I have?

Mr. McCARRAN. I yield.

Mr. BLACK. Of course, I realize that I may be entirely wrong, and I highly respect the views of my colleague on the committee; but it is my belief that we shall correct several abuses by the bill which we have offered, abuses with which he and I have become familiar during the past year. We have limited salaries. We have provided for a dissociation or divorcement of the operating companies from their associated holding companies and subsidiaries. The idea of a commission is to study the general, broad subject of military and naval aviation and manufactures, so that a broad aviation policy may be developed. In this bill it has been my conception that we were simply taking up the air-mail feature of the policy which, to my great gratification, is to be turned over to the Interstate Commerce Commisison within a very short time, if the bill shall pass.

I simply desire to state to my colleague my conception of the object of the commission.

Mr. McCARRAN. Mr. President, I am again pleased. My colleague on the special committee cannot offend me by interruption, because every time he interrupts he gives me new impetus for my idea. I believe, as he believes, that aviation is a science which should be developed. I believe, as he believes, that commerce, through this science, should have an individual organization for its study and for its development. I go further, because I believe that that organization for the study and development of this science and this line of commerce should be free from all other entanglements or considerations. I think—I hope I may be right—the learned Senator from Alabama would agree with me that, if this duty should be devolved upon

the Interstate Commerce Commission, it would mean the creation of a separate and distinct bureau within that Commission.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield to the Senator from Massachusetts.

Mr. WALSH. I should like to address an inquiry to the Senator from Nevada.

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). The time of the Senator from Nevada on the amendment has expired.

Mr. WALSH. Mr. President, the time occupied in connection with my inquiry may be taken from my time.

Mr. McCARRAN. I understand, Mr. President, that I have 30 minutes on the bill and 30 minutes on the amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. McCARRAN. My understanding is that it is not one amendment; that it is an amendment to one after another of the sections. I do not understand it to be one amendment offered as a substitute. If I am in error, I should like to be corrected.

The PRESIDING OFFICER. The amendment, in the form in which it was offered, is one amendment. The Chair will now recognize the Senator from Nevada for 30 minutes on the bill if he wishes. The time of the Senator on his amendment has expired; and the Chair will now recognize him for 30 minutes on the bill.

Mr. WALSH. Mr. President, will that be sufficient time for the Senator from Nevada to present and conclude his argument?

Mr. McCARRAN. Mr. President, I shall try to cover what I have to say in that time.

Mr. WALSH. I shall be glad to ask unanimous consent for an extension of time in behalf of the Senator from Nevada if his time is not sufficient.

Mr. McCARRAN. I shall be glad to have the Senator from Massachusetts do so. I think the Senator from Alabama [Mr. BLACK] also will make such a request.

Mr. BLACK. Mr. President, it is my idea that anyone offering a substitute for the bill should have ample time to discuss it; and if the Senator from Nevada shall not have completed his statement at the expiration of his remaining 30 minutes I will ask, if there be no objection, that he be given additional time for the further presentation of the subject.

Mr. WALSH. That is the proper thing to do.

Mr. WHITE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHITE. There is pending an amendment in the nature of a substitute reported by the committee, upon which, I take it, the Senator from Nevada would have 30 minutes. There is also pending an amendment offered by the Senator from Nevada himself. There is likewise pending an amendment offered by the Senator from Vermont [Mr. AUSTIN] and myself, and another amendment is pending, offered by the Senator from Vermont [Mr. AUSTIN], the Senator from New Jersey [Mr. BARBOUR], and the Senator from Pennsylvania [Mr. DAVIS]. My inquiry is, Would not the Senator from Nevada have 30 minutes on each of those amendments if he should so desire?

The PRESIDING OFFICER. The Chair rules that he would not have. There is only one pending amendment. The others are in abeyance, awaiting the disposition of the Senate.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FESS. The Presiding Officer's statement is correct; but if the Senator from Nevada should offer some other amendment, he would have 30 minutes on that also, would he not?

The PRESIDING OFFICER. He would have when that amendment was reached.

Mr. FESS. Yes.

The PRESIDING OFFICER. What request does the Senator from Alabama make?

Mr. BLACK. I do not make any request now, Mr. President. The Senator from Nevada has 30 minutes on the bill. I simply gave notice that in the case of any Senator's offering a substitute for the bill which he desires fully to present, if he shall not have finished at the expiration of his time, I will ask unanimous consent that he may have time to present the substitute. I think that would be fair.

Mr. WALSH. Mr. President——

Mr. McCARRAN. I yield to the Senator from Massachusetts.

Mr. WALSH. Am I to understand that the Senator from Nevada is stressing as the main feature of his proposed substitute the establishment of a commission that will investigate the scientific aspects of the subject of aviation from the standpoint of mail transportation?

Mr. McCARRAN. Not alone from the standpoint of mail transportation but from the standpoint of commerce generally, and the carrying of passengers and express, mail being included.

Mr. WALSH. Of course, the Senator agrees that there has already been an investigation of certain aspects of air-mail transportation. Is that correct?

Mr. McCARRAN. That is correct.

Mr. WALSH. What limitations were put upon that investigation? Was it confined merely to the abuses in connection with the contracts and violations of the contracts which were entered into with the Post Office Department?

Mr. McCARRAN. Yes, sir; our investigation went largely into that feature.

Mr. WALSH. The Senator's proposal is for the creation of a commission that will study the whole subject of aviation?

Mr. McCARRAN. To study the subject and the facts connected therewith.

Mr. WALSH. But what does his substitute do in the way of making provision for carrying mail during the period from now on?

Mr. McCARRAN. I will deal with that in just a moment, and think I will furnish a complete answer to the Senator.

Mr. WALSH. And there are provisions in his proposed substitute dealing with that subject.

Mr. McCARRAN. Yes, sir.

Mr. WALSH. Do they differ from the provisions of the bill presented by the Senator from Alabama?

Mr. McCARRAN. They differ very much.

Mr. WALSH. The Senator from Alabama leaves the authority to make these contracts where it is now, namely, in the Post Office Department?

Mr. McCARRAN. Yes; to a large extent that is so.

Mr. BLACK. Mr. President——

Mr. WALSH. I am trying to get the basic differences between the two proposals.

Mr. BLACK. Mr. President, if the Senator from Nevada will yield——

Mr. McCARRAN. I yield.

Mr. BLACK. The proposal offered by me and the Senator from Tennessee originally left with the Post Office authorities for the period of 3 years the right to let contracts on competitive bids. We gave notice that an amendment would be offered, and it will be offered, which will provide that within 6 months after the enactment of the bill the Interstate Commerce Commission shall fix the air-mail rates; that thereafter the rates shall be fixed by that Commission, and it shall also decide upon certificates of convenience and necessity. So we do not leave it with the Post Office Department. I have favored taking the power out of the hands of the Post Office Department as soon as possible.

Mr. WALSH. Who is to make the contracts?

Mr. BLACK. The Interstate Commerce Commission.

Mr. WALSH. But under the bill of the Senator from Nevada he proposes a distinct aviation commission similar to the Interstate Commerce Commission, as I understand?

Mr. McCARRAN. That is correct.

Mr. BLACK. But limiting it to aviation, so that our bill would leave it in the hands of the Interstate Commerce

Commission, while the Senator from Nevada would create an aviation commission, believing that to be better than turning it over to the Interstate Commerce Commission.

Mr. WALSH. And the aviation commission would have authority to fix rates as well as to make the study that is proposed of the whole problem of aviation?

Mr. McCARRAN. Yes, sir.

Mr. BLACK. We will have in our bill a provision for a survey and study, but the proposed substitute of the Senator from Nevada provides for a commission, as I understand, with authority over aviation similar to the authority of the Interstate Commerce Commission over the railroads.

Mr. WALSH. Has any committee considered the bill of the Senator from Nevada?

Mr. McCARRAN. No; I worked this bill out by myself, and I undertake to assume the responsibility for it.

Mr. WALSH. It is unfortunate that the Senator did not have an opportunity to get the support of another champion for his bill, as he undoubtedly would if it had been sent to a committee.

Mr. McCARRAN. It has been sent to the committee as an individual bill and is now pending before the Commerce Committee.

Mr. WALSH. Has there been any report on it?

Mr. McCARRAN. The committee have had one hearing, at which I appeared, but no report has come out of that committee, in view of the fact that the pending bill was brought forward. It was entirely for that reason that I presented it as an amendment.

Mr. WALSH. Otherwise they could argue that the subject had been disposed of?

Mr. McCARRAN. In order that I may further answer and elucidate, if I can, the pertinent and intelligent questions propounded to me by the Senator from Massachusetts, I want to say that the bill that I will offer as an amendment proposes to create an individual, independent, nonpartisan commission to deal with the science of aviation and the transportation by air of passengers, freight, and express. This bill proposes to do away with competitive bidding as regards the carrying of the mails, because I do not believe that any good has ever ultimately come out of competitive bidding that could not have been accomplished by another method. I think the investigation that has been conducted here, and other investigations, have disclosed the cogency of my statement.

The bill that I will propose as a substitute for the pending measure takes the entire matter out of the hands of the Post Office Department and puts it into the hands of a commission, which commission may, after investigation, issue certificates of convenience and necessity. It further provides that all lines which were in operation flying over a distance of 250 miles 6 months prior to the 1st of January 1934 shall have a certificate of convenience and necessity; all lines applying for a certificate of convenience and necessity shall present their application to the separate commission which will be created; that notices shall be given; that an investigation shall be made as to whether or not a certificate should be issued; and that, after such investigation, the commission may or may not issue such a certificate.

What are the aims of a method of that kind? I want to deal with something of recent history, something that has taken place within the past 10 days. If one will investigate the bids that have been made for the carrying of the mails in the past 10 days, he will find that there are some who have entered bids—and I believe their bids will be honored—that have not the equipment to carry the mail. That is a matter that should be in the hands not of the Post Office Department but in the hands of a commission capable of saying whether or not public necessity demanded it, and certainly whether or not the bidder had the equipment to carry the mail and to conduct commerce by its planes.

Mr. WALSH. Mr. President——

Mr. McCARRAN. I yield.

Mr. WALSH. So, I understand the Senator's proposal is that the commission to be created shall examine the applicant before issuing a permit or certificate to transport passengers or to carry freight or mail? Then the commission shall, after examination, issue certificates of fitness and convenience and necessity. Should I understand the next step to be that only those who have been given such certificates may carry the mail?

Mr. McCARRAN. Yes; or may transport commerce from State to State.

Mr. WALSH. How is the Senator going to arrive at the next step, which is permitting some of them to carry the mail and others not to carry the mail? How is that to be worked out?

Mr. McCARRAN. On the same basis on which the railroads carry the mail today. In other words, the railroads are not operating under contract; they have certificates of convenience and necessity, and every railroad must carry the mail.

Mr. WALSH. Are the rates uniform?

Mr. McCARRAN. The rates are uniform.

Mr. WALSH. Based upon mileage?

Mr. McCARRAN. Yes; based upon mileage.

Mr. WALSH. And weight and tonnage?

Mr. McCARRAN. Weight and tonnage and space.

Mr. WALSH. And the Senator proposes that the commission to be created shall apply the same standards, the same system, in permitting duly authorized companies to transport passengers or freight as are applied in the case of the railroads?

Mr. McCARRAN. Where they have a certificate of convenience, they will carry the mail on a rate schedule or a schedule set up that will be uniform, with certain differences and equations entering into consideration.

Mr. WALSH. For my information, I should like to ask the Senator another question. Under the existing contracts is there a decided variation in the rates paid for transporting the mail by airplane? Is the pay based on a uniform mileage system or does one company get a rate different from that of another company?

Mr. McCARRAN. I will answer the question as regards the contracts that were canceled. There was a decided difference, and sometimes the highest bidder obtained a contract and the lower bidder was lost sight of.

Mr. WALSH. In other words, there is no standard measurement by which these contracts would be given to the lowest bidder?

Mr. McCARRAN. There was none that was in force.

Mr. WALSH. And there was no uniform regulation as to the amount of tonnage or the mileage in the carrying of the mails?

Mr. McCARRAN. No; there were certain provisions in the law and certain provisions in the regulations as to that.

Mr. WALSH. Was the contention made that certain routes were more dangerous than others and that, therefore, a higher rate ought to be given?

Mr. McCARRAN. No; that element was not considered at all.

Mr. WALSH. So that when two contracts were alike they had no particular standard of measure for payment for this kind of service?

Mr. McCARRAN. To a large extent, that is correct.

Mr. WALSH. And that system would continue unless the Interstate Commerce Commission should adopt a uniform plan or system, such as the Senator proposes in his bill?

Mr. McCARRAN. That is true.

Mr. BLACK. Mr. President, if the Senator will yield, I will say that is exactly the plan that is contemplated in our bill, the same plan as the Senator from Nevada has suggested under the commission which he proposes.

Mr. WALSH. So that in the determination of the right to carry the mail there is practically no difference between the two bills. There is a difference in who shall administer it, namely, the Interstate Commerce Commission provided for in the bill of the Senator from Alabama and a new commission which the Senator from Nevada proposes to create. I understand the Senator from Nevada by his proposal au-

thorizes and directs the proposed new commission to make a general survey of the whole subject of aviation?

Mr. McCARRAN. That is correct.

Mr. BLACK. If the Senator will yield, I will say that our bill provides for investigation of the entire subject, a report to be submitted to the next Congress with reference to a policy with respect to aviation in all its branches.

Mr. WALSH. As we develop this matter, apparently, there seem to be fewer and fewer differences between the two bills.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. McCARRAN. I yield.

Mr. McKELLAR. I hope the Senator from Massachusetts will not come to that conclusion. There are enormous differences between the two bills, which I hope the Senator will understand before he votes.

Mr. WALSH. Apparently there is going to be a commission created under either bill to study the subject, and apparently the system of granting certificates of convenience and necessity is the same, and apparently the method of paying for carrying the mail is the same. Are not those the fundamental points involved?

Mr. McKELLAR. The fundamental difference is that under the McCarran substitute a commission is set up to take charge of the air-mail business, first starting out by restoring the old contracts that were in existence when the cancelations took place.

Mr. McCARRAN. Oh, Mr. President, I cannot allow that statement to go unchallenged. I will not allow it to go at all.

Mr. McKELLAR. The Senator will certainly admit that he provides in his substitute that certificates of convenience and necessity are to be given to every company which carried mail on the 1st of January 1934. If that does not restore the old companies, I am unable to understand language.

Mr. WALSH. It restores the companies, but does not restore their contracts.

Mr. McCARRAN. Yes.

Mr. McKELLAR. It restores to them the right to carry mail, with the right under the new commission to be paid any amount up to 50 cents.

Mr. WALSH. I shall be very glad to have the Senator from Nevada explain the differences.

Mr. McCARRAN. Mr. President, I am glad the Senator from Tennessee, the senior author of the bill, interrupted. I am glad he brought up the subject because I want to deal with it.

There is no contract mentioned in the substitute I shall propose, but I do not propose to tear down the energy and the money which have been put into a science during the past 20 years, and relegate both men and money to the trash heap. I do not believe every man who flew an air-mail plane was a criminal. No one can ever make me believe that. I do not propose that a service which was developed by the youth and money of this country, and which represents some of the finest things in science, shall be relegated to a trash heap to become just a lost piece of junk.

Yes, the bill provides that those who operated lines for 6 months prior to the 1st day of January 1934 shall have instanter on the passage of the bill certificates of convenience. It provides that those lines which were developed by science, and by the energy and courage of men and by the money of this country shall have an opportunity.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. McCARRAN. Certainly.

Mr. AUSTIN. I am very much interested in that statement of the Senator from Nevada. If that statement is accurate, I think it will make some difference in what I shall have to say. Will the Senator read into the RECORD that part of his substitute which compels restoration of the status quo before the cancelation? I am very much interested in that.

Mr. WALSH. Have not the companies the right now to operate?

Mr. McCARRAN. Certainly they have. It is only a question of carrying the mail.

Mr. WALSH. All the Senator's amendment provides is that they shall get a certificate of convenience and necessity, whether they are old operators or new operators.

Mr. McCARRAN. That is correct. I read from page 11 of the bill, line 13:

> Certificates of public convenience and necessity issued under this act shall be effective from the date specified therein, and shall continue in effect until suspended or revoked as hereinafter provided, or until their expiration, if issued for a limited time.

That is one provision, but not the one for which I was looking.

Mr. WALSH. As I read the provision, any bona-fide operator of interstate air commerce on a daily schedule of at least 250 miles shall be entitled as a matter of course to receive from the commission, immediately upon the passage of this bill, without application therefor, a certificate of convenience and necessity. Of course, that includes not only those who operated air mail but also those who operated passenger or freight lines if they had actually been in operation for the 6-month period referred to.

Mr. McCARRAN. That is correct.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. McCARRAN. Certainly.

Mr. BLACK. As I understand the Senator's proposed substitute, it does not restore the status quo as suggested by the Senator from Vermont.

Mr. McCARRAN. I did not hear the question of the Senator from Vermont sufficiently to understand it fully.

Mr. BLACK. The Senator's substitute does not restore the old contracts.

Mr. McCARRAN. Oh, no; not at all.

Mr. BLACK. It simply provides that there shall be automatically issued to all companies which were operating and had been operating for 6 months prior to January 1, 1934, a certificate of convenience and necessity.

Mr. WALSH. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Massachusetts?

Mr. McCARRAN. Certainly.

Mr. WALSH. Did anything develop in the investigation of the air-mail companies that would justify the denial of a certificate of convenience and necessity?

Mr. BLACK. There has been no effort to prevent the companies from operating in any way. The air-mail contracts have been canceled. The only difference, as I understand, between our bill and the substitute of the Senator from Nevada as to that provision is that under our bill there are certain things that must be done by any company, old or new, one of which is that it must not have certain interlocking stock ownership or directorships.

Mr. WALSH. The Senator does not take for granted that any company will get a certificate, but will leave that entirely to a commission?

Mr. BLACK. Yes; if they meet the qualifications set forth in our bill and the general qualifications of the Commerce Department, which are similar to those contained in the substitute of the Senator from Nevada, with the exception, as I understand, that his substitute does not contain certain qualifications which in our bill we require, or certain disqualifications which are set forth with reference to interlocking stock ownership.

Mr. WALSH. I thank the Senator, and I shall not interrupt the Senator from Nevada further. I apologize for having taken so much of his time.

Mr. McCARRAN. Mr. President, I now undertake to deal with the question propounded by the Senator from Vermont [Mr. AUSTIN]. I read from the substitute which I shall offer, page 8, as follows:

> Any carrier (or its predecessor in interest substantially all of whose assets are owned or controlled by applicant) which on January 1, 1934, and for a period of at least 6 months prior thereto, was in bona fide operation of interstate air commerce on

a daily schedule of at least 250 miles * * * shall be entitled, as a matter of course, to receive from the commission immediately following the passage of this act, and without application therefor, a certificate of public convenience and necessity which shall be applicable to any route or routes operated by the carrier during the aforesaid period.

I did not fully understand the Senator's question, but as bearing on the subject of the restoration of the status quo, I will say that I do not contemplate the restoration of the status quo to include the renewal or restoration of the canceled contracts.

Mr. AUSTIN. Who is to award the contracts, and how are they to be awarded after the certificate of public convenience is obtained?

Mr. McCARRAN. There is no contract for the carrying of the mails. There is a rate schedule set up in the bill, which rate schedule the Senator will find in the substitute is only temporary until the commission shall have made a study to determine whether or not that rate schedule is just and equitable and right. That rate schedule, I want to say, grows out of a study which was presented last September by the air-mail carriers of the country to the present Postmaster General, and they offered to take the schedule when he was asking for a reduction of the service.

Mr. AUSTIN. Mr. President, when will the Postmaster General place mail on these routes—whenever and if he sees fit to do so?

Mr. McCARRAN. Whenever a route has a certificate of convenience and necessity issued by this independent commission, the Postmaster General may place the mail on the plane on that route, and that plane gets the rate provided by the bill as it carries the mail, just the same as the trains now do.

Mr. AUSTIN. And the Postmaster General may not place it there, if he chooses to do so?

Mr. McCARRAN. He may not place it on a train today if he chooses not to do so.

Mr. AUSTIN. He may not choose to place the mail on any route he has canceled heretofore.

Mr. McCARRAN. That would depend on the service. The independent commission would say whether or not the service demanded that the mail should be carried on a particular route, and would have control over the Postmaster General to that extent.

Mr. AUSTIN. That is the question I am asking. Is the Postmaster General bound by any finding of the proposed commission to place the mail on a particular route?

Mr. McCARRAN. That would be my interpretation; and I shall be glad to have an amendment that would make it mandatory, after investigation, where a necessity presented itself.

The difference between the two bills—and I think my time is nearly up—is very great. I do not care how Senators argue or what they say; the bill now pending, introduced by the Chairman of the Committee on Post Offices and Post Roads, places this whole matter in its initial stages in the hands of the Postmaster General. That is what I desire to avoid, and I am telling the Senate why I desire to avoid it. I am sorry that two men within our own memory came under the blight of a law dealing with a matter of which they never should have had control; and one of them is now in charge of the Post Office Department.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BLACK. Mr. President, in view of the large number of interruptions that have occurred and the fact that the Senator has hardly begun an analysis of his bill, I ask unanimous consent for an extension of his time.

Mr. WALSH. For an hour.

Mr. BLACK. How much time would the Senator like?

Mr. McCARRAN. An hour would be ample.

Mr. BLACK. I ask unanimous consent that the Senator may have an hour's additional time for the discussion of his substitute.

Mr. WALSH. I hope that request will be granted.

The PRESIDING OFFICER. Is there objection?

Mr. WALSH. I am sure there will be no objection.

Mr. AUSTIN. Mr. President, a parliamentary inquiry. Would the effect of granting this extension be to open the time for response to a similar extent?

The Senator from Maine [Mr. WHITE] and I have an amendment pending here. In opening the debate we did not take 2 full days before the Senator from Alabama [Mr. BLACK] commenced to speak; that is, we closed a short time after 3 o'clock on the second day; and if the time is to be further extended, we feel that a similar extension should be allowed us.

Mr. WALSH. Let us have one request at a time. Let the Senator from Nevada have his extension.

Mr. AUSTIN. Then I object.

Mr. WALSH. I hope the Senator will not object.

The PRESIDING OFFICER. The Chair will state to the Senator from Vermont that the time would have to be extended upon a separate request in every case.

Mr. AUSTIN. Mr. President, a parliamentary inquiry. What is the question before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. WALSH. The immediate question before the Senate is a request for unanimous consent that the Senator from Nevada have 1 hour's extension of time to discuss an amendment in the nature of a substitute bill, which he has just introduced, and which is of great importance; and much of his time has been taken up by questions.

Mr. AUSTIN. Mr. President, I want the Senator to have that extension of time, but we desire to have an equal extension of time. We have been very generous indeed, and have not objected to more time being taken by the opposition than we took. All I ask is, are they willing to permit us an equal extension of time?

Mr. WALSH. Does not the Senator think he can rely upon the magnanimity of the Senate? It always grants such requests. There is no disposition here to shut off anybody who has a real argument to present. I think the request ought to be granted.

Mr. AUSTIN. Who speaks for the Senate on this question? That is what I should like to know.

Mr. McKELLAR. Mr. President, objection has been made; and, if I am recognized, I should like to offer an amendment. On page 12, line 23, I move to strike out "three" and insert "one"; and I hope we may have a vote on that, as it is a perfecting amendment.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. The Senator from Nevada.

Mr. McKELLAR. May we have a vote?

The PRESIDING OFFICER. The Senator from Nevada is entitled to 30 minutes on this amendment.

Mr. McCARRAN. Mr. President, in order that I may to the best of my ability answer the questions that have been propounded here—because I think each of these questions is elucidating—I desire to say that the amendment I shall offer as a substitute for the entire pending bill, one phase of which I have gone over, creates an independent commission. I shall not deal longer with that. It does away with all idea of competitive bidding for carrying the mail. It provides that the proposed independent commission shall establish a rate schedule for carrying the mail by airplane mile. It provides that on or before the 31st day of December 1934 all interlacing directorates shall be dissolved, so that a director on one line may not be a director on another.

That is something which the learned Senator from Tennessee seems to have thought was outstanding. My proposed substitute bill provides for it. It provides that one company shall not control or own the majority of the stock of another, and it shall not hold any of the stock of another company for voting privileges. It may hold it, as the Supreme Court has decided, as an investment, but for nothing else.

Mr. McKELLAR. Mr. President, will the Senator yield to me before he leaves entirely the question found on page 8?

Mr. McCARRAN. Yes, sir.

Mr. McKELLAR. I call the Senator's attention to subsection (b) of section 6, on page 8 of his proposed substitute bill. I quote it:

(b) Any carrier (or its predecessor in interest substantially all of whose assets are owned or controlled by applicant) which on January 1, 1934, and for a period of at least 6 months prior thereto, was in bona fide operation of interstate air commerce on a daily schedule of at least 250 miles (except as to interruptions in operations over which the carrier had no control), shall be entitled, as a matter of course, to receive from the Commission immediately following the passage of this act, and without application therefor, a certificate of public convenience and necessity which shall be applicable to any route or routes operated by the carrier during the aforesaid period.

Now I call the Senator's attention to the following language of subsection (c) at the top of page 24 of his substitute:

(c) Pending the determination by the Commission of fair and reasonable rates, the rate for the transportation of mail by aircraft and the services connected therewith shall be as follows: First 50 pounds of average load per mile at 5 mills per pound; second 50 pounds of average loan per mile at 3 mills per pound; third 50 pounds of average load per mile at 1 mill per pound; and all over 150 pounds of average load per mile at one half mill per pound: *Provided, however,* That in no event shall a carrier receive more than 50 cents per pound-mile.

Taking those two together, I ask the Senator if, in his judgment, the effect of that language is not that the certificates of convenience and necessity will at once—or, in the words of the bill, as a matter of course—be turned over to the old companies and they immediately will have the right to carry the mail at the poundage rates stated in subsection (c) on page 24?

Mr. McCARRAN. The question answers itself out of the bill. I say, to a large extent, that is correct; in other words, that those who invested their money and put their energy into building up these lines to the point that had been reached on the 1st of January 1934 should have a right to a certificate of convenience and necessity.

Let us take section by section the question propounded.

Is there any reason why the United Air Lines, flying across the center of this continent with the finest equipment money can buy, with great, graceful ships that carry men and express from ocean to ocean, should be consigned to the trash heap? I cannot understand that particular turn of mind. I just cannot get it.

I cannot see why the Northwest Airways, with all its development; why the T.A.T., with its development—why all of this energy should be consigned to the junk heap and someone else come along and buy it up for junk and put it in service on mail-carrying lines or commerce-carrying lines. I just cannot get that idea, and I never shall. I say the steps we have made toward progress, toward development, should be continued, even though there may be those who would cast a shadow upon their initiation and development.

I think good can come out of that which may have been condemned. I realize that the Senator from Tennessee and those behind this measure would deprive anyone of carrying the mail whose mail contract had been canceled in the past.

Now, coming to page 24, to which the learned Senator from Tennessee makes reference, I invite the Senate's attention to this:

Pending the determination by the Commission—

Pending the determination by the newly created commission of fair rates for carrying the mail, the commodity which the United States Government has to carry by the speediest and safest way—

Pending the determination by the Commission of fair and reasonable rates—

Would it be said that I am awarding a contract? Not at all—

the rate for the transportation of mail by aircraft and the services connected therewith shall be as follows:

Mind you, that might not be in existence more than a week, or a month, or 2 months, after the commission came into existence, but pending the operation and activity of the commission the rate shall be as follows:

First 50 pounds of average load per mile at 5 mills per pound.

That is for 50 pounds of the average load per mile. What is the average load per mile? It is the average of the load carried over a given distance for a period determined, which is 30 days. A plane might carry 10 pounds today and 100 pounds tomorrow, but the average of the two over the miles traveled for the period of 30 days would be the average load per mile.

Second 50 pounds of average load per mile at 3 mills per pound; third 50 pounds of average load per mile at 1 mill per pound; and all over 150 pounds of average load per mile at one half mill per pound.

Then follows a proviso; and I invite the attention of the learned Senator from Tennessee to the proviso, because, if my amendment shall be adopted, I propose to amend the proviso itself, for the reason that there is a provision in it which is an error. In dictating it I was responsible for a slip of the tongue and made an error, and the error will be changed. It should read:

That in no event shall a carrier receive more than 50 cents per plane-mile.

It should not be "per pound-mile." There is a difference with a distinction, if Senators understand it, and I hope I may make myself clear. Fifty cents per pound-mile might mean 50 cents per mile clear across the continent, whereas 50 cents per plane-mile means 50 cents for the carrying of all the mail which a plane carries clear across the continent. The one would be unfair; the other would be reasonable and fair. There is a proviso there which I propose to correct, if the amendment shall be adopted.

There is an incongruity in the language also which I propose to correct if the amendment shall be adopted. It has been brought to my attention that my substitute might prohibit collective bargaining; that the pilots might not have the right to organize. They seem to be in doubt about it, and they have asked me that it be clarified, and I propose to clarify it by amendment so as to make it fair and reasonable in every respect.

Mr. President, I rather like questioning. I hope that more questions may be propounded. They do not interfere at all; they give me an opportunity to develop my thought.

I am coming back to the line of demarcation between the bill offered by the learned Senator from Tennessee and my colleague on the special committee and the bill which I propose as a substitute for that bill. I am coming back to that, and I am about to close on this subject at this time.

Mr. McKELLAR. Mr. President, before the Senator closes, let me say that, in my judgment, the principal difference between the two bills is that the Senator's substitute proposes to allow the air-mail carriers to consolidate, and contains no real provision against their owning manufacturing companies, or using holding companies, or anything of the kind. Is that correct?

Mr. McCARRAN. That is not correct. The Senator has misconstrued the bill which I have offered, and I shall turn to the applicable sections.

Mr. McKELLAR. Just so that the Senator may have before him what I have in mind, let me call his attention to the provision which seems to give them authority to do those things.

Mr. McCARRAN. I will ask the Senator to turn to page 29.

Mr. McKELLAR. I read the provision:

After 90 days after this act takes effect no carrier subject to this act shall undertake the extension of its airline, or the construction of a new airline, or shall acquire through consolidation, reorganization, merger, or otherwise, or operate any airline, or extension thereof, or shall engage in interstate air commerce under this act over or by means of such additional or extended air line unless and until there shall first have been obtained from the Commission a certificate that the present or future public convenience and necessity require or will require the construction, or operation, or construction and operation, of such additional or extended airline.

The Senator will note that the language is, "After 90 days." That would give permission to these companies to consolidate as they please within 90 days. Only after 90 days after the passage of this measure would the provision to which he refers take effect.

Mr. McCARRAN. But the bill provides specifically and emphatically that there must be a complete unlacing of all directorates on or before the 31st of December 1934, and that there can be no consolidation save and except by and with the written and direct authority of the commission.

Are we to say that a commission shall not permit consolidation? Today, in the regulation of the railroads of this country, the effort is to give the Interstate Commerce Commission power, in order to bring about economic results, to permit consolidations. We have followed that course for the past few years.

I do not intend to provide that a commission, empowered as this commission will be, shall be deprived of the right to say that there might be or should be consolidations of particular lines because necessity and public convenience might demand it.

By December 31, 1934, they must have unlaced themselves, as far as directorates are concerned. They cannot hold the stock of another company for voting purposes or for control purposes. It would bring about that for which we have been crying, namely, the independence of these lines, under an independent commission, away from political influences, outside of the Post Office Department, where there has been caused so much havoc.

I propose to offer my bill as a substitute for the pending bill in its entirety. I do so after a study for nights and days and hours and weeks, during which the chairman of the special committee and others on the committee, including myself, have looked into this problem, hoping that out of our study we should be able to arrive at a solution.

I believe, in faith, that between the two contending factions—the Senator from Vermont, in his able and splendid way, contending for one thing; my colleague, the chairman of the special committee, contending for another—I may have gathered something and have written it into this bill which may go into the law of this country, not to destroy, but to build up; not to relegate this science into the past because someone has said the air-mail carriers were guilty of misconduct, but to say that out of the development they have brought about, out of the investments the public have made in these great achievements, even though the public have in many instances lost enormous sums of money, the public shall have at least a maximum of benefit from these great activities, and that those things which look to the development of this country from a commercial standpoint shall go on and on.

UNEMPLOYMENT IN THE UNITED STATES

Mr. LONG. Mr. President, I have been in communication with some of the officials of our labor unions today and have been supplied with some information which I wish to place in the RECORD.

I have been given figures which show that in October 1933 there were unemployed in the United States 10,122,000 people, and that there are unemployed today, some 6 months later, 10,905,000 people. That shows an increase in unemployment in this country in the last 6 months of approximately 800,000 people. All the statistics in figuring the unemployed take into account the number of people who are on the Government rolls, whether for direct or indirect relief, as being among the unemployed.

I wish to state that I am informed that this figure of 10,905,000 unemployed—an increase of 800,000 in 6 months—does not take into consideration, because there are no statistics available today, the whole number of people on the farms who, by reason of cessation of some of our agricultural activity, are more or less idle and unemployed themselves.

In the case of the ordinary man who raised a little crop for himself, and who had a little piece of land here and there, there are hardly any statistics available by which the unemployment in his line can be estimated.

Mr. FESS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. FESS. Does the Senator say that the statistics placed those employed under the Government operation as unemployed?

Mr. LONG. Yes, sir; that is, there are placed among them those who are on direct relief and indirect relief, which includes 300,000 on the P.W.A., and 253,000 on the C.C.C.

Mr. FESS. What about the 3,000,000 General Johnson says have been employed in the N.R.A.?

Mr. LONG. Oh, no; we do not count them as unemployed, if there are such. We only count those who are necessarily taken care of, who are unemployed. Does the Senator mean the 3,000,000 that the N.R.A. has taken care of?

Mr. FESS. Those are not Government employees.

Mr. LONG. The Senator will have to get General Johnson to give a little explanation. Where are they? I will come to the N.R.A.

Mr. FESS. What I have in mind is, if there are 800,000 more unemployed now than 6 months ago, and the Senator is not including the 3,000,000 employed under the operations of the N.R.A., the increased unemployment has been tremendous—more than 800,000.

Mr. LONG. The unemployment figures, as I have been given them today, show that unemployment is growing at perhaps its greatest rate right at this time. There are approximately 11,000,000 unemployed. The figure is 10,905,000. This figure of 10,905,000 cannot, because there is no available source by which the information can be had, take into account the full rural idleness and partial idleness which has been created by reason of our crop-reduction program. I know, from the standpoint of my own experience and my own undertaking to find out that percentage, that it is of considerable difficulty.

Yesterday, Mr. President, I saw a statement from the county judges of the State of Arkansas. The county judges in the State of Arkansas are the administrators of the county government. They are what might be called the business machinery of the county government of Arkansas. I have a statement, and it is a rather striking statement, which I send to the desk and ask to have read by the clerk, provided he can read as audibly and as clearly as I think I can, or better. This article appeared in the Washington Evening Star of April 26. I ask that it be read, and I ask Senators to give particular attention to the reading. The headline is, "Arkansans Protest 'Poor' United States Made by Giving Relief."

The PRESIDING OFFICER (Mr. THOMPSON in the chair). Without objection, the article will be read.

The Chief Clerk read as follows:

ARKANSANS PROTEST "POOR" UNITED STATES MADE BY GIVING RELIEF—COUNTY JUDGES TO APPEAL TO PRESIDENT TO CARE FOR NEW NEEDY

LITTLE ROCK, ARK., April 26.—Arkansas' county judges planned today to take a direct appeal to President Roosevelt for relief to care for "Government-made paupers" turned over to them when the Federal relief program ended several weeks ago.

Striking back at the charge of the county judges that the Federal Relief Administration made "paupers out of poor people" by encouraging additions to the relief rolls, State Relief Administrator W. R. Dyess charged the judges with "playing politics."

The Arkansas County Judges' Association, at a meeting here yesterday, adopted a resolution, directed to Federal Relief Administrator Harry L. Hopkins and to President Roosevelt, reciting that counties cannot shoulder the burden of caring for "Government-made paupers."

The judges, led by their president, Charles Mitchell, of Poinsett County, and by their secretary, R. M. Ruthven, of Baxter County, charged that before the Government took over relief paupers were relatively few.

Mr. LONG. Mr. President, that was a rather striking statement, coming from the county judges of Arkansas. We all know that our learned leader on this side of the Chamber comes from that great State; and having some familiarity with the State, I had looked upon it as being possibly one which would indicate the trend of events. The resolution which the judges adopted is somewhat confusing. It is confusing at this stage of the game to find that with all

the money which has been poured out in that State, and in other States as well—I understand there has been no particular preference for it, perhaps—the county judges should be meeting at this time and resolving to the effect that the system we were employing was doing nothing but creating a pauper mill that the Government was running.

Mr. President, Arkansas, like Louisiana, is a good Democratic State; and to have the charge come from the Democratic machinery of that great State that we are operating a pauper mill here is something which I am sure will cause us to pause and to ponder just a moment.

I have in that connection an editorial which appeared in the Philadelphia Record. I am confining myself, Mr. President, to our own Democratic service. I am not going to go afield. I am only placing in the RECORD today, pursuant to request, in some instances from colleagues on this side of the Chamber, information they have supplied me. I have a great editorial from our Democratic paper, the Philadelphia Record, of April 26, 1934. I will read a line or two myself, and I ask that the entire article may be printed in the RECORD at the conclusion of my remarks.

I read as follows:

GIVE THE TORIES SOMETHING TO SHOUT ABOUT

President Roosevelt wants the unemployment insurance bill passed.

Congressional leaders are asked to take quick action, to include the bill on the "must" schedule.

This is the best possible news for the country—

If it means that the Tories who have been shouting "radical!" at the President are at last to be given something to shout about.

The plain truth is the Tories have been winning more Washington battles than the Liberals.

They won when the President set his face against Federal liquidation of closed-bank deposits.

They won when he recognized the company union in his settlement of the auto-strike problem.

They won when he held out against expansion of credit and the creation of a central bank.

They won when codified industries were permitted to raise prices more than wages.

They won when the President failed to support the original Wagner labor disputes bill.

They won when C.W.A. was curtailed to please Budget balancers and low-wage-paying industrialists.

The President has veered more right than left.

He had disheartened his liberal supporters by his more than fair-minded effort to meet the reactionaries half-way.

Tories shouted anyway.

Let the President move forward with his old courage to the fundamental reforms America needs.

This article, after continuing for some few lines, then says:

The Tories will scream "blue murder." But they scream "blue murder" at anything short of Hooverism. It is impossible to please them.

Our problem is saving America, not pacifying the reactionaries.

Millions of Americans, who have no clever lawyers in Washington, no lobbies, no propaganda machines, are hoping that the unemployment insurance approval means resumption of the new deal.

I ask that the editorial from the Philadelphia Record of April 26, 1934, be printed in full at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Without objection, it is so ordered.

(See exhibit A.)

Mr. LONG. Mr. President, I have an article which appears in the weekly newspaper Labor of date May 1, 1934. On page 4 of this paper, in a column headed "Lonergan's Comment", is a discussion of the N.R.A., in which the following appears:

"Why have you failed to prosecute big concerns which are violating N.R.A. codes?"

That question was propounded to Gen. Hugh S. Johnson, Chief of the N.R.A., at a meeting in Washington of newspaper editors from all parts of the country.

The general replied that he had been unable to secure a case against a large corporation which "would stand up in court", and he explained that surprising state of affairs by saying:

"Big concerns have the best legal pilots in the world to steer them so close to the rocks that it's hard to tell where there are violations."

IMMUNITY FOR THE RICH

I submit that is a most shocking admission, coming as it does from the Chief of the National Recovery Administration. It is capable of only one construction: Any concern rich enough to hire the right kind of lawyers may safely defy the National Recovery Act and the codes which have been framed by authority of that law.

But the "little fellow" does not enjoy any such immunity.

At the very moment when General Johnson was answering the questions of the editors, a Jersey City tailor was being arraigned on the charge of accepting 35 cents for pressing a suit, when the code for the cleaners and dyers' industry fixed 40 cents as the proper price.

The tailor was sent to jail for 30 days and fined $100. Evidently he did not have the money to hire one of the "best legal pilots" referred to by General Johnson.

That shows, Mr. President, that the big interests of this country, operating big business, are no more afraid of the N.R.A. code than any herd of cattle are afraid of a mulley. They are not the least bit worried about it, no more than the range cattle are afraid of one of their kind which has been dehorned. But when we come to a little old two-bit, two-by-four tailor who presses a pair of breeches for 35 cents when the code, on page 721, subsection (c), of paragraph DX, prescribes that the price shall be 40 cents instead of 35 cents, they yank up that poor little devil, put him in the penitentiary for 30 days, and take a hundred dollars away from him when probably he did not have a hundred dollars. They may claim they are doing a great service in reducing unemployment under the N.R.A., but instead of doing a service the statistics show, as a result of it, there has been an increase of unemployment to the extent of 800,000 since the month of October.

Mr. President, I do not present these statistics for any purpose except in line with the editorial that appears in the Philadelphia Record. I think our great trouble has been not that we have had too much of a liberal Government but that it has been entirely too reactionary, and that therein lies the fault.

I have been handed a letter this morning written by a former Member of this body. I do not join in all the criticisms that are made and in all the expressions that are sent in; I think some of us overpaint and others underpaint the picture considerably, and I believe, upon perusal, many of the statements would be modified; but, as showing the temper of our people and how the patience of the people is being taxed and is wearing away, there is in the State of Colorado a gentleman who is now in the later years of his life and who formerly was a Member of this body. I refer to former Senator Charles S. Thomas. I do not agree with many of the views of Mr. Thomas on political questions at all; I do not agree with some things he says; but I ask unanimous consent to insert in the RECORD, so that those who may care to read it will have an opportunity to do so without my reading it myself now, as my time has about expired, a copy of a letter that reached my hands, the original being addressed to Hon. ELMER THOMAS, United States Senator from Oklahoma, and dated April 15, 1934. I ask that it may be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B at the conclusion of Mr. LONG's speech.)

Mr. LONG. Mr. President, I have figures of which I hope Senators will take cognizance. I am placing them in the RECORD today. We have had a business increase since October of 9 percent. I am advised, however, that 9 percent in dollars does not mean 9 percent in volume; that, as a matter of fact, the depreciation of the currency would show that we are doing a lesser volume of business than we did in the month of October last; that the 9 percent in dollars and cents is a mere currency adjustment, which does not mean that we have by volume increased our business. But figures for the manufacturing industry show that they increased their production 7.9 percent in dollars, from October 1933 to March 1934, but with an increase of 7.9 percent in business their employment shows only an increase of 4.1 percent, showing that instead of reversing the wheel whereby more men would be employed to obtain the same production the wheel has actually gone the other way, so that it has required only half the increase in labor to bring about a production which is double the labor percentage figure.

These figures show, Mr. President, that we are not coming along as we expected to come. I have been one of the boldest experimenters sitting in the United States Senate, even against my better judgment. I voted for the experiment, stating on the floor of the Senate that I did not think they were going to work but that I was willing to give the other man every chance; where there was anything like a reasonable outlook that it could possibly succeed, I would accord that chance and give it my vote. Accordingly, I voted for banking legislation, currency legislation, N.R.A.'s, P.W.A.'s, and various other letters—I have forgotten most of those alphabets. At any rate, I have voted for them as a matter of experiment; but when we have seen, as we now see at this date, after more than a year, that the experiments are going the other way, that unemployment is on the increase, that the people are not getting their share of the return, I think, Mr. President, that we ought to take note of these statistics.

I am fearful that this Congress is going to adjourn without doing the one thing that they could to correct it. The only thing that can be done is to do what we ran the campaign on—that we were going to provide for a distribution of the products of the land among the people. We have not failed in our efforts along that line, because we have never yet undertaken it. Unless we provide for distribution, there is no hope for these experiments, as I see it, to succeed. Our fault is not that we have not enough; we have too much; the fault is in the lack of distribution. I hate to see these experiments fail, because then the old Tory reactionary mind will come to the front and it will be said, "Oh, well, let us return to the old order; we have tried out the new scheme and the new scheme will not work"; whereas I contend that if the new scheme is allowed to fail, it will be because it has never been given a chance to work and cannot have until there is a distribution of products among the people and until there is a fair sharing among the people of what the land will yield.

I wanted to say, Mr. President, that I understand the C.W.A. rolls have about been discontinued. There were at one time about 4,000,000 men employed on the Civil Works Administration roll. I understand that roll has practically been discontinued. The money which was thus paid out naturally caused some increase in business, but we have nothing in the way of business revival to absorb the laying-off of that number of men.

EXHIBIT A

[From the Philadelphia Record of Apr. 26, 1934]

GIVE THE TORIES SOMETHING TO SHOUT ABOUT

President Roosevelt wants the unemployment-insurance bill passed.

Congressional leaders are asked to take quick action, to include the bill on the "must" schedule.

This is the best possible news for the country—

If it means that the Tories who have been shouting "radical" at the President are at last to be given something to shout about.

The plain truth is the Tories have been winning more Washington battles than the Liberals.

They won when the President set his face against Federal liquidation of closed bank deposits.

They won when he recognized the company union in his settlement of the auto-strike problem.

They won when he held out against expansion of credit and the creation of a central bank.

They won when codified industries were permitted to raise prices more than wages.

They won when the President failed to support the original Wagner labor disputes bill.

They won when C.W.A. was curtailed to please Budget balancers and low-wage-paying industrialists.

Even though they won these victories, they brought their precious Dr. Wirt down to Washington to clamor about Bolshevism.

The President had veered more right than left.

He had disheartened his liberal supporters by his more than fair-minded effort to meet the reactionaries half-way.

Tories shouted, anyway.

Let the President move forward with his old courage to the fundamental reforms America needs.

In his informal reply to the reactionaries, the President declares he is for evolution, not revolution.

Evolution necessitates basic improvements in our economic system—

Such reforms, in addition to unemployment insurance, as creation of a central bank; increased, not curtailed, C.W.A. and direct relief; a housing program to build America out of its slums; intensified drive for higher wages.

Unemployment insurance is a good start. The new bill will tax all employers 5 percent of pay rolls. States which adopt unemployment insurance plans of their own will be refunded the amount collected within their borders.

Since employers in States without compulsory unemployment insurance will have to pay anyway, all States will hasten to adopt the plan.

The Tories will scream "blue murder." But they scream "blue murder" at anything short of Hooverism. It is impossible to please them.

Our problem is saving America, not pacifying the reactionaries.

Millions of Americans, who have no clever lawyers in Washington, no lobbies, no propaganda machines, are hoping that the unemployment-insurance approval means resumption of the new deal.

EXHIBIT B

DENVER, COLO., *April 15, 1934.*

Hon. ELBERT D. THOMAS,
United States Senator, Senate Office Building, Washington, D.C.

MY DEAR SIR: Your letter of the 5th instant, enclosing copy of your speech before the National Women's Democratic Club, was received in due course, and should have been answered before. The subject, however, has become so disgusting to me because of present conditions that I have not had the heart to consider it much further. I am obliged to you, nevertheless, for your consideration of me in the premises. I may say that I am not in any wise dissappointed with this administration and have felt ever since it began that our party was under the thralldom of the most determined and at the same time the most ignorant influences that have ever been dominant in national affairs, so far as its financial policies are concerned. The President seems to be constitutionally opposed to the bimetallic system of money, knows nothing about it, does not want to know anything about it, and is congenitally averse to its discussion. All the traditions, surroundings, and tendencies of the man are in that direction, and the declarations of his party platform are of similar character. All of his advisers, and those possessing his confidence, seem to be equally ignorant and set against it. I have had that intuitive feeling from the start. Hence, I am not disappointed with the developments of the administration. We never had and never will have a look-in. Those who have directed financial legislation and who dominate the banking interests of the country have perceived the opportunity involved in the prevailing monetary conditions, which are more than chaotic, for a change of status of which advantage could be taken to the limit and which nothing but an overwhelming political sentiment could prevent. Hence control and management of the new President has become of outstanding and overwhelming importance. The result up to date must have been more than satisfactory to the advocates and proponents of the single standard.

Mr. Roosevelt's absolute domination of the party has been obvious from the moment of his inauguration. To my mind the banking panic, coming as it did with the new administration, was the most successful and best-planned event in the financial history of all time. That it has not been suspected and charged before is not its least feature. I am convinced that every step taken by those in power was taken in advance and occurred accordingly. The abdication by Congress of its powers and prerogatives was too rapid, and the emergency legislation enacted without deliberation was possible only as a result of that catastrophe. Hence the retirement of gold and the penalizing of its mere possession. Its demonetization, the debasement of its standard value in exchange and all the benumbing consequences were not a haphazard series of events, but the whole thing was foreplanned and made possible by a preconceived succession of events. What could not be planned was assumed, with consequences equally satisfactory. Our silver forces capitulated before they could be prevented, and our so-called "leaders" in that movement hoisted the white flag, threw down all defenses, and surrendered in advance; and the administration did not hesitate to ride rough-shod over all the safeguards and defenses essential to every government, and Mr. Roosevelt became, and since has been, as much a dictator as Stalin or Mussolini.

As far as I can see, the Department of Justice has also capitulated, so that Congress and the courts are equally subject to the prevailing conditions. My life is spent, and I am not personally concerned with the consequences, but I did expect something at the hands of those responsible for some show of relief through the American Congress calling itself democratic. Their abject cowardice and lack either of principle or public spirit admits of no extenuation or excuse. Their capitulation will inevitably prove to be that of the Republic. Hence, I solemnly affirm that the present President of the United States, has in my judgment, not only deliberately violated every principle embodied in the American Constitution indispensable to the preservation of what we were once pleased to call American liberty, but by his usurpations has struck a vital blow to the continuance of American institutions.

I have always believed that the demonetization of silver was the first step in our progress toward political extinction and now I know it.

I am sending copies of this letter to a few of my old friends and collaborators without any restrictions upon such use as they may see fit to make of it.

Yours most earnestly and sincerely,

C. S. THOMAS.

P.S.—If Roosevelt is a Democrat, I am not and never was. He should never dare to assert political kinship with any member of the party now or heretofore having the remotest conception of the word. It is nothing but a memory of something that now stinks to heaven. He should be repudiated as something anathema. If he is not, he must be accepted by posterity as everything that he is, that he is a colossal falsehood, false to mankind, and false to every tradition of the generation he commanded that he might betray.

Very sincerely yours,

CHARLES S. THOMAS.

THE NEW DEAL

Mr. ROBINSON of Indiana. Mr. President, since the Senator is quoting from a Democratic source some strictures and criticisms of the new deal under the present administration, I think an editorial from the Baltimore Sun of yesterday ought to go into the RECORD. I suppose if there is one newspaper in the United States that may be considered to be clearly a Democratic newspaper, it is the Baltimore Sun.

Mr. LONG. I deny that.

Mr. ROBINSON of Indiana. The Baltimore Sun contained an editorial yesterday entitled "A Flood of Apologies" and since the Senator has completed his remarks, I ask that the editorial may be read from the desk.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will read, as requested:

The Chief Clerk read as follows:

[From the Baltimore Sun, Apr. 26, 1934]

A FLOOD OF APOLOGIES

The several speeches lately delivered by President Roosevelt and his Cabinet associates and more important subordinates in justification of the new deal suggest that the administration is now on the defensive. The nature of the speeches bears this out. They have been apologetic in tone and language, rather than expository or explanatory. The distinction is not without importance.

Our office dictionary defines "apology" as "something assigned as a reason for what appears to others wrong or unjustifiable * * * a justification or defense of belief or conduct." On the other hands, it says that "to explain" means "to make plain or clear; cause to be understood; show the meaning, nature, or workings of." If these definitions are sound, the Roosevelt, Wallace, Hull, and Tugwell speeches unmistakably come under the heading of "apology" rather than "explanation." In not one of these public addresses was there any real effort to come to grips with a major issue; no attempt was made, except in the vaguest, and most indirect way, to show the meaning, nature, or workings of the new deal. Rather were the remarks of these officials designed to meet the charges of "regimentation" and "revolution" raised in connection with the new deal by declaring that the Roosevelt program is even more Democratic than the liberal Democracy of the pre-1933 era and is not revolutionary but evolutionary. In short, the speakers were seeking to justify and defend the beliefs and conduct of the administration; they were apologizing instead of explaining.

Benjamin Jowett once wrote that "the tone of apology is always a tone of weakness and does injury to a good cause." To this it might be added that a good cause needs no apology; if it is really good, it can stand on its own feet. True, the administration has found it necessary for political and other reasons to meet in the most effective manner at its disposal the criticism of the new deal which seems to be arising on every hand, but especially among conservative business men. Yet it seems obvious that if the new dealers could offer a logical and consistent explanation of their course of action, they would undoubtedly have chosen to do so. That they have taken refuge in apologies indicates that not only are they on the defensive against their conservative critics but also that they harbor inner doubts as to the soundness of their cause.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had passed a joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes, in which it requested the concurrence of the Senate.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee [Mr. MCKELLAR].

Mr. HASTINGS. Mr. President, I do not propose to discuss the matter before the Senate in any detail. I think it is impossible to read the excellent argument made by the distinguished senior Senator from Vermont [Mr. AUSTIN] without reaching the definite conclusion that he supported every point he made with the law and the facts. I think any fair-minded person must agree with his conclusions that there was not even a suspicion of fraud involved in the contracts that were so suddenly canceled.

It will be remembered that this whole matter had been investigated in 1932 by a committee of the House of Representatives, a majority of which was composed of Democrats. They found nothing irregular in the granting of the contracts. This was unsatisfactory to the corporate interests that owned air lines, and immediately after the Presidential election in 1932 they organized for the specific purpose of having the contracts canceled. According to an Assistant Postmaster General, they descended like grasshoppers upon the present administration.

It is rather significant that the resolution creating the special committee, of which the senior Senator of Alabama [Mr. BLACK] is chairman, was passed in the month of February 1933 with the distinct provision that the members should not be appointed until after March 4, 1933, or until the Senate had passed into the control of the Democrats. There is the further fact that after the committee was organized its own investigator worked with the same corporate interests who so promptly organized after the election in 1932.

But, regardless of the motives of those who were most interested, it seems to me under normal conditions it might be expected that when the whole miserable facts were exposed, an effort would be made by the administration to correct the errors which had been committed. Or is it true that we are living in an age where the Government can do no wrong? Has the new era in which we are living crowded out the fundamental rights of the American citizens? Is there any love or respect left for the Federal Constitution?

There are those who cry out, "The Constitution! It shall not be destroyed!" In the midst of the administration's propaganda these words sound like a voice in the wilderness. Those defenders of the new deal who have been charged with a desire to regiment the principal activities of American citizens everywhere deny the charge. They insist that the new deal is merely a new democracy made necessary by the changed conditions.

The Secretary of Agriculture declares that the enemies of the Republic—

are those organizers of public opinion and those politicians who knowingly and hypocritically endeavor to place the tag of communism on liberal democratic principles in order that they may gain votes or preserve inordinate profits.

Those of us who believe in the Constitution and who are opposed to destroying it do not accept a new democracy which violates either the letter or the spirit of that great document. It must be perfectly clear to every thoughtful person that many persons who seem to have a controlling influence with this administration believe that they are within the Constitution so long as the framework of it is preserved. I do not charge them with attempting to change the manner of the selection of the executive, the legislative, or the judicial branches of the Government, but it seems to me that to their minds these are the only things in the Constitution that are essential.

More than that, the attack upon the Constitution is from two separate groups. To the average persons who have acquainted themselves with the air-mail cancelation facts, Mr. Farley will be charged with actually mutilating the Constitution. No reasonable person can doubt that it was an arbitrary use, as well as the abuse, of a great political power. Whatever else may be said, it is not too much to say it will forever remain a black page in the history of a

great Republic. It cannot be compared with the mere removal of Republican postmasters for purely political reasons. A casual glance at the names of postmasters all over the country show that in many instances the man named was to take the place of some person who was removed. But this use of political power can be overcome. I only mention it because of the nonpartisan, angelic bloodstream which we are led to believe pulsates in every function of this administration.

But, I should like to inquire of those new dealers of this new Democracy, who call us enemies of the country because we charge that the country is drifting to communism, what they think of the recent performance in New Jersey where a man was fined $100 and sent to jail for 30 days for charging 35 cents for pressing a suit instead of 40 cents fixed by the code?

I have no doubt that these same persons who are trying to bring about a new social order would have been shocked if this man in New Jersey had been fined $100 and sent to jail for 30 days for stealing a 15-cent quart of milk from some corporation engaged in distributing milk. I can hear them now talking about the poor tailor who had not been able to earn enough pressing clothes to feed his wife and four children and what a terrible injustice was being done because he was sent to jail for stealing 15 cents' worth of food. This poor tailor, however, had stolen nothing. He was working for a living. The amount involved was 5 cents, and the crime was charging 5 cents less than some code authority said he must charge.

I was impressed with the proceedings whereby the fine and sentence were suspended after a week-end in jail away from his family. The newspaper reports were to the effect that this poor defendant had promised the judge that hereafter "he would be a good citizen."

Is this a part of the new democracy about which Mr. Tugwell and Secretary Wallace boast? Is this the kind of a democracy that impresses this poor foreigner with the sacredness of our Constitution? Could anybody a year ago anticipate that such a thing could happen in this country? Does anybody dare say that this is not the result of the kind of a regimentation which is sure to lead us into dangerous places and which must be avoided at all costs?

Some days ago I had an inquiry from a man who runs a small grocery store in my State. He employs no help. He has signed no contract of any kind with the Government. The Blue Eagle has not entered his store, but a demand was made upon him by the retail grocers' code authorities demanding that he pay $1 immediately for himself and for any clerk in his employ toward the expenses of the retail grocer's code, and that upon failure to pay, he was threatened with a report of the facts to Washington. He wanted to know of me whether or not, as an American citizen, under these circumstances he was compelled to pay this $1 in response to this demand.

My understanding is that this is the practice of the code authorities, and I have recently seen that the authority was based upon an Executive order of the President of the United States. This $1 is not a tax levied upon an American citizen by the Congress of the United States. It is not a fine imposed by any court for the violation of some law. It is an assessment imposed by an organization which this man never joined, which is of no service to him, and with which he wants nothing to do. The new democracy calls those who oppose this kind of regimentation enemies of the country; but it seems to me that we cannot possibly approve of this sort of thing and at the same time have a very friendly interest in the Federal Constitution.

But if there be any doubt about this being a definite policy of the administration and not merely a plan to meet an emergency, take a view of the proposed stock exchange bill which has been reported by the Banking and Currency Committee of the Senate. In that will be found a provision for the selection of a commission, at large salaries, by the President of the United States, with authority to employ counsel and all kinds of help that may be needed, and with authority to assess the persons controlled by the act a sufficient sum of money to pay all expenses of the commission. Here is another effort to change our system of government. If a stock exchange bill be necessary in the interest of the public, why should not the public pay this bill just as it pays all other bills that pertain to governmental functions? It is a transfer of the taxing powers from the Congress to some commission. Those levying this tax do not have to answer to the persons who pay the tax. The persons who pay the tax have no right in the matter of the selection of those who impose it. This takes us back to things we suffered before the Revolution.

I cite these illustrations because they represent three distinct classes. One, the tailor being prosecuted for charging too little for his labor; one, a small business man who has no interest in the code that binds him; and the other, representing the wealthier class, against which the new dealers are constantly attempting to create a prejudice. It seems to me also that these illustrations demonstrate once again the greatness of the Federal Constitution in its protection of all classes of our citizens, as well as the danger to each class when we for one reason or another attempt to get away from the restrictions imposed upon us by its terms.

Think of the confidence that is destroyed in our form of Government when, by the act of some high official, governmental contracts can be destroyed by a stroke of the pen, upon some flimsy excuse, without a hearing and without redress of any kind.

Think of the condition of mind of the thousands of persons in the position of the poor New Jersey tailor who have been led to believe from their early childhood that they lived in a country where their lawful pursuits were protected but now find no protection under the Federal Constitution.

Think of the harassed taxpayer who finds a new tax imposed upon him by some organization or some commission in which he has no representation.

If this is what liberal democracy means, if this be evolution in America, if this be the growth that is sought, if this be the act of unfolding or developing, then the Federal Constitution has indeed become an empty symbol; and those of us who are called our country's enemies must renew our determination that it shall not be destroyed.

Mr. WHITE. Mr. President, it is a matter of regret to me that the pending legislation is before the Senate at this time. It relates to a subject matter the study of which was committed to a special committee of the Senate. The special committee has been carrying on that study for months. The testimony has not yet been concluded; and the committee, as such, has never considered its recommendations to be made to this body. So far as I know and believe, there is but a single member of the special committee with whom the pending bill finds favor.

The bill is here, ill-advised as I believe, because of the regrettable action of the Postmaster General in canceling all the air-mail contracts within the continental United States. I shall not discuss in any detail the evidence taken before our committee with respect to the cancelations of these contracts, or with respect to the facts alleged to be in justification thereof. That already has been done with ability and thoroughness by two members of the committee; and I note with interest that their views are absolutely irreconcilable. My own judgment is that the attempted cancelation of the contracts can find no justification in fact, in law, or in the public interest.

Mr. President, between the years 1929 and 1932 this country of ours witnessed an amazing development in the aviation industry.

In 1929 there were being carried by the air carrier 6,635,000 pounds of mail. By 1932 that poundage had increased to more than 8,845,000 pounds.

In 1929 there were approximately 14,000 miles of air lines. In 1932 there were more than 25,000 miles.

In 1929 the mileage flown was approximately 500,000 miles a month. In the latter part of 1933 that mileage was more than 3,300,000 miles per month.

Mr. President, the rate cost to the Government for the carriage of the mails had been reduced from $1.15 in 1929

to approximately 37 cents in the latter part of the past year; and yet, in spite of this reduction in rates and in cost to the Government, we have seen a magnificent system of transportation by air built up in the United States.

When the former Postmaster General came into office, he found the transportation service of the Nation by air carried on by scattered, disjointed lines, inadequate in financial and in technical resources, without the capacity in these respects to respond to the demands of the Nation. He took those scattered units and welded them into a great system. He conceived three great transcontinental lines running from coast to coast, and lines running from Canada to the Gulf. He conceived these transcontinental lines each to be under unified control, each of them to be parallel somewhat with the other, and to be competitive in service, with lateral connections and feeders.

Mr. President, as a result of his administration there was developed a system of air transportation which carried the mail throughout continental United States with amazing speed, which furnished air transportation for persons and for things and which contributed mightily to the national defense—a system without comparison among all the nations of the world; and yet on the 9th day of February of this year, almost in the twinkling of an eye, without notice, without hearing, without opportunity for defense, the Postmaster General struck down these contracts, the very foundation upon which this great development was builded.

Mr. President, various causes have been alleged for this action. If it had been charged that the former Postmaster General was tactless and dictatorial, I should have admitted the charge. If there had been a challenge as to the soundness of his conception, I should have agreed that men might honestly differ concerning it. But when there is a charge of collusion and of conspiracy, I deny that charge. When it is asserted that these extensions of time were made without authority of law, I point to the law which in express terms authorized them. When it is charged that there was collusive agreement to eliminate competitive bidding, I likewise deny that charge; and I deny with equal directness and positiveness the allegation that there was fraud in connection with the contracts.

Mr. President, there has been the charge of collusion and conspiracy. It rests upon the fact that in May and June of 1930 the Postmaster General of the United States called together those who held contracts, and some who did not hold contracts, for conference with them and between them, in order that an effort might be made to determine who had the pioneering rights in these various scattered units of transportation, that there might be an exchange of information and that an effort might be made to unify, to consolidate, to build up a more efficient transportation in the United States.

Those meetings were not secret. They were not furtive. They were open. They were known. They were public. Why, Mr. President, the aviation journals of the country and the press of the country carried notice to all our citizens of the essential facts of those meetings and of the purposes of those meetings. Everyone interested in aviation knew of them. A record was made and preserved in the files of the Department of those meetings, of the discussions, of the agreements reached, and of the failures to reach agreements.

Mr. President, it is no more possible to justify the charge of collusion and conspiracy with respect to those meetings than it is possible to justify a charge against any official of the Government of the United States who talks with interested parties about any duty or obligation resting upon him as such official.

There is no difference in principle beween that meeting and the meeting of the present First Assistant Postmaster General, held but a few months ago, in order to consider service, in order to consider consolidations and eliminations, that the services might be brought within the limits of the appropriation.

There is no essential difference in principle between that meeting and the meetings of those business men of the United States, who have repeatedly been called here, in recent months, that they might sit down and confer together, and confer with officials of the Government of the United States, in the workout-out of codes to regulate the business and the conduct of their various industries. There is no essential difference between that meeting and the meetings of those who gathered here in order to consider with the Secretary of Agriculture the levying of processing taxes and compensatory taxes upon the citizens of the United States. It was a meeting conceived in good faith, justified by sound sense. It was a meeting like unto a thousand meetings which have been held in the past, and which will be held in the years to come. There can be no justification for the charge of collusion and conspiracy with respect to that, for the very vital elements making up conspiracy and collusion were wanting.

The charge is made that there was no authority in law for these 6-month extensions which were granted. The Senator from Vermont called the attention of the Senate, as he has called the attention of the country, to the specific authority in law for the identical thing that was done.

Mr. President, it has been said that there were agreements designed to restrict, to eliminate, and to reduce competition in bidding. If one reads this testimony in its entirety, and not in fragments, if he looks at the whole body of the record, he will find no evidence to sustain that charge. It is true that as consolidations of these various lines are worked out, the number of potential bidders is reduced. That is inevitable. It is true that the Postmaster General of the United States consulted with various carriers in the Air Service with respect to consolidations. I do not doubt that he recommended—I do not doubt that he urged—consolidations, and the statute, in express terms, authorized him to make consolidations. One may not predicate a charge of restriction in bidding upon acts which, in terms, are authorized by a statute of the United States.

The charge of fraud is a wholesale charge; it is a consolidated charge; it is a merger of all else; it is an omnibus count. I have heard nothing in connection with the general charge which does not relate directly to one of the specific charges to which I have already referred.

Mr. President, I deny that there was fraud. For 4 years this situation had existed. For 4 years it had been known to committees of the Congress of the United States; it had been known to the Members of the Congress. These contracts had been under inquiry yearly by the Committees on Appropriations of the House and of the Senate, and the facts were known to them. The facts in connection with these contracts had been the subject of a special investigation by a committee of the House of Representatives. The contracts and the payments thereunder had been sanctioned by the Comptroller General of the United States every time he gave approval to a payment called for by their terms.

Mr. President, these contracts had continued unchallenged for 10 months after the present administration came into power. They were unchallenged on the 30th day of January of this year, when the Postmaster General, testifying before your select committee, said that he had not disapproved any contract, and that we were warranted in the assumption that that failure to act on his part might be considered an approval of them.

Yet 6 days thereafter, after the lapse of 4 years of sanction, after the lapse of 4 years during which the United States had been operating under these contracts and the people had been profiting thereby, they were ruthlessly struck down, in my view struck down in violation of law, in outrage on fair play, and in defiance of American tradition.

Mr. President, I can find no warrant in the record, I can find no warrant in the law, for the thing which has been done. But what has been done is of the past, and I recognize that there is no particular advantage in discussing it further. It is a fact accomplished, about which in due time the American people will pass judgment, if they have not already done so in their own minds.

Mr. President, we have pending before us at this time four distinct proposals for the consideration of this body. There is the amendment proposed jointly by the Senator from Vermont and myself, providing that the status quo as of February 9 shall be restored, that the contractors shall be reestablished in their rights, and that they shall face the burden of the obligations of their contracts; that there shall be a commission appointed by the President of the United States to consider the situation in which we find ourselves, and to make recommendations to the Congress for an air policy. In my opinion, good conscience calls for the adoption of that amendment.

There is another amendment, proposed by the Senator from Vermont [Mr. AUSTIN], the Senator from New Jersey [Mr. BARBOUR], and the Senator from Pennsylvania [Mr. DAVIS]. In greater detail it carries out the identical suggestions of the first amendment to which I have referred.

Then there is the amendment offered by the Senator from Nevada [Mr. MCCARRAN], a thought-out, logical plan for the solution of the difficulties confronting us.

Mr. President, the plan of the Senator from Nevada reflects credit upon him. In his proposal can be seen the mind and the temperament of one who has risen to distinction among the jurists of the western part of this Nation of ours. I do not hesitate to say that if the first two amendments to which I have referred be not adopted, then I will give my unqualified endorsement to the amendment offered by the Senator from Nevada as being better in every essential respect, sounder in principle, more workable in its practical operations, than the bill now pending before the Senate.

If I may, I will refer very hurriedly to some of the provisions in the pending bill which give me concern. I do not speak dogmatically with respect to them, but what I say is rather in the form of questions respecting their terms and their effect.

In the first section we are asked to repeal portions of our air mail law, but to leave other provisions in full force and effect. In particular, section 3 of the act of 1925, as amended by the act of 1928, placing a minimum rate on airmail postage is amended and the rate is fixed at 6 cents an ounce.

In section 3 of the bill the Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he, the Postmaster General, may designate. I emphasize that in order that Senators may have it in mind when I come to a subsequent section of the bill.

The provision is in substance that the Postmaster General is authorized to award contracts for the transportation of air mail between such points as he may designate, and for periods of not exceeding 3 years, to the lowest responsible bidders.

At fixed rates per airplane-mile, with a definite weight basis, and with a maximum payment of not to exceed 40 cents a mile, I believe it is, as fixed in this section.

I note that in these first two sections to which I have made reference there is a postage rate fixed arbitrarily by statute, and a cost of carriage, to be fixed by competitive bid, with the result that there may be no logical connection whatsoever between the postage rates and the cost of the service.

The section further provides that a contract may not be assigned without the approval of the Postmaster General and the Interstate Commerce Commission, so that under these first three sections of the bill two agencies of the Government would be involved in the problem of transportation, the Postmaster General and the Interstate Commerce Commission.

The same section authorizes extensions. If I may use the word so often repeated here on this floor in connection with this controversy, it does not say an extension must be the elongation of a line under contract, not in prolongation of an existing service, but just an extension, a recognition of the very principle which has been condemned here in unmeasured terms.

Then, after having recognized the soundness of the principle of extension, the section runs away from it, beats a cowardly retreat from the principle which it declares, when it limits an extension to 100 miles and when it says that there may be but one extension to one person.

Now, what does that mean in practical effect? That means, for example, that if one has a contract for service between Washington and Pittsburgh, there may be an extension, we will say, from Pittsburgh down to Wheeling, if that is within 100 miles; but there may not be, under the terms of the act as it is proposed, an extension from Washington to Baltimore. So far as it does that, I can see no sense in it whatsoever. I can see no warrant for a limitation to 100 miles of an extension, for it is a wholly uneconomic distance for an airplane run, and if the principle is sound, and if extensions under any circumstances ought to be granted, I can see no good reason for saying that one may be granted at one end of the contractual line, but another may not be granted at the other end of the line.

The section also authorizes the Postmaster General to designate routes as primary and secondary, but for what purposes these routes are to be designated as primary and secondary I do not know, for there is no further reference to primary and secondary routes in the entire legislation. It seems to be language with no purpose whatsoever.

Then I come to section 6, Mr. President. Section 6 of this legislation—and I am talking about the pending bill all the while—authorizes and directs the Interstate Commerce Commission within 6 months prior to the time of expiration of the contracts entered into under section 3—that is, within 6 months of the expiration of the 3-year contracts entered into by the Postmaster General upon routes designated by him—to fix and determine—

> The public convenience and necessity for all air-transport routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, but not in excess of the rates—

Provided in section 3—which I take it to be that 40-cent maximum—

> prescribing the method or methods by weight or space—

That is the rule laid down with respect to the Postmaster General under section 3—

> or otherwise.

It gives the Interstate Commerce Commission a blanket authority to proceed to prescribe the method for ascertaining the rates of compensation under, apparently, any rule that the Interstate Commerce Commission can conceive of, although the Postmaster General in letting his contracts is limited by a fixed rule based upon weight and space.

There may be some reason for that difference. There may be some reason for those words " or otherwise ", which have no limitation beyond the imagination of the Interstate Commerce Commission; but it is beyond my knowledge or my ingenuity to think of what it may be.

Then it provides in this same section—and this is an interesting provision to me—that the rate so made, that is, the rate made by the Interstate Commerce Commission, based on weight or space or otherwise, shall continue in force until changed by the Commission, after due notice and hearing.

It strikes me as significant and altogether irrational that although notice and a hearing are required for a change in the order fixing the rates that there is no requirement for hearing or for notice upon the original fixing of the rates by the Interstate Commerce Commission. It would strike me that it is vastly more important to reach a sound conclusion as to what the rates should be in the first instance, after notice and after hearing, than that subsequent changes in the rates should be the subject of notice and of hearing.

Then, Mr. President, this fact strikes my attention: That although bids under section 3 are to be based and contracts let by the Postmaster General at fixed rates per airplane-mile and with a definite rate and space basis under section

6, the Interstate Commerce Commission may disregard weight and space and otherwise ascertain rates of compensation. That is substantially what I said just a moment ago. Why that is I do not know. I do not see how we can possibly square the rate-making rule under the Interstate Commerce Commission authority and the rate-making rule or the cost rule fixed by the Postmaster General, and why they should be different is beyond my power to understand.

Mr. President, one assumes the purpose in giving the Interstate Commerce Commission authority and directing it to determine public convenience and necessity, as section 6 does, is to limit the contracts to such routes as may be thus legalized. But I call attention to the fact that the power to contract is still left with the Postmaster General, and there is no language in this act express—I believe there is no language in this act implied—limiting his right to designate points between which air mail may be carried.

What advantage is it to have the Interstate Commerce Commission determine public convenience and necessity, apparently for the purpose of limiting contracts to such routes, and leaving unchanged and untouched and unchallenged the authority of the Postmaster General to designate routes between which the mail of the United States shall be carried?

Mr. President, this section also precludes rates which will include compensation by way of subsidy or other similar payments. I ask the question: Does this forbid a rate which will give a return in excess of the cost of transportation—of the service? I ask, When does compensation become a subsidy? The thing to me is utterly unintelligible.

I pass over section 7. It seems to me that section 7, being taken as a whole——

The PRESIDING OFFICER (Mr. McGILL in the chair). The time of the Senator on the amendment has expired.

Mr. WHITE. I will proceed for a brief moment, Mr. President, on the bill. So long as I am not going to get through in my 30 minutes, I will discuss somewhat further section 7.

The first paragraph of section 7 makes it unlawful for a contractor to have an interest in a manufacturing company, or a company owning a field or hangars, or land equipment or repair plant, any air fields, the facilities along the ground necessary for an air transportation company, and so forth, with the result that the contractor must be so financed that it can itself own all these facilities, or it must be relegated to a seller's market when it comes to buy these necessary parts of our transportation equipment, those necessary things for the convenient and safe transportation of the mail and of the persons of the United States.

The second paragraph makes it unlawful for any corporation or any individual interested in any company furnishing aviation equipment, or fields or hangars, or airways, and so forth, to have any stock or other interest in a contractor.

I ask the Senate, who is to finance these air-transportation companies? Where is the money coming from in order to buy these planes, to buy the radio equipment, to build the facilities along the ground, airports, the hangars, all else which is essential? Who is to do this? Who is to finance this if no one may have an interest in a contracting company?

The third paragraph provides that no person shall be eligible as an air-mail contractor if he has an officer "or another"—I do not know what that "or another" means—but if he has an officer or another who has theretofore entered into any unlawful combination or conspiracy to prevent the making of any bid to carry the mail.

Does this mean a person "or another" who has been convicted under a statute making such acts illegal, or does it mean that anyone charged with this offense by any official of the Government becomes ineligible for any such relationship?

Mr. President, there is a proviso to this section which lessens somewhat the severity of this general language; but taking it as a whole it reduces itself, as I see, to this absurdity, that these people must finance themselves or they must buy in a market controlled and dictated by the sellers of the necessary equipment which they must have.

Then I skip to section 11, Mr. President. Section 11 illustrates to my mind the basic infirmity of this proposal before the Senate.

By this section the Secretary of Commerce appears in the picture in addition to the Postmaster General, in addition to the Postmaster General and the Interstate Commerce Commission acting jointly, in addition to the Interstate Commerce Commission acting separately. The Secretary of Commerce is given air-mail authority. He is to determine the character of the equipment to be employed and maintained on routes, the speed, the load capacity, the safety features and the safety devices.

Mr. President, after the expiration of the contracts to be let by the Posmaster General under this bill, the Interstate Commerce Commission is to determine fair and reasonable rates. I ask you, sir, how the Interstate Commerce Commission is to do this? How is it to determine fair and reasonable rates if it is without knowledge or control over the determination of the character of equipment, which power is lodged in the Secretary of Commerce? It is proposed to give the Secretary of Commerce the authority to prescribe the entire equipment and then to give the Interstate Commerce Commission, with no relationship between them, with no obligation to transmit from one to the other the information requisite to a wise determination of the matter of rates, the authority to prescribe just and reasonable rates.

Section 13 attempts to fix a minimum rate of compensation, but there is absolutely no machinery provided by the proposed legislation for the ascertainment of such a rate.

Mr. President, I have gone hurriedly through this proposed piece of legislation, and I have suggested for the consideration of the Senate defects which seem to me to be inherent in it, and which, in my opinion, cannot be cured without the rewriting of the measure in its entirety.

My consideration of this bill, hasty though it has been, leads me back to my first proposition, that the Senate of the United States should adopt one or the other of the three alternatives which are presented to it. I would urge, with whatever force I may have, that the proposal of Senator AUSTIN and of myself restoring the status quo, restoring these contracts to the men who have had them and who have served the Government for 4 years of time, be adopted. I would urge that they be restored to their rights, and that they be required to meet their obligations under the contracts. I do that with the more readiness, because the rates of compensation under present law are within the control of the Postmaster General so that he can change them from time to time downward or upward as the situation and the rights and the well-being of the people of the country may require. That would seem to be the American course; that, in my judgment, would heed the voice of equity calling to the Senate of the United States.

Mr. AUSTIN. Mr. President, it may seem, and I think justly so, a supererogation for me to add anything to the very eloquent and very convincing address of my colleague on the committee, the Senator from Maine [Mr. WHITE]. I would not undertake to say anything further were it not for a deep earnestness and a desire at least to make a record here which may be of benefit in the future even though it may not persuade anyone in the United States Senate to change his vote.

As I have listened to the very able addresses on all sides of this question—and I regard every address which has been delivered here as an able one—it has occurred to me to be very singular that there are so few Senators who believe in the pending bill and that there seems to be some sort of restraint upon those who do not really favor it which does not admit of their joining in an obviously beneficial proposal for the people of this country, in joining in the movement which has for its objective the clearing of the atmosphere of all ulterior motives and purposes of all the little excursions into the realm of party politics, and of all attempts at condemnation and the blackening of our neighbors with

opprobrious words and epithets such as have been hurled at them.

The adoption of the substitute submitted by the Senator from Maine [Mr. WHITE] and myself would not determine any question of fact; it would merely keep the status unaffected by any of the events that have occurred since February 9 until the questions which are now pending regarding those events could be satisfactorily investigated and determined.

I will refer to another feature which seems singular to me. After reading over and over again the statutes in effect relating to the cancelation of air-mail contracts, which are clear and without ambiguity and which have been interpreted by opinions of the Comptroller General, at the request of the Postmaster General, aimed directly at ascertaining what his authority might be with respect to such cancelation, after knowing that there must be notice and hearing—in other words, the usual American procedure before depriving a man of his contract by cancelation or taking his property away from him—after knowing that the only manner in which the President of the United States may cancel is upon 60 days' notice and hearing; after knowing that by the terms of the contracts themselves the only way by which the cancelation may occur is upon 60 days' notice, as required by the contracts, we have had the remarkable experience of listening here to a debate in which it is claimed that the Postmaster General had authority to annul these contracts by virtue of section 3950 of an ancient statute, passed in 1872, which obviously never was intended to apply to any such condition of affairs as we have today. Yet the argument is made that that section of the law authorized the Postmaster General to annul the air-mail contracts. To my mind, that is the most outstandingly astonishing thing that has occurred in this debate.

Do you realize, Mr. President, how that section reads? This is the way it reads, this old statute of 1872, which relates to bids:

> Combinations to prevent bids: No contract for carrying the mail shall be made with any person who has entered, or proposed to enter, into any combination to prevent the making of any bid for carrying the mail, or who has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any such contract—

That does not apply in this case at all—

> and if any person so offending is a contractor for carrying the mail, his contract may be annulled; and for the first offense the person so offending shall be disqualified to contract for carrying the mail for 5 years, and for the second offense shall be forever disqualified.

Mr. President, did you hear anything about the Postmaster General being invested with the authority to annul contracts in that section of the law? No; you did not. There is not one word in that law that authorizes a Cabinet officer to annul contracts. And when the statute of the Federal Congress undertakes to create an offense, do you, Mr. President, suspect for a moment that invests the punishment of such offense in a Cabinet officer? And when it has said that the contract may be annulled, do you, sir, consider that it enabled any other tribunal except a court of law to annul it? I do not. If it did, it would be utterly inconsistent with the Constitution; it would have constituted a perfect bill of attainder, something that is expressly prohibited by the Constitution. Just think of it! The Congress could disqualify, forever and without trial, men guilty of an offense, whose offense had never been ascertained, but presumed by some Cabinet officer—an assumed offense. Think of such a condition under our institutions of government! We have tolerated much during the last year; but are we about to tolerate this deed?

I have a brief here on that subject, and in order to save the nerves of Senators, I shall not read it, but I ask unanimous consent to have it inserted in the RECORD at this place in my remarks.

The PRESIDING OFFICER. Without objection, permission is granted.

The brief referred to is as follows:

It has often happened that when a matter has become the subject of acrimonious debate, the principal points become submerged and are frequently forgotten. There is one point of fundamental importance which, so far as I know, has not even been discussed, and that is the constitutionality of section 3950 of the Revised Statutes, which is printed as section 432 of title 39 of the United States Code, annotated. That section reads as follows:

"Combinations to prevent bids: No contract for carrying the mail shall be made with any person who has entered or proposed to enter into any combination to prevent the making of any bid for carrying the mail, or who has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any such contract; and if any person so offending is a contractor for carrying the mail, his contract may be annulled; and for the first offense the person so offending shall be disqualified to contract for carrying the mail for 5 years, and for the second offense shall be forever disqualified."

This is the section under which the Postmaster General acted in issuing his annulment orders of February 9, 1934. Copies of that order have been printed in many connections in the CONGRESSIONAL RECORD. The order directly refers to and relies on the provisions of the statute which I have quoted above. The Postmaster General's order is very brief. It does not state any facts to show that any particular contractor gave or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for the particular contract which he was engaged in performing for the United States. The Postmaster General's order does not specify any bid that was prevented. Please observe that there is no grant of authority to the Postmaster General to annul a mail contract. The statute is entirely silent on the subject, and there is no indication whatever of the procedure to be followed in order to bring about a valid annulment.

The penalty provided in the quoted statute is that the person so offending shall be disqualified to contract for carrying the mail for 5 years for the first offense and forever if the offense is repeated. This is an unusual penalty. The offense is not designated as a crime, and there is no penalty by way of fine or imprisonment. Nevertheless, the penalty is a very severe one so far as air-mail contractors are concerned; because a 5-year disqualification from bidding for contracts means, under the circumstances surrounding this new business, the bankruptcy and corporate death of the contractor.

A provision carrying such a severe penalty is clearly a bill of attainder. Article I, section 9, of the Constitution of the United States, provides that Congress shall not pass any bill of attainder. And section 10 provides that no State shall pass any bill of attainder. Bills of attainder have become so thoroughly obsolete that the meaning of the word itself is not known to many people. Mr. Justice Field, one of the most distinguished Chief Justices of the United States, gave the following succinct definition: "A bill of attainder is a legislative act which inflicts punishment without a judicial trial."

It is obvious that the Congress provided for the infliction of a punishment in section 3950, which I have quoted above. But it is equally obvious that Congress intended that the statute should be constitutional and not violative of the attainder clause of the Constitution. The only construction of that statute that would permit an avoidance of a certain holding that the statute is unconstitutional would be a construction that would require a judicial trial before the infliction of the severe penalty of disqualification. Such is the only reasonable construction to be put on the statute read as a whole. The care with which Congress avoided a grant of authority to the Postmaster General to annul contracts indicates that the congressional intent is to have a trial and definite finding that a particular contractor had entered into a combination to prevent a bid or had paid a consideration to prevent the making of a competitive bid before the infliction of the penalty.

The matter has not been before the courts on very many occasions, simply because it has so rarely happened that a member of the executive branch of the Government has undertaken to inflict a penalty without making specific charges before the judicial branch of the Government, confronting the person charged with witnesses, and proceeding to secure a determination of guilt before the infliction of a penalty. But in the cases that have gone to the Supreme Court the rulings have been entirely unanimous. This body has always gone to the greatest lengths to uphold and support the Constitution and to see to it that bills presented for its consideration were not violative of any section of that great document. Such has been the tradition of the Senate, and it is to be assumed that the Senate in 1872, when it passed the statute which I have quoted, believed that it was a constitutional enactment and that no step would be taken under it without a judicial trial, thereby exposing the statute to an attack on the ground of unconstitutionality.

The Senate would do well to read some of the cases that have come before the Supreme Court of the United States, such as *Cummings* v. *The State of Missouri*, reported in Fourth Wallace, page 277, which considered a statute of the State of Missouri providing that no person could be a qualified voter "who has ever been in armed hostility to the United States or to the lawful authorities thereof or to the government of this State." The same statute provided that any person suffering from the disabilities indicated should never act as a professor or teacher in any educational institution or in any common or other school, nor should ever hold property in trust for the use of any church, religious society, or congregation, and an oath was required before

an applicant could vote. In September 1865 the Reverend Mr. Cummings, a priest of the Roman Catholic Church, was indicted and convicted in the Circuit Court of Pike County "of the crime of teaching and preaching in that month as a priest and minister of that religious denomination without having first taken the oath prescribed by the constitution of the State." He was sentenced to a fine of $500 and to commitment in jail until said fine was paid. The conviction was sustained by the supreme court of the State.

On appeal to the Supreme Court of the United States, Justice Field, delivering the opinion, reversed the finding of the supreme court of the State, holding that the law in question was in the nature of a bill of attainder or ex post facto law.

In *Ex Parte Garland* (4 Wall. 333), an act of Congress was involved, which act required certain oaths to be taken by any person holding an office under the United States, while another act provided that no one could be admitted to the bar of the Supreme Court of the United States or of a district court as an attorney to practice therein until he had taken and subscribed the oath prescribed by the first act referred to, which oath provided, among other things, that the deponent had never voluntarily borne arms against the United States, and that he had never voluntarily given aid to persons engaged in armed hostility thereto. Like the Missouri law referred to in the Cummings case, these acts of Congress, passed in 1862 and 1865, were clearly intended to debar from practicing in the courts of the United States lawyers residing in a large section of the United States.

A. H. Garland, who had been duly qualified to practice in the Supreme Court of the United States prior to the Civil War, was a member of the Confederate Congress, and as such unable to take the oath, though pardoned in July 1865. He applied to the Court for permission to continue to practice therein. The Court amended its rule requiring the oath above referred to by eliminating it and granted the prayer of Garland's petition. In his opinion Justice Field said:

"The statute is directed against parties who have offended in any of the particulars embraced by these clauses. And its object is to exclude them from the profession of the law, or at least from its practice in the courts of the United States. As the oath prescribed cannot be taken by these parties, the act, as against them, operates as a legislative decree of perpetual exclusion. And exclusion from any of the professions or any of the ordinary avocations of life for past conduct can be regarded in no other light than as punishment for such conduct. The exaction of the oath is the mode provided for ascertaining the parties upon whom the act is intended to operate, and instead of lessening, increases its objectionable character. All enactments of this kind partake of the nature of bills of pains and penalties, and are subject to the constitutional inhibition against the passage of bills of attainder, under which general designation they are included.

"In the exclusion which the statute adjudges it imposes a punishment for some of the acts specified which were not punishable at the time they were committed; and for other of the acts it adds a new punishment to that before prescribed and it is thus brought within the further inhibition of the Constitution against the passage of an ex post facto law. In the case of Cummings against the State of Missouri, just decided, we have had occasion to consider at length the meaning of a bill of attainder and of an ex post facto law in the clause of the Constitution forbidding their passage by the States, and it is unnecessary to repeat here what we there said. A like prohibition is contained in the Constitution against enactments of this kind by Congress; and the argument presented in that case against certain clauses of the constitution of Missouri is equally applicable to the act of Congress under consideration in this case.

"The attorney and counselor being, by the solemn judicial act of the court, clothed with his office does not hold it as a matter of grace and favor. The right which it confers upon him to appear for suitors, and to argue causes, is something more than a mere indulgence, revocable at the pleasure of the court, or at the command of the legislature. It is a right of which he can only be deprived by the judgment of the Court, for moral or professional delinquency.

"The legislature may undoubtedly prescribe qualifications for the office, to which he must conform, as it may, where it has exclusive jurisdiction, prescribe qualifications for the pursuit of any of the ordinary avocations of life. The question, in this case, is not as to the power of Congress to prescribe qualifications but whether that power has been exercised as a means for the infliction of punishment against the prohibition of the Constitution. That this result cannot be effected indirectly by a State under the form of creating qualifications we have held in the case of *Cummings* v. *The State of Missouri*, and the reasoning by which that conclusion was reached applies equally to similar action on the part of Congress."

Neither the Cummings nor the Garland case has been reversed. On the contrary, both have been, and are, frequently cited with approval by many courts.

Pierce v. *Carskadon* (16 Wall. 234): The law of West Virginia provided that, where a judgment was rendered against a nonresident, based upon an attachment, and there was no personal service and judgment was entered without the defendant's appearance, such defendant had a right, within a certain specified period of time, to reopen the case upon his petition and to make his defense to the proceedings.

One Carskadon obtained a judgment in one of the courts of West Virginia against Pierce, based on an attachment. Thereafter Pierce appeared within the time prescribed and sought to have the case reopened in accordance with the statute of West Virginia, but the court refused to do so, because there had in the meantime, to wit, on February 11, 1865, been an amendatory statute which provided that a petition to reopen the case could not be presented unless accompanied by an affidavit that the defendant had never borne arms against the United States and the other conditions contained in the then test oaths then prevalent.

The court refused to let the petition be filed, and on appeal to the Court of Appeals of West Virginia it was sustained. Appeal was taken to the Supreme Court of the United States upon the ground that the act was unconstitutional, since it deprived the defendant for past misconduct, and without judicial trial, of an existing right, the West Virginia law partook of the nature of a bill of pains and penalties and was subject to the constitutional inhibition against the passage of bills of attainder, under which general designation bills of pains and penalties are included. The Supreme Court reversed the judgment of the Court of Appeals of West Virginia, upon the authority of the Cummings case and Ex parte Garland. The opinion of the Court, delivered by Justice Field, is brief, merely stating that the instant case was covered by the Cummings and Garland cases, and upon the authority of those cases the judgment of the West Virginia court was reversed.

In the Cummings case the penalty had the effect of excluding a priest from the practice of his profession. In the Garland case there was an exclusion from the practice of the law. In the Pierce case there was an exclusion from recourse to the courts. And in all of the cases there had been no judicial trial. Again, in all of the cases the Supreme Court of the United States held that the statutes under which both the State and the Federal officers had acted were bills of attainder and, therefore, unconstitutional.

There is also the case of Yung Sing Hee, which is enlightening because it quotes Mr. Justice Story, one of the greatest legal authorities of all time. That case is found in Thirty-sixth Federal Reporter, page 437 (1888). Yung Sing Hee was the daughter of Chinese parents, who was born in the United States. She went out of the country, and when she tried to return she was prevented because of the Chinese exclusion acts. The Court permitted her to enter.

"Bills of this sort", says Mr. Justice Story, "have been most usually passed in England in times of rebellion or gross subserviency to the Crown or of violent political excitements, periods in which all nations are most liable (as well the free as the enslaved) to forget their duties and to trample upon the rights and liberties of others" (Comm., sec. 1344).

The most recent case is that of *Johannesen* v. *United States* (225 U.S. 227 (1912)). Johannesen was a Norwegian, who obtained a naturalization certificate by a false statement that he had been a resident of the United States for over 5 years at the time of his application. Many years later it developed that he had been a resident for only 4 years. The Court held that the certificate could be canceled for this fraud. But see language on page 242:

"But if after fair hearing it is judicially determined that by wrongful conduct he has obtained a title to citizenship, the act provides that he shall be deprived of a privilege that was never rightfully his."

Perhaps the most illuminating case to show the attitude of the Supreme Court of the United States is that of *Garfield* v. *Goldsby* (211 U.S. 249), decided in 1908. Goldsby was a Chickasaw Indian, and his name was on the list of those entitled to allotment and distribution of land, under an act of Congress giving the Secretary of the Interior the right to make up such a list. Later the Secretary struck Goldsby's name from the list. The Court says (p. 262):

"But, as has been affirmed by this Court in former decisions, there is no place in our constitutional system for the exercise of arbitrary power, and if the Secretary has exceeded the authority conferred upon him by law, then there is power in the courts to restore the status of the parties aggrieved by such unwarranted action.

"In the extended discussion which has been had upon the meaning and extent of constitutional protection against action without due process of law, it has always been recognized that one who has acquired rights by an administrative or judicial proceeding cannot be deprived of them without notice and an opportunity to be heard.

"The right to be heard before property is taken or rights or privileges withdrawn, which have been previously legally awarded, is of the essence of due process of law. It is unnecessary to recite the decisions in which this principle has been repeatedly recognized. It is enough to say that its binding obligation has never been questioned in this Court."

Bills of attainder were used in medieval times. Henry VIII was a particular offender, because he had a Parliament which was entirely subservient to his desires. But they have had no place whatever in the law of any modern nation and practically none in the American system.

In the light of these many quoted cases, therefore, it seems obvious to me that the Supreme Court of the United States will declare that section 3950 of the Revised Statutes, containing a disqualification from bidding as its penalty, is a bill of attainder unless there has been a judicial determination of the commission of the offense charged.

APRIL 26, 1934.

Mr. AUSTIN. Many cases will be found in the brief to support the assertion which I have made, that that ancient statute, if it ever were allowed to have the significance claimed for it in debate here by the Senator from Alabama, would be absolutely void, because it constitutes a bill of attainder, a statute which carries severe penalties, and puts a stigma for life upon a man. It would be a bill of attainder, I say, if it were enforced, as claimed by an officer who is not a judicial trier of questions of fact and judicial trier of charged offenses.

Mr. President, I realize that the atmosphere is such that it is difficult today for us to recur to fundamental principles. It is difficult today for us to adhere firmly to justice. That is why I take the trouble to put into the record of the debate on this measure an ancient decision of one of the greatest jurists the country ever knew, a man whose decisions have meant more to the forming and shaping of our civilization on this side of the Atlantic than any other act or declaration of a statesman in any branch of the Government. I refer to the judicial decisions and opinions of Chief Justice Marshall.

During the discussion of the learned Senator from Alabama [Mr. BLACK] he undertook to justify the Postmaster General's cancelation of the air-mail contracts by claiming there was the power to cancel anyway. I thought that had been assumed somewhat in all our consideration of the matter heretofore; but since he saw fit to debate it as he did and since he did not refer to the case I have in mind, I invite attention to the fact that the Supreme Court of the United States, early in the history of our country and when the Constitution was vividly before the Court, determined that a government may not cancel its contracts for its own wrongs; that a government may not cancel its contract at all save by the means which are provided in the contract itself, and if no such provision is in the contract, but there be a statute, as there is in this case, save by the statute.

This ancient case is found in Tenth United States Reports, page 87, being the case of Fletcher against Peck. It involved collusion. The charge was that the Legislature of the State of Georgia had been bribed into the passage of a certain act. I read from page 128 of the opinion as follows:

> The second count assigns, in substance, as a breach of this covenant, that the original grantees from the State of Georgia promised and assured divers members of the legislature, then sitting in general assembly, that if the said members would assent to, and vote for the passing of the act, and if the said bill should pass, such members should have a share of, and be interested in all the lands purchased from the said State by virtue of such law. And that divers of the said members to whom the said promises were made were unduly influenced thereby, and under such influence did vote for the passing of the said bill; by reason whereof the said law was a nullity—

And so forth. I suggest to the minds of Senators that there is a clear allegation, at least, of fraud.

On page 130 appears the following:

> The fourth covenant in the deed is that the title to the premises has been in no way constitutionally or legally impaired by virtue of any subsequent act of any subsequent legislature of the State of Georgia. The third count recites the undue means practiced on certain members of the legislature, as stated in the second count, and then alleges that, in consequence of these practices, and of other causes, a subsequent legislature passed an act annulling—

Notice the word "annulling"—

> annulling and rescinding the law under which the conveyance to the original grantees was made, declaring that conveyance void, and asserting the title of the State to the lands it contained.
>
> The count proceeds to recite at large this rescinding act and concludes with averring that, by reason of this act, the title of the said Peck in the premise was constitutionally and legally impaired and rendered null and void.

On page 132 the learned Chief Justice proceeded:

> The Legislature of Georgia was a party to this transaction; and for a party to pronounce its own deed invalid, whatever cause may be assigned for its invalidity, must be considered as a mere act of power, which must find its vindication in a train of reasoning not often heard in courts of justice.

I beg the Senate to take notice of those words, "a mere act of power."

> But the real party, it is said, are the people, and when their agents are unfaithful, the acts of those agents cease to be obligatory. It is, however, to be recollected, that the people can act only by these agents, and that, while within the powers conferred upon them, their acts must be considered as the acts of the people. If the agents be corrupt, others may be chosen, and, if their contracts be examinable, the common sentiment, as well as common usage of mankind, points out a mode by which this examination may be made and their validity determined.

I read only the concluding sentence of the next paragraph:

> The question was, in its nature, a question of title, and the tribunal which decided it was either acting in the character of a court of justice, and performing a duty usually assigned to a court, or it was exerting a mere act of power in which it was controlled only by its will.

Thus held the learned Chief Justice. I hold that this is a fundamental principle which affects the issue before us today, for if we proceed to adopt any other of the proposals which are before the Senate than those which restore the status quo and provide for a judicial method or a compliance with the statute with respect to cancelation, then we have said to the rest of the world that the Congress of the United States has departed from the Constitution; that the Congress subscribes to the bill of attainder; that the Congress approves, ratifies, and consummates the arbitrary and tyrannical act of an officer of the United States as an act of power.

I now read from page 133:

> If the legislature felt itself absolved from those rules of property which are common to all the citizens of the United States, and from those principles of equity which are acknowledged in all our courts, its act is supported by its power alone, and the same power may divest any other individual of his lands, if it shall be the will of the legislature so to exert it.
>
> It is not intended to speak with disrespect of the Legislature of Georgia, or of its acts. Far from it. The question is a general question, and is treated as one. For although such powerful objections to a legislative grant, as are alleged against this, may not again exist, yet the principle, on which alone this rescinding act is to be supported, may be applied to every case to which it shall be the will of any legislature to apply it. The principle is this: That a legislature may, by its own act, divest the vested estate of any man whatever, for reasons which shall, by itself, be deemed sufficient.

The effort here is to put the brakes on any such wild procedure by the Congress of the United States as the ratification of an act of sheer power by a Cabinet officer in exercising judicial functions of annulment under a statute which the Department officials pretend gives them such authority and power, but which obviously does not contain a single word investing them with that extraordinary, that unconstitutional power.

We heard also in the debate the statement that the companies whose contracts were canceled had a hearing. I think it is adequate to meet that claim to point out that in the meeting of May 19, 1930, which is alleged to have been a collusive meeting, Western Air Express was represented by Russell and Bishop, Hanshue and Woolley, and its contract was canceled February 9, 1934. Not one of those witnesses was called before that date.

Mayo, of Stout Air Lines, and Patterson, of Stout Air Lines, were present. Maddux, Cuthell, Furlow, and Sheaffer represented T.A.T. and Maddux Air Lines. Maddux, Cuthell, and Furlow have never been called. Sheaffer came before us January 10, but it was not a hearing upon the merits of cancelation. In fact, as will be seen, it was a month before cancelation occurred.

Aviation Corporation of Delaware was represented at that meeting by Coburn and Hinshaw. Hinshaw was before our committee but not until after he had gone out of Aviation Corporation of Delaware, and had no longer any interest in it. No one appeared before our committee representing Aviation Corporation of Delaware.

Then there was Wheat, of United Aircraft, and Johnson, of United Aircraft, and they were never called. When I say they were not called I mean to say that United Aircraft Corporation never had any man before our committee at all.

Eastern Air Transport was represented at that meeting by Doe and Elliott, but were they called? Not at all; and

no other person was called to represent them before our committee.

It will be noticed that I am assuming that the debate implied that appearance before our committee represented a hearing. To be sure, I do not so regard it; but that is giving our opponents the most considerate application of their claims.

Pittsburgh Aviation Industries was represented at the meeting by Robinson and Hann. It was represented before us by no one—not by them.

United States Air Transport was represented at the meeting by Van Zandt and Lou Holland, who were not called before us, and this company was never represented before us.

That is not the end of the story. Of course, there are facts which cannot be controverted and which utterly dispute the assertion made here in debate.

Let me call attention, however, to the following telegram sent to President Franklin D. Roosevelt and Postmaster General James A. Farley at 4:45 p.m. February 9, 1934:

Press reports are that you are considering canceling all air-mail contracts. We have prepared and will submit to you tomorrow (Saturday) morning, memorandum setting forth our position in this matter, which has not been heard at all so far. We believe that this statement completely refutes every essential charge made to the Senate committee. We ask you as a simple matter of fair play not to take any action with respect to this vitally important matter until you have heard our side of the controversy.

TRANCONTINENTAL & WESTERN AIR, INC.,
RICHARD W. ROBBINS, *President*.

Did they get a hearing? Not at all. They followed that by correspondence begging for a hearing, repeatedly asking for a hearing. That is the great transcontinental line that runs from New York to Los Angeles, right through the heart of the United States, the mid-transcontinental route.

Here is the one that runs from New York to Oakland, United Air Lines. This communication is dated February 16.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. AUSTIN. I will proceed on the bill.

This communication is dated February 16, 3 days before cancelation was to become effective. These people set up enough to warm a heart of stone, but it had no effect; and yet all in the world they were asking for was a chance to be heard. I read from the concluding paragraph:

The undersigned call your attention to the evident misinformation upon which your letter is based—

That is the Farley letter of February 14—

in the confident expectation that you will reexamine the facts and give the undersigned an opportunity to be heard, to the end that grave injustice shall not be suffered by the undersigned, who have in the best of good faith entered into contract obligations with the United States Government, have fully and faithfully complied with all the laws and regulations, and have, in cooperation with the Post Office Department, created one of the greatest air-transport systems in the world.

BOEING AIR TRANSPORT, INC.
NATIONAL AIR TRANSPORT, INC.
PACIFIC AIR TRANSPORT.
VARNEY AIR LINES, INC.,
By UNITED AIR LINES, INC.,
T. G. JOHNSON, *President*.

Did they get a hearing? They did not.

Not only did we hear the assertion about a hearing being accorded, but we heard these men charged with cowardice for not going into the Court of Claims to present a claim for damages. I think it takes temerity to make a claim of that kind in a debate on the floor of the Senate. In the first place, why should they go into a Court of Claims when we are here at work on permanent legislation, and a resolution is pending to restore their contracts to them? Why should they go into the Court of Claims to try to recover damages in money before they know what those damages will be, or have any measure or yardstick whatever for them? How do they know that within 6 months we may not have an administration that is willing and great enough to recognize a mistake it has made and to correct it? Is it not more wise, is it not more patriotic for them to assume that their Government means to be just, and that the carriage of the mails will be restored to them? Their contracts cannot be restored to them, because they possess them at this moment, as they ever have possessed them. No such act of our Government can destroy the legal efficacy of the contracts.

The contracts are a living force and a binding obligation this instant. All under the heavens that our Government can do is honorably and magnanimously to say, "We know we made a mistake. We will restore the mail under these contracts."

All the Government officials have done is to breach the contracts, to take the mail away from the contractors. The contracts are valid. The contracts are good.

It is said that the contractors have not gone into court because they are cowards. We have seen these honorable men charged with all kinds of chicanery and smutted up here by a speech on the floor of the Senate, and now we find them charged with cowardice; whereas they have gone into the only tribunal that has jurisdiction to give them an adequate remedy, and that is a court of equity, and asked for an injunction. Those whose names I have read have done that in the District of Columbia, and those whose names I previously read went into a court in the State of New York and asked for this relief; and then what happened?

I have too much regard for the dignity and the honor and the glory of my country to charge it with cowardice; but I will say that a certain official took advantage of sovereignty and hid behind sovereignty in order not to have to face the charge of a misuse and abuse of power and a breach of law, and got out of court on a motion to dismiss on the ground of sovereignty!

So let us hear no more about these charges of cowardice, and let us hear no more of the assertion in debate that these parties have had any hearing at all. The officials of the Department never intended to give them a hearing. I have read their request in writing for a hearing.

Mr. President, it was never intended to give them a hearing, and they were never accorded a hearing. Let me read to the Senate the sworn testimony of Postmaster General Farley, recorded in part 6, page 2729, on the question of the hearing. This was on February 24, 1934:

Senator AUSTIN. Now, do you intend to take the testimony of these operators who have not testified yet?

Postmaster General FARLEY. To be perfectly frank with you, we have not reached that decision.

Yet this is the same person who, as Postmaster General, had once before held a view that was like our view. When he came before our committee on January 30, this man had not had that thing done to him which caused him to make these cancelations. He had not had that change and transformation in his attitude toward American Government which occurred between January 30 and February 6.

On January 30, just 6 days before he went to the President with a proposition to cancel these contracts, this same Postmaster General took an attitude which would cause every Senator, if he followed him, to support the proposal of the amendment offered by the Senator from Maine and myself, namely, to restore the status quo. Hear his answer, hear his sworn statement, made January 30. I read from page 2037:

Senator WHITE. And your policy generally has been to continue what I will call the status quo until the completion of the investigation?

Postmaster General FARLEY. Positively, because, to be frank with you, we do not want to be unfair to any contractor; we want to be fair to all; and we have no right to assume the contracts are not right until an investigation proves otherwise.

Between January 30 and February 6 did this investigation bring out one word of testimony which tended to show any fraud or collusion, or that the contracts were not right? No; not at all. The testimony between those two dates did not relate to the contracts at all. My colleague, the Senator from Maine, and I have examined into that, and we have the material prepared, but I cannot now take the time to put it into the RECORD to show that nothing in the investigation took place between January 30 and February 6 upon which the Postmaster General could justify a complete

change in his attitude toward American institutions and American principles, and regard for the rights of citizens, such as occurred, causing him ruthlessly to break these contracts.

Mr. President, I had supposed that the burning-of-the-letters stuff had gone up in smoke entirely, but we had to have it on the Senate floor again. I am going to answer that in the briefest manner possible by saying that there were three duplicates of every letter written in the Postmaster General's Department, two of which were known by our committee to be available. Not only that, but Postmaster General Farley himself knew about those copies, and he maintained and continued the same practice which the former Postmaster General had followed, by providing three copies himself, and having them filed in the same manner followed by the former Postmaster General.

Listen to the testimony of Postmaster General Farley under oath. I read from page 2027:

Senator AUSTIN. And all others would be removed or disposed of, would they?

Postmaster General FARLEY. I assume that I would have the right to remove them.

He was talking about personal letters. Of course, they were removed and burned.

Mr. FARLEY. I assume that I would have the right to remove them; but, in the light of events, be assured before I remove any paper, I would have it properly looked over to be sure nothing was destroyed that would be official.

Senator AUSTIN. Have you any knowledge about what the practice of former Postmasters General has been in the matter of cleaning the files of personal matter?

Mr. FARLEY. No knowledge whatsoever.

Senator AUSTIN. What, if anything, do you know regarding the system which obtains now in your office with reference to the making of more than one carbon or duplicate original of all correspondence?

Mr. FARLEY. All official letters now have three carbon copies.

Senator AUSTIN. And what disposal is made of those three copies?

Mr. FARLEY. Now to be very frank with you——

Senators will notice that he was frank with us—

I can't answer that positively, because my secretary takes my correspondence, and I assume they take the regular course in the files.

Senator AUSTIN. You make the assumption, I gather, that there has been a course of procedure heretofore which they will follow now?

Mr. FARLEY. Yes, sir.

Senator AUSTIN. And so far as you know, there has been no fundamental change in the practice regarding filing in the office of the Postmaster General?

Mr. FARLEY. That is true. Of course, you can understand I would not be familiar with the details.

That was the testimony of Postmaster General Farley. Yet they continue to make the claim of the destruction of official papers by fire, knowing all the time that there were two extra copies available before the event happened of which I now speak.

Postmaster General Brown discovered, in a box the contents of which he had never seen, either when they were put in or afterwards, until the day the box was opened, the very letters which they charged had been burned up, showing that the charge was false, as some other things which have been presented to the Senate are. They were never burned at all, because there they were. They had the two other copies all the time. Now they had the third copy. Yet they come before the Senate and talk about burning letters. The people of the country ought to know, if they have not found out already, when an effort is made to fool and hoodwink them.

They used the correspondence of this man Cuthell. I call attention to part 7, page 3005, of the hearings. It was undertaken to support the claim that those meetings were unlawful by reading from Mr. Cuthell's correspondence.

What was this lawyer's opinion, in fact, about the meetings at the time they were held? Here is the testimony of Colonel Henderson, on page 3005. Understand, this was the very day of the meeting:

Colonel HENDERSON. I called Mr. Cuthell into the corridor and told him that I believed this meeting was an improper one and we should adjourn it, at least until we learned something more about it.

The CHAIRMAN. Did you tell him why you thought it was improper?

Colonel HENDERSON. No.

The CHAIRMAN. What did he say about it?

Colonel HENDERSON. He said:

"I quite agree with you; if we were holding this meeting across the street in the Raleigh Hotel, it would be an improper meeting; but, because we are holding it at the invitation of a member of the Cabinet and in the office of the Post Office Department, it is perfectly all right."

The CHAIRMAN. Did you discuss anything with any of them that day in connection with the illegality of the purposes of the meeting as you understood it?

Colonel HENDERSON. I did not consider that the meeting was illegal. I thought it was improper.

That was all there was to that. Here was the McNary-Watres Act, an entirely new plan for revamping the air-mail map of the United States. Of course, if the contractors had met at the Raleigh Hotel, without any authority of law, and made an agreement, or attempted to make an agreement, that would have been regarded a cause for not allowing them to bid. But they met at the invitation of the Postmaster General, under section 7 of the McNary-Watres Act, and Cuthell and Henderson both regarded it as legal, but Henderson regarded it as improper. Cuthell said it was all right. So that is what has become of this witness Cuthell.

Now, I want to answer for a moment the claim that men were kept from bidding; that there was some collusion or some agreement that kept men from bidding.

Mr. President, has it occurred to Senators that in all the 2-day debate there was not mentioned the name of a single company which had desired to bid, which was qualified to bid, and which was not permitted to bid? Would it not have been the suitable way to present such a claim, if there were any foundation for it at all, to say, "There was a company over there which wanted to bid, but they would not let it bid. They connived against it, they browbeat it", or they did something about it by which it was prevented from bidding? But no!

In this great case, this cause célèbre, when that is made the sole condition upon which the cancelation occurred—because it is all based on the section relating to bidding—the Senate is asked to pass judgment without a single company being pointed out that was excluded from bidding. The nearest approach to it was the claim that Halliburton was paid $1,400,000 not to bid. The truth is, the record shows, that Halliburton did bid, and that he sold out for that high sum because he was able to get a contract on his bid.

I desire to refer to Halliburton's testimony for just a moment, part 4, page 1488:

The CHAIRMAN. Did you have another one that you did have a mail contract?

Mr. HALLIBURTON. Well, I was a bidder on the southern transcontinental route, from Atlanta to Los Angeles, but had previously agreed to sell my interest in the line in the event the contract was awarded.

That is what Halliburton said about it. Again, on page 1497—bear in mind that Halliburton was not a witness friendly to Postmaster General Brown—the following occurred:

The CHAIRMAN. Then, as a part of that understanding and agreement, did you make a bid in combination with anyone else for one of those routes?

Mr. HALLIBURTON. Yes.

I read the testimony of Halliburton again at page 1498. I read this particular part of the record to show that there was competition; that is, there was competition of a certain kind. It was limited to a number of companies, but it was limited by the law and by the economics of the situation.

Mr. HALLIBURTON. I would not have known what Mr. MacCracken was doing. I know that the Aviation Corporation officials had prepared another bid or two with a view of bidding on the central route in the event that T.A.T. and Western Air should bid on the southern route, or anyone should bid on it, and they were all protecting themselves with bids, and, of course, bids were put in right at the moment when they were to be opened, and, of course, apparently each fellow was watching the other one.

If that is not a picture of competition between those big fellows, I do not know what is. They had up their sleeves

extra bids all the time, watching closely so that they might put in an alternative bid if necessary in order to meet the competition, if they found that the man who was trying to obtain the midtranscontinental route also bid on the southern route, or if they found that the man who was trying to get the southern route also bid on the midtranscontinental route.

That, however, is not all. Here is the testimony of Mr. Sheaffer, who has been alluded to, at page 1534:

Mr. SHEAFFER. It was pretty well understood that there would be one company operate that line if it got a contract—if the Transcontinental Air Transport and the Western Air got the contract.

The CHAIRMAN. Was it not understood that you would get the contract if you consolidated according to his ideas, and the consolidation met with his approval?

Mr. SHEAFFER. No, sir; I would not say it was so understood, because we understood it had to be advertised in accordance with the statute and we had to bid.

The CHAIRMAN. And you did not understand that you were to get the contract?

Mr. SHEAFFER. No, sir; we did not understand that we were positively going to get the contract.

The CHAIRMAN. You understood you were to have a considerable edge on it, didn't you?

Mr. SHEAFFER. No, sir; we had to bid the same as anybody else.

The CHAIRMAN. Whom were you going to bid against?

Mr. SHEAFFER. It might be anybody who wanted to bid. The bids were advertised in accordance with the Post Office formulas and the statute under the Watres Act.

Again, at page 1660, the same witness, Mr. Sheaffer, said:

This morning Mr. Coburn made a statement that there was an agreement between the air lines that there would not be bidding, they would not bid on other routes, or any route other than the routes that they were operating on at that time, and I wish on the part of T.A.T. to deny that we had any such agreement with any air lines and specifically that we had no such agreement with United Aircraft, which, as you will notice on the map, flew down to Kansas City, flew from Los Angeles to San Francisco, and that there was a very important line to their general situation from Los Angeles to Kansas City, as well as the line from New York to Pittsburgh and Chicago via one of the most densely populated territories served.

Further than that, you have specifically the Northwest Airway, who were certainly in the field and available to bid on any advertised bid.

Later, on page 1661, he says:

The CHAIRMAN. And there was no agreement that they would not bid?

Mr. SHEAFFER. No, sir.

He contrasts the situation then with that at the time of the meeting in this manner, at page 1662:

Mr. SHEAFFER. We had no understanding with them not to bid.

The CHAIRMAN. You are testifying under oath that you have no idea why they did not bid?

Mr. SHEAFFER. I have no idea except that they were not interested.

Later in Mr. Sheaffer's testimony the following occurred:

The CHAIRMAN. What was the object of these conferences?

Going back, it will be seen, to May. That was one of the confusing performances designed to get the witness into trouble, and designed to fool the public.

The CHAIRMAN. What was the object of these conferences, Mr. Sheaffer, if they were not to arrange which companies should get which lines?

Mr. SHEAFFER. As I have previously testified, Mr. Chairman, those conferences were before the decision made by the Comptroller General with regard to extensions; and when the bidding of the two central transcontinentals, the advertisements for bids, come out, it put an entirely different picture on the whole situation.

I now wish to refer to the testimony of Mr. Coburn, one of the witnesses, at page 1671. He is the witness just referred to by Mr. Sheaffer:

Mr. COBURN. Listening to the testimony of the preceding witness, it occurs to me that I ought to clarify a statement that I made this morning. It will be recalled that I said there had been no written agreements among the air-mail operators with respect to bidding on the transcontinentals. I should like to amplify that, because there were no written agreements, no oral agreements, either, in regard to bidding; that is, I did not make any.

The feeling in my mind was this: We had never made any formal agreements. I think that everybody knew that my company was going to bid on the southern transcontinental, and it was common knowledge amongst all of us that T.A.T. and Western Air would bid on the middle one. I am quite sure that I did not fear that the United would come down there and bid for the southern transcontinental, because the Postmaster General had said that he wanted the three independent competitive lines.

Well, they could not have that and carry out that policy. So far as the other operators were concerned, they were all set somewhere, and for any operator other than Eastern Air to bid for that southern transcontinental would be uneconomical. I mean he would have to come down to some other part of the United States and set up shops, and all that sort of thing.

So that the feeling in my mind was that probably none of the operators, none of the air-mail operators, would bid, and that's all right—I stand by that. I want to make it clear, however, that I had made no agreements, orally or written, personally or on behalf of the corporation.

I quote from the testimony of Mr. Hinshaw, at page 1685:

The CHAIRMAN. What was to be the attitude of those who were bought out with reference to bidding? Were they to agree not to bid?

Mr. HINSHAW. Not to my knowledge; no, sir. I do not think—I do not see how they would ever stipulate that in a contract.

Of course, if we should take these questions of the chairman of our great committee, with their imputations and should assume that each question received an affirmative answer, we would have some evidence to support the claim which is made; but unless we do that, we have nothing, and we have to go right directly against the answer of the witnesses.

The PRESIDING OFFICER. The time of the Senator from Vermont on the bill and on the amendment has expired.

Mr. McKELLAR. Mr. President, much has been said in the debate about the grounds on which the air-mail contracts were canceled. I desire to have printed as a part of my remarks at this point in the RECORD the opinion of the Solicitor of the Post Office Department, Mr. Karl A. Crowley, as of date February 6, 1934, and upon which the Postmaster General based his action. The opinion deals not only with the facts, but the law, and, in my judgment, sets forth the very essence of the case that the contracts were void, and sets forth likewise the law applicable to the case.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

FEBRUARY 6, 1934.

The POSTMASTER GENERAL: I was directed by you to make an investigation of air-mail contracts and to attend the hearings held before the special committee of the Senate of the United States to investigate ocean- and air-mail contracts and make a report to you. Investigation has been made over a period of several weeks with the assistance of numerous post-office inspectors and attorneys in this office. The representatives of the Department have attended every hearing of the Senate committee, and an exhaustive study of the facts has been made. These facts have been brought to your attention informally from time to time.

The investigation is continuing, but it is believed that the evidence taken so far shows the general plan of the awarding of the contracts and that a report should be made to you at this time.

STATEMENT OF FACTS

There have been filed with you a statement of facts in two volumes, numbered 1 and 2, containing copies of contracts, other documents and correspondence, statements of officials in the Post Office Department, and a statement of the evidence introduced before the Senate committee investigating air- and ocean-mail contracts.

These two volumes, which have been reviewed by you, contain a detailed statement of the facts with respect to the execution of the present air-mail contracts, and they may be summarized as follows:

Before the McNary-Watres Act was passed on April 29, 1930, certain air-transport operators, who later secured air-mail contracts, and air-mail contractors, organized a powerful lobby for the purpose of passing this bill. The then Postmaster General, Walter F. Brown, was also very much interested in its passage, and he and others lobbying for the bill used their influence to pass it with a provision which would permit the Postmaster General to award air-mail contracts without competitive bidding. This Congress refused to do, after many heated debates upon the subject. They were able, however, to include in the bill a provision which allowed the Postmaster General to extend air-mail routes, when required in the public interest, and so the bill became a law April 30, 1930.

On May 15, 1930, the then air-mail superintendent, Earl B. Wadsworth, directed by the then Second Assistant Postmaster General, W. Irving Glover, who, in turn, was directed by Postmaster General Brown, called a meeting of certain air-mail contractors. The memorandum calling the meeting was in writing, and the purpose of the meeting is clearly stated therein. The memorandum, in part, reads:

"He (Brown) sees the feeling that is developing among the passenger-carrying lines who have no mail contract and have no

way of getting into the picture unless it is by competitive bidding, and he wants to have a meeting with these representatives on next Monday, May 19, at 2 p.m., in his office, and desires to have a talk with them along the lines of just the best way for them to approach the question of giving aid to passenger lines. In other words, he wants them to come to some understanding so that it will not all be thrown into the pot and the passenger-line operators left entirely outside due to the fact that the air-mail operators would have the inside and would have the territory covered.

"The companies he desires at this meeting are as follows: United Aircraft Corporation, Aviation Corporation of America, Western Air, T.A.T.-Maddux, Eastern Air Transport, Stout Lines."

The meeting was held at 2 p.m. on May 19, 1930, and representatives of the concerns mentioned above were present by invitation. These companies, it will be noted, now comprise the three great aviation companies of the country—United Aircraft & Transport Corporation, Aviation Corporation of America, and North American Aviation Corporation. In addition to these, the smaller air-mail contractors were represented.

The group was carefully chosen. Only those invited were permitted to remain in the conference. The meeting was opened by the Postmaster General, who desired to know whether it would be possible for the so-called "pioneers" to agree among themselves as to the territory in which they should have paramount interest on the lines of certain prospective routes that were in contemplation, and the best means of awarding these routes and contracts among themselves without competitive bidding.

Col. Paul Henderson, of the United Aircraft & Transport Corporation, thought the group could work out a plan. He seems to have originated the extension idea and mentioned the granting of extensions and then assigning such extensions to some operators who had no air-mail contract, and indicated that the air-mail contractors would be willing to agree to such a plan. Mr. Wheat, of United Aircraft, who had been specially mentioned in the order to call the conference, said, "I feel sure the entire group would be delighted to go into such a conference and work it out along the lines suggested."

Mr. Maddux, of Transcontinental Air Transport, now a part of Transcontinental & Western Air, Inc., of the North American group, said that he would rather see the plan worked out as mentioned above than by competitive bidding, and that this was the view of his company. At the time Mr. George Cuthel, of the same company, suggested a grouping of companies to deal with the southern and midcontinent transcontinental routes.

Mr. Harris Hanshue, of the Western Air Express, now a part of the North American group, said, "We are willing to do anything within reason to work out the plan, rather than to go into competitive bidding."

Mr. Coburn, of the Aviation Corporation of America, is recorded as saying, "I believe there is a community of interests among the operators and the Department, and they are ready to cooperate and find out how to do it."

The minutes show that "the Postmaster General asked everyone to speak if there were any objections to the plan suggested, and said that this was the appropriate time to express their opinions or objections thereto. No one arose in objection to the plan."

Thereupon, so the written records kept by the secretary read: "The Postmaster General decided to permit the operators to use the room in which the meeting was held for the purpose of organizing themselves into such groups as may be decided upon, and to report back to the Postmaster General when they had reached a conclusion with regard to the suggested plan. He suggested that they stick to the routes outlined."

Representatives of all the companies whose contracts have been annulled have testified before the Special Committee of the Senate Investigating Ocean-Mail and Air-Mail Contracts, and admitted having attended the conferences and the result of the conferences. Therefore, up to this point we have the following facts established:

First. That the contracts on air-mail routes 1, 2, 3, 4, and 5, were about to expire, and it was necessary to grant temporary extensions for 6 months and route certificates on these air-mail contracts in order to avoid reletting them by competitive bidding. Second, that a conference was held by the representatives of all the air-mail contractors and Post Office officials. Third, that the conferences were held for the purpose of making plans for a division of all air-mail contracts. Fourth, that it was planned upon the suggestion of Col. Paul Henderson, of the United Aircraft & Transport Corporation, that these contracts be awarded to the companies as they had agreed, by extending their routes and thereby avoiding competitive bidding. Fifth, that this plan was agreed to by all the parties who were present, either by their direct statements, or, as stated in the written minutes, "no one arose in objection to the plan."

The record shows that a list of the routes was laid out and each one given a number. Immediately following the number and route was a list of the claimants, this being done in writing and in evidence before the Black committee, which is held open to public sessions.

The conference was continued until June 4, 1930, when Mr. W. P. MacCracken, Jr., who was elected chairman, filed a written report showing how the operators had agreed among themselves on a division of the routes, and said:

"The committee has made a study of 12 routes and has agreed upon recommendations as to 7 of these, while as to the remaining 5 there are still some matters in controversy", and

"The operators interested in the routes under controversy have all agreed to submit the issues to the Postmaster General in the hope that a satisfactory solution may be reached. They request that an opportunity be afforded them to present their claims for consideration on the respective routes, in such manner and at such time as may be designated by the Postmaster General."

It was agreed that not only would the operators be allowed to divide the routes among themselves, but also to fix their rate of pay. It was agreed that the Postmaster General would attempt to ascertain from the Comptroller General just how far he could go in establishing routes by the extension method, particularly with reference to the middle transcontinental route, which it had been agreed should go to a corporation to be formed by a merger of Transcontinental Air Transport and Western Air Express; and the southern transcontinental route, which it had been agreed should go to Amerian Airways. After the claims of the operators were all presented to the Postmaster General, he and the claimants agreed to award every route except the two last-mentioned transcontinental routes, by so-called "extensions" of existing routes. It was then determined that they would have to advertise the middle and southern routes for bids, and the next move of the operators was to devise plans and ways and means to prevent competitive bidding on these two.

After every route had been awarded just as agreed on, without competitive bidding and under the extension method, then the certificate method was used to continue the contracts for a period of 10 years. It must be borne in mind that most of the contracts were about to expire with the 4-year limitation fixed by law when the Watres Act was passed, and a number, in fact, had expired. But under the new act Brown contended that they could be extended for a period not exceeding 10 years by granting of a route certificate. This was simply a fancy name for an extension of a contract.

On the southern transcontinental route and the midcontinent transcontinental route, the two corporations which later received these contracts entered into agreements with themselves and others whereby competition was eliminated. The American Airways entered into a contract with Erle Halliburton, which was in writing and which provided that Halliburton was to receive, and in fact did receive, $1,400,000 for his company and act as the agent of American Airways, owned by Aviation Corporation, in securing this contract. The Transcontinental Air Transport and Western Air Express contributed a part of this money necessary to pay Halliburton, and their contract with American Airways was also in writing. These contracts were all conditioned on the companies, American Airways and Transcontinental and Western Air, securing Post Office air-mail contracts.

The contract was awarded to Halliburton on the southern route at 40 cents per airplane-mile; but notwithstanding the bid of 40 cents, the rate fixed in the contract, when signed, was for the maximum rate of 88 cents for twice the amount of space for carrying mail as was advertised for, or necessary.

There were two bidders on the middle transcontinental route, the consolidated company, called "Transcontinental & Western Air Express" and the Avigation Co. The evidence publicly taken shows that there was a deliberate attempt on the part of Glover, Gove, and Graves, all of the Post Office Department, to award this contract to the highest bidder, notwithstanding any showings that could be made by the lower. MacCracken prepared a set of specifications designed and intended to freeze out all competition, including an illegal provision requiring night-flying experience. The matter was submitted to the Comptroller General, who ruled that illegal restrictions were contained in the advertisement and that the contract should be awarded to the low bidder. After months of correspondence the Comptroller General finally accepted statements of fact made by Postmaster General Brown to the effect that the low bidder was not responsible, which statements were untrue, and permitted the contracts to be awarded to Transcontinental & Western Air. The matter was secretly submitted to John Lord O'Brian, Assistant to the Attorney General, who advised that this award would be illegal and that the bids should be thrown out and the routes readvertised on account of a provision inserted in the contracts requiring night-flying experience, not authorized by law. Nevertheless, the award was made to the higher bidder, and the low bidder, the Avigation Co., was shattered and broken up by promises made to Letson, who was one of the Avigation officials. Letson's company was awarded a contract under the extension method from Kansas City to Denver.

Thus it will be seen that not only was the conference held and plans laid but the plans were carried out in the minutest detail.

We also know that Colonel Henderson, of the United, loaned Chase Gove, the assistant to Glover, $10,000 in cash soon after these conferences; that Gove has never repaid this money and Henderson never expects him to pay it; also that Henderson carried a stock account in the name of the wife of an official in the Department of Commerce, which has control of airports, lighting of airways, etc., and paid her $1,200 as alleged "profits." The record further shows that political influence was used and that some of these contracts were awarded to contractors on the basis of political influence and personal friendship.

What has been said might not apply to Alfred Frank, of the National Parks Airways. Mr. Frank came into the conference but was not given any additional territory. He did later, through the influence and with the assistance of one of the parties, Hainer Hinshaw, secure a route certificate, and his pay was almost

doubled by an increase from a sum which would have amounted to approximately $450,000 to a rate where he has been paid approximately $1,100,000 for performing the identical service.

The general statement may not apply to Kohler Aviation Corporation, but its contract was procured as an extension of the route of Northwest Airways, Inc., which had representatives at the conference and certainly benefited therefrom.

It is an undisputed fact that the rate of pay on the contract awarded to Varney Airlines, Inc., on the Pasco-Seattle, Wash., route was greatly increased by a consolidation of routes, this excess being almost $1,000,000; that the space contracted for by American Airways on the southern transcontinental route was never needed, and that as a result of that concern having a contract at the maximum rate for 450 pounds of mail, instead of at the minimum rate of 40 cents, as bid, an overpayment of approximately $2,000,000 has been made by the Government to American Airways; that the Government has paid almost $3,000,000 more to Transcontinental & Western Air Express, Inc., for carrying the mail on the middle transcontinental route than it would have paid to the low bidder; that a saving of at least a thousand dollars a day could have been made by awarding the contract over the routes flown by Eastern Air Transport, Inc., by competitive bidding; that National Parks Airways, Inc., secured a route certificate and received under that certificate about $650,000 more than it would have been paid under its original contract let as a result of competitive bidding; and that about $47,000,000, all told, has been paid for air-mail service and space that was never required nor needed, and amounted to outright donations or contributions arbitrarily made by the then Postmaster General, Walter F. Brown.

It is clear from the evidence that all the so-called "extensions" of routes were made in order to avoid competitive bidding, and that these extensions amounted, in many instances, to distances greater than the original route; also that no route certificates or extensions would have been granted to the companies that received them unless it had been so agreed at the conferences between the operators and Post Office officials, held during the month of May 1930, hereinbefore referred to.

Evidence taken at a hearing before the Senate committee definitely establishes the fact that many Post Office records were burned immediately before March 4, 1933, when the new administration came into office. The contents of about 36 large filing cases were taken from the office of Postmaster General Brown and burned in the basement of the Post Office Building by direction of Postmaster General Brown or his secretary. The contents of 12 large filing cases were burned by direction of the former Second Assistant Postmaster General W. Irving Glover, after he had personally examined the files and torn into small bits certain unidentified letters and documents.

While the evidence was being heard before the Senate committee, William P. MacCracken, Jr., chairman of the spoils conference, and L. H. Brittin, of Northwest Airways, Inc., were subpenaed to appear before the Senate committee and bring their files relating to air-mail contracts. It now develops that these records have also been destroyed in a clear attempt to prevent their being made public.

It is known that many records were made and were in the Post Office Department files at one time. They cannot be found, since the contents of the filing cases were burned. Of course, it is impossible to secure exact information as to what records were burned, but every circumstance indicates that the original opinion of the Assistant Attorney General, John Lord O'Brian, the minutes of the spoils conference, and the original of the MacCracken report dated June 4, 1930, as well as all general correspondence between air-mail operators and post office officials were burned.

The facts which have been considered were obtained from evidence found in written form in the Post Office Department records and by admissions made by the operators themselves, under oath, before the Senate committee. Numerous representatives of all these companies have testified before the committee at public hearings, and the proceedings have been officially reported. These companies have been given every opportunity to explain and justify the high-handed proceedings which I have referred to. They have not done so; but, on the other hand, their representatives freely confessed and admitted their participation in the conspiracy and combination to bring about this situation.

Positive and direct evidence establishes a conspiracy between air-mail contractors and post office officials to defraud the Government of the United States. Even if actual bribery is not proven, the beneficiaries of the conspiracy have admitted using personal and political influences to secure these contracts, extensions, consolidations, and route certificates in a manner that is vicious and fraudulent.

It is not deemed necessary to go further into the facts for the purpose of this opinion.

PROPOSITIONS OF LAW

The following propositions of law have been considered:

Proposition 1

All present air-mail contracts, whether granted by the "extension" method, awarded under advertisement or by route certificate, and void because they were made as a result of a combination among the persons receiving such contracts (with the exception of the National Parks Airways, Inc., and Kohler Aviation Corporation), and the Postmaster General of the United States in violation of section 3950 of the Revised Statutes.

Proposition 2

All the present air-mail contracts (with the exception of those of the National Parks Airways and Kohler Aviation Corporation) were executed as a result of a fraudulent, corrupt, collusive conspiracy to defraud the United States between the holders thereof and Post Office Department officials, and it is the duty of the Postmaster General, in safeguarding the public interest, to annul all of such contracts promptly on the discovery of the fraud.

Proposition 3

The air-mail contracts on routes nos. 33 and 34 were executed by the former Postmaster General, Walter F. Brown, and the holders thereof as a result of a conspiracy to prevent competitive bidding and as a direct result of collusive agreements made between the holders of such contracts and other prospective bidders therefor, and are void from their inception.

Statement under propositions 1, 2, and 3

Contracts induced by a fraud are voidable by the party to the contract defrauded. It is the duty of the heads of departments of the Government to honestly and fairly administer the law relating to their departments, to safeguard the public interest and welfare, and this duty includes the duty to procure services and supplies used by the Government of the United States by competitive bidding, as provided by law.

There are numberless authorities holding that contracts induced by fraud are voidable by the party to the contract defrauded.

Pan American Company v. *United States* (273 U.S. 456, 500); *United States* v. *Pan American Petroleum Co.* (6 Fed. (2d) 43, 65); *Crocker* v. *United States* (240 U.S. 74, 81); *Tool Company* v. *Norris* (2 Wall. 45, 54); *Michigan Steel Box Company* v. *United States* (49 C.Cls. 421, 439); *Meguire* v. *Corwine* (101 U.S. 108, 111); *Garman* v. *United States* (34 C.Cls. 237, 242); *United States* v. *Bentley* (293 Fed. 229, 235); *Trist* v. *Child* (21 *Wall.* 441, 448); *McGourkey* v. *Toledo & Ohio Central Railroad Co.* (146 U.S. 536); *Hume* v. *United States* (132 U.S. 406, 414).

See also: *United States* v. *Adams* (7 Wall. 463, 480); *Washington Irr. Co.* v. *Krutz* (119 Fed. 279, 285); *National Bank & Loan Company* v. *Petrie* (139 U.S. 423); *McMullen* v. *Hoffman* (174 U.S. 639); *Columbia Supply Company* v. *United States* (54 C.Cls. 10); *Thomas* v. *Brownville, etc., Railroad Company* (109 U.S. 522); *Herman* v. *City of Oconto* (76 N.W. 364); *Oscanyan* v. *Arms Company* (103 U.S. 261).

In *Pan American Company* v. *United States*, supra, the Supreme Court of the United States said:

"It is clear that, at the instance of Doheny, Fall so favored the making of these contracts and leases that it was impossible for him loyally or faithfully to serve the interests of the United States. The lower courts for that reason rightly held the United States entitled to have them adjudged illegal and void."

In *United States* v. *Pan American Petroleum Company*, supra, the court said:

"The safest salutary and correct rule concerning the validity of a public contract made by a governmental officer with a private citizen or concern, where simultaneously and concurrently with negotiations for the public contract the officer clandestinely receives and accepts a substantial amount of money from the person or concern with whom he is negotiating, and who later receives the public contract containing valuable rights to him or to his principal, is to abrogate, annul, and set aside the contract as contra bonos mores and against public policy. This rule should be applied in all such cases, regardless of whether the money transaction is a loan, a gift, or a bribe. In such a situation the whole contract and all official conduct relating thereto are tainted, and it is impossible to say to what extent the contract and official acts were influenced by the concurrent clandestine money transaction."

It was said in *Crocker* v. *United States, supra:*

"Of course, the secret arrangement with Machen operated to vitiate the company's contract and justified the Postmaster General in rescinding it on discovering the fraud.

"It results that no recovery could be had upon the contract with the Postmaster General, because it was tainted with fraud and rescinded by him on that ground."

From *Tool Co.* v. *Norris, supra*, there is quoted the following:

"All contracts for supplies should be made with those, and with those only, who will execute them most faithfully and at the least expense to the Government. Considerations as to the most efficient and economical mode of meeting the public wants should alone control, in this respect, the action of every department of the Government. No other consideration can lawfully enter into the transaction, so far as the Government is concerned. Such is the rule of public policy, and whatever tends to introduce any other elements into the transaction is against public policy. That agreements, like the one under consideration, have this tendency is manifest. They tend to introduce personal solicitation and personal influence as elements in the procurement of contracts, and thus directly lead to inefficiency in the public service and to unnecessary expenditures of the public funds."

In *Michigan Steel Box Co.* v. *United States*, supra, the Court said:

"It has accordingly been held to be against public policy to enforce a contract between two parties where the consideration involved the violation by one party, as agent, of a duty he owed his principal to act for and represent the latter. *Oscanyan* v. *Arms Co.* (103 U.S. 261.)

While an agreement to procure such a contract is void as against public policy, equally strong, and perhaps stronger, is the reason in law for saying that if the parties succeed in securing a contract with the Government by virtue of the fraudulent agreement that the agent shall aid in its procurement, and because of the agent's activities under such agreement, the Government on discovering the fraud may annul the contract, and the courts will not aid in enforcing it. In either case the contract comes under the denunciation of that class of frauds which have been declared to be an 'unmixed evil.'"

In *Meguire* v. *Corwine*, supra, it was said:

"The law touching contracts like the one here in question has been often considered by this Court and is well settled by our adjudications (*Marshall* v. *Baltimore & Ohio Railroad Co.*, 16 How. 314; *Tool Company* v. *Norris*, 2 Wall. 45; *Trist* v. *Child*, 21 id. 441; *Coppell* v. *Hall*, 7 id. 542). It cannot be necessary to go over the same ground again. To do so would be a waste of time. The object of this opinion is, rather, to vindicate the application of our former rulings to this record than to give them new support. They do not need it. Frauds of the class to which the one here disclosed belongs are an unmixed evil. Whether forbidden by a statute or condemned by public policy, the result is the same. No legal right can spring from such a source. They are the sappers and miners of the public welfare, and of free government as well. The latter depends for its vitality upon the virtue and good faith of those for whom it exists and of those by whom it is administered. Corruption is always the forerunner of despotism."

The following is quoted from *Garman* v. *United States*, supra:

"This Court has always regarded the Government as somewhat in the character of a ward and its officers in the character of its guardians, and it has never given effect to a contract where it appeared that the contractor had, directly or indirectly, by direct bribes or corrupt influences, sought to impair the good faith of the guardian. The corrupt purchase of political or personal influence is more insidious and in its result as bad as direct bribery."

From *United States* v. *Bentley*, supra, the following is quoted:

"It is true the courts have regarded Government officers and agents, when dealing for or with the Government to which their services are due as occupying a position similar to that of a guardian transacting business for or with his ward. Note, for instance, *Garman* v. *United States* (34 C.Cls. 237, 242); *United States* v. *Carter* (217 U.S. 286, 306, et seq.; 89 Sup. Ct. 515; 54 L.Ed. 769; 19 Ann. Cas. 594); *City of Findlay* v. *Pertz* (66 Fed. 427, 435; 13 C.C.A. 559; 29 L.R.A. 188 (C.C.A. 6)); *Crocker* v. *United States* (240 U.S. 74, 78, et seq.; 36 Sup. Ct. 245; 60 L.Ed. 533). It is also true that persons dealing with Government officers and agents, whether such officers or agents represent a municipal, a State, or the National Government, are in duty bound to inquire as to and to take notice of the extent of such officers' and agents' authority and power, and are to be held to a recognition that such officers and agents must observe fairness and good faith as between themselves and the Government, and may not be swayed to the prejudice of the interests of their cestui que trust. Both are expected to exercise honest and common sense. *Wentworth* v. *United States* (5 C.Cls. 302); *Livingston* v. *United States* (3 C.Cls. 131)."

Trist v. *Child*, supra, contained the following pronouncement:

"In the Roman law it was declared that 'a promise made to effect a base purpose, as to commit homicide or sacrilege, is not binding.' In our jurisprudence a contract may be illegal and void because it is contrary to a constitution or statute, or inconsistent with sound policy and good morals. Lord Mansfield said: 'Many contracts which are not against morality are still void as being against the maxims of sound policy.'"

From *Hume* v. *United States*, supra, the following is quoted:

"In order to guard the public against losses and injuries arising from the fraud or mistake or rashness or indiscretion of their agents, the rule requires of all persons dealing with public officers the duty of inquiry as to their power and authority to bind the Government; and persons so dealing must necessarily be held to a recognition of the fact that Government agents are bound to fairness and good faith as between themselves and their principal. *Whiteside* v. *United States* (93 U.S. 247, 257); *United States* v. *Barlow*, ante, 271."

Generally speaking, a State has no more right than an individual to avoid a contract. But it has been clearly established that a State may repudiate a contract which was fraudulently procured (59 C.J. 186, s. 322). In the case of *People* v. *Stephens*, 71 N.Y. 527 (1878), an action was brought by the State to recover damages alleged to have been sustained by the people in consequence of a fraudulent combination and conspiracy between defendants to prevent competition and to deceive the contracting board in letting repair contracts for certain sections of the State canals, and to induce, and which did induce, the letting of the contracts at excessive prices. The State then sought to recover damages, but after it had waived the fraud and required the contractors to complete the contract. Although the State was nonsuited, the court repeatedly declared that the State had the right to rescind all of the contracts because of the fraud, and, in fact, a number of the contracts were rescinded. Thus the court, page 546, declares:

"The general rules condemning as unlawful combinations to prevent bidding at auction sales have with good reason been applied to offers to the Government of services or property in response to a call for proposals, with a view to contract with the lowest bidder * * *. The bargain and combination of the contractors * * * by which the privilege of bidding for the work upon a particular contract secured sections to one individual without competition, were against public policy and illegal, and * * * authorized a rejection of the proposal and a repudiation of the contract * * *."

A case particularly in point (*State* v. *Cross*, 17 Pac. 190 (Kans. 1888)) sustains the principle that the State may repudiate a contract induced by fraud. In this case the defendant obtained, by bribery of those having control over such contracts, a contract with the State for the purchase of lands of the State normal school. The court states, page 192:

"A contract to induce public officers to act corruptly, or to bias them in discharge of their official duties, is against public policy; and such a contract is void. 'It would be going but half the distance required for public security if the courts would but simply deny the aid of their machinery to the corrupt participants. A contract obtained by bribery of those having control over such contracts is obtained by fraud upon the principal; and it behooves the court to leave the briber where he stands, and deny him any benefit from the contract. It is immaterial how small or trifling the bribe was, as compared with the amount involved in the contract. Principle accommodates itself only to motives of parties, not to the sum gained by corrupt action.' (Greenh. Pub. Pol. 308, 309.) In *Lindsey* v. *City of Philadelphia* (2 Phila. 212) Sharswood, J., said: 'It is important that corrupt contracts with public officers should be sternly repudiated by courts of justice, and that men should understand that in assenting to an allowance to such an officer of part of what they may have a claim for on the public treasury—be that allowance small or great—they absolutely forfeit all their legal rights on the public.'"

In *Dement* v. *Rokker* (19 N.E. 33 (Ill. 1888)) a contract was let to a firm formed for the purpose of preventing bidding on a public-printing contract, some of whose members had been paid by the others for refraining from bidding individually. Under the constitution of the State it was provided that contracts of this nature must be let to the lowest responsible bidder, and although the court did not refer to the fraud involved it was held that such a conspiracy to prevent competitive bidding made the letting of the contract in question void.

In the case of *Garman* v. *United States* (34 C.Cls. 237), where a mail contractor brought suit for a month's extra pay for expedited services "dispensed with", and it appearing by the claimant's affidavit made in a criminal case that he paid a large sum of money to a Government official to secure the expedited service, it was held that the act of the contractor in thus procuring the expedited service rendered it contra bonos mores and against public policy, and he cannot recover extra pay.

The right to declare contracts void which were induced by fraud may also be exercised by municipal corporations. Thus, in *Honaker* v. *Board of Education of Pocatelico District* (24 S.E. 544 (W.Va. 1896)) a certain company, through its agents, offered to members of the board of education money and other things of value, and used various other undue, illegal, and fraudulent inducements, with the view of securing an order and contract for the purchase of certain school supplies, and injunction proceedings were instituted by taxpayers to enjoin the board of education from paying for said supplies and the injunction was granted. The court, page 546, held:

"Every public officer being a guardian of the public welfare, no transaction growing out of his official services or position can be allowed to inure to his personal benefit; and from such transactions the law will not imply a contract (*Davis* v. *U.S.*, 23 C.Cls. 329). When a contract grows out of and is connected with an illegal act, it will not be enforced (*Jones* v. *Surprise*, 64 N.H. 243, 9 Atl. 384). Courts of justice will not enforce any contract which is injurious to public rights, contravenes public policy, or violates public law. A contract with the State, procured by bribery upon the officers having power to make it, is against public policy and void (*State* v. *Cross*, 38 Kans. 696, 17 Pac. 190)."

See also *City of Findlay* v. *Pertz*, 66 Fed. 427 (Ohio 1895), where a city rescinded a sale to it because a commission was paid to its officer for bringing about the sale. These cases are in accord with the principle that a contract made by a public officer is against public policy and void if it interferes with the unbiased discharge of his duty to the public in the exercise of his office, or if it places him in a position inconsistent with his duty to the public, or even if it has a tendency to induce him to violate such duty (*Spence* v. *Harvey*, 22 Cal. 336; *Cheney* v. *Unroe*, 77 N.E. 1041).

The courts go even further and hold, by the overwhelming weight of authority, that contracts or agreements, without regard to their form, made for the purpose of preventing free and fair competition, or of stifling or chilling biddings at public sales, or in the letting of contracts by the Government, or for the purpose of giving undue advantage to either of the parties thus engaged in dealing with reference to the bidding, are contrary to public policy and void (*King* v. *Winants*, 71 N.C. 469; *Capital Gas Co.* v. *Young*, 41 Pac. 869; *San Diego* v. *San Diego & L. A. R. Co.*, 44 Cal. 106; *Shakespear* v. *Smith*, 77 Cal. 638; *Nuckols* v. *Lyle*, 70 Pac. 401; *Drake* v. *Lauer*, 75 N.E. 1129; *Cole* v. *Brown-Hurley Hardware Co.*, 117 N.W. 746; *Davis* v. *Bolon*, 177 Pac. 903; and *Holcomb* v. *Summit*, 15 S.W. (2d) 362; 46 C.J. 1037, sec. 308).

Proposition 4

All air-mail contracts made by the so-called "extension method", whereby one extension after another was tacked on existing routes so as to build up great systems, are void because such contracts were not awarded by competitive bidding, as provided by law.

Statement under proposition 4

The evidence taken at the public hearings before the Senate committee and from Post Office records clearly shows that former

Postmaster General Brown and the air-mail contractors very carefully laid their plans to award the favored companies air-mail contracts by extending their routes from some point to the point desired to be reached by the extension, regardless of distance. This was admittedly done for the purpose of evading the statutes, which require competitive bidding. To illustrate, an air-mail route was built up from St. Louis to New Orleans by extensions which were made at right angles from existing routes held by American Airways; and the route of Northwest Airways was built up by extensions so as to make it considerably longer than the original route. In another case the American Airways secured a route from Louisville, Ky., to Fort Worth, Tex., a distance of several hundred miles, by extensions. The St. Louis-New Orleans route was always considered a separate route, and is now operated separately and not as a part of the routes which were extended. At the very time these extensions were made a responsible concern was endeavoring to secure a contract over the route by bidding, but was unable to persuade Brown to advertise the route.

There are two general branches of the laws requiring advertising: The first apply to supply contracts of the United States and the second to mail-carrying contracts.

SUPPLY CONTRACTS

41 U.S.C. 5 (3709 R.S., as amended) requires that:

"* * * all purchases and contracts for supplies or services in any of the departments of the Government * * * shall be made by advertising * * *."

Certain exceptions to the provisions of 41 U.S.C. 5 have been contained in legislation enacted since the promulgation of that statute, and these exceptions are set forth in collective form in 41 U.S.C. 6. Under the provisions of 41 U.S.C. 7, authority was vested in the Secretary of the Treasury to contract, after proper advertisement, for certain miscellaneous supplies set forth in that section. The amendments to the original act did not modify the requirement that all purchases or contracts be advertised except in case of public exigency: their purpose being merely to provide a mode for carrying this requirement into effect (22 A.G. 1). The purpose of the law has been stated to be "* * * a wise public policy insuring to the Government the advantage of competition in making contracts for supplies" (22 A.G. 1).

It was held in 13 A.G. 174 that a contract which the law only allows to be made in pursuance of an advertisement may not be renewed and extended at the pleasure of the Postmaster General without advertisement, as such action would defeat the purpose of the law requiring public competition. This view was upheld in 21 A.G. 209.

It was held in 15 A.G. 538 that an extension of a contract given without advertising by the Commissioner of Patents was not obligatory upon the Government. In that case the Attorney General said:

"In ordinary cases, where an agent has made a contract in excess of his powers, no doubt if the principal stand by and see the contractor in good faith incur expense to enable him to perform his engagements, such principal cannot avoid the consequences of his silence by pleading that the agent had no power to make such a contract. In many cases such conduct would amount to a ratification.

"But I think it is misconception of this well-known principle to suggest that where, as in the present case, a public statute requires officers who make contracts for the Government to do so in a way calculated 'to prevent favoritism and to give to the United States the benefit of competition' (Attorney General Berrien, 2 Opin., 259), if such officer fails to adopt such course, he, or some other officer of the United States (the latter being as much a mere agent of the principal as the former), by permitting the contractor to make expenditures in the course of his engagements, can render that contract binding upon the United States which otherwise would not be so."

American Smelting & Refining Co. v. *United States*, 259 U.S. 75, holds that the provisions of 41 U.S.C. 5 are for the protection of the Government and not the private party to the contract.

It is provided in 39 U.S.C. 808 that no contract for supplies shall be made with any person who has entered, or proposed to enter, into a combination to prevent the making of a bid for furnishing such supplies or to fix a price or prices therefor; also that if any person so combining, etc., is already a contractor, his contract may be annulled.

MAIL-CARRYING CONTRACTS

The requirement that general mail lettings be advertised is contained in 39 U.S.C. 421 (sec. 3941, R.S., as amended).

A limited advertisement of temporary mail lettings is provided for in 39 U.S.C. 422. The advertising requirement was specifically extended to the letting of pneumatic-tube contracts by 39 U.S.C. 423.

Although the law authorizing the employment of mail messengers contained in 39 U.S.C. 578 contains no specific provision relative to advertising, such contracts are let only after advertising, in accordance with section 1769 of the Postal Laws and Regulations, 1932.

By the provisions of 39 U.S.C. 571 it is specifically provided that advertising may be dispensed with in entering into contracts with railroad companies.

Contracts for ocean-mail service are governed by the provisions of 46 U.S.C. 891, et seq. Subsections 891 (j) and 891 (k) require advertising and the award of the contract to the lowest bidder.

Under the provisions of 39 U.S.C. 429 there is a general requirement that all contracts for carrying the mails be awarded to the lowest bidder tendering sufficient guaranties for faithful performance in accordance with the terms of the advertisement.

A clear statement of reasons for the passage of the general act (39 U.S.C. 421), as well as the purpose and the scope thereof, is found in 13 A.G. 473.

39 U.S.C. 464, providing for the transportation of domestic air mail, requires advertising.

39 U.S.C. 465a, providing for contracts covering the transportation of mail by air to foreign countries and insular possessions, requires advertising.

In 6 C.G. 557, it was held that the mere inexperience of a bidder for an air-mail contract and the fact that it was newly organized were insufficient to warrant the nonacceptance of its lowest bid and the acceptance of a higher bid.

Cited without definite application:

It was held in *United States* v. *Purcell Envelope Co.* (249 U.S. 313) that the judgment of the Court of Claims sustaining a contract precluded the further consideration of a charge that the Postmaster General was imposed upon in awarding a contract to a concern without financial standing.

It was held in *Crooker* v. *United States* (240 U.S. 74):

"No recovery can be had upon a Government contract tainted with fraud and rescinded by the proper officer of the Government on that ground."

United States v. *Carter* (217 U.S. 286) involved a collusive conspiracy between a trusted officer of the Government and independent contractors. In its decision the Court commented upon the difficulty of discovering fraud in a well-planned case of this kind but, nevertheless, gave judgment against Carter.

In *Frame* v. *Felix* (Pennsylvania Supreme Court, 1895), reported in 27 L.R.A. 802, the court said:

"* * * It seems, therefore, to be beyond question that, under a provision requiring the submission of contracts for municipal work to competitive bidding and the awarding of them to the lowest responsible bidder, it is not lawful to fix in the specifications, on the basis of which the proposals are invited, any arbitrary sum to be paid for any part or item of the work to be done; and that the fixing of such a sum for any part or item of such work renders illegal the entire proceeding and the contract to which it may lead."

Proposition 5

The air-mail contracts for routes nos. 33 and 34 were void because clauses were inserted in the advertisements therefor which restricted open, free, and competitive bidding, and violated the provisions of law requiring such contracts to be awarded to the lowest responsible bidders.

Statement under proposition 5

In addition to other grounds, contracts held by the Transcontinental & Western Air, Inc., and American Airways, Inc., on routes nos. 33 and 34, respectively, are void under this proposition. A provision was inserted in the advertisement, arbitrarily and without legal authority, by Postmaster General Brown and his assistant, Glover, which restricted the bidding to those having flown their planes at night over a fixed schedule. The evidence shows that this provision was included in the advertisement for the sole and only purpose of freezing out competition. The uncontradicted evidence also shows that Postmaster General Brown was advised against this by Assistant Attorney General John Lord O'Brian and by the Comptroller General, who held it an illegal restriction. Nevertheless, in order to favor the operators who, it had been agreed, should receive these contracts, this night-flying provision was inserted into the advertisements under the direction of William P. MacCracken, Jr., one of the conspirators.

Clauses in advertisements for bids for Government supplies and services which tend to restrict open, free, and competitive bidding, and are not authorized by law, are violative of the provisions of law requiring such contracts to be awarded to the lowest responsible bidders.

In *Kay* v. *Monroe* (87 N.Y.S. 831) it appeared that the commissioner of water supply, gas, and electricity, in his advertisement limited bids in such a manner as to require bids only on a certain patented article under conditions calculated to practically exclude competition. His action was held violative of the Revised New York Charter provision enacted to afford a fair and reasonable opportunity for competition, the court basing its action on the decision in *Rose* v. *Low* (83 N.Y.S. 598).

In *Randolph McNutt Co.* v. *Eckert* (Court of Appeals, New York, 1931), reported in 177 N.E. 386, which involved a contract awarded by a board of education, the court said:

"If the board of education had violated subdivision 8 of section 875, as above quoted, by awarding a contract for school furniture in excess of $1,000 without advertising for estimates, the contract would be illegal. If it had accomplished the same result by indirection, that is, had so fixed or manipulated the specifications as to shut out competitive bidding or permit unfair advantage or favoritism, the contract likewise would be illegal."

The court likewise quoted the following paragraphs from Dillon on Municipal Corporations (5th ed.), section 807:

"When by charter or statute a municipality can only let its contracts to the lowest bidder after advertisement, an implied condition and restriction is placed upon the proceedings of the municipality that the various steps adopted by it to let a contract shall be of such a nature and taken in such form as in good faith to invite competition. * * * The plan and specification are essential to competitive bidding because it is only through their agency that there is a reasonable assurance that all bidders are competing upon the same basis and without favoritism and that no fraud enters into the award."

In *Burt et al.* v. *Municipal Council of City of Taunton* (Supreme Court of Massachusetts, 1931), reported in 176 N.E. 511, the question involved advertising for a pumping engine and it was required that the advertisement should "set forth the specifications." The advertisement, as published, did not print the specifications under which the bids were invited. The court said:

"Manifestly this advertisement did not conform to the terms of the order. It did not set forth the specifications, but simply referred to a place where such as existed might be found. * * * The terms of the governing order are not open to doubt as to meaning. They are unequivocal and mandatory. They cannot be overridden, softened, or obliterated by custom. They must stand and be enforced in cases brought before the courts. To permit them to be frittered away would thwart their salutary design. As was said when the case was here at its earlier stage respecting that order as a whole: 'It is a provision of substance partaking of the nature of a rule for the conduct of the general business affairs of the city. Its purpose is to protect the financial interests of the city by preventing favoritism in awarding contracts and to put a limitation on the otherwise very broad powers of the city officers to bind the city by contract. Its tendency is to give full publicity to proposed city contracts, to establish genuine and open competition upon the same footing after proper advertisement, and to insure honest methods of letting contracts.'

* * * * * * * *

"The conclusion is that the proceeding by the respondents as to advertising for bids was a nullity, and the bids submitted to not form the basis on which a contract can be awarded."

In *People* v. *City of Buffalo* (176 N.Y.S. 642, 647), the commissioner of public works, in advertising for tractors, inserted a specification that the tractors should be "interchangeable in all parts with the present tractors owned by the bureau of streets." The effect of this provision in the advertisement was such as to exclude from competition all other tractor manufacturers than the Pierce-Arrow Motorcar Co., since the trucks at that time owned were all Pierce-Arrow trucks. The court held that the restrictive provision in the advertisement was void, which automatically rendered all bids received in pursuance thereof void.

In *Mackinnon* v. *Mayor and Common Council of City of Newark* (Supreme Court of New Jersey, 1915), reported in 100 Atl. 694, the court said:

"Applying the general theory of these cases that all bidders must be on an equal footing and the statute that the award shall be to the lowest responsible bidder, the fifth reason is enough to vitiate the awards, viz, that the specifications required bidders to state the time of performance as well as the amount bid. This, of course, created double standard by the insertion of an element not recognized in the statute."

Cited without definite application:

Schulte v. *Salt Lake City* (Supreme Court of Utah, 1932), reported in 10 Pac. (2d) 625. It was held in part as follows:

"Independent of any statute regulating the awarding of contracts for the construction of public improvements, the city commissioners are required to act in good faith, without fraud, collusion, corruption, or palpable abuse of discretion, and with due fidelity to the public interests.

"* * * The general rule deducible from the adjudicated cases and textwriters is to the effect that, where there is no statutory limitation upon the power of the proper officers of a city to let contracts for public improvement, such officers have a broad discretion. Courts refuse to interfere with their control of the matter so long as they do not exceed the power delegated to them or invade private rights or act in bad faith or palpably abuse their discretion."

It was held in *Stoll* v. *Mayor and City Council of Baltimore* (Maryland Court of Appeals, 1932), reported in 162 Atl. 267:

"The object sought by sections 14 and 15 of the city charter, and similar provisions, is to encourage bidding for municipal contracts and prevent favoritism and extravagance in the awarding thereof. In order to accomplish this, the plans and specifications should set forth clearly and in sufficient detail the proposed work or materials desired, to furnish the same standard for each bidder. * * * Whether the city choose one or the other policy, there remains the limitation that the plans and specifications contained in the invitation to bid must be such as to insure fair competition and enable the authorities to award the contract to the lowest responsible bidder."

Texas Electric & Ice Co. v. *City of Vernon* (Ct. of Civ. App. of Tex., 1923), reported in Two Hundred and Sixty-sixth Southwestern, page 600, involved the legality of inviting bids from a few chosen bidders. The court said:

"* * * The writing of a few letters by the secretary, and the fact that the company furnishing the engines sent in a sealed proposal does not comply with this requirement of the charter. (The requirement for competitive bidding.) It is contemplated that the widest publicity be given to the city's intention to purchase and not that this intention shall be made known only to a chosen few."

Philadelphia Co. v. *City of Pittsburgh* (Sup. Ct. of Pa., 1916), reported in Ninety-seventh Atlantic, page 1083. In this case the city awarded a contract to a gas company without competitive bidding, alleging that the company receiving the award was the only one which could fulfill the contract without laying pipe for a considerable distance. In rejecting this contention the court said:

"* * * The parties who could determine whether, under the circumstances, it was practicable and profitable for the other two companies to compete for the present contract were not the city officials whose duty it was to let the contract, the jury or the court, but the companies themselves, and their judgment could only be ascertained in the manner prescribed in the city charter. * * * It is apparent from the terms of the contract made by the city officials with the Philadelphia company that it was important for the protection of the city against exorbitant rates that there should have been competitive bidding."

3. A.A.G. P.O.D. 398 involved a fraudulent and collusive pneumatic-tube contract. The award was set aside and annulled by the Postmaster General. In the consideration of the case by this office, the following language is used:

"* * * The insertion of conditions not contemplated in the advertisement, together with the reduction of the bid as submitted under the advertisement, unquestionably constituted a new proposal, and as this new proposal was not regularly and competitively made, it would seem most doubtful whether its acceptance was legal and whether the contract is good in law."

In this same opinion reference was made to an opinion of the Attorney General relative to the modification of a contract with the New York & Cuba Mail Steamship Co., which contract was awarded in pursuance of an advertisement for bids contemplating a 10-year term. The suggested modification was that the term be limited to 5 years. The Attorney General held:

"'The question is not free from doubt, but in view of the strictly competitive letting enjoined by the act, the safer opinion is that the change in the term is such a material change in the contract as to require new advertisement and a new letting.'"

4 A.A.G., P.O.D. 258 contains a discussion by a number of State cases involving the interpretation of statutory advertising requirements and serves to emphasize the view that officers awarding a contract are vested with discretionary power which will not ordinarily be questioned in the absence of evidence of fraud.

5 A.A.G., P.O.D. 185—a memorandum for the purchasing agent—suggests that combinations to prevent or impede bidding on contracts for furnishing the Department with mail bags and sacks might constitute an offense under section 5440, Revised Statutes (the conspiracy statute).

In *United States* v. *Carr* (132 U.S. 644, 651), attention was invited to the fact that under section 4057, Revised Statutes, the Postmaster General is required to cause suit to be brought to recover wrong or fraudulent payments in cases "where money of the Department has been paid to any person in consequence of fraudulent representations, or by the mistake, collusion, or misconduct of any officer or other employee in the Postal Service."

Montana ex rel. Robert Mitchell Furniture Co. v. *Toole* (55 L.R.A. 644.) In this case the court held that failure to render exact compliance with a provision of State law requiring advertising of contracts for supplies in two daily newspapers printed in the State—it appearing that such advertisement was made in only one newspaper—nullified the contract.

Proposition 6

The contract of National Parks Airways, Inc., is void for the reason that it is held in the form of a route certificate granted at a rate not authorized by law, and is contrary to public policy and against the public interest.

Statement under proposition 6

It may be said that the route certificate of the National Parks Airways, Inc., was not secured directly as a result of fraud, collusion, or conspiracy, but the fact remains, nevertheless, that it was procured through the efforts of some of the conspirators; and the route certificate was awarded to National Parks Airways, Inc., at a rate far in excess of the amount for which Mr. Alfred Frank had originally agreed to carry the mails. The Government was fully protected in this contract. The contractor was a solvent concern and could have been required to carry the mail at the old rate. Under the new rate established by the route certificate the contractor received more than twice as much as the price he had agreed upon to carry the mails, which amounted to approximately $650,000; and it certainly is against the public interest for such a contract as this to remain in effect.

Proposition 7

The contract held by Kohler Aviation Corporation is a subcontract, covering part of the route held by Northwest Airways, Inc., and is no more binding upon the United States than the contract of the original contractor; and the authority of the Postmaster General to make an extension of an existing air-mail route confers upon him the same authority to cancel the extension in the public interest.

Statement under proposition 7

The evidence shows that the Kohler Aviation Corporation attempted for several years to secure a contract over this route by competitive bidding. It was unable to obtain such a contract because Postmaster General Brown flatly stated that he would not establish this route by competitive bidding. He did finally offer to give an extension to the Northwest Airways, Inc., and to direct Northwest to transfer and sublet the contract to Kohler. This was done, and, without going into full details with reference to the Kohler contract, I deem it sufficient to say that the contract, regardless of the honest intentions of the Kohler Aviation Corporation and its officers, is tainted with the same fraud that

surrounded the other contracts of Northwest Airways, Inc. If the contract of the Northwest Airways should be annulled, this contract would naturally follow along with it.

CONCLUSION

It has been the practice of the Government of the United States for officers who are charged with administrative duties and responsibilities to promptly annul contracts which have been unlawfully obtained without going further than to satisfy themselves as to the facts. This is true as to the Post Office Department in the purchase of supplies and in mail contracts unlawfully obtained or held.

During the administration of President Lincoln the Postmaster General summarily annulled all of the star-route mail contracts in the States of Virginia, Maryland, Missouri, and Kentucky because of alleged disloyalty to the United States.

At the beginning of the administration of President Garfield the Postmaster General in his administration, Hon. Thomas L. James, found that star-route contracts on 93 routes in the Western States of California, Oregon, other States, and all Territories west of the Mississippi River had been awarded and were held as a result of combinations and conspiracies between the contractors and the Second Assistant Postmaster General. The records show that President Garfield was amazed, and in reply to questions from Mr. James respecting the policy to be pursued said: "I have sworn to uphold the Constitution and the laws; I shall do my full duty. My instructions to you are, cut the ulcer out, no matter whom it hurts."

The star routes of that day are comparable to the air-mail routes of today, and we even have a case where an air-mail contract was fraudulently obtained and annulled. In 1927 Postmaster General New, under President Coolidge, found that air-mail contractors on the route between Cheyenne, Wyo., and Pueblo, Colo., had agreed between themselves for a division of the route and that the contract might be awarded to the highest of two bidders. This contract was promptly annulled without any further ado or hearing and on the same day that the fact was brought to the attention of the Postmaster General. In that case there was no general conspiracy to parcel out all air-mail contracts of the country and divide an appropriation of almost $20,000,000 annually, nor was the collusion and fraud participated in by Government officials as was done in this case.

The Court of Claims affords an opportunity for any person who may feel aggrieved by the annulment of his contract with the Government to enter suit for damages. I do not find a record of any suits ever having been filed in the Court of Claims respecting the annulment of fraudulent mail contracts.

For the reasons herein stated I am of the opinion that the principles stated in the foregoing authorities apply in this case.

I am further of the opinion that:

First. The extension of the contract for air-mail routes nos. 1, 2, 3, 4, and 5, dated November 6, 1929, and the route certificates issued in lieu of such contracts on May 3, 1930, were void because such contracts were extended and certificates issued pursuant to an understanding between the contract air-mail operators and the Post Office Department by which it was agreed that such routes would never be opened to competitive bidding but that the certificates and orders thereafter issued should be used as a basis for awarding all domestic air-mail routes to the corporations holding such route certificates.

Second. All route certificates issued by the Postmaster General to air-mail contractors after the date of May 19, 1930, are void for the reasons:

(a) That they were awarded as a result of a secret agreement between the holders of said certificates and officials of the Post Office Department on or about June 4, 1930, in order that the holders thereof might secure permanent contracts without competitive bidding;

(b) Because such certificates were fraudulently executed as a result of an illegal conspiracy between Post Office officials and the holders of such certificates;

(c) Because the awarding of such certificates was not in the public interest.

Third. Every extension of every domestic air-mail route made after date of June 4, 1930, by the Postmaster General was illegal and void because—

(a) Such extensions were made as a result of a prearranged conspiracy and agreement between the holders of said certificates and the Postmaster General of the United States by which it was agreed that such extensions would be let only to those corporations which it had been agreed should receive them;

(b) Such extensions were used as a subterfuge to prevent competitive bidding as required by law;

(c) Such so-called "extensions" were not extensions of existing routes in fact, but constituted in each case separate and distinct air-mail routes which should have been advertised for bids.

Fourth. Contracts on air-mail route no. 33, from Atlanta to Los Angeles, and no. 34, from New York to Los Angeles by way of St. Louis, awarded in September 1930, and route certificates issued thereunder in February 1933 are void because—

(a) They were illegal in their inception in that all air-mail contractors of the United States and officials of the Post Office Department entered into an illegal conspiracy and agreement that only those who later received such contracts would bid on such routes;

(b) The advertisement for bids contained restrictions and limitations preventing free, open, and unrestricted competitive bidding by air-mail operators which was not authorized by law, including a night-flying provision;

(c) Because such restrictions in the advertisement were placed therein by collusion, fraud, and conspiracy on the part of the parties who secured contracts and the Postmaster General of the United States;

(d) Such contracts were not let to the lowest responsible bidder as provided by law.

Fifth. All domestic air-mail contracts and route certificates executed prior to March 1933 are void as against public interest and as against public policy for the reason that in each instance air-mail operators have been paid more than twice as much for carrying the mail as provided for in the original advertisements, bids, contracts, and route certificates, there having been paid to such air-mail operators for the fiscal years beginning 1930 to and including the calendar year 1933 the sum of $78,000,000 and the air-mail space requirements having been valued at approximately $31,000,000, resulting in overpayment to air-mail contractors of approximately $47,000,000.

Sixth. All air-mail contracts and route certificates for domestic air-mail transportation may be annulled:

(a) By an Executive order of the President of the United States as provided in section 5 of the independent offices bill of the Seventy-third Congress;

(b) As provided in the act of Congress, as amended, of April 29, 1930; or

(c) By an order of the Postmaster General under 39 United States Code, section 432, which provides:

"No contract for carrying the mail shall be made with any person who has entered, or proposed to enter, into any combination to prevent the making of any bid for carrying the mail, or who has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any such contract, and if any person so offending is a contractor for carrying the mail, his contract may be annulled."

(d) By order of the Postmaster General when found to have been fraudulently or illegally awarded;

(e) Under section 1846 of the Postal Laws and Regulations, 1932, in the public interest.

Since these contracts were procured as a result of fraud, conspiracy, and collusion between Post Office officials and the holders of such contracts, it is my recommendation that if they be annulled, the action be taken on the grounds (c), (d), and (e) above mentioned.

KARL A. CROWLEY, *Solicitor.*

Mr. FESS obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Ohio yield?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. I had hoped that the Senate might dispose of the pending bill today and take a recess or adjourn over until Monday, but it appears at this juncture impracticable to complete the consideration of the bill today. I therefore intend to move a recess until 10 o'clock tomorrow morning, with the assurance, after consultation with Senators on both sides of the Chamber, that the matter may be finally disposed of at an early hour in the day tomorrow.

I understand the Senator from Ohio does not desire to proceed at this hour this afternoon?

Mr. FESS. I should prefer to wait until tomorrow.

APPROPRIATIONS FOR URGENT NEEDS IN PUBLIC SERVICES

Mr. McKELLAR. Mr. President, I send to the desk and ask unanimous consent for the immediate consideration of a joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes. The committee has informally approved the bill and I have been authorized to report it favorably.

There are four items involved. The first is for $35,000 for expenses of special and select committees of the House. Of course, that is their matter, and I take it there can be no objection.

The next item is made necessary because in the Treasury appropriation bill, which was passed a short time ago and has become the law, there was a limitation of 32½ cents on print paper. Bids have been asked by the Department, and on that limitation of price none can be had. This merely repeals that limitation in the law.

The next is a matter of $474,000, which has been saved on the new buildings for the Departments of Justice, Post Office, and Labor, and the Interstate Commerce Commission. It is desired to use that money for furniture for those buildings. It has already been appropriated, and this is merely a reappropriation for that specific purpose.

The last item is for the repatriation of unemployed aliens who have been employed in the service of the United States

Government on the Panama Canal. The President has made an arrangement about the matter.

I ask unanimous consent for the immediate consideration of the joint resolution.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

Mr. McNARY. I have no objection.

There being no objection, the joint resolution was read twice by its title, considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes hereinafter enumerated:

LEGISLATIVE

HOUSE OF REPRESENTATIVES

For expenses of special and select committees authorized by the House, fiscal year 1934, $35,000.

TREASURY DEPARTMENT

PUBLIC DEBT SERVICE

The limitation on the price per pound permitted to be paid for distinctive paper for United States securities under the appropriation for the purchase of such paper in the Treasury Department Appropriation Act, 1935, is hereby repealed.

PROCUREMENT DIVISION

Washington, D.C., furniture for triangle buildings: The Secretary of the Treasury is hereby authorized to expend not to exceed the sum of $472,454 out of the aggregate of the unexpended balances under the authorizations for the construction of the new buildings for the Departments of Justice, Post Office, and Labor, and the Interstate Commerce Commission, the connecting wing between the Interstate Commerce Commission and Department of Labor Buildings, and the Archives Building as may be required to provide the necessary furniture and furnishings for said buildings, and the unexpended portion of the appropriations available for the construction of such buildings is hereby made available for that purpose, and the Director of Procurement, Treasury Department, is hereby authorized to make contracts, after advertising and competitive bidding, without regard to section 4 of the act approved June 17, 1910 (ch. 297, sec. 4, 36 Stat. 531), for the purchase of said furniture and furnishings, and to make expenditures for services, supplies, material, and equipment, including moving services and the reconditioning of old furniture and the temporary rental of space therefor, and necessary travel and subsistence in connection with the inspection of commodities to be contracted for or purchased; and, when deemed desirable or advantageous by him, the said Director of Procurement is authorized to employ, by contract or otherwise, without regard to civil service laws and regulations, such temporary outside professional or technical services as he may find necessary in furnishing those portions of the said buildings requiring special treatment, all within the total amount made available herein: *Provided*, That not to exceed $10,000 may be expended for such temporary outside professional or technical services: *Provided further*, That not to exceed $31,515 may be expended for furniture and furnishings for the auditorium located in the connecting wing between the Interstate Commerce Commission and Department of Labor Buildings: *Provided further*, That the cost of furniture and furnishing for Cabinet officers' suites, assistant Cabinet officers' suites, executive officers' suites, and conference and hearing rooms for the Interstate Commerce Commission shall be based upon the square-foot area of the rooms to be furnished, and shall not exceed the rates set forth herein, as follows: For Cabinet officers' suites and conference rooms for the Interstate Commerce Commission, $1.75 per square foot; for assistant Cabinet officers' suites, $1.50 per square foot; and for executive officers' suites, $1 per square foot.

WAR DEPARTMENT

PANAMA CANAL

For repatriation of unemployed aliens who have been employed in the service of the United States Government or the Panama Railroad Co. on the Isthmus of Panama for 3 or more years at any time, and repatriation of members of families of such alien former employees, including expenses of transportation of such alien former employees and members of their families, and the payment in cash of not to exceed $100 to each such alien former employee for assistance in rehabilitation after repatriation, $150,000, to be expended under the direction of the Governor of the Panama Canal and to be available until expended.

CHANGE OF REFERENCE

Mr. McCARRAN. Mr. President, there is now pending before the Committee on Public Lands and Surveys a bill (S. 3033) to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.

It is a bill which deals entirely with the transfer of public lands to an Indian reservation. It should be in the hands of the Committee on Indian Affairs. Therefore, I ask unanimous consent that the Committee on Public Lands and Surveys be discharged from the further consideration of the bill and that it be referred to the Committee on Indian Affairs.

Mr. McKELLAR. Mr. President, has the Senator talked with the Chairman of the Committee on Public Lands and Surveys?

Mr. McCARRAN. I have not talked with the chairman of the committee, but I did talk with the Commissioner of Indian Affairs, and I understood that he talked with the chairman.

Mr. ROBINSON of Arkansas. Mr. President, may I ask what is the subject matter of the bill?

Mr. McCARRAN. It involves the transfer of public domain surrounding an Indian reservation, for stock raising on the public domain, but that particular part of the public domain to be allocated to the Indian reservation. I think the bill should be referred to the Committee on Indian Affairs. That is my view.

Mr. ROBINSON of Arkansas. I have no objection.

The PRESIDING OFFICER. Without objection, the Committee on Public Lands and Surveys will be discharged from the further consideration of the bill, and it will be referred to the Committee on Indian Affairs.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. McGILL in the chair) laid before the Senate messages from the President of the United States submitting nominations (and also withdrawing a nomination), which were referred to the appropriate committees.

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

HERBERT D. RUSSELL

Mr. McKELLAR. Mr. President, I send to the desk the favorable report submitted by me yesterday on the nomination of Herbert D. Russell to be postmaster at Conway, Ark. I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

Mr. NORRIS. What is the reason why the Senator wants immediate consideration?

Mr. ROBINSON of Arkansas. Mr. President, I can state the reason. The post office has been vacant for many months, and a number of investigations have been in progress and have delayed action on the appointment.

Mr. NORRIS. I have no objection.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the nomination? The Chair hears none; and, without objection, the nomination is confirmed.

Mr. ROBINSON of Arkansas. I ask also that the President may be notified.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

The calendar is in order.

THE CALENDAR—TREATIES

The legislative clerk proceeded to read Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

Mr. PITTMAN. Mr. President, there are two treaties on the calendar. I do not know that there will be any particular opposition to them; but they are rather long treaties, and it will probably require half an hour to read them, and probably that long to explain them. I give notice that after the pending unfinished business shall have been disposed of, I shall ask for an executive session for the purpose of acting on the treaties.

The PRESIDING OFFICER. The treaties will be passed over.

MYRTLE HUFTY

The legislative clerk read the nomination of Myrtle Hufty to be postmaster at Paonia, Colo.

Mr. McKELLAR. Mr. President, I thought I asked the other day—and, whether I did or not, I ask now—that this nomination be recommitted to the Committee on Post Offices and Post Roads.

The PRESIDING OFFICER. Without objection, that order will be made.

THE JUDICIARY

The legislative clerk read the nomination of M. Frank Hammond to be United States marshal, southern district of Texas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. SHEPPARD. I ask that the President be notified of the confirmation of Mr. Hammond.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas that the President be notified? The Chair hears none, and the President will be notified of this confirmation.

DEPARTMENT OF THE TREASURY

The legislative clerk read the nomination of Thomas Jefferson Coolidge, of Massachusetts, to be Under Secretary of the Treasury.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC UTILITIES COMMISSION, DISTRICT OF COLUMBIA

The legislative clerk read the nomination of Richmond B. Keech to be a member of the Public Utilities Commission.

Mr. McCARRAN. Mr. President, I ask that this nomination and that of William A. Roberts to be additional counsel, to be known as the "people's counsel", be passed over.

The PRESIDING OFFICER. The nominations will be passed over.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Daniel D. Moore to be collector of internal revenue, district of Louisiana.

Mr. LONG. I object, and ask that that nomination go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc with the exception of no. 2046, the nomination of William R. Taylor to be postmaster at Fulton, Mo., which I ask to go over.

The PRESIDING OFFICER. Without objection, the nominations of postmasters on the calendar, with the exception of the one referred to, will be confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 13 minutes p.m.) the Senate took a recess until tomorrow, Saturday, April 28, 1934, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate April 27 (legislative day of Apr. 26), 1934

COLLECTOR OF INTERNAL REVENUE

Alex McKenzie Vierhus, of Everett, Wash., to be collector of internal revenue for the district of Washington in place of John C. Bowen.

PROMOTION IN THE REGULAR ARMY

TO BE CHAPLAIN WITH THE RANK OF CAPTAIN

Chaplain (first lieutenant) Andrew Thomas Francis Nowak, United States Army, from April 20, 1934.

POSTMASTERS

ARIZONA

Waltice B. Ham to be postmaster at Somerton, Ariz., in place of O. H. Perry. Incumbent's commission expired December 8, 1932.

CALIFORNIA

John T. Ireland to be postmaster at Pico, Calif., in place of Kittie Pennington. Incumbent's commission expired December 11, 1932.

COLORADO

Elmer M. Ivers to be postmaster at Loveland, Colo., in place of R. R. Finley. Incumbent's commission expired April 16, 1934.

CONNECTICUT

Felix J. Wakely to be postmaster at Central Village, Conn., in place of M. A. Tracy. Incumbent's commission expired December 12, 1932.

Joseph J. O'Loughlin to be postmaster at Lakeville, Conn., in place of J. F. Egan. Incumbent's commission expired January 18, 1933.

DELAWARE

John B. Derrickson to be postmaster at Ellendale, Del., in place of K. M. Prettyman. Incumbent's commission expired April 15, 1934.

IDAHO

William O. Putnam, Jr., to be postmaster at Arco, Idaho, in place of R. L. Sutcliffe. Incumbent's commission expired December 18, 1933.

Horten H. Tate to be postmaster at Glenns Ferry, Idaho, in place of W. R. Ogle. Incumbent's commission expired December 10, 1932.

Marie E. Roos to be postmaster at Weippe, Idaho, in place of M. E. Roos. Incumbent's commission expired December 10, 1932.

ILLINOIS

Vera E. Burrell to be postmaster at Cuba, Ill., in place of M. E. Laughery. Incumbent's commission expired December 18, 1933.

John W. Hines to be postmaster at Lovington, Ill., in place of T. L. Conn. Incumbent's commission expired May 29, 1932.

Ralph W. Metcalf to be postmaster at Marengo, Ill., in place of C. T. Gilkerson. Incumbent's commission expired May 17, 1932.

Joseph A. Maier to be postmaster at Marseilles, Ill., in place of A. H. Simmons. Incumbent's commission expired January 19, 1933.

Nellie Waters to be postmaster at Murrayville, Ill., in place of G. E. Jennings. Incumbent's commission expired April 24, 1933.

Eleanor McGovern to be postmaster at Oneida, Ill., in place of Alice Murray. Incumbent's commission expired December 20, 1932.

Mary Convery to be postmaster at Raymond, Ill., in place of H. J. Henderson, removed.

James Doherty to be postmaster at Ridgway, Ill., in place of S. M. Combs, removed.

Howard P. W. Trumbull to be postmaster at River Grove, Ill., in place of O. M. Streetz. Incumbent's commission expired January 29, 1933.

Lorenz M. Lies to be postmaster at Riverside, Ill., in place of M. E. Sullivan, removed.

William W. Sloan to be postmaster at Rockton, Ill., in place of Harry Hutchins, removed.

Otis M. Lamar to be postmaster at Rosiclare, Ill., in place of Gordon McClusky. Incumbent's commission expired November 20, 1933.

E. Ross Chitwood to be postmaster at Rushville, Ill., in place of W. H. Fahnestock, resigned.

Merr L. Abbott to be postmaster at Sheridan, Ill., in place of F. B. Courtright, transferred.

Rose Zalman to be postmaster at Stewardson, Ill., in place of W. A. Denn. Incumbent's commission expired October 10, 1933.

Rudolph Lowell Lightfoot to be postmaster at Stonefort, Ill., in place of B. B. Blackman, resigned.

Raymond L. Modro to be postmaster at Varna, Ill., in place of H. E. Broaddus, removed.

Irvin M. Lewis to be postmaster at Walnut, Ill., in place of H. R. Kerchner. Incumbent's commission expired February 28, 1933.

Mathew L. McHugh to be postmaster at Westmont, Ill., in place of C. A. Webster, resigned.

Charles E. Reilly to be postmaster at Winnebago, Ill., in place of U. G. Dennison, removed.

INDIANA

Edward V. Myers to be postmaster at Fremont, Ind., in place of G. H. Griffith. Incumbent's commission expired February 18, 1933.

Arthur G. Houser to be postmaster at Garrett, Ind., in place of W. B. Hays, removed.

Hazel R. Widdows to be postmaster at Geneva, Ind., in place of E. H. Shepherd, deceased.

Glenn R. Woods to be postmaster at Grabill, Ind., in place of Albert Neuenschwander, resigned.

John Victor Gidley to be postmaster at Hebron, Ind., in place of H. A. Marsden. Incumbent's commission expired December 18, 1933.

Adolph Seidensticker to be postmaster at Indianapolis, Ind., in place of L. D. Clancy, transferred.

Homer Stephens to be postmaster at La Fontaine, Ind., in place of L. R. Calaway, removed.

Douglas A. Blaising to be postmaster at New Haven, Ind., in place of Cora Lucas. Incumbent's commission expired May 26, 1932.

Harold C. Atkinson to be postmaster at Oxford, Ind., in place of R. B. Craw. Incumbent's commission expired January 27, 1932.

Frank L. Hand to be postmaster at Royal Center, Ind., in place of L. N. McCloud, resigned.

John F. Boyle to be postmaster at San Pierre, Ind. Office became Presidential July 1, 1926.

Louis F. Fuelling to be postmaster at Woodburn, Ind., in place of Henry Chapman. Incumbent's commission expired December 18, 1933.

IOWA

James A. McDonald to be postmaster at Algona, Iowa, in place of S. J. Backus, deceased.

William R. Shott to be postmaster at Birmingham, Iowa, in place of G. A. Goodman, resigned.

William A. Fiester to be postmaster at Brandon, Iowa, in place of A. C. Jaeger. Incumbent's commission expired December 18, 1933.

Henry C. Finnern to be postmaster at Denison, Iowa, in place of Alfred Wright. Incumbent's commission expired January 31, 1934.

E. Harold Gilreath to be postmaster at Grand River, Iowa, in place of E. R. Morrell. Incumbent's commission expired December 18, 1933.

Albert B. Mahnke to be postmaster at Greene, Iowa, in place of W. C. Moon. Incumbent's commission expired December 13, 1932.

Charles W. Taylor to be postmaster at Janesville, Iowa, in place of C. H. Howe. Incumbent's commission expired February 17, 1934.

Otha H. Darby to be postmaster at Madrid, Iowa, in place of H. C. Graves. Incumbent's commission expired April 2, 1934.

Ernest L. Wood to be postmaster at Maxwell, Iowa, in place of Ray Robertson. Incumbent's commission expired February 28, 1933.

Adolph M. Schanke to be postmaster at Mason City, Iowa, in place of G. M. Woodruff. Incumbent's commission expired January 19, 1933.

John W. Dwyer to be postmaster at Oelwein, Iowa, in place of I. J. Baldwin. Incumbent's commission expired January 19, 1933.

Joe Goodman to be postmaster at Osceola, Iowa, in place of F. M. Abbott. Incumbent's commission expired April 16, 1934.

Thomas J. Emmett to be postmaster at Reinbeck, Iowa, in place of E. L. Gibson. Incumbent's commission expired January 31, 1934.

KANSAS

Sophia Kesselring to be postmaster at Atwood, Kans., in place of E. M. Greason, removed.

John C. Cox to be postmaster at Augusta, Kans., in place of C. C. Wheat. Incumbent's commission expired December 16, 1933.

Charles Ward Smull to be postmaster at Bird City, Kans., in place of W. T. Venell. Incumbent's commission expired December 14, 1932.

Alvin M. Johnson to be postmaster at Canton, Kans., in place of M. B. Fretz. Incumbent's commission expired December 16, 1933.

Sam C. Scott to be postmaster at Conway Springs, Kans., in place of M. C. Carroll. Incumbent's commission expired January 28, 1934.

Harry B. Clay to be postmaster at Douglass, Kans., in place of Ruth Howard. Incumbent's commission expired January 28, 1934.

Laurence A. Daniels to be postmaster at Ellsworth, Kans., in place of H. B. Demuth. Incumbent's commission expired March 8, 1934.

Robert Focht to be postmaster at Eureka, Kans., in place of G. D. Rose. Incumbent's commission expired April 29, 1933.

Henry A. Mason to be postmaster at Gypsum, Kans., in place of C. J. Anderson, resigned.

David E. Walsh to be postmaster at Herndon, Kans., in place of F. E. Cox. Incumbent's commission expired January 30, 1933.

William A. B. Murray to be postmaster at Holyrood, Kans., in place of Emil Dolecek. Incumbent's commission expired December 8, 1932.

Michael A. Frey to be postmaster at Junction City, Kans., in place of A. P. Spessard. Incumbent's commission expired December 19, 1931.

Lafranier M. Herrington to be postmaster at Kanopolis, Kans., in place of K. L. Griffith, removed.

Loraine Champlin to be postmaster at Long Island, Kans., in place of E. I. Starr. Incumbent's commission expired December 16, 1933.

Elizabeth Mansfield to be postmaster at Lucas, Kans., in place of O. L. Walmer, removed.

Myrtle D. Fesler to be postmaster at Palco, Kans., in place of W. F. Bomgardner, removed.

Charles E. Slaymaker to be postmaster at Peabody, Kans., in place of H. H. Brindley, removed.

Robert R. Morgan to be postmaster at Rexford, Kans., in place of R. N. Nickerson, removed.

Walter S. English to be postmaster at Scandia, Kans., in place of G. P. Plotner. Incumbent's commission expired March 18, 1934.

Henry Christensen to be postmaster at Tescott, Kans., in place of U. E. Heckert. Incumbent's commission expired January 26, 1933.

James L. Morrissey to be postmaster at Woodston, Kans., in place of U. E. Van Dyke, deceased.

KENTUCKY

Lois B. Cundiff to be postmaster at Cadiz, Ky., in place of H. R. Thomas, resigned.

John H. Mitchell to be postmaster at Salem, Ky., in place of Verda Grimes. Incumbent's commission expired December 16, 1933.

MASSACHUSETTS

Elizabeth C. Hall to be postmaster at Point Independence, Mass., in place of T. S. Hill. Incumbent's commission expired September 18, 1933.

MICHIGAN

Leonard J. McGraw to be postmaster at Engadine, Mich., in place of R. F. Hastings, resigned.

Elizabeth J. Shannon to be postmaster at Powers, Mich., in place of A. M. Harris, resigned.

Charles J. Schmidlin to be postmaster at Rockland, Mich., in place of C. J. Schmidlin. Incumbent's commission expired December 16, 1933.

MINNESOTA

Alfred W. Quinn to be postmaster at Markville, Minn., in place of Edith Steinbring. Incumbent's commission expired February 25, 1933.

Ewald G. Krueger to be postmaster at Vergas, Minn., in place of Milda Rieman, deceased.

Alfred Henderson to be postmaster at Vernon Center, Minn., in place of A. W. Petrich. Incumbent's commission expired December 18, 1933.

Oscar W. Hennings to be postmaster at Wanamingo, Minn., in place of Iver Tiller, deceased.

William F. Sanger to be postmaster at Windom, Minn., in place of S. A. Brown, removed.

MISSISSIPPI

William L. Forman to be postmaster at Meadville, Miss., in place of J. M. Reynolds. Incumbent's commission expired October 10, 1933.

Clemmie A. McCoy to be postmaster at New Augusta, Miss., in place of A. B. Terry. Incumbent's commission expired June 14, 1933.

Allen A. Edwards to be postmaster at Richton, Miss., in place of Elise Thoms. Incumbent's commission expired December 16, 1933.

Viva H. McInnis to be postmaster at Rosedale, Miss., in place of R. D. Shelby, resigned.

Susie S. Burrous to be postmaster at West Point, Miss., in place of B. L. Myers, transferred.

MISSOURI

Thomas A. Breen to be postmaster at Brookfield, Mo., in place of C. J. Burch, removed.

Otis D. Kirkman to be postmaster at Cabool, Mo., in place of L. P. Dove. Incumbent's commission expired February 6, 1934.

Cecil G. McDaniel to be postmaster at Cainsville, Mo., in place of L. K. Glines, removed.

Max H. Dreyer to be postmaster at Festus, Mo., in place of J. C. Muellersman. Incumbent's commission expired December 10, 1932.

Roy V. Coffman to be postmaster at Flat River, Mo., in place of S. H. Ramsey. Incumbent's commission expired December 18, 1933.

John M. Moss to be postmaster at Nevada, Mo., in place of O. W. Neff, removed.

Andrew Earl Duley to be postmaster at Newtown, Mo., in place of H. C. Brantley, resigned.

Donald H. Sosey to be postmaster at Palmyra, Mo., in place of J. F. Wilson. Incumbent's commission expired December 17, 1932.

Flora E. Scott to be postmaster at Summersville, Mo., in place of R. W. Day. Incumbent's commission expired January 31, 1933.

William P. Bradley to be postmaster at Windsor, Mo., in place of W. E. Cahill, deceased.

MONTANA

Charles A. Westphal to be postmaster at Forsyth, Mont., in place of C. E. June. Incumbent's commission expired December 20, 1932.

Isbell S. McQuitty to be postmaster at Harlowton, Mont., in place of Howard Squires. Incumbent's commission expired January 15, 1931.

Marie D. Laramy to be postmaster at Malta, Mont., in place of B. E. Nelson. Incumbent's commission expired September 30, 1933.

Lawrence H. Tooley to be postmaster at Red Lodge, Mont., in place of C. R. Northrop. Incumbent's commission expired December 18, 1933.

NEBRASKA

Harold C. Menck to be postmaster at Grand Island, Nebr., in place of S. C. Lathen, removed.

Julius F. Gausman to be postmaster at Hubbell, Nebr., in place of D. W. Roderick. Incumbent's commission expired December 16, 1933.

NEW HAMPSHIRE

Frank B. Farley to be postmaster at Dublin, N.H., in place of J. A. Gleason, removed.

Polycarpe Tardif to be postmaster at Somersworth, N.H., in place of E. D. Royce. Incumbent's commission expired February 28, 1933.

NEW JERSEY

John D. Baum to be postmaster at Long Valley, N.J., in place of W. O. Schoenheit, resigned.

John F. Bigley to be postmaster at Magnolia, N.J., in place of J. E. MacIlwain. Incumbent's commission expired May 14, 1932.

Edward J. Wagner to be postmaster at Marlton, N.J., in place of C. F. Olt, deceased.

Marion M. Klockner to be postmaster at Mercerville, N.J., in place of W. C. Holzbaur. Incumbent's commission expired September 30, 1933.

Frank Martin to be postmaster at Midland Park, N.J., in place of Thomas Post, resigned.

Jeremiah B. Beaston to be postmaster at Mount Ephraim, N.J., in place of Charles Carter. Incumbent's commission expired February 8, 1933.

Charles Earle Post to be postmaster at Newfoundland, N.J., in place of C. J. Newman. Incumbent's commission expired February 12, 1933.

Francis S. Doyle to be postmaster at New Lisbon, N.J., in place of E. C. Reeves, removed.

John Ellmyer, Sr., to be postmaster at Nixon, N.J., in place of Joseph Kish. Incumbent's commission expired February 28, 1933.

Albert P. Troy to be postmaster at Palisade, N.J., in place of G. L. Meyn. Incumbent's commission expired February 28, 1933.

William T. Johnson to be postmaster at Point Pleasant, N.J., in place of H. G. Pearce, removed.

James F. Crockford to be postmaster at West Englewood, N.J., in place of C. G. Hanks. Incumbent's commission expired February 2, 1932.

NEW MEXICO

Jesse L. Truett to be postmaster at Artesia, N.Mex., in place of E. A. Hannah, transferred.

Ray S. Soladay to be postmaster at Carlsbad, N.Mex., in place of E. H. Hemenway, resigned.

Arthur L. England to be postmaster at Clayton, N.Mex., in place of M. P. Harvey, deceased.

Arthur L. Langford to be postmaster at Hobbs, N.Mex. Office became Presidential October 1, 1930.

Aurora B. Pacheco to be postmaster at Old Albuquerque, N.Mex., in place of A. M. Gutierrez. Incumbent's commission expired April 3, 1932.

NEW YORK

Charles Kaiser to be postmaster at Armonk, N.Y., in place of R. M. Lander. Incumbent's commission expired September 19, 1933.

Roy Blanchard to be postmaster at Oneida, N.Y., in place of Jay Farrier, deceased.

Francis P. Reilly to be postmaster at Penn Yan, N.Y., in place of J. B. Cramer, removed.

NORTH CAROLINA

Don P. Steed, to be postmaster at Candor, N.C., in place of M. E. Johnson. Incumbent's commission expired February 10, 1934.

John A. Williams to be postmaster at Oxford, N.C., in place of W. L. Peace. Incumbent's commission expired January 28, 1934.

Leslie T. Fowden to be postmaster at Williamston, N.C., in place of J. T. Price, removed.

Paul A. Bennett to be postmaster at Winston-Salem, N.C., in place of J. T. Benbow. Incumbent's commission expired February 10, 1934.

NORTH DAKOTA

Eugene H. Mattingly to be postmaster at Jamestown, N.Dak., in place of C. R. Hodge, resigned.

Louis J. Allmaras to be postmaster at New Rockford, N.Dak., in place of T. G. Kellington. Incumbent's commission expired April 23, 1932.

OHIO

Paul C. Miller to be postmaster at Canal Winchester, Ohio, in place of H. S. Cannon. Incumbent's commission expires April 28, 1934.

Earl J. Brulport to be postmaster at Fayetteville, Ohio, in place of M. F. Dunham. Incumbent's commission expired December 11, 1932.

Samuel E. Fleming to be postmaster at Manchester, Ohio, in place of L. K. Carroll. Incumbent's commission expired December 17, 1931.

Lillian C. Goodell to be postmaster at Mantua, Ohio, in place of K. M. Crafts. Incumbent's commission expired February 25, 1933.

Ray S. Coates to be postmaster at Wellington, Ohio, in place of A. R. Branson. Incumbent's commission expired December 7, 1932.

OKLAHOMA

William D. Wilkinson to be postmaster at Alva, Okla., in place of H. F. Hall, removed.

Dyke M. Wiley to be postmaster at Muskogee, Okla., in place of R. V. Anderson, deceased.

Harry James Barclay to be postmaster at Tonkawa, Okla., in place of B. A. Cockrell, removed.

OREGON

Harold C. Kizer to be postmaster at Harrisburg, Oreg., in place of J. W. Moore. Incumbent's commission expired January 9, 1933.

Grace E. Neibert to be postmaster at Stayton, Oreg., in place of E. S. Brown. Incumbent's commission expired December 18, 1933.

William A. Parsons to be postmaster at Waldport, Oreg., in place of W. E. Everson. Incumbent's commission expired December 13, 1932.

SOUTH DAKOTA

William H. James to be postmaster at Martin, S.Dak., in place of W. H. James. Incumbent's commission expires April 28, 1934.

TENNESSEE

Roy D. Murphey to be postmaster at Adams, Tenn., in place of V. E. Ridings. Incumbent's commission expired May 23, 1933.

TEXAS

Sant M. Perry to be postmaster at Frankston, Tex., in place of B. L. Garrett. Incumbent's commission expired April 15, 1934.

VERMONT

Ina T. Webster to be postmaster at Ely, Vt., in place of E. E. Whitcomb. Incumbent's commission expired December 11, 1933.

WASHINGTON

Thomas H. Van Noy to be postmaster at Kelso, Wash., in place of Albert Maurer. Incumbent's commission expired January 9, 1933.

WISCONSIN

Edward F. Butler to be postmaster at Mosinee, Wis., in place of F. S. Bell. Incumbent's commission expired March 2, 1933.

Lillian N. Hughes to be postmaster at New Richmond, Wis., in place of George Oakes. Incumbent's commission expired January 31, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 27 (legislative day of Apr. 26), 1934

UNDER SECRETARY OF THE TREASURY

Thomas Jefferson Coolidge to be Under Secretary of the Treasury.

UNITED STATES MARSHALL

M. Frank Hammond to be United States marshal for the southern district of Texas.

POSTMASTERS

ARIZONA

Frank A. Rhodes, Gila Bend.

ARKANSAS

John E. Darr, Atkins.
Laura Clements, Cherry Valley.
W. Ernest King, Clarksville.
Herbert D. Russell, Conway.
William G. Jones, Cotton Plant.
John W. Page, Dover.
Lewis Friedman, Fort Smith.
Lyle A. Wert, Garfield.
J. Neil Cooper, Hoxie.
J. Dot Fortenberry, Imboden.
Floy R. Parr, Jonesboro.
Clarine Billingsley, Kensett.
Leo C. Russell, Lamar.
Charles C. Kavanaugh, Little Rock.
Ethel L. Nall, Lockesburg.
Herbert M. Jackson, Marianna.
Claude M. Farish, Morrilton.
Byron C. Pascoe, Newark.
William F. Elsken, Paris.
Charles E. Duvall, Pine Bluff.
Charles K. Coe, Tuckerman.
Charles C. Snapp, Walnut Ridge.
Clarence J. Coffin, Wynne.

CONNECTICUT

Edward M. Doyle, Bantam.
George H. Robertson, South Coventry.

ILLINOIS

Joseph F. Speelman, Arcola.
Louise Rump, Beecher.
John W. Williams, Benton.
Luella C. Biggs, Blandinsville.
Elbert McDonald, Carriers Mills.
John P. Beckman, Carthage.
Harvey F. Doerge, Chester.
Walter T. McCanna, Chillicothe.
Dwight C. Bacon, Christopher.
John R. Reynolds, Colchester.
Andrew J. Paul, Dupo.
George R. Gampher, Eldorado.
Joseph Kreeger, Elgin.
Edmund J. Coveny, Elizabeth.
Ida B. Coyle, Equality.
James A. Cragan, Evansville.
George H. Fruit, Franklin Grove.
Francis R. Shannon, Franklin Park.
John A. Gill, Galatia.
Elmer R. Randolph, Golconda.

William I. Tyler, Granville.
Charles L. Jennings, Grayville.
Arthur M. Hetherington, Harrisburg.
Arthur H. Bartlett, Hillsboro.
Oliver P. Dickson, Homer.
Robert J. Wilson, Kewanee.
Fred O. Grissom, Kinmundy.
Charles W. Farley, La Grange.
Henry C. Johnson, Lawrenceville.
Charles E. Gillespie, Louisville.
George K. Brenner, Madison.
James Carson, Mahomet.
Ruth A. Tilford, Mansfield.
Hazel E. Davis, Minier.
Jesse C. Moore, Morton.
Lawrence E. Hodges, Mount Prospect.
William Raymond Grigg, Mount Vernon.
Henry B. Shroyer, New Windsor.
Warren S. Smith, Norris City.
William P. Carlton, Oblong.
Grace Hiller, Ogden.
John J. Hart, Ottawa.
William A. Mills, Salem.
George C. Miller, Sullivan.
Earl B. Strickland, Tolono.
Oliver M. Colwell, Toulon.

INDIANA

Joseph A. McCormick, Ambia.
J. Russell Byrd, Bloomfield.
Joseph J. Hartman, Earl Park.
James E. Freeman, Ellettsville.
John C. Crosby, Huntington.
Ivan Conder, Jasonville.
Ira J. Dye, Kouts.
Jacob W. Sappenfield, Lyons.
Arthur J. Green, Marion.
Frank Chastain, Mitchell.
L. Edgar Feagans, Montgomery.
Hugh G. McMahan, Rochester.
Walter S. Kensler, Vincennes.
Mamie N. Judy, West Lebanon.

KANSAS

Hugo A. Simonton, Alta Vista.
Zenobia A. Kissinger, Bennington.
James W. O'Connor, Chapman.
Carl G. Eddy, Colby.
William H. Danenbarger, Concordia.
John F. Holshouser, Dwight.
Fred Sessin, Ellis.
Joseph B. Basgall, Hays.
Stephen E. Murray, Jamestown.
Jack W. Boyle, McDonald.
Mary M. Browne, Norton.
Noah D. Zeigler, Oakley.
Elton L. Pounds, Smith Center.
Paul L. Turgeon, Wilson.

MARYLAND

William F. Keys, Mount Rainier.

MICHIGAN

Joseph A. Byrne, Birmingham.
William V. Clegg, Eaton Rapids.
Arthur A. Baxter, Ionia.

NEW JERSEY

Ernest F. Rohn, Arlington.
Richard P. Hughes, Burlington.
Joseph A. Aloia, Garfield.
John F. Dugan, Garwood.
Louis C. Parker, Gloucester City.
Thomas F. Curtis, Lakehurst.
James A. Cleary, Lambertville.
Patrick J. Whelan, Manville.
Thomas L. Bell, Montclair.
George M. Gibson, Moorestown.
John J. Quinn, Perth Amboy.
Kathryn B. Donohue, Saddle River.
Joseph S. Devlin, Sea Girt.
John J. O'Hanlon, South Orange.
Edward J. Jennings, Trenton.
James J. Dunne, Woodbridge.

NORTH CAROLINA

Berta B. White, Ellerbe.
Jennings M. Koontz, Kannapolis.
George W. Hardison, Plymouth.
Basil D. Barr, West Jefferson.

SOUTH CAROLINA

William B. Smith, Greer.
William T. Hemingway, Hemingway.
Harriette H. McLaurin, McColl.
William W. Barr, Jr., Springfield.

SOUTH DAKOTA

James Gaynor, Springfield.

TEXAS

William W. Spear, Nixon.
Louise McElroy, Shepherd.
Emory S. Sell, Texline.

WASHINGTON

Gustave A. Weber, Odessa.
Blanche H. Barton, Othello.
William H. Padley, Reardan.
Andrew J. Diedrich, Valley.

WITHDRAWAL

Executive nomination withdrawn from the Senate April 27 (legislative day of Apr. 26), 1934

POSTMASTER

Henry F. Maika to be postmaster at Chadron, in the State of Nebraska. (Nominee died Apr. 21, 1934.)

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 27, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Gracious God, our Father, Thou who art the creator of every good thing, lay Thine hand upon us and bless us. Take from us the anxiety of a selfish mind and the unfruitfulness of cold affections. Grant, our Father, that all who are distressed may hear Thee whispering, "Come unto me and I will give you rest." As we pass through life may our hands be outstretched and our hearts warm to succor those who may need help and encouragement. At the close of this day give us, blessed Lord God, the sweet consciousness that we have been a little closer to the Heart Eternal. In our Savior's name. Amen.

THE JOURNAL

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the reading of the Journal be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

By unanimous consent, the Journal of the proceedings of yesterday was approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 4516. An act for the relief of B. Edward Westwood;

H.R. 4973. An act for the relief of G. C. Vandover; and

H.R. 8889. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 294. An act for the relief of Stanton & Jones;

S. 358. An act to authorize the Court of Claims of the United States to hear and determine the claim of Samuel W. Carter;

S. 424. An act for the relief of Hector H. Perry;

S. 1161. An act for the relief of Alice E. Broas;

S. 1162. An act for the relief of Virginia Houghton;

S. 1163. An act for the relief of Mary V. Spear;

S. 1173. An act for the relief of Gladding, McBean & Co.;

S. 1200. An act for the relief of Elizabeth Millicent Trammell;

S. 1263. An act for the relief of Wiener Bank Verein;

S. 1281. An act for the relief of Harry P. Hollidge;

S. 1505. An act for the relief of Thomas E. Read;

S. 1541. An act for the relief of Mucia Alger;

S. 1535. An act for the relief of the Black Hardware Co.;

S. 1757. An act to amend an act entitled "An act to incorporate the Mount Olivet Cemetery Co. in the District of Columbia";

S. 1803. An act for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County in the State of Minnesota;

S. 1977. An act to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation;

S. 2322. An act for the relief of A. J. Hanlon;

S. 2357. An act for the relief of Arthur Bussey;

S. 2497. An act for the relief of Judson B. Isbester;

S. 2549. An act for the relief of Albert W. Harvey;

S. 2585. An act authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge;

S. 2713. An act for the relief of the estate of Anna Elizabeth Rice Denison;

S. 2744. An act for the relief of Anna Carroll Taussig;

S. 2745. An act to provide for changing the time of the meeting of Congress, the beginning of the terms of Members of Congress, and the time when the electoral votes shall be counted, and for other purposes;

S. 2769. An act to provide funds for cooperation with Marysville School District, No. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children;

S. 2816. An act to extend the time for the refunding of certain taxes erroneously collected from certain building and loan associations;

S. 2871. An act giving jurisdiction to the Court of Claims to hear and determine the claim of the Cherokee Fuel Co.;

S. 2874. An act authorizing the submission of an alternate budget for the Bureau of Indian Affairs;

S. 2940. An act to provide funds for cooperation with the school board of Shannon County, S.Dak., in the construction of a consolidated high-school building to be available to both white and Indian children;

S. 2957. An act for the relief of the rightful heirs of Wakicunzewin, an Indian;

S. 2973. An act for the relief of First Lt. Walter T. Wilsey;

S. 3041. An act to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent any one from receiving the compensation contracted for thereunder, and for other purposes;

S. 3117. An act authorizing and directing the Court of Claims, in the event of judgment or judgments in favor of the Cherokee Indians, or any of them, in suits by them against the United States under the acts of March 19, 1924, and April 25, 1932, to include in its decrees allowances to Frank J. Boudinot, not exceeding 5 percent of such recoveries, and for other purposes;

S. 3138. An act authorizing the Reconstruction Finance Corporation to aid in the financing exports and imports;

S. 3147. An act to amend the act approved June 28, 1932 (47 Stat.L. 337);

S. 3148. An act to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat.L. 555);

S. 3161. An act for the relief of Mary Seely Watson;

S. 3185. An act to amend the Agricultural Adjustment Act, as amended, with respect to farm prices;

S. 3349. An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.;

S. 3374. An act to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.;

S. 3382. An act to cover the handling of Osage Indian alcoholics and narcotics;

S. 3393. An act relating to the tribal and individual affairs of the Osage Indians of Oklahoma;

S. 3396. An act to amend the act of January 30, 1897 (29 Stat. 506, sec. 2139; U.S. Rev. Stat.; sec. 241, title 25, U.S.C.), transferring certain jurisdiction from War Department to the Department of the Interior; and

S.J.Res. 35. Joint resolution to provide for the determination and payment of claims for damage sustained by the fluctuation of the water levels of the Lake of the Woods in certain cases, and for other purposes.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2816. An act to extend the time for the refunding of certain taxes erroneously collected from certain building and loan associations; to the Committee on Claims.

S. 3349. An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; to the Committee on War Claims.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 191. An act for the relief of William K. Lovett;

H.R. 210. An act for the relief of Anne B. Slocum;

H.R. 232. An act for the relief of Anna Marie Sanford;

H.R. 233. An act for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay;

H.R. 264. An act for the relief of Marguerite Ciscoe;

H.R. 323. An act for the relief of Harvey M. Hunter;

H.R. 408. An act for the relief of William J. Nowinski;

H.R. 470. An act for the relief of the city of Glendale, Calif.;

H.R. 507. An act for the relief of John Thomas Simpkin;

H.R. 520. An act for the relief of Ward A. Jefferson;

H.R. 526. An act for the relief of Arthur K. Finney;

H.R. 666. An act for the relief of Charles W. Dworack;

H.R. 768. An act for the relief of William E. Bosworth;

H.R. 879. An act for the relief of John H. Mehrle;

H.R. 880. An act for the relief of Daisy M. Avery;

H.R. 909. An act for the relief of Elbert L. Grove;

H.R. 1301. An act for the relief of M. Aileen Offerman;

H.R. 1362. An act for the relief of Edna B. Wylie;

H.R. 1398. An act for the relief of Lewis E. Green;

H.R. 1404. An act for the relief of John C. McCann;

H.R. 1418. An act for the relief of W. C. Garber;

H.R. 2040. An act for the relief of P. Jean des Garennes;

H.R. 2041. An act for the relief of Irwin D. Coyle;

H.R. 2074. An act for the relief of Harvey Collins;

H.R. 2169. An act for the relief of Edward V. Bryant;

H.R. 2337. An act for the relief of Harry L. Haberkorn;

H.R. 2512. An act for the relief of John Moore;

H.R. 2813. An act for the relief of Katherine G. Taylor;

H.R. 3542. An act to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situate in the city of Philadelphia and State of Pennsylvania;

H.R. 4423. An act for the relief of Wilbur Rogers;

H.R. 4542. An act for the relief of Frank Wilkins;

H.R. 4609. An act for the relief of Augustus Thompson;

H.R. 4784. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries;

H.R. 4959. An act for the relief of Mary Josephine Lobert;

H.R. 5397. An act to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein;

H.R. 5936. An act for the relief of Gale A. Lee;

H.R. 6166. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States;

H.R. 6638. An act for the relief of the Monumental Stevedore Co.;

H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices;

H.R. 6696. An act for the relief of certain officers of the Dental Corps of the United States Navy;

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7200. An act to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia;

H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes;

H.R. 7488. An act authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes;

H.R. 7748. An act regulating procedure in criminal cases in the courts of the United States;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.;

H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931;

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.;

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River;

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore;

H.R. 8861. An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes; and

H.J.Res. 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada.

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 2999. An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

REGULATION OF SECURITIES EXCHANGES

Mr. BANKHEAD, from the Committee on Rules, submitted the following privileged report (No. 1382) for printing in the RECORD.

The resolution is as follows:

House Resolution 363

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9323, a bill to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

Page 1, line 10, strike out the word "four" and insert the word "seven."

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I inquire of the gentleman from Tennessee about the program for next week?

Mr. BYRNS. It is expected that the Rayburn stock exchange bill will be taken up at that time.

Mr. SNELL. That will be the first thing taken up Monday?

Mr. BYRNS. Yes; unless the conference report on the tax bill may intervene. However, I understand it is not proposed to take that up on Monday.

RECESS

The SPEAKER. Pursuant to House Resolution 327, the Chair declares the House to be in recess for the purpose of holding memorial services as arranged by the Committee on Memorials.

Accordingly the House stood in recess to meet at the call of the Speaker.

MEMORIAL SERVICE PROGRAM

Prelude, Sacred Selections (11:30 to 12)
United States Marine Band
Presiding Officer.....The Speaker of the House of Representatives
Invocation.....The Chaplain, Dr. James Shera Montgomery
Interstate chorus—Break, Break, Break [John Hyatt Brewer]
Male chorus
Scripture reading.....Rev. ZeBarney T. Phillips, D.D.
Prayer.....The Chaplain
Roll of Deceased Members
The Clerk of the House of Representatives
Devotional silence.
Soprano solo—Great Peace Have They That Love Thy Law [Rogers]
Mrs. Esther Bibber—Edgar T. Paul, accompanist
Address.....Hon. JOHN YOUNG BROWN
Representative from the State of Kentucky
Interstate chorus—The Long Day Closes [Sullivan].....Male chorus
Address.....Hon. ALLEN T. TREADWAY
Representative from the State of Massachusetts
Cornet solo—Lead, Kindly Light.....Arthur S. Whitcomb
From United States Marine Band
Benediction.....The Chaplain

MEMORIAL SERVICES

The SPEAKER of the House of Representatives presided.

The Chaplain, Dr. Montgomery:

Almighty God, unto whom all hearts are open, all desires known, and from whom no secrets are hid, cleanse the thoughts of our hearts by the inspiration of Thy Holy Spirit that we may perfectly love Thee and worthily magnify Thy holy name. Amen.

The Interstate Chorus sang "Break, Break, Break."

Rev. ZeBarney T. Phillips, D.D., Chaplain of the Senate, read the Scripture lesson of the service.

The Chaplain, Dr. Montgomery:

Eternal and ever-living God, our Father, we art met by common impulse to do honor to those servants of the public whose achievements have become a part of our Nation's his-

tory. We are grateful that their memory remains and that its influence becomes a benediction. We entreat Thee, our Father, to glorify this service by the presence of the Holy Spirit that we may be exalted, ennobled, and purified. We rejoice that we are born to a higher destiny and that there is a realm where the rainbow never fades. Strengthen us that we may cling to our faith; it will stand by us in the dying hour, in the flood, and in the dark of night. Grant, O Lord, as we look today into the future, may we have a heart for any fate that is unaffected by either laughter or tears. We pray Thee that we may pass from glory into glory until we are transformed into the complete image of the Divine. In this solemn moment we pause. Thou Savior of the world, we beseech Thee, give sweet rest to those who are in the shadows of grief and crown their souls with the simplicity of Thy truth and love. O walk with them and give them the answer to their longings until they kneel with their loved ones at the feet of God. Merciful Father, hold us all and help us to stand in the morning, in the noonday, in the evening shades until the end, and then let heaven's morning break. Savior Divine, we are pilgrims; be with us through the storm, through the sea, and through the waves until we reach that land that is unwet with the tears of human sorrow, where we shall not see through a glass darkly but face to face. In the name of our glorified Redeemer. Amen.

ROLL OF DECEASED MEMBERS

Mr. Patrick J. Haltigan, reading clerk of the House, read the following roll:

THOMAS JAMES WALSH, SENATOR FROM THE STATE OF MONTANA

School teacher; lawyer; delegate to the Democratic National Convention 1908, 1912, 1916, 1920, and 1924; permanent chairman Democratic National Convention at New York City in 1924; elected a Member of the United States Senate in 1912; reelected in 1918, 1924, and again in 1930; selected by President Franklin D. Roosevelt to be Attorney General in his Cabinet; but 2 days before his term of office would have begun, death came. Died March 2, 1933.

ROBERT BEECHER HOWELL, SENATOR FROM THE STATE OF NEBRASKA

Naval officer; lawyer; engineer; State engineer of Nebraska, 1895–96; city engineer of Omaha, 1896–97; lieutenant, United States Navy, Spanish-American War; State senator, 1902, 1903, and 1904; elected to water board Metropolitan Utilities District, Omaha, 1904; reelected 1910, 1916, and 1920; chairman National Radio Service Commission, United States Post Office Department, 1921; elected to the United States Senate in 1922; reelected in 1928. Died March 11, 1933.

PORTER HINMAN DALE, SENATOR FROM THE STATE OF VERMONT

Soldier; business man; teacher; lawyer; chief deputy collector of customs at Island Pond from 1897–1910; chairman Republican State Convention in 1898 and 1919; judge Brighton municipal court in 1910; State senator, 1910–14; Member of the House of Representatives, Sixty-fourth, Sixty-fifth, Sixty-sixth, Sixty-seventh, and Sixty-eighth Congresses; elected to the United States Senate November 6, 1923, and reelected in 1926 and 1932. Died October 6, 1933.

JOHN BENJAMIN KENDRICK, SENATOR FROM THE STATE OF WYOMING

State senator, 1910–14; delegate to the Democratic National Convention, 1912 and 1916; Governor of Wyoming, 1915–17; elected to the United States Senate in 1916, and reelected in 1922 and 1928. Died November 3, 1933.

CLAY STONE BRIGGS, SEVENTH CONGRESSIONAL DISTRICT OF TEXAS

Lawyer; member of the State legislature; appointed judge of the district court of the tenth judicial district of Texas, and three times elected to such office; Member of the Sixty-sixth and each succeeding Congress. Died April 29, 1933.

CHARLES HILLYER BRAND, EIGHTH CONGRESSIONAL DISTRICT OF GEORGIA

Lawyer; banker; elected to the State senate, of which he became president pro tempore; solicitor general of the western judicial circuit of Georgia, 1896–1906; judge of the superior courts of same circuit, 1906–17; Member of the Sixty-fifth and each succeeding Congress. Died May 17, 1933.

BOLIVAR EDWARDS KEMP, SIXTH CONGRESSIONAL DISTRICT OF LOUISIANA

Lawyer; member of the board of supervisors of Louisiana State University; active in the development of agricultural and trucking industries; Member of the Sixty-ninth, Seventieth, Seventy-first, Seventy-second, and Seventy-third Congresses. Died June 19, 1933.

EDWARD EERTON ALMON, EIGHTH CONGRESSIONAL DISTRICT OF ALABAMA

Lawyer; State senator, Presidential elector; judge of the circuit court of the eleventh judicial district of Alabama; member of the State house of representatives, 1910–15, and served as speaker of that body in 1911; Member of the Sixty-fourth and each succeeding Congress. Died June 22, 1933.

HENRY WINFIELD WATSON, NINTH CONGRESSIONAL DISTRICT OF PENNSYLVANIA

Lawyer; member of the Historical Society of Pennsylvania and the Historical Society of Bucks County; Member of the Sixty-fourth and each succeeding Congress. Died August 27, 1933.

LYNN SEDWICK HORNOR, THIRD CONGRESSIONAL DISTRICT OF WEST VIRGINIA

Graduated from Clarksburg High School; engaged in natural-gas production; Member of the Seventy-second and Seventy-third Congresses. Died September 23, 1933.

JOHN DAVENPORT CLARKE, THIRTY-FOURTH CONGRESSIONAL DISTRICT OF NEW YORK

Lawyer; assistant to the secretary of mines of the United States Steel Corporation from its formation to 1906; chairman Observance of National Forest Week in the State of New York; vice president of the New York Conservation Association; delegate to Republican National Convention, 1928 and 1932; Member of the Sixty-seventh, Sixty-eighth, Seventieth, Seventy-first, Seventy-second, and Seventy-third Congresses. Died November 5, 1933.

JAMES SOUTHWORTH PARKER, TWENTY-NINTH CONGRESSIONAL DISTRICT OF NEW YORK

Teacher; member of the State assembly, 1904, 1905, and 1908–12; engaged in agricultural pursuits since 1898; Member of the Sixty-third and each succeeding Congress. Died December 19, 1933.

JOSEPH LAWRENCE HOOPER, THIRD CONGRESSIONAL DISTRICT OF MICHIGAN

Lawyer; circuit court commissioner of Calhoun County, 1901–3; prosecuting attorney of Calhoun County, 1903–7; city attorney of Battle Creek, 1916–18; Member of the Sixty-ninth, Seventieth, Seventy-first, Seventy-second, and Seventy-third Congresses. Died February 22, 1934.

EDWARD WILLIAM POU, FOURTH CONGRESSIONAL DISTRICT OF NORTH CAROLINA

Lawyer; chairman Democratic executive committee of Johnston County in 1886; Presidential Elector 1888; solicitor, Fourth Judicial District of North Carolina, 1890–1901 delegate to the Democratic National Convention in 1916; Member of the Fifty-seventh and each succeeding Congress; was dean of the House of Representatives at the time of his death on April 1, 1934.

Mrs. NORTON, a Representative from the State of New Jersey, standing in front of the Speaker's rostrum, placed a memorial rose in a vase as the name of each deceased Member was read by the Clerk.

Then followed 1 minute of devotional silence.

Mrs. Esther Bibber sang "Great Peace Have They That Love Thy Law."

Hon. JOHN YOUNG BROWN, a Representative from the State of Kentucky, delivered the following address:

ADDRESS OF HON. JOHN YOUNG BROWN

Mr. BROWN of Kentucky. We pause from our work today to pay tribute to the memory of our colleagues who in the past year laid aside the burdens of life. On the roll call of this body, a little over a year ago, they answered with the eagerness of men ready for duty; but today, as the Clerk sounds each name, it is met by profound silence. Assembling with us now are the close friends and relatives of the deceased. No words of ours can lessen their grief or lift their burdens, but we invite them here that they might share with us the knowledge of the Nation's gratitude for the useful lives of the ones whom they mourn.

As a new Member, it was not my privilege to know personally some of those who are no longer with us. I saw them collectively, however, as they went earnestly about the task set before them. They impressed me as sincere men, devoting their energies to the people's cause. They were a cross-section of the people whom they represented. Coming from different sections of the country and representing, perhaps, different types of citizenship, they at least met in common accord to devise plans which might lessen the burdens and increase the benefits to the masses of America's people. They held the hopes and the aspirations and represented generally the best and highest ideals of their people. They assembled here to carry out the work delegated to them. Ere their work was completed, they were called from this body to take a place among the colleagues of yesterday. Who is there prepared to say that they are not now members of a more glorious assembly?

It is not improper that we for a moment allow our imaginations to range over the field of those assembling in that other body of colleagues who answer no roll call here, but

who still must look from somewhere beyond with interest upon the doings of this body. In that other group we find the founders of our Nation and those who guided zealously its course along the rocky shores of time. To me one of the most remarkable things in the history of this Republic is the type and caliber of men who have enlisted under the banners of public service.

Legislative bodies have always been the storm centers of public abuse and condemnation; and yet, in the 145 years of our existence, how few are the actual instances of corruption of public officials in this Republic! Always it has been true that selfish and greedy interests have had the best of mental talent to advance and protect their properties. The great unrepresented masses must depend upon volunteers to plead their cause. Whatever interest is taken in them is but incidental; and if a voice speaks out in their behalf, it does so usually without adequate compensation and sometimes without even commendation from the very people sought to be served. Those who have fought the people's fight in the past have done so not for remuneration but because it represented an investment of their ideas, their energy, and their talents in a cause which they believed to be just. Certainly, the harshest critic of Congress could not contend that membership in this House is sought for the sake of fortune. Private enterprise, in charting its course, may go into the markets of trade and buy the best of legal counsel. In appearing in the past before the committees of this House, business interests undoubtedly have brought here legal ability of the highest character; but certainly in the clashes with the people's interests, the people did not suffer when they had the magic mind of a Webster, the legal ability of a Clay, or the brilliant eloquence of a Bryan to plead their cause. Where could private initiative have employed men more brilliant, more devoted to the earnest pleading of their cause, or more courageous in the prosecution of their aims than the proud spirits who once stood in this well and fought the people's fight? Their public service procured for them no compensation which would provide life's luxuries, and yet it gave an opportunity for the investment of energy, intellect, character, and courage, which serves that purpose set forth in the preamble to our Constitution of promoting the general welfare and bringing happiness and liberty to the people. They blazed a new trail in the realm of government when they created and ordained a government deriving its powers and functions from the consent of the governed as against the idea of government by divine right. That this land has fallen a prey to ills they scarcely dreamed of is no fault of theirs but, rather, in contradiction to the purposes which they enunciated and to the causes for which they fought.

Few nations can boast of public servants freer from the taint of personal ambitions and greed than are ours. There have been exceptions, to be sure, but their lesser evils have been lost in the greater good. Our history has produced a long line of champions who have come here and in this well have fought to protect the people's interests, and now, to that long line of brilliant spirits of the past and to that galaxy of geniuses that have preserved this Nation we add the names of our 10 colleagues and the 4 Senators who served with us during the early months of this term. They submitted themselves to the will of the people at a time of national crisis. Many of their people were in want; and yet, amidst the pangs of hunger and the discord which hunger naturally brings, their constituency had faith in them. There has been no peril in the life of this Nation that compares in magnitude of threatened disaster with that which faced us in March of 1933. With our financial structure in collapse, with business stagnant, with only hope and faith to buoy them up, our colleagues came here to meet the peril and to do battle with the forces of adversity. They found the Nation suffering largely from diseases of its own making, bountifully supplied by nature with much more than the necessities of life, but denied by the greed of men an adequate distribution of life's benefits. With no thought of partisanship or of personal preferment they set upon the task before them, facing it in the spirit of—

One who never turned his back but marched breast forward,
Never doubted clouds would break,
Never dreamed, though right were worsted, wrong would triumph,
Held we fall to rise, and baffled to fight better, sleep to wake.

In the midst of their labors for the people they long had served, they were taken from their tasks by a Power whose decisions we cannot question. Some of them were men who had devoted a lifetime to the service of their State. Others had but started on the journey of life; but, old and young alike, they were consecrating their efforts and their abilities to the cause of helping America's people on the road toward their great objective—a more abundant life. That the impulses which they gave to that cause will continue after their departure we can have no doubt.

We are taught by the lessons of physics that in the world of nature matter is indestructible. They tell us that a pebble artlessly dropped into the Atlantic seaboard will set in motion an impulse that will not cease until it laps gently upon the brown foot of a native bathing boy on the shores of the Japan Sea. They tell us that a yodeling sound sent forth from the side of the Matterhorn will wend its way upon the waves of ether beyond the farthest star, never to cease. Science has not been able to reduce to the same certainty the indestructibility of the spirit. That has been left by the wisdom of the Almighty to the realm of faith. But can we not believe that the power that created no effect without cause, that made the ear that music might be heard, the eye that beauty might be seen, would not have created the great universal yearning of the human heart for immortality and left that yearning unfulfilled? Cato's thoughts are ours when he says:

It must be so—Plato, thou reasonest well—
Else whence this pleasing hope, this fond desire,
This longing after immortality?
Or whence this secret dread, and inward horror,
Of falling into naught? Why shrinks the soul
Back on herself, and startles at destruction?
'Tis the divinity that stirs within us;
'Tis heaven itself that points out an hereafter
And intimates eternity to man.

From the time the first savage crawled from his rude cave dwelling and bowed in worship before the rising morning sun, mankind has always yearned and dreamed for an existence after death. This yearning has not abated with the development of science and invention. It exists in the most modern of the modern with perhaps increased intensity. Of whatever state in life and without regard to creed or philosophy, there are always that inward tugging and that ray of hope that make us believe that man was not created to be eternally destroyed.

It was my privilege to travel over a number of the Western States with a former Member of this House, who represented, in my opinion, the aspirations and the hopes, and held the confidence of as many, of America's people as any individual in the last half century. I refer to the great Commoner. The common people believed in him; he had fought their fight. Wherever they needed a defense, he was there as their defender. With all his masterful oratory, the people knew that he would not play upon their sympathies and emotions and then betray them. He had been tested in too many battles where their interests were at stake, and at least the common people had never found him wanting. I saw the tanned sons of the soil as they flocked into town at the word of the coming of their champion. I watched them as they sat on the rude benches of those early Chautauqua days and with lifted eyes and lighted faces drank in the words that dropped from the eloquent tongue of this prophet of the people. He represented their hopes, and he gave to them a philosophy of faith. I can almost hear him now, as he reaches that high summation of all the hopes and faith of mortal men:

I shall not believe that this life is extinguished. If the Deity deigns to touch with divine power the cold and pulseless heart of the buried acorn and make it to burst from its prison walls, will He leave neglected in the earth the soul of man who was

made in the image of his Creator? If He stoops to give to the rose bush, whose withered blossoms float upon the breeze, the sweet assurance of another springtime, will He withhold the word of hope from the children of men when the frosts of winter come? If matter, mute and inanimate, though changed by the forces of nature into a multitude of forms, can never die, will the proud spirit of man suffer annihilation after it has paid a brief visit, like a royal guest, to this tenement of clay? Let us rather believe that He, who in his apparent prodigality wastes not the raindrop, the blade of grass, or the evening's sighing zephyr, but makes them all to carry out His plan, has given immortality to the mortal.

So, may we not therefore in our faith believe today that our comrades have departed for the usefulness of a richer life, leaving behind them the impulses of their courage, their inspiration, their loyalty to inspire us to the completion of the task which they had begun; that in these halls, where once they were so active in debate, they still remain watching our efforts; that they are a part of the choir invisible—

> Of those immortal dead who live again
> In minds made better by their presence; live
> In pulses stirred to generosity,
> In deeds of daring rectitude, in scorn
> For miserable aims that end with self.
> In thoughts sublime that pierce the night like stars,
> And with their mild persistence urge man's search
> To vaster issues.

And now, after having listened for the last time to the roll call of our colleagues, we turn our faces from the past and set our eyes upon the future to meet new problems, to find new solutions, and may we from this occasion have gathered new faith in the eternal purpose of things, and in that faith may we be inspired to carve for the people of this Nation a destiny in the future worthy of the ideals and dreams of our comrades who are gone.

The Interstate Chorus sang "The Long Day Closes."

Hon. ALLEN T. TREADWAY, a Representative from the State of Massachusetts, delivered the following address:

ADDRESS OF HON. ALLEN T. TREADWAY

Mr. TREADWAY. Mr. Speaker, in accordance with the custom which was adopted a number of years ago, we are today assembled to pay homage to those Members of the House and Senate who during the past year answered their last roll call. They have passed on to yonder shore where, we are confident, a new life has opened for them from which we can feel they are participating in spirit with us on this occasion.

It is not for us to know what that life is, but as a reward for their faithful services here and their honorable careers in this life we believe that they are now beginning to live; to live that life of unimpaired influence and unmingled happiness for which their talents and services were destined.

> These shall resist the empire of decay
> When time is o'er and worlds have passed away;
> Cold in the dust the perished heart may lie,
> But that which warmed it, can never die.

The intimate relations between Members here particularly qualify us to join in sympathetic sorrow for the kinfolk of our departed colleagues who are assembled with us on this occasion. We extend our sympathy not only to those here in person, but likewise to those relatives who for various reasons are unable to participate in these exercises today.

The consolation to us and to the bereaved families is the thought that the tasks of these men were accomplished. They were found faithful in the duties of a position of trust. They bore the burden of the affairs of Government from which springs the greatness of our Republic. We may be great in area, in natural resources, in grand mountains and verdant hills, and we may have all the underlying characteristics of a great nation, but there can be no cohesion or strength in it unless the human equation is preeminent.

As generations come and go, this country, fortunately, has enlisted in its public service the men who could bring our natural qualifications under guidance. Those guides are the selected ones of the people who represent them in these Chambers. If they should fail, the country would be the sufferer. The men whom we honor here today carried on and made their contribution to the success of Government. Such leadership entitles them to all praise that we can bestow upon them. In behalf of the Members of Congress, it is my privilege to share in expressing our appreciation of them in these all-too-insufficient words.

Among the great compensations enjoyed by Members of Congress are the precious friendships formed here. These friendships grow up without regard to party affiliation, and in some instances closely rival the brotherly affection of Damon and Pythias and other comrades of legend.

Friendship—how sweet is this wonderful boon of earth! It involves so many things, but above all, the power of going out of oneself and appreciating whatever is noble and loving in another.

Looking back upon our associations with our late lamented brethren, we can conjure up many happy recollections. As we who are left behind continue along life's pathway, our journey will be made more pleasant as these recollections spring to mind.

> Grant but memory to us—

Said the poet Whittier—

> And we can lose nothing by death.

Longfellow wrote:

> The grave itself is nothing but a covered bridge
> Leading from light to light through a brief darkness.

Unfortunately, it is only after these associations have been severed by the Grim Reaper that there comes to us a full realization of how much we treasured them. It is, therefore, fitting that we should pause in our deliberations for this brief period, that we may pay to their memories a final and affectionate tribute.

> To live in hearts we leave behind
> Is not to die.

We whose services here extend over a period of years have seen many faces come and go. The procession is endless. Those of us who have witnessed the procession the longest naturally have made the most friends, but as we look about and reflect upon the number who have "gone before", a strange loneliness comes over us.

> Men drop so fast, ere life's midstage we tread,
> Few know so many friends alive, as dead.

While we "await alike the inevitable hour", and though death is as natural as birth, yet we cannot but feel that the passing of our late colleagues in each instance was hastened by the strain and stress of the times.

The work of a conscientious Member of Congress at any time is exacting, but perhaps at no time in the history of our country has it been more strenuous than during the past few years.

What achievements have been wrought within the historic walls of these Chambers! If on every spot where some noble servant has struggled to bring this land into a harvest of promise, if on every grave of every hero of this Capitol there should spring up some vine, some fruitful tree, some spray of flowers, our whole land would be a beautiful garden and the air would be filled with fragrance.

Our departed colleagues had devoted varying periods of time to the public service, ranging from 2 years to a third of a century. Some had attained positions of high honor in their States before coming to the National Legislature. Being gifted beyond the lot of most men, they forged their way to the top of the ladder of success by their ability.

Our country grows as the years roll on; its mighty structure is builded of the living stones that marshal themselves to forms of ceaseless labor amid the responses of a free and intelligent people; and, may I add, there is only one way to have good public servants, and that is for our fellow citizens to be worthy of being well served.

Plutarch said that the measure of a man's life is the well spending of it and not the length. Our late colleagues could well afford to have their lives judged by this standard. Those dear ones who are left behind them can be justly proud of their records of service and achievement.

The passing of these distinguished men is a loss not alone to their families, but to the Nation. Skilled in statecraft, trained in lawmaking, and experienced in public affairs, their services are no longer at the call of a Nation which today stands sorely in need of all the leadership it can secure. Yet of necessity others must rise to take their places; and because these men lived, the course of those who succeed them will be made the more smooth.

With the passing of these illustrious men, we again come face to face with the age-old question, Is death the end? If this question need be answered in the affirmative, our heads might well be bowed today in grief and sorrow, and we should bid a long farewell to all that is good and great in the being of man. If the soul of man returns to dust along with his flesh, there would be occasion indeed for lamentation and despair.

There is no unbelief;
Whoever plants a seed beneath the sod
And awaits to see it push away the clod,
Trusts in God.

Job asked, "If a man die, shall he live again?" Philosophers have debated this question for centuries, but it has never been answered by any definite proof. We know that men have dreamed of immortality, and we know that the desire for everlasting life is universal. Yet we cannot prove immortality. In spite of this, men have persisted in the belief that "Death is but the beginning and not the end." There are so many spiritual capacities in man which he cannot develop in this life that they point to a better and more harmonious future.

We are taught to believe that the Savior's mission on earth was to bring immortality to light, yet even He did not try to prove its existence. Neither did He argue the question, nor go into details as to what the future life would be.

In my Father's house are many mansions—

Said the Lord—

If it were not so, I would have told you. I go to prepare a place for you.

Our faith accepts this assurance. We would be questioning our own beliefs if we expected to be told of the particular mansion a man would occupy. Enough for us mortals to realize that a place has been prepared for those of us who are worthy of being received in the Father's house.

Thus our belief in immortality is based upon faith, which, we are told in Paul's Epistle to the Hebrews, is—

The substance of things hoped for, the evidence of things not seen.

We firmly believe that we shall meet our departed colleagues again in that—

House not made with hands, eternal in the heavens.

We rest assured that our dear friends have only—

Gone before
To that unknown and silent shore.

Life is like the march of an army; it is attended by tremendous hardships and losses. How unjust, how incomplete, and how pathetic life would be without immortality.

Man is a biworld creature. The testimony of reason and experience teaches that life is too short for his unfoldings; threescore and ten years are not sufficient. St. Paul recalled his career of sufferings during which he had been mobbed, stoned, and flogged; and he said that were there no hope beyond the grave, he would be of all men the most miserable. If this world ends all, what a tragedy of injustice it all is, and nothing has been so cheap as man.

What initiative and aspirations stir in his heart. The heart will smother unless it finds breathing room in a larger world. In the London Tower Sir Walter Raleigh could pace only twice his length. How his soul cried out against the limits of his dungeon life bounded by four walls. So man rebels against those walls called the cradle and the grave. He asks all the air there is between his soul and God's throne. He wants the sweep of the eternities.

Our lives are but marches to the grave. Death is no stranger to us, but is continually in our presence. The very moment we were born we began to die, yet because we have faith in the hereafter we are not afraid. We realize that death is only the way to a fuller life.

Though we walk through the valley of the shadow of death, we fear no evil.

Sustained and soothed
By an unfaltering trust—

We are prepared to approach our grave—

Like one that wraps the drapery of his couch
About him, and lies down to pleasant dreams.

The grave is like the gate in the old temple, iron on one side but beaten gold on the other. Dying is transportation, home-going, happiness, and a satisfied heart forever.

As I stand here today participating in these memorial services, my mind wanders back to a somewhat similar service held within these four walls a number of years ago when there lay here, still in death, all that was mortal of the illustrious and beloved former Speaker, the late lamented Champ Clark. On that occasion the then senior Senator from Missouri, the Hon. James A. Reed, delivered what to my mind was one of the most beautiful and eloquent funeral orations ever uttered. His words were so inspiring and touching, and so far beyond my power of expression, that I want to repeat now one or two passages that especially appealed to me. He said:

A wonderful stream is the river of life. A slender thread emerging from the mysterious realm of birth, it laughs and dances through the wonderland of childhood. Its broadening currents sweep between the flower-decked banks of youth, romance, and hope. A mighty torrent, it rushes over the rapids of manhood and breaks in form upon the rocks of opposition and defeat, then glides away across the barren, sterile fields of age until it is engulfed and lost within the waters of the eternal sea. There queenly robes, the beggar's rags, the rich man's gold, the pauper's copper pence, the jeweled diadem of princes, and the thorny crown of martyrs are washed and swept by the same ceaseless tides.

The miracle of birth and the mystery of death remain the unsolved problems of all time. The shepherd who 3,000 years ago upon the plains of Syria observed the procession of the planets and contemplated the decrees of fate was as wise perhaps as is the wisest of today. He only knew that, standing here upon the bank of time, his straining eyes could not glimpse even the shadowy outline of a farther shore. He only could behold the white sails of receding fleets—ships that sail out but never come again. He only knew that at the grave's dread mouth all men must cast aside alike the burden of their honors and their griefs; that man takes with him only that which he has freely given away, that even death may not despoil him of the riches of service and self-sacrifice.

Some listening to my voice heard these words delivered. Some of those whose memories we honor today were our colleagues then. In the course of inevitable changes I am repeating them today as applicable to our departed brethren of the year as they were to the former Speaker of this House in whose memory they were first uttered.

The years are forming and disappearing; they are woven and unraveled; time is speeding on. Let the chaff and the evil part of this life pass with them; let us expel from our lives all sordid aims and purposes; bring them together with all jealousies and passions and drop them into the gulf of oblivion and turn glad feet unto the way that leads unto permanent happiness and virtue.

Beyond the flood of the years lies the immortal shore. Some hour the mists will lift for us, the clouds will roll away, and the clear summits of the far-off land shall stand clothed with God's own benediction.

Blessed is he whom Thou hast chosen and taken unto Thee, for he shall dwell in Thy courts.

Arthur S. Witcomb, of the United States Marine Band, rendered as a cornet solo "Lead, Kindly Light."

The Chaplain, Rev. James Shera Montgomery, D.D., pronounced the benediction:

The grace of our Lord Jesus Christ, and the love of God, and the fellowship of the Holy Ghost be with us all evermore. Amen.

THOMAS JAMES WALSH

Mr. MONAGHAN. Mr. Speaker, would that my humble lips were able to proclaim the greatness of the Honorable T. J. WALSH, for if there be one man in American history whose honesty, integrity, and renown make him a fitting subject for eulogy, that man is the Honorable THOMAS J. WALSH, late of Montana.

His patriotism and love of country never faltered; his courage and fearlessness are household words in America; and the love which he bore his Nation was evidenced by his willingness to accept in his years of declining energy the arduous duties of the Attorney Generalship of the United States, at the request of the man whose candidacy he had done so much to promote, the present President of the United States, Franklin D. Roosevelt. His sole reason for acceptance of the post tendered him by the President was his desire to cooperate with that fearless champion of the people in his endeavor to bring about a new deal in America. It is well known that he would have much rather continued in the position of United States Senator, in which his judgment was free and independent and his life circumscribed only by the voter on election day, than to leave that position for higher honors.

My statement regarding WALSH is brief. He was a man, first of all, of honor, whose word was as good as his bond. He was a statesman whose knowledge of the problems of state and whose comprehensive understanding of the intricacies of governmental action constituted him a loss beyond measure to the American people. When his inscription shall have been written upon the pages of American history may it place these words upon his lips, "I have fought the good fight; I have run my course; and I have kept the faith."

Mr. AYERS of Montana. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following eulogy to the late Senator THOMAS J. WALSH by Senator BURTON K. WHEELER, of Montana:

Something like 20 ponderous historical volumes have been published about Montana. I have searched them all, and in all I find but a few scant lines about my friend, the late Senator THOMAS JAMES WALSH. He was the most distinguished citizen Montana has developed, unquestionably among the Nation's four or five greatest advocates, and one of the most able men ever to gain a seat in the United States Senate. It is shameful that such a man has not found a larger place in our histories. Therefore, this talk, planned as a eulogy, has by necessity and duty become a brief biographical sketch.

It is not such an outline as Senator WALSH's fame entitles him, for it should have been prepared by a scholar with ample time and resources and not dictated by a Senator during the rush and hurry attendant at the close of an extremely tiring session of Congress.

I knew Senator WALSH as well, perhaps, as anyone outside his own family. I loved him, and I cherish his memory. He was almost like a father to me from the day I first took my seat in the Senate in 1923 until his death, March 2, 1933. I wish that I had the time and the ability to prepare material worthy of his name.

BORN AT TWO RIVERS, WIS.

THOMAS JAMES WALSH was born at Two Rivers, Wis., on June 12, 1859, the son of Felix and Bridget Comer Walsh. His parents were natives of Ulster, but Catholics, and the boy was brought up in the same faith. He attended the public schools and began teaching, himself, at Two Rivers at the age of 16. As he taught, he studied and proceeded to take examinations of mounting grades, county and State, so that when 21 he had gained a teacher's certificate entitling him to teach anywhere in Wisconsin for life.

That was typical of Senator WALSH. He early developed an amazing capacity for hard work. All his life he drudged and stored away in his fine mind the fruits of a wealth of basic reading. As a boy he had a purpose in life. He was not quick as many at making friends, but having made one, he never let him get away. Teaching and studying, following a rigid routine, Senator WALSH had passed all the teacher's examinations at 21. Then he carefully and methodically completed the law course at the University of Wisconsin and received his degree in 1 year.

LOVED SPORTS AS A YOUTH

I would not have you think that, as a boy, Senator WALSH was unsocial. He was earnest, serious, and unconvivial and given to laborious days in early life as in late, but he was not entirely a grind. He loved baseball, and I have heard him tell, 40 years later, of the Centennials, as the boys called the club he organized in 1876. He played second base. He loved horseback riding. As a fisherman he was superb. Many of my most pleasant hours with him were spent in Glacier National Park trying to capture the elusive trout. That also is a test of character, and Senator WALSH was an ideal fishing companion. In later years he developed a touch of austerity, but he always enjoyed companionship with his fellows. A game of golf, a leisurely, contented evening or dinner party with friends, was a delight to him. Devoid of witticisms, he enjoyed the talent of his companions. Always, he was courteous and willing to listen to others, unassumingly, and unassertingly. These qualities and virtues were cultivated and became ingrained in his being during the discipline of youth.

MOVES TO SOUTH DAKOTA

Upon graduation from the law school of the University of Wisconsin, WALSH immediately formed a partnership at Redfield, S.Dak., with his brother, Henry C. Walsh. Five years later he was married to Elinor C. McClements, of Chicago. She was an inspiration and partner in her husband's extra-legal activities. One child was born to them, Genevieve, now Mrs. Emmet C. Gudger, whose husband is a naval commander.

LOCATES AT HELENA, MONT.

A year later he moved to Montana. As to his activities in Montana prior to his election to the United States Senate, Dr. D. B. Price, of Helena, writes me as follows: "Mr. WALSH came to Montana in 1890, locating in Helena, which was his home to the close of his successful and brilliant career, March 2, 1933. He was of medium height; compactly built; graceful head; steel-gray eyes; black hair and a heavy mustache; quick of motion; mentally alert; never triflingly employed; in full command of his emotions; self-contained; self-determined; capable of giving up himself to a cause; of analyzing his own motives; self-reliant; ready to take responsibility; ever conscious of conforming to a worthy standard of conduct and thought, always avoiding excess of any kind; an indefatigable worker and student; a diplomat in that he was successful in choice of time for and adaptation of method to circumstances; the personification of courtesy. His reasoning was faultless. He was an advanced liberal in politics, aggressively progressive, supporting all the new measures which seemed to him to be for the public good, in State and national politics. As a lawyer he was devoted to his profession and to the interests of his client. He reached the heights by dint of effort and native ability.

"He came to Helena at the age of 31, at the time the State's principal industry, mining, was involved in turbulent legal battles—conflicts of years before its problems were thoroughly settled, and from which he emerged as an authority on mining law. His style was lucid, his words always conveying to the mind of the layman the points and principles of law at issue, and that right and justice constituted the essence or indispensable quality of the law, and that the law, when rationally and honestly construed, was the mighty key facts of civilization, those required for the understanding, the promotion and defense of liberty, and the essential chart of the future of human society. His exposition of the law was at once accurate and animated. His simplest sentences had the clear ring of enlightened intention. His briefest statement of fact was a blow at all that threatened the rights of humanity and his clients.

WINS BY PRIMARY ELECTION

"Desire for public service had become the dominant purpose and aim of his life, and in 1906 he entered the campaign for Representative in Congress. One donor to his campaign fund gave $500, saying he thought it was worth it to get his energetic and efficient competitor interested in some other activity. His campaign was unsuccessful. So also was his campaign for the Senate in 1910. Undaunted by defeat, buttressed by a deep conviction that there was a need for his services in the Congress of the United States, he continued his campaign, and by 1912 there had been enacted in primary law, and while the election was actually in the hands of the legislative assembly, its members were pledged to vote for the candidate for the United States Senate nominated by the primary. He worked hard for the election of members of the legislature favorable to his candidacy, and won the nomination in the primary and the election by the unanimous vote of the joint assembly, perhaps the only instance on record. From the beginning of his request for recognition as a suitable man for congressional honors he was his own prophet and defender, subsequent events confirming his judgment of himself and of an enlightened citizenship.

"'Know thyself; in nothing excess', the one brief sentence in all literature which does completely portray the character of T. J. WALSH. Living well is an art, and he who lives well in the relationships of husband and father, counselor, public servant, and citizen, looks back from the summit of his years, thinking, no doubt, especially of his loved ones to whom he had given constant solicitude, for as wise and good parents grow older, they experience no joy comparable to that of having founded a home and given to the world children of industry, integrity, and personal worth.

MAN OF INTENSE IDEALS

"THOMAS J. WALSH wanted to be a lawyer, a philosopher, a statesman, a character in American annals—and he was; a man of intense ideals, capable of righteous indignation against iniquity—he proved it, and the Nation will come to appreciate it. He had an intuition for progressive movements and a quick and keen apprehension of the character and location of reactionary forces. Even his friends did not realise what he was doing, working ceaselessly. His equipoise was splendid. With tireless patience he pursued the even tenor of his way with open-minded frankness, moral and intellectual integrity, courage, sound judgment, and level-headedness. His advice and opinions were highly esteemed

and were accorded sincere weight. He was conscientious in thought and action; gentle of spirit, his heart beat in unison with his fellowman, and it was not o'erleaping ambition or crass love of power or gain that caused him to devote the best part of his life to the services of his country and State. He bequeathed to posterity what is greatest of all, a record of splendid and useful achievement, a stainless reputation, and a lasting sense of gratitude in the hearts of his constituency—the people of Montana.

"'His life is now beyond
The reach of death or change.'

"And, according to the assurances of his own faith, gloriously beginning. What he believed in, he stood for with unwavering fidelity and consistency. A noble and loyal husband, a devoted and proud father, a man transparently and undeniably Christian, but who never intentionally or wittingly intruded his views upon any person or into any situation, an able and sagacious lawyer, a loyal citizen, friend, and neighbor. He is gone, 'wearing the white flower of a blameless life.'"

To Dr. Price's estimate of Senator WALSH's life in Montana prior to his election as United States Senator, I would add only that he was always the friend of the underdog and the sworn enemy of land grabbers and shady concerns.

TELLING BLOWS FOR LABOR

Senator WALSH struck some of his most telling blows for labor. One of our greatest students of constitutional law, his first speech in the Senate was in behalf of a bill to make jury trials essential in instances of contempt of court in injunction cases. This first speech gave him the respect of his colleagues. His speeches were always crowded with facts and packed with careful reasoning. Often they did not appeal to the galleries. There was about him an air of near shyness; yet when his blows landed, his opponents were stunned because of his reliance on facts. He led the fight for the confirmation of Justice Brandeis in the Supreme Court, and his brief has been called a "model of persuasiveness and finality." He flayed the cruelties and injustices of the Department of Justice in the so-called "red scares", led by A. Mitchell Palmer. Palmer was a Democrat, but all wrongdoers were alike to WALSH. Palmer was engineering the "red raids" during the hysteria at the close of the World War. "It is only at such times", WALSH said, "that the guaranties of the Constitution as to personal rights are of any practical value. In seasons of calm no one thinks of denying them. They are accorded as a matter of course."

DRAFTED SUFFRAGE AMENDMENT

He helped draft the prohibition and woman suffrage amendments to the Constitution. He drew the case against the seating of Truman H. Newberry, of Michigan. He supported the child-labor amendment. He helped draw national attention to the abominable conditions that then prevailed in the steel industry by placing in the RECORD the Interchurch Report on the Steel Strike. It was WALSH who led the fight to prevent the use of Federal money to prosecute trade unions under the Sherman Act. He was a sturdy fighter for a low tariff.

He was in charge of those clauses of the Clayton Act that exempted all farm and labor organizations from prosecution under the Sherman law. I remember, especially, one magnificent fight that he made to have the status of public-utility companies investigated by a Senate committee. One of the most powerful lobbies the Capitol has ever seen—with endless money—opposed that proposal, but WALSH stood on the floor, hour after hour, making a grand fight. In the end the investigation was conducted by the Federal Power Commission. He was one of the first Senators to insist on Federal regulation of excessive stock-exchange speculation.

Senator WALSH was enthusiastic for general disarmament. When the Treaty of Versailles was before the Senate, he advocated the entry of this country into the League of Nations. Later he favored vast concessions. He was always for the World Court. When discussions came up over the Japanese situation, there were some who urged an economic boycott. WALSH, a member of the Foreign Relations Committee, pointed out the dangerous consequences. "An economic boycott", he declared, "is apt to lead to war."

He did not hesitate to criticize such large concerns as the Aluminum Co. of America and at a time when it was not popular to do so. He assailed the action of the Department of Justice in the treatment of the Aluminum Co., but his findings were not accepted by the Senate. He was firmly opposed to professional political lobbyists.

DEFENDS WILSON IN OIL SCANDALS

It was a dangerous undertaking to oppose this quiet-mannered gentleman in anything he undertook to know about. On one occasion a Senator from Indiana attempted to connect the Wilson administration with the oil scandals. Senator WALSH riddled the charges. In rebuttal he piled high figures, documents, quotations, and facts, facts, facts. Then he had three great maps brought in, and as the dispatches of the day said, "with a pointer, like a school teacher, illustrated his points as he went minutely into the history of the reserves to refute ROBINSON."

WILLIAM HARD WRITING OF WALSH

I want to give his Montana friends a true picture of Senator WALSH in the Senate. I quote from William Hard in Colliers for May 15, 1924:

"For years in the Senate it seemed that if a subject was peculiarly dull, it would peculiarly be Mr. WALSH who would arise to discuss it.

"Did the President appoint Senator SMOOT and Representative BURTON to be members of the World War Foreign Debt Commission? Did the question thereupon arise whether or not a Senator and a Representative could constitutionally be appointed to such a body? Did this question involve constitutional niceties and legalistic intricacies which hardly anybody could grasp?

"Very well. WALSH of Montana at once arose, and from behind large books piled high upon his desk proceeded at once to deliver a speech so constitutionally learned, so legalistically subtle, so profound, so abysmal that those of his hearers who could understand it gasped, and the rest were near to swooning.

"Thus in the Senate, among his fellow Senators, Mr. WALSH rightfully gained the reputation of being one of the Senate's deepest minds; and thus for the occupants of the press gallery, who could not put disquisitions on the Constitution into their news stories, Mr. WALSH remained a total loss."

And a little later this same writer could say of him: "A modest man, a man insistent upon truth and unassertive of himself, a man who has the respect of his colleagues for his moral qualities as much as for his mental qualities, a man whose manners and methods seem to condemn him to be known and admired by the few, he is now known by the many. Yet his true title to their regard is that among the few who knew him and admired him in the days of his popular obscurity, he is still, for his unchanged heart and unchanged demeanor, just as much admired, just as much loved."

THE STORY OF THE OIL SCANDALS

The country has never witnessed a more surprising drive through a jungle of misrepresentation than that conducted by WALSH in the famous Teapot Dome and Elk Hill oil-reserve scandals. Because of my own close connection with that case, I give a summary by Charles Michelson as published by the North American Review of February 1926:

"He went into the oil investigation on a shoestring. All he had to start with was a couple of leases to Sinclair and Doheny, and some sudden prosperity of Albert B. Fall. * * * The committee that inherited the investigation generally felt that, after all, the validity of the leases hinged on whether it was a good or a bad deal for the Government, and there was as much authority for the position that it was necessary to operate the reserved fields to prevent their being drained by nearby wells, as for the other theory. That committee had not been going 2 days before it changed its identity and ever after was the 'Walsh committee.' He was not its chairman; Lenroot, who had the title, was lost in the shuffle, and WALSH simply took possession of the show. When Edward B. McLean came out with his declaration that he had loaned Fall $100,000, taking his notes and a mortgage on the Fall ranches as security, all of the Members, except WALSH, thought the bottom had fallen out of the scandal. It was so perfectly credible; just such a thing as McLean might have done, in view of his membership in the Harding circle of which Fall was so conspicuous an ornament. They advised WALSH to close the investigation and leave the matter of the validity of the leases to the courts. Not he; his nose was on the trail, and he intended to follow it, so he hiked off to Florida, put McLean under oath, and the excuse for Fall's sudden prosperity was blown sky-high with McLean's admission that the checks he handed Fall were returned uncashed, and that his previous story was merely his 'going down the line for a friend.'

"There followed as a natural sequence the coming to the witness stand of Doheny, with his little black satchel, and the tale of an old prospector's affection for his one-time trail mate. It was an appealing picture with its mellowed reflection of the dim frontier; the soft side of a hard-boiled oil multimillionaire, of youthful companionship in poverty and hardship merging into the friendship of men in the decline of life. It sounded as plausible as the McLean story—to everybody but WALSH. To him it was only scenery along the route he had marked out, and he herded the two of them into the criminal courts."

A GREAT DEMOCRAT

Senator WALSH took a large and increasingly important part in the deliberations of the Democratic Party. He was a delegate to the national convention seven times, and twice chairman, in 1924 and in 1932. His address as permanent chairman at the Chicago convention was a gem of English and reasoning. It demonstrates that he was alive to the unparalleled economic conditions that confront the country.

"Prices have fallen so that debts, incalculably vast, have doubled, and they continue to fall, paralyzing industry and checking enterprise", he warned. "Out of such conditions, as history teaches, revolutionary movements arise and flourish. The plight of our own country excites concern in every patriotic mind. In desperation Congress is moved to adopt measures of relief with little regard for constitutional limitations or for what, under ordinary circumstances, would be considered as sound economic principles."

CALLED TO CABINET

A few weeks before his death he reluctantly accepted a call from President-elect Roosevelt to serve in the Cabinet as Attorney General. His function in the Cabinet was to have been that of a "balance wheel." He was to have a more important place than that indicated by the title of Attorney General. Rather he would have been the "elder statesman" of the Cabinet, a man of progressive views, tempered with years of experience in public life, contributing also the force of character he displayed throughout his life and especially during the Teapot Dome investigation.

HIS STRENGTH OF CHARACTER

Senator WALSH's greatest strength was his character; his second, intellectual ability; and third, his love for hard work. A few days before his death one of the opposition newspapers said of him that "no wise Democratic politician is likely to go to him in his new job looking for special favors." "It would be", the New York Sun added, "like asking the statue of civic virtue for a chew of tobacco."

Never was there an instance in which a man in public life was more certainly the master architect of his own fortune than THOMAS J. WALSH, so far as I know. He was not an actor, but a teacher—saw his constituency, the cause he espoused, his country, and, above all, he saw himself. As an advocate or prosecutor there was a sting in his simplicity and seriousness. He was not looking for style or stage effect, but expressed what he had to say for its own sake, without a wasted word.

Emerson said: "He only is a well-made man who has good determination", and no one who knew TOM WALSH ever claimed that he lacked determination.

His attacks against wrong and injustice in high places was pungent, fearless, militant, unspoiled, untouched by any censor's squeamish or faltering hand. His courage was an inspiration. He had the gift of forcing honest and open opposition, for he never used evasive or misleading tactics in fighting a political foe or one guilty of malfeasance. One of his noticeable gifts was the knowledge of when to strike a blow—when he was prepared, when he could choose the terms of conflict, and with vigor dispatch the foe facing him.

His name had become a national household word; an atmosphere of esteem and affection had grown about his personality; he had done the day's work of a man, and who knows but that "a destiny of necessity" touched him out of life's turbulent picture at the fortunate moment.

* * * * * * *

Not that it will add one iota to his fame, but so that his friends who may treasure this volume will have available a few estimates of his achievements and character, I append but a dozen short comments from the hundreds that have come under my eye in the public print or have been sent to me by all classes of citizens. The life of THOMAS JAMES WALSH offers a fascinating field for the historian, and I am hopeful that some day in one of our colleges there will be found a man with the training and the ability to prepare a history of his life worthy of the man.

—

President Roosevelt: "Senator WALSH was one on whom I always relied for wise counsel and advice."

Former President HOOVER: "Senator WALSH's public service has been so varied and so distinguished as to make his fame secure and his death a grievous public loss."

Vice President Garner: "Few men have been closer to the hearts of the American people, and no man has been more conscientious and diligent in protecting the interests of the people as a whole."

Secretary Cordell Hull: "No finer patriot or abler statesman has come into our national life during my time."

Senator ASHURST: "One of the ablest lawyers I ever knew."

Senator LA FOLLETTE: "A splendid public servant."

Former Senator Watson of Indiana: "A high-minded man, honorable in all his relations with life, clean in all his habits, and his death—a distinct loss, not only to the incoming administration, but to the whole country."

Senator BORAH: "His death was a national calamity. With all due respect to the other members of the Cabinet, he was the man who had been tried and tested in public service and who stood out as an able and patriotic public servant."

Senator JOE T. ROBINSON: "He was an outstanding leader in the Democratic Party and a man of undoubted integrity and notable ability."

Senator COPELAND: "The American people lost a great champion."

Former Vice President Curtis: "Senator WALSH was a very valuable man, an outstanding legislator, and a man of wonderful ability."

Governor Lehman of New York: "A man of commanding ability, sterling character, and rugged honesty."

Mr. MOREHEAD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following tribute to the late Senator THOMAS J. WALSH, of Montana, by Hon. JAMES COUZENS, Senator from Michigan:

The work done by THOMAS J. WALSH, United States Senator from Montana, from 1913 to 1933, has made a place for him in the history of our country. Nothing that we can say or write would add to his renown. I wish, however, as one who served with him for a number of years in the Senate and as one who had many opportunities to know him intimately, to pay my humble tribute to him. He was a true public servant, and one who is a true public servant has fulfilled his mission in this world. By his deeds we knew him, and by his deeds the historians of the future will know him.

The life and work of Senator WALSH impressed me with another thought. More and more it occurs to me that we live by a natural and perhaps a supernatural rule. We progress. The instinct in us individually and the collective instinct are to rise to a higher plane of civilization. As we contribute to this general effort, we live; and as we stand in the way, we perish. The fittest survive, and the fittest mean only those who desire to make this a better world in which to live, or, in other words, the spiritually fit as contrasted with the materially fit.

Senator THOMAS J. WALSH gave unstintingly of himself to make this a better world in which to live. He was an honorable man, a fine example for our young men to follow in his ideals of public service. The mills grind slowly but exceedingly fine. There is no friend of Senator WALSH who need have any fear that in this process of grinding Senator WALSH or his memory will suffer. The grinding will merely add luster to his name and his memory.

ROBERT BEECHER HOWELL

Mr. MOREHEAD. Mr. Speaker, Senator ROBERT BEECHER HOWELL was the son of Andrew and Mary Adelia Beecher (Tower) Howell, of Adrian, Mich.; married Alice Chase Cullingham, of Omaha; civil engineer; attended public schools in Adrian, Mich.; cadet midshipman, United States Navy, 1881; graduated United States Naval Academy, 1885; attended Detroit School of Law, 1892; State engineer of Nebraska, 1895–96; city engineer of Omaha, 1896–97; lieutenant, United States Navy, Spanish-American War; State senator, 1903–4; appointed to water board, metropolitan utilities district, Omaha; elected to board, 1904; reelected, 1910, 1916, 1922; Republican national committeeman, 1912; reelected, 1916, 1920; member executive committee, Republican National Committee, 1916–24; water commissioner, Omaha, 1912; Republican nominee for Governor, 1914; elected to United States Senate, 1922; reelected, 1928.

It was my privilege and opportunity to know Senator HOWELL during his lifetime. Before entering upon his duties as United States Senator, he was active in the municipal affairs of Omaha, Nebr., as well as in the affairs of the State government; and had strong convictions. He had the courage to advocate and defend his ideals, not only in private but in public affairs. Senator HOWELL died while holding office, March 11, 1933. He was a scholar and a man of vision, ability, and intellect, thoroughly versed in business affairs, and was popular with his fellow citizens. His death seemed untimely, and was a loss to his many friends, as well as to the State and Nation. I take this occasion to pay his memory a tribute of respect. His wife survives.

Mr. MOREHEAD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following tribute to the late Senator HOWELL, of Nebraska, by Senator THOMPSON, of Nebraska:

When Senator ROBERT BEECHER HOWELL died, on March 11, 1933, he closed an enviable career of public service. His dominant mental characteristic, as estimated by those who worked with him and knew him intimately, was unselfishness. He was city-minded, State-minded, and Nation-minded. Further, he was naturally a persistent investigator in the economic field, never seeing in it any personal elements, but only those that were clothed with a public interest. It was never a question as to how he could obtain a personal profit, but how could a change be effected which would curb unfair advantage and relieve men and women from unnatural burdens, and bestow profits as nature's laws decreed. This fact showed itself in his earliest activities.

Coming to Nebraska in 1888, after having graduated as an engineer from the Naval Academy at Annapolis in 1885, he found a State whose western half was arid and semiarid; whose flowing streams were sufficient for but partial irrigation of these otherwise fertile lands; and whose legislature had failed to establish laws defining how these limited waters could be appropriated. It is not inaccurate to say that one more selfish-minded of this acquisitive era, finding such facts, and realizing the attendant opportunities, would have embarked upon a plan for a large corporation, an accumulation of thousands of arid acres and actual appropriation of the use of these waters before the legislature should act. Not so with ROBERT BEECHER HOWELL. By seeming intuition he saw the picture of these lands and these waters controlled for the benefit of the small tillers of the soil. He secured the position of State engineer, and personally investigated their location, their courses and their present usefulness. He traveled to other States, investigated their irrigation systems and their laws relevant thereto. Then he became a member of the State senate, and through his leadership the legislature passed an act which he proposed, and thereby he became, in fact, the father of the first irrigation law of his adopted State.

Then, as related by his Omaha fellow workers, some years later, while Omaha's city engineer, he penetrated the subterranean passages of the Omaha Water Co., a private corporation controlled from the Atlantic seaboard. He saw profits accruing to such company were far out of proportion to the capital invested in the enterprise. This was at the noonday of reorganizations and combinations. But to personal profit he gave no thought. His pic-

ture was of the water users—the city included—paying an inequitable, illogical, abnormal price for water, and of a stream of unmeasured dollars flowing across the city's boundary to the company's offices in the city of New York. He began to plan a way to stop this stream and to relieve the water users from overpayment. He talked of it by day and dreamed of it by night. It became a part of his being. His purpose required an act of the legislature amending the city charter so as to permit the city to acquire the plant by private bargaining or by eminent domain. How should this be accomplished? He would go to the legislature. He would have greater voice in the senate. He would go to the senate.

It was in the days of nomination by convention. As the legend runs, the Republican city central committee promised him that if he would bring in the delegation from his ward (the third), he could have the nomination. This promise was lightly made, they not believing the condition possible of fulfillment. The night of the primaries, ROBERT BEECHER HOWELL appeared at headquarters and reported that the condition was fulfilled.

The chairman, with different arrangements already made, suggested that a newcomer should not expect to run for the Senate; that he could have the nomination for the house. Mr. HOWELL withdrew from the interview disillusioned, disappointed, angry; and with two additional prominent traits of his character in the foreground—persistence which knew no limits and an enthusiasm which never failed. Thus he went out into the night to continue his fight. Before next day's sun rose over the Iowa bluffs, he had seen the leading spirit of nearly every ward and had concluded working agreements. The newcomer had broken the machine. A few days later he was nominated for the senate and in the fall elected with a good majority.

But he had not reached his goal. The water company was not without influence, and the Howell water bill was defeated. But the idea, the hope, the longing, were not defeated but intensified. Two years later Mr. HOWELL was again back in the senate, and before the session's end the second Howell water bill had become a law. And then he fought on and on. In the next city election the people adopted his plan. Bonds were provided. Then court struggles ensued. But in the end the city became the owner of the water plant. Mr. HOWELL had become known, trusted, respected. Without his really knowing it, his political career had begun.

How sound were his views was demonstrated from the very first. Water rates were cut and large surpluses reserved for payment on bonds previously issued. Then he was himself called upon to take the position of general manager of the plant. So successful was the plant, the electors supported him in the establishment of a metropolitan utilities district and in adding an ice plant and a gas plant to its ownership. Mr. HOWELL's idea and his service to the people of Omaha in carrying it out have already netted them millions of dollars, and this net will be increased year by year so long as the people of Omaha preserve those rights which he won for them by long, unceasing, intelligent labor. What greater monument could man have!

He was frank and truthful and entirely free from that cowardice which breeds deception. He was sincere in his beliefs; he was faithful to his word, and he was loyal to every cause that he espoused. He was free from narrow partisanship and enjoyed to the fullest extent the confidence and esteem of Democrats as well as Republicans. There was no sham or hypocrisy in his character. He was always frank, cordial, and courteous. In the study of economic questions he took special delight. He had decided convictions on every moral question and never hesitated to declare them in a modest way when the occasion demanded. Thus he became a recognized leader in progressive thought and action.

By his consistent and unwavering fight for municipal ownership, he gained and retained the confidence of the active business voters all over the State, this largely through his insistence that municipal ownership should be applied where that which was a natural monopoly was abusing its privilege or when a monopoly in business was operating without regard to the rights of others engaged in the same line of business and to the injury of the general public. While he was not what would be called a partisan in politics, he always retained his alinement with and in the Republican Party. Yet when a candidate, he carried with him voters of all parties. In his campaigns his appeal was to the voters generally and not specifically. His plan was for a cause and not for a party. I remember the first time I ever heard him. It was on an evening after I had my supper, and, as was my custom, I returned to my office in the second story of what then was known as the "Citizens National Bank"—raised my window overlooking the main street corner in Grand Island, Nebr., and soon I heard someone speaking; it was Mr. HOWELL.

I listened until the speech was finished. Then I went down and congratulated him. He asked how I liked his talk. I answered: "It was a very good Democratic speech—an appeal, however, without partisan bias, and if delivered to our Nebraska people generally, the Democrats will have to be mighty active if they want to beat you." To me, his best results were achieved in an open-air street-corner talk to the public. The common man believed in him and trusted him. No man could crave greater honor. As for myself, I felt highly honored when I was permitted to succeed him in the Senate. His adopted city of Omaha and the State that he honored in every position he filled will all down through the coming years remember him and profit by his labors.

Mr. MOREHEAD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following tribute to the late Senator HOWELL, of Nebraska, by Senator MORRIS SHEPPARD, of Texas:

The passing of ROBERT BEECHER HOWELL affords just occasion for the remark that if every American citizen possessed the ideals and pursued them with the energies that animated him, this Republic and its liberties would be secure. I base this assertion on intimate personal and official association with him for more than 2 decades. American history does not present an instance of more complete and disinterested devotion to the universal good than that his life exemplified.

With him the supreme test of every public question was its bearing on the general welfare. In fact this view was more than an abstract belief so far as he was concerned. It assumed the proportions of a faith, a passion in the purest and most uplifting sense. He fought with unsurpassed tenacity and intensity every endeavor of special and selfish interests to obtain unfair advantages or to establish corrupt and despotic power. In the service of the people he was a soldier whose armor was never off. His heart and soul were enlisted with his brain in the struggle of the weak against the strong; and the determination, the ability, and the devotion with which he stood against the predatory forces of society should stand out in grateful memory of all Americans as an inspiring and perpetual example.

I knew him best as a prohibitionist, an opponent of the traffic in intoxicating liquors. Recognizing in that traffic a menace to human happiness, a threat to freedom of opportunity and of progress, he threw himself into the fight against it with a vigor and an effectiveness unsurpassed in American annals. Any record of the resistance in the United States to this fundamental evil would be incomplete without mention of his efforts. He believed that liberty should be defined in terms of human welfare, that the rights of dependent ones, for instance, to a decent and comfortable existence were superior to the so-called "right" of an individual to drink intoxicating liquor.

His ability to locate and to assemble facts, a faculty all too rare and far too little cultivated, enabled him to contribute observations of profound value to any discussion in which he participated. Whether the subject was that of world financial obligations or the complicated rate structures of public utilities it remained for him above all others to supply a factual foundation involving tremendous labor, keenest discrimination, and an invincible patience. On the basis of the practical he developed his contentions and convictions, and in support of these he exhibited a militancy, a fearlessness, a sincerity, and an integrity which won the praise and respect of all.

He would never compromise his conception of the right, the just, the true. Most vividly did his attitude of opposition to what in his view was error or was wrong suggest classic examples of adherence to duty at any cost.

On the summit of the castle of St. Angelo at Rome stands the bronze figure of an angel with uplifted sword. During one of the fiercest French-Italian wars this castle had been captured by a small force of Frenchmen who were soon surrounded by the enemy in overwhelming numbers. Exhibiting the sublimest courage, the beleaguered Frenchmen resisted siege and charge for many days. It became at last apparent that their destruction was inevitable. Prompted by admiration for such valor, the enemy's commander suspended battle and summoned the French captain to surrender. "We will surrender", the brave French captain thundered in reply, "when the bronze angel sheaths its sword."

With similar courage and determination ROBERT BEECHER HOWELL faced all the problems and responsibilities which confronted him throughout his remarkable career.

Mr. MOREHEAD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following tribute to the late ROBERT BEECHER HOWELL by Senator GEORGE W. NORRIS, of Nebraska:

ROBERT BEECHER HOWELL was born in Adrian, Mich., January 21, 1864. He was educated in the public schools of that city, was appointed cadet midshipman to the United States Naval Academy in 1881, and was graduated from the Naval Academy in 1885. He located in Omaha, Nebr., in 1888, and attended the Detroit School of Law in 1892. He became State engineer of Nebraska in 1895, and in 1896 served as city engineer of Omaha.

Senator HOWELL served in the Spanish-American War as a lieutenant in the United States Navy. He served one term in the Nebraska State Senate (1903–4). Here he was instrumental in securing the passage through the legislature of a law providing for the establishment of the Metropolitan Utilities District of Omaha. After his retirement from the Nebraska Legislature in 1904, he was selected as manager of the Metropolitan Utilities District, and was reelected to that position in 1910, 1916, and 1922.

Senator HOWELL led the fight which resulted in the taking-over of the waterworks in Omaha, which city was then being supplied with water by a private company. This fight lasted for many years and was finally settled by a decision of the Supreme Court of the United States. The attempt of the Omaha Water Co., during the great business depression of 1896, to acquire what was practically a perpetual franchise to supply the city of Omaha with water, precipitated a fight for public ownership. Elected to the

State senate in 1902, Senator HOWELL led the fight to compel the council of the city of Omaha to obey the mandate of the people, to buy the Omaha water plant, and secured the enactment of a law compelling the city council to take such action. In addition, this law provided for an unusual form of organization for the control and operation of any public utilities which might thereafter be acquired by the city of Omaha. This organization was the metropolitan utilities district, governed by a board of six directors, which is empowered to choose its own chairman and general manager.

In 1912, after a contest covering 16 years, Omaha's water plant was taken over by the city at a cost of $6,500,000, after the question had been finally settled by the Supreme Court of the United States. In 1917, authority was granted by the legislature to go into the ice business, and, in 1920, the gas plant of the Omaha Gas Co. was acquired at a cost of about $5,000,000.

From 1913 until 1924, during all but 4 years of which period the Metropolitan Utilities District was under the managership of Senator HOWELL, the water plant made eight different reductions in rates charged the consumer, in all reducing the cost through public ownership 52½ percent. The ice plant, built at a cost of approximately $700,000, with a capacity of 200 tons per day and long storage capacity of 29,000 tons of ice, over a 5-year period, on the basis of 30 cents per hundred, paid for itself, with the exception of $138,000 of the original cost. The gas plant, taken over in 1920, under the management of Mr. HOWELL, made a remarkable record, and in a 3-year period accumulated a reserve of $2,378,000. These accomplishments were brought about by Omaha, when the city took the first steps in public ownership under the leadership of Senator HOWELL.

The remarkable success of Senator HOWELL in the management and control of these public utilities had an indirect effect far greater than is indicated by the above figures. He not only improved the quality of the gas and the purity of the water supplied to the people of Omaha; he not only broke the back of the Ice Trust, which had theretofore charged exorbitant rates; in addition, he created a sentiment in favor of public ownership of public utilities. The success of the public ownership of water, gas, and ice aroused public interest in favor of the public ownership of the generation and distribution of electricity. This resulted directly in the reduction of electric-light rates from 14 cents per kilowatt-hour to 5½ cents per kilowatt-hour, thus saving millions of dollars to the consumers of electricity. Although the activities of Senator HOWELL did not result in the construction of an electric-light plant, yet the very threat of such a public ownership brought about this great reduction. He became an outstanding figure in the State of Nebraska in favor of municipal ownership of all public utilities. His reputation in this respect was given great consideration by the voters of Nebraska and was one of the material factors in his subsequent nomination and election to the United States Senate.

In a State-wide primary he was elected Republican national committeeman in 1912. He was reelected to this position in 1916 and again in 1920. He was a member of the Republican National Committee from 1916 until 1924. In 1914 he was nominated as the Republican candidate for Governor of Nebraska but was defeated in the November election.

During the World War Senator HOWELL was a Reserve officer in the United States Navy and served in this capacity from 1917 until 1921. He was chairman of the radio service commission of the Post Office Department in 1921. He was nominated in a State-wide primary and elected to the office of United States Senator in 1922. He was renominated and reelected in 1928 for the term beginning March 4, 1929. While serving his second term as Senator from Nebraska, he died at Walter Reed Hospital in Washington, D.C., March 11, 1933.

Senator HOWELL was one of the most useful and valuable public servants ever to serve in the United States Senate. He was universally respected in that body by both friend and foe. Personally, he was a lovable character, with a courage that was unsurpassed. He did not hesitate to uphold and defend what he believed to be right, regardless of consequences. In politics, he was absolutely independent—he knew no master other than his own conscience. His intimate knowledge of public-utility questions from an engineering standpoint gave him a commanding influence in the United States Senate. Every Member of that body was always willing to take Senator HOWELL'S conclusions without fear of being wrong. He solved every problem with mathematical accuracy, and his deductions of facts and figures were never once overthrown and very seldom even questioned.

During his long public service in behalf of his adopted city of Omaha, the State of Nebraska, and the Nation, the finger of scorn was never once pointed in his direction. His entire life was marked with distinguished ability, honesty, and courage unsurpassed. His death came as a shock to all lovers of better government and improved conditions. His life is a shining light upon the road of human progress.

PORTER HINMAN DALE

Mr. PLUMLEY. Mr. Speaker, tributes to the distinguished service rendered by the Honorable PORTER H. DALE in the Congress of the United States will be appropriately and adequately paid today by those whose pleasure, privilege, and good fortune it was to have been associated with him in the Halls of the House and Senate.

I come as a personal friend of long years' standing, as well as the representative of the people he served so faithfully, so illustriously, to pay to his memory their heartfelt, though brief, tribute, and my own.

He was elected to the Sixty-fourth Congress to succeed my father, who was not a candidate for reelection. Chosen, thereafter, by the people of the Second District of Vermont to represent them in successive sessions of Congress, he resigned during the Sixty-eighth Congress in order to become a successful candidate for election to the United States Senate, thereby filling the vacancy caused by the death of the late Senator William P. Dillingham.

Although advised that he was not in the best of health, we were not prepared for the tragic news of his death, which came to all as a shock, bringing home to each of us a distinct realization of the magnitude of the loss we, and the State of Vermont, had sustained. We have come to know with what fine courage he fought unflinchingly against the ill health that beset him, while he bore without complaint the burdens and until the end faithfully and unceasingly discharged the duties imposed upon him by his office.

It is superfluous to suggest that the people of Vermont believed in PORTER H. DALE. They felt that he was one of them. No one ever questioned his sincerity of purpose. Constantly loyal, his warm, friendly, and sympathetic nature won and kept for him the friendship of those thousands in the Green Mountains of Vermont who join with me today as we mourn the passing of the man. A gentleman of high ideals, he met the test of the high offices he held both courageously and well, and was held in the highest regard by all his colleagues.

His honesty of purpose, his fairness to others, the zealousness, enthusiasm, loyalty and intelligence with which he espoused the cause he chose to champion, won for him the confidence, respect, and esteem of his friends and acquaintances and made him a respected adversary in legislative controversies in these Halls. Of pleasing and prepossessing personality, he was a delightful and congenial companion. The circle in which he moved is forever broken.

His passing was a distinct loss, not only to the people of the State of Vermont but to the Nation.

His life, character, and public service, not to be lightly treasured, should constitute examples to be emulated, offer an inspiration to us all, and provide his enduring monument.

Mr. PLUMLEY. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following biographical sketch of the late Senator PORTER H. DALE, by Senator WARREN R. AUSTIN, of Vermont:

Senator PORTER HINMAN DALE, who died in Westmore, Vt. October 6, 1933, had served as a Member of the National House of Representatives for 8½ years and as a Member of the United States Senate for 10 years.

Senator DALE was born at Island Pond, Essex County, Vt., March 1, 1867, son of George Needham Dale and Helen Hinman Dale. He attended the public schools and seminary at Montpelier, Vt., and after 2 years in the West, returned to study with private instructors in Boston and Philadelphia. He was principal of the Green Mountain Seminary at Waterbury, Vt., and left to become the first instructor in elocution at Bates College at Lewiston, Maine. For 2 years he was associated with the Shakespearean scholar and actor, James E. Murdoch. He studied law and was admitted to the Vermont bar in 1896, commencing practice at Island Pond with his father. In 1900 he was admitted to practice before the United States courts.

Senator Dale was deputy collector of customs at Island Pond from 1897 to 1910. He served as colonel on the staff of Gov. Josiah Grout from 1896 to 1898. He was twice chairman of the Republican State convention, once in 1898 and again in 1919, and was appointed judge of the Brighton Municipal Court by Gov. John A. Mead in 1910. He served in the State senate from 1910 to 1914.

Senator Dale married on June 1, 1891, Miss Amy K. Bartlett, of Island Pond, who died August 1, 1907. They had 2 sons and 2 daughters: Timothy C. Dale, George N. Dale, Mrs. Marian Dale Bennett, and Miss Amy Porter Dale. On June 25, 1910, he married Miss Augusta M. Wood, of Boston, Mass., who survives him.

Senator Dale was elected a Member of the Sixty-fourth, Sixty-fifth, Sixty-sixth, Sixty-seventh, and Sixty-eighth Congresses, serving in the House of Representatives from March 4, 1915, until August 11, 1923, when he resigned to become a candidate for the United States Senate.

Senator DALE was elected to fill the vacancy caused by the death of Senator William P. Dillingham to the United States Senate on November 7, 1923, for the term ending March 3, 1927. He was reelected in 1926 for the full term ending March 3, 1933, and in November 1932 was reelected for another 6-year term.

During his long service on Congress he was a member of many important committees, and, before the change in administration in 1933, was on both the Appropriations and Rules Committees.

Senator DALE, who had had long experience in the Customs Service, was instrumental in formulating legislation for the betterment of employees in the classified service, and as chairman for many years of the Senate Committee on Civil Service was especially active in securing the passage of the Retirement Act now in operation. He also championed important legislation for postal employees.

One of the noblest traits of men who take part in the advocacy of great controversial principles is fidelity to a cause. This virtue animated Senator PORTER H. DALE. As history speaks with venerable accent, his steadfast, faithful, persistent advocacy of the rights and humane care of disabled veterans and their dependents will be lauded as a conspicuous example of his characteristic fidelity.

Mr. PLUMLEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address by the Senator from Vermont [Mr. GIBSON] relative to the life, character, and public service of the late Senator DALE, of Vermont.

On October 6, 1933, death called at the cottage of PORTER H. DALE. The grim messenger found him ready and fully prepared to go on the journey to the beyond.

After a busy and eventful life as a business man, lawyer, judge, member of the State house and senate, Member of the United States House of Representatives during five Congresses, three times elected to the United States Senate, a splendid citizen, a faithful public servant, a devoted and loving husband and father, he was prepared, as few are, to receive the reward of his Master.

Intimately connected during 20 years of public life, I felt keenly a sense of personal loss in his passing. As his successor, his excellent qualities will always be before me as a guide for a continuance of the type of service he gave to the State and Nation.

It is difficult to portray by the written word his many splendid qualities. The secret of his success is not difficult to find, however, because his character was the basis. He was strong in invincible religious faith, and success in material things had not dwarfed his spiritual stature. Senator DALE had a rich heritage in a long line of sturdy ancestors—the type of New England stock which is fast disappearing and which the Nation greatly stands in need of in these stressful days. PORTER DALE was a man among men whom the people of Vermont may well associate with the best the State has given, and our people can be justly proud not only of his many years of work but the kindly spirit and the sense of honor which dominated his life.

Senator DALE's outstanding characteristics were loyalty to his friends, devotion to his work, and honesty of his convictions. Few men in public life in Vermont have had so strong a personal following. This was undoubtedly true because he learned the feeling of the rank and file of all people—the high and the low, the rich and the poor; because he did not capitalize friendship for political advancement and because he never deserted his friends but rather stood with them, until, in his unselfish way, he had helped them to the utmost of his ability. Because of his sincere, sympathetic interest, his approachability, his patience, and his desire to bring happiness to others he was firmly entrenched in the affection of those with whom he came in contact.

Senator DALE was devoted to his work, and his record in the Senate was one of full performance of duty—a continuance of the same type of diligent, sincere effort which marked his years in the House of Representatives. He was a tireless worker to the end that the interests of his fellow citizens and the welfare of his country might be safeguarded. He was a successful representative of the people because he really served them. His constituents knew that when he made a promise he kept it, and he pleased them with actual accomplishment. His career in Congress resembled his career outside of it; that is, it was one of quiet work and effective performance. He worked conscientiously and unassumingly, not raising his eyes for the applause that might have come had he chosen to make known his many works. His life was not spectacular, but he was even greater than those who stood in the limelight.

Senator DALE had the courage of his convictions, and it cannot be said that his people were in doubt about his position. He had no misgivings of purpose, and his unswerving faith in a cause he believed to be right led to sharp criticism, but his opponents or criticism never caused him to deviate from his duty or dislodge him from what he believed was for the best of all. Political pressure or expediency did not cause him to waver. He did not fall into the popular march of issues for popularity's sake. It may well be said that he gained strength to defend a cause from the rugged hills of his State and was fortified by a deep consciousness that many would benefit by his position. And his opponents as well as his friends respected his sincerity. He died as he lived, true to the principles in which he believed.

Senator DALE was a particularly loyal worker in all problems concerning those who have followed our country's flag, and he gave conspicuous service in behalf of the veterans of all wars. He also championed the cause of the Federal employees and fought with determination and zeal for legislation which he believed would benefit those of the Government's service.

Among the resolutions adopted is the following from the Vermont State Committee of the Republican Party:

"We realize the loss of a man whose love of country was paramount to party or policy; whose life was permeated by a fixity of conviction and unquestioned integrity; whose vision was unclouded; whose understanding spirit embraced the needs of all people, and whose time and energy were dedicated to a life of notable service for the people of his State."

Upon his death a friend well said of him:

"PORTER HINMAN DALE was an untiring worker, a devoted American, a loyal friend, and a true Christian gentleman. He knew the art of friendship because he really cared for all people. He added beauty and refinement to the common touch and particularly enjoyed helping ordinary folks, ever giving them new hope and joy. Those who were in need seemed to mean more to him than those who were fortified by position or wealth.

"His patience was unfailing. He was a cheerful donor of his time and energy, taking infinite pains with the small as well as with the larger problems with which he was intrusted.

"His life was rich in rare honesty and was strengthened by unhindered courage. Because of the steadfastness of his beliefs he was enabled to make the noblest use of his position, and he rested quietly in the abiding faith that he was right."

Not long before his passing he went with his devoted wife to his summer cottage, high up in the hills of his beloved State. There he had on many occasions sought peace and rest from his arduous duties. We may well honor and respect the man who loves and longs for those beautiful quiet places which seem a part of the eternal.

He held the respect of his colleagues to a remarkable degree. Of him Senator KENNETH MCKELLAR recently said:

"I considered Senator DALE, of Vermont, one of the finest men it was ever my privilege to know. He was clean, high-minded, honorable, and a man of unusual ability.

"Before Senator DALE and I were in the Senate, we served together in the House. We were on two committees together. In the committee, on the floor, in all of his personal and official dealings, and in his private contacts he was always the same—generous, gentlemanly, and a whole-souled man. While he and I differed politically, he honored me with his friendship, and I entertained for him the highest affection.

"It is a source of the greatest satisfaction that I have been given the privilege of saying these few words of him."

Senator J. G. TOWNSEND, Jr., of Delaware, paid the following tribute:

"It is a privilege to pay tribute to the memory of my departed colleague, the late Senator PORTER H. DALE. He was an able Senator and a gentleman, loyal and unassuming. His family and his constituents have much for which to be grateful in the service that he rendered."

Senator LESTER J. DICKINSON, of Iowa, expressed his appreciation of Senator DALE as follows:

"It was my privilege to serve with Senator PORTER H. DALE for many years as a Member of the House and for a number of years as a Member of the Senate.

"Senator DALE was a most conscientious public servant. He was aggressive when the interest of his State was involved. One of his outstanding characteristics was his trend toward all humanitarian matters. He was always most interested in that which was for the common good. It is pleasing to know that a proper memorial is to be published in his behalf."

JOHN BENJAMIN KENDRICK

Mr. CARTER of Wyoming. Mr. Speaker, no words of mine can adequately and fully describe the high esteem in which Senator KENDRICK was held by all who knew him. It is said the richest possession a person may acquire is the confidence, respect, and esteem of our friends and acquaintances. Senator KENDRICK had all of these, and his memory is enshrined in the hearts of the people of his State, of his former colleagues, and his host of friends in Washington and throughout the country.

We mourn the loss of a man of fine character, of a friendly, gentle nature, a man of broad human sympathy, whose heart was full of love and charity for his fellow men.

Senator KENDRICK was an ardent champion of whatever cause he espoused. He was straightforward, courageous, and honest in his views—an interesting speaker, and his direct and forceful presentation of any subject carried conviction and always commanded the respect and attention of his audience.

Senator KENDRICK was born in Cherokee County, Tex., September 6, 1857. He was educated in the public schools; went to Wyoming in 1879 and engaged in stock growing, which business he followed until his death. He was elected State senator in 1910 and served in the eleventh and twelfth State legislatures. He was elected Governor in 1914 and

served with distinction until February 1917, resigning to take his seat in the United States Senate. He was reelected to the United States Senate in 1922, and again in 1928. He died November 3, 1933.

The close intimacies of the common efforts of the Wyoming delegation in Congress make for friendships based upon respect and recognition of the finest elements of human character. By every test of such friendships Senator KENDRICK measured to the full stature of a man.

He will always live in the hearts of those with whom he was associated. To them he needs no other monument. The influence which he exerted out of his wide experience, sound judgment, and inflexible character will live on in the structure of our Government. His personality is the heritage which will be treasured in the memory of his friends and associates.

Senator KENDRICK died in the harness, working long and hard for his folks in Wyoming. And now his spirit is free to return to the land he loved—the land of which he was so much a part—the West.

Mr. CARTER of Wyoming. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement of Hon. ROBERT D. CAREY, United States Senator from the State of Wyoming:

REMARKS OF THE HONORABLE ROBERT D. CAREY, UNITED STATES SENATOR, AT THE MEMORIAL SERVICES FOR THE LATE SENATOR JOHN B. KENDRICK ON APRIL 27

Senator KENDRICK represented the very highest type of Wyoming pioneer. Coming from Texas to Wyoming as a cowboy, following a trail herd of cattle, he became through his own perseverance and industry the outstanding citizen of this State. He had little schooling, but by constant study he educated himself. With no financial backing but through thrift and hard work, he built up a large and successful business.

Two factors contributed to his success: First, his determination was unyielding once he made up his mind. Second, a personality which enabled him to make friends. He had a charm which made everyone who knew him not only like him but desire to comply with his requests.

No man was held in greater esteem in the Senate than JOHN B. KENDRICK. The friendships he established, together with his determination and persistence, made it possible for him to accomplish much in Congress.

Senator KENDRICK never failed to realize that what might be looked upon as a small matter in Washington might be of great importance to some citizen of Wyoming. While he always gave careful attention to national affairs, he never neglected his constituents or their requests. When he called at a department, he saw not only the head of the office but made friends with every clerk and employee; and on account of their liking for him there was always a desire to do what he asked.

My relations with him were most pleasant. We conferred and worked together. I went to him many times for advice, which he was always willing to give, and which was most helpful.

There has never been anyone in public life in Wyoming who has been held in greater esteem and affection by the people. Having reached such an influential position in the Senate, his death is a serious loss to the State. He will be missed by many, not only as an outstanding citizen but as a friend.

I am including as a part of my address the following tribute to Senator KENDRICK, by W. C. Deming, publisher of the leading newspaper of Wyoming:

"JOHN B. KENDRICK, THE MAN AND THE STATESMAN—A TRIBUTE TO LATE WYOMING SENATOR BY PUBLISHER OF STATE'S LEADING NEWSPAPER

"The history of the world is, after all, largely a chronicle of the affairs and achievements of men and women. Otherwise, books would be stale and uninteresting and the record of mankind dull beyond endurance.

"The life of the late United States Senator JOHN B. KENDRICK, of Wyoming, needs no encomium. His career speaks for itself and in language more forceful and fascinating than any artist, author, or orator could depict, outline, or construct.

"However, for the benefit of those who may not be altogether familiar with the circumstances, incidents, events, and accomplishments which enter into the life and success of our honored and departed friend, I shall attempt to condense them and present them this evening.

"JOHN B. KENDRICK was born September 6, 1857, in Cherokee County, Tex. The very name of the county in which he first saw the light of day suggests the pioneer history and surroundings of that section of the country. He was the son of John Harvey and Anna Maye Kendrick.

"The tendency among many boys to inherit or follow the occupation and chief interest of the father, whether in business or a profession, is exemplified in the case of young KENDRICK. His parents were cattle ranchers in a small way, and thus he came naturally by his familiarity with boots, spurs, chaps, sombrero, quirt, and Texas saddle, all so necessary to the equipment of the cowboy on the range.

"Fortunately, for young KENDRICK there was an old-fashioned public school at Florence, Williamson County, and he availed himself of six or seven grades, so called, before going out into the world for himself. This occurred in his sixteenth year, and soon he was 'riding trail' over long distances with the oldest and best of them.

"In those days it was customary to drive thousands of cattle many miles from winter range to summer range, from a short-grass to a long-grass country, or in periods of drought, to a section, territory, or State where Providence had smiled more benignly upon man and beast.

"What opportunities for meditation and contemplation! Young JOHN B. KENDRICK did not stop merely with his musings or his wonderment at the procession of seasons or the precise movement of the stars and the planets, as he observed them during his lonely vigils when 'riding herd' upon the plains.

"He carried or borrowed books and little by little added to his store of knowledge, something he early realized would be of much value if his sphere of activities were ever measurably enlarged or enhanced.

"Perhaps it would not be an exaggeration to paraphrase Whittier in the Branded Hand when he said:

"'In thy lone and long night-watches,
Sky above and "earth" below,
Thou didst learn a higher wisdom
Than the babbling schoolmen know.'

"Thus in March 1879, at the age of 22, he began his long trek northward, one of many Texas cowboys driving a herd of 3,000 cattle from Matagorda Bay on the Gulf of Mexico to the Running Water range in northeastern Wyoming.

"The distance was 1,500 miles, and the journey over rough roads and dusty, unbroken trails took 5 months. He arrived on August 27, 1879.

"While in this day and age, with modern transportation, one may cover that distance in 3 or 4 days by motor or in a half day by flying machine, in 1879 it was a long journey and replete with more risks and dangers from Indians, floods, droughts, accidents, or disease than a trip around the world would be today.

"Young KENDRICK experienced two narrow escapes before reaching Wyoming: one, when a large band of horses broke corral in a storm at night and stampeded, but, fortunately, the frightened animals jumped as neatly over the sleeping cow punchers as if taking hurdles at a modern horse show; the second, when as a result of fever, JOHN KENDRICK calmly advised his fellow cowboys to bury him beneath the virgin sod and complete their errand to Wyoming if he should not recover.

"His employer, upon that first journey from Texas north, was Charles W. Wulfjen, a successful cattleman who was moving his herds and his residence to this State.

"Apparently the youthful cowboy, who had recovered his health and strength, made such an impression upon his employer for industry, intelligence, and fidelity that he became foreman of the Wulfjen ranch in Wyoming, a position he held for 5 years. However, a man of JOHN B. KENDRICK'S temperament could not be satisfied to work for another.

"Moreover, that fifteen-hundred-mile journey through a country in which there were few settlers and often no livestock convinced him that the opportunity of which he had dreamed was all about him and beckoned with a welcoming hand.

"Therefore, he returned to Texas in 1883 and invested his savings, less than $200, in a small herd of long-horned cattle, and trailed them back to Wyoming, with cattle of his employer, where he enjoyed the thrill of establishing his own ranch, recording his own brand, and becoming a cattleman in his own right and name.

"The Wulfjen and the Kendrick holdings were on Lance Creek in Converse County.

"So rapidly did the young Texan make a place for himself in Wyoming that in 1885 he became foreman of the Lance Creek Cattle Co., in which he had an interest. He was range manager of the Converse Cattle Co. from 1887 to 1897, which company he took over, acquiring real estate, herds, and brands.

"During a considerable part of this time the Wulfjen family resided in Cheyenne in winter and on the Converse County ranch in summer. Thus they all had a large acquaintance in those days in southeastern Wyoming.

"An early Wulfjen home ranch in Wyoming was named the ULA, in honor of Eula Wulfjen.

"How much inspiration for Senator KENDRICK'S knowledge and success resulted from the influence of that splendid lady, I shall not pretend to say; but having known JOHN B. KENDRICK for more than 20 years and appreciating the value he placed upon the finer things of life, my impression is that he gave to her the greater credit for all the happiness and success that had come to him.

"At any rate, his life story recalls that while he was riding the range by day and reading his books and papers by a dim kerosene lamp at night, his mind wandered to the home of his former employer and associate.

"The interest and admiration he experienced were mutual, and on January 20, 1891, he was married to Miss Eula Wulfjen, who, with her fine son, Manville Kendrick, and her charming daughter, Rosa-Maye Harmon, survive him.

"Year by year the range was becoming overcrowded; and as JOHN KENDRICK'S herds increased, it was necessary to acquire new holdings. He did the obvious, fitting, and proper thing in pur-

chasing the remnant and the brands of the O W ranch, in the vicinity of Sheridan, formerly the home of his first employer and now one of the outstanding cattle estates in the entire West, in the management of which his brother-in-law, Clarence Wulfjen, participated.

"While he had become the big boss and the leading citizen of a wide area in northern Wyoming and southern Montana, Mr. KENDRICK was up with the sun and made a full hand at anything there was to be done. No cowpuncher could outride him, no neighboring ranchman could vie with him in the amenities that characterize a pleasant gentleman and a royal host. Such qualities and such elements of superiority do not come by chance.

"Henry W. Longfellow must have envisioned JOHN B. KENDRICK or known his like when the poet said:

"'The heights by great men reached and kept
Were not attained by sudden flight,
But they, while their companions slept,
Were toiling upward in the night.'

"Intelligence and industry bring their own reward.

"The quality of his herds improved. He became an authority on livestock, the economic use of ditches and available water supply, cattle disease, and marketing. So much so, indeed, that the O W ranch and its owner were noted in all the great Northwest territory. He became president of the Wyoming Stock Growers Association in 1909, serving 4 years, also vice president of the National Livestock Association for 5 years."

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Yet, as recently as 1910, Mr. KENDRICK was unknown as a political figure. That year he was induced by the people of Sheridan County to become a candidate for the State senate. His election followed by a flattering majority. I recall almost as if it were yesterday my first meeting with the plain, tall, bronzed but genial Democratic senator from Sheridan County. Without art or effort, he left an impression upon any or all who spent as much as 1 hour in his presence.

The foundation of his remarkable political career was laid in that session of the legislature in the month of January and February 1911. As has been well said, due to his personality, geniality, sincerity, and quick understanding of men and measures, he emerged a figure, destined to take a place among the outstanding statesmen in Wyoming and in the Nation.

"The minority party literally drafted him as a candidate for United States Senator in 1913, to oppose Hon. Francis E. Warren. While friends of these two self-made citizens permitted some bitterness to enter into the contest, the principals kept themselves upon a high plane and the "green cowpuncher", as State senator KENDRICK called himself, always referred with much respect to his distinguished opponent, who even then was a leader in the United States Senate.

Senator Warren was reelected, securing a majority in a joint session of the legislature, that election being in the days before the popular election of United States Senators.

The campaign, however, had placed the Sheridan citizen upon the map, so to speak, and he was the logical candidate of his party for Governor in 1914. His election was a triumph and marked the beginning of a real opportunity for broad, practical achievement in State and National affairs. I well remember the graciousness of Governor and Mrs. Kendrick and their interesting children at the inaugural ball, in which defeated partisans participated enthusiastically.

Governor KENDRICK lost no opportunity to drive home the fact that he was the chief executive of the State, a servant of all the people, not a mere representative of a political party.

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Henceforward there was no election in which he was a candidate in which he did not secure a following from all political parties and from all walks of life. As I have often remarked, while fate and circumstances, and political training and obligation to those in my own party, placed me in opposition to Senator KENDRICK, there was never a time when I took any pleasure in working or voting against him.

Perhaps that was a reflex of Mr. KENDRICK'S own feelings, because it has been said that if he ever hated his political enemies, he never showed it. After election the Republican seemed as welcome in his presence and in his office as the most rabid old-fashioned South Carolina Democrat.

Tolerance stood out conspicuously in his code of ethics and action.

Only a few months before his inauguration as Governor, following some good years in the cattle business, Mr. KENDRICK had completed his beautiful new home in Sheridan, on a hill overlooking that attractive little city, and that home is named "Trail End."

As he looked back to the decades that had elapsed since he began the long journey from the Rio Grande to the Black Hills and beyond, he, no doubt, felt that he had earned future years of rest and peace, minus the hardships of the range or the trials and exactions of public life.

But it was not to be. From his splendid private home, he came to occupy the new executive mansion in Cheyenne, where hospitality was extended to Democrat and Republican, high and low, rich and poor. Each and all in the presence of the "cowboy Governor" was made to feel perfectly at home.

Although wishing to serve out his 4-year term, Governor KENDRICK'S name was written upon the ballot as the Democratic nominee for United States Senator in 1916. He made a vigorous campaign and defeated that scholarly gentleman and fine lawyer, the incumbent, Senator Clarence D. Clark, by 3,000 votes.

So great was Senator KENDRICK'S modesty and so little inclined was he at any time to assume airs or a place or spurs that he had not actually won, that he sometimes spoke disparagingly of himself as a national lawmaker, and questioned whether he had really earned a right to occupy a seat in the great chamber where Webster and Hayne and Garfield and Blaine had held sway.

This man, whose political life began at 53, a time approaching the three-score line, after which most men begin to take things a bit easy and discount their own ability and judgment, performed his most arduous public duties and acquired a high place in the councils of the Nation.

The World War broadened his vision and his sympathies, extended his contacts and his activities. He was regarded by President Woodrow Wilson as a careful adviser and established himself in the hearts of his colleagues.

Reelected in 1922, he participated in the reconstruction years and worked with his senior colleague, Francis E. Warren, as if they were brothers in the same cause. Through his efforts Grand Teton National Park, of Wyoming, was established, a memorial to his name as long as those peaks endure.

Efforts to defeat him in 1928 failed, because the time had well arrived when he was regarded, like Senator Warren, as one of the venerable fathers and too valuable to be replaced upon political grounds.

Senator KENDRICK and President Calvin Coolidge always maintained a pleasant relationship. The same was true as to President Herbert Hoover, whom the Wyoming junior Senator had come to know during and after the World War, and while Mr. Hoover was Secretary of Commerce under President Coolidge.

Throughout this period, indulging the hope and the dream of a rich agricultural empire in central Wyoming, Senator KENDRICK never relaxed his efforts in behalf of the Alcova reclamation project.

At a time when engineers, specialists, writers, investigators, Cabinet heads, and Members of Congress were dismissing the proposition with a shrug of the shoulders, because of the expense of construction and the high price of water that would necessarily follow, Senator KENDRICK believed there was a way out.

His practical mind coupled with the project a great power dam which would supply electricity for farms, ranches, villages, towns, cities, mines, and possibly railroads within a radius of several hundred miles.

The election of Franklin D. Roosevelt in November 1932, together with a Congress of his own political persuasion, placed the now senior Senator from Wyoming in a position of new power and vantage.

With that energy and determination which had characterized his entire life, whether the task was large or small, he set about to realize his dream.

In the cloakroom, lobbies, corridors of the Capitol, and upon the floor of the Senate, he carried his message, strengthened by the fact that Wyoming through its oil royalties had contributed millions to the reclamation enterprises of other States.

His sincerity as to the desirability and practicability of the project, when judged over a period of 50 years, together with his mastery of the idea of fair play, carried conviction to his colleagues, to the Secretary of the Interior, and to the President of the United States.

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Unexpectedly the message went forth a few months ago that the Casper-Alcova project had been approved and $23,000,000 would be appropriated for its completion.

It was a great victory.

But it is perhaps no exaggeration or forced tribute to Senator KENDRICK when I say that he paid for this achievement with his life.

Superimposed upon the multitudinous duties which encompass a United States Senator at all times, and the inescapable demands following a change of administration, the days and nights given to the Casper-Alcova project were too much, even for a man of Senator KENDRICK'S physical and mental vigor.

Returning to Wyoming, he was acclaimed on every hand, and found that a movement had been inaugurated to make him the nominee of both major political parties in 1936.

While Senator KENDRICK honestly and sincerely hoped that he would be permitted to retire and enjoy his remaining years amidst his home and family, in the State he loved so well, in all probability had he survived, public sentiment and a high sense of duty on his part would have resulted in his reelection unanimously at the hands of the people of Wyoming.

In Sheridan, at the close of Congress, he still found much to do. What with the details of his large private business, ranching and banking, consultation over State and Federal matters of importance, and the exactions arising from the disposition of patronage, Senator KENDRICK had little or no time to himself, even in the supposed quiet of his own home.

Like a bolt of lightning from a clear sky, the news came on Wednesday evening, November 1, that Senator KENDRICK had suffered an attack from which he might not recover.

Anxious days and nights followed, in which thousands of men, women, and children watched the news bulletins and reports from his bedside, hoping almost against hope that the physical vigor which so often had stood him in good stead would again avail.

But it was not to be.

On Friday, November 3, 1933, the Senator passed away, not having recovered consciousness, and, therefore, having escaped the

mental anxiety and physical pain which sometimes accompany the closing days of men and women who have passed three score and ten.

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Notwithstanding the first severe storm of the winter season prevailed quite generally throughout Wyoming, by train, by automobile, by airship, friends and admirers came November 6 from every section, and some from long distances, to pay tribute to their departed friend.

In the privacy of that beautiful fireside, where he had planned to spend his declining days, the family gathered for the last opportunity to view and honor him who had been for so many years the rod and staff of the happy household.

Hundreds were gathered in the First Methodist Church, and literally thousands stood outside with bared heads, defying a bleak, chill November day as his remains were brought from the home, Trail End, for the public service.

Not the least impressive of the personal and official delegations gathered at the church was that of five Crow Indian chiefs in full tribal regalia. There they sat with solemn, bowed faces, doing their part with dignity in honoring their distinguished white brother whom they had come to know and honor as a close friend of the Great White Father in Washington.

In keeping with that modest, warm, personal, friendly spirit when he lived, Senator KENDRICK had often expressed the wish for a simple funeral, devoid of eulogy, but characterized by the hope and faith and beauty that emanate from the Holy Scripture.

There were old-time organ music and a verse of Crossing the Bar, a poem which became one of the Senator's favorites. This was read by Mrs. Clarence Wulfjen, sister-in-law of Mrs. John B. Kendrick, in lieu of the usual songs upon such an occasion.

In the midst of artistic banks of flowers, surrounding the altar and organ and reaching from the floor to the ceiling, the pastor Dr. I. B. Wood, of Cheyenne, former minister and personal friend of the deceased in Sheridan, assisted by the Reverend Charles E. Hardesty, now pastor of the Sheridan Methodist Church, conducted the service.

The ritual was brief and impressive in its simplicity and beauty. The biblical selections carried lessons of faith and cheer to all the assembled.

Perhaps, never before in Wyoming had so many people from every walk of life gathered to do honor to the dead. At the close of the ceremony and before those seated in the church were dismissed, the doors were opened and hundreds from the outside were permitted to walk through.

As the November sun was dropping down behind the Rocky Mountains, JOHN B. KENDRICK had moved from his temporal home at Trail End to the beautiful cemetery on Mount Hope where he now has peace and rest.

I regret that I never knew Senator KENDRICK during the days of his struggles. My acquaintance came at a period in his life when fortune had smiled and the future was large with honor and promise. He shared his material success with his neighbors and his friends. Parks, playgrounds, golf links, generous contributions to all public enterprises mark his citizenship.

To me, having watched Senator KENDRICK closely during the years of his political stewardship, I think the most impressive personal result was his growth as a public speaker.

All else that contributed to his value as a citizen, a chief executive, and legislator could be taken for granted.

Yet, practically without advanced schooling or training, upon occasion, when moved by his surroundings, he literally captivated an audience with his simple eloquence.

I shall recount but one incident. A few years ago while I was in Washington as president of the United States Civil Service Commission, Hon. Stephen J. Mather, Director of National Parks, issued invitations for a dinner at the Willard Hotel.

The list was confined almost exclusively to men who by reason of their past or present life, their official positions, private work or residence, would be interested in the growth and development of the National Park system.

There were about 60 present. Mr. Mather, the host, called upon each to rise and then gave a brief record of his career.

From the large list, three or four were chosen for extended remarks. The occasion had been a most happy one. Portly waiters in white jackets and spotless caps had carved immense helpings of buffalo steak from a nearby table in full sight of the guests.

It was in most ways a western occasion, although many easterners were present. In a measure, it was the crowning event of Stephen J. Mather's interest and achievements in behalf of national parks. The frontier was recalled and the future was rich with promise.

Senator KENDRICK's response was the speech of the evening. Briefly and effectively he recounted his boyhood, his early days upon the plains, and pictured for the benefit of the "tenderfeet" the herds of buffalo as he had seen them as a boy in his journey from Texas to Wyoming.

Coupled with that simple wit and humor with which he was so gifted, warmed with that smile which personified his friendliness, he drew the guests upon that occasion to him and with him as the old-fashioned horseshoe magnet attracts bits of steel.

Nothing I have said and nothing that we can now do will add to the fullness of Senator KENDRICK's life, an epic of the old and the new, the East and the West. These occasions are merely efforts on our own part to understand, if possible, and do honor to those who have so ably borne the burden and the heat of the day.

Shakespeare sums it all up in four words when he permits Hector to say: "The end crowns all."

CLAY STONE BRIGGS

Mr. MANSFIELD. Mr. Speaker, the sudden death of Hon. CLAY STONE BRIGGS, on April 29, 1933, was a profound shock not only to his family but to many thousands of people of Texas who knew him so well and so favorably, and who were the chief beneficiaries of the splendid public services he had rendered.

Judge BRIGGS was born in Galveston, and this beautiful island city was his home until the time of his death. He was brought up there under the most refining influences, and it was there that he received his early education and training that so eminently qualified him for the public positions he afterward filled with honor and distinction. First attending the public schools, he then entered the Ball High School, from which he was graduated in 1894. He attended the University of Texas in the academic department, going from there to Harvard for a session. In 1899 he graduated from the law department of Yale, with the degree of LL.B.

After returning from Yale Judge BRIGGS practiced law in Galveston for several years, and represented Galveston County in the thirtieth legislature, becoming identified with several of the most important laws enacted at that time. In 1909 he was appointed by the Governor of Texas as judge of the tenth judicial district, to which position he was reelected for three consecutive terms, resigning in January 1919 after his election to the Sixty-sixth Congress.

In Congress Judge BRIGGS was assigned to membership on the Committee on Merchant Marine, Radio, and Fisheries, taking an active interest in promoting and building up our merchant fleet, which is of such vital interest to the welfare of our Nation and particularly to that of his native State of Texas, whose foreign trade holds a very high rank among the States.

His public record, like his private life, is without stain or blemish. In my service in Congress I have never been associated with anyone who was more devoted to duty and to the interests of the country and of his constituency. He has left behind him a splendid record of achievement, as well as a host of sorrowing friends.

Mr. THOMPSON of Texas. Mr. Speaker, the sudden and untimely passing of one of my closest and truest friends was such a shock that I am still, after all these months, at a loss to find words to adequately describe and express my deep sorrow.

CLAY STONE BRIGGS was truly a friend of the people of the Seventh Congressional District of Texas, and he remained loyal to all from the very day he first entered public life as a member of the Texas Legislature until God chose to call him on that beautiful spring morning of April 29, 1933. He had no warning, but we all know that he was not afraid to go. His whole life was devoted to comforting those about him and the people of his district. He gave his own welfare little thought. He was reticent and modest when his own well-being was involved; but when he was looking after the interest of one of his people, whether a man or woman of influence or a poverty-stricken farmer or laborer, he fought hard and effectively to protect the rights of his constituents.

His memory will forever linger in the hearts of the good people of Galveston and of east Texas who were so fortunate in having him represent them for many years, for all of us know that we could have chosen no man better equipped than this great humanitarian to serve us.

Soon after I landed in Galveston as a marine during the World War, I attended service at Grace Church. I met Judge BRIGGS there, and we immediately became warm friends. We cooperated in many problems, and many times I was amazed at his ability to take hold of a difficult matter, which often appeared hopeless, and after months of almost superhuman effort succeed. Mind you, he never gave a thought to anything material for himself. Late in the after-

noon of the day before he passed on, he succeeded in obtaining a river-and-harbor project which meant a great deal to the people and commerce of his district. That was his last official act. Little did he know that when he would leave the Capitol that night, he would never see it again or his colleagues with whom he had served for so many years and whom he loved so dearly.

It seemed that his heart may have been burdened with sorrow, but he was every inch a gentleman; and if he had any misgivings, he carried them to his grave.

No nobler man ever lived on the face of the earth, and I know that God has rewarded him.

I want to incorporate in my address memorial resolutions adopted by the House of Representatives and Senate of the State of Texas soon after those two bodies learned of the passing of Judge BRIGGS:

Senate Resolution No. 99

Whereas news has been received of the sudden death of the Honorable CLAY STONE BRIGGS, Congressman of the Seventh Congressional District of Texas; and

Whereas Judge BRIGGS has long been a public servant as a Member of the House of Representatives, as district judge of his native city, and as Congressman for the Seventh Congressional District; and

Whereas he distinguished himself in his profession—law—having graduated from the law department of Yale University, and having practiced his profession in his native city of Galveston successfully and served a number of years as judge of the tenth judicial district; and

Whereas Judge BRIGGS was honored, respected, and loved by all of his constituents in the Seventh Congressional District in particular and by the whole State of Texas in general for his unselfish patriotism and loyal service in the National Congress; and

Whereas his death is not only a great loss to his wife and children but is a great loss to the State and Nation: Now, therefore, be it

Resolved by the Senate of Texas, That we hereby express our deep regret at the untimely passing of this great statesman and extend our sincere and deepest sympathy to his widow and children in their bereavement; and be it further

Resolved, That a copy of this resolution be forwarded to his family and to the House of Representatives of the National Congress by the secretary of the senate and that a page of the senate journal be set aside in his memory, and that when we adjourn the senate today, it be in honor of his memory.

Beck, Blackert, Collie, Cousins, DeBerry, Duggan, Fellbaum, Hopkins, Hornsby, Greer, Holbrook, Martin, Moore, Murphy, Neal, Oneal, Pace, Parr, Poage, Purl, Rawlings, Patton, Redditt, Regan, Russek, Sanderford, Small, Stone, Woodruff, Woodul, Woodward, Witt, Lieutenant Governor.

EDGAR E. WITT,
President of the Senate.

I hereby certify that the above resolution was unanimously adopted by a rising vote, May 4, 1933.

BOB BARKER,
Secretary of the Senate.

Resolution

Whereas news has just been received of the sudden death of Hon. CLAY STONE BRIGGS, Congressman of the Seventh Congressional District of Texas; and

Whereas Judge BRIGGS has led a long and useful life as a public servant, both as a Member of this body and the National House; and

Whereas he distinguished himself in his profession, the law, having graduated from the law department of Yale University and having served the tenth judicial district as judge for many years; and

Whereas Judge CLAY STONE BRIGGS is honored, respected, and loved by all of his constituents and admired by the whole State of Texas for his unselfish and patriotic service for 14 years in the National Congress; and

Whereas his death is a shock and great loss to his State: Now, therefore, be it

Resolved by the house of representatives, That we hereby express our deep regret at the untimely passing of this patriotic statesman and extend our unbounded sympathy to his widow and family in their bereavement; and be it further

Resolved, That a copy of this resolution be forwarded to his family and to the House of Representatives of the National Congress by the chief clerk of the house, and that a page of the house journal be set aside in honor of his memory, and that when the house adjourns today, it be in honor of his memory.

Daniel, Bedford, Metcalfe, Mackay, McClain, Burns, Ross, Colson, Johnson of Anderson, Moore.

PEAKE S. STEVENSON,
Speaker of the House.

I hereby certify that H.S.R. No. 157 was unanimously adopted by a rising vote on April 29, 1933.

LOUISE SNOW PHINNEY,
Chief Clerk of the House.

Mr. JOHNSON of Texas. Mr. Speaker, for 10 years I served in the House with Hon. CLAY STONE BRIGGS, who had been elected a Member 2 years previous to the beginning of my service here.

He was a man of the highest ethical standards, honest, conscientious, and faithful in the discharge of duty. He had a bright, well-trained mind, having been graduated from the Ball High School in Galveston, and having attended the University of Texas, Harvard University, and was graduated from the law department of Yale University in 1899.

He had had 2 years' legislative experience in the Thirtieth Legislature of Texas and also served as district judge of the Tenth Judicial District of Texas for more than 10 years. With this background he had excellent training for the experience so necessary for his service in Congress, and the splendid record which he made here was doubtless due thereto.

No Member was more jealous of the rights of his constituents and served them more faithfully than CLAY STONE BRIGGS. Galveston and other counties in his district now have Federal projects which came by reason of his untiring efforts. Almost daily he visited the various departments of the Government; and by personal contact, a pleasing personality, and his legal ability he was able to secure favorable action upon many applications which otherwise would have been denied.

He was a member of the important Committee on Merchant Marine, Radio, and Fisheries, was constant in his attendance upon the sessions of the House, manifested an interest in all bills of major importance, and was always well informed as to the provisions of legislation; and all his votes were intelligently cast.

His death was sudden and unexpected. He participated in proceedings of the House the day before. I talked with him late in the afternoon preceding his passing early the following morning, and he was apparently in good health and in excellent spirits.

CLAY STONE BRIGGS enjoyed the confidence and esteem of the entire Membership of the House, both Democrats and Republicans. He was my friend, and I had for him an affectionate regard. In his death the Seventh Congressional District of Texas, the State of Texas, and the Nation at large lost a faithful, able, and conscientious servant of the people.

CHARLES HILLYER BRAND

Mr. ROMJUE. Mr. Speaker, when I first became a Member of Congress, there came at the same time, as a Representative from the State of Georgia, the Honorable CHARLES H. BRAND, and he served in this body continuously until his death. Our friendship began with our early acquaintance, and my respect and affection for him and his many good qualities never abated at any moment.

Judge BRAND, as many of us knew him, was one of life's jewels. He embodied the highest principles of life, and to acknowledge and know him as a friend was to bring to one's self an honor.

He was strong in his convictions, taking at all times that view which he believed to be honorable and right. He was just in a very high degree. His judicial service in his own State of Georgia could not have been other than of a very high order; like his service here in Congress, it must have been full of real faithful and honest service. Judge BRAND was a true and loyal friend; he was so true and loyal that an injustice or injury to his friend was, according to his standard, an injustice and injury to himself.

One of the fond recollections of my service in this distinguished legislative body will always be that I knew well and enjoyed the friendship and companionship of Judge BRAND.

I know the good people of Georgia, of whom he was always so fond, do miss him. To those who possessed his friendship I can truthfully say, " You never had a better friend."

What a loss to those of us here engaged in public service to have had a man of his type removed from among us. While we miss him in person, his counsel and judgment shall still be cherished, and our friendship and affection for

him and the memory of his splendid service in behalf of the public shall remain undimmed.

My good friend, I shall not say farewell, for we shall meet again.

Mr. TARVER. Mr. Speaker, Judge CHARLES H. BRAND, whose memory we honor today, was one of the ablest men of his generation in Georgia public service. His record of almost 40 years in public life was one of great brilliancy and was one of unbroken continuity, that fact indicating how strong was his grip upon the minds and hearts of his people, who never denied him any preferment that he asked and were always glad to utilize his capabilities in whatever capacities he was willing to serve them.

He began and ended his career in legislative service; first, for one term in the Georgia Senate, 1894–95, during which he was signally honored by selection as president pro tempore, and, last, by approximately 16 years' continuous service in Congress. Between these periods he served with distinction as solicitor general and as judge of the western judicial circuit of Georgia. The keenness of his mind, the broad scope of his legal knowledge, and his admirable judicial temperament, will be attested to not only by those who were associated with him in that service, but also by those who in later years saw these qualities secure for him in the Halls of our National Legislature the respect of all his fellows, and enable him to perform services for his people that a man of ordinary capabilities would have found impossible.

His successful career as business man in connection with his public and professional work also gave him an experience which added to his qualifications for congressional service and contributed largely toward securing for him the important place on the major Committee on Banking and Currency, which he held at his death.

His colleagues loved him, however, not so much for his attainments, for many men possess these without at the same time having qualities which draw their fellows close to them, but for his warm heart, sunny spirit, and unselfish willingness to help others, whether colleagues or his people at home, in every way that lay within his power. He was a prince of good fellows, a loyal friend, an able assistant of whosoever needed help that he could give; in short, he was entitled to high distinction on account of unusual qualities both of mind and heart, and his memory will live always with every man, woman, and child who came in contact with him in his long and useful life.

Mr. PARKER. Mr. Speaker, the service that our late colleague, CHARLES HILLYER BRAND, rendered to the people whom he represented and to the country at large constitutes a memorial to his memory that cannot be matched by any humble words that I might utter in his praise.

For years his life had been devoted to the service of the people whom he loved, and their devotion to him is evidenced by their unfailing loyalty in returning him, time after time, to the seat in the House that he filled so well.

From 1917 until the spring of 1933 Judge BRAND was a Member of this body, but his public service cannot be measured by the noble work alone that he performed in Congress. For years prior to his entrance into Congress he was a devoted public servant, and he endeared himself to his people by serving them in many capacities.

Those of us who served with him here know full well of his tireless efforts in behalf of constructive legislation, and the number of you who served with him longer than I did are better acquainted with this phase of his public life than am I. For years before he entered this body, Judge BRAND, as he was known and loved in Georgia, served the people whom he loved with unflagging energy and zeal.

His career in public life began in 1894 when he served with distinction in the Georgia State Senate and was elected president pro tempore of that body during his first term.

This distinguished young statesman was soon promoted, and in 1897 he took office as solicitor general of the western judicial circuit of Georgia. For 8 years he served in this capacity, and so well did he perform his duties that he was elevated to the position of judge of the circuit.

For more than 10 years he graced the bench of this large circuit of north Georgia, and his marked ability soon placed him among the foremost members of the Georgia judiciary.

Promotion was again accorded Judge BRAND in 1917, when he entered the House of Representatives as the Member from the Eighth District of Georgia. In this body he served faithfully and ably for 16 years, and the work that he did here lies recorded in the deathless records of the Congress of the United States.

But, my colleagues, it was not in the realm of politics and law alone that our departed comrade distinguished himself. His industry and foresight early established him as a constructive business man, and until the time of his death he was active in promoting the development of the section that he loved so well.

Judge BRAND was president of the Brand Banking Co., of Lawrenceville, Ga., and his labors in the banking field aided greatly in the development of northeast Georgia. His wisdom, acumen, and integrity were recognized in his election to the board of directors of the Southern Mutual Life Insurance Co., of Athens, Ga.

Despite the demands of many official duties that were made upon him, Judge BRAND, with indefatigable energy, discharged the many pressing problems with which his business interests confronted him. He never neglected his constituency for his private business in any conceivable way, and yet his enormous capacity for work enabled him to carry on business enterprises that would occupy the full time of a man less able than he.

It is not always, however, the official records that portray a man's real worth. The image of a man that is held in the hearts of his friends signifies most clearly his real worth. How he is regarded by his friends and neighbors means more in determining his true value than all the printed references to which one might allude.

In this connection, permit me to dwell for a minute on one of the most touching scenes that I have ever witnessed—a scene, my colleagues, that demonstrated more emphatically than any words in man's command, the respect, reverence, and love with which CHARLES H. BRAND was held by his fellow men, the men and women who had been his companions, his neighbors, his friends, down the years. It is their testimony that speaks so clearly of his humanity, his friendship, and his devotion to the people whom he served.

I had the honor of attending his funeral as a representative of his colleagues in the House, and it was this occasion that brought home to me so forcefully the fact that he was not merely a representative of his people, but their counselor, their servant, their friend.

In the rolling red hills of north Georgia the mortal remains of CHARLES H. BRAND were laid to rest by the people whom he loved, and the sorrow of the hundreds who were in attendance testified more eloquently than words to the splendid qualities of our late comrade.

The brave women and strong men who knew him best gave vent to unashamed tears as CHARLES HILLYER BRAND'S body went to its last resting place. The people whom he loved and who loved him thronged the peaceful cemetery to pay their last respects to their departed friend.

Graphic realization that a friend of man was being laid to rest, as well as a patriot, was brought to me by the sight of this sorrowful multitude gathered in the quiet beauty of a peaceful cemetery set upon a wooded, red-clay hill that CHARLES HILLYER BRAND knew and loved so devotedly.

Mr. BROWN of Georgia. Mr. Speaker, the State of Georgia and the entire Nation sustained a great loss in the death of Hon. CHARLES HILLYER BRAND.

Born in Loganville, Walton County, Ga., on April 20, 1861, the son of Egbert M. and Julia Ann Cooper Brand, he was reared to young manhood there. He attended the University of Georgia, and after his graduation in 1881 he located in Lawrenceville, Ga., where he began the practice of law and

was admitted to the bar in September 1882. He possessed judicial temperament and was a lawyer of ability and integrity. He loved his profession, and it was ever his purpose to uphold the high ideals of this calling.

He was a member of the State senate for the 1894–95 term and was president pro tempore of that body. He served as solicitor general of the western judicial circuit from January 1, 1897, to 1905 and served as judge of said circuit from 1906 until his election to Congress in 1917.

From the time he was first elected to Congress on January 11, 1917, until the date of his death on May 17, 1933, he served his district, State, and country with honor and distinction. He was an able member of the Banking and Currency Committee for many years and was keenly interested in all legislation referred to this committee, being the president of one of the strongest banks in Georgia.

Judge BRAND was a man of keen intellect and sound judgment. He was innately fearless and courageous. He was firm in his conviction and always stood for what he thought to be right. He championed the cause of the masses and was ever ready and willing to assist those in need. He was a faithful public servant, a loyal friend, and a devoted and loving father.

Mr. OWEN. Mr. Speaker, in the death of Hon. CHARLES H. BRAND not only the State of Georgia but also the Nation sustained a great loss.

It was not my privilege to serve in Congress with Judge BRAND, but I knew him for a long number of years as a man and as a jurist. Before he came to Congress, he presided over several terms of court in the judicial circuit in which I was Solicitor General, and he impressed everyone with his eminent fairness, impartiality, and high legal attainments. He was indeed one of the greatest superior-court judges that the State of Georgia had. He possessed a judicial temperament and was devoted to his chosen profession of law.

He began his public career as a member of the State senate for the term of 1894–95 and was elected president pro tempore of that body. He was solicitor general of the western judicial circuit from 1897 to 1905, when he was elected judge of that circuit, serving until his election to Congress in 1917.

Throughout his entire public career, in the various responsible trusts that he held, he served with courage and ability. He was uncompromising in his devotion to what he believed to be right, yet fair and generous to any who might disagree with him. He possessed a keen intellect and sound judgment. He was a faithful public servant and a loyal friend.

Mr. CASTELLOW. Mr. Speaker, it is obvious that man receives his mental stimulus from numerous sources which, however, become selective in conformity with individual natures.

Intimate contact with cross-sections of life affords opportunities for knowledge otherwise inaccessible. Seeing the world and associating with its peoples store in the reservoirs of memory inspirations without which life to me would be infinitely poorer. An outstanding feature of the service here is the delightful fellowship with the Members of this splendid body. The rapidity, however, with which its personnel changes is most impressive.

At the time of my recent election to Congress, that distinguished gentleman, the Honorable CHARLES H. BRAND, was among our most prominent Members from Georgia. He ably filled an important post on the Banking and Currency Committee, in which his fearlessness and alert judicial mind rendered his services most valuable. Although I was not personally acquainted with Judge BRAND, our mutual friends were numerous, and I followed with interest his activities, anticipating with pleasure our prospective associations. However, his extended illness and subsequent death prevented the fruition of these hopes. I know him only by the record of his achievements and the kindly expressions of his associates. From these I have learned of his untiring devotion, not only to the service of his own district and State but also to every matter of national concern. Basing my judgment upon the opinion of those who knew him best, I feel that through the passing of Judge BRAND, our Nation, as well as the State of Georgia, has lost a notable Representative and most worthy citizen.

Mr. VINSON of Georgia. Mr. Speaker, we are here today to pay honor and respect to those of our colleagues who have passed on to the great beyond, "from whose bourne no traveler returns." We are somewhat consoled at our loss and at the Nation's loss when we recall to mind the noble records of service and achievement, such as those left behind by the late Congressman CHARLES HILLYER BRAND, who for many years represented the old Eighth, now Tenth, Congressional District of Georgia.

Judge BRAND, as he was universally known among his friends and constituents, was born in Loganville, Walton County, Ga., April 20, 1861, and educated in the public schools of his home town and the University of Georgia, graduating from this institution with an A.B. degree in 1881. The following year he began the practice of law in Lawrenceville, Ga., was elected to the State senate for the years 1894–95, serving as president pro tempore of that body. It was during this period of public service that his remarkable ability as legislator and as leader of men began to exhibit itself and won for him the esteem and respect of many men of prominence from over all the State, who remained his lifelong friends and supporters. Upon the expiration of his term of office as a State senator he was elected solicitor general of the western judicial circuit of Georgia by the general assembly. After serving in this capacity with energy and distinction for several years he was elevated to the judgeship through appointment by Governor Terrell. He remained in this position until he was elected to the Sixty-fifth Congress, January 11, 1917. From that time until his death on May 17, 1933, he served his country and district faithfully and well. Being a member of the important Committee on Banking and Currency, he took an active part in the drafting and enactment of much important legislation affecting the banking and currency systems of the Nation.

He charted his life's course with thought and wisdom and pressed forward to the goal with unswerving determination. His outstanding traits of character were loyalty, truthfulness, determination, and perseverance. He never deserted a friend nor harbored malice for an opponent. The welfare of his country and constituency was his personal concern. When in the last years of his life, after the ravages of time and disease had already taken a heavy toll, it became necessary for him to choose between the conservation of his fast-waning strength and the continued performance of his arduous official duties, he chose to pour forth his last remaining energy, as he had always done, in the interests of his friends and constituents, who had for so long a time honored him with their suffrage.

When on that beautiful spring day he answered the final roll call, he left behind a glorious record of public service and a host of sorrowing friends, who will always cherish in their hearts the memory of many kind deeds and valuable services, rendered by a noble and distinguished public servant.

Mr. RAMSPECK. Mr. Speaker, one of the sad things about life is that as we grow older we must suffer the passing of our friends, and they cannot be replaced.

In the death of the Honorable CHARLES H. BRAND the Congress was deprived of one of its most alert and able Members. Until his last sickness overtook him, he was active and aggressive in his attention to his duties. He served his district with zeal and discharged his obligations as a member of the important Banking and Currency Committee with fidelity.

He was a strong character, a man loyal to his friends and devoted to the people whom he served. His life was full of service in important positions of trust and responsibility,

all of which he discharged with credit to himself and in a manner satisfactory to his people.

In his passing we have lost a tried and true public servant, a beloved friend, and a citizen in whom all Georgians felt a justifiable pride.

BOLIVAR EDWARDS KEMP

Mr. FERNANDEZ. Mr. Speaker and gentlemen of the House, what greater tribute can we pay to our beloved dead than to impose upon our time and to devote these few moments in deep reverence, respect, and memory of our endeared colleagues, and to hope and pray for the repose of their souls, in the name of God?

My association with Hon. BOLIVAR EDWARDS KEMP was not in the least remote. The occasion of our first meeting was, indeed, one that I have always cherished—it was when I was elected to the Constitutional Convention of the State of Louisiana in 1921. Mr. KEMP was at that time a member of the board of supervisors of the Louisiana State University. It was his fine work in connection with educational matters that attracted my attention. We became close and stanch friends, and no occasion had intervened to mar our friendship; therefore our close alliance enduring until his death.

Mr. KEMP rendered a great public service. He was very active in promoting and developing agriculture and truck farming in Louisiana, and, indeed, was devoted ardently to that work and vital matters pertaining to his own congressional district.

Through his service on the board of the Louisiana State University, under Governor Hall in 1910, and through consecutive reappointments under succeeding Governors Pleasant, Parker, and Simpson, he fostered a love among his people that left in his wake a feeling of deep gratitude for the meritorious services he rendered.

Mr. KEMP'S first political office was his nomination for Congress to represent the Sixth Louisiana District; and as a result of his nomination, he was elected and thereby became a Member of the Sixty-ninth Congress. He was consecutively reelected to the Seventieth, Seventy-first, Seventy-second, and Seventy-third Congresses. It was during the summer of 1933, just after recess of the first session of the Seventy-third Congress, that my esteemed and distinguished colleague from Louisiana expired. He leaves behind in our endeared State of Louisiana a public service that will perpetuate his memory.

Mr. MONTET. Mr. Speaker, the death of our colleague, Hon. BOLIVAR E. KEMP, was not only a loss to his constituents but to the State of Louisiana and the Nation as well. He rendered many years of useful service to the country. His death was untimely. By reason of his intellectual attainments, his broad knowledge of law, and his many years of intelligent service in Congress, he had achieved in Congress the recognition to which his many outstanding qualifications entitled him when called to join the great multitude.

He was held in the highest esteem by those who many times honored him with election to this body. The honors that came to him were but incidents in his unselfish life, and, in themselves, were to him but as sounding brass and tinkling cymbals if he could not, as he did, make them instruments for good for his fellowmen. While he was respected as a lawmaker, people loved BOLIVAR KEMP, the man. And as the period which knew him in the flesh recedes into the past, he will be remembered for his deeds and words of love when his official acts shall have been forgotten. His patriotism was of the highest type. As a public servant, never a breath of scandal or suspicion attached itself to any of his public or private acts. Without parading it, he had a contempt for all shady or crooked transactions. His political life as well as private life was an open book. He was democratic in his mental methods, in his religion, and in his private life and habits; and while he loved peace, he never flinched in battle. If the people he represented could voice adequately the love their hearts feel for him, there would rise up paeans of praise that would echo through heaven's arches. He had the heart of a child, innocent, pure, trustful, hopeful, happy. Thrice blessed is he who is thus certified at the bar of heaven.

Nothing can now be done to bring him back to the useful life he lived, but the services rendered by him to his country as well as his fine character as a man will live on forever.

Mr. MALONEY of Louisiana. Mr. Speaker, on this day, set aside by us as memorial day to give thought to and to pay respect to the memory of those of our colleagues who have departed, our thoughts become solemn as we reflect and realize how time moves on with its many, many changes; and as we look around and miss the faces of those who were with us—it seems only yesterday—but are not with us today, it causes us to reflect more seriously for a better understanding of the beginning and ending of our days on this earth. With these thoughts in our minds, we are reminded of a distinguished Representative from Louisiana who has responded to the call of our Creator; I refer to the Honorable BOLIVAR E. KEMP, who had the honor to serve his fellow citizens of his native State of Louisiana in this august branch of the Government for many years.

Mr. KEMP was one of our most beloved citizens. He comes from a family of Kemps that have been favorably and well known in Louisiana for many generations. In addition to professional duties as an attorney, he gave his time unstintingly for the betterment and welfare of his State. Many years ago citizens who knew him, and there were many, realizing his sterling qualities, insisted upon his representing them in this congressional body. They continuously honored him by reelection, thereby attesting their confidence and high regard for his capacity and reliability. He was not found wanting in his duties and served faithfully.

At the conclusion of the Seventy-second Congress, which was a most extraordinary session in many ways, Mr. KEMP discharged every public obligation and worked faithfully and diligently to assist in restoring this country to a normal condition. Shortly after Congress had adjourned, he was fatally stricken upon his arrival at his home in Louisiana, and that day, Mr. Speaker, was a day of great sorrow for the thousands of fellow citizens of his home State, as it was a distinct loss to his community.

BOLIVAR KEMP served his country patriotically and well. He has been missed in presence and service, as he was a man of fine personality and a ruling spirit. He carried on his work for the welfare of the Nation with much courage and ability. In his private life he was known as a dutiful son, a loving husband, an indulgent father, and a true friend.

I join with the Members of this House this day with bowed heads in paying reverence to his memory and extend my deepest sympathies to those endeared to him.

EDWARD BERTON ALMON

Mr. ROMJUE. Mr. Speaker, in the passing from this life of the Honorable EDWARD B. ALMON, Representative from the State of Alabama, one of the most trustworthy and faithful Representatives that has ever served in this House passed to his reward.

Those who served with him and lived close to him knew him well enough to properly evaluate his life and character, and they know as I know that in his death his congressional district, his State, and his country lost a valuable and loyal friend.

It was my good fortune to have lived near him for quite some time while here in Washington, and I never knew a time when he was not glad and willing to render a service whenever he could properly do so. He lived as truly by the golden rule, I believe, as anyone with whom I ever had the pleasure of being acquainted. He appreciated his friends deeply, but preferred to help them whenever he could rather than to call on them for assistance.

He served his State for some years in a judicial capacity—before coming to Congress—and I have not the least doubt he served his constituents in that capacity as he served them here in this legislative body.

There was no bluster, no false pretense, no sham, no self-glorification about EDWARD ALMON. His was a character rich in the finer impulses and fabric of life.

Many times he showed his kind heart and warm personal friendship.

He was a very hard-working Representative of the people, and in my judgment would be living today, except for the great strain he took upon himself in his continuous effort to serve his people in the very best way possible.

He was charitable to the extreme,
He was generous beyond measure;
He was held in greatest esteem,
He was in the highest sense a real treasure.

Those who served with him here, as well as his friends elsewhere, shall not soon forget him nor his splendid public service.

Mr. McDUFFIE. Mr. Speaker, I find it impossible to adequately express my grief at the passing of my warm personal friend, Judge EDWARD B. ALMON, whose outstanding career came to an end on June 22, 1933. I shall never forget his many courtesies to me throughout our association here, and though my senior in years, there were strong ties of friendship and comradeship between us that I shall always treasure.

Few men in the history of Alabama were in the public service longer than Judge ALMON. Beginning as a judge of the eleventh judicial circuit of Alabama in 1898, he held public office for a period of 35 years, 20 years of which he was a Member of the Lower House of Congress. This long service attests not only the esteem and affection of his people but his outstanding ability. In his death Alabama and the Nation have lost a most valuable public servant. Gentle, kind, and generous, his heart overflowed with love for his fellow man. No man in the history of the Congress of the United States or in the public life of Alabama devoted himself more assiduously to his duties than did Judge ALMON. There can be no doubt that the intensity with which he applied himself to his duty in Washington shortened his useful life.

Coming to Congress on the eve of the World War, he became a prominent figure in the Wilson administration under which the governmental activities at Muscle Shoals were initiated in his district. From time to time, year after year, all the multiplied questions and problems involved at Muscle Shoals fell upon him more than on any other individual connected with the legislative branch of the Government. Regardless of the final status of that great enterprise and whatever valuable service it may render the people of the Nation, its development and its utilization must forever be linked with the name of EDWARD B. ALMON. During the last few years of his life I often regretted that Muscle Shoals was in his district, because I observed the telling effects upon his physical self resulting from his anxiety and his unfaltering efforts to settle that problem, which was frought with so many difficulties, and which was a national issue for so many years.

Judge ALMON served in both Houses of the Legislature of Alabama and was overwhelmingly elected as speaker of the house of representatives. In this position he presided with that sense of fairness which was so characteristic of him, and with his usual poise and dignity. In this position his outstanding service made him one of Alabama's most distinguished men. I doubt if there ever was a speaker of the Alabama Legislature more beloved by his colleagues, nor one whose labors were given more enthusiastically for the welfare of the people of his State. Both as a circuit judge and as a speaker, his sense of justice and his high ideals of citizenship endeared him to every man, woman, and child who knew him. The record of that service appealed to the intelligent people in the eighth district, who saw fit later to commission him as their Representative in Washington for so many years.

In the dark hour of sorrow and distress over his untimely death, it is consoling to his dear and devoted wife and family, as well as to those of us who served with him, to recall the affectionate esteem in which he was held on both sides of the aisle of the House. Judge ALMON's death touched deeply the heart of everyone with whom he served in Congress. Without guile, without sham, with a genuineness and sincerity of purpose, with lofty ideals and purest patriotism, he walked his honor-strewn pathway of life, doing well his full duty at all times and under all circumstances as a citizen and as a prominent figure in the public affairs of his Nation. What more could be said of any man? While the human mind cannot invade the recesses of the great beyond, I thank God for that faith which gives me the unfaltering belief that the upright soul of EDWARD B. ALMON has found its resting place in that "house not made with hands, eternal in the heavens."

As a citizen of Alabama, as one who held for him and holds for his family a genuine affection, I mourn the passing of my friend.

Mr. GILLESPIE. Mr. Speaker, EDWARD B. ALMON was born on a farm in Lawrence County, Ala. In the common schools and the university of his State he prepared himself for a long life of public service, and his name is written upon the judicial and political history of his State and the Nation.

He was a member of both houses of the Alabama Legislature and was chosen speaker of the lower house of that body. In 1898 he was elected circuit judge of the eleventh judicial circuit of Alabama and was reelected in 1904. Before his term as circuit judge expired, he was chosen to represent his district in the National House of Representatives and served continuously for 19 years and was a Member of Congress at the time of his death, June 22, 1933.

No Member stood higher in the estimation of his colleagues than EDWARD B. ALMON. He became Chairman of the great Committee on Roads and was a most efficient and industrious chairman and had the affection and respect of every member of the committee. I was assigned to that committee and had the pleasure of working with him throughout the special session of the Seventy-third Congress.

EDWARD B. ALMON was noted for his persistent industry, impeccable honesty, and uniform courtesy to his colleagues and toward all with whom he came in contact. But the outstanding trait or attribute of his character was his love for family and home, and this attribute was symbolic of his great love of country and his patriotic loyalty. EDWARD B. ALMON was in the true sense an American, and in all my life I have met no man of more sterling character and worth. It has been so often said that the death of a distinguished man was a great loss to the Republic. This can be truly said of EDWARD B. ALMON.

When I learned that he had lost the battle of life, and for this world was no more, there came across my mind, all uncalled, the lines of Whittier:

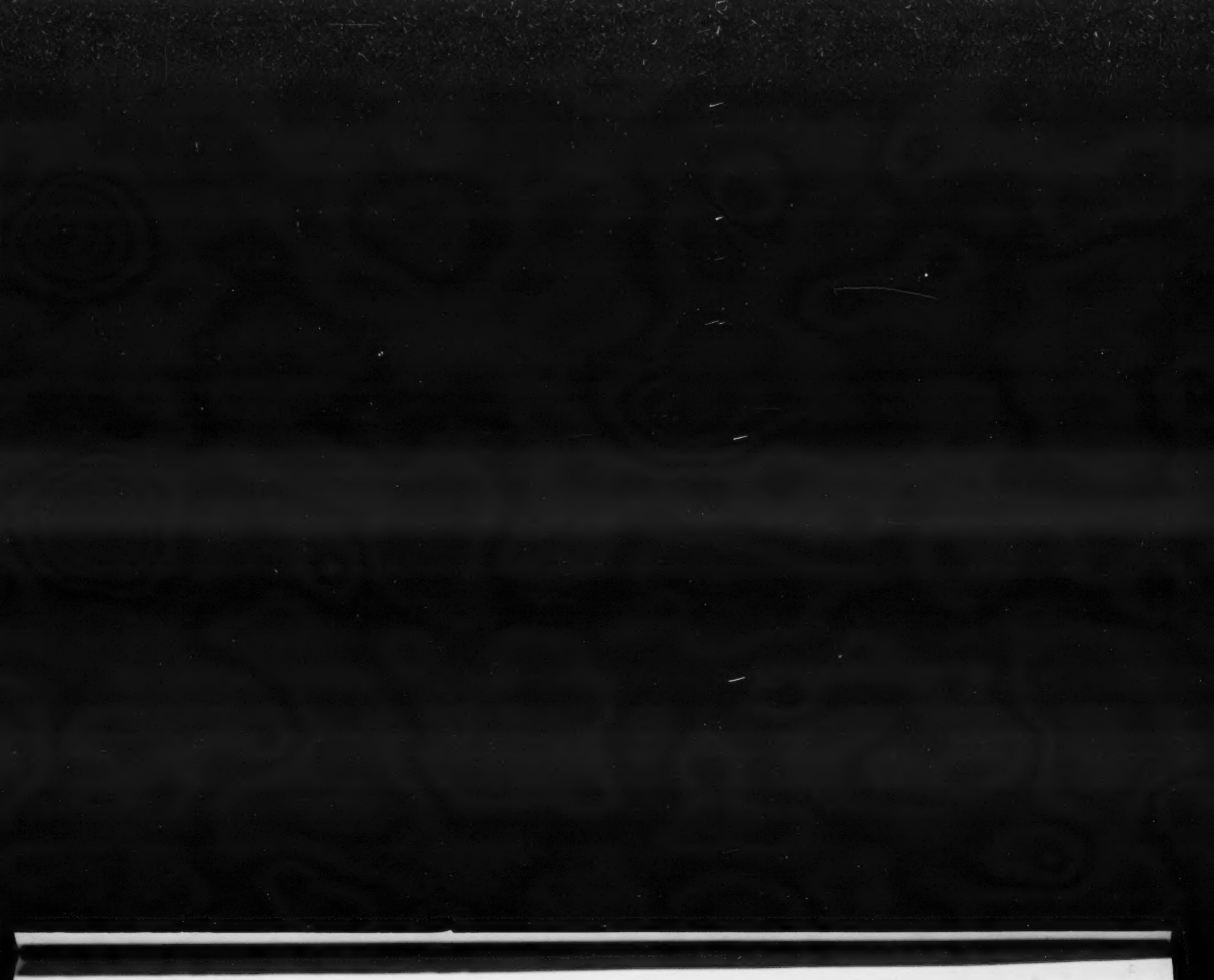
How strange it seems with so much gone
Of love and life, to still live on?

Mr. ALMON was stricken with his first serious illness near the beginning of the special session of the Seventy-third Congress and fought patiently and determinedly all through that session and never gave up hope of ultimate recovery but performed the duties that devolved upon him as chairman of his great committee and all his congressional duties despite pain and his enervated physical condition.

He discharged many of his official duties from a bed of pain, and by his bedside was ever found his faithful wife, anxious, watchful, and alert to minister in every emergency and to comfort him all the way. His devotion to his family was beautiful.

I deeply sympathize with his family and all who mourn his loss, and I account the memory of EDWARD B. ALMON a treasure of real value.

Mr. BANKHEAD. Mr. Speaker, it is with a sense of very deep and genuine personal sorrow that I undertake to pay a brief tribute to the private character and public services of my late friend, Judge EDWARD B. ALMON, for whom I have



held not only a very great admiration for his public services over a long period of years but especially because of my warm personal attachments and affection for him. When I received the distressing intelligence of his departure from the scenes of his earthly labors, it was to me a genuine personal grief and sorrow. Almost from the days of my boyhood I had been associated with him in many activities, and his genial nature, his fine personal character, and his admirable qualities of heart and head had drawn me to him with a very warm tie of esteem and admiration.

Judge ALMON was entirely a self-made man. I mean by that that he did not have the early advantages of wealthy environments, or of influential and powerful friends to advance his interests. He was born and reared on a farm in north Alabama and knew the fatigue of plowing the fields and of performing the usual tasks of a country-reared boy. However, there developed early in his life grim determination not only to secure an adequate education but also to make for himself a worthy career, and before the conclusion of his life he had accomplished, in a very large degree, his youthful ambitions. Early in life he developed a great aptitude in the field of politics and during his life held many positions of great trust and responsibility. He not only served in both branches of the State legislature but was elected speaker of the house of representatives in 1911, a position which he held with credit to himself and profit to the State of Alabama. His legal attainments were of such high quality that he was elected for a period of 12 years to adorn the bench as a circuit judge in Alabama, and in the performance of his official duties left a very enviable record for judicial achievements.

Judge ALMON was elected to the Sixty-fourth Congress, and was continually elected from term to term thereafter up until the time of his death. In the House he served on many important committees, and at the time of his death was Chairman of the Committee on Roads, which gave him an opportunity to be of very great service not only to his State but to the entire country in securing very generous appropriations for the maintenance and improvement of our highway system. Every public highway under Federal jurisdiction constructed within the last few years is an everlasting monument to the foresight and wisdom of this great Alabama advocate of good roads.

After the first development of the great Muscle Shoals project in Alabama Judge ALMON was recognized as the leader in Congress of every movement looking toward the further improvement and utilization of that great national project, and to his untiring energies was very largely due the credit of the present magnificent prospect for the further utilization of Muscle Shoals and its Federal activities for the building of a great empire in the Tennessee Valley.

In addition to Judge ALMON'S splendid public services, I also desire to pay brief tribute to his fine personal qualities. I have never known any man who was more warmly attached to his real friends or who would make greater efforts to serve their interests. He was never a man to forsake an old and tried friend in order to try to make a new one. He was a man of very fine spiritual vision and of deep religious convictions. He was devoted to his church and to every social movement which had for its purpose the elevation of mankind. I had frequent opportunities to observe the very tender and everlasting devotion which he exhibited for his beloved life companion and also for his children and the other members of his family. I think that no higher tribute can be paid to a man than to say of him that he was a good husband and a good father. I had the distressing privilege of attending the last obsequies of my beloved friend, and the great multitude of people from his home city and his congressional district and all parts of Alabama testified to the great veneration and affection in which he was held by the people whom he had so long served and who knew of his many estimable qualities. I shall always esteem it a high privilege to cherish an affectionate memory of the admirable qualities of this great and good son of Alabama.

Mr. CARMICHAEL. Mr. Speaker, my friend, Judge E. B. ALMON, was my immediate predecessor as a Member of the House of Representatives in the Congress of the United States.

I am living in and enjoying the "aftershine" of his long and useful service. He was elected a Member of the Sixty-fourth and of each subsequent Congress, and those of you who knew him will bear testimony that he was a buoyant public servant. Probably no Congressman ever appraised more highly than did Judge ALMON the distinguished honor of being a Member of the greatest legislative body on earth. He was happy in the many races that he made for public office and in the faithful all-time discharge of his duties. Fully conscious of his obligations and eager to discharge them, he carried victory with modesty; he was not puffed up; did not behave himself unseemly even in the glow of success. Judge ALMON was really very happy to know people. He loved them without simulation, and they loved him. He was interested in the state of the Union and in all its people in a big way, but in a very definite and active way he served each one of his constituents as legislator, patriot, and friend. The name and face of each of his constituents were hidden in his heart.

Judge ALMON was born and reared in Lawrence County, Ala. His family was solid and substantial and well established in Alabama. He attended the common schools and afterward took his degree in law at the University of Alabama. For many years he was a busy, successful lawyer. He served as circuit judge for 12 years in succession. He was a member of the Legislature of Alabama, during which time he was the able speaker of the house of representatives. He was a Democrat and was frequently called on to do party services, which he did with zeal and ability.

During his professional career I knew him best. He and I went to Tuscumbia, Ala., in the Muscle Shoals district, about the same time. We practiced law at all the courthouses in the circuit after the old style. We attended the same church and the same Masonic lodge. In those days fraternal and church life had not been crashed by modern thought. The Constitution was considered a sound foundation and the Bible the Rock of Ages. Judge ALMON was true and safe in all the relations of life.

Let me, in truth and sincerity, give him the highest attribute a man can receive—"He loved his fellow man."

These remarks would not be complete without allusion to Luie Clopper Almon. In early manhood my friend married Miss Luie Clopper, a young woman of remarkable mentality. They went along hand in hand, and both acquired culture and political acumen. It is sure no man ever had stronger support as he advanced to the heights.

The capstone of Judge ALMON'S career was the passage by the Congress of the act which provides for the operation of Government properties at and near Muscle Shoals, in the State of Alabama, by the Tennessee Valley Authority. By Judge ALMON'S long-time, able, and heroic effort in cooperation with other Members of Congress, the Tennessee Valley Authority will give opportunity to all people within its domain to live and to enjoy a fuller life. Maybe the Golden Rule, "Therefore all things whatsoever ye would that men should do to you, do ye even to them", will be enacted into inexorable law.

In the leafy month of June 1933, my good friend and your fellow worker was called from labor to refreshment, was summoned to service in a country where there are no experiments or adventures, in a land—

> Where there is no night, where there are no tears, * * * and the gates thereof shall not be shut by day, for there shall be no night there.

He answered the summons cheerfully. Today he enjoys the full compensation of duty well done, a faithful son in the presence of his Father. We shall miss him.

Mr. BANKHEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article by

W. C. Markham, executive secretary, American Association of State Highway Officials, on EDWARD B. ALMON:

Almost within the sound of the rushing waters of the Tennessee River at Muscle Shoals, Ala., a boy was born April 18, 1860, who for many years has been a constructive leader in both State and national life.

EDWARD B. ALMON has been a member of the House Committee on Roads of the National Congress ever since 1915, and therefore was there to help report out of committee the first Federal-aid appropriation for roads.

But his interest in highways did not begin then. Raised on a farm on which, as early as 8 years of age, he was compelled to plow the fields and help gather and market the grain, he early learned that the highway was the commercial artery for the farmer. Persistently determined to have an education, he attended a normal school in his own county, and this was followed by a law course at the State university. After several years in the practice of his chosen profession, his legal education and experience led his neighbors to elect him judge of the circuit court.

Then followed service in both branches of the State legislature; and here, while speaker of the house, he was author of the bill, passed in 1911, providing for the State to take upon itself authority to improve the highways. It was at his suggestion and through his influence that the late lamented W. S. Keller, whom he had known from boyhood, was appointed the first State highway engineer of Alabama. Mr. Keller will be remembered as one of the founders of this organization, a former president and a potent influence for many years in its constructive operations.

Judge ALMON, as we all loved to call him, took an active and guiding part in Federal legislation for highways from the beginning of congressional interest in these matters. His manner of approach was quiet and modest in the extreme; but his persistence and thoroughness made him an authority on the subject. For the past 2 years he was the chairman of this important committee and worked assiduously for needed Federal legislation.

In the shifting of political fortunes, Judge ALMON insisted that need for improved highways should have no sectional or party considerations. When the last Congress faltered in its allegiance to regular Federal policies for roads and members of his committee wavered, he quietly informed them that the House Committee on Roads in the 18 years of its deliberations had always voted to report a bill by unanimous accord, and his quiet persuasion won the day.

Burdened with years and a failing heart throb, he carried on during the strenuous days of the extra session last spring. Rising from his bed and leaning on my arm, he appeared before the Committee on Ways and Means in behalf of the unemployed who might get some means of support through building roads.

On May 26th last, he appeared in the well of the House to add his spoken influence in behalf of this legislation. Congress had hardly adjourned when, the immediate task being finished, he passed on to the Beyond, at early dawn of a brilliant day.

A public official in whom there was no guile, a citizen of the entire Republic, a heart mellowed with human kindness, and a soul stirred with the highest type of service—we pause today in sincere gratitude for the effective accomplishments of his undertakings, remembering with deep appreciation his personal interest in this work in which we are now engaged.

Mr. OLIVER of Alabama. Mr. Speaker, EDWARD B. ALMON was first elected a Member of the Sixty-fourth Congress and to each succeeding Congress until his death in June 1933. In his passing Alabama lost an illustrious son, the country a sincere patriot, the Congress a tireless worker, and the wide circle of his colleagues a loyal friend.

I will leave to others the office of speaking of the particulars of his birth, education, and life. From a long association with him in Congress and from contacts with his home constituents, there was thrown on my mind and heart a composite picture of him, which I shall never forget, and which I will always cherish as one of the most pleasant memories of my life. That picture represents, I feel, the views of his colleagues who were associated with him in the House. With all individual views merged, interwoven, and overshadowed into one, the picture of the true man stands forth in my mind clean-cut, complete in outline, and beautiful, and my only regret is that feeble words cannot reproduce the view of a perfect picture of this friend.

The men are few in active political life, who have the intelligence, tolerance, and moral strength to withstand the searchlight of daily familiarity with a large local constituency and rise above local jealousies and criticisms. Few there are who can stand forth unsullied, transparent, and flawless under the X-ray of public opinion, but Judge ALMON came as near meeting such a test as anyone I ever knew.

He never grew away from his friends, the common people, as he climbed the ladder of political preferment, but he seemed to cling closely to the plain people—friends and fellow citizens of his early life—and as years and honors were added to his useful life, he continued to command and enjoy their respect and confidence, which is the one goal that every true public servant cherishes above all else.

Into his work as a Member of this body he threw all of his splendid energies; and his refusal, when stricken with a serious physical disability, to follow the advice of physicians and friends, to devote more time to quiet and rest, unquestionably hastened his untimely death; his strongest desire was to continue to the end as an active, vigorous worker.

Mr. Speaker, to my mind the life of Judge ALMON, as he was familiarly known to all his colleagues, teaches a fruitful lesson and shines forth as a beacon of hope for this Republic. Simplicity, sincerity, and honesty were the forceful characteristics of his long public service, and just so long as men of pure lives, unselfish motives, and untiring devotion to the interest and welfare of the masses, from whom they spring, continue in control of our public affairs—and I believe they will—this Government is amply safeguarded and will survive.

There are innumerable features of our governmental system of which we are justly proud, and with ample reason; but to my mind all others are of little moment compared with the fact that the plain men of simple tastes and inexpensive habits, pure and unselfish motives, are the rulers of this land.

Where 1 man attains high station through great riches, 10 men of the stamp and mold of my lamented friend, Judge ALMON, reach equal station and wield, man for man, much greater influence in the affairs that shape our destiny, and never was this truer than at present.

Simple in his tastes, frank in all his dealings, trusting and forgiving in his nature, conspicuous in his devotion to his family, with an ability which enabled him to cope well with the questions of the time, he commanded the respect of all.

I was in his home city the day of his burial, and you could read his death in the face of everyone. I never saw a more marked manifestation of grief and sorrow by an entire community than I witnessed on that day. The zenith of any man's glory is reached when at the end of his public career he can lie down, as Judge ALMON did, to his eternal sleep, truly loved, respected, honored, and mourned by all his neighbors—those of high estate and low. History will preserve his name, but his home community, his fellow townsmen, will never cease to consider it as their special possession and will transfer it with grateful pride to posterity.

Mr. BANKHEAD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following tribute to the late EDWARD B. ALMON by Senator JOHN H. BANKHEAD, of Alabama:

EDWARD B. ALMON was born in Lawrence County, Ala., on April 18, 1860. He lived nearly three quarters of a century and died at Washington on June 22, 1933. Judge ALMON'S parents were worthy pioneers in a new country. He was born about 41 years after Alabama was admitted to the Union, and at the time of his death, in June 1933, his life had spanned nearly two thirds of the life of his State.

As a boy EDWARD never saw a surfaced road. The cumbersome stagecoach and the slow freight wagon, moving over almost impassable roads, furnished the chief means of transportation. Towns were small and far apart. Life in North Alabama in those days was entirely rural and agricultural. Thirty miles meant a day's journey when the roads were dry, and all communication was practically stopped when the roads were soaked with rain. Whole families and communities were frequently marooned during the long parts of the winter as completely as if they had been on an island in the sea.

Such are the possibilities of American life, that the boy, reared among those surroundings, became in later life a member, and afterwards the Chairman of the Committee on Roads of the National House of Representatives, and played a large part in bringing into being a mighty system of national highways stretching from ocean to ocean, and linking together the 48 States of the Union in new indissoluble bonds of commerce and social interchange.

Judge ALMON received a common-school education in the rural schools of Lawrence County, completed his academic education at the Normal College at Florence, Ala., and afterward was graduated from the law department of the University of Alabama. He was admitted to the bar in 1885 and began the practice of law at Tuscumbia, where he maintained his home for nearly 50 years. He

became an aggressive, forceful, and successful lawyer. In his office he was a sound, able, and prudent adviser. He took a deep and abiding personal interest in his clients, and in advising them looked solely to their well-being. As he grew in prestige, he was always a fine influence in the life of his community. In his office, he not only gave sound legal advice, but radiated good will, kindliness, and good fellowship. He was a tireless worker and a careful and painstaking student.

Judge ALMON was at his best as an advocate. He loved the court room. He knew men and their motives and understood juries and their mental processes. He prepared his cases thoroughly and brought to their trial accurate legal knowledge, fine common sense, an acute knowledge of human nature, and a genial, kindly humor. Judge ALMON was a successful trial lawyer and was for many years a conspicuous figure in the courts of his and surrounding counties.

In length and variety of public service, as well as in the distinguished character of that service, Judge ALMON'S life was a very full and useful one. He served in the Alabama State Senate during the session beginning in 1892 and ending in 1894. He became judge of the Circuit Court of the Eleventh Judicial Circuit of Alabama in 1898 and served as judge of that circuit until 1906. He was elected to the Alabama House of Representatives in 1910 and served for a term of 4 years, becoming speaker of the house in 1911. He was elected as a Democrat to the Sixty-fourth Congress and to every succeeding Congress until the time of his death on June 22, 1933.

Judge ALMON came to Washington at the mature age of 55 years. He brought with him to the Nation's Capitol the dignity, poise, and sense of fairness of a judge, the knowledge of parliamentary procedure and of legislative methods which he had gained as a State senator and as a member and speaker of the Alabama House of Representatives, and the powers as a debater gained through many years of trial work in the various courts of north Alabama.

EDWARD B. ALMON was not only a successful lawyer and an able and trusted public servant but his life radiated the fine social graces so necessary to a well-rounded manhood. For almost two generations the Almon home at Tuscumbia was a center of domestic happiness and of a most charming and informal hospitality. In early life he married Lulie Clopper, a charming daughter of his adopted town. They had a lovely household. Mrs. Almon, a gracious, kindly, and brilliant hostess, contributed much to the delightful atmosphere of pleasant cordiality which pervaded this fine old southern home, where relatives, friends, and the stranger within the gates enjoyed the welcoming smile, the warm handclasp, the pleasant humor, and the fine conversation which give essence and character to the best American home life.

The thing which impresses us most as we reflect on the life and character of Judge ALMON is the completeness of his life and the well-roundedness of his character. He was a successful lawyer, a communicant of the Methodist Episcopal Church South, quietly but deeply religious, a loving husband, a wise and kind father, an unselfish friend, a public-spirited citizen, a just and capable judge, and an able legislator.

The keynote of Judge ALMON'S life was service. To his family, his friends, his church, his community, his clients, his country, he gave his best for half a century.

Few congressional districts in the United States have received the same character of service which Judge ALMON gave to the Eighth District of Alabama. In volume, his personal correspondence with his constituents was colossal. Almost every man and woman in the seven counties of his district regarded him as a friend, and he encouraged them all to call on him for any service he could render them. It has often been said that he had more calls on his time from individual constituents than any other Member of the House, and every call, however humble the applicant, received his earnest personal attention.

Judge ALMON always had time for what we call the little things, but in giving them the most minute attention, he did not let the multitude of these interfere with the big things which his duties as a Congressman imposed upon him. He was elected to 10 successive Congresses and played a large part in shaping the enactment of much useful legislation. He was an ardent party man; but when the policies and purposes of partisonship ran contrary to the national interest, he always submerged them to what he conceived to be the good of his country. His untiring work in helping to promote a great system of State and national highways, financed jointly by the States and the Federal Government, have resulted in untold benefits to the people of the United States. He served for many years with great distinction as a member of the Committee on Public Buildings and Grounds. His ceaseless efforts, during almost 10 terms of Congress, for the development of water power and the promotion of navigation on the Tennessee River, culminating in the building of the Wilson Dam and in the creation and organization of the Tennesee Valley Authority, constitute the crowning achievement of his congressional career.

National policies change to meet altering conditions and changes of public opinion and of administrations; hence it is that much of our most important national legislation is but temporary. The two great objects to which Judge ALMON dedicated his activities as a Member of Congress are permanent. The good roads of the United States will be rendering their contribution to easy and pleasant transportation, to the fostering of commerce and interchange of goods among our people, to the bringing of far places close together, and carrying the life of the country to town and city people and the pleasures of city life to our farms, as long as this Government exists.

The Wilson Dam is as permanent as the National Capitol. Already two other great dams are in course of construction on the Tennessee River and its tributaries, and three others are under consideration. The day will come when navigation on the Tennessee River will move for almost its entire length along a mighty chain of lakes and will lock through a series of great dams, and these lakes and dams will form a system of correlated transportation and power distribution unsurpassed in the world.

The practical mind of our friend and colleague saw this vision 20 years ago. He devoted much of his congressional life mainly to its accomplishment. Many others saw the same vision and have helped to make of it a reality. While to other Members in Congress it was a matter for serious but occasional attention, to him it was the one imperative task—a life work, an obsession which filled his mind and heart for almost a generation. Who can say that this great work would ever have been accomplished without him?

We but perform a simple duty when we render this and other tributes to the life and character of our departed friend. While they add little to his stature, the study of a life like his, actuated by the motives that impelled him and made sacred by the devotion and consecration which he carried to his tasks, help the student to a finer manhood and a nobler character.

Mr. HILL of Alabama. Mr. Speaker, as we contemplate the life and death of Judge EDWARD B. ALMON, we are reminded of the story of the life and death of the great Jewish Lawgiver. For 40 years Moses had borne the burdens of state, shaped the Jews into a nation, determined their civil and religious polity, administered their laws, directed their steps, or dwelt with them in all their wanderings in the wilderness. He had suffered in their punishment and led them in wars until the end of their labors drew nigh. Only Jordan lay between them and the Promised Land. Then came to Moses the word of the Lord: Thou mayest not go over; get thee up into the mountain, look upon it, and die.

With eager longing, with breaking heart, the great leader looked upon the Promised Land and then lay down and died. For more than a quarter of a century, Judge ALMON worked and wrought and toiled for the development of the Valley of the Tennessee with its conjunctions of coal, iron, water-power, and other resources more fateful than the conjunctions of the stars. This marvelous development with its untold possibilities for the welfare and the happiness of the people was to him the promised land. Day after day and year after year the manifold difficulties and problems of the long struggle with all its temporary defeats and disappointments fell upon Judge ALMON. He carried them upon his heart. He labored all the more assiduously to overcome them. In the end he triumphed but did not live—

to see his own work out and watch the sandy footprints harden into stone.

Within a few brief weeks after the enactment of the legislation making possible and insuring the wonderful development Judge ALMON paid the toll for his long and laborious efforts and lay down forever. But the great project with its benefits and its blessings to all the people must forever be linked with the name of EDWARD B. ALMON. And as the waters of the Tennessee roll on to the sea through the ages, they will sing his praises and chant his requiem.

Judge ALMON loved people. He possessed the smile and grasp of friendship. He was never so happy as when he was home mixing and mingling with his constituents, giving an account of his stewardship to them at their barbecues or breaking bread with them at their picnics. He had that human, intimate touch that caused little children to love him, that bound men to him with hoops of steel, that led the people to know the warmth and the grace of his soul and that won for him the affectionate esteem in which he was held by all with whom he served in this House. He delighted in serving his constituents. No man was ever more indefatigable or more painstaking or more resourceful in meeting the many calls that come to a Member of this body. It might be a request of petty significance from the humblest of persons, but it always received the very best and most expeditious attention possible at Judge ALMON'S hands.

Judge ALMON had the genius of common sense. He never tried to fit square pegs in round holes. He knew and understood human nature and saw deep into the motives of men. He had faith in the people. He believed in their final judgment and in the moral standards that moved and at last controlled them. He was chief among them because he was the servant of all of them.

Usually it is through physical and mental stress and strain that one battles his way through the years to a place in the Congress. Judge ALMON had step by step mounted the ladder to this eminence. He served in both houses of the Legislature of Alabama. He was overwhelmingly elected speaker of the house of representatives; and history records that he was one of the fairest, ablest, and most popular speakers that ever won distinction in that position. By his work, by the causes he advocated, by the high order of his leadership, he wove his name into the warp and woof of the life of the State. For 12 years Judge ALMON set an example as a just and upright judge, holding evenly the scales of justice as he sat upon the bench of his circuit. For 35 years he held public office. Twenty of these years he spent in this House. Such a long and varied service attests the ability, the character, and the genius of the man more enduringly and more significantly than words can express. No appreciation of Judge ALMON and his services could be complete without a word of tribute to her who for nearly half a century was the companion of his love, the helpmate of his career, his kindest critic, his best friend, his brave and devoted wife.

Judge ALMON was my friend from the days of my beginning in this House. My senior by many years, he seemed ever eager to help me along the way and to direct me to the right road. He was kind, generous, and good to me. I am among the hundreds who loved him and who mourn his passing. I salute his memory and shall ever cherish the rich treasure of his friendship.

> His gentleness, his tenderness, his fair courtesy,
> Were like a ring of virtues 'bout him set,
> And Godlike charity, the center where all met.

Mr. STEAGALL. Mr. Speaker, the death of Judge EDWARD B. ALMON brought to an end the career of one of Alabama's most beloved sons. His record is a source of pride to the people of his State and typical of the possibilities awaiting the youth of the Nation. He was born on a farm, and his early years were marked by heroic struggles against adversity and in an environment of limited opportunities. During these early years he learned of the hardships experienced by the great body of our citizenship attached to the soil. It was in these experiences that he developed those rugged qualities that endeared him to those about him and armed him with an understanding of his people and of the problems that were to confront him in public life.

His rise was by gradual processes. He improved every opportunity to gain an education. He attended the common schools, the State Normal College at Florence, from which he was graduated, and he became a graduate of the University of Alabama. He was admitted to the bar and attained high rank as a lawyer. The people soon discovered in him the rare qualities that fitted him for service on the bench. He was elected circuit judge, in which office he served with a distinction that won for him reelection without opposition.

He served as elector for the State, as representative in the legislature, as senator, and again as a representative in the legislature and speaker of the house of representatives. In the legislature he was a leader and won an admirable place in the esteem of the people of the State.

He was a leader in the good-roads movement in Alabama and author of the law establishing a highway commission for the State.

He was elected to Congress from the Eighth District in 1914 and served continuously to the time of his death, June 22, 1933. His hold upon the confidence and affections of his people was such that he had come to be invincible in his district. As a Member of Congress he made a contribution to the development of good roads throughout the Nation that gives him a place among those who rank first in the promotion of that national movement.

The son of a farmer, of the soil, and loving it, he could not escape the sincere conviction that the ills of the farmer were at the bottom of all the economic adversities afflicting the Nation. The conviction furthered a determination to dedicate his talents and services to the task of winning for agriculture an equitable place in our economic structure.

The paramount endeavor of his public career was in connection with the development of Muscle Shoals. To this he devoted the best years and labors of his life. That contest presented especial need for the marvelous energy, the dogged persistence, the splendid legal training, the high order of diplomacy, and the superb political acumen which he displayed to a degree seldom surpassed. He supplied the leadership around which were rallied the forces that fought and won the struggle for the development of Muscle Shoals and its dedication to the cause of agriculture and the general welfare.

His was the labor of a great man devoted to a great task. Forgetful of himself, heedless of opposition and temporary disappointment, his eyes were fixed always on a star whose brilliance no passing cloud could dim.

So devoted was he to the purpose of public service that all warnings of his physician and of loved ones were disregarded. Happy coincidence that he should have lived to witness the fruition of his labors.

He met every test as citizen, as father, as husband, as public servant. He was true to his family, true to his church, true to his State, true to the best traditions of the Republic.

It has been my privilege to form many dear and lasting friendships since I became a Member of Congress. This is especially true as to those who were contemporary with my entrance. Among all those whose friendship I hold dear, none has held higher place in my heart than Judge ALMON. I gained much of inspiration from him, and his wise counsel often guided me in matters of momentous importance. I loved him, and I shall never cease to miss him.

I made the journey with friends and loved ones who accompanied his body to his home in the city of Tuscumbia. I watched the throng of loyal friends from all walks of life who gathered to pay their tributes of admiration and devotion. They came from far and near—many with flowers and all in tears—to pay honor to their friend and beloved public servant. Such honors were worthy of the noble life and character. His body was laid to rest in the soil of his native State, on the banks of his beloved Tennessee. Its waters will sing a ceaseless requiem to his memory. The record of his public service is the proud heritage of an unforgetful people. Alabama will honor and cherish his name through future years as a loyal son and faithful public servant.

HENRY WINFIELD WATSON

Mr. RICH. Mr. Speaker, our colleague, Hon. HENRY W. WATSON, dean of the Pennsylvania delegation, has gone to his reward. He rendered faithful service to this country, to the State of Pennsylvania, and to the Republican Party—service that was outstanding and meritorious.

HENRY W. WATSON was a man in the true sense of the word. He was sensible, reasonable, dependable, and was honored by all his colleagues in the House of Representatives. He was a member of the Ways and Means Committee, one of the most important committee assignments one can have as a Representative; and he filled the post with credit and honor to himself and to his country. He never aspired to prominence in the ordinary business of the House. With abundant capacity for the most important public service, his modesty constrained him to allow to others all that conspicuous display which attracts the admiration of the world outside. He was dean of the Pennsylvania delegation and respected most highly by all its members.

I counted him whom we mourn as my friend. He was a man among men, a venerable scholar in politics. No one

could help but be impressed with his placid dignity, his serenity, his patience, and his quiet courage.

HENRY WATSON performed most patriotic services. In Congress he expressed the will of the people, and he interpreted it for their best interest.

But all earthly work must end; life is a continuous procession of events. Our words of farewell to a fellow worker should not be alone those of grief that man's common lot has come to him, but of pride and joy for all the good he has accomplished. "One generation passeth away, and another generation cometh: but the earth abideth forever."

The progress of the world goes on, and we realize in every step more and more its upward purpose. If we and all things are not working together for good, if our life is but a breath exhaled and then forever lost, our work means little. Our duty is not only to pay tribute to the dead but to cheer the living. May we say to those left behind:

Early parting is the bitterest experience of human life.
Death is the dawn of morning.
The dawn will be eternal life.
Eternity will see the glad reunion.

Mr. DARROW. Mr. Speaker, my heart was filled with grief and deep sorrow when, on that beautiful Sunday, August 27, 1933, I learned of the death of my close personal friend and colleague, Hon. HENRY W. WATSON.

HENRY WATSON and I formed an intimate friendship from the day both of us entered our official duties in the Sixty-fourth Congress, and this devotion continued to the end. Our congressional districts were adjoining, and most of their interests were common to each other.

Mr. WATSON's work here was characterized by a quiet reticence, although his influence was extensive, and his accomplishments for his district were recorded indelibly in the hearts of his constituents. Recognition and appreciation of the high type of public service he rendered and the degree of confidence and esteem in which he was held by his constituency were evidenced by his continued reelection to Congress with increased majorities.

Always a stanch Republican, Mr. WATSON believed in and fought for the adoption of his party's principles. He performed his duties as he believed to be right. He was a hard-working, painstaking legislator, with a mind that was keen and alert. He rendered valuable service to his district, State, and country, and has left affectionate recollections in our hearts.

May he rest with his fathers in the peace he has earned.

Mr. HAINES. Mr. Speaker, I desire to take this opportunity to pay tribute to the memory of the late Honorable HENRY W. WATSON, my colleague from the great Keystone State.

HENRY WATSON was a distinguished Member of this House, having served his people faithfully for 18 years, and his sudden death is mourned by every Member who knew him.

It was not my privilege to be associated with him in this House for more than one session, but during that short time I learned to respect and love him.

He was intensely interested in the people he represented, always anxious to serve them, deeply mindful of what he believed to be their best interests. No greater tribute can be paid to any man than to say that he was faithful to the trust imposed upon him by the people.

I join with his host of friends who mourn his loss, knowing that the country has lost a useful and devoted servant and this legislative body a great legislator.

Mr. KINZER. Mr. Speaker, in the death on August 27, 1933, of our colleague, Hon. HENRY W. WATSON, the Nation, as well as the State of Pennsylvania, lost the services of one of its most able and faithful public servants. Born in Bucks County, Pa., on June 24, 1856, he pursued his education in private schools, studied law, and was admitted to the bar in 1881 and became an honored member of the Philadelphia bar.

Early in his life he took interest in public affairs and was ever engaged in the people's fight. His friends and the citizens of the Ninth Congressional District of Pennsylvania, appreciating his worth and ability, sent him to the Sixty-fourth Congress; and to their credit and in recognition of Mr. WATSON's faithful, honest, and effective services, his constituency returned him to each succeeding Congress until death removed him from the scene of his earthly activities.

As a Member of the Sixty-fourth and each succeeding Congress, his influence grew and his grasp of public affairs increased, and he brought to the powerful Ways and Means Committee that ability, devotion, and effective service which he so ably and willingly contributed.

As dean and chairman of the Pennsylvania Republican delegation, we all enjoyed his kindly spirit, helpful advice, and sincere friendship. We, his colleagues, have each and all suffered a distinct loss in his death.

Mr. BACHARACH. Mr. Speaker, we gather today to pay our respects to our colleagues who have departed this life in the past year. Among them we mourn the loss of HENRY WINFIELD WATSON, of the State of Pennsylvania, a gentleman of the "old school", and my personal friend. We were both elected to the Sixty-fourth Congress, and for a number of years we were associated very closely as members of the Committee on Ways and Means. A stanch Republican and a firm believer in the principles of a protective tariff, we were usually found voting together on all legislative matters relating to the tariff.

Quiet and unassuming in his manner, he possessed a keen mind and intellect, and his judgment was unfailingly sound. He was ever zealous for the welfare of the great Commonwealth of Pennsylvania, and his work on the Ways and Means Committee in behalf of that great industrial State is written in bold relief upon the records of Congress. In his death not alone the Ninth District of Pennsylvania suffers the loss of a devoted Representative in the Congress of the Nation but the State of Pennsylvania and industrial America as well.

My association with HENRY WINFIELD WATSON in Congress and the friendship that existed between us will always remain a happy memory. He has gone to reap that final reward which he so justly deserved, but we shall ever keep in our hearts cherished recollections of the courtly and distinguished gentleman from Pennsylvania.

Mr. STOKES. Mr. Speaker, HENRY WINFIELD WATSON passed away peacefully and without suffering, succumbing to a heart attack, at his home in Langhorne, Bucks County, Pa., on August 27, 1933, at the ripe age of 77 years.

At the time of his death he was serving his ninth consecutive term as Congressman from the Ninth District of Pennsylvania. He was the oldest Member of the House in point of years and one of the oldest in length of service.

He was first elected in 1914 to the Sixty-fourth Congress; and throughout the ensuing 19 years, to the time of his passing on August 27, 1933, he continued to serve in this body with credit and distinction and with the esteem of his fellow Members.

Although a Republican of the stanchest type, his judgment and tact and personal charm were such that he enjoyed the respect and confidence of every President under whom he served, Democrat and Republican alike.

Neither in his political philosophy nor in the other characteristics of his life was Congressman WATSON of the roving kind. Born in Buckingham, Bucks County, June 24, 1856, the son of Mitchell and Anna Bacon Watson, our honored colleague lived his 77 years in that county, which was one of the two constituting the congressional district he represented.

And likewise in his political creed. To his lasting credit and esteemed memory let it be said that there was never any doubt as to where Congressman WATSON stood on any public question. He led no political double life. He was anchored to those fundamentals which characterize what is termed

the "conservative." He was a stanch and able defender of constitutional government, and he was a vigorous, uncompromising advocate of that Republican doctrine of protection which Henry Clay so aptly described as constituting the American system.

Educated in private schools, Congressman WATSON studied law under that noted Philadelphia lawyer, F. Carroll Brewster, Esq., and was admitted to the bar in 1881. Prior to entering Congress he was connected with a financial institution, and for many years he was friend, patron, and adviser to innumerable activities in which his own constituents were directly and indirectly concerned.

He was a member of the important Committee on Ways and Means.

His last campaign was one of the hardest in his life, and he was delighted to be reelected in November 1932 by a margin of a few thousand votes, having lost Lehigh County but fortunately winning Bucks County by a sufficient margin to secure his victory.

When the Saturday before the election came, he thought he might rest from his strenuous efforts but received a late telephone message to come to Allentown that evening. Tired as he was, he started off and arrived there at 9 o'clock. He was a tireless fighter and an interesting and forceful speaker.

One evening he called me on the telephone to ask me to join him at the Press Club supper in celebration of the legalization of beer. I gladly accepted, and we drank some beer which had been sent from his district. Going home I urged him to let me take him in a taxi, remembering he was not a young man; but he said he preferred walking, and he strode along the half hour's walk as rapidly as a man 20 years younger.

He resided at 1765 Massachusetts Avenue, in a handsome house he had formerly purchased from the estate of Henry Cabot Lodge. Many times I dined there and enjoyed the pleasure of his and Mrs. Watson's cheery company. They were exceedingly pleasant, hospitable, and kindly.

Very often I called upon him for advice and found his judgment unusually sound.

He was looking forward, he told me, to one of the greatest eras of prosperity this country had ever had, provided we were safely and wisely led out of the depression.

And in conclusion I shall add the following from St. Paul, I Corinthians xv : 49:

> And as we have borne the image of the earthy, we shall also bear the image of the heavenly.

Mr. DITTER. Mr. Speaker, it is with a sense of profound respect that I endeavor to express my feelings over the loss of our esteemed colleague, the Honorable HENRY W. WATSON. While his death on the afternoon of August 27, 1933, caused sorrow to his wide circle of associates in the House, to me it meant the passing of a close friend, a wise counselor, a loyal supporter.

Previous to 1932 the Ninth Congressional District of Pennsylvania comprised the counties of Bucks and Montgomery. From 1914 to 1932, Mr. Watson represented this district with outstanding ability. As a result of a reapportionment, Montgomery County became a separate congressional district, and I was honored in being elected as the first Congressman from the new district. Words fail me in paying my appreciation to my predecessor for his guidance and counsel and for the spirit of unselfish service which characterized his cooperation in the early days of my congressional experience. Though no longer a part of his district, Mr. Watson's interest in Montgomery County and her welfare continued to the day of his death; and in his passing, not only his district but the entire Commonwealth of Pennsylvania and the Nation lost a devoted, conscientious public servant.

Mr. Watson was a worthy representative of one of the oldest and most prominent families in eastern Pennsylvania. His great-great-grandfather, Dr. Thomas Watson, came from High Moor, Cumberland County, England, in 1701, and settled in Bucks County, Pa. On his maternal side, Mr. Watson was a lineal descendant of Sir Nicholas Bacon, lord keeper to Queen Elizabeth.

Our colleague was born June 24, 1856, and received an excellent academic education. Upon the completion of his collegiate training he read law under Hon. F. Carroll Brewster, a leader of the Philadelphia Bar. In 1881, Mr. WATSON was admitted to practice and immediately gained the confidence of a wide and influential clientele. He became identified with many civic and public institutions and contributed unselfishly in service to the development of noteworthy county and State projects. His election to Congress in 1914 was a fitting recognition of years of devotion to the public welfare. His record here in the House stands out as an enviable one for industry, application, and understanding.

Mr. WATSON was always a strong and loyal Republican. He contended at all times for its principles. He justified his espousal of party position by logical and forceful argument. He was recognized by his party leaders as an able advocate and rewarded for his ability by appointment to the Ways and Means Committee. Republicanism has lost a stanch supporter.

To me it has meant the loss of a loyal friend, and such losses are irreparable.

> Sunset and evening star,
> And one clear call for me!
> And may there be no moaning of the bar,
> When I put out to sea,
>
> But such a tide as moving seems asleep,
> Too full for sound and foam,
> When that which drew from out the boundless deep
> Turns again home.
>
> Twilight and evening bell,
> And after that the dark!
> And may there be no sadness of farewell,
> When I embark;
>
> For tho' from out our bourne of Time and Place
> The flood may bear me far,
> I hope to see my Pilot face to face
> When I have crossed the bar.
>
> —*Tennyson.*

LYNN SEDWICK HORNOR

Mr. SMITH of West Virginia. Mr. Speaker, on September 23, 1933, this Congress suffered the loss of one of its most useful and esteemed Members when Hon. LYNN SEDWICK HORNOR, Representative from the Third District of West Virginia, passed away in Washington, D.C. His untimely death closed a brief but honored public service to his State and Nation.

As a member of the committee appointed by the House of Representatives, I attended his funeral at his residence in Clarksburg, W.Va., and the great throng of friends who were there from all parts of the State to pay their last tribute of respect was evidence of the esteem in which he was regarded by those who knew him best.

Representative HORNOR was a native of Harrison County, W.Va., where he was born November 3, 1877. His entire life was spent in that community. He attended the public schools and other institutions of learning in his home city, and after diligent application equipped himself to become one of the outstanding business men of West Virginia. From a humble beginning and without financial aid he amassed a considerable fortune, but with which he was always liberal, and many struggling youths of his home county were aided by him in their efforts to obtain an education.

No one will ever presume to claim for LYNN HORNOR that he was outstanding in the Congress of the United States, but he was a gentleman of modest mien, on whose judgment one could well rely. He did not invite public acclaim and only consented to become a candidate for Congress at the urgent demand of his fellow citizens, who best knew his ability and integrity, and believed that his election was certain, despite his membership in the minority party of his district. His ability was early recognized in the House, and he was appointed on the following important committees: Mines and Mining, District of Columbia, Labor, Census, Public Buildings and Grounds, and Election of President, Vice President, and Representatives in Congress.

After his election to the Seventy-second Congress he worked untiringly for the enactment of legislation that would benefit his constituents, and his health was impaired to such an extent that he requested his party to select someone else to succeed him in the Seventy-third Congress. But he was again nominated over his protest and triumphantly elected by an increased majority. Continued ill health kept him from attending but few meetings of the extraordinary session of the present Congress.

Representative HORNOR was one of the most lovable characters it has been my pleasure to know. His acquaintance was soon general with all his colleagues, and this body has not lost a Member who will be more generally missed and mourned.

Mr. EDMISTON. Mr. Speaker, having been elected to succeed the Honorable LYNN SEDWICK HORNOR of the Third Congressional District of West Virginia, and on behalf of the West Virginia delegation in Congress, I desire to pay a tribute to the memory of my distinguished predecessor.

LYNN SEDWICK HORNOR was born in Harrison County, W.Va., on November 3, 1877, the son of Ferdinand N. and Mary E. Hood Hornor. He is survived by his wife, formerly Miss Emma N. Hume, of Washington, D.C.

Mr. HORNOR early in life became actively engaged in the industrial development of the State of West Virginia, and particularly in the county of Harrison. For a number of years he was teller of the Traders Bank at Clarksburg, W.Va., which was one of the leading banking institutions in the Monongahela Valley at that time. Mr. HORNOR grew and developed with his native community, and his interests increased with such development. He was not only a banker; he was interested in real estate; took an active part in the development of the coal, oil, and gas industries in central West Virginia; formed and became actively associated with the establishment of several very successful manufacturing enterprises. While busily engaged in all these things, he always had time to serve his community in other respects. He was president of the Clarksburg Board of Trade, and it was during his tenure of such office that many worth-while industries were persuaded to build factories in Clarksburg. He was an active member of Christ Episcopal Church and a member of several fraternal organizations. In fact, he was never too busy to lend not only his financial aid but his personal effort in behalf of any activity that he believed would contribute to the betterment of the community in which he lived. In the later years of his life he was vice president of the United Carbon Co., being one of the founders of that company, together with other personal friends who had long been associated with him in the gas business in West Virginia. While Mr. HORNOR was always interested in public questions, he himself never sought public office until he was persuaded to run for Congress and was elected a Member of the Seventy-second Congress. He was reelected a Member of the Seventy-third Congress, during which session he died, on September 23, 1933.

Mr. HORNOR will not only be missed by his family and a host of close personal friends, but he will be also greatly missed by a large number of people to whom he rendered financial assistance. He made no show whatever of any charitable deeds which he performed, and but few people know the extent of his philanthropies, because he held such things very sacred. He was a person to whom the general public felt it could turn, knowing that anyone who sought him for assistance would be received kindly and in most cases substantially relieved.

Mr. HORNOR's record as a statesman, business man, and philanthropist was such as but few men ever equaled. He was in every respect the sort of son of whom West Virginia may justly be proud and the type of man future generations should strive to emulate.

While his colleagues in the House of Representatives miss him greatly, and often so express themselves, the greatest tribute to him, in my mind, is the fact that he will be missed the most "back home."

Mr. Speaker, I include as a part of my address the following tribute to Mr. HORNOR's life and character by Hon. Robert L. Hogg, a former Member of the House from the Fourth District of West Virginia:

One of the natural impulses of man is to complain of his adversity and lament of his losses. But when we mourn the passing of a true friend, we bring into bold relief his virtues and the qualities of manhood that have woven the silken threads of affectionate attachment, which the hand of Fate has so ruthlessly severed.

Today the legislative machinery of a great nation is silenced in commenmoration of the lives and characters of colleagues who have been summoned from their fields of service. We again live with them in the past. Time shuts out the blinding light of partisanship. Our departed friends are appraised by true standards of worth, uninfluenced by the blighting powers of sectionalism or the hypocritical standard of political differences. They stand forth as men, differing possibly in details but all united in a conscientious effort to solve the problems of the country they loved and served.

LYNN S. HORNOR now stands before us as such a man. He was my friend as he was the friend of all who knew him. He is gone. Silence today as the House pays this formal tribute to his memory, is to stifle beyond restraint a desire to express my appreciation of his life, his character, and his record. The cold facts of a biographical sketch are not recorded through ties of friendship. What a man does in life does not stand as a tribute to his memory unless these deeds are evidences of his character. Such a biography may be written of LYNN S. HORNOR. Born during a period of industrial awakening, his life's work was one of advancement of his native State and especially of the community in which he lived. He cleared his path before him. The tools he used were of his own making. His efforts were crowned with success, and during his entire career he bore a reputation of unquestioned honesty. In all his contacts he inspired confidence. His antagonists in business were frequently his close personal friends. They trusted and believed him.

After years of success in business, at a time when he might rightly expect a relaxation of his efforts, he assumed the arduous duties of public office. To this new field he carried the same sense of honesty, sacrifice, and devotion which characterized his private life. The merciless and distorting factors in partisan politics never tarnished his name. The searching lights of public office revealed no flaws in his private or public life but rather brought to the front the high type of his character.

As one of his former colleagues, I join with the hosts of his friends in expressing a profound feeling of personal loss. We are overcome by that empty feeling of helplessness when we ponder over the Divine plan which takes from us a noble character.

Yet we are consoled with the knowledge that there remain throughout the corridors of our Capitol, as well as over the highways and byways of his native State, indelible evidences of his journey through life. The poet aptly reminds us of his living memory with these words:

I shot an arrow into the air,
It fell to earth, I knew not where;
For, so swiftly it flew, the sight
Could not follow it in its flight.

I breathed a song into the air,
It fell to earth, I knew not where;
For who has sight so keen and strong
That it can follow the flight of song?

Long, long afterward, in an oak
I found the arrow, still unbroke;
And the song, from beginning to end,
I found again in the heart of a friend.

LYNN S. HORNOR's character was a song—now enshrined in the hearts of his friends.

I also include the following letter received by me from Hon. John J. Cornwell, of Baltimore, former Governor of the State of West Virginia:

THE BALTIMORE & OHIO RAILROAD CO.,
OFFICE OF GENERAL COUNSEL,
Baltimore, Md., April 24, 1934.

Hon. ANDREW EDMISTON, Jr.,
House of Representatives, Washington, D.C.

MY DEAR MAJOR: I understand memorial services to deceased House Members will be held Friday next. Assuming you will have something to say with respect to your predecessor, who was my friend as he was yours, I am sorry I cannot be present to hear you.

While LYNN HORNOR, I am told, was respected by his associates in the House because of his genial personality and understanding of public questions, were I called upon to speak of him I would emphasize particularly his integrity and usefulness as a private citizen.

While your State and mine can boast of many native sons, most of whom remain within her borders but many of whom have established homes elsewhere, who are an honor and credit to her, none excell in the fine qualities of citizenship the one whose memory you will honor.

While he was a business man in the true sense of the term, he was likewise a patriotic, public-spirited citizen, a home builder and a home lover. His example was worth all the preachments of a platoon of those who would reform the world with advice, alone.

Modest, unpretentious, unassuming, his life was an inspiration to all who touched it.

You are fortunate in having inherited the tradition he established of a faithful public servant.

Respectfully,

JOHN J. CORNWELL.

TRIBUTE TO LYNN S. HORNOR BY HUGH IKE SHOTT, FORMER MEMBER OF THE HOUSE FROM THE FIFTH DISTRICT OF WEST VIRGINIA

It was my privilege to serve with LYNN S. HORNOR in the Seventy-second Congress. I knew him well. He was every inch a man and a Representative diligent in his duties and ever mindful of the high obligation of American citizenship. He held a first-rank place in patriotism and veneration for the institutions and traditions of West Virginia. He was alive to every opportunity to be of service to his district and his people. Others will review his career in business and industry, and tell the fine story of his public and private life, but I want to testify to an acquaintanceship in which LYNN HORNOR grew stronger in my esteem and confidence, and in which his association became more valued and an influence that bettered and inspired from the morning of the first day until the last, the afterglow of which still paints the sky.

I wish that he might have lived to come into that greater usefulness his enthusiastic desire and his training in Congress would have developed. West Virginia lost a splendid son, and those who knew him lost a friendship unspoiled by any ungracious act of his. Only the wayward and the faithless really die, but those with beauty of attitude and sublimity of hope shall put on immortality beyond the stars.

Mr. RANDOLPH. Mr. Speaker, it is with more than formal duty that I ask permission to pay tribute to the late Hon. LYNN S. HORNOR. He was not only my colleague in Congress, but he was a lifelong friend as well. Both my father and my grandfather were business associates of Mr. HORNOR. He was a leader in many of the largest industrial and business enterprises of Harrison County, where I was born. He was successful in accumulating a substantial fortune, and I am sure that it all came as the result of useful service rendered by him. He was a member of a very large family of Hornors, all of whom have distinguished themselves in some sort of useful endeavor which has been of service to our State. On the floor of the House Mr. HORNOR was always pleasant, and those who knew him there recognized him to be an able and honorable statesman, and I am sure that his colleagues have been greatly grieved, as I have been, by his untimely death. I cherish his memory and shall always be grateful for the influence he had upon me as a friend.

JOHN DAVENPORT CLARKE

Mr. SNELL. Mr. Speaker, the New York delegation in this Congress has been bereft of two of its Members, both having been summoned away from us suddenly, and within a brief time of each other, our friends and colleagues, JOHN DAVENPORT CLARKE and JAMES SOUTHWORTH PARKER. To the latter's long and useful service in this House I have paid feeble tribute.

And now I would also bow my head and pay tribute to my friend JOHN CLARKE. His was of a sunny, happy nature. Here he relieved many a somber, prosaic occasion with pleasantry, and oftentimes his quick wit and humor relieved tension and created laughter. No one could be in the company of JOHN CLARKE without feeling the benign influence of his smile and his kindly nature. He fairly exuded good will and fraternal feeling. To him life was a grand adventure, full of interest and very much worth while. If ever he was despondent or discouraged, as probably he was at times, he carefully concealed his feelings under an outward cloak of cheerfulness, for his philosophy was to radiate encouragement and to impart hope. To his friends who were acquainted with his life's work, this disposition of our late colleague to be a friend of man was not surprising. It was because he loved nature and natural things and the highest form of natural life—man himself; it was also because he kept close to mother earth and studied practically the riches enfolded in her bosom and the secrets of her bountiful gifts to mankind and because he had contact and experience with the soil that he aimed to apply his knowledge as a legislator for the betterment of conditions in agricultural pursuits, from whence is derived whatever measure of prosperity the people enjoy. JOHN CLARKE was an agriculturist in the broadest sense of the word; as some people would say, "a real dirt farmer."

The Greek myths, many of them, tell the story of strength renewed by touching the earth. In this country and, in fact, in all countries, in the main, the men who lead in achievements are of the generation or near to a generation that has touched the earth.

But it was not alone as an agriculturalist or dirt farmer that our friend JOHN CLARKE distinguished himself, although that classification itself would have given him the place of prominence he held in this House as a reliable authority on that and kindred subjects, for, in addition to his knowledge of farming, he was also deeply interested in the treasures hidden in the bowels of the earth, far below its surface, and before taking up the practice of law was engaged in a number of mining pursuits and identified as an officer in various mining companies. He was versatile. Before taking up any business or profession, he qualified in a post-graduate course in economics, thus laying a splendid foundation for the lines of work in which he was most interested and could be the happiest and most useful to his fellow men and for which he felt he was best suited. His natural bent was agriculture in its diversified forms, and so he became actively engaged in the cultivation and management of a farm which he acquired in Delaware County, N.Y., where he was born and where he received his early education. He possessed a broad and comprehensive knowledge of farming in all its ramifications; but if there was any one phase of the subject of more interest and concern to him than another, it was dairying. In this branch of the business he was a recognized expert, which led to a directorship in the Dairymen's League, and the chairmanship of that organization for 2 years.

Being an ardent lover of nature in its manifold forms, he was, of course, interested in trees and was profoundly concerned about all that pertained to forestry and the conservation of our watersheds. He became vice president and president of the New York Forestry Association and vice president of the New York Conservation Association. He was coauthor with Senator MCNARY of the law that established the reforestation policy of the United States, which is administered in cooperation with nearly every State, and in our Territories and possessions.

Is it any wonder, therefore, with this rich background of experience and resultant knowledge of the science of agriculture and its related phases, that JOHN CLARKE was selected for service on the Committee on Agriculture of the House, and that on that committee he rendered valuable service while both a majority and minority member? In the committee room in the formulation of legislation he was quick to apply his scientific knowledge, and members, regardless of party, were glad to follow his advice. While on the floor of the House, in the consideration of bills affecting agriculture or cognate subjects, he did not exploit his knowledge, he was always alert and ready to speak and to offer constructive suggestions; and when he did speak, he received attention and spoke to the point, as would be expected of one who knew his subject. He was regarded an authority on those subjects to which he had devoted long study and practical application—agriculture, forestry, and mining. His advice and wise counsel in our deliberations are missed, but more than anything else about him we miss the man himself and the good cheer and friendliness of his genial disposition.

In Republican councils also he leaves a pleasant memory of his efficient services as secretary of the Republican caucus.

Mr. MILLARD. Mr. Speaker, today we rest our activities to pay tribute to the Members of this House whom death has called, and it is fitting and proper that we should render this tribute of official respect to our dead.

I give my tribute of deep affection to the late JOHN DAVENPORT CLARKE.

The years of our association in the House of Representatives by no means cover the period of our friendship. I knew him probably earlier than any other Member of this body, for we prepared for college together at Phillips Academy, Andover, where we were both interested in athletics, and the bond so commenced ripened into long friendship. I have rarely known a man who reacted more fully to friendship than did JOHN CLARKE, and I am proud and honored to have been numbered among his friends.

JOHN CLARKE was completely and typically American, endowed with a good mind, a warm heart, and an unquenchable ardor for living, complemented by keen wit and enviable humor, which carried him over many rough places. His personal charm drew to him many who, like myself, held him in warm admiration and affection.

JOHN CLARKE was loyal to his political party. He was imbued with a spirit of helpfulness and was infused with the finest Americanism in his tolerance of others. His intelligence and common sense won for him general confidence and esteem, while his unfailing friendliness made him universally beloved.

Throughout his service in the House, CLARKE championed the cause of the farmers. His was a thorough understanding of their needs. He lent his untiring efforts to the solving of the problems of agriculture; was the farmers' friend in the highest sense. Had he no other accomplishment, this will remain a monument to his memory, one with which he would be well content.

John's work is appropriately and ably continued by Mrs. CLARKE, who has been elected to fill his place, a graceful tribute to him by the people whom he represented in the Congress.

A man of the people, JOHN CLARKE indulged no consciousness of superiority; separated from them neither by pride nor eccentricity he was incapable of arrogance. He was conversant with the strivings of his constituency and eagerly worked for their prosperity. He exemplified in his office the spirit of brotherly understanding, clothed it with a garment of gentleness, common sense, and sympathy—the stamp of American character.

Mr. REED of New York. Mr. Speaker, Representative JOHN D. CLARKE, whose death we mourn today, was one of nature's big-hearted men. We know his fine legislative record. He was an outstanding and successful lawyer before coming to Congress. The constituency which he so ably represented loved him as a kindly neighbor and thoughtful friend.

Endowed as he was with the faculty of radiating sunshine, his irresistible good humor calmed many tempestuous debates over highly controversial questions in Congress.

He was a man of deep convictions in regard to public questions. The work which he sponsored along the lines of agriculture, conservation, forestry, and mining was of a highly constructive character. I believe it is conservative to say that he was one of the foremost exponents of forestry in the Empire State. The successful legislation which he sponsored in Congress has a survival value. The program of conservation which he launched will benefit many generations yet unborn.

I know that I express the sentiments of the Members of this House when I say that the untimely death of our dear colleague is felt by each of us as a personal loss.

Mr. TABER. Mr. Speaker, JOHN D. CLARKE represented the Thirty-fourth District of New York State for 10 years until the time of his death. It was my privilege, as a member of the committee appointed by the Speaker, to attend the services which were held for him at Delhi, within a few miles of his home. I have never seen a larger nor more impressive attendance on such an occasion. It bore evidence of the sincere affection which the people of his own community had for JOHN CLARKE.

He was a kind man; and when I first came to Congress, he went out of his way to make things comfortable for me and to make me feel at ease. He did that with everyone with whom he became acquainted, and his circle of friends in the House was unlimited. He will be missed by all of us.

JOHN CLARKE left his undeniable imprint on agricultural legislation which was passed during his service here. He was a member of the Agricultural Committee during his entire service, was the author of the reforestation bill, and took a very active part in all measures which were brought forward for farm relief and to help adjust the agricultural problems.

He was always sincere, always active, energetic, and faithful to the interests of his constituents. I do not believe any Member of Congress ever worked harder or more devotedly than he did.

We all regret his being taken away from us at a time when men of his sterling qualities are so badly needed.

As indicative of the high regard in which JOHN CLARKE was held by his home people, I append a copy of the minutes adopted by the Kiwanis Club of Endicott, N.Y., where he was a general favorite:

Whereas we the members of the Endicott Kiwanis Club do feel deeply grieved over the untimely passing of our late beloved friend and fellow Kiwanian, JOHN D. CLARKE; and

Whereas he has by his faithfulness, honesty, ability, and friendliness won a deep place in the heart of every Kiwanian who will keenly miss his gracious presence at our meetings; and

Whereas the people of our community and the entire congressional district whom he so capably and unselfishly served as their Representative in Congress, have sustained a great loss in his passing: Be it

Resolved, That the Endicott Kiwanis Club express its profound sorrow and regret for his tragic death and that this resolution be spread upon the secretary's minutes: And be it further

Resolved, That a copy of this resolution be transmitted to the members of his family and to the Memorial Committee of Congress.

Mr. WHITLEY. Mr. Speaker, in the passing of JOHN DAVENPORT CLARKE the State of New York and the National Government have lost an able and faithful servant. He was known to all of us and beloved by all of us, especially those who knew him best and were privileged with intimacy in his sparkling everyday life. He was endowed with a singular faculty for making and retaining friends. JOHN DAVENPORT CLARKE is now a mere name and memory, a name representing nothing more than a green mound in an acre where we all have our dear ones.

Only a name! Yet that name calls before us a life lived, a record made, and honors achieved. His years were crowded with much work, much business, much politics, but in them was the joy of life, the happiness of seeing efforts crowned with success. An abounding geniality made Mr. CLARKE one of the pleasantest of men to meet.

To us, who knew him so well, it seems strange and out of place, indeed, to think of him shrouded and silent in the darkness of the grave; he, who but yesterday, as it were, was one of us and with us, so full of life, so strong, so hearty; whose handclasp conveyed so much of friendship.

In this House he was never known to champion an unjust cause, to vote other than according to the whisperings of conscience. His political, as well as his social and business life, was all frank, open, and aboveboard. No secrecy, no subterranean wirepulling, no plots hatched at midnight for him—all was as open as the day, as clear as the noontide.

Mr. CLARKE was a man of independent thought and action. He acted after consideration and firm conviction, well founded. He was not like a weathercock, turning hither and thither, swayed by every popular breeze, but was rather a leader of public opinion. He could and did express his opinion upon legislative questions intelligently and fearlessly. No man could swerve him from the path of duty as he saw it, and none could deliver him on any question. Let me here put my convictions on record in the expression that in all places and at all times, and in the largest and truest sense, he was an honest man and an incorruptible public servant. Fidelity to principle was the chart of his

life; discharge of duty, the rule of his action. While not pretentious in the expression of his convictions, he maintained them with inflexible firmness—not with a firmness born of self-conceit, but that which is prompted by a consciousness of right and modest merit. He was safe, reliable, and useful.

Mr. MEAD. Mr. Speaker, last fall we were all shocked to hear of the sudden and untimely passing of one of our most beloved colleagues, the Honorable JOHN DAVENPORT CLARKE, of New York. I take this opportunity to pay tribute to his memory.

Although his death came much too soon, JOHN CLARKE enjoyed a full and active lifetime. He possessed a genuine character and a rare sense of good humor that won him friends everywhere. JOHN CLARKE was a lover of the soil. Beginning humbly on a farm, he never lost sight in all his years of public service of the agricultural problems. His mellow philosophy smacked of those hardy pioneers who founded this great Nation and the sturdy farmers who have perpetuated the real spirit of America and preserved for the future our democratic institutions. Much of his versatile career was spent in the interest of nature. The milestones which mark his life show many pursuits in behalf of the welfare of our natural resources. Interested in forestry and conservation, he became president of the New York Forestry Association and later vice president of the New York Forestry Conservation Association. At another time he was chairman of the board of directors of the Dairymen's League in New York State.

JOHN CLARKE served in the Congress for six terms. During those years I came to know him well. But I am only one of many who have served here for many years and who shall keenly miss his cheerful countenance and welcome word. For several years he was a member of the Committee on Agriculture, and he became an outstanding authority on the legislation which came before that important committee. Quite naturally, his chief interests centered around agriculture, forestry, and mining, and his contributions and counsel in connection with such legislation carried real weight on the floor of the House.

His widow, Mrs. CLARKE, is filling his place. We welcome her and extend every cordial good wish for her success in the work of her illustrious husband. JOHN CLARKE was an intelligent legislator, a happy companion, and a clean, hard-fighting partisan.

We all shall miss him.

Mr. CULKIN. Mr. Speaker, the passing of our beloved colleague, JOHN DAVENPORT CLARKE, is an occasion of keen sorrow and regret, not only to his immediate constituency but also to his colleagues in the House of Representatives. His passing involves a grievous loss to the cause of forestry in America. It is likewise a heavy loss to the cause of agriculture, in which he had a deep and abiding interest.

He was the father of the Clarke-McNary bill, which established the national reforestation policy of the United States now being cooperated in by 41 States, together with Hawaii and Puerto Rico. He was instrumental in the passage of legislation which at first salvaged what remained of our great natural wealth in forests and then instituted a program of reforestation to restore to America the timber which had been so ruthlessly destroyed.

Owing to his efforts, forest economics is now receiving much attention by Congress and the various States. He was a master of all the technique which had to do with the question. He was an expert in the matter of forest protection through the operation of control measures. He was among the first to appreciate the necessity of new plantings in order to prevent soil erosion and to effect the preservation of our various watersheds. This, to my mind, was the great constructive work of JOHN D. CLARKE'S life. He loved the great open spaces, and his efforts in this direction were influenced by a desire to pass the accomplishments on for the benefit and happiness of posterity.

There is no man in the history of Congress who was held in deeper esteem by his constituents. The impressive scenes at his funeral and the obvious grief of all participants indicated most clearly the affection in which he was held. His passing is a distinct loss to the Congress and to the cause of forestry.

Mr. DICKSTEIN. Mr. Speaker, it was my privilege and honor to be among the acquaintances and friends of the late lamented Congressman JOHN D. CLARKE, and I should be doing violence to the memory of that friendship did I not on this occasion pay my tribute of love and respect. Once more death has entered our ranks, found a shining mark, and with relentless stroke quenched the activities of a busy and useful life. In the flower of his manhood his passing was, indeed, untimely. He was a man of true nobility of soul, of fine intellect, character, and ability; a man of strong and true convictions; a man who believed above all in his country. He was a typical native son of the Empire State.

There was nothing of the sham about him; he abhorred hypocrisy; he accomplished results without ostentation. He found recreation, entertainment, and pleasure in outdoor life; he loved to get close to nature. The hills, the valleys, the streams, the mountains—all were majestic to him. He was a great reader, a natural student from childhood, and therefore acquired and retained a wealth of information; he was truly an educated gentleman of the highest type. He will be missed by all who knew him, and his friends were numbered by his acquaintances.

Mr. SISSON. Mr. Speaker, it is especially fitting that I pay this brief but profoundly sincere tribute to the memory of Hon. JOHN D. CLARKE, late Representative in Congress from the neighboring district to my own—the Thirty-fourth New York District—since I was born in Unadilla, Otsego County, N.Y., a town in that district.

However, my tribute is offered primarily because of my affection and admiration for JOHN CLARKE, rather than because of the mere fact that I happened to first see the light of day only a short distance from the township in which he made his home. If the homes of the two of us had been as far apart as the antipodes, the tribute would be equally in order. And it is all the more earnest because I am a Jeffersonian Democrat and Representative CLARKE was a consistent Republican of the ultraconservative school.

I am today honoring the man, JOHN D. CLARKE, for his lovable, kindly, genial qualities, his generous heart, his helpful disposition, his sound judgment, and his faithful service. I differed fundamentally with him on many points and in my general political philosophy, yet there are few men for whom I have felt warmer attachment and more genuine respect. Such friendship and appreciation are pleasant and commendable incidents that frequently arise in the life of a public man, and fortunate is the political leader who wins the hearty good will and cordiality of those in the opposing party.

Tolerance is one of the finest elements and requirements of the best patriotism. JOHN D. CLARKE manifested this quality to a marked degree. Battling vigorously for the policies in which he believed, he never retained personal bitterness against members of the opposition. Most of us who are Members of the Congress seek to show the same tolerance, but not all of us succeed to the same extent as Congressman CLARKE.

Perhaps no man who ever served in the House of Representatives had more practical experience in agriculture and felt a stronger desire to improve the lot of the farmer and dairyman than the late Representative from the Thirty-fourth District. His thorough familiarity with the problems of the man who tills the soil and furnishes the milk and vegetables and grain for the food of the Nation was recognized by all his associates. His practical common sense and his knack of quickly sizing up a situation were of immense value in the work of lawmaking.

Yet the outstanding qualities of Congressman CLARKE were his lovable, kindly, genial personal qualities to which I have alluded.

Sam Walter Foss, the poet, might well have dedicated to JOHN D. CLARKE—had he been living at the time—his famous poem, House by the Side of the Road, when he wrote:

There are hermit souls that live withdrawn
In the place of their self-content;
There are souls like stars, that dwell apart,
In a fellowless firmament;
There are pioneer souls that blaze their paths
Where highways never ran—
But let me live by the side of the road
And be a friend to man.

Let me live in a house by the side of the road,
Where the race of men go by—
The men who are good and the men who are bad,
As good and as bad as I.
I would not sit in the scorner's seat,
Or hurl the cynic's ban—
Let me live in a house by the side of the road
And be a friend to man.

Mr. HANCOCK of New York. Mr. Speaker, to those who knew JOHN CLARKE casually the quality that distinguished him was his unfailing cheerfulness. He radiated good cheer. No matter what his own troubles might be, he always showed the world a gay and carefree exterior. Men welcomed his society, for there could be no gloom in JOHN CLARKE's presence.

Only those who knew the man himself realized that he had a deeply religious nature. While still strong and vigorous and with no intimation of impending tragedy, he wrote detailed instructions for his own funeral services, which were faithfully carried out by his lifelong friend, Rev. W. Courtland Robinson, in the little Presbyterian Church, at Delhi, N.Y. He requested that the funeral sermon should be brief and should "emphasize that without service life has no significance. I have kept the faith and expect that the trees will sing my requiem mass as my soul soars on, for I have an abiding faith in our Master and the future life." In these solemn words he revealed the simple creed by which he lived—service to his fellowman and faith in the life to come.

He had an active and varied career, and his success was not without struggle. He was a lawyer, mining executive, farmer, and Member of Congress, and with characteristic zest and enthusiasm entered into the numerous movements for civic and social welfare of his district. In Congress he became the ranking minority member of the Committee on Agriculture and particularly interested himself in legislation which promoted conservation or reforestation or benefited dairy farmers, but he was alert and aggressive in protecting the great industrial interests of his district as well as in giving service to his humblest constituent.

His service in Congress is an honorable record of devotion to duty and useful accomplishment, but we will remember our friend for his happy, sunny disposition, his generous impulses, his truly democratic spirit, and the joy of his companionship.

Mr. CROWTHER. Mr. Speaker, JOHN D. CLARKE was one of the most companionable men I ever knew. He was a universal favorite in the House of Representatives and counted his many friends on both sides of the Chamber.

He was graduated in economics and history from Colorado College, which he attended after graduating from Lafayette College of Easton, Pa. He was afterward graduated in law from the Brooklyn Law School. Always interested in agricultural pursuits, he purchased a farm in his native county of Delaware in 1915.

His services on the Agricultural Committee of the House were most valuable, and he brought to the consideration of its legislation a practical knowledge of the farmer and his problems. The restoration of our American forests was his particular hobby, and the Clarke-McNary bill that he introduced and which became a law carried out his plan for national reforestation.

He had a keen sense of humor, and his quips and impromptu poetry added a lighter vein to the somber and technical discussions in committee and on the floor of the House. "We shall mourn and we shall miss him."

JAMES SOUTHWORTH PARKER

Mr. SNELL. Mr. Speaker, no truer words ever were uttered than these: "In the midst of life we are in death." My late colleague, JAMES SOUTHWORTH PARKER, or as he was familiarly and affectionately known to us, JIM PARKER, was beckoned away from us suddenly, almost without warning, by the summons that cannot go unheeded. Just a few days before being stricken he was in my office at a conference, and there was then no intimation or warning of his impending departure. His separation from us was a shock to me and to his friends here and to his constituents whom he had served so well and so long.

JIM PARKER's career in the House, covering a period of nearly 11 consecutive terms or 22 years, exemplifies the value of long service in the House, which the late Speaker Champ Clark emphasized as important to the country in the case of a Member who demonstrates his fitness, as did our colleague, Mr. PARKER.

At the time of his death only 6 men outranked him in point of service and only 8 others equaled his record. He preceded me by 2 years, and in those 2 years got his bearings, so that he was enabled somewhat to master the intricacies of legislative procedure and customs and to impart his knowledge to fledgling colleagues, which he did most cheerfully and obligingly I being among the Members who received the benefit of his information and advice.

He and I became stanch friends and coworkers. We had much in common; our congressional districts were contiguous and our local interests identical. And in our political philosophy we thought very much alike. Through 2 decades of service in the House we were yoked together in a common bond of personal and political aims and objectives. During 8 years of that time we served in the minority, including the period of the World War, and this experience without the responsibility of party leadership was a season of valuable preparation for the exacting and responsible duties that were to fall to his lot and to mine in the succeeding years of Republican control of the House.

Representing, as Mr. PARKER did, a part of the great State of New York, with its multifarious industries and interests in every field of human endeavor, and particularly in the realm of commerce, both domestic and international, it was most fitting that the State of New York should be represented on the great Committee on Interstate and Foreign Commerce, with its broad jurisdiction of matters relating to our domestic and foreign commerce. By assiduous application to the duties imposed upon him by membership on that committee and by unremitting study of the many complex questions presented to it, Mr. PARKER increased in wisdom and mental stature, and from a lowly position on the committee he rose to the highly important, influential, and responsible post of chairman.

During his chairmanship unusually great, far-reaching, and vexatious questions affecting the welfare of the country arrested the attention of the committee. The question of commercial aviation, then practically in the experimental stage, was one demanding consideration in the realm of transportation facilities—a new and untrodden path in the matter of legislation. By virtue of his position as Chairman of the Committee on Interstate and Foreign Commerce and in recognition of the value of Mr. PARKER's experience and broad knowledge of transportation problems, President Coolidge, in 1926, appointed him as a member of what was designated the "President's Aircraft Board." This Board held its meetings, over which Mr. PARKER presided with tact and ability, in his committee rooms; and after lengthy hearings, Chairman PARKER submitted a report covering 1,500 pages, embodying recommendations. This was a pioneer movement.

Upon the suggestion of Mr. PARKER and at his insistence, the House, in the Seventy-first Congress, authorized the Committee on Interstate and Foreign Commerce to investigate the ownership and capital interests in any common carrier engaged in transportation of persons or property in interstate commerce. This was a herculean task, to which Mr. PARKER and his associates devoted themselves in and out of season; the subject was highly technical and intricate, requiring close application, intensive study, and expert knowledge. Nothing daunted him, however. Mr. PARKER, with characteristic zeal and energy entered upon this self-imposed task with determination, and I cannot but feel that his labors in this respect superinduced the insidious physical ailment that resulted in his sudden break down. It may therefore be said literally that he died at his post of duty. The results of his labors in this one respect alone, as embodied in his reports and speeches on the subject, are illuminating and will be found of inestimable value in the consideration of transportation problems.

Mr. Speaker, in the councils of his party in the House JIM PARKER was prominent. As the New York member of the Republican Committee on Committees, he represented our delegation with rare judgment and wise discrimination. He was always frank, candid, and fair, and in him his colleagues reposed absolute confidence and sought his advice.

Personally, I feel greatly the loss of his support and his sage wisdom in party councils as well as his cooperation in legislative matters. When in retrospect I review my association with my friend and colleague over a period of 20 years, I can think of no man who was more devoted, more conscientious, more energetic, or more unselfishly wedded to his great tasks than was JIM PARKER.

Mr. REED of New York. Mr. Speaker, if we are to continue to be a great nation and to perpetuate it, there is no method by which that end may be attained except by the earnest efforts of sincere, devoted, and patriotic men. Hon. JAMES S. PARKER, of New York State, whose death we mourn today, was of this type. The service he rendered here was during the most critical time in our Nation's history, the period of the World War, when the stress and strain on the mind and body of every legislator was terrific. The conclusion of the war did not lessen the burden of his official duties, but added to them. Even though he was endowed with a splendid and powerful physique, it was finally bent, and at last broke under the heavy and ever-increasing load of official responsibilities.

The rugged honesty of Representative PARKER commanded respect. He was strong in his convictions and very aggressive in fighting for them. He brought to this House a storehouse of legislative information. His distinguished service in the State Legislature of New York enabled him to give wise counsel touching many intricate problems relating to questions in which the State and the National Government had a common interest. This Nation can ill afford to lose the services of such a man.

The constituency which he loved and served so faithfully gave evidence of their confidence in his integrity and ability by returning him to Congress over a long period of years. The legislative record of Representative PARKER speaks for itself. No man could have transacted the business of his constituency with greater fidelity than did he. I say this advisedly, because he was unremitting in his toil and never faltered in his attention to his official duties until ill health made it impossible for him to carry on further.

I feel that I have lost a very dear personal friend. I knew him, and knew him well, for more than a quarter of a century. I am proud to have known him. It is enough to say that in every respect he measured up to the highest expectations of his friends and fulfilled in the highest degree the standards required of a worthy and distinguished citizen.

Mr. KENNEDY of New York. Mr. Speaker, as we assemble in this Chamber to pay tribute to the memories of our departed colleagues, we become conscious of the value of their associations and services and of the responsibilities and duties left by them to us. We apprize and appreciate the dead, free from the grosser attributes of human nature. In death all are equal—prince and mendicant, sultan and slave, sage and simple—all march to the same music through that grim and ghostly cordon beyond which we may well all meet when the sun goes down.

Death is a true and pure democracy. In the democracy of the dead all men at last are equal. There is neither rank, station, nor prerogative in the republic of the grave. At this fatal threshold the philosopher ceases to be wise, and the song of the poet is silent. The poor man is as rich as the richest, and the rich man is as poor as the pauper. There the proud man surrenders his dignities; the statesman, his honors; the worldling, his pleasures; the invalid, his rack; and the laborer rests from unrequitted toil.

Here at last is nature's final decree in equity. The wrongs of time are redressed. Injustice is expiated; the irony of fate refuted. The mightiest captain succumbs to that invincible adversary who disarms alike the victor and the vanquished.

It therefore becomes my sad duty today to recall briefly the life, character, and accomplishments of him who as a Member of this great body I had the privilege of knowing intimately and well, JAMES SOUTHWORTH PARKER. Born in Great Barrington, Mass., June 3, 1867, and educated in its public schools, he completed his education at Cornell University. In 1888 moved to Salem, Washington County, N.Y. In 1904 he was elected to the State assembly and served several terms, beginning in that year, up until 1912, when he was elected a Member of Congress. He was reelected to Congress and served continuously until his death, on December 19, 1933. Here he served untiringly not only in the interest of his party but for the greater good of his country. We who were his intimates and friends regret his untimely call to eternal rest and peace.

His family life was an example and inspiration to those favored with the opportunity to observe it. While our hearts go out in sympathy and sorrow to his widow, we would remind her that he left behind a memory of fidelity and love which as time goes on will become as sweet as the fragrance of a perfumed flower. Truly he has left footprints on the sands of time.

Let us, the living, pause and heed the fact of death. Those who yesterday were here have answered the summons to eternity. No man knows but that the tomorrow will never dawn for him. So in the vast company of the dead let us gain from their lives those virtues which in life we cherished most in them, to the end that we may heed the warning:

> So live, that when thy summons comes to join
> The innumerable caravan, which moves
> To that mysterious realm, where each shall take
> His chamber in the silent halls of death,
> Thou go not, like the quarry-slave at night,
> Scourged to his dungeon, but, sustained and soothed
> By an unfaltering trust, approach thy grave,
> Like one who wraps the drapery of his couch
> About him, and lies down to pleasant dreams.

Mr. TABER. Mr. Speaker, JAMES S. PARKER died December 19, 1933. For more than 20 years he had been one of the most valuable Members of the House of Representatives. No man in the House ever had more influence with the Membership in general than did JIM PARKER. His advice was sought on every conceivable subject by members of both parties, and it was always given in the kindliest spirit. No other Member of Congress did as much as he to help make easy the path of the young and inexperienced Member of the House. He would go out of his way on any occasion to do a favor for a friend, and very seldom would the friend forget.

His long service in Congress proves that he faithfully, honestly, and effectively represented his district, the Twenty-ninth District of New York State. The position which he held on the Committee on Interstate and Foreign Commerce for so long is ample evidence of his great ability in handling intricate problems of legislation. He so held the confidence of the House that when he said a piece of legislation was sound and was needed, it was customary for his

declaration to carry great weight with the Membership. When he took part in debate, it was always along constructive lines, and what he had to say was very effective.

For years he was the New York member of the committee on committees; and because of that position, he had a large part in the assignment of new Members of the House to their committees. He had unusually good judgment and was able to size up a man's capacities about as well as anyone I have ever seen. This made him exceedingly valuable not only to his party but also to his country.

In a campaign, his work for the Republican Party was always most effective, and many in the last 35 years have been helped by his interest and support.

We shall all miss him and shall all regret that he was called so soon.

Mr. WHITLEY. Mr. Speaker, Representative PARKER was 66 years of age when he died. He had been in public life almost continuously for 30 years, serving his district in the New York State Legislature and then as a Member of this body since the Sixty-third Congress. This brief statement shows that he was an unusual man. But, Mr. Speaker, he deserved this recognition at the hands of his fellowmen, by the faithful manner in which he discharged every public trust. No request of any constituent ever went unheeded. It was not because of political considerations that he did this but because of his kindness of heart.

Representative PARKER was a kind man. He loved to do good to others for the pleasure it gave him. He was continually sacrificing himself for someone else. No man was too poor to receive his attention. His life was given to the service of others. He believed that it was our duty to pluck the flowers that 'round us grow, scattering fragrance as we go. It was for this reason that he was so universally liked. It was for this reason that he maintained the love of the people whom he represented. It was because of his innumerable, nameless, and unrecorded acts of kindness and of love that so many will long for the touch of the vanished hand and the sound of the voice that is still.

By his unusual executive ability he did much for his State and country. His hosts of friends will appreciate him now the more that he is gone. To his strong character and unimpeachable integrity and honesty must be added a genial disposition; his temper was seldom ruffled. He was calm while others were disturbed. He smiled while others frowned. He was unselfish. The world was brighter because he lived; he gave to life more than he received. With all his graces of mind and character he was a modest man, quiet, and retiring. He was willing that others should indulge in oratorical flights; he was satisfied to be judged by what he did rather than by what he said. He was reticent because he was thoughtful. He loved his fellow man. Is it any wonder that we liked this man and that we mourn his death? This is not a fulsome eulogy perfunctorily delivered but only an imperfect picture of the life of a simple, faithful public servant, whose death has caused genuine sorrow to all who knew him.

Mr. Speaker, to such a one death has no terrors; it is an awakening to a higher life; it is not a good night but rather a good morning.

Green be the turf above thee,
Friend of my better days;
None knew thee but to love thee,
Nor named thee but to praise.

Mr. CULKIN. Mr. Speaker, the death of JAMES S. PARKER removed from Congress an experienced legislator of ability, integrity, and high intelligence. As Chairman of the Interstate and Foreign Commerce Committee of the House, he came to know intimately the transportation and other interstate problems of the American Union. No more intricate, delicate, or difficult problem confronts Congress than the matter of legislating upon the interstate powers and duties of public utilities. A false step or erroneous legislation will either do great injustice to the people of the country who are dependent upon transportation, or it will do economic injustice to the railroads and other common carriers.

During the long period of his service on this committee JAMES S. PARKER held the scales of legislation evenly and fairly. During his day the relation of government to the great transportation corporations changed materially. Owing to his wisdom, his sense of fairness, and outstanding loyalty to what was necessary for the development of America, much necessary and wholesome legislation was enacted by Congress.

Congressman PARKER's outstanding personal characteristics were courtesy and tolerance. He was painstaking in his efforts to assist his junior colleagues, of whatever party. In his day and generation he made a notable contribution to the orderly commercial development of America. His sound advice and counsel will be greatly missed by his colleagues. His kindly, wholesome personality will continue to be a pleasant memory for all those who contacted him during the years of his service.

Mr. THOMAS. Mr. Speaker, we are assembled at this time in the Halls of Congress, laying aside our legislative duties, to pay deserved tribute and honor to the memory of our departed colleagues.

I feel greatly honored to be chosen to express in my humble way my feeling of admiration and respect for one whom I have been called to succeed and to carry on the duties which he so ably performed.

Coming as I do from the Twenty-ninth Congressional District of the State of New York which has been so long and ably represented by my close personal friend and adviser, the Honorable JAMES SOUTHWORTH PARKER, it is fitting and proper that I, in behalf of the district, pay proper tribute to his memory.

My acquaintance with JIM PARKER, as he was affectionately known to all his friends, began when I was yet a very young man. I well remember his frequent calls upon my father at our home, where he was always a welcome guest. He was gifted with that rare trait of radiant friendliness which left those who were privileged to enjoy his friendship with the feeling that they were better for having known him.

Our district was honored by his services in the New York State Legislature where he served in the assembly for a number of years. His real worth was recognized, and he was chosen to represent this district as a Member of Congress in 1912, where he served continuously until the time of his death on December 19, 1933. When news of his sudden passing came to us, it was a severe shock, and the sympathy of the entire community went out to his widow. We had looked forward to many more years of his valued services in public life. Personally, I have always looked upon my friend JIM PARKER as my real adviser, one to whom I could go with my troubles and be sure of sympathetic and sound advice. Congressman PARKER not only was a refined, cultured gentleman but also had the faculty of sympathetic friendship toward his fellow man. He was always ready to be of assistance; in fact, service was his watchword. His character might well be expressed in these words:

Not what you get
But what you give.
Not what you say
But how you live.
Giving the world
The love it needs
Living a life
Of noble deeds.

Not whence you came
But whither bound.
Not what you have
But whether found
Strong for the right,
The good, the true—
These are the things
Worth while to you.

Mr. HANCOCK of New York. Mr. Speaker, I shall always remember JIM PARKER with affection and gratitude,

because of his manly attributes and his many kindnesses to me. He was never too absorbed in his own problems to feel a concern for those of others, particularly of young and inexperienced Members, and he was never too busy to lend a helping hand and an encouraging word.

He was one of the leaders when I first took my seat in Congress—head of the New York delegation, member of committee on committees, Chairman of the important Interstate and Foreign Commerce Committee. He enjoyed prestige, power, and popularity. But he was too big and too fine to be conscious of his position, too much of the thoroughbred gentleman ever to be arrogant or condescending. He was always kindly JIM PARKER, and he wore his honors gracefully. I doubt whether any Member of the House had more friends than he during his long service here. Good partisan though he was, I do not believe he harbored ill-feeling for any man. There was no place for malice in his nature.

His career as a legislator was long and honorable. For 8 years he served in the legislature at Albany, and he represented his district in Congress for nearly 21 years. His constituents trusted him and delighted in honoring him. Many important pieces of legislation bear the imprint of his sound judgment. In debate he spoke briefly, directly to the point, and without rhetorical flourishes, but with a sincerity that carried conviction.

When others were swept off their feet by sudden fads and popular waves of hysteria, he kept his sanity. JIM PARKER'S influence was considerable, and his contribution in the Nation's councils is of great and permanent value.

Naturally a man of keen perceptions, he offered us the mature judgment which only comes with long years of experience and close application to the legislative work he loved so well. The country has lost a useful and devoted servant, and we mourn the passing of an honored colleague and a good friend.

Mr. MEAD. Mr. Speaker, I want to pay deserved respect to my friend and colleague from New York, Hon. JAMES S. PARKER, who passed away last December.

It was my happy privilege to serve with JIM PARKER during my 16 years in Congress, and I can say with sincerity and from experience that he did his job well and has left a heritage of faithful public service which will be difficult to duplicate.

JIM PARKER served over 20 years as a Member of this House, representing the Twenty-ninth Congressional District of New York. Previous to that he was elected six times to the New York State Legislature. With a careful observation of humanity and a keen interest in the rural classes, he worked his way diligently and honorably to a high place in this body. For many years he was a member of the committee on committees, and his fairness and impartiality won him lifelong friendships in Congress. His excellent services as a ranking member of the Committee on Interstate and Foreign Commerce stand as another tribute to his hard work and honest efforts. His opinion, when expressed here on the floor, was always held in high regard.

Through our many years of personal friendship and close association I learned on countless occasions the true warmth of his heart and the kindliness of his spirit. New Members, particularly, found in him a genuine friend and counselor. Members of both parties often called on him for advice, and out of his ripe experience and well-seasoned judgment he was forever eager to cooperate and assist.

JIM PARKER will be especially missed by the leaders of his own party, but his memory, too, shall live long in the hearts of all of us who worked so long with him and learned by intimate contact of his legislative ability, his depth of understanding, and his unquestioned integrity.

Mr. WADSWORTH. Mr. Speaker, it is hard to find the proper words with which to express my feelings concerning Congressman PARKER. He and I were old friends—intimate friends. We met for the first time back in 1905 as members of the New York Legislature. For 6 years I had the pleasure of serving with him in that body. For many months in each of those years we saw each other every day. We were more than mere legislative colleagues; we became intimate friends. That friendship lasted until the day of his death.

As an assemblyman at Albany, Mr. PARKER wielded an important influence. His fine judgment, his ability to analyze legislative proposals, his knowledge of the problems of Government and of business, and the confidence he enjoyed among his colleagues, lifted him quickly to a place of power and responsibility. I remember very well the splendid work he did as chairman of the committee which had in charge a series of bills which, when enacted, brought about fundamental reforms with respect to the relationship existing between public utilities and the State. He was largely responsible for these measures which today stand upon the statute books of New York, and which have proved to be of great usefulness to the people of that great Commonwealth. That was 30 years ago. So vivid is my recollection of him that it seems but yesterday. That recollection of our youngster days is the more vivid, because Mr. PARKER and I took part, shoulder to shoulder, in some exceedingly interesting and hard-fought political battles. I am not sure that we were right in all our contentions, but I know one thing, and that is that JIM PARKER was a square fighter, generous in victory, and smiling in defeat. It was inevitable that he should be promoted. From the New York Legislature he came to Congress, representing that fine congressional district which lies along the eastern boundary of up-State New York—a section of country throbbing with the best of American traditions.

I followed him to Washington in 1915 and found him once more hard at work for all that is best in legislation and in government. While we served at opposite ends of the Capitol in those days, we got together frequently, talked over old times, compared notes, and tried to understand the problems of the Nation as we used to try to understand the problems of the State. Always he was sound; always was his advice valuable. He had a knack of seeing things in their true light, and I found very shortly that his colleagues in the House were having the same confidence in him as his old colleagues in the Albany legislature. I need not review his career as a Member of the House of Representatives. It is long, and it is honorable to the highest degree. He rose to the chairmanship of the Committee on Interstate and Foreign Commerce, and in that position he was one of the most influential public men in Washington. An impress of his sound judgment and his ceaseless industry is to be found upon many a statute of the United States. Through all his labors he exhibited that finest of all capacities, the capacity for friendship. Now that he has gone, it is that element in his character which lives most vividly in my mind. It is that day-to-day friendship which he gave us that we miss most of all. He was so sympathetic; his understanding was so keen; he was so constant. It is a pity that he had to go.

Mr. DICKSTEIN. Mr. Speaker, I should feel that I had neglected to perform a duty I owe to the memory of our dear friend, JAMES S. PARKER, were I not to add a brief tribute to his memory.

Representative PARKER was genial in temperament and a delightful man to meet. He made his constituency a good Representative, and his popularity with the people is indicated by his successive elections to Congress by his substantial majorities.

He received political preferment in his home State, was a member of the State legislature for many years before being elected to Congress, and his popularity was ever on the increase, which was indicative of a splendid official service.

He was in such favor with his party, and his services so well recognized, that he became a member of one of the most influential committees in the House—the Committee on Interstate and Foreign Commerce—thus showing his merit was duly appreciated and his ability acknowledged.

His death has removed one of our ablest and most popular Members, and in his death Congress and the country have sustained a severe loss. His departure is sincerely mourned

as a national loss; and by those who were associated with him, as well as by those who knew him best, his memory will be cherished as a loyal and delightful friend, a congenial associate, a patriotic and devoted servant to his people, and a lover of his country.

The public have a very meager understanding of the strain to which a Member of the House or Senate is subjected. Those Members among you who have been serving here for even a few terms have seen, time and time again, the health of your comrades shattered, and you have seen them enter an early grave because of the often serious injury to health the services in this body have brought. Under the strain of the labors of political life the health of JAMES S. PARKER gave way, and he surrendered to death.

By his education, experience, and training, based upon his native ability and strong and charming personality, our colleague was equipped for what he became—an ideal Member of Congress.

He deeply respected the wishes of his constituents, and labored manfully to comply with their desires, so far as he could do so without doing injustice to his judgment as to what was right and best.

But I think no fear of political consequences or personal welfare ever turned him from what his own best judgment approved.

But our friend and colleague has passed on to a better world. He sleeps the sleep of the just. He was a good man, a good citizen, a loyal friend, and an able legislator, and in honor of his memory may I say:

Green be the turf above thee,
Friend of my better days;
None knew thee but to love thee,
Nor named thee but to praise.

Mr. WIGGLESWORTH. Mr. Speaker, few Americans are privileged in public office to serve the people of their State for upwards of 6 years and the people of the Nation as a whole for over 20 years. Hon. JAMES SOUTHWORTH PARKER enjoyed that privilege, commanding the confidence and affection of those whom he served until the very end when death brought to a sudden close his long and useful career of distinction.

He not only won the confidence of those he served at home but also enjoyed throughout the House, regardless of party affiliation, respect and popularity in abundant measure. Those who knew him well will always recall him with high regard and genuine affection.

Ability and industry were his. These qualities brought him to Congress and enabled him to rise in authority in the House until he became chairman of the powerful Committee on Interstate and Foreign Commerce—a committee which he himself had done much to make powerful.

Judgment was also his—a practical judgment based on years of experience, which made his counsel of especial value in matters of policy.

Understanding and ready sympathy were his, especially for those with less experience in the House.

I knew him first as one of the older Members of the House when first elected to Congress. I shall always recall the hand of friendship which he held out to me at that time—a hand which was always available during 6 years of association in the House.

State and Nation have lost a faithful and effective public servant. Many of us have lost a friend.

Mr. CROWTHER. Mr. Speaker, in the passing of Representative JAMES S. PARKER, of Salem, N.Y., not only the Twenty-ninth District but the Congress of the United States suffers a distinct loss. During a continuous service of 21 years, his ability as a legislator and his broad viewpoint on questions of national policy have commanded the respect and admiration of the Members of the House of Representatives.

As Chairman of the House Interstate and Foreign Commerce Committee over a long period of years, his executive ability was outstanding. He was possessed of a marked personality, and his advice was sought by many of the leaders in his party. He was endowed with a combination of political acumen and business sense that made him a most valuable member. His friends were legion, and his death was a loss not only to his immediate family and friends but to his district, his State, and the Nation.

Well may the Biblical salutation be his epitaph, "Well done, thou good and faithful servant."

JOSEPH LAWRENCE HOOPER

Mr. DINGELL. Mr. Speaker, dare I to rise during this solemn period and attempt a eulogy of that noble soul which until a short time ago dwelt among us within the modest clay habitat that was once the Honorable JOSEPH L. HOOPER, of Michigan.

Realizing, as I do, my limitation of expression, I hesitate, lest in my deficiency I fall short of paying a tribute that is befitting his public service, his sterling character, his exemplary honesty and fairness. I have searched the innermost recesses of my mind so that I might say something that is worthy of his unblemished character and, as in my heart, may remain a lasting tribute to his imperishable soul.

I was privileged to know him and work with him for the brief span of 1 year. In this association I have grown richer in character. Through it I learned to know the finest impulses that motivated his every movement. To be with him at work or at play was a pleasure never to be forgotten, the mellow character and sound philosophy of JOSEPH L. HOOPER were like a glow of light in which I was happy to bask when occasion permitted.

He had served his State and his district loyally, consistently, and with distinction. Partisanship, when the welfare of the people was at stake, was unknown to him. His prime purpose in life was to serve his country and the people. Realizing this, the people of the Third District of Michigan reelected him consistently since the Sixty-ninth Congress. His work in Congress is a record that will be a model and an inspiration to his successor.

The loss of JOSEPH L. HOOPER to the people of the State of Michigan, and particularly to his constituency, is beyond calculation and replacement. I am happy in the thought of having known him, of having associated with him. I feel rich in that I may share the grief of his family. The equity, though small, is priceless.

I believe that what is commonly supposed to be the end is but the beginning of a greater and a more glorious existence. I pray that the Lord may rest his weary soul.

Mr. DONDERO. Mr. Speaker, the death of the Honorable JOSEPH L. HOOPER, of the Third Congressional District of Michigan, removes from public service one of Michigan's most able men in this House of Representatives.

For 10 years he served the constituency of the Third Michigan District ably and well. He was a man possessed of rare intellectual attainments and a retentive memory seldom found among men. He was devoted to his work here in the Congress of the United States and brought to it a polished, legal mind which contributed much through his service on the Judiciary Committee. Using a somewhat ancient phrase, "he was a man of parts", of unquestioned integrity, and possessed of an unusual command of the finest English. He was a man of sterling character and an affable disposition. Always an intense Republican, nevertheless he had the confidence of the men on both sides of the aisle, Democrats and Republicans alike.

As a new Member of this body, it was my privilege to know him intimately but little more than a year; but in that period of time, I came to admire and respect him for his high attainments and manly attributes. He has passed on. He will be remembered by those who knew him best, and he will be missed by all of us who took counsel with him.

The State of Michigan has lost a splendid, stalwart citizen and the Nation an able counselor and legislator. The Third District of Michigan mourns him and misses him.

It can be truly said of Mr. HOOPER, as someone has so aptly put it:

As the years roll by, the milestones become headstones,
And beneath every one a friend.

May we, who remain, be soothed and sustained by that unfaltering faith which attended him, is the wish of one who admired him in life and reveres him in death.

Mr. SADOWSKI. Mr. Speaker, I rise for the purpose of paying a brief and humble tribute to the memory of my distinguished colleague, JOSEPH L. HOOPER, of Battle Creek, who, with marked ability and distinction, for 9 years served in this great legislative body the Third Congressional District of Michigan.

The sudden death of Congressman HOOPER on February 22, 1934, came as a distinct shock to all. Seemingly enjoying his usual good health and in the best of spirits, he spoke before the House of Representatives that afternoon. After the adjournment of the House for the day, he returned to his office, as was his custom, and was later found dead, the result of a heart attack.

Although I had had the pleasure of serving with Mr. HOOPER but one term, I had come to know and respect him as a man of unusually high principles and ideals, one who always followed what he considered to be the path of truth and wisdom. Although we were members of different political parties and were in disagreement on many subjects, I had great admiration for Mr. HOOPER as a man of convictions and courage to back up these convictions.

Our association during my service in Congress was most pleasant, and I deeply mourn the loss of a good friend, with whom I was happy to serve.

Mr. TABER. Mr. Speaker, JOSEPH L. HOOPER served in Congress for nearly 10 years from the Third District of Michigan. In the House of Representatives, when his party was in power over the major part of his service, he was frequently called upon to preside when the House was in Committee of the Whole. He made one of the ablest presiding officers we had; always courteous, dignified, and always had himself in hand. His knowledge of parliamentary law was probably as great as that of any other Member of the House. He took a keen interest in his work. For years he served on the Committee on Banking and Currency and was on the Committee on Insular Affairs. In his last term he was a member of the Judiciary Committee and had important assignments on the subcommittee having to do with the investigations which have been undertaken by that committee in recent years.

JOE HOOPER was a patriot. He was not only a party man but he was a lover of the American Constitution and of American liberties. He felt, as keenly as any of us can feel, the dangers to American liberties in the trend which the present administration has developed. It was just after making an impassioned appeal for liberty and our Constitution on the floor of the House that he suffered a heart attack and was taken from us. America never needed men of his type and his caliber more than it did at the time he was taken.

He was an outstanding, exceedingly able, and efficient legislator. The people of his State, and the people of the country as a whole will miss him.

Mr. LEHR. Mr. Speaker, in the death of Hon. JOSEPH L. HOOPER this Congress has lost one of its most able and conscientious Members; the Third Congressional District of Michigan has lost its most prominent citizen, and the State of Michigan has been deprived of the services of one of its most loyal servants, and I feel most deeply the loss of a friendship which has been one of my most cherished associations in my service with this Congress.

Many years ago I had become acquainted with JOE HOOPER, then a young lawyer in his home city of Battle Creek, Mich., and that acquaintanceship became renewed during my service in this session of the Congress. On more than one occasion it was my privilege to discuss with Mr. HOOPER matters of legislative moment, and I learned to have the greatest degree of respect for his mental attainments and his knowledge of public affairs and his sincerity of purpose. While he was deeply partisan, he was conscientiously so. His partisanship was not of a blind character that sees nothing good in the principles of the opposition. He was deeply sensible of the responsibilities of his public position, and he entertained a keen sense of his responsibility to his constituents at home.

There was no man in our Michigan delegation for whom I had a more profound respect and admiration than I had for JOE HOOPER. That respect was entertained by me not only because of his ability as a lawyer and a legislator but also because of his honesty and sincerity of purpose. We may differ in matters of policy; but when we differ conscientiously and honestly, then no one can question the propriety of such differences.

JOE HOOPER was a cultured gentleman, a scholar, and a student in all that those terms imply, and above all else, to those of his associates for whom he had a high regard he was the truest kind of friend. Our friendship became very close and very dear in our renewed association in this Congress.

He had planned on not seeking reelection to the next Congress, feeling, in justice to himself, that he should withdraw from public life and take up again the active practice of his profession. And he had looked forward, as I well know, with pleasurable anticipation to the time when he could again be within the bosom of his friends at home, devoting himself to the further enlightenment of his mind and to the rehabilitation of his private fortune. But "man proposes and God disposes", and his ambition to retire from public life and take up again the reins of his private life among his friends at the conclusion of this term of Congress was not to be carried out, in accordance with the will of the Almighty. His death came as a great shock to us who had been so intimately connected with him.

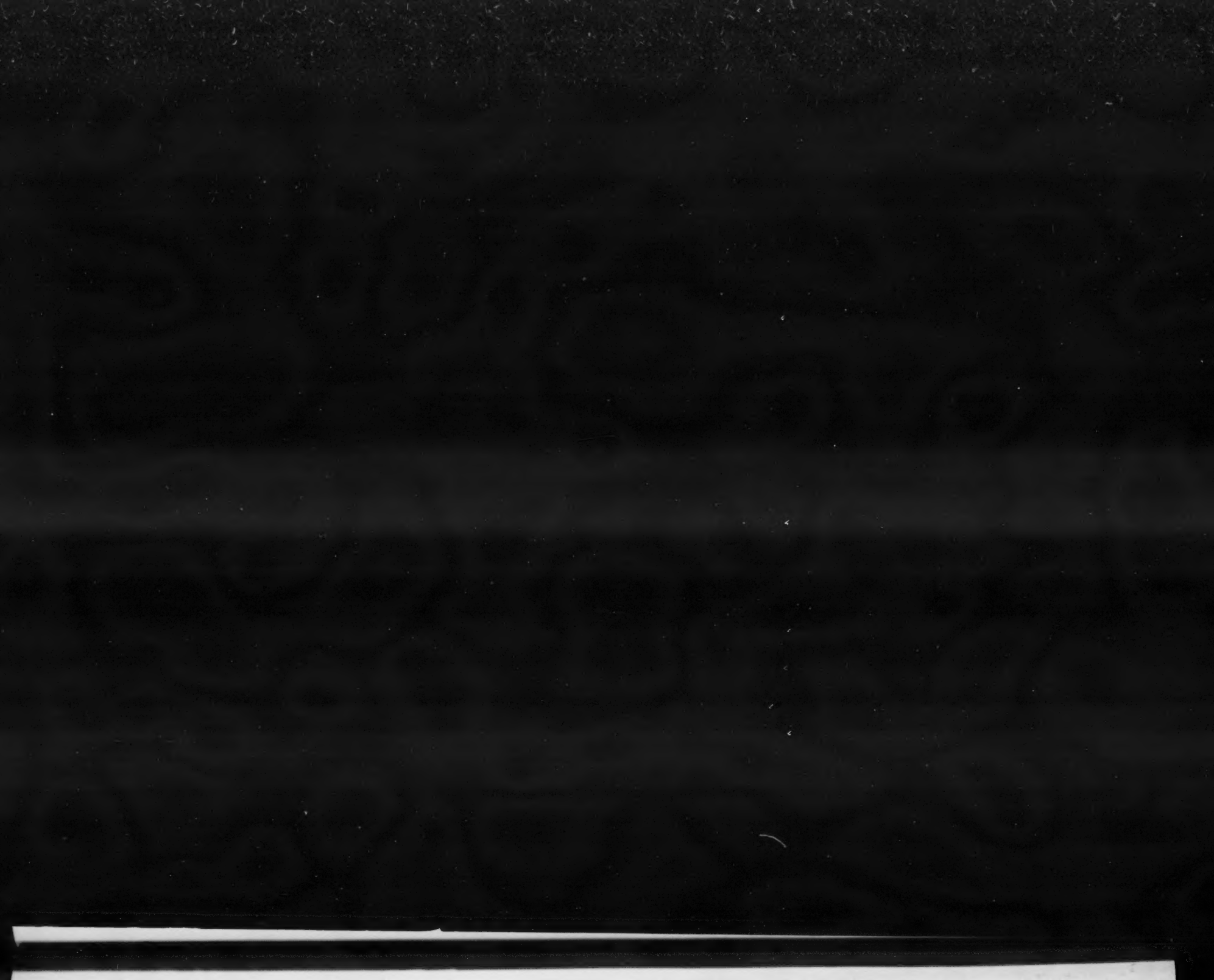
And so as a Democrat, I consider it a privilege to pay this little meed of respect to my Republican colleague. He was a man among men, a loving husband and father, a splendid citizen, and a friend whose memory I shall cherish in my heart as long as time lasts.

Mr. McLEOD. Mr. Speaker, I am indeed grateful for this opportunity to raise my voice in tribute to the memory of my late colleague and fellow Member from Michigan, the Honorable JOSEPH L. HOOPER. Mr. HOOPER was my warm personal friend. It was my privilege to know and work with him in the most cordial of relations since he was first elected to Congress. Mr. HOOPER devoted himself unselfishly to his career of public service, and during his long term in the House of Representatives his stalwart uprightness of character and proven ability won for him the esteem and respect of all with whom he came in contact.

Mr. HOOPER represented the finest type of American citizen, and his early training was of that sort which produces the strong and noble character possessed by him. He was born in Battle Creek, Mich., December 22, 1877. Since early manhood he had been a member of the legal profession. He launched his career of public service as city attorney of Battle Creek, later accepting the position of prosecuting attorney of Calhoun County. After serving with distinction as prosecuting attorney, his call to serve the public led to his election to the Sixty-ninth Congress, where he served brilliantly and with distinction until his unfortunate demise in the early part of this session.

His sudden death came as a great shock to his colleagues in the House of Representatives and to his host of friends throughout the State and the Nation. His outstanding achievements and his lovable personality will cause his name to be long remembered in the State and Nation for whose advancement he devoted his life.

Mr. WOODRUFF. Mr. Speaker, in these parlous times, when the fate of a nation and the future of a people, shrouded in the still impenetrable mysteries confronting a troubled world, there was perhaps no Member of the House of Representatives whom the country could more ill afford to lose than the Honorable JOSEPH L. HOOPER, of Battle Creek, in the Third Congressional District of Michigan.



Representative HOOPER was one of the high types of legislator with a fine philosophy and sincere desire to do his duty according to his conscience and ability, coupled with indefatigable energy, which made him wellnigh irreplaceable as a servant and a representative of his people in this body.

Not only did his work on the Banking and Currency and Insular Affairs Committees of the House of Representatives reflect these high ideals, that fundamental philosophy and integrity of purpose which characterized Representative HOOPER's life and acts, but his sincerity and energy in studying and analyzing the fundamentals of the problems which confronted his country and his people, in seeking to find solutions and remedies therefor, made his influence felt far beyond the range of the immediate activities to which he had been attending as a minority Member of this body.

As a man and a friend, he was as sincere and loyal as he was in his legislative capacity, and he came to the hour of his passing under conditions afforded few men in this life. If JOSEPH L. HOOPER could have arranged the way of his departure from this earthly scene, undoubtedly he would have preferred to have it come as it did, in the midst of his labors for his country and his people, and in the midst of his activities in the Capitol.

The circumstances of Representative HOOPER's passing are perhaps too well known to require recitation here. Suffice it to say that apparently in 1 hour he was in the full glow of health and in the optimistic spirit which always characterized him in his dealings with his fellow man; and in another hour, while in his office alone at his labors, he had come to the great adventure and had passed beyond the mortal phase.

It is a source of great consolation to his friends to know that his passing was without pain, apparently, and without struggle; a simple laying down of his earthly tasks and a taking on, perhaps, of new duties in another phase.

At all events, his was a joyous life, because he was conscious of giving the best of which he was capable to the service of his people and his country. His faith in his Nation and his Government was profound. His untiring energy and sound philosophy made life for him a period of achievement in the service of others. When the moment of departure came, he was still in the midst of his activities in this service to his people; and he must have passed on with a deep sense of having done his best while among men and with eager anticipation of whatever might lie beyond the portals of death.

More than this, no man may ask. And this much to few men is vouchsafed.

Mr. MUSSELWHITE. Mr. Speaker—

> Sunset and evening star,
> And one clear call for me!
> And may there be no moaning of the bar,
> When I put out to sea.
>
> —*Tennyson.*

There is no partisanship in death. The Grim Reaper, inexorable, relentless, mows down without discrimination the most useful plants in the garden of humankind.

And so, in the full flower of his usefulness, JOSEPH LAWRENCE HOOPER was taken from us. Member of Congress for the past 8 years, he was stricken in his office on February 22, Washington's Birthday, after having delivered a scholarly and stirring address on the floor of the House.

JOE HOOPER devoted the last 8 years of his life to a high public service. He was honest, he was honorable, and he was conscientious. And more than that, he was a true friend, a consoler in grief, and a wise counselor in trouble. As a new Member of Congress, and of the opposite political faith, I confided in Mr. HOOPER, and I acknowledge my indebtedness to him for his sympathetic understanding and friendly advice.

Friend and comrade, JOE HOOPER has been taken from us. I would feel remiss in my obligation of friendship if I did not in these few simple words commemorate his passing.

It is one of the inexplicable twists of destiny that the useful should be taken, while so many of the unfit live on, and on, and on. But we cannot quarrel with destiny. The tragic fact persists; JOE HOOPER is gone.

Everyone who knew him is better for having known him. The world is better from his having lived in it. His memory we cherish. It is imperishable.

To those nearest and dearest to him we extend our heartfelt sympathy. Words are futile things. But on his tombstone might well be graven, in all sincerity, these words: "Down this way a gentleman, a patriot, and a statesman has gone."

Mr. WIGGLESWORTH. Mr. Speaker, the tribute in the House to the memory of Hon. JOSEPH L. HOOPER by colleagues on both sides of the aisle on the morning after his sudden and untimely death emphasized clearly the place which he had won in the minds and hearts of his associates.

He had served his State and Nation with ability and distinction during five successive terms of Congress.

He had proved himself to be a good lawyer, a good debater, a good parliamentarian, and a good presiding officer.

He had demonstrated sanity and courage. He had shown unfailing consideration for the views of others.

No one who knew him well could fail to sense his sincerity or his devotion to principle in the service of his country.

Quick to accord credit to others, he would probably have been surprised at the extent of his influence in the House. We shall miss him.

Mr. MAPES. Mr. Speaker, JOSEPH LAWRENCE HOOPER was born in Cleveland, Ohio, December 22, 1877, the son of Dr. Joseph R. and Florence R. Hooper. At the age of 5 he moved with his parents to Wellsville, Columbia County, Ohio, and at the age of 13 to Battle Creek, Mich., where he lived continuously until his death.

He acquired his education in the public schools of Battle Creek, graduating from the high school in 1896. Afterward he took a course in stenography in the Battle Creek Business College and then entered the law office of Williams & Lockton as a stenographer. While acting as stenographer he studied law and, after 3 years' study, successfully passed the bar examination and was admitted to practice at the Michigan bar in 1899, at the early age of 21. In November 1900 he was elected circuit court commissioner of Calhoun County, and in November 1902 prosecuting attorney. He served as prosecuting attorney 4 years, from January 1, 1903, to December 31, 1906, making an enviable record for himself and acquiring a State-wide reputation as the brilliant boy prosecutor of the State. During the war he served two terms as city attorney of Battle Creek and was elected to Congress August 18, 1925, at a special election, to fill the vacancy caused by the death of Hon. Arthur B. Williams. He served as a Member of this body continuously from that date until his death, February 22, 1934.

Mr. HOOPER was self-educated. He frequently expressed regret that he had not had the benefit of a college training, yet he was one of the best educated of men. He was an omnivorous reader and had a marvelous ability to assimilate and memorize what he read. He was familiar with several languages, and there seemed to be scarcely any limit to his ability to quote from the classics and other literature. As stated in one of the newspapers at the time of his death:

> To friends it was a never-failing source of astonishment that Mr. HOOPER could quote in full almost any poem they might mention. Given the first line he would finish up the poem, and it might be that Mr. HOOPER had not seen or thought about the poem for years. His associates relate that they have seen him on numberless occasions read a long poem through once, close the book, and recite from memory without an error the full text.
>
> In high school he studied Greek, but after leaving school he acquired of his own study a good knowledge of Spanish and French. On a congressional junket to the West Indies he accompanied the mayor of a town to the high school and gave a talk in Spanish to the pupils. He could recite Cicero in Latin and turn from that to a poem in French. His mastery of the latter language was such that he often held lengthy visits with Mme. Albertine Bernard, high-school French instructor, in the tongue.

One of his early ambitions was to be a writer and author, and his friends have no doubt but that he would have made a marked success in that field if he had devoted himself to it. He often expressed himself in poetry. Upon his death his friends recalled a poem written by him upon the occasion of the removal of an old and respected friend and prominent citizen of Battle Creek to the city of New York as best expressing the sentiment which they felt toward him:

IN FRIENDLY HEARTS YOU HAVE BUILT IT

Giant, you are kindness,
As giant in heart, in thew;
You have builded a loftier castle
Than the olden giants knew;
In friendly hearts you have built it,
All solid and strong and high—
The hearts of your friends who bid you,
O kindly giant, good-bye.

At another time, at a dinner given on the eightieth birthday anniversary of one of his friends, he expressed himself in poem as follows:

TO CHARLES AUSTIN

O good gray friend, we do not come to greet you,
As one bowed down by weight of fourscore years;
As young men to the young we come to meet you,
A peer among your peers.

Those 80 years are naught but 80 pages,
Read in a book whose tale is yet untold;
Your soul is youthful, though the body ages,
And you have not grown old.

You, who have parted with youth's callow blindness,
The care-free heart, the careless-speaking tongue;
You who have grown in sympathy and kindness,
You are not old, but young.

You who are looked upon with glances grateful,
By men whom you have helped to act as men;
You who have learned that wrong is ever hateful,
And right prevails again.

You are young as we, your friends who know and love you,
For all we deem the worthiest and best;
And though the branches of the trees above you
No longer shade the west,

We hold you young in heart and strong in duty,
We know your years of manliness and truth;
We know your life's full need of love and beauty—
This is not age but youth.

Having chosen the law as his profession, he devoted himself assiduously to it and was at the time of his election to Congress one of the leading lawyers in his section of the State and was especially effective and successful as a trial lawyer. As is well known by his colleagues here, he had announced his intention to retire from Congress at the expiration of the term for which he had been elected, for the purpose of returning to the practice of the law which he loved so well. During his service in the House he did what few lawyers here do. He kept up with the current decisions of the courts in anticipation of his eventually returning to the law.

He was an orator of the first mark. During his service in Congress he was perhaps called upon more frequently than any other Member to campaign in other States and make public addresses on important occasions in different parts of the country, and he gave his services in this respect willingly and ungrudgingly.

The death of no Member of the House in recent years, perhaps, caused so much sincere regret and mourning as that of Mr. HOOPER. He occupied a unique position in the hearts and affections of his colleagues on both sides of the aisle, and his death came as a distinct shock to them. As for the people of his district, a friend of broad experience and observation wrote me after his funeral:

I think I have never seen in this section such genuine and universal sorrow in the passing of a public man.

The services in his home city were conducted by the Reverend Carleton Brooks Miller, minister of the First Congregational Church of Battle Creek. He preached a beautiful sermon, brief extracts from which I quote as follows:

There are three things concerning the life of JOSEPH L. HOOPER that I would pick out to mention today: His patriotism, his public speaking, and his friendships.

Joseph was a stanch patriot.

* * * * * * *

How we liked to hear him speak. Words came from him so easily and fluently. His was a vibrant voice set in a luminous, radiant personality. His mind was well furnished to give hospitality to his ideas. Joseph was a great reader. To spend an evening in his presence was to spend much of the time talking about books, particularly biography. But he had read most of the classical English literature as well as the Victorian and early American poets. Gifted with a marvelous memory, he could quote almost endlessly as need arose. His illustrations were apt and striking. He always had an audience in his eye. By absorbing the language and assimilating the thoughts of his reading, he would transmute them by the flame of his own passion, and, as he reached the climax of his speech, dramatically carried his listeners with him. It is said that God gives every man his chance at life. When we remember that JOSEPH HOOPER was self-educated, we can see from what he was and what he accomplished that he made so very much of his chance.

* * * * * * *

But the larger part in the nature of our friend was his kindly, smiling friendship.

Joseph was a carrier of friendliness. Men caught friendship from his very presence.

He died in full possession of his powers. Apparently in his usual good health, he took part in the debate of the session of the House late in the afternoon of the last day of his life, and a few minutes after adjournment was stricken and died alone in his office.

He was an able, conscientious, active, and influential Member of this body; a patriotic and loyal American, devoted to his family and friends, true to every trust imposed upon him, and a man of the highest character and integrity. His place will be hard to fill in the hearts and affections of his friends and in the councils of his State and Nation.

EDWARD WILLIAM POU

Mr. DOUGHTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following tribute to the late EDWARD W. POU by Senator ROBERT R. REYNOLDS, of North Carolina:

EDWARD W. POU belonged to that constellation of great men who have shone so brightly in public life. For 17 consecutive terms he was elected and reelected as a Member of the House of Representatives. At the time of his death he was its dean from the standpoint of continuous service.

Unfortunately for me, my associations with him in an official capacity were limited to less than a single term. But all my observation of him, and his whole manner toward me, went to confirm the reputation of his outstanding character, and qualities of head and heart. It would be difficult to figure the ideal of a statesman more complete than he was in reality—plain, solid, wise as a counsellor, ripe in political knowledge, courteous, and benevolent.

His whole manner was reflected in his deportment. Urbane in his manners, amiable in temper, scrupulously impartial, attentive to duty, perfect in his knowledge of the rules, and firm in his purpose, he won the affection and support of his colleagues not by the authority of the high office he held as Chairman of the powerful Rules Committee but rather by the graces of his deportment and his eminent qualifications as a man.

Although politically he was classed as a Democrat, he was as much a favorite on one side of the House as on the other. This was true even in time of war when party spirit was intense.

The career of ED. POU, extending over a period of nearly half a century, will forever be an inspiration to those who knew him. He seemed born for his station.

Mr. McDUFFIE. Mr. Speaker, I prize this privilege of paying tribute to one for whom I held so much admiration and genuine affection. Few men have been blessed with such power to make friends and hold them throughout a lifetime as that possessed by the late EDWARD W. POU. The ties with which he bound men to him were like "hoops of steel." Such power is not possible in one who lacks that sincerity and ability which characterized his whole life. Few men lived for their friends as he did, and no man possessed a higher degree of patriotism and love for public service.

In his 30 years of service in the House of Representatives, men may have differed with him, but no one has ever questioned his superb integrity in all things, both great and small. In his official life, a rare moral and political courage,

together with his broad grasp of public affairs, made him essentially one of the outstanding statesmen in his day and generation. The name of EDWARD W. POU will go down in the history of North Carolina along with Vance, the revered war governor; Aycock, the great educator; Macon; and others who have added luster to the brilliant records of the Old North State.

His life was an inspiration to those of us who were privileged to serve with him in the Halls of Congress, as well as to those who will come after him.. His lofty ideals and love for the fundamental institutions of the American Government stimulated in others a desire to emulate his public service.

In times like these this Nation can ill afford to lose men of his type. The removal of his keen eye and his steady hand, which have been so powerful and effective in the guidance of the Nation, is an irreparable loss.

The people of Alabama, his native State, in whose soil his forbears sleep, share with North Carolina, his adopted State, not only that pride which all North Carolinians have in his exemplary record but their great grief in the passing of a beloved national figure.

EDWARD W. POU will be remembered as "a gentleman unafraid, who never betrayed a trust and who never weakened on a friend."

His passing is a personal loss to me. The memory of his loyal friendship is to me a priceless treasure.

> His life was gentle, and the elements
> So mixed in him, that nature might stand up,
> And say to all the world, This was a man!

Mr. UMSTEAD. Mr. Speaker, the death of Hon. EDWARD W. POU, Representative from the Fourth District of North Carolina, on April 1, 1934, brought sadness to all those who knew him.

It was not my privilege to know Mr. POU until after I was elected a Member of Congress. When I came to Washington, Mr. POU, as dean of the North Carolina delegation, extended to me every possible kindness and courtesy, and from then until the time of his death I saw him frequently, and every contact with him increased my affectionate regard for him personally and officially.

Mr. POU was richly endowed with the beautiful qualities of gentleness, kindness, and generosity. He was one of the most unselfish men I have ever known in public life. His ability, strength of character, courage, loyalty, and long tenure of service gave him a unique place in the House of Representatives. During the specal session of the Seventy-third Congress, although ill physically, Mr. POU, as Chairman of the Rules Committee of the House, did as much, I think, as any other one man in America to enact into law the program of President Franklin D. Roosevelt.

As a new Member, I was impressed by his frankness, his courage, and his loyalty. I was also impressed by his faithfulness to the duties of his office and his desire to serve the people of his district, State, and Nation. He was to me, during the time I knew him, an inspiration and a fine example of a patriotic statesman. When he answered the last roll call, his congressional district, his State, and his Nation suffered a distinct loss, and his life of public service will continue to be a source of encouragement to all those who knew him.

Mr. CLARK of North Carolina. Mr. Speaker, though I had known him by reputation for years, as he was so well and favorably known to all the people of his State, it was not my privilege to know Hon. EDWARD W. POU personally until I attended my first session of Congress in 1929. He was at that time dean of the North Carolina delegation and had long occupied a high position of leadership in Congress.

The coming of a new Member of Congress, even in his own delegation, was certainly no new experience for Mr. POU. During his long and honorable service he had seen countless Members come and go. Yet when I met him, he was so exceedingly courteous to me and treated me with so much fine consideration as to make me feel that my presence in the delegation really amounted to something. He won my heart from the very beginning, and my admiration of him increased with the passing years. I soon learned that the fine manner in which he treated me, his beautiful courtesy, and his uniform consideration were but the natural expression of a splendid and lovable personality. These characteristics, so pronounced in him, must account in large measure for his unusual popularity and the high esteem in which he was held by his colleagues of every political faith. He was indeed a gentleman of the old school, and few men have held a higher place in the esteem of their fellow men.

As a legislator Mr. POU's career was unique and remarkable. He possessed a fine and accurate knowledge of public questions. His mental processes were logical. His presentation of a question was brief, clear, pointed, and forceful. He was fearless and courageous. He never hesitated to take a position upon any question, and having done so, it was boldly asserted and plausibly maintained. His career set a high mark to be aimed at by those of us who are still permitted to labor in the field that he loved so well. As Chairman of the Rules Committee in the national crisis incident to the World War and again in the same position during the crisis through which the Nation is now passing, he rendered a distinct and very fine service to the country that he loved so passionately and made for himself a permanent place among distinguished North Carolinians.

I count it a high privilege to have known and worked with him for a brief spell.

Mr. WARREN. Mr. Speaker, loving him while he lived and treasuring his memory now that he is gone, I pause to pay tribute to my close personal friend, EDWARD W. POU, of North Carolina. Shortly after I entered the Congress, there grew up a relationship between us almost like that of father and son, and many times I sought his wise counsel and advice and his broad sympathetic interest. He was a man without guile—completely free from hypocrisy, political or otherwise, and he lived out his life with the high ideals that actuated his every course. Privileged to serve his State and Nation almost longer than any other man in the history of the House of Representatives, he charted his path as a statesman and legislator along national lines that made an indelible impress in the far-reaching legislation of his day.

He was one of the fairest and most honorable men I have ever known. He looked with contempt upon those who would take short cuts. He was slow to promise, but once his word was given it was his bond. In committee and in debate, he only desired to assure himself that a matter was right, and then he became a powerful advocate with the zeal of a crusader. He was as gentle as a child. He could never hate, and men were tied to him with hooks of steel.

Twice chairman of the great Committee on Rules, he was the trusted counselor and the strong legislative arm of Woodrow Wilson and Franklin D. Roosevelt in two of the greatest and most interesting periods in the life of the Nation. They leaned heavily on him, for they knew that he was devoid of selfishness and that patriotism was his guide star.

It is not given to many to receive the confidence and trust and public acclaim as did Mr. POU. One could not have reached his commanding position either by accident or seniority. He was one of that brilliant coterie of young men whom Simmons and Aycock gathered about them and made their lieutenants in a trying era in North Carolina, and he had won the gratitude of the people and showed his mettle even before he entered Congress. From then up to the time of his passing his name was a synonym in our State for character, force, integrity, and ability.

The Congress was richer by reason of his distinguished and enviable service, and he will not be forgotten here at the scene of his many triumphs where his personality and beauty of soul was all-pervading.

Mr. LAMBETH. Mr. Speaker, I had the privilege of knowing EDWARD W. POU only in his latter years when he was in the second half of life "for which the first was made." I shall not trace his lineage or development; I cannot explain all the factors, all the vicissitudes of fortune

which molded his career. But I do wish to offer my tribute of respect to the maturity of his intellect and character.

On the floor of the House, as Chairman of the Rules Committee, or in whatever responsibility devolved upon him, Mr. POU was steadfast and direct. In the midst of the conflict, when doubt and uncertainty confused other minds, he was unperplexed. His spirit seemed imbued with a profound calm.

With all his firmness, Mr. POU possessed rare tact. I think that he was permeated by a certain innate gentleness which is not often found in men of public life. Regardless of party affiliations, Members of Congress loved and respected him. He was the incarnation of candor and kindliness. As one of his younger colleagues, I can testify to his unfailing thoughtfulness and consideration.

But the crowning glory of Mr. POU's personality was his love for humanity, his sympathy with the unfortunate and the afflicted. In the words of his chosen epitaph, he was "never mean enough to despise a man because he was poor, because he was ignorant, or because he was black."

He represented his district ably; he labored for his State and Nation through two periods of greatest stress and strain; he served humanity. And now that he has passed Beyond, he "leaves a lonesome place against the sky."

I insert as a part of my remarks a brief eulogy written by Joseph P. Tumulty, former secretary to President Wilson:

In the death of EDWARD W. POU, a congressional landmark has passed. Here was a life wholly and unselfishly given to public service. Never dramatic nor demagogic, with quietude and serenity he wended his modest way, drawing men to his side in bonds of the warmest affection, scorning the smooth velvet path of expediency, never surrendering to the illusions of the present day, always seeing straight and true in a perplexed and distracted age.

Fortunately, in these days when scandals in public life screech from the headlines, it was a comforting and consoling fact to have living in our very midst this knightly figure of the South, who, having about him the grandeur of the old-fashioned, lived and labored for his country and his people. As an associate of Woodrow Wilson during the critical days of the war, I can testify to the loyal way he stood by the side of the President, never flinching, always moving forward, as one of the principal congressional aids of his Commander in Chief. The death of EDWARD POU brings a pang of sorrow to everyone who knew and loved him.

Mr. DOUGHTON. Mr. Speaker, it is with a sense of profound respect that I endeavor to briefly express my feelings over the loss of our esteemed colleague, the Honorable EDWARD WILLIAM POU.

His passing is a distinct loss to the House of Representatives in which he served and gave his wise counsel for the past 33 years, and to me the loss of one of the most lovable characters I have ever been privileged to call "my friend."

Mr. POU was educated at the University of North Carolina. He served with distinction as solicitor of the fourth judicial district of North Carolina, to which position he was first elected in 1890, and reelected in 1894 and 1898. While serving in his third term as solicitor, he was chosen by the people of his district as their Representative and spokesman in the Congress of the United States.

His unselfish devotion and tireless work in Congress endeared him more and more to the people of his district, who at the last election gave him the largest majority of his long and notable career.

No Member of the House enjoyed the respect and confidence of his colleagues more than did ED POU. Intellectually honest, always candid, sincere, and straightforward, he abhorred hypocrisy in all its forms. Throughout his long, eventful, and distinguished public career he followed the path of duty outlined clearly and unmistakably by a conscience that was responsive always to the noblest impulses of true manhood. That was his crowning characteristic.

During the administration of Woodrow Wilson he served his country with marked distinction as Chairman of the powerful Rules Committee of this House and was again serving in that capacity at the time of his death.

His life was characterized always by intense patriotism and devotion to duty. His love for his country was surpassed by no man. His career has been notable. His life work has been worth while. His ability and fidelity were unsurpassed. His years have been full of work and deeds well done.

In his death all of us who were so closely associated with him experience a strong sense of personal loss. We shall all miss him, not only now but in the future. He was a man we all loved, because he had the qualities of mind and heart which endeared him to those who knew him. He has finished his work, he has gone to his reward, but we are happier because we knew him, and the world is better for his example.

AFTER RECESS

At the conclusion of the recess the Speaker called the House to order, and then, pursuant to House Resolution 327, as a further mark of respect to the memory of the deceased, declared the House adjourned.

ADJOURNMENT

Accordingly (at 1 o'clock and 30 minutes p.m.), in accordance with its previous order, the House adjourned until Monday, April 30, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

430. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 27, 1934, submitting a report, together with accompanying papers, on a preliminary examination and survey of Smith River, Oreg., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 322), was taken from the Speaker's table, referred to the Committee on Rivers and Harbors, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WILSON: Committee on Flood Control. H.R. 3353. A bill to provide a preliminary examination of Stillaguamish River and its tributaries in the State of Washington, with a view to the control of its floods; without amendment (Rept. No. 1376). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 3354. A bill to provide a preliminary examination of Snohomish River and its tributaries in the State of Washington, with a view to the control of its floods; without amendment (Rept. No. 1377). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 3362. A bill to provide a preliminary examination of the Nooksack River and its tributaries in the State of Washington with a view to the control of its floods; without amendment (Rept. No. 1378). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 3363. A bill to provide a preliminary examination of Skagit River and its tributaries in the State of Washington, with a view to the control of its floods; without amendment (Rept. No. 1379). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 5175. A bill to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods; without amendment (Rept. No. 1380). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 8562. A bill to provide for a preliminary examination of the Connecticut River, with a view to the control of its floods and prevention of erosion of its banks in the State of Massachusetts; without amendment (Rept. No. 1381). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. H.Res. 363. Resolution for the consideration of H.R. 9323, a bill to

provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes; with amendment (Rept. No. 1382). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H.R. 9323. A bill to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes; without amendment (Rept. No. 1383). Referred to the Committee of the Whole House on the state of the Union.

Mr. KENNEDY of Maryland: Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Treasury Department (Rept. No. 1384). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H.R. 9385) to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. STUBBS: A bill (H.R. 9386) authorizing the Secretary of Commerce to dispose of the Morro Rock Lighthouse Reservation, Calif.; to the Committee on Interstate and Foreign Commerce.

By Mr. MEAD: A bill (H.R. 9387) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching; to the Committee on the Judiciary.

By Mr. BLOOM: Concurrent resolution (H.Con.Res. 37) providing for a joint session of the two Houses of Congress for appropriate exercises in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, regarding the treatment of Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, memorial of the Legislature of the State of New York, memorializing Congress to adopt the report of the President's Committee on Wild Life Restoration as a basis for legislation and executive action designed to increase and protect the wild life of the Nation; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARMICHAEL: A bill (H.R. 9388) for the relief of Susan Lawrence Davis; to the Committee on Claims.

By Mr. DARROW: A bill (H.R. 9389) for the relief of Martin J. Costello; to the Committee on Naval Affairs.

By Mr. KENNEDY of Maryland: A bill (H.R. 9390) for the relief of Fred. M. Cramer; to the Committee on War Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4323. By Mr. ANDREW of Massachusetts: Resolution adopted by members of the Opportunity Club of the North Congregational Church of Cambridge, Mass., requesting an investigation of the communist movement in the United States; to the Committee on the Judiciary.

4324. By Mr. BRUNNER: Resolution of Carol Follen Unit, No. 103, of the Steuben Society of America, Richmond Hill, N.Y., desiring to go on record as unalterably opposed to the entrance into the League of Nations, its World Court, or any foreign-controlled tribunal; to the Committee on Foreign Affairs.

4325. By Mr. CULLEN: Petition of the Assembly and Senate of the State of New York, urging Congress to enact with all convenient speed, such measures as may be necessary to increase the broadcasting time of educational and religious associations to one quarter of all the radio-broadcasting facilities; to the Committee on Merchant Marine, Radio, and Fisheries.

4326. Also, petition of the Senate and Assembly of the State of New York, urging the Congress to adopt the report of the President's Committee on Wild Life Restoration as a basis for legislation and executive action designed to increase and protect the wild life of the Nation; to the Committee on Agriculture.

4327. By Mr. ELLENBOGEN: Petition containing 2,752 names from Pittsburgh, Pa., reading as follows: "We believe that the policy of the Post Office Department, in curtailing service at the expense of increased unemployment, is directly contradictory to the Government's reemployment drive; we, therefore, urgently request that you take immediate action to have the Government and all its departments conform to the rules and spirit, which it has laid down for private industry in the articles of the National Recovery Administration; and we deem it quite necessary that this be done in order that the leaders of industry may know that the Government is sincere in its attempt to bring back prosperity"; to the Committee on the Post Office and Post Roads.

4328. By Mr. FITZPATRICK: Petition of the parish of the Sacred Heart, Yonkers, N.Y., signed by Cyprian Abler, O.M.Cap., urging the support of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radiobroadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4329. By Mr. GOODWIN: Petition of the New York State Association of Highway Engineers, urging support of the Whittington bill providing an additional grant of Federal money for highway construction under the Public Works program; to the Committee on Roads.

4330. Also, petition of the Senate of the State of New York (if the assembly concur), that the people of the State of New York, through their representatives in the senate and assembly, request the President and Congress to adopt the report of the President's Committee on Wild Life Restoration as a basis for legislation and Executive action designed to increase and protect the wild life of the Nation; to the Committee on Agriculture.

4331. Also, petition of New York Typographical Union, No. 6, urging support of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for labor unions, educational, religious, agricultural, and cooperative organizations, and all similar nonprofit-making associations seeking licenses for radiobroadcasting, by incorporating into the Statutes a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4332. Also, petition of the Senate of the State of New York (if the assembly concur) that the Congress of the United States be, and it is hereby, memorialized to enact with all convenient speed, such measures as may be necessary to increase the broadcasting time of education and religious associations to one quarter of all the radiobroadcasting facilities; and that Radio Station WLWL, owned and operated by the Missionary Society of St. Paul the Apostle, in the city of New York, State of New York, be granted a reasonable extension of its broadcasting time; to the Committee on Merchant Marine, Radio, and Fisheries.

4333. By Mr. LINDSAY: Petition of the Senate of the State of New York, Albany, urging the enactment of legis-

lation increasing the broadcasting time of educational and religious associations to one quarter of all the radiobroadcasting facilities; to the Committee on Merchant Marine, Radio, and Fisheries.

4334. Also, petition of the Senate of the State of New York, Albany, urging the adoption of the report of the President's Committee on Wild Life Restoration; to the Committee on Agriculture.

4335. Also, petition of the New York Typographical Union, No. 6, New York City, approving the proposed amendment to section 301 of Senate bill 2910, as contained in House bill 8977; to the Committee on Merchant Marine, Radio, and Fisheries.

4336. By Mr. RUDD: Petition of the Eliza M. Stevenson Council, No. 62, Sons and Daughters of Liberty, Ozone Park, Long Island, N.Y., favoring restricted immigration; to the Committee on Immigration and Naturalization.

4337. Also, petition of the New York Typographical Union, No. 6, New York City, favoring the proposed amendment to section 301 of Senate bill 2910, as contained in House bill 8977; to the Committee on Merchant Marine, Radio, and Fisheries.

4338. Also, petition of the Air Preheater Corporation, New York City, favoring certain modifications to House bill 8720, stock exchange bill; to the Committee on Interstate and Foreign Commerce.

4339. Also, memorial of the Legislature of the State of New York, favoring the proposed amendment of the Very Reverend John B. Harney, C.S.P., to section 301 of Senate bill 2910, as contained in House bill 8977; to the Committee on Merchant Marine, Radio, and Fisheries.

4340. Also, memorial of the Legislature of the State of New York, favoring the adoption of the report of the President's Committee on Wild Life Restoration; to the Committee on Agriculture.

4341. By the SPEAKER: Petition of the Motion Picture Theatre Owners of America; to the Committee on Patents.

4342. Also, petition of the Municipal Council of Cajidocan, Romblon, P.I., opposing an excise tax of 5 cents per pound on coconut oil; to the Committee on Ways and Means.

4343. Also, petition of the municipal government of Despujols, Romblon, P.I., opposing the excise tax on coconut oil; to the Committee on Ways and Means.

4344. Also, petition of Sons and Daughters of Liberty, No. 2 Council, supporting restricted immigration; to the Committee on Immigration and Naturalization.

4345. Also, petition of Holy Name Society, Branch No. 297, Bronx, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4346. Also, petition of St. Mary's Church, Canton, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4347. Also, petition of the Holy Name Society, Mary Queen of Heaven, Brooklyn, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4348. Also, petition of Herkimer Council, Knights of Columbus, urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4349. Also, petition of St. Joseph's Rectory, of Narick, R.I., urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4350. Also, petition of St. Paul's Parish, of Vicksburg, Miss., urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4351. Also, petition of the Holy Trinity Parish, of Webster, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4352. Also, petition of the Holy Name Society, of Webster, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4353. Also, petition of Phil Sheridan Council, No. 2229, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4354. Also, petition of the Church of St. Mary Magdalen, of Melvindale, Mich., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

SATURDAY, APRIL 28, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 10 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Thursday, April 26, and Friday, April 27, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Russell
Ashurst	Davis	Keyes	Schall
Austin	Dickinson	King	Sheppard
Bachman	Dieterich	La Follette	Shipstead
Bankhead	Dill	Logan	Smith
Barbour	Duffy	Lonergan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McCarran	Thomas, Okla.
Bone	Fletcher	McGill	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Murphy	Tydings
Bulow	Goldsborough	Norris	Vandenberg
Byrnes	Gore	O'Mahoney	Van Nuys
Capper	Hale	Overton	Wagner
Caraway	Harrison	Patterson	Walcott
Carey	Hastings	Pittman	Walsh
Clark	Hatch	Pope	Wheeler
Connally	Hatfield	Reynolds	White
Coolidge	Hayden	Robinson, Ark.	
Costigan	Johnson	Robinson, Ind.	

Mr. ROBINSON of Arkansas. I regret to announce that the Senator from California [Mr. McADOO] and the junior Senator from North Carolina [Mr. REYNOLDS] are detained from the Senate on account of illness.

I desire also to announce that the senior Senator from North Carolina [Mr. BAILEY], the senior Senator from Virginia [Mr. GLASS], the junior Senator from Virginia [Mr. BYRD], the Senator from Florida [Mr. TRAMMELL], the Senator from Illinois [Mr. LEWIS], the Senator from West Virginia [Mr. NEELY], and the Senator from New York [Mr. COPELAND] are necessarily detained from the Senate.

Mr. FESS. I wish to announce that the Senator from Pennsylvania [Mr. REED], the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from North Dakota [Mr. NYE], and the Senator from New Mexico [Mr. CUTTING] are necessarily absent.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

AMENDMENT OF SECTION 5153 OF THE REVISED STATUTES (S.DOC. NO. 175)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend section 5153 of the Revised Statutes, designed to clarify the situation with respect to the giving of security by national banks for deposits of public moneys, which, with the accompanying papers, was referred to the Committee on Banking and Currency and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the municipal council of Despujols, Romblon, P.I., protesting against the imposition of an excise tax of 5 cents per pound on coconut oil, which was ordered to lie on the table.

Mr. WALSH presented a letter in the nature of a petition from Local No. 1, Eagle Lodge, International Brotherhood of Paper Makers, of Holyoke, Mass., praying for the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, and also the so-called "Wagner-Connery bill", being the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Finance.

He also presented the petition of the Oatman Morningside Woman's Christian Temperance Union, of Pittsfield, Mass., praying for the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

ANTILYNCHING BILL

Mr. WAGNER. I ask unanimous consent to have printed in the RECORD and to lie on the table an open letter addressed to the Congress of the United States by The Writers' League Against Lynching.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

THE WRITERS' LEAGUE AGAINST LYNCHING,
New York City, April 24, 1934.

An Open Letter to the Congress of the United States:

The Costigan-Wagner antilynching bill is now before you for consideration in the Senate, and the Ford bill, which is identical, is before the House of Representatives.

We, the undersigned writers, publicists, and editors of the United States, take this means of urging immediate passage of this legislation, which has been declared constitutional by Charles H. Tuttle, former United States attorney for the southern district of New York, and other eminent lawyers whose opinions are a part of the official record.

For too long has America been held up to shame and ridicule throughout the world because of the unrestrained activities of lawless mobs which have lynched and even burned human beings at the stake. Among the victims have been not only men but women and even children. Five thousand and fifty-three lynchings have disgraced our country since 1882; 1,438 of these victims have been white and 94 of them have been women.

The argument that the majority of lynchings are in punishment of rape has long since been exploded by impartial examination of the facts, which reveals that less than one sixth of these victims have even been accused of sex offenses. No part of our country has been immune to this crime and the evil is spreading with alarming rapidity. State governments have clearly and unmistakably manifested their unwillingness or their inability to prevent lynchings or punish lynchers. A solemn obligation, therefore, rests upon the Federal Government speedily to enact this legislation into law.

Louis Adamic, Gertrude Atherton, Faith Baldwin, Mary R. Beard, Robert Benchley, Stephen Vincent Benét, Bruce Bliven, Herschel Brickell, Van Wyck Brooks, Struthers Burt, Erskine Caldwell, Henry S. Canby, Marc Connelly, Countee Cullen, Babette Deutsch, J. H. Dillard, Edward Donohoe, Theodore Dreiser, Abraham Epstein, Clifton Fadiman, Edna Ferber, Arthur Davison Ficke, Dorothy Canfield Fisher, E. Franklin Frazier, C. Hartley Grattan, Harold K. Guinzburg, Louis M. Hacker, Harry Hansen, Jessie Fauset Harris, Arthur Garfield Hays, Robert Herrick, Sheila Hibben, B. W. Huebsch, Inez Haynes Irwin, Georgia Douglas Johnson, James Weldon Johnson, Freda Kirchwey, Alfred A. Knopf, Joseph Wood Krutch, Suzanne La Follette, William Ellery Leonard, Newman Levy, Sinclair Lewis, Alain Locke, Robert Morss Lovett, Lenore G. Marshall, Annie Nathan Meyer, George Milburn, Ruth Comfort Mitchell, Christopher Morley, Lewis Mumford, George Jean Nathan, Robert Nathan, W. W. Norton, Mary White Ovington, Gretta Palmer, William Pickens, Ruth Pickering, A. S. Platt, Lorine Pruette, Elmer Rice, Lola Ridge, Geroid Tanquary Robinson, John William Rogers, Charles Edward Russell, George S. Schuyler, Evelyn Scott, Upton Sinclair, George Soule, J. E. Spingarn, Benjamin Stolberg, Phil Stong, Ruth Suckow, Carl Van Doren, Dorothy Van Doren, Mark Van Doren, Carl Van Vechten, Oswald Garrison Villard, Edward Wasserman, Walter White, Roy Wilkins, Helen Woodward, and W. E. Woodward.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2938. An act for the relief of Harry L. Reaves (Rept. No. 852); and

S. 3457. An act to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department (Rept. No. 849).

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the bill (H.R. 503) to authorize the donation of certain land to the town of Bourne, Mass., reported it without amendment and submitted a report (No. 850) thereon.

He also, from the same committee, to which was referred the bill (S. 522) for the relief of Patrick J. Sullivan, reported it with an amendment and submitted a report (No. 851) thereon.

Mr. BACHMAN, from the Committee on Military Affairs, to which was referred the bill (H.R. 8208) to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala., reported it without amendment and submitted a report (No. 854) thereon.

Mr. REYNOLDS, from the Committee on the District of Columbia, to which was referred the bill (S. 537) to amend section 1180 of the Code of Law for the District of Columbia with respect to usury, reported it with amendments and submitted a report (No. 853) thereon.

Mr. COOLIDGE (for Mr. COPELAND), from the Committee on Immigration, to which was referred the bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes, reported it without amendment.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 27th instant that committee presented to the President of the United States the enrolled bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

A bill (S. 3483) to exempt from taxation certain property of the American Legion in the District of Columbia; to the Committee on the District of Columbia.

By Mr. SMITH:

A bill (S. 3484) relating to the sale of cotton held for producers by the 1933 Cotton Producers' Pool; to the Committee on Agriculture and Forestry.

By Mr. ROBINSON of Arkansas:

A bill (S. 3485) for the relief of Ernest F. Blair; to the Committee on Military Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 3486) for the relief of George L. Rulison; to the Committee on Claims.

(Mr. GLASS introduced Senate bill no. 3487, which appears under a separate heading.)

By Mr. WALSH:

A bill (S. 3488) for the relief of the Central Dredging Co.; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 3489) granting a pension to Jerry M. Humphrey; and

A bill (S. 3490) granting an increase of pension to Catherine A. Riley; to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 3491) authorizing the State Highway Departments of the States of Minnesota and North Dakota to construct, maintain, and operate certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N.Dak.; to the Committee on Commerce.

By Mr. McKELLAR:

A bill (S. 3492) for the relief of John R. Bullock; to the Committee on Claims.

By Mr. SMITH:

A joint resolution (S.J.Res. 109) authorizing a study by the Bureau of the Census with respect to the cotton stocks held in the United States; to the Committee on Agriculture and Forestry.

By Mr. WALSH:

A joint resolution (S.J.Res. 110) to provide for the disposal of smuggled merchandise, to authorize the Secretary of the Treasury to require imported articles to be marked in order that smuggled merchandise may be identified, and for other purposes; to the Committee on Finance.

DIRECT LOANS TO INDUSTRIAL OR COMMERCIAL BUSINESS

Mr. GLASS introduced a bill (S. 3487) relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes, which was read twice by its title and referred to the Committee on Banking and Currency.

Mr. GLASS subsequently, from the Committee on Banking and Currency, reported Senate bill No. 3487 without amendment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H.R. 7059. An act to provide for the further development of vocational education in the several States and Territories; and

H.R. 8919. An act to adjust the salaries of rural letter carriers, and for other purposes.

SCHOOL SAFETY MOVEMENT—ADDRESS BY SENATOR REYNOLDS

Mr. RUSSELL. Mr. President, I ask unanimous consent to print in the RECORD a speech broadcast from radio station WJSV on Thursday, April 26, by the junior Senator from North Carolina [Mr. REYNOLDS] on the subject of the school-safety movement. That Senator is one of the vice presidents of the American Automobile Association and is actively interested in the promotion of all safety measures. No one, I believe, has exhibited a greater interest in the movement looking to the safety of school children in particular, and pedestrians and automobilists in general, than has the alert and able junior Senator from North Carolina.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My friends of the air, one of the great things that has come out of our social movements of the last 25 years is the discovery that the child is not merely a small-sized adult, but is a growing, developing, and ever-changing individual. We have also discovered that the manner in which we train the child is a forecast of social change. We realize more than ever before that in the status and training of the child we reflect the knowledge, the hopes, and the values of a people which they are building into the future society.

There are many reasons why this new appreciation of the child is most significant. Approximately one fifth of the entire population of our country is represented in the age group between 5 and 9 years. These 25,000,000 boys and girls, the greater number of whom are in our elementary schools, are now being trained for future citizenship.

These youngsters are at a crucial period in their lives. They are being prepared to carry on our existing social order and to preserve our institutions. They are also being equipped to build anew if we fail to give them the heritage they deserve. The whole future of our country is in their hands.

It is our solemn duty to evidence the proper interest in their welfare, to provide them with adequate institutions for training, and to teach them the obligations of citizenship.

That we, as a people, are alive to the responsibility is evidenced on every hand. We have built magnificent school buildings in our cities. We have replaced the one-room school in the country with a modern, consolidated school, and we provide busses for the transportation of children residing some distance from these schools. We have utilized the radio, the motion picture, and other modern inventions in conjunction with the teaching of the three "R's." In addition, there are buildings and clubs to which our youngsters can turn in off-school hours for not only constructive training, but for amusement and recreation.

The rise of organizations for youth, especially since the war, its part of the movement to provide direction and guidance to boys and girls. It is my desire, during my brief talk to you tonight, to review one of these organizations. Its primary objective represents the very highest ideal, the protection of our school children from accidents in this day when the heavy flow of traffic confuses even adults. I refer to the school safety patrols, sponsored by the American Automobile Association, of which I have the honor of being a vice president.

Enlisted in these patrols in 1,800 cities and towns in every section of the country are some 250,000 boys and girls. In the National Capital alone there are more than 3,000. Each morning of the school year these youngsters, identified by their white "Sam Browne" belts and glistening badges, take their posts of duty on the street corners in the vicinity of schools. They have no police powers and are instructed not to attempt to direct vehicular traffic. Their duty is to simply hold impetuous children on the sidewalks until the street is clear of traffic.

In Washington, as in many other cities, police departments have designated officers not only to work in conjunction with the patrol members but to train them. This new spirit of cooperation between the officers of the law and our boys is in itself conducive to good citizenship. And I wish to commend municipal authorities for their interest in the patrol movement as demonstrated by the assignment of 16 of our finest officers to duty with the school patrols.

As a result of the splendid training offered, it is not unusual to find youngsters 8 and 9 years old warning their parents of the proper way to cross streets and urging them not to "jaywalk" in the middle of the block. Thus we find our children educating their elders on the rules for self-protection.

I am confident that our honored President, Franklin D. Roosevelt, echoed the thoughts of millions when, referring to the school patrols, he said:

"In addition to the day-to-day protection against accidents to school children afforded by the patrols, the movement is unquestionably a fine builder of morale. It also develops a sense of responsibility which cannot but make for good citizenship.

"It is my sincere hope that it will continue to expand and remain as a permanent feature of our national effort in the interest of traffic safety."

The conditions on our streets and highways today should be a matter of grave concern to every citizen.

Every 17 minutes of the day and night a human life is snuffed out on an artery of travel somewhere in the United States, and no less than 35 people are more or less seriously injured on our streets and highways. This means that in the course of a single year approximately 30,000 people are killed in motor accidents and more than a million are injured, some of them maimed for life.

In this connection it is interesting to note that largely due to the school patrols and safety education in the schools the number of motor fatalities involving children of tender years has steadily decreased, while those involving adults have increased tremendously. For example, in the 10-year period, 1922 to 1931, all motor fatalities increased 96 percent; those involving persons between 15 and 19 years of age increased 165 percent; those involving persons of ages between 20 and 24 increased 185 percent; but those involving children between 5 and 9 years of age actually decreased 10 percent. Here indeed is evidence of the value of training the child in highway safety.

What this means to the future cannot be overestimated. It means that the school children today, who will be the motor-vehicle operators of tomorrow, will sit behind the wheel with a background of training in self-protection. In this, as much as in anything else, lies the hope for an ultimate solution of our accident problem.

There is no better way in which the people in Washington and elsewhere can help this great safety movement more than by giving their support to its sponsors, cooperating with the patrol members by driving carefully in the vicinity of schools and by neglecting no opportunity to encourage the patrol members.

On Saturday morning all Washington and the thousands of visitors in our midst will pay a tribute to the humanitarian service rendered by the patrol boys and girls here in Washington. The occasion will be a safety parade in which some 4,000 youngsters will participate. In addition to 3,000 from the District of Columbia, there will be approximately 1,000 from Pennsylvania, Maryland, Virginia, and North Carolina. I am proud that my State is to be represented. I appreciate the manner in which public-spirited citizens have made it possible for these boys and girls to come to Washington. I shall look forward to greeting them and spending as much time with them as is possible.

The parade, so I am informed, will move promptly at 10:30 up Pennsylvania Avenue to Fifteenth Street, south on Fifteenth and west on Constitution Avenue past the reviewing stand. It is my hope that many of my colleagues in the Senate and the House will find time to review this parade and lend their encouragement to the boys and girls participating. And I urge every citizen who can possibly do so to be present and applaud the marchers for real service in line of duty.

THE "BRAIN TRUST"—ADDRESS BY H. L. MENCKEN

Mr. HASTINGS. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address broadcast yesterday by Mr. H. L. Mencken, as published in the Baltimore Sun of April 28.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun of Apr. 28, 1934]

MENCKEN WARNS "BRAIN TRUST" COUNTRY MAY RISE AGAINST IT—IN FABLE OF TOO MANY DOCTORS, HE TELLS PROFESSORS IN NATION-WIDE BROADCAST THEY HAVE WORN OUT WELCOME WITH COSTLY "NEW SURE CURE EVERY DAY"

Professors in Washington "with a new sure cure every day" are wearing out their welcome and had better be gone in peace before the country rises against them, H. L. Mencken told an audience in a Nation-wide broadcast last night.

Mr. Mencken spoke for 15 minutes from Baltimore on "What Is Ahead." He couched his talk in what he called "a little fable" and concluded with a warning to the "brain trust" to "go back to teaching sophomores how to be ashamed of their fathers."

BEGINS HIS "FABLE"

"There was a man who began to feel seedy and out of sorts", Mr. Mencken began his fable. "He had dreams at night, and every morning there was a 'dark-brown' taste in his mouth. So he sent for his family doctor and asked for some medicine. The doctor felt his pulse and looked at his tongue but refused to give him any.

"'Medicine', he said, 'wouldn't do you any good. All you need is to change your way of living. You work too hard and play too hard. You eat too much and drink too much. You have been on a continuous bust for 3 or 4 years, and it's no wonder you feel rocky. Cut out your boozing and your 36-hole golf, eat lightly, and go to bed early, and you'll be all right.'

"But that seemed almost worse than being sick, so the man sent for another doctor. This one, to his surprise, said pretty much the same thing. The only difference was that doctor no. 2 told him to cut out meat and to stop reading the newspapers.

"The man tried this prescription for a day or two, but it was such hard going that he began to cheat; and when the end of the first week came, and he felt just as badly, he sent for a third doctor. This third one advised exactly what the first one had advised, and the man began to suspect that there must be something serious the matter with him, and that the doctors were in cahoots to conceal it from him.

"So he was ready to listen to a friend who recommended a new kind of doctor—what the friend called an osteopath. This osteopath, it appeared, didn't give any medicine; he cured everything by rubbing. The man went to see him, was rubbed all over, paid a stiff bill—and came home still feeling woozy.

"The next day another friend came in and said that the right man to see was a chiropractor. The osteopaths, he said, were too mild and polite; a chiropractor went at it hammer and tongs and pulled a disease out by the roots. So the man went to one of them and was rolled and pummeled until he yelled for mercy. But though the treatment was undoubtedly thorough and the bill was certainly no midget, the man kept on feeling badly.

EVEN STRANGERS ADVISE

"By this time the news got about that he was sick, and all sorts of people dropped in to offer advice, some of them complete strangers. One of them said that the thing to do was to see an Indian herb doctor, and another recommended a faith healer. A third said his uncle had been cured of something much worse by a madstone, and a fourth said that he had been saved from death himself by some kind of laying on of hands.

"There were 80 or 90 others, and each knew of a new kind of doctor who was sure fire. Some of these doctors seemed to be weird fellows, but they were all highly recommended, they were all full of confidence in themselves and they all sent in stiff bills, so the sick man kept on, for he figured that if even 99 percent of them failed, he still stood a good chance of being cured by the hundredth.

TRIES MASS TREATMENT

"But going to see them one by one began to seem a waste of time, and the thought occurred to him that it might be a good idea to see two a day. He tried it and found that they used up only 2 hours between them, so he tried three a day, and then a dozen. And then, thinking that he might as well make a clean sweep of it, he cleared all the furniture out of his house, took up the carpets, notified the whole gang to send down their tools and gave over his entire time to being cured.

"Every morning he got up at dawn and devoted the whole day to the business. Sometimes there were 40 of those wizards in the house at once, fighting for room to rub him, sweat him, freeze him, dose him, pump him out, knock him down, yank him up, and pray over him.

FRIENDS TAKE HAND

"It sounded like it ought to work, but somehow it didn't. If he made any progress, no one save the wizards could see it. They all told him that he was getting well, but everyone said that he would get well quicker if he chased out all the others, and his friends couldn't see that he was getting well at all. Worse, this wholesale treatment ran into a tremendous amount of money. The man spent all he had, borrowed all he could from his friends, and then fell into the hands of money lenders.

"Finally his friends got together and decided that they would have to do something to save him. Some were for having him locked up as a lunatic, but the wiser heads thought of a simpler way. They hired a couple of stout fellows with handy fists, went to the house in a body, heaved the professors out of the window, put the sick man to bed, and posted a guard to see that he stayed there. Then they dug up his family doctor's original prescription and made him follow it.

RETURNS TO NORMALCY

"The man protested for a while, but presently he talked himself to sleep, and thereafter he snored peacefully for 12 hours. It was the first decent rest he had had for months. He awoke feeling much better, and next day he sat up in a chair. In a week he was out taking the sun, and in 2 weeks he was back to normalcy.

"His weight increased, he had a good appetite, he slept well, and he was eager to return to business. The family doctor, who had been called back to boss the job, allowed him a few glasses of beer a day—but no more. Nine holes of golf—but no more. A beefsteak once a week—but no more. Now he is well again.

"This little story has a moral. We are all well acquainted with a fine old fellow who greatly resembles the man I have been telling you about. He lives in Washington, and we call him Uncle Sam. A year or two ago he began to feel very wobbly. He had horrible dreams at night and a "dark-brown" taste in the morning. The regular doctors down at Washington told him that he was living too fast and advised him to slow down a bit. But he didn't like the prescription, and refused to follow it.

ALSO IS GOING BROKE

"Instead, he began to send for all sorts of amateur healers, each of whom allowed that he alone could cure him, and that all the regular doctors were quacks. In a little while his house was full of these healers—and they are there yet. They are dosing him day and night, and with an endless variety of powders and pills. No two of them agree, save on one thing only: they all send in tremendous bills. The poor old man, poisoned by their doses, is not only making heavy weather of it, with many set-backs; he is also going broke.

"And when I say that Uncle Sam is going broke, it is the same as saying, of course, that the American taxpayer is going broke. He hasn't got the full smash of it yet, but pretty soon he will feel it. Every nickel that the professors at Washington are throwing away will have to come out of his pocket. There is no other way to get it.

Either it must come out in hard cash, or it must be melted out by inflation. If any of you think you can escape your share of the bill, then you are fooling yourselves badly. Either directly or indirectly we shall all have to pay up. Even if you are getting some of the gravy today, you will have to pay for it with interest when the bills come in. And the poorer you are the more, relative to your income, will you have to pay.

Has all this waste of money done us any good? I doubt it. We have moved toward recovery, not because of it but in spite of it. The English, who were much worse off than we were 2 years ago, have gone much farther along the road than we have. They have a surplus in their treasury and are even reducing taxes. Yet they have done this without putting a single bright young college professor on their pay roll or laying out a cent for economic madstones and bile-beans.

SENDING THEM TO UNITED STATES

Instead, they have begun to export their own wizards to America, and some of them are in Washington at this minute trying to interest poor Uncle Sam in their goods.

I began with a fable and I end with what the pastors call a message, spelling it with a capital M. This message is not addressed to the taxpayer; he has begun to fret and stir already, and in a little while he will be blowing steam out of every pore. I address it instead to the brethren of the "brain trust", some of whom I admire for their enterprise, though I do not like their medicines. You are wearing out your welcome, gents, and had better be gone in peace before the country rises against you.

Go back to your old job while the going is still good. Go back to teaching sophomores to be ashamed of their fathers. If you go on much longer trying a new sure cure on poor old Uncle Sam every day and sending in a bill for $100,000,000 with every one, you may wake up some morning and find the country howling for your hide. And when that time comes, you may discover that both ends of Pennsylvania Avenue have slid from under you and you are left to face the music alone.

VOCATIONAL EDUCATION—HOUSE BILL REFERRED

Mr. GEORGE. Mr. President, the House has transmitted to the Senate the bill (H.R. 7059) to provide for the further development of vocational education in the several States and Territories. I wish to make a brief statement in that connection.

A bill was introduced in the Senate on January 10, 1934, by myself, numbered S. 2119. That bill was referred to the Committee on Agriculture and Forestry, because all agricultural vocational education legislation has come out of that particular committee. Subsequently, on the 18th of January, the same bill was introduced in the House by Representative ELLZEY of Mississippi and others. In the House the House bill was referred to the Committee on Education.

I ask unanimous consent that House bill No. 7059, which has passed the House, be laid before the Senate and referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. The Chair lays before the Senate a bill coming over from the House of Representatives, which will be read by title.

The bill (H.R. 7059) to provide for the further development of vocational education in the several States and Territories, was read twice by its title and referred to the Committee on Agriculture and Forestry.

SALARIES OF RURAL LETTER CARRIERS—HOUSE BILL REFERRED

Mr. McKELLAR. Mr. President, I ask to have laid before the Senate the bill (H.R. 8919) to adjust the salaries of rural letter carriers, and for other purposes, which has just come over from the House, and ask that it be referred to the Committee on Post Offices and Post Roads.

The VICE PRESIDENT. The Chair lays before the Senate a bill coming over from the House of Representatives, which will be stated by title.

The bill (H.R. 8919) to adjust the salaries of rural letter carriers, and for other purposes, was read twice by its title and referred to the Committee on Post Offices and Post Roads.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. FESS. Mr. President, in speaking to the pending question under the limitation of debate, I am not inclined to occupy as much time as the limitation would permit. The issue that has been involved in the air-mail controversy has been rather fully covered on both sides.

The Senator from Nevada [Mr. McCARRAN] in offering his proposed substitute made an appeal that since the deed has been done there is, from his standpoint, only one action left for us to take, and that is to proceed to enact legislation to take the place of that now on the statute books. With what the Senator from Nevada said there is much sympathy among Members of the Senate. It is, however, difficult for me to acquiesce in the suggestion that what was done should be forgotten and we should proceed to build upon the ruins which had been wrought and forget what these ruins once represented.

I do not deny that there might be improvement upon the old law by some amendment or, if thought wise, by entirely new legislation; but I do not see that that is at all necessary. The statement given out by the Post Office Department that "under the new plan there will be a great saving to the Government" is a flimsy attempt to excuse what has been done. If the only accomplishment were to be in the saving of money, it would be totally indefensible, because the money that may be saved under any new contracts could have been saved under the old contracts.

The Senator from Massachusetts [Mr. WALSH] made an inquiry of the Senator from Nevada as to whether there is any uniformity in the payments for carrying the mails. The Senator from Nevada, I am sure, did not mean to state that the lack of uniformity is due to any requirement of law or inadequacy of law. I have no doubt he meant to state the fact that the lack of uniformity in rates is due to lack of uniformity in conditions. For example, one rate applies to a route over a dangerous terrain. The cost in that case will be different from the cost over a perfectly flat country where there is no such hazard. The cost of carrying the mail over a generally foggy area would also be different from what it would be where such a condition did not exist. However, the whole situation with reference to the different conditions was met in the legislation known as the "McNary-Watres Act."

In order that the public, if they should examine what was said yesterday, may not be misled as to the true meaning of "lack of uniformity", I call attention to the fact that carriage of the mail is let upon a basis of weight unit of pounds carried and also on the basis of space unit or cubic feet occupied. If the weight unit were 200 pounds and the space unit were 12½ cubic feet, the base rate would be 50 cents, but the rate actually paid would not be the same over all routes. It would not be the same over a route that is free from any danger as it would be over a route that covers, for instance, a dangerous terrain. The rate would be higher if the route required night flying than if there were no night flying. The variables upon which the base pay is fixed where the weight unit is 200 pounds would include 15 cents, which would be applicable to night flying; that is, it would be that much more for night flying than if there were no night flying. The other variables would include such items as 2 cents for dangerous terrain, 2 cents for fog, 3 cents for one-way radio, 6 cents for two-way radio. For 2 to 5 passengers it would be 1½ cents, for 6 to 9 passengers 3 cents, for 10 to 19 passengers 4½ cents, 20 to 29 passengers 6 cents, 30 passengers and over 7½ cents. That makes up the 50 cents allocated in accordance with the character of the routes.

In the case of the 1,000-pound unit, a plane having more than one engine is required. That applies to the multi-motor plane. The thousand pounds would occupy 62½ cubic feet of space and there would be an extra charge to the Government of 13 cents therefor. That 13 cents is due to the requirement of a multi-motor plane instead of a single-motor plane.

In the case of a 2,000-pound load, occupying 125 cubic feet of space, there is a maximum 80-cent base rate, including 15 cents for night flying, 2 cents for dangerous terrain, 2 cents for fog, 3 cents for one-way radio, 6 cents for two-way radio, and the passenger rates varying from 1½ cents up to 7½ cents as I have just stated, with a further additional charge of 13 cents because of a larger multi-motored plane being required.

When the statement is made that there is no uniformity of pay for the carrying of the mail, it ought to be understood that the lack of uniformity is due to lack of uniformity of conditions on the routes. Surely there could be no one so foolish as to assert that the same rate of pay should be applicable to a perfectly safe route over level country, and to a route over a very dangerous terrain, through fog, over mountains, or involving night flying.

Suppose the Postmaster General had in his mind only reduction of pay, as would be indicated by the character of speeches which have been made here defending cancelation. Everything the Postmaster General has secured or may secure under the reduction of pay could have been secured under the present law. He could have secured it without any additional legislation. The Postmaster General had that authority in order that he could build up the aviation industry, and still confine it to such a cost level as that ultimately it would be self-supporting.

For example, under the present law the Postmaster General is required to make a rerating or reexamination of the pay every year. As I stated, the last Postmaster General, in reducing the rate of pay, had twice in 1 year changed the rate. Postmaster General Farley could have said to the air-mail carriers: "We are paying $15,000,000 for this service. We do not intend to pay it any longer. We will pay only half that sum. We are not going to pay over $7,500,000, or we are not going to pay over $10,000,000. I am going to make the allocations."

How would he do it? He would take the same formula that is provided under the present law. He would fix the base pay that would be estimated on a total payment of $7,500,000 or $10,000,000.

He would say, "So much of this is night flying. Where now the rate is 15 cents, we are going to cut it to 7½ cents", if the service could be rendered for such an amount, in his judgment, "and for dangerous terrain we will cut the extra allowance one half of 1 cent, or 1½ cents", in accordance with his own judgment as to how it should be cut. The Postmaster General could take these variables, of which there are 12, and reduce them to whatever percentage he cared to, and he could have the mail carried, if the contractor would be willing to go on with it, at any figure he might fix, because that is the power of the Postmaster General, written into the law; and it was written there for the purpose of giving him an opportunity to continue to reduce the cost until he could hope totally to eliminate all elements of subsidy.

So the misconception that may have gotten before the country that there is no possibility of reducing the cost unless we have new legislation must be entirely removed, because there is not a scintilla of basis for that statement.

Mr. President, another statement has been made which I desire to correct. There has been a great deal said in the press, in the committee room, and now on the floor of the Senate with reference to exorbitant profits made by these companies. While I do not believe it is any of our business to prescribe what a corporation shall pay in the way of salaries, while I do not agree with those who say that capital is paid too highly, while I do not agree that a corporation should not be permitted to pay its officiary what it believes is justified—while I think that is none of our business, I do agree with those who insist upon knowing how money is being expended by any corporation which is receiving a subsidy from the Government.

It is perfectly legitimate for the Government, if it is permitting subsidies to be paid, to follow up the expenditure of those subsidies; and there should be no lifting of the ban on what capital should be paid in the form of salaries under those conditions. To that I agree; but what about the statement made on the floor day before yesterday as to the enormous profits these companies make?

The truth about the matter is that the companies have not been profitable; that the facts show that only three of the companies have had any profits. Most of them have been running at a loss; but where do the figures come from that were inserted in the RECORD by a Senator day before yesterday purporting to show the large profits of the companies?

Those figures relate to purchases and sales of the securities of the companies; and the error of the author of the figures is found in his confusion of the profits of a corporation with the profits from buying and selling the securities of the corporation. Nine times out of ten, if not ninety-nine times out of a hundred, the purchases and sales of such securities are totally outside of the corporation or anyone identified with the corporation. Once in a while the corporate body does profit from sales of securities, especially where the company sells its own securities, and then later on buys them back to be sold at a higher price. If a company does that, it may be subject to criticism.

Mr. President, I sat in the office of one of the leaders of business in my State, a man who deals in automobile parts. His industry required an enormous amount of copper. This man took occasion to buy, for his manufacturing purposes, a supply of copper that would run his plant for nearly a year. There was a spurt in the price of copper. It continued to go up; and this great manufacturer had a large supply of copper for which he had paid a low price, far below the price at that day. He said, "I could sell three fourths of this copper and still have a tremendous supply on hand"; and he was convinced that copper had reached a high point, and that it would surely fall in price. I know, for I witnessed it, that an order was given to sell a large amount of the copper this manufacturer had purchased, while still retaining enough to supply his plant for 3 months; and on the sales he made a cash profit of $96,000. That was not speculation. That was dealing in a commodity for actual delivery upon which there was an exorbitant increase of price.

Mr. President, some 5 or 6 years ago the Interstate Commerce Committee was investigating the power issue at a time when stocks were hitting the skies on the stock exchange. I told Mr. Manton Davis, the counsel in chief of the American Radio Corporation, that if it would not be embarrassing to him I should like to have him explain why radio stock had reached a price of over 500. The par value of the stock was 100, and the day I asked him the question it was selling for 500 plus. Mr. Manton Davis, after stating that the question was not embarrasing to him—for I did not want to inject a question that might cause any embarrassment to any firm—said: "There is no embarrassment in the matter except that we do not know the cause of the high range of the sales of radio securities. We have nothing to do with it. The buying and selling is on the stock exchange, which we cannot control, and the high range is more embarrassing to the directorate of this corporation than it is to anyone else."

Then he added, "I assume that the reason why prices are running five times the par value is because radio is an unknown product, and its future is unlimited, and many people believe that the expansion will be sufficiently great that they can afford to pay five times the par value of the stock."

Mr. LONG. Mr. President——

Mr. FESS. I will yield in a moment. The assertion that when a company's securities were thus being speculated in upon the stock exchange, against the interest of the corporation itself, the profit was the profit of the company, is a commentary upon the business sense of any man who makes that statement.

I yield to my friend.

Mr. LONG. Mr. President, I am satisfied that the Senator did not know the implications of one remark he made about sellings these unknown stocks on the stock exchange. We have the National Government always ballyhooing prosperity, and the stock exchange always taking advantage of it, and selling the stock of the companies making the unknown products, many times without any earnings whatever, for a great deal more than the stock would be worth even in its most favorable light, which is another reason why we ought to regulate the stock exchanges a little more.

Mr. FESS. Mr. President, there is not any doubt that there ought to be corrections of the operations on the stock exchanges. Just how that is to be done, and whether or not the bill now before us will do it, is of course an open question. My point is that it is astonishing that any one should confuse the profits of a gambler on the stock exchange with the profits of the company whose securities are being sold.

Mr. LONG. If the Senator will pardon me, for instance, if he will remember, during the boom days of 1928, United States Steel—which I think was paying a dividend of 5 or 6 or 7 percent—was being quoted at as high as $300 a share. Manifestly, its earnings did not justify a price of that kind; and there were many stocks like that.

Mr. FESS. The steel corporation was not getting the profits that were being made on the stock exchange.

Mr. LONG. No; the speculation was due to the idea in the public mind that we were in a very prosperous condition; but those who looked at the figures certainly could have realized that a stock paying 6-percent dividends could not be worth $300 a share.

Mr. FESS. That is the difficulty. There is not any doubt that there must be some correction of what is going on in the stock exchange. I have no doubt about that; but why should a responsible individual relate the doings of the stock exchange, the sales and the purchases of securities, and then ascribe those profits to the company? That is what I am saying. Most of the air-mail companies were unprofitable; but it is true that a lot of gamblers made money on the purchases and sales of these very stocks.

Mr. LONG. Mr. President, if the Senator will yield, there was in New Orleans a very prosperous bank, and some folks began to run the stock of that bank up. The bank tried its best to keep its stock from being pyramided to a very high price, but it could not stop it. It ultimately resulted in the wrecking of the bank, because when finally the stock had to take the inevitable tumble, not being worth any such price as it had reached, the public lost what it had invested in it.

Mr. FESS. Precisely. I sympathize with what the Senator has in mind. So the attempt to build up prejudice against these companies, quoting enormous profits, and then ascribing the profits to the gamblers in the securities as the profits of the companies, is a pitiable display, indicating a lack of information as to what the profits are.

Mr. President, as to the evidence before the committee, I think the Senator from Vermont has covered the case conclusively, and it would be a useless consumption of time for me to enter that field again, as I intended to enter it.

I was glad to have the statement from the Senator from Nevada as to the testimony of the former Postmaster General. No one could sit for a week during the examination in chief and the cross-examination and listen to that ex-

official and not be convinced that he knew what he was talking about. Not only that, but, however one might disagree with him as to the methods he employed in the administration of the law, no fair-minded man will state that he did not administer the law as he thought the authority was given to him to administer it. While there might be a difference of opinion as to the attitude of the officer, there certainly can be no difference of opinion as to his authority to do what he did.

Mr. President, my feeling in this matter is very largely due to my apprehension of the baleful effects upon our people of the indefensible and un-American conduct of high officials in the manner in which the cancelation of the air-mail contracts was carried out. I have not said anything about what appears to be collusion on the part of certain people who, disqualified at the time and not able to secure contracts, undertook to have the existing contracts canceled in order that the way might be opened for them to get contracts. I have always realized that that situation existed. I am not one of the Senators who loosely make charges without evidence.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Senator's time on the amendment has expired.

Mr. FESS. I will take my time on the bill. Rumors were afloat, and from many sources information came to me which indicated that there was an organized effort and that a department of the Government was not free from it, to have the way opened for the negotiation of new contracts, not because the existing contracts were illegal or because the service under them was unsatisfactory but only because somebody, dissatisfied, wanting a contract, saw no other way of getting it.

It would appear, if we go back over the connection of the various assistants in the Post Office Department except one—I exculpate one of them—every one of whom was in some form or other officially connected with some of the companies which wanted contracts, the suspicion is very strong that the set-up even from the beginning had in mind the cancelation of these contracts.

I need not go further than the testimony which has been brought out by the Senator from Vermont. He did not have the assistance of three departments of the Government, and he did not have 22 paid employees of the Government in his office drawing enormous compensation to assist him. All he had was what, through his unaided efforts, he was able to find in the record, but even with that limitation we have had presented to us evidence which strongly points to what I believe to be the correct explanation of the cancelation of the air-mail contracts.

Mr. President, it is no defense to say that the contractors, thus injured, have their opportunity to go into the Court of Claims. That is no defense whatever. The Government ought to realize that a party to these contracts is the Government itself. One party is the company, the other party is the Government, the Government exercising, by its ipse dixit—as the Senator from Vermont stated when he quoted John Marshall—the mere element of power because it is a sovereign. There is not anything more powerful, so far as law goes, than the Government itself, and the Government is here a party to the contract, and it cannot be sued except by its own permission. If it were the ordinary case of party of the first part and party of the second part, neither of which was the Government, and the case were to be heard in a department of the Government, it would be different; but instead of that the Government itself is the party of the first part. It becomes the prosecutor, it becomes the court, it becomes the judge, as well as the jury; it becomes the enforcer of the law. Can it, then, be said that we can cancel a contract with the Government, a party in chief to the contract, and merely leave the way open for the other party to be heard in the Court of Claims? That is the flimsiest excuse for an inexcusablee performance I ever heard, and no government should be guilty of such a shameful performance as that.

I know that in some quarters the reputation and character of an individual count for very little. Good opinion of the people toward an ex-officer of the Government may not mean anything to some, but it does mean a great deal to many of us. Shakespeare has said:

> Who steals my purse steals trash;
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> • • • • •
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> But he that filches from me my good name
> Robs me of that which not enriches him,
> And makes me poor indeed.

When I realize what the Postmaster General preceding the present one had before him as a problem, and observe how he performed the duties of his office in the solution of that problem, and see his achievements to the honor of the Government, then find that, in the face of that achievement, he is assailed as a corruptionist and perpetrator of fraud, I submit that is a poor reward for unselfish service rendered to his Government by a man who felt while he was rendering the service that it would meet with the plaudits of the American people.

To blast a reputation of that kind does not mean anything to some people, but it does to me. I regret such action more than words can tell. The only relief afforded, Mr. President, was that the man assailed was permitted to come before an adverse committee and defend himself. After having been subjected to adverse examination he came out of it with the universal recognition on the part of every fair-minded man, whether on the committee or off the committee, that he had told the truth about a great accomplishment in which there was not a scintilla of dishonor. There might have been a question as to whether we or others would have done as the former Postmaster General did, or whether we would have done it in the same way, but he did what he did in accordance with law.

I have some concern about any effort to besmirch the character of anyone. I do not care who he is; it matters not where he lives; it matters not to what religion he belongs or to what political party he belongs. If an effort is made to besmirch his character, I am concerned.

When a suggestion was made not long ago that a great Democratic officer of this administration was under suspicion because, it was stated, a brother of his had been in some way identified with some dealings with the Government, I resented the hint that was thrown out. I would resent it as quickly with respect to a Democratic official as I would with respect to any Republican official. I have had the same feeling with regard to any effort that is made to besmirch.

There is a distinguished citizen of the District of Columbia against whom some vague suspicion is directed because he possessed in his own right a certain amount of silver. This man is a great Democratic politician, a man of high rank in his party. I resent any inference such as that which is made in connection with the possession of silver. At any rate, if a man is charged with anything, he should not be found guilty until he has had a chance to be heard.

Mr. SMITH. Mr. President, I should like to have someone enlighten me as to why there is any moral or political turpitude attached to anyone who buys silver. Is not silver simply a commodity?

Mr. FESS. Mr. President, I do not think there is any turpitude connected with the purchase of silver, unless the purchaser is an officer of the Government who uses his influence to get the price of silver boosted, and takes advantage of such boosting in price. Such action, of course, would be subject to criticism.

Mr. SMITH. Mr. President, I am not speaking of an action such as that. I am speaking of the publication of the list of men engaged in business who have bought silver. I should like to know on what ground the Congress or any of us has a right to pillory such people in the press with the vague suggestion of suspicion of wrongdoing, when silver is a commodity which has no monetary standing now except the silver bullion which we happen to own and against which we issue certificates, which circulate as money.

Mr. FESS. Mr. President, I feel as the Senator from South Carolina does on that subject. The possession of sil-

ver would be subject to criticism, the Senator will agree with me, only in the event that someone interested in boosting the price had purchased a large amount with the intent to profit by the boost in price. Such action, of course, would be serious, and I would criticize it.

Mr. SMITH. I will state what I have in mind.

If silver is a commodity on the market, which it is, is not every effort being made on the part of the Government to raise its price, as well as all other commodity prices, and are we not all joining to help accomplish that object? All of us have more or less of a vested interest in commodities. Therefore, we who are legislating in an endeavor to raise the price of commodities are as justly subject to the criticism that our conduct is reprehensible as are the people who are trying to raise the price of silver.

I desire to enter my protest against the publication, for the purpose of criticizing their conduct, of the names of people who buy silver.

Mr. FESS. Mr. President, I am talking under a limitation of time. I enjoy these interruptions, but I do not want them to take my time. I must conclude my remarks very soon. I appreciate what the Senator from South Carolina has said.

Mr. President, my make-up is such that it hurts me when a loose charge is made against an official, especially if that official is the type of man who is giving the best of his life to the service of his country; and if any charge is made, the fullest opportunity for hearing certainly ought to be given before the verdict is pronounced.

Mr. President, the great aviation industry of this country, which was the pride of the world, was stricken down. It might, under some circumstances, and it will, rebuild and, therefore, will survive that injury. That injury can be survived; but it is no defense for anyone who strikes down a great industry to say that it will revive. It may revive under other officers.

The face-saving effort in this bill has been most amusing to me, in that it states that a company whose contract has been canceled cannot bid unless it reorganizes—as if, when the company reorganizes, it is not the same company! We used to believe that a principal was responsible for the acts of his agent. Merely to change the agent is the most silly performance I have ever seen. Here we are trying to hide behind this indefensible action by saying we are not going to destroy the particular investment provided the companies will reorganize, as if that will change in the slightest degree the institution whose capital is invested, to say nothing about the inconvenience of making the reorganization!

But, Mr. President, far and away above the injury done to an individual, and the break-down and destruction of a great industry in which there has been invested from $300,000,000 to $500,000,000 of capital, with the employment of the finest personnel we know of in the world, is the injury—I have no language that can properly express it—to our own country by reason of the violation of the most elemental principle of American rights—a thing which is abhorrent to every American citizen who believes in fair play, a conduct pregnant with the elements of break-down in all that we have prided ourselves on in America, a conduct instinct with the elements of tyranny, denying liberty; an act universally condemned in every newspaper-editorial column without regard to politics or religion, and with no reference to locality, from North to South, from East to West—a universal condemnation that is overwhelming and will be irresistible.

We shall never survive an act of striking down not only the reputation of great men but the right in property of thousands of citizens and the abandonment of every principle that is elemental in the foundations of American rights and liberty. It is that wrong which ought to be corrected.

I shall support the amendment offered by the Senator from Vermont [Mr. AUSTIN], which does attempt to right the wrong, as far as it can be done. If that shall fail, I shall support the substitute offered by the Senator from Nevada [Mr. MCCARRAN].

While I do not like the commission idea, Mr. President, if our purpose today is to build up a great industry, probably the commission idea would be the better one; but if the purpose is only to carry the mails, there is not the slightest need of any commission.

That could easily be taken care of; but if there is combined the carrying of the mails with what was major in the purpose of the Watres Act, namely, to advance the art of flying, to build up a great industry, involving the investment of American capital and the employment of skilled personnel, then the commission idea would have considerable weight.

I agree with the Senator from Nevada that aviation is in its infancy; it is just at its beginning; and one of the faulty features of the pending bill, that certainly will show itself to be faulty before a year shall have elapsed, is that it limits the contracts to 1 year. Originally they were for 3 years, but that was too short. There can be no such thing as building up the American aviation industry if we limit contracts to 3 years, to say nothing of 1 year. The advance in the art of flying is not alone dependent on new inventions, new equipment, and new appliances; it also is dependent on building greater and better and safer planes.

Recently an airplane, representing the last word in aircraft construction, costing $230,000, one of the finest planes ever built, went down in an accident. No one survived that accident who could testify as to its cause. I asked an expert how the accident possibly could have happened. He stated that it was thought that that plane was so speedy—and it was one of the speediest planes in the air—that a vibration was started, and that vibration ultimately caused a break, and, just as the bending of a wire too often will cause it to break, so that continued and rapid vibration finally split the tail of the plane, which dropped off, and all the passengers were killed. That was one of the finest planes ever put in the air. Somebody must be able to ascertain what is the cause of such accidents and how defects which cause them may be remedied. It takes talent, money, and time to do that; and it will never be done within the terms of a short contract, because no one but a fool would invest his money in such expensive equipment if he did not know that he had some assurance of a contract lasting sufficiently long to afford some opportunity of recouping the cost. The limit in the pending bill prescribing a contract period of 1 year defeats one of the main purposes, which is the development of the art of flying.

That is only one of the objectionable provisions in the pending measure, which is a hodge-podge, intended as substitute, quickly and without consideration, to take the place of legislation under which the aviation industry has been builded up.

Mr. President, it is these considerations that have impressed me with the terrible result of conduct that is wholly inexplicable, except, as has been brought out here, that it was desired to bring about the cancelation of these contracts by hook or crook in order to afford an opportunity to someone who was not in on a contract to get a contract. While the present Postmaster General and his department have indicted the former Postmaster General for not giving the contract to the lowest bidder with reference to the Avigation Co., the same Postmaster General, the same postal department, will do precisely what Mr. Brown did and which they condemned. They have already received bids which are so low that they are investigating to ascertain, first, whether the companies so bidding are really in existence, as the Avigation Co. was not; secondly, whether the companies are financially able, as the Avigation Co. was not; and, thirdly, whether they can meet the requirements of the contract. If they cannot, the Post Office Department will reject the low bid, as they ought to reject it, just as Mr. Brown rejected the low bid, as he ought to have rejected it. When it comes to putting into operation the new contracts, it will be found that the Department will follow, in the main, what was done back in the former administration of Mr. Brown.

When it comes to considering the various provisions of the bill, I shall take time very briefly to discuss them, but I do not intend unduly to delay the Senate, and I am perfectly willing that the bill should come to a vote today, so far as I am concerned. I will, however, take time to point out some

of the defects in this proposal, which I think should not pass.

Mr. BLACK. Mr. President, I ask unanimous consent to place in the RECORD a chart showing by management groups certain statistics of mail and passenger-carrying operations for the calendar years 1931 and 1932. It is the same as the chart which appeared on the wall of the Chamber for several days. It is copyrighted, but the author has agreed that it may be placed in the RECORD.

The PRESIDING OFFICER. The Chair is advised that it will be necessary to secure the approval of the Joint Committee on Printing to have inserted in the RECORD a chart such as that the Senator presents.

Mr. BLACK. I think the Chair is correct. I have just ascertained that it will be necessary to obtain the consent of the Joint Committee on Printing, and I, therefore, desire to withdraw my request.

DEBTS DUE THE UNITED STATES BY FOREIGN GOVERNMENTS

Mr. ROBINSON of Indiana. Mr. President, I desire to take a few minutes of the time of the Senate to discuss to some extent the present situation with reference to the war debts due the United States.

Of course, everybody knows that the money due this country from foreign countries with whom we were associated during the World War belongs really to the American taxpayer; and if there is any default in the payment of the debts, the people of this country will be forced to shoulder the obligations. This is true, of course, of all those who have defaulted or may default; but I wish to speak today of Great Britain, the leading nation of Europe, on whose empire the sun never sets, a nation heretofore justly priding herself on the punctual and honorable discharge of her obligations.

What a laughing-stock any man would have made of himself who would have predicted, a few years ago, that the bonds of Great Britain would ever be defaulted, or that she would fail to pay punctually every pound and shilling due from her to a creditor.

Mr. President, this Government holds $4,600,000,000 of the bonds of Great Britain for moneys advanced to her during and after the World War. The report of the World War Foreign Debt Commission, on page 116, shows that during the calendar year 1934 we are scheduled to receive from Great Britain a total of $132,780,000, of which $150,780,000 is interest, and $32,000,000 represents payments on principal.

In some prior years, especially since the depression began, there has been some question of the actual ability of various foreign debtors to pay what they had agreed to pay. This year, however, Great Britain's prospective surplus over and above all commitments—other than her debt to this country—is about £29,000,000, which at the exchange rate of $5.16, quoted by the New York Times of Tuesday, is approximately $149,000,000, or almost exactly the amount of the interest payment due this year to the United States. It is natural to suppose that this highly creditable surplus would be applied to this acknowledged debt. But what do we hear from abroad?

I read from the New York Times of Wednesday, April 18:

WAR DEBT IGNORED IN BRITISH BUDGET; INCOME TAX IS CUT—WASHINGTON RECALLS SIMILAR STAND IN 1933, WHEN TOKEN PAYMENTS WERE MADE—HALF OF PAY CUT RESTORED—FULL UNEMPLOYMENT INSURANCE BENEFITS ARE RESTORED

LONDON, April 17.—For the third time Neville Chamberlain, Chancellor of the Exchequer, presented to Parliament today a budget in which no provision is made for payment of anything to the United States on account of the war debt.

When he remarked he was repeating the omission of 1932 and 1933 in this respect, there were murmurs of "Hear! Hear!" and other exclamations of approval, with some cheers from all parts of the crowded House of Commons.

* * * * * * *

The actual text of Mr. Chamberlain's brief reference to the American debt in today's budget speech was: "Neither last year nor the year before did I make any provision for the payment of the war debts to America, nor for the receipt of war debts or reparations by ourselves. In the absence of any fresh development, I propose to follow precisely the same course this year."

To admirers of Great Britain, to those who for years have looked upon her as the very embodiment of probity and rugged honesty, these statements are not only astonishing but shocking.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator from Indiana yield to the Senator from Missouri?

Mr. ROBINSON of Indiana. I yield.

Mr. CLARK. In justice to the people of Great Britain as a whole, is it not fair to state that, as a matter of fact, Mr. Chamberlain was very seriously taken to task by one of the leading members of the House of Commons for what was designated as a very dishonorable course?

Mr. ROBINSON of Indiana. The Senator is quite right. I have a report of that incident taken from a Washington newspaper, which I shall later ask to have inserted in the RECORD at the conclusion of my remarks.

Mr. Chamberlain continued:

Twelve months ago I had to report to the House that the outcome of the year was a deficit of £32,000,000. This year I am in the happy position of being able to present almost exactly the opposite case, for I find myself at the end of the year in possession of a surplus of £31,148,000, being the difference between revenue of £724,567,000 and expenditure of £693,419,000.

And now we come to a further quotation from Mr. Chamberlain which must bring great cheer to the taxpayers of the United States, upon whom the Senate has just voted to impose the burden of hundreds of millions of taxation in addition to their already-crushing load:

Mr. Chamberlain * * * allowed himself some restrained symbolic exultation, when he referred to the country's returning prosperity. He said Great Britain had now "finished the sad story of 'Bleak House' and was beginning the opening chapters of 'Great Expectations.'"

Mr. President, how many individual debtors in this country could not have great expectations if, with a careless wave of the hand, they could get rid of the mortgages on their homes, their grocery and furniture and clothing and garage bills, and spend their money for new purposes without regard to valid existing debts?

Comparisons between his own and less fortunate nations kept cropping out in Mr. Chamberlain's radio speech.

OTHERS STILL FACE SACRIFICES

"While in other countries," he said, "pay cuts and reductions in social services are still having to be faced, while elsewhere the taxpayer is still searching vainly for relief from his burdens and is forced to contemplate still further contributions to the State, here we can feel we have passed the worst and can venture to remove a substantial portion of the load which we have been carrying without fearing we shall have to put it back."

But Mr. Chamberlain is an adroit statesman. The similarity between the $149,000,000 of surplus revenue and the $150,000,000 of interest owed the United States was too striking to be allowed to stand. The Times tells us, further:

On the basis of the old rate of taxation and by still adhering to his economy program of 3 years ago, the Chancellor of the Exchequer could have counted on a surplus during the coming year of £29,100,000. But by reducing the income tax from 5s. to 4s. 6d. in the pound, and by increasing the Government pay roll and unemployment insurance, he has deliberately cut that surplus to £796,000.

Can it be that the Chancellor of the Exchequer deliberately sought ways and means to diminish, if not wipe out, the indicated surplus so that he could truthfully say that there were no funds available to pay America at the very time when America is cutting down her payments to her soldiers, reducing their hospital care, paring down pensions to widows and others, reducing relief expenditures, and seeking in every conceivable way to raise the money imperatively needed to pay her governmental expenses?

A final quotation from the New York Times of Tuesday, April 17, is as follows:

While the welcome tendered to the last surplus has been tempered somewhat by the talk about war-debt payments to the United States, the British have found refuge in the contention that charity begins at home.

Mr. President, the use of the word "charity" here is unfortunate. We have heard it before in connection with Great Britain. On Monday, January 8, 1923, in opening

negotiations for the settlement of the British debt to the United States, the then Chancellor of the Exchequer, Hon. Stanley Baldwin, said at page 92 of report of the Debt Funding Commission:

> In common with the rest of the world, we have watched with admiration the open-handed charity of America to the stricken countries of Europe. * * * The generosity of America is proverbial, but we are not here to ask for favors or to impose on generosity.
> We want * * * a square deal, a settlement that will secure for America the repayment to the last cent of those credits which the United States Government established in America for us, their associates in the war.

Brave words. Honorable words. But, alas, obsolete words today.

Consider the scorn heaped upon Germany because she made a scrap of paper of her treaty with reference to the neutrality of Belgium. How do the obligations of Great Britain read of which Mr. Chamberlain in effect makes scraps of paper when he dismisses them with the off-hand statement that he proposes to make no provision for their payment? Here is the language of one of them, a bond representing one one-thousandth of the total indebtedness of $4,600,000,000:

> The Government of the United Kingdom, hereinafter called Great Britain, for value received, promises to pay to the United States of America * * * on the 15th day of December 1984, the sum of $4,600,000 * * * and to pay interest upon said principal sum semiannually * * * at the rate of 3 percent per annum from 15th December 1922, to 15th December 1932, and at the rate of 3½ percent per annum thereafter.

There are other minor provisions in the bonds, but nowhere in them is there anything making the payment of interest or principal in any way conditional upon the receipt of reparations from Germany, or debt payments from France and other continental nations to Great Britain, or otherwise. The obligation is a flat, unconditional one.

How was the proposal worded which Great Britain made to the United States, which was accepted on June 19, 1923, and which resulted in the delivery of the bonds to which reference has just been made? It is found on page 106 of the Debt Funding Commission's report, and begins with these words:

> Whereas Great Britain is indebted to the United States as of 15th December 1922, upon demand obligations in the principal amount of $4,074,818,358.44 * * * and Great Britain is further indebted to the United States, as of 15th December 1922 on account of interest accrued from 15th April and 15th May 1919 on said $4,074,818,358.44, principal amount of demand obligations.

These are the words, not of the creditor but of the proposal of the debtor, signed by Ambassador Geddes at Washington on June 18, 1923.

In paragraph 10 of this proposal it was provided that upon delivery of the $4,600,000,000 of bonds stipulated for in the agreement, the demand obligations of Great Britain in the principal amount of $4,074,818,358.44 should be canceled and surrendered; and this was done. Those obligations, which we gave up upon the delivery of the later ones, read as follows—a sample of the form used in the case of each of the debtor countries is given on page 314 of the Debt Funding Commission's report:

> The Government of ———, for value received, promises to pay to the United States of America * * * the sum of ——— dollars on demand, with interest from date hereof at the rate of 5 percent per annum.

There is other language in the obligation; but, as in the case of the formal bond, there is nothing making payment contingent upon the receipt of reparations or other payments by the debtor country from its own debtors.

In submitting to Congress the agreement freely and voluntarily arrived at by the two Governments, the Debt Funding Commission said—page 97:

> This settlement between the British Government and the United States has the utmost significance. It is a business settlement fully preserving the integrity of the obligations * * *.

Alas! The settlement preserved the integrity of the obligations, but that integrity must be preserved by observance of the settlement if it is to be real integrity.

The settlement with Great Britain was made by Andrew W. Mellon, Charles E. Hughes, Herbert Hoover, Reed Smoot, and Theodore E. Burton, comprising the then membership of the World War Foreign Debt Commission. All but one of these eminent statesmen are still living. What would any one of them say of the integrity evidenced by Mr. Chamberlain's current statement in Parliament?

The then President of the United States, Warren G. Harding, in submitting the British settlement to Congress for ratification, said in his message of February 7, 1923—page 98 of the Commission's report:

> Amid widespread clamor for the cancelation of World War debts as a fancied but fallacious contribution toward peace * * * the British commission came to make acknowledgment of the debt, to put fresh stamp of approval upon its validity, and agree upon terms for its repayment. * * * It (the settlement) is a recommitment of the English-speaking world to the validity of contract.

Strange words, when read in the light of the recent utterances of the British Chancellor of the Exchequer, who undertakes to set aside a bilateral contract by unilateral action—the very thing the French Government acknowledged could not be done lawfully, and then proceeded to do unlawfully.

President Harding continued:

> The failure of the British undertaking would have spread political and economic discouragement throughout the world, and general repudiation would have likely followed in its wake. But here is kept faith—willingly kept, let it be recorded.

Ah, yes! "Kept" for how long? For about 10 years, and then carelessly broken and dismissed in callous fashion, amid "exclamations of approval, with some cheers from all parts of the crowded House of Commons", according to Wednesday's New York Times.

True, as President Harding said, there had been attempts from time to time, prior to the British settlement, to bring about either a pooling or a general cancelation of debts, or to make their payment contingent upon the payment of German reparations. These attempts were promptly squelched by President Wilson and his subordinates in high official position, just as similar efforts were frowned upon and denied by Presidents Coolidge and Hoover; and when President Roosevelt, after listening to the pleas of the British for a reduction of the agreed payments, found their proposals unreasonably low, he very properly declined even to submit them to Congress, so the British delegation went home and reported to its Government, which now proposes, if press reports are to be believed, not merely to reduce its payments but to discontinue and default them.

On May 24, 1920, Assistant Secretary Rathbone thus expressed the American position (p. 71 of debt-funding report):

> I * * * shall not now attempt to discuss the matter * * * beyond restating the view of the United States Treasury that the questions relating to the debt of the British Government to the United States Government must be settled by those two Governments only, and that the indebtedness of other governments to the American Government or to the British Government, and the payment by Germany of reparations, are in no way related to the postponement of interest upon and funding of the obligations of the British Government held by the United States Treasury.

On June 26, 1920, Secretary Houston handed to Sir Auckland Geddes, the British Ambassador, a memorandum reading in part as follows (p. 71 of report):

> It has been at all times the view of the United States Treasury that questions regarding the indebtedness of the Government of the United Kingdom of Great Britain and Ireland to the United States Government * * * had no relation either to questions arising concerning the war loans of the United States and of the United Kingdom to other governments or to questions regarding the reparation payments of the central empires of Europe.

And I call especial attention to the next sentence, as showing notice, continuing notice, to the representatives of Great Britain that this was the case during the time the loans were being made:

> These views were expressed to the representatives of the British Treasury constantly during the period when the United States Government was making loans to the Government of the United Kingdom and since that time in Washington, in Paris, and in

London. The views of the President on the subject were stated at length to the Prime Minister in a letter dated May 5, 1919.

This letter of President Wilson does not seem to be quoted in the Commission's report, but a very interesting letter of later date will be quoted presently.

On July 23, 1920, Mr. Norman H. Davis—recently our roving ambassador in Europe—wrote as follows to the Ministry of Finance of France (while this letter is to France, it is general in its statement of the American position):

The vague reports to the effect that it had been decided that the various intergovernmental debts and the settlement thereof would be made to depend directly upon the settlement of collection from German reparations appeared to have a rather adverse reaction here.

It is felt here that the obligation on the part of debtor countries to liquidate war debts is a matter entirely independent of the reparation problem.

What would not Mr. Norman Davis give to recall these words, and those that immediately followed, and which are of the greatest significance? I quote further from his letter:

The moneys were loaned before the question of reparations from Germany could be considered.

Obviously, therefore, their repayment could not even impliedly be contingent upon the payment of reparations, much less expressly.

Mr. Davis continues:

It is hard for the people of this country * * * to see the justification for any plan of assignment of German reparation obligations in payment of war debts, or the using of reparation payments as a controlling index of payments to be required on war loans, when these loans and reparation obligations have no connection, and receipts from reparations have at best only an indirect and partial relation to the ability of the debtor nations to pay.

That this is emphatically true is shown by the fact that even in the present year of depression the British Government, as stated by the New York Times article, has—or had before it voluntarily proposed methods of dissipating it—an uncommitted surplus of $149,000,000 in a year when it received no German reparations.

Mr. Davis continues:

If the Secretary of the Treasury were inclined to tie up the reparation question with intergovernmental indebtedness, which I believe is not the case, it would be impossible for him to do so without congressional approval, which, in my judgment, is out of the question.

So even Mr. Norman H. Davis is sometimes everlastingly right!

So far I have quoted from subordinates of the President of the United States—Woodrow Wilson—who held the office throughout the World War, and who participated so influentially in framing the treaty which terminated it. Now I quote his own words on this subject from a letter to Lloyd George.

Writing on August 5, 1920, President Woodrow Wilson said, page 73 of debt-funding report:

It is highly improbable that either the Congress or popular opinion in this country will ever permit a cancelation of any part of the debt of the British Government to the United States in order to induce the British Government to remit, in whole or in part, the debt to Great Britain of France or any other of the allied Governments, or that it would consent to a cancelation or reduction in the debts of any of the allied governments as an inducement toward a practical settlement of the reparation claims.

Let these latter words be read carefully and remembered by those, here or abroad, who talk loosely of intimations or promises or hints given either in Washington or at Lausanne to the effect that a reduction of German reparations would be met by a corresponding reduction of American claims on Europe. Every sensible person knows that no one but Congress had any authority to give any such intimations or promises or hints, and that Congress by specific joint resolution declared it to be against the policy of this country that the debts should be in anywise reduced or canceled. Those who seek to make the credulous believe that President Hoover promised Laval anything of the kind, or that any American representative or unofficial observer at Lausanne made any such commitment, are apparently of the belief that the exclusive power of Congress over the debts was not a matter of common and universal knowledge.

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. ROBINSON of Indiana. I will take time on the bill.

President Wilson continues:

Suggestions looking to the cancelation or exchange of the indebtedness of Great Britain to the United States were made to me when I was in Paris. Like suggestions were again made by the Chancellor of the Exchequer in the early part of the present year. The United States Government, by its duly authorized representatives, has promptly and clearly stated its unwillingness to accept such suggestions each time they have been made. * * * The views of the United States Government have not changed. * * * It fails to perceive the logic in a suggestion in effect either that the United States shall pay a part of Germany's reparation obligation or that it shall make a gratuity to the Allied Governments to induce them to fix such obligation at an amount within Germany's capacity to pay.

By what form of words could our representatives, from President Wilson down, have indicated more clearly to the European nations that there never was, and never could be, any hooking up of reparations with Europe's debts to this country? Every President from Mr. Wilson down has reiterated this position. Failing to convince either Democratic or Republican administrations of the justice of such a connection of reparations with war debts, the debtors now propose to take the matter in their own hands, and deliberately, dishonorably, openly repudiate and default their obligations.

The 5½-percent bonds of the British Empire, payable to individuals, are quoted on the New York Stock Exchange at about 113. The 7- and 7½-percent bonds of the French Government are quoted at 176—an almost incredible figure. Even the bonds of Italy stand at a trifle over 100. Three issues of Belgian bonds range from 102 to 107⅛. Yet some of these Governments have flatly defaulted on their bonds payable to the United States Government, while others have made only trifling payments, defaulting as to the great bulk of the debt.

What reason has the investor who buys bonds on the New York Stock Exchange to believe that in the days to come the European governments which flout their obligations to the United States Government will be any more honorable in their dealings with the private citizen of the United States? We have seen how Germany first cut down and then defaulted on reparations, and followed this action by various complicated schemes to avoid paying her private debts in this country and elsewhere. It would not be unreasonable to predict the same course for the private obligations of other European governments if and when they find it inconvenient to pay them in the days to come. "Falsus in uno, falsus in omnibus" is still a true maxim.

In connection with the foreign debts in general, we have some notable utterances from American statesmen who at this day are justly honored with the confidence of their country.

The eminent Secretary of State, Hon. Cordell Hull, said in 1925, page 234 of report of Debt Funding Commission:

If the debts due the American Government from foreign governments should be canceled or scaled, the American people must pay taxes to meet the interest and to redeem the principal to a corresponding extent. The money loaned foreign governments was raised from the people of the United States in war taxes and war loans. They did this at great effort and many sacrifices. * * * (P. 236:) We are * * * in the act of forgiving * * * foreign debts and assuming them ourselves. The American taxpayers during coming years will want to know, and will finally discover, the reason why.

Hon. HENRY T. RAINEY, the distinguished Speaker of the House of Representatives, told the Ways and Means Committee of the House on January 6, 1926, the methods used in raising the money to loan to our associates in the war. I read from page 370 of the Debt Funding Commission's report:

I remember most distinctly the time when we were collecting this money to lend. * * * We sent speakers over the United States, and we placed posters everywhere. We made it unpopular and disagreeable for a man to live in a community unless he contributed to this fund that we were going to loan * * *, and we urged our people to give and to give until it hurt, and I re-

member that throughout the country those men who did not give as much in their localities as they thought they ought to give were held up to public ridicule and their gateposts were painted yellow, and all that sort of thing, and appeals were made in theaters and in churches throughout the land, and, with the American flag flying above the pulpit, preachers advised people to give and to give, and advised them they were loaning their money and not giving it, at 4½ percent, insisting that it was being done in order that we might help to make the world a safe place in which to live.

Ah, yes, Mr. President! All of us remember those days. The man who had some savings who would not loan them to his Government so that it, in turn, might loan them to our associates in Europe, was termed "yellow" and a "slacker", as Mr. RAINEY truthfully says.

Secretary of State Hull further says (p. 411 of Debt Funding Commission's report):

When the peace convention was being held, there was not a word said publicly about any question as to the absolute validity of these debts by any government. There were some whisperings and some undertone conversations, but no serious discussion of them.

They were all entered into freely and voluntarily as the portion that each government should contribute in connection with the war, and the debts were considered as commercial and not as political debts. And that has not been seriously questioned since that time except by individuals, or sometimes by officials who wanted to get unusually good terms.

So much for the history of the debts. Amid the present picture of gloom, repudiation, default, and disregard of solemn promises regarding the debts there is, however, one bright spot that richly deserves mention.

The second country to fund its obligations to the United States was Finland, which came into existence as an independent state after the Great War. Finland has a small, hard-working population, a severe climate, limited natural resources, and no great manufacturing or commercial enterprises; yet little Finland is the one country of all our European debtors which has a 100-percent record of honorable fulfillment of obligations! Every cent due from her up to date has been promptly and cheerfully paid. There has been no shifty, evasive talk about difficulties of exchange, or adverse balances of trade, or the world-wide depression, or falling off of commerce, or lowered standard of living, or pleas of poverty—though, judged by the standards of other debtors, Finland is a poor country—nor has failure of Finland to receive payment from others been used as an excuse for nonpayment of her own debts. Finland evidently believes in the simple, old-fashioned, now almost obsolete doctrine of common honesty. Having borrowed and promised to pay, she simply pays, without being dunned, and without availing herself of the example set by her rich and powerful neighbors.

What simple-minded folks the Finns must be! Why pay merely because you have promised to do so? Why be honest when the greatest nations of the world set you the example of dishonesty? Why not welsh when welshing has become the fashion? But, no! The Finns have not yet learned that sort of ideal; and we trust they never shall.

All honor to little Finland, which has kept her plighted word when nations with a thousand times her resources and many times her population have failed to do so. May the great United States, with its vast resources and immense population, never act less honorably than this little nation of the far north.

Mr. President, let there be no more talk about scraps of paper in the present circumstances; not while the very governments which vehemently condemned Germany for violating her undertakings are busily and deliberately engaged in doing exactly the same thing—though they are themselves the greatest creditor nations of the world—and, in effect, saying to the Nation that trusted them, "Well, what are you going to do about it?"

Mr. President, beyond any question the American people expect the debts to be paid in full by the foreign governments. That is the attitude of Congress, as expressed by joint resolution adopted almost unanimously. In my judgment, the American people will never agree to cancelation or even reduction of the debts due us from foreign nations.

There was published in the Washington Herald a day or two ago the following article:

LONDON CAN PAY UNITED STATES AND WON'T, COMMONS TOLD—WEDGEWOOD, LABORITE, TAUNTS CHAMBERLAIN—ASSERTS WAR DEBT SHOULD BE HONORED

LONDON, April 19.—The British Government is able to pay its war debt to the United States but does not want to, Col. J. C. Wedgewood, Laborite M.P., charged in the House of Commons tonight.

Deploring the 1934–35 budget's failure to make provision for payment of the $85,670,765 installment due in Washington June 15, Wedgewood made this plea:

"After all it is not the case that we cannot pay. We can pay, but we don't want to.

WOULD HONOR DEBT

"I hope the Chancellor of the Exchequer will assure the House tonight that there is some prospect of our honoring our debt and paying back what we owe to a people who lent us the money when we were in so difficult a position."

To this appeal, Chancellor of the Exchequer Chamberlain gave the same calm answer with which he has met every question on the debt:

"I do not think we can usefully make any statement regarding the American debt."

The British Government, it was learned, intends to keep silence until it ascertains whether President Roosevelt will consider Britain a defaulter country under the terms of the Johnson bill, which prohibits such countries floating loans in the United States.

Britain is hopeful that its two previous token payments will save it this stigma. Secretary Hull is understood to be consulting legal authorities on the point.

WEDGEWOOD BITTER

With biting sarcasm, Wedgewood recalled that the House of Commons cheered Chamberlain's omission of provision for the debt in the budget and his subsequent assertion that the $139,350,000 1933–34 surplus made relief for the British income-tax payer possible. The tax was reduced 6 pence on the pound. The Laborite said:

"A few days ago the Chancellor said he was confident that before long Chile would resume payment of her financial obligations. It is really true that the House of Commons cheered at the relegation of Great Britain to the status of a South American Republic?

"For myself, I would sooner lose 6 pence on the pound and be able to look America in the face.

"The Chancellor has realized a surplus of £31,000,000, and it would have been a great thing if he had paid the money over to the people to whom it rightly belongs."

William Craven Ellis, conservative, suggested that Britain offer to pay in goods and services.

Mr. FESS. Mr. President, will the Senator yield before he closes?

Mr. ROBINSON of Indiana. I am very glad to yield to the Senator from Ohio.

Mr. FESS. There is a good deal of speculation as to how far the Government may go under the terms of the Johnson Act, which forbids the further loaning of money to any government which has defaulted. There is a great deal of speculation with regard to the extension of credits to the various governments in the interest of increasing foreign business. There is no doubt about France having defaulted. She would be out under the Johnson law. There might, however, be some doubt about Britain, in that there has been accepted what is known as a "token" payment, as I understand, in order to avoid putting Britain in the category of a defaulting nation.

What is the judgment of the Senator as to whether the payment of a mere fraction of what is due is keeping the country which does so out of the category of those which are in default?

Mr. ROBINSON of Indiana. I am not sure I can enlighten the Senator. Rather, I do not believe I know anything more about it, if as much, as the Senator does; but I can give the Senator my own personal opinion.

Mr. FESS. I should like to have it.

Mr. ROBINSON of Indiana. In my opinion, the payment of only a small sum on this indebtedness really amounts to a default. I do not think it is anything less than that.

Mr. FESS. It certainly is a default to the extent that that is not paid which is due. That part is in default.

Mr. ROBINSON of Indiana. The point is that the Congress of the United States, which has full power in this matter, has gone on record by joint resolution as refusing to permit any cancelation or any reduction. The so-called "token" payment is a tremendous reduction, to say the

least, in the amount due; and, since it is a reduction, it runs afoul of the expressed judgment and sentiment of Congress, which means the sentiment of the country as expressed by Congress. Therefore, I should think it would be a default.

Mr. FESS. That would exclude Britain, also.

Mr. ROBINSON of Indiana. I should think it would be a default, notwithstanding the fact that the belief is currently held in many circles in the United States that the administration, which has no power to reduce the indebtedness in the slightest degree, has nevertheless given encouragement to the theory of "no default" to the defaulting nations.

Mr. FESS. Mr. President, another question. Under the Johnson Act, which forbids the extension of further credit to defaulting countries, would the power be denied to the Government to extend credit to institutions which operate under authority of foreign governments which have defaulted, making such institutions the agencies of the foreign governments? Let me illustrate by a concrete example.

Russia has defaulted, but there are certain organizations in Russia which are operating on behalf of Russia. Would the R.F.C., which has wide powers for loaning, be authorized to loan to one of those organizations in Russia, which may not on the face of it be acting as an agent of Russia, but evidently is? Would the inhibition containeed in the Johnson Act forbid the R.F.C. to extend credit to any organizations in Europe in the interest of building up foreign trade, thus not extending the credit directly to the Government?

Mr. ROBINSON of Indiana. I should think the inhibition would be effective against any such extension of credit.

Mr. FESS. That is a question which is quite important.

Mr. ROBINSON of Indiana. The Senator knows that I think money should not be loaned to Russia under any circumstances. They now owe us some hundreds of millions of dollars which they have never paid. They have defaulted on all of it.

Mr. FESS. I do not mean Russia alone. I am wondering whether we are giving authority to an agency of our Government to loan to the agencies of other governments in order to get around—I do not mean deliberately and wrongfully to get around—the prohibition contained in the act, but, in order to avoid what might be regarded as an obstacle against the loan, as written in the Johnson Act.

Mr. ROBINSON of Indiana. Through the so-called "Export Bank."

Mr. FESS. Yes. It is quite an important question, I think.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. McCARRAN. Mr. President, I send to the desk and ask to have read an article which appeared in the Washington Star of today entitled "Only Five Air Mail Bids Are Received. Rates Average More Than Amounts Formerly Paid for Contracts."

The PRESIDING OFFICER (Mr. GEORGE in the chair). Without objection, the article will be read.

The legislative clerk read as follows:

ONLY FIVE AIR-MAIL BIDS ARE RECEIVED—RATES AVERAGE MORE THAN AMOUNTS FORMERLY PAID FOR CONTRACTS

Opening of the second batch of bids for temporary air-mail contracts today surprised officials of the Post Office Department when only five bids were received for four routes at rates averaging more than the amounts formerly paid under the air-mail contracts canceled more than 2 months ago.

There was competition for only 1 of the 4 routes, the low bid amounting to 28.8 cents per airplane-mile, which was the average of the bids received a week ago on 17 routes.

ONLY FEW VIEW OPENING

The bids were opened at noon in the office of Stephen A. Cisler, general superintendent of the Railway and Air Mail Services, before an apathetic and comparatively small group of aviation people, as compared with the crowd which attended the opening of last week's bids.

Today's bids ranged from the low of 28.8 cents to 45 cents per airplane-mile, the latter being the maximum allowed by the Department. The average rate paid per airplane-mile under the annulled contracts was 37 cents.

Today's bids were as follows:

1. Kohler Aviation Corporation, on the route from Detroit to Milwaukee, 45 cents per airplane-mile.

2. Northwest Airlines, Inc., Fargo, N.Dak., to Seattle, approximately 1,285 miles, 33.75 cents per airplane mile.

3. American Airlines, Inc., Fort Worth, Tex., to Los Angeles, 1,325 miles, 39.5 cents per airplane-mile.

4. American Airlines, Inc., Newark to Chicago, 800 miles, 39.5 cents per airplane-mile.

5. Northern Air Transport, Inc., Fargo to Seattle, 28.8 cents per airplane-mile.

American Airlines, Inc., is the group dominated by Errett L. Cord, whose failure to cut a larger figure in the bidding a week ago came as the outstanding surprise of the Post Office Department's campaign to restore air mail to private carriers. Today's bid on the Newark-Chicago route is on the eastern section of the midtranscontinental line, upon which bids as a whole were received last week.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee [Mr. McKELLAR] to the amendment of the committee.

Mr. FESS. I ask that the amendment be again stated.

Mr. McKELLAR. The amendment merely proposes to substitute "one" for "three" in line 23 on page 12 of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. McKELLAR. In the same line, Mr. President, I move to strike out the letter "s" in the word "years", so as to make it read "year."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. McKELLAR. On page 15, line 1, after the word "than", I move to strike out "six" and insert in lieu thereof "three."

Mr. FESS. Mr. President, I ask to have that amendment again stated.

Mr. McKELLAR. I move to strike the word "six" and substitute therefor the word "three", so as to make it 3 months instead of 6 months. I take it there will be no objection to that.

Mr. NORRIS. Mr. President, I have just come into the Chamber. I ask to have the pending amendment stated.

The PRESIDING OFFICER. The pending amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to amend the committee amendment on page 15, line 1, after the word "than", by striking out the word "six" and inserting in lieu thereof the word "three."

Mr. NORRIS. Mr. President, I desire to be heard on that amendment.

I think the country has witnessed something which has happened in the railroad world that ought not to be passed by without some emphasis being placed upon it. There was danger a short time ago of a universal strike on the railroads, which would have tied up commerce, and no man by the wildest flight of his imagination could tell how much damage such a strike might have caused at this particular time.

The President was unable to get the warring factions together. He appointed a coordinator, a man of outstanding character in the railroad world, Mr. Eastman, who, after vainly trying to do something to get the warring factions to agree, failed and gave up the task. He advised, however, when he quit, that there should be another conference of the parties directly interested; and so there met around the conference table the representatives of all the first-class railroads in the United States on the one side and the representatives of the railroad employees on the other, representatives who were conceded to have been chosen by the labor unions.

I mention this now because in that conference there was no company union. There is going over the country now, I believe, a kind of propaganda, the object of which is to give some life to the so-called "company unions." I never could understand, in my study of the various disagreements

that have occurred from time to time in years past between capital and labor, why any fair-minded man could object under the circumstances to having the representatives of labor in such conferences chosen, freely and uncoerced, by the laboring men themselves.

A company union, in reality and in practice, is a union of laboring men controled by the employers of labor. A conference between delegates from a company union and the representatives of employers' associations is simply a conference dominated on both sides of the table by the employers. It is true that in theory there can be, and probably there are instances where company unions are acting purely in the interest of the laboring man, but, as a matter of practice, that is something that is almost unknown.

Here were the representatives of 21 organized bodies of railroad unions on one side of the table, and those who own the railroads, represented by those whom they had chosen, on the other side. After everybody else had failed, this body of representative men reached an agreement satisfactory to both sides and satisfactory to the American people, and avoided what I feared might have been a real catastrophe. At the conclusion of their conference they were congratulated upon their work by the President of the United States; and also, by Mr. Eastman, the coordinator.

I mention this only to show that in the conflict between labor and capital there is, in my judgment, no place for the company union. Capital is represented, as it should be, by representatives of its own choosing; and to put upon the other side of the table representatives, with whose selection the employers have had something to do simply means that there will be no agreement reached which will be fair to labor and fair to the people of the country.

Here was an instance where labor was represented, it is conceded, by agents chosen by labor. That is only fair; it is only right, and it is only another illustration showing that, if we are to have arbitration between capital and labor, both sides of the table must be represented by agents who are selected from their respective organizations uncoerced, uninfluenced, and absolutely free and independent.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Tennessee.

The amendment was agreed to.

Mr. McKELLAR. On page 15 I offer the amendment which I send to the desk as a substitute for the first paragraph of section 6, and ask that the clerk may state the amendment.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Tennessee.

The CHIEF CLERK. In the amendment reported by the committee on page 15, it is proposed to strike out lines 11 to 25, both inclusive, and in lieu thereof to insert the following:

The Interstate Commerce Commission is hereby empowered and directed to fix and determine, as soon as practicable, the public convenience and necessity for all air transportation routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, but not in excess of the rates herein provided for, prescribing the method or methods by weight or space or both, or otherwise, for ascertaining such rates of compensation, and to publish the same, and orders so made and published shall continue in force until changed by the Commission after due notice and hearing and shall take effect on such route immediately after the expiration of any outstanding air-mail contracts then in force and effect under existing contracts made by the Post Office Department.

Pending the action of the Interstate Commerce Commission hereunder, air-mail contractors to whom the Postmaster General may have heretofore awarded contracts pursuant to competitive bidding may continue to carry the mail for not to exceed 9 months at the rates and for the compensation fixed in such contracts.

Mr. FESS. Mr. President, will the Senator explain the difference between the original provision and the amendment now proposed?

Mr. McKELLAR. The only difference is that, instead of advertising for new bids where competitive bidding has already been had on temporary contracts, such contracts are kept in force until the Interstate Commerce Commission shall take over the jurisdiction to fix rates. I think there will be no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. McKELLAR. In line 25, page 16, I move to strike out the word "another" and insert "director." The purpose of that amendment is to limit the language to officers or directors and not to take in employees.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee to the committee amendment.

The amendment to the amendment was agreed to.

Mr. McKELLAR. On page 17, line 3, I move the same amendment, namely, to strike out "another" and insert "director."

The PRESIDING OFFICER. Without objection the amendment to the committee amendment is agreed to.

Mr. McKELLAR. Now, Mr. President, I send to the desk an amendment to be added to the amendment reported by the committee, which I ask the clerk to read. This amendment merely provides for a commission as suggested by the President.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 24, after line 4, it is proposed to insert the following as new sections:

SEC. 24. The President is hereby authorized to appoint a commission composed of seven members to be appointed by him, not more than four members to be appointed from any one political party, for the purpose of making an immediate study and survey, and to report to the next Congress its recommendations of a broad policy covering all phases of aviation and the relation of the United States thereto. Should the President appoint as such commissioners officials already in the employ of the United States, such members of the Commission shall serve without further compensation. Members appointed who are not already in the service of the United States shall receive compensation of not exceeding the compensation of a Senator or Congressman.

SEC. 25. Such Commission shall organize by electing one of its members as chairman, and it shall appoint a secretary whose salary shall not exceed $7,500 per annum. Said Commission shall have the power to pay actual expenses of members of the Commission in the performance of their duties, to employ counsel, experts, and clerks, to subpena witnesses, to require the production by witnesses of papers and documents pertaining to such matters as are within the jurisdiction of the Commission, to administer oaths, and to take testimony, and for such purpose there is hereby authorized to be appropriated the sum of $100,000.

Mr. FESS. Mr. President, the amendment does not say anything about how long the commission is to continue.

Mr. McKELLAR. Yes, it does; the proposed commission is required to report to the next session of Congress.

Mr. FESS. After which it is to be discontinued?

Mr. McKELLAR. It will be discontinued after its report, in the very nature of things.

Mr. FESS. If it is a permanent commission the appointees ought to be confirmed by the Senate.

Mr. McKELLAR. It is a temporary commission only. If the Senator does not think the language makes that sufficiently plain, I should be perfectly willing to have the Senator suggest an amendment that will make it a temporary commission.

Mr. FESS. I should like to look the amendment over.

Mr. ROBINSON of Arkansas. Mr. President, I think there can be no doubt that, under the amendment as proposed, the commission will be temporary.

Mr. FESS. If it is to be a temporary commission, I have no objection to the amendment.

Mr. McKELLAR. That is the purpose of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee to the committee amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. McKELLAR. That concludes the amendments to be offered in behalf of the committee.

Mr. WHITE. Mr. President, if I may, I should like to ask the Senator from Tennessee about section 17, which appears on page 22 of the draft of the bill. Is it the inten-

tion by that section to make any change in the radio law, or just what is the purpose of it?

Mr. McKELLAR. The purpose is to be sure that the companies bidding on the contracts shall have proper radio facilities. The committee invited Judge Sykes, chairman of the Radio Commission, to testify, and he did so. His experts came with him. They assured us that the language would provide the installation of proper radio facilities by all who received contracts, that being a very important matter for the safety of airplanes, as the Senator knows.

Mr. WHITE. May I ask whether the representatives of the Radio Commission approved the section or voiced disapproval of it?

Mr. McKELLAR. They approved it after it was amended. The language at first gave preferential rights. The representatives of the Radio Commission suggested that the words "equal facilities" be inserted, and they were inserted at their request. I think it was entirely fitting and proper and efficient for the purpose to be accomplished.

Mr. WHITE. Am I to understand that it is not the purpose and that, in the judgment of the Senator, it is not the effect of the language to change existing radio law?

Mr. McKELLAR. That is correct.

Mr. WHITE. That prompts the inquiry, then, Why is it here?

Mr. McKELLAR. It was deemed important that radio facilities should be had by all who bid on the contracts, for the safety not only of the mails but of the passengers carried at the same time, and that a specific provision with reference to radio should be incorporated in the section to insure that end.

Mr. WHITE. I do not want to appear to be fretty about this matter, but I want to understand it fully. Does it mean equal facilities are to be given airplanes carrying mail but not carrying passengers with those planes which are carrying passengers?

Mr. McKELLAR. Yes; it gives them equal facilities. The engineer, whose name I have forgotten——

Mr. WHITE. Dr. Jolliffe?

Mr. McKELLAR. Yes; he and the chairman of the committee testified that this language would accomplish exactly what the committee desired, and that is to make flying as safe as the use of radio can make it. It will not interfere with others, but give equal facilities to all.

Mr. WHITE. I am wholly in sympathy with that purpose. The only thing that troubles me is that we have always heretofore proceeded on the theory that these matters should be in the control of the Federal Radio Commission.

Mr. McKELLAR. This provision does not affect that control at all.

Mr. WHITE. I was querying whether this in any way limited the complete freedom of action which is now in the Commission under the present law.

Mr. McKELLAR. It does to this extent, that the Radio Commission will be required to give equal facilities, and that they will continue to do as they do under the present law. Such is the necessity for the use of radio in the management and control of airplanes that it seemed very necessary and wise to have such a provision in the bill.

Mr. BLACK. Mr. President, I ask unanimous consent to have printed in the RECORD excerpts from an article appearing in the Baltimore Sun of today showing the range of bids received in response to the advertisements. The bids which were opened yesterday by the Post Office Department, as compared with former rates, show that they are not higher and could not be higher.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

FOUR MORE ROUTES OPENED

At the Post Office Department today bids on four more air-mail routes were opened. On the Newark-Chicago line, 800 miles, the only bidder was American Airlines, Inc., the reorganized American Airways controlled by E. L. Cord. The bid was 39.5 cents per airplane mile. The previous rate was 44 cents.

On the Fort Worth-Los Angeles route, 1,325 miles, American Airlines, Inc., was likewise the only bidder at 39.5 cents. The former rate was 45 cents.

On the Detroit-Milwaukee route, 265 miles, where amphibian planes have to be used, the only bidder was Kohler Aviation Co., at 45 cents, the maximum. The former rate was also 45 cents.

TWO CONCERNS BID

On the Fargo-Seattle route, 1,285 miles, there were two bidders, Northwest Air Transport, Inc., bid 28.8 cents, and Northwest Airlines, Inc., the reorganized Northwest Airways, bid 33.75 cents. The former rate was 45 cents.

If the low bids in these cases should be accepted, the general average of pay for air-mail transport will be increased, but the cost will still be considerably less than under the old contracts.

It was learned today that the appeal of William P. MacCracken, Jr., who was punished by the Senate for contempt, will be heard by the Court of Appeals for the District of Columbia on May 7.

Mr. FESS. Mr. President, I desire to ask the Senator from Tennessee [Mr. McKELLAR] about section 14. I have two inquiries which I cannot answer in regard to what is intended by the section. An inquiry comes to me from a pilot——

The PRESIDING OFFICER. The Chair recognized the Senator from Ohio in his own right, but the Senator has already spoken on the bill and cannot, under the unanimous-consent agreement, speak again on it.

Mr. FESS. I am not speaking.

The PRESIDING OFFICER. The question is on the committee amendment as amended. However, unless there is objection the Senator from Ohio will be recognized.

Mr. FESS. No, Mr. Chairman; I will wait until another amendment is offered and then take my time on it.

Mr. AUSTIN. Mr. President, I now offer formally the amendment intended to be offered by the Senator from Maine [Mr. WHITE] and myself, which lies upon the table. I ask that it may be stated.

Mr. BLACK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BLACK. I understand the committee amendment has not been adopted. I thought the Senator wanted to offer his amendment as a substitute.

Mr. AUSTIN. It is intended to be offered as a substitute.

Mr. BLACK. Has the committee amendment been adopted?

The PRESIDING OFFICER. The Senate committee amendment as amended has not been adopted. The question is now on the amendment in the nature of a substitute offered by the Senator from Vermont [Mr. AUSTIN] in behalf of himself and the Senator from Maine [Mr. WHITE] to the amendment of the committee as amended. The clerk will state the amendment to the amendment.

The CHIEF CLERK. The Senators from Vermont [Mr. AUSTIN] and from Maine [Mr. WHITE] offer the following amendment in the nature of a substitute:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That pending the enactment of permanent air-mail legislation, and in order to meet the existing emergency with respect to the carrying of the mails by air, the Postmaster General is authorized and directed, with the consent of the holder, to revive and reinstate any air-mail contract or route certificate in force on February 9, 1934, and thereupon the person, firm, or corporation holding any such air-mail contract or route certificate shall have all the rights and privileges and be subject to all the duties and obligations as existed under such contract or route certificate at the time of the cancelation thereof.

"SEC. 2. (a) The President is authorized to appoint a commission, to be composed of five members, to make a thorough investigation and study of the facts and conditions pertaining to the operation of the air mail and all civil and military aeronautics and to report to the Congress, on or before January 3, 1935, the results of its investigation and study, together with its recommendations for a permanent air-mail policy. The President shall select a chairman from among the members of the commission.

"(b) Each member of the commission other than a member who is an officer or employee of the United States, shall receive such compensation for his services as the President may fix.

"(c) For the purposes of this section the commission or any member thereof, when authorized by the commission, may hold hearings, administer oaths, and require by subpena the attendance and testimony of witnesses or the production of books, papers, documents, or other evidence, or the taking of depositions before any designated individual competent to administer oaths. The provisions of section 9 of the Federal Trade Commission Act, insofar as applicable, shall apply in the case of any person required by subpena to appear and testify or produce evidence before the commission created by this act.

"(d) The commission may appoint and fix the compensation, without regard to the civil-service laws or the Classification Act of 1923, as amended, of such experts and employees, and may make such expenditures, including expenditures for personal services and rent at the seat of government and elsewhere, for travel, and for printing and binding, as are necessary to carry out the provisions of this act. All expenses of the commission shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the commission.

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

"(f) The commission shall cease to exist upon the submission and acceptance of its report to the Congress pursuant to the provisions of this section."

It is proposed also to amend the title so as to read:

A bill to create a commission to report upon a permanent air-mail policy, and to provide for the carriage of the mails by air pending the enactment of permanent legislation.

The PRESIDING OFFICER. The Chair recognizes the Senator from Ohio [Mr. FESS], who desires to be recognized at this time.

Mr. FESS. Mr. President, I desire to propound a parliamentary inquiry. I do so because I assume that the Chair made his decision upon the advice of the parliamentarian. Does the decision mean that when we have limited debate we are denied the privilege of asking the chairman of the committee, the author of the bill, a question on some item in the bill? Is that regarded as debate, so that we are denied the privilege of asking questions?

The PRESIDING OFFICER (Mr. GEORGE in the chair). The Chair would not so hold; but the Chair recognized the Senator from Ohio in his own right, and the Senator from Ohio proceeded to propound certain questions to the Senator from Tennessee, who did not have the floor. If the unanimous-consent limitation on debate was to be made effective, manifestly the only proper course was to lay before the Senate something on which the Senator from Ohio could be heard. The Chair acted on his own initiative, and there is no possible fault attaching to the parliamentary clerk.

The Chair now recognizes the Senator from Ohio.

Mr. FESS. Mr. President, in the future when unanimous consent is asked for a limitation of debate, I shall not consent to the limitation if it means that the chairman of the committee and the author of the bill cannot be asked questions as to the meaning of a particular item in the bill.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. FESS. Yes.

Mr. NORRIS. So that there may be no misunderstanding, I desire to say that I know the Senator from Ohio will recognize the difference between a Senator having the floor in his own right and a Senator rising while another Senator has the floor in order to ask a question. I do not think the unanimous-consent agreement would prohibit the Senator from Ohio asking a question, provided some other Senator had the floor; but if the Chair should permit a Senator who had exhausted his time to get the floor under the guise of asking a question, he might make a speech of an hour's duration under the pretext that it was a question if he desired to do so.

As I say, I think there is a difference between a Senator having the floor after he has used up his time and another Senator having the floor and being questioned by a Senator who has used up his time. It seems to me there is a clearly defined difference between the two.

Mr. McKELLAR. Mr. President, I wish to assure the Senator from Ohio that I had no purpose not to conform to his wishes about the matter.

Mr. FESS. I want the Members of the Senate to understand that we are cooperating on this side to get a vote. I so stated to the leader of the majority and to the chairman of the committee, and I want to continue to do that; but if I am to be put in a position where I cannot get information on this bill, with many items of which I do not agree, unless I take the floor, I will take the floor and offer various amendments, and we will take all the time that is necessary.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. FESS. Yes.

Mr. ROBINSON of Arkansas. I do not think there is any occasion for confusion or resentment about this matter. The Senator from Ohio had a perfect right to ask the Senator from Tennessee a question while the latter had the floor. The Senator from Ohio, of course, could not insist upon taking the floor in his own right on the last amendment, because he had exhausted his time under the agreement.

Mr. McKELLAR. I desire further to say to the Senator from Ohio that while I hesitated for a moment, it was because I was not sure that I had the answer to the Senator's question. It was not because of any desire to interfere with the Senator's question.

Mr. FESS. The question I desired to ask was one that was submitted to me by a pilot. I should like the Senator, in the light of section 14, to give me the information, so that I may pass it on to this gentleman.

The question is as follows:

This section (sec. 14) designates only mail pilots, and provides for the interchange of only mail pilots and pilots of the Army, Navy, Marine Corps, and Reserve pilots. There is no such thing as a strictly mail pilot. Is it your understanding of this bill that the training of the service pilots by the operators is to be done only on actual mail planes?

Mr. McKELLAR. Mr. President, I think the answer is to be found in lines 15 and 16 on page 20:

And of the air-mail pilots, to be designated in such manner as the Postmaster General may determine.

Mr. FESS. I think the power is there.

Mr. McKELLAR. Yes; I think the power is there.

Mr. FESS. Another question that my correspondent asks is as follows:

I should also like to ask if it is your opinion that a pilot holding a legal scheduled air transport pilot's license may be called upon to fly a scheduled air transport primarily built to carry passengers, which transport contains both passengers and mail. Is that pilot to be classified as a mail pilot within the meaning of the act above?

Mr. McKELLAR. I think unquestionably he would.

Mr. FESS. The third question my correspondent asks is—

Whether pilots who are not members of the Officers' Reserve will be compelled to take time off, so that the name "service pilots" can be given the commercial training provided for in the bill?

Mr. McKELLAR. I will ask the Senator to repeat the question. I am not sure that I understand it.

Mr. FESS. The last question is—

Whether pilots who are not members of the Officers' Reserve will be compelled to take time off, so that the name "service pilots"—

That is a phrase in the bill, "service pilots"—

can be given the commercial training provided for in the bill?

Mr. McKELLAR. I think that would be determined by the power given the Postmaster General to designate the classification under which they might come in, and it seems to me that power is full and ample. Of course, the matter will go to the Interstate Commerce Commission.

Mr. FESS. I think the Senator is right, when he says that the phrase in line 16, page 20, "in such manner as the Postmaster General may determine", is broad enough to cover it.

Mr. McKELLAR. I am quite sure it is.

The PRESIDING OFFICER. The question is on the amendment, in the nature of a substitute, offered by the Senator from Vermont [Mr. AUSTIN].

Mr. AUSTIN. On that I ask for the yeas and nays.

Mr. McKELLAR. Mr. President, before the question is put, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Barkley	Bulow	Connally
Ashurst	Black	Byrnes	Coolidge
Austin	Bone	Capper	Costigan
Bachman	Borah	Caraway	Couzens
Bankhead	Brown	Carey	Davis
Barbour	Bulkley	Clark	Dieterich

Dill	Hatch	Norris	Thomas, Okla.
Duffy	Hatfield	O'Mahoney	Thompson
Erickson	Hayden	Overton	Townsend
Fess	Johnson	Patterson	Tydings
Fletcher	Kean	Pope	Vandenberg
Frazier	King	Robinson, Ark.	Van Nuys
George	La Follette	Robinson, Ind.	Wagner
Gibson	Logan	Russell	Walcott
Glass	Lonergan	Schall	Walsh
Goldsborough	Long	Sheppard	Wheeler
Gore	McCarran	Shipstead	White
Hale	McGill	Smith	
Harrison	McKellar	Steiwer	
Hastings	McNary	Stephens	

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present.

Mr. SHIPSTEAD. Mr. President, before the vote is taken, I should like to ask the Senator from Vermont a question. As I understand from what information I have been able to gather, the pending amendment would put the main contracts, which were canceled, back in the position they held before they were canceled.

Mr. AUSTIN. Yes.

Mr. SHIPSTEAD. It would reinstate all of them?

Mr. AUSTIN. Yes.

Mr. SHIPSTEAD. My information, from what I consider to be a reliable source, is that some of them were found to be fraudulent. Am I misinformed, in the Senator's opinion?

Mr. AUSTIN. The Senator is entirely misinformed. None of them has been found to be fraudulent. The Postmaster General has presumed them to be fraudulent. No company has had an opportunity to be heard on the question. There has been no judicial decision, or anything that looks like a judicial decision, on the question. All the contracts have been treated alike. All of them jointly have been said to be annulled. In my opinion, they have not been annulled. What has taken place cannot be an annulment. In any event, the Cabinet officer who has this matter in charge has taken the mail away from them. That is all that has been accomplished, in law. This amendment is designed to restore the status quo before the mail was removed, and it would preserve the status quo until the question of fraud can be heard and determined and until a report of a permanent commission, which was recommended by the President, may be submitted and accepted. This proposal provides for the appointment of such a commission.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment, as amended, in the nature of a substitute, offered by the Senator from Vermont [Mr. AUSTIN] and the Senator from Maine [Mr. WHITE]. On that question the yeas and nays have been requested.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. STEIWER (when his name was called). Has the junior Senator from Iowa [Mr. MURPHY] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. STEIWER. I have a pair with the Senator from Iowa upon this question. I therefore withhold my vote. I understand that if he were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. TYDINGS (when his name was called). On this vote I have a pair with the senior Senator from Rhode Island [Mr. METCALF]. I transfer that pair to the junior Senator from West Virginia [Mr. NEELY], and vote "nay." I am advised that if present, the Senator from West Virginia would vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. MCADOO], who is detained by illness. Not knowing how he would vote, I transfer my pair to the senior Senator from New Hampshire [Mr. KEYES], and vote "yea."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The Senator from New Mexico [Mr. CUTTING] with the Senator from Utah [Mr. THOMAS];

The Senator from North Dakota [Mr. NYE] with the Senator from North Carolina [Mr. BAILEY]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

If present, the junior Senator from Rhode Island [Mr. HEBERT], the senior Senator from Rhode Island [Mr. METCALF], the Senator from Pennsylvania [Mr. REED], the Senator from Iowa [Mr. DICKINSON], and the Senator from New Hampshire [Mr. KEYES], would vote "yea." All these Senators are necessarily absent.

Mr. ROBINSON of Arkansas. I regret to announce that the Senator from California [Mr. MCADOO] and the Senator from North Carolina [Mr. REYNOLDS] are detained from the Senate on account of illness.

I also wish to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Illinois [Mr. LEWIS], the Senator from Utah [Mr. THOMAS], the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. NEELY], the Senator from New York [Mr. COPELAND], the Senator from Florida [Mr. TRAMMELL], the Senator from Iowa [Mr. MURPHY], the Senator from Nevada [Mr. PITTMAN], and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

Mr. BARKLEY (after having voted in the negative). Has the senior Senator from Iowa [Mr. DICKINSON] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. BARKLEY. I have a pair with the senior Senator from Iowa, which I transfer to the junior Senator from Florida [Mr. TRAMMELL], and allow my vote to stand.

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a pair with the Senator from Pennsylvania [Mr. REED], who is necessarily absent. I transfer my pair to the junior Senator from Virginia [Mr. BYRD], and let my vote stand.

The result was announced—yeas 19, nays 56, as follows:

YEAS—19

Austin	Gibson	Kean	Townsend
Barbour	Goldsborough	McNary	Vandenberg
Carey	Hale	Patterson	Walcott
Davis	Hastings	Robinson, Ind.	White
Fess	Hatfield	Schall	

NAYS—56

Adams	Clark	Harrison	Pope
Ashurst	Connally	Hatch	Robinson, Ark.
Bachman	Coolidge	Hayden	Russell
Bankhead	Costigan	Johnson	Sheppard
Barkley	Couzens	King	Shipstead
Black	Dieterich	La Follette	Smith
Bone	Dill	Logan	Stephens
Borah	Duffy	Lonergan	Thomas, Okla.
Brown	Erickson	McCarran	Thompson
Bulkley	Fletcher	McGill	Tydings
Bulow	Frazier	McKellar	Van Nuys
Byrnes	George	Norris	Wagner
Capper	Glass	O'Mahoney	Walsh
Caraway	Gore	Overton	Wheeler

NOT VOTING—21

Bailey	Keyes	Neely	Steiwer
Byrd	Lewis	Norbeck	Thomas, Utah
Copeland	Long	Nye	Trammell
Cutting	McAdoo	Pittman	
Dickinson	Metcalf	Reed	
Hebert	Murphy	Reynolds	

So the amendment of Mr. AUSTIN and Mr. WHITE in the nature of a substitute for the committee amendment, as amended, was rejected.

Mr. AUSTIN. Mr. President, on behalf of the Senator from Pennsylvania [Mr. DAVIS], the Senator from New Jersey [Mr. BARBOUR], and myself I now offer an amendment in the nature of a substitute for the amendment of the committee as amended. I ask that the amendment to the amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment to the committee amendment as amended.

The LEGISLATIVE CLERK. It is proposed to strike out the amendment reported by the committee as amended and to insert in lieu thereof the following:

That section 3 of the Air Mail Act, approved February 2, 1925, as amended (U.S.C., supp. VII, title 39, sec. 463), is amended to read as follows:

"SEC. 3. The rate of postage on air-mail letters shall be 5 cents for each ounce or fraction thereof. The rate of postage on air-mail postal cards, which the Post Office Department is hereby authorized to furnish in distinctive design, shall be 2 cents each."

SEC. 2. Section 4 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 464), is amended to read as follows:

"SEC. 4. The Postmaster General is authorized to provide for the transportation of air mail over an air-mail route by any carrier operating aircraft over such route, under authority of the Department of Commerce, on a fixed daily schedule. The Postmaster General shall pay compensation for such transportation at the fixed rate of 2 mills per pound-mile, except that the average compensation paid to any carrier for transportation over any route shall not exceed 50 cents per airplane-mile in any calendar year."

SEC. 2. Section 6 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 465c), is amended to read as follows:

"SEC. 6. (a) The Postmaster General shall, upon the application of any carrier who held a route certificate on February 9, 1934, issue to the holder in substitution therefor a route warrant, unless the applicant has been adjudged, as hereinafter provided, to be disqualified under section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432). Such route warrant shall be for a period of not exceeding 10 years from said date, and shall provide that the holder thereof shall have the right—so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying, passenger and express transportation, and advances in national defense—to carry air mail over the route set out in such warrant, or any modification thereof, at the rates fixed under the terms of this act as amended. Nothing in this section shall be construed to invalidate any route certificate.

"No person shall be denied such a route warrant for the reason that he, or his predecessor, is asserting or has a claim against the United States because of a prior annulment of any contract or route certificate by the Postmaster General.

"Every person whose contract has been annulled by the Postmaster General shall be entitled to sue the United States to recover such sum as will justly remedy the damages caused to him by such annulment, in the manner provided by paragraph 20 of section 24 or by section 145 of the Judicial Code, as amended, notwithstanding the amount in controversy. Any appropriation out of which payments upon the said contracts were authorized to be made is hereby made available for payment of such damages.

"No person shall be presumed by the Postmaster General to be disqualified to contract for carrying the mail, or to exercise such route warrant by virtue of the provisions of section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432); but every such person who may be accused thereof shall be tried and adjudged disqualified in a District Court of the United States in the judicial district wherein is the residence of such person sought to be disqualified under said section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432), before the Postmaster General shall deny such route warrant to him for such cause.

"Whenever the status of ineligibility is intended by the Postmaster General to be asserted against one who held a contract or certificate February 9, 1934, the Postmaster General shall invoke the jurisdiction of said court by a complaint setting forth the essential facts constituting the alleged offense presented to a district judge of said district. Said judge shall immediately call to his assistance, to hear and determine the complaint, two other district judges. Said complaint shall not be heard or determined until at least 10 days after notice of hearing and copy of complaint have been served upon the accused.

"No person shall be disqualified because of combinations to prevent competitive bidding, or agreements respecting air-mail routes established under the act of April 29, 1930 (U.S.C., supp. VII, title 39, secs. 464, 465c, 465d, 465e, and 465f) unless a majority of judges shall determine after hearing, by three judges, according to the usual procedure in District Courts of the United States, that said combinations or agreements were made fraudulently and collusively and illegally by such person.

"Any such warrant may be canceled by the Postmaster General at any time for willful neglect on the part of the holder to carry out any rule, regulation, or order, or for any violation of this act as amended. Notice of such intended cancelation shall be given in writing by the Postmaster General, and 45 days from the date of service of the notice shall be allowed the holder in which to show cause why the warrant should not be canceled.

"(b) It shall be unlawful for any person holding a route warrant under this act to have any financial interest in or to participate in the management of any other air-mail line or part thereof which is competitive in transcontinental service, or to control, be controlled by, or be under the common control with another person holding a route warrant issued under this act or a route certificate, for another competitive transcontinental line or part thereof. The term 'person', when used in this subsection, includes individual, partnership, association, and corporation. For the purposes of this subsection a person having the power (whether or not legally enforceable, and whether exercisable directly or indirectly) to manage the affairs or direct the policies of another person shall be deemed to have control of such other person."

SEC. 4. Section 7 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 465d), is amended to read as follows:

"SEC. 7. (a) The Postmaster General, when in his judgment the public interest will be promoted thereby, may extend or consolidate routes which existed on February 9, 1934, or which may be established after such date under this act, as amended, may modify accordingly the warrants for the routes thus extended or consolidated, and may establish a new air-mail route and issue a route warrant therefor, in any case where such route or extension of a route does not duplicate any route set out in a route warrant issued and in force under this act, as amended, the holder of which has a letter of authority from the Department of Commerce for the carrying of passengers over the route set out in such warrant. No route warrant shall be issued for any contemplated route or be modified for any extension of a route under this section to or for any carrier which has not owned and operated an air-transportation service over such route or extension, as the case may be, for a period of 6 months or more prior to the issuance of such warrant. Route warrants issued under this section shall have the same force and effect and be subject to the same conditions and limitations as in the case of route warrants issued under section 6 of this act, as amended.

"(b) Any extension in effect on the date of enactment of this amendatory section or any route or extension established after such date under this section over which an air-mail service has been operated for a period of 12 consecutive months, shall be canceled by the Postmaster General whenever the average plane load of mail carried between stations over the entire distance of the route or extension does not exceed 25 pounds per day for any consecutive 3 months of operation after the expiration of such 12 months' period, except that any extension forming the whole or part of the main-line route of the holder of a route warrant may, in the discretion of the Postmaster General, be exempted from cancelation under this subsection."

SEC. 5. The Air Mail Act, as amended, is further amended by adding after section 9 the following additional sections:

"SEC. 10. The Postmaster General, if in his judgment the public interest will be promoted thereby, upon application of any carrier which has exchanged its route certificate for a route warrant on or before July 1, 1934, may pay such carrier for transportation of air mail an amount in addition to the fixed pound-mile rate provided in section 4 of this act, as amended. Such amount shall be determined by the Postmaster General upon a formula, standardized for all operators and calculated to create a financial inducement and incentive to competitively develop the aeronautical industry, to improve its efficiency to the end of making it self-supporting, to encourage the development of safety, speed, additional space for carriage of passengers and express, and to promote the national defense.

"SEC. 11. (a) When used in this act the term 'pound-mile' shall mean the transportation of 1 pound of air mail 1 mile.

"(b) For the purpose of computing compensation for transportation of air mail under this act the mileage for transportation between any points having more than one connecting route shall be the mileage of the shortest route between such points.

"SEC. 12. The Postmaster General shall promulgate forthwith the formula, referred to in section 10 hereof, for determining the rates of payment in addition to the fixed pound-mile rate to be made to route warrant holders transporting air mail under this act. He shall publish, in his annual report, said formula, the payments made thereunder, and the improvements in the standard of efficiency, economy, safety, speed, space for the transportation of passengers and express, and contribution to the national defense upon which said additional payments were based.

"SEC. 13. The Postmaster General shall provide in the rules, regulations, and orders made by him under section 5 of this act standards of qualifications of pilots, including experience in operating aircraft on night schedules, standards of working conditions for pilots, copilots, mechanics, and laborers, which shall not be less safe and efficient than working conditions in effect in 1933, and standards of compensation to be paid by the holder of such warrant to such employees which shall be not less than the rate of compensation paid by air-mail carriers during 1933, unless the same be changed from time to time through the medium of collective bargaining through representatives of their own choosing, or other bargaining, standards for landing fields, lighthouses, radio stations, and other means of communication and aids to navigation, as well as standards of planes and their equipment."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Vermont [Mr. AUSTIN], the Senator from Pennsylvania [Mr. DAVIS], and the Senator from New Jersey [Mr. BARBOUR], in the nature of a substitute, for the amendment reported by the committee, as amended.

Mr. AUSTIN. I ask for the yeas and nays on the amendment to the committee amendment as amended.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the junior Senator from Virginia [Mr. BYRD], and vote "nay."

Mr. STEIWER (when his name was called). Referring to my pair which was announced upon an earlier vote, I withhold my vote. If permitted to vote, I should vote "yea"; and the Senator from Iowa, with whom I am paired, would, if present, vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr.

McADOO], who is absent on account of illness. I transfer that pair to the senior Senator from New Hampshire [Mr. KEYES] and will vote. I vote "yea."

The roll call was concluded.

Mr. TYDINGS. I transfer my general pair with the Senator from Rhode Island [Mr. METCALF] to the Senator from West Virginia [Mr. NEELY] and vote "nay."

Mr. BARKLEY (after having voted in the negative). I have a general pair with the Senator from Iowa [Mr. DICKINSON], who is absent. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL], and will allow my vote to stand.

Mr. ROBINSON of Arkansas. I desire to announce that the junior Senator from North Carolina [Mr. REYNOLDS] is detained from the Senate on account of illness, and that the senior Senator from North Carolina [Mr. BAILEY], the Senator from Virginia [Mr. BYRD], the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], the Senator from West Virginia [Mr. NEELY], the Senator from Utah [Mr. THOMAS], the Senator from Florida [Mr. TRAMMELL], the Senator from South Carolina [Mr. SMITH], the Senator from Nevada [Mr. PITTMAN], and the Senator from Iowa [Mr. MURPHY] are necessarily detained from the Senate.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS];

The Senator from North Dakota [Mr. NYE] with the Senator from North Carolina [Mr. BAILEY]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Utah [Mr. THOMAS].

If present, the Senator from Pennsylvania [Mr. REED], the junior Senator from Rhode Island [Mr. HEBERT], the senior Senator from Rhode Island [Mr. METCALF], the Senator from New Hampshire [Mr. KEYES], and the Senator from Iowa [Mr. DICKINSON] would vote "yea." They are necessarily absent.

I desire also to announce that the Senator from New Mexico [Mr. CUTTING] is necessarily absent.

Mr. FRAZIER. I wish to announce that my colleague the junior Senator from North Dakota [Mr. NYE] is necessarily absent.

The result was announced—yeas 19, nays 56, as follows:

YEAS—19

Austin	Gibson	Kean	Townsend
Barbour	Goldsborough	McNary	Vandenberg
Carey	Hale	Patterson	Walcott
Davis	Hastings	Robinson, Ind.	White
Fess	Hatfield	Schall	

NAYS—56

Adams	Clark	Harrison	Overton
Ashurst	Connally	Hatch	Pope
Bachman	Coolidge	Hayden	Robinson, Ark.
Bankhead	Costigan	Johnson	Russell
Barkley	Couzens	King	Sheppard
Black	Dieterich	La Follette	Shipstead
Bone	Dill	Logan	Stephens
Borah	Duffy	Lonergan	Thomas, Okla.
Brown	Erickson	Long	Thompson
Bulkley	Fletcher	McCarran	Tydings
Bulow	Frazier	McGill	Van Nuys
Byrnes	George	McKellar	Wagner
Capper	Glass	Norris	Walsh
Caraway	Gore	O'Mahoney	Wheeler

NOT VOTING—21

Bailey	Keyes	Norbeck	Steiwer
Byrd	Lewis	Nye	Thomas, Utah
Copeland	McAdoo	Pittman	Trammell
Cutting	Metcalf	Reed	
Dickinson	Murphy	Reynolds	
Hebert	Neely	Smith	

So the amendment of Mr. AUSTIN, Mr. DAVIS, and Mr. BARBOUR in the nature of a substitute for the amendment of the committee, as amended, was rejected.

PUBLICATION OF LIST OF SILVER HOARDERS

Mr. LONG. Mr. President, I do not want now to take any time of the Senate, and I do not want to speak on the pending bill. I do wish, however, to place in the RECORD my personal objections to the publicity that is being given the so-called "silver bloc" by reason of the fact that somebody in the stock market has bought a certain supply of silver. I am rather curious to know why when the cotton-relief legislation was being considered there could not have been some publicity given as to those who had sold cotton "long", and why when we were considering copper legislation there could not have been given some kind of publicity about that. What has been done in the case of silver I regard as an effort to show that the silver bloc is in on some mysterious market-rigging scheme, because those interested in silver have taken action in the hope of having a little bit fairer weather. What has resulted is as ridiculous a kind of publicity as could have been given.

A majority on this side of the Chamber has stood for silver as money on the ratio of 16 to 1. A majority of the Democratic side has so voted ever since I have been here; and I believe that those of us who have voted that way are entitled to have as fair a share of publicity given to the effect that the commodity of silver might expect Government relief the same as the commodity of flax, or the commodity of cotton. I trust, however, they will not be as badly disappointed in their hope that something will be done for silver as they were in the hope that something would be done for some other commodities, because many people believing that some of our legislation was going to be beneficial bought stocks the same as they bought the commodity silver. Some of them were disappointed, and some of them were not disappointed, but it would be just as ridiculous today for the Secretary to publish a list of people who bought cotton in anticipation of cotton legislation as to publish a list of those who bought silver in anticipation of silver legislation.

THE AIR MAIL

The Senate resumed the consideration of the bill (S. 3170) to revise air-mail laws.

Mr. McCARRAN. Mr. President, I now offer the amendment by way of a substitute, which I have heretofore filed with the clerk at the desk.

The PRESIDING OFFICER. The Senator from Nevada offers an amendment in the nature of a substitute for the committee amendment, as amended, which will be stated.

The Chief Clerk proceeded to read the amendment in the nature of a substitute submitted by Mr. McCARRAN.

Mr. McCARRAN. Mr. President, for nearly 2 hours yesterday, and for some time the previous day, I went considerably at length into the terms, conditions, and provisions of the proposed amendment. I hope that I enlisted the interest of Senators to the extent of causing them to read carefully every provision of the proposed amendment. I think it would now be taking up the time of the Senate unnecessarily to have the entire amendment read. So I will ask that the reading of the proposed amendment be dispensed with at this time and that I may have the 30 minutes to which I think I am entitled under the rules to discuss the amendment.

The PRESIDING OFFICER. Without objection, the reading of the amendment offered by the Senator from Nevada in the nature of a substitute for the committee amendment will be dispensed with and the amendment will be printed in the RECORD.

The amendment in the nature of a substitute offered by Mr. McCARRAN for the amendment of the committee as amended is as follows:

Amendments intended to be proposed by Mr. McCARRAN to the bill (S. 3170) to revise air-mail laws, viz, strike out all after the enacting clause and insert in lieu thereof the following:

"TITLE I—GENERAL PROVISIONS

"PURPOSES OF ACT; CREATION OF FEDERAL AVIATION COMMISSION

"SECTION 1. For the purposes of aiding in the development of commercial aviation within the United States; the regulation of interstate transportation of passengers, mail, and property by aircraft within the United States on scheduled operations for hire; the issuance of certificates of public convenience and necessity to engage in interstate air commerce between designated points within the United States; the establishment and fixing of just and reasonable rates of payment for the transportation of mail by aircraft within the United States; and the adoption and enforcement of such rules and regulations incident thereto, there is hereby created a commission to be known as the 'Federal Aviation Commission', which shall be constituted as hereinafter provided.

"APPLICATION OF ACT

"SEC. 2. The provisions of this act shall apply to all interstate air commerce which originates and/or is received within the United States, and to all persons engaged within the United States in such interstate air commerce; but it shall not apply to persons engaged in air commerce in the Philippine Islands, or the Canal Zone, or to air commerce wholly within the Philippine Islands or the Canal Zone.

"DEFINITIONS

"SEC. 3. For the purpose of this act—

"(a) 'Air commerce' means transportation, wholly or in part by aircraft, of persons, mail, and property on scheduled operations for hire;

"(b) 'Interstate air commerce' means air commerce between any place in a State or Territory of the United States, or the District of Columbia, and any place outside thereof; or between points within the same State or Territory of the United States, or the District of Columbia, but through air space over any place outside thereof; or wholly within the air space over any Territory of the United States or the District of Columbia;

"(c) 'Carrier' means any person, including a lessee, trustee, or receiver engaged in air commerce;

"(d) 'Aircraft' means any contrivance now known, or hereafter invented, used, or designed for navigation or flight in the air, except a parachute or other contrivance designed for such navigation but used primarily as safety equipment;

"(e) 'Person' includes an individual, partnership, corporation, association, or joint-stock company;

"(f) 'Commission' means the Federal Aviation Commission;

"(g) 'Transportation' includes all instrumentalities and facilities for the shipment or carriage, irrespective of ownership, or any contract, express or implied, for the use thereof, and all services in connection therewith;

"(h) 'Airline' means and includes all the facilities for the proper maintenance and operation of a route or routes between carrier's terminals and all facilities which may be used in connection therewith;

"(i) 'Securities' includes shares of capital stock, bonds, or other evidences of interest or indebtedness issued by a carrier; and

"(j) 'United States' means the several States and Territories, the District of Columbia, and the possessions of the United States, but does not include the Philippine Islands and the Canal Zone.

"PROVISIONS RELATING TO THE COMMISSION

"SEC. 4. (a) The Federal Aviation Commission shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate, one of whom the President shall designate as chairman.

"(b) The commissioners first appointed under this act shall continue in office for the term of 2, 3, 4, 5, and 6 years, respectively, from the 1st day of July, anno Domini 1934, the term of each to be designated by the President; but their successors shall be appointed for terms of 6 years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired time of the commissioner whom he shall succeed. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. No vacancy in the commission shall impair the right of the remaining commissioners to exercise all the powers of the commission. Not more than three of the commissioners shall be appointed from the same political party.

"(c) No person in the employ of or holding any official relation to any carrier subject to the provisions of this act, or owning stock or bonds thereof, or who is in any manner pecuniarily interested therein, shall enter upon the duties of or hold such office. Said commissioners shall not engage in any other business, vocation, or employment.

"(d) Each commissioner shall receive an annual salary of $, payable in the same manner as the judges of the courts of the United States. The commission shall appoint a secretary, who shall receive an annual salary of $, payable in like manner. The commission shall have authority to employ and fix the compensation of such other employees as it may find necessary to the proper performance of its duties. Until otherwise provided by law, the commission may hire suitable offices for its use, and shall have authority to procure all necessary office supplies. Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(e) All of the expenses of the commission, including all necessary expense for transportation incurred by the commissioners, or by their employees under their orders, in making any investigation, or upon official business in any other places than in the city of Washington, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman of the commission.

"(f) The principal office of the commission shall be in the city of Washington, where its general sessions shall be held; but whenever the convenience of the public or of the parties may be promoted, or delay or expenses prevented thereby, the commission may hold special sessions in any part of the United States. It may, by one or more of the commissioners, prosecute any inquiry necessary to its duties, in any part of the United States, into any matter or question of fact pertaining to the business of any carrier subject to the provisions of this act.

"(g) The commission may conduct its proceedings in such manner as will best conduce to the proper dispatch of business and to the ends of justice. The commission shall have an official seal, which shall be judicially noticed. Any member of the commission may administer oaths and affirmations and sign subpenas. A majority of the commission shall constitute a quorum for the transaction of business, except as may be otherwise herein provided. The commission may, from time to time, make or amend such general rules or orders as may be requisite for the order and regulation of proceedings before it, including forms of notices and the service thereof, which shall conform, as nearly as may be, to those in use in the courts of the United States. Any party may appear before the commission and be heard in person or by attorney. Every vote and official act of the commission shall be entered of record, and its proceedings shall be public upon the request of any party interested.

"(h) That the commission shall, on or before the 1st day of December in each year, make a report, which shall be transmitted to Congress, and copies of which shall be distributed as are the other reports transmitted to Congress. This report shall contain such information and data collected by the commission as may be considered of value in the determination of questions connected with the regulation of air commerce, together with such recommendations as to additional legislation relating thereto as the commission may deem necessary; and the names and compensation of the persons employed by said commission.

"COMMISSION TO ARBITRATE DISPUTES BETWEEN CARRIERS AND EMPLOYEES

"SEC. 5. The commission is authorized and directed at such times as may be necessary, and under such rules and regulations as may be promulgated by it, to hear and determine any disputes, complaints, or grievances arising between carriers and its employees.

"TITLE II—CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY

"SECTION 6. (a) Applications for certificates of public convenience and necessity for any operations as a carrier in interstate air commerce (including extension or abandonment of lines) may be made by a carrier in such manner and form as the commission shall by regulation require.

"(b) Any carrier (or its predecessor in interest substantially all of whose assets are owned or controlled by applicant) which on January 1, 1934, and for a period of at least 6 months prior thereto, was in bona fide operation of interstate air commerce on a daily schedule of at least 250 miles (except as to interruptions in operations over which the carrier had no control), shall be entitled, as a matter of course, to receive from the commission immediately following the passage of this act, and without application therefor, a certificate of public convenience and necessity which shall be applicable to any route or routes operated by the carrier during the aforesaid period.

"(c) Any carrier engaged in interstate air commerce which is not entitled to receive a certificate of public convenience and necessity under provisions of paragraph (b) of this title, and being desirous of securing such certificate, may apply to the commission for a certificate of public convenience and necessity under such rules, regulations, and procedure as shall be prescribed by the commission.

"(d) Upon the filing of an application under this section the commission shall immediately serve upon each carrier then holding a certificate of public convenience and necessity due notice of the filing of the application, and within 15 days from the date of service of such notice upon carriers then holding certificates, any such carrier, or any party having an interest in the issuance of the certificate applied for, may file with the commission, under rules and regulations to be prescribed by the commission, a protest or memorandum of opposition to the issuance of the certificate for which application has been made, and within 20 days from the date of receipt of such protest by the commission the commission shall set a date for public hearing upon the application and the protest filed with respect thereto. The rules governing the conduct of such hearings and/or rehearings shall be determined by the commission.

"(e) In all cases in which a carrier applying for a certificate of public convenience and necessity is not entitled thereto as a matter of course under paragraph (b), the commission may by order issue the carrier a certificate with respect to the whole or any part of the operations proposed in the application if the commission finds that the operations of such carrier to be covered by the certificate will serve the public convenience and necessity. If the commission finds that the whole or any part of the operations proposed in the application will not serve the public convenience and necessity, it may by order deny the issuance of a certificate covering the operations with respect to which such finding is made.

"(f) The commission, in issuing a certificate of public convenience and necessity, may attach to the exercise of the privileges granted thereby such reasonable terms and conditions as in its judgment the public convenience and necessity may require, shall specify the route or routes over which, and the fixed termini, if any, between which, the carrier is authorized to operate, and shall specify the character and extent of service to be performed. The commission may from time to time modify such terms and conditions in such manner as the public convenience and necessity may require.

"(g) Certificates of public convenience and necessity may be transferred by agreement, operation of law, or otherwise, but any such transfer shall be valid only upon order of the commission consenting to the transfer and under such regulations as the commission shall prescribe. If the commission refuses to consent to the transfer, it shall so declare by order. The commission shall consent to any such transfer only if the commission finds

that the public convenience and necessity will continue to be served by the transferee.

"(h) Any carrier holding a certificate of public convenience and necessity issued under this act may operate chartered aircraft in interstate air commerce or may occasionally depart from its regular route for the purpose of providing special service to a point beyond such route, within, or out of such route, subject to police regulations of the several States, and in accordance with such regulations as the commission may prescribe in the interests of the public convenience and necessity.

"(i) Certificates of public convenience and necessity issued under this act shall be effective from the date specified therein, and shall continue in effect until suspended or revoked as hereinafter provided, or until their expiration, if issued for a limited time.

"(j) Upon due notice thereof to all carriers, or other parties interested therein, and upon hearing before the commission under such rules as may be prescribed by the commission, the commission shall have power by order to suspend or revoke a certificate of public convenience and necessity of a carrier for failure to comply with any requirements of this act: *Provided*, That in all cases of revocation for cause any party interested therein, or affected thereby, shall be fully apprised as to the grounds for the revocation and shall be permitted to produce and cross-examine witnesses and introduce such evidence as may be relevant and material to the proposed revocation.

"(k) Proceedings for such suspension or revocation may be instituted before the commission upon its own initiative or upon complaint filed by the Governor or other officer or agency of a State in which the carrier operates, if such Governor or other agency is authorized by law of the State to file complaints under this act. The commission shall enter its order in any such proceeding either suspending or revoking the certificate, or denying such suspension or revocation.

"(l) It shall be unlawful for any carrier engaged in air commerce to be offered, permitted to receive, or transport United States mail by aircraft unless such carrier has in force a certificate of public convenience and necessity under this act and complies with the terms and conditions thereof.

"TITLE III

"SERVICES AND CHARGES

"SEC. 7. (a) It shall be the duty of every carrier subject to this act engaged in interstate air commerce to provide and furnish transportation of passengers, mail and property, upon reasonable request therefor in accordance with the orders of the commission.

"(b) It is hereby made the duty of all carriers subject to the provisions of this act to establish, observe, and enforce just and reasonable classifications of property for transportation, with reference to which rates, tariffs, regulations, or practices may be made or prescribed.

"(c) No carrier subject to the provisions of this act shall, after July 1, 1934, directly or indirectly, issue or give any interstate free ticket, free pass, or free transportation for passengers, except to its employees and their families, its officers, agents, surgeons, physicians, and attorneys, to post-office inspectors, customs inspectors, and immigration inspectors while traveling on official business, witnesses attending any legal investigation in which the carrier is interested, persons injured in accidents and physicians and nurses attending such persons: *Provided*, That this provision shall not be construed to prohibit the interchange of passes for the officers, agents, and employees of carriers and their families, nor to prohibit any carrier from carrying passengers free with the object of providing relief in cases of general epidemic, pestilence, or other calamitous visitation. Any carrier violating this provision shall be deemed guilty of a misdemeanor and for each offense on conviction shall pay to the United States a penalty of not less than $100 nor more than $2,000, and any person, other than the person excepted in this provision, who uses any such interstate free ticket, free pass, or free transportation shall be subject to a like penalty.

"(d) On and after the approval of this act any person or persons who shall knowingly and willfully, by physical force or intimidation by threats of physical force, obstruct or retard, or aid in obstructing or retarding, the orderly conduct or movement in the United States of interstate air commerce, or the orderly movement of any aircraft or any air line, or elsewhere in the United States engaged in interstate air commerce, shall be deemed guilty of a misdemeanor, and for every such offense shall be punishable by a fine of not exceeding $100 or by imprisonment for not exceeding 6 months, or by both such fine and imprisonment.

"(e) If any carrier subject to the provisions of this act shall, directly or indirectly, by any special rate, rebate, drawback, or other device, charge, demand, collect, or receive from any person or persons a greater or less compensation for any service rendered, or to be rendered, in the transportation of passengers or property, subject to the provisions of this act, than it charges, demands, collects, or receives from any other person or persons for doing for him or them a like and contemporaneous service in the transportation of a like kind of traffic under substantially similar circumstances and conditions, such carrier shall be deemed guilty of unjust discrimination, which is hereby prohibited and declared to be unlawful.

"(f) It shall be unlawful for any carrier subject to the provisions of this act to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, or locality, or any particular description of traffic, to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

"(g) Every carrier subject to this act shall file with the commission copies of all contracts, agreements, or arrangements with other carriers in relation to any traffic affected by the provisions of this act to which it may be a party.

"(h) That in time of war or threatened war preference and precedence shall, upon demand of the President of the United States, be given over all other traffic for the transportation of troops and materials of war, and carriers shall adopt every means within their control to facilitate and expedite the military traffic. And in time of peace shipments consigned to agents of the United States for its use shall be delivered by the carriers as promptly as possible and without regard to any embargo that may have been declared, and no such embargo shall apply to shipments so consigned.

"(i) In case of failure or refusal on the part of any carrier, receiver, or trustee to comply with the terms of any regulation adopted and promulgated or any order made by the commission under the provisions of this section, such carrier, receiver, or trustee shall be liable to a penalty of $500 for such offense, and $25 for each and every day of the continuance of such offense, which shall accrue to the United States and may be recovered in a civil action brought by the United States.

"(j) That any person or persons claiming to be damaged by any carrier subject to the provisions of this act may either make complaint to the commission as hereinafter provided for, or may bring suit in his or their own behalf for the recovery of the damages for which such carrier may be liable under the provisions of this act, in any court of the United States of competent jurisdiction, but such person or persons shall not have the right to pursue both of said remedies, and must in each case elect which one of the two methods of procedure herein provided for he or they will adopt. In any such action brought for the recovery of damages, the court before which the same shall be pending may compel any director, officer, receiver, trustee, or agent of the corporation or company defendant in such suit to attend, appear, and testify in such case, and may compel the production of the books and papers of such corporation or company party to any such suit; the claim that any such testimony or evidence may tend to criminate the person giving such evidence shall not excuse such witness from testifying, but such evidence or testimony shall not be used against such person on the trial of any criminal proceeding.

"VALUATION OF CARRIER PROPERTIES

"SEC. 8. (a) The commission may from time to time, as may be necessary for the proper administration of this act, make a valuation of all or of any part of the property owned or used by any carrier subject to this act, which is used and useful in interstate air commerce, as of such date as the commission may fix.

"(b) The commission may at any time require any such carrier to file with the commission an inventory of all or of any part of the property owned or used by said carrier, which is used and useful in interstate air commerce, which inventory shall show the property classified in such detail, and in such manner, as the commission shall direct, and shall show the estimated cost of reproduction new of said property, and its reproduction cost new less depreciation, as of such date as the commission may direct; and such carrier shall file such inventory within such reasonable time as the commission by order shall require.

"(c) The commission may at any time require any such carrier to file with the commission a statement showing the original cost of all or of any part of the property owned or used by said carrier, which is used and useful in interstate air commerce. For the showing of such original cost said property shall be classified, and the original cost shall be defined, in such manner as the commission may prescribe; and if any part of such cost cannot be determined from accounting or other records, the portion of the property for which such cost cannot be determined shall be reported to the commission; and, if the commission shall so direct, the original cost thereof shall be estimated in such manner as the commission may prescribe. If the carrier owning the property at the time such original cost is reported shall have paid more or less than the original cost to acquire the same, the amount of such cost of acquisition, and any facts which the commission may require in connection therewith, shall be reported with such original cost. The report made by a carrier under this paragraph shall show the source or sources from which the original cost reported was obtained, and such other information as to the manner in which the report was prepared, as the commission shall require.

"(d) Nothing shall be included in the original cost reported for the property of any carrier under paragraph (c) of this section on account of any easement, license, or franchise granted by the United States or by any State or political subdivision thereof, beyond the reasonable necessary expense lawfully incurred in obtaining such easement, license, or franchise from the public authority aforesaid, which expense shall be reported separately from all other costs in such detail as the commission may require; and nothing shall be included in any valuation of the property of any carrier made by the commission on account of any such easement, license, or franchise, beyond such reasonable necessary expense lawfully incurred as aforesaid.

"(e) For the purpose of enabling the commission to make a valuation of any of the property of any such carrier, or to find the original cost of such property, or to find any other facts concerning the same which are required for use by the commission, the commission may exercise all necessary powers and authority, and it shall be the duty of each such carrier to furnish to the

commission, within such reasonable time as the commission may order, any information with respect thereto which the commission may by order require, including copies of maps, contracts, reports of engineers, and other data, records, and papers. The commission, in making any such valuation shall be free to adopt any method of valuation which shall be lawful.

"ACCOUNTS, RECORDS, AND MEMORANDA; DEPRECIATION CHARGES

"SEC. 9. (a) The commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by carriers subject to the provisions of this act, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of moneys.

"(b) The commission shall, as soon as practicable, prescribe, for carriers subject to this act, the classes of property for which depreciation charges may properly be included under operating expenses, and the percentages of depreciation which shall be charged with respect to each of such classes of property, classifying the carriers as it may deem proper for this purpose. The commission may, when it deems necessary, modify the classes and percentages so prescribed. The carriers subject to this act shall not charge to operating expenses any depreciation charges on classes of property other than those prescribed by the commission, or charge with respect to any class of property a percentage of depreciation other than that prescribed therefor by the commission. No such carrier shall in any case include in any form under its operating or other expenses any depreciation or other charge or expenditure included elsewhere as a depreciation charge or otherwise under its operating or other expenses.

"(c) The commission shall at all times have access to all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing, and kept or required to be kept by carriers subject to this act, and the provisions of this section respecting the preservation and destruction of books, papers, and documents shall apply thereto, and it shall be unlawful for such carriers to keep any other accounts, records, or memoranda than those prescribed or approved by the commission, and it may employ special agents or examiners, who shall have authority under the order of the commission to inspect and examine any and all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing, and kept or required to be kept by such carriers. This provision shall apply to receivers of carriers and operating trustees.

"(d) In case of failure or refusal on the part of any such carrier, receiver, or trustee to keep such accounts, records, and memoranda on the books and in the manner prescribed by the commission, or to submit such accounts, records, and memoranda as are kept to the inspection of the commission or any of its authorized agents or examiners, such carrier, receiver, or trustee shall forfeit to the United States the sum of $500 for each such offense and for each and every day of the continuance of such offense, such forfeitures to be recoverable in the same manner as other forfeitures provided for in this act.

"(e) Any person who shall willfully make any false entry in the accounts of any book of accounts or in any record or memoranda kept by a carrier, or who shall willfully destroy, mutilate, alter, or by any other means or device falsify the record of any such account, record, or memoranda of all facts and transactions appertaining to the carrier's business, or shall keep any other accounts, records, or memoranda than those prescribed or approved by the commission, shall be deemed guilty of a misdemeanor, and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than $1,000 nor more than $5,000 or imprisonment for a term of not less than 1 year nor more than 3 years, or both such fine and imprisonment: *Provided*, That the commission may in its discretion issue orders specifying such operating, accounting, or financial papers, records, books, blanks, tickets, stubs, or documents of carriers which may, after a reasonable time, be destroyed, and prescribing the length of time such books, papers, or documents shall be preserved.

"(f) Any examiner who divulges any fact or information which may come to his knowledge during the course of such examination, except insofar as he may be directed by the commission or by a court or judge thereof, shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not more than $5,000 or imprisonment for a term not exceeding 2 years, or both.

"COMMISSION AUTHORIZED TO PRESCRIBE JUST AND REASONABLE RATES

"SEC. 10 (a) The commission is hereby empowered and directed as soon as practicable to fix and determine from time to time the fair and reasonable rates and compensation for the transportation of passengers, mail, and property by aircraft, and the service connected therewith, and to publish the same, and orders so made and published shall continue in force until changed by the commission after due notice and hearing.

"(b) The commission may fix different rates for different routes and from time to time revise the same in such manner as at all times to return a fair and just compensation to the carrier operating said route or routes, and as may be necessary to maintain and insure necessary and adequate transportation of passengers, mail, and property, and all services incident thereto.

"(c) Pending the determination by the commission of fair and reasonable rates, the rate for the transportation of mail by aircraft and the services connected therewith shall be as follows: First 50 pounds of average load per mile at 5 mills per pound; second 50 pounds of average load per mile at 3 mills per pound; third 50 pounds of average load per mile at 1 mill per pound; and all over 150 pounds of average load per mile at one half mill per pound: *Provided, however*, That in no event shall a carrier receive more than 50 cents per pound-mile.

"(d) Pending the determination of fair and reasonable rates applicable to the transportation by air of passengers and property, the rates which may be charged shall be those in force and effect on the date of passage of this act.

"HEARING AS TO LAWFULNESS OF NEW CHARGES AND SUSPENSION

"SEC. 11. (a) Whenever there shall be filed with the commission any schedule stating a new rate, fare, or charge, or any new classification, or any new regulation or practice affecting any rate, fare, or charge, the commission shall have, and it is hereby given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested carrier but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the commission, upon filing with such schedule and delivering to the carrier affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than 7 months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the commission may by order require the interested carrier to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid, and upon completion of the hearing and decision may by further order require the interested carrier to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a rate, fare, or charge sought to be increased after the passage of this act, the burden of proof to show that the increased rate, fare, or charge, or proposed increased rate, fare, or charge, is just and reasonable shall be upon the carrier, and the commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.

"(b) The foregoing numeration of powers shall not exclude any power which the commission would otherwise have in the making of an order under the provisions of this act.

"COMPLAINTS AND INVESTIGATIONS

"SEC. 12 (a) Any person, firm, corporation, company, or association, or any mercantile, agricultural, or manufacturing society or other organization, or any body politic or municipal organization, or any carrier, complaining of anything done or omitted to be done by any carrier subject to the provisions of this act, in contravention of the provisions thereof, may apply to said commission by petition, which shall briefly state the facts; whereupon a statement of the complaint thus made shall be forwarded by the commission to such carrier, who shall be called upon to satisfy the complaint, or to answer the same in writing, within a reasonable time, to be specified by the commission. If such carrier within the time specified shall make reparation for the injury alleged to have been done, the carrier shall be relieved of liability to the complainant only for the particular violation of law thus complained of. If such carrier or carriers shall not satisfy the complaint within the time specified, or there shall appear to be any reasonable ground for investigating said complaint, it shall be the duty of the commission to investigate the matters complained of in such manner and by such means as it shall deem proper.

"(b) Said commission shall, in like manner and with the same authority and powers, investigate any complaint forwarded by the aviation commissioner or aviation commission of any State or Territory at the request of such commissioner or commission, and the Federal Aviation Commission shall have full authority and power at any time to institute an inquiry, on its own motion, in any case and as to any matter or thing concerning which a complaint is authorized to be made, to or before said commission by any provision of this act, or concerning which any question may arise under any of the provisions of this act, or relating to the enforcement of any of the provisions of this act. And the said commission shall have the same powers and authority to proceed with any inquiry instituted on its own motion as though it had been appealed to by complaint or petition under any of the provisions of this act, including the power to make and enforce any order or orders in the case, or relating to the matter or thing concerning which the inquiry is had excepting orders for the payment of money. No complaint shall at any time be dismissed because of the absence of direct damage to the complainant.

"(c) Whenever an investigation shall be made by the commission, it shall be its duty to make a report in writing in respect thereto, which shall state the conclusions of the commission, together with its decision, order, or requirement in the premises;

and in case damages are awarded such report shall include the findings of fact on which the award is made.

"(d) All reports of investigations made by the commission shall be entered of record, and a copy thereof shall be furnished to the party who may have complained, and to any carrier that may have been complained of.

"(e) The commission may provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use, and such authorized publications shall be competent evidence of the reports and decisions of the commission therein contained in all courts of the United States and of the several States without any further proof or authentication thereof. The commission may also cause to be printed for early distribution its annual reports.

"CONSOLIDATIONS, EXTENSIONS, AND ABANDONMENT

"SEC. 13. (a) After 90 days after this act takes effect no carrier subject to this act shall undertake the extension of its airline, or the construction of a new airline, or shall acquire through consolidation, reorganization, merger, or otherwise, or operate any airline, or extension thereof, or shall engage in interstate air commerce under this act over or by means of such additional or extended airline unless and until there shall first have been obtained from the commission a certificate that the present or future public convenience and necessity require or will require the construction, or operation, or construction and operation, of such additional or extended airline, and no carrier subject to this act shall abandon all or any portion of any airline, or the operation thereof, unless and until there shall first have been obtained from the commission a certificate that the present or future public convenience and necessity permit of such abandonment.

"(b) The application for and issuance of any such certificate shall be under such rules and regulations as to hearings and other matters as the commission may from time to time prescribe, and the provisions of this act shall apply to all such proceedings. Upon receipt of any application for such certificate the commission shall cause notice thereof to be given to and a copy filed with the Governor of each State in which such additional or extended line of airline is proposed to be constructed or operated, or all or any portion of an airline, or the operation thereof, is proposed to be abandoned, with the right to be heard as herein provided with respect to the hearing of complaints or the issuance of securities.

"(c) The commission shall have power to issue such certificate as prayed for, or to refuse to issue it, or to issue it for a portion or portions of an airline, or extension thereof, described in the application, or for the partial exercise only of such right or privilege, and may attach to the issuance of the certificate such terms and conditions as in its judgment the public convenience and necessity may require. From and after issuance of such certificate, and not before, the carrier may, without securing approval other than such certificate, comply with the terms and conditions contained in or attached to the issuance of such certificate and proceed with the construction, operation, or abandonment covered thereby. Any construction, operation, or abandonment contrary to the provisions of this act may be enjoined by any court of competent jurisdiction at the suit of the United States, the commission, any commission or regulating body of the State or States affected, or any party in interest; and any carrier which, or any director, officer, receiver, operating trustee, lessee, agent, or person, acting for or employed by such carrier, who knowingly authorizes, consents to, or permits any violation of any of the provisions of this section shall upon conviction thereof be punished by a fine of not more than $5,000 or by imprisonment for not more than 3 years, or both.

"(d) The commission may, after hearing, in a proceeding upon complaint or upon its own initiative without complaint, authorize or require by order any carrier subject to this act, party to such proceeding, to provide itself with safe and adequate facilities for performing as a carrier, and to extend its line or lines: *Provided*, That no such authorization or order shall be made unless the commission finds, as to such extension, that it is reasonably required in the interest of public convenience and necessity, or as to such extension or facilities that the expense involved therein will not impair the ability of the carrier to perform its duty to the public. Any carrier subject to this act which refuses or neglects to comply with any order of the commission made in pursuance of this paragraph shall be liable to a penalty of $100 for each day during which such refusal or neglect continues, which shall accrue to the United States and may be recovered in a civil action brought by the United States.

"(e) Whenever the commission is of opinion, after hearing, on application of any carrier or carriers engaged in the transportation of passengers or property subject to this act, that the acquisition, to the extent indicated by the commission, by one of such carriers of the control of any other such carrier or carriers either under a lease or by the purchase of stock or in any other manner not involving the consolidation of such carriers into a single system for ownership and operation, will be in the public interest, the commission shall have authority by order to approve and authorize such acquisition, under such rules and regulations and for such consideration and on such terms and conditions as shall be found by the commission to be just and reasonable in the premises.

"(f) It shall be lawful for two or more carriers, subject to this act, to consolidate their properties or any part thereof into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership, management, and operation, under the following conditions:

"(1) The proposed consolidation must be in harmony with and in furtherance of a plan of consolidation approved by the commission;

"(2) The bonds at par of the corporation which is to become the owner of the consolidated properties, together with the outstanding capital stock of such corporation, shall not exceed the value of the consolidated properties as determined by the commission. The value of the properties sought to be consolidated shall be ascertained by the commission and it shall be the duty of the commission to proceed immediately to the ascertainment of such value for the properties involved in a proposed consolidation upon the filing of the application for such consolidation.

"(3) Whenever two or more carriers propose a consolidation under this section, they shall present their application therefor to the commission, and thereupon the commission shall notify the governor of each State in which any part of the properties sought to be consolidated is situated and the carriers involved in the proposed consolidation of the time and place for a public hearing. If after such hearing the commission finds that the public interest will be promoted by the consolidation and that the conditions of this section have been or will be fulfilled, it may enter an order approving and authorizing such consolidation, with such modifications and upon such terms and conditions as it may prescribe, and thereupon such consolidation may be effected, in accordance with such order, if all the carriers involved assent thereto, the law of any State or the decision or order of any State authority to the contrary notwithstanding.

"(g) The carriers affected by any order made under the foregoing provisions of this section and any corporation organized to effect a consolidation approved and authorized in such order shall be, and they are hereby, relieved from the operation of the 'antitrust laws', as designated in section 1 of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1913, and of all other restraints or prohibitions by law, State or Federal, insofar as may be necessary to enable them to do anything authorized or required by any order made under and pursuant to the foregoing provisions of this section.

"AUTHORIZATION FOR SECURITIES AND INDEBTEDNESS

"SEC. 14. (a) From and after 120 days after this section takes effect it shall be unlawful for any carrier to issue any share of capital stock or any bond or other evidence of interest in or indebtedness of the carrier (hereinafter in this section collectively termed 'securities') or to assume any obligation or liability as lessor, lessee, guarantor, endorser, surety, or otherwise, in respect of the securities of any other person, natural or artificial, even though permitted by the authority creating the carrier corporation, unless and until, and then only to the extent that, upon application by the carrier, and after investigation by the commission of the purposes and uses of the proposed issue and the proceeds thereof, of the proposed assumption of obligation or liability in respect of the securities of any other person, natural or artificial, the commission by order authorizes such issue or assumption. The commission shall make such order only if it finds that such issue or assumption: Is for some lawful object within its corporate purposes, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the carrier of service to the public as a common carrier, and which will not impair its ability to perform that service; and is reasonably necessary and appropriate for such purpose.

"(b) The commission shall have power by its order to grant or deny the application as made, or to grant it in part and deny it in part, or to grant it with such modifications and upon such terms and conditions as the commission may deem necessary or appropriate, and may by any such supplemental order modify the provisions of any previous order as to the particular purposes, uses, and extent to which, or the conditions under which, any securities so theretofore authorized or the proceeds thereof may be applied.

"(c) Every application for authority shall be made in such form and contain such matters as the commission may prescribe. Every such application, as also every certificate of notification hereinafter provided for, shall be made under oath, signed, and filed on behalf of the carrier by its president, a vice president, auditor, comptroller, or other executive officer having knowledge of the matters therein set forth and duly designated for that purpose by the carrier.

"(d) Whenever any securities set forth and described in any application for authority or certificate of notification as pledged or held unencumbered in the treasury of the carrier, shall, subsequent to the filing of such application or certificate, be sold, pledged, repledged, or otherwise disposed of by the carrier, such carrier shall, within 10 days after such sale, pledge, repledge, or other disposition, file with the commission a certificate of notification to that effect, setting forth therein all such facts as may be required by the commission.

"(e) The jurisdiction conferred upon the commission by this section shall be exclusive and plenary, and a carrier may issue securities and assume obligations or liabilities in accordance with the provisions of this section without securing approval other than as specified herein.

"(f) Nothing herein shall be construed to imply any guaranty or obligation as to such securities on the part of the United States.

"(g) The foregoing provisions of this section shall not apply to notes to be issued by the carrier maturing not more than 2 years

after the date thereof and aggregating (together with all other then outstanding notes of a maturity of 2 years or less) not more than 5 percent of the book value of the securities of the carrier then outstanding. Within 10 days after the making of such notes the carrier issuing the same shall file with the commission a certificate of notification, in such form as may from time to time be determined and prescribed by the commission, setting forth as nearly as may be the same matters as those required in respect of applications for authority to issue other securities: *Provided*, That in any subsequent funding of such notes the provisions of this section respecting other securities shall apply.

"(h) The commission shall require periodical or special reports from each carrier hereafter issuing any securities, including such notes, which shall show, in such detail as the commission may require, the disposition made of such securities and the application of the proceeds thereof.

"(i) Any security issued or any obligation or liability assumed by a carrier, for which under the provisions of this section the authorization of the commission is required, shall be void, if issued or assumed without such authorization therefor having first been obtained, or if issued or assumed contrary to any term or condition of such order of authorization as modified by any order supplemental thereto entered prior to such issuance or assumption; but no security issued or obligation or liability assumed in accordance with all the terms and conditions of such an order of authorization therefor as modified by any order supplemental thereto entered prior to such issuance or assumption, shall be rendered void because of failure to comply with any provisions of this section relating to procedure and other matters preceding the entry of such order of authorization. If any security so made void, or any security in respect to which the assumption of obligation or liability is so made void, is acquired by any person for value and in good faith and without notice that the issue or assumption is void, such person may in a suit or action in any court of competent jurisdiction hold jointly and severally liable for the full amount of the damage sustained by him in respect thereof the carrier which issued the security so made void, or assumed the obligation or liability so made void, and its directors, officers, attorneys, and other agents, who participated in any way in the authorizing, issuing, hypothecating, or selling of the security so made void or in the authorizing of the assumption of the obligation or liability so made void. In case any security so made void was directly acquired from the carrier issuing it, the holder may at his option rescind the transaction and upon the surrender of the security recover the consideration given thereof. Any director, officer, attorney, or agent of the carrier who knowingly assents to or concurs in any issue of securities or assumptions of obligation or liability forbidden by this section, or any sale or other disposition of securities contrary to the provisions of the commission's order or orders in the premises, or any application not authorized by the commission of the funds derived by the carrier through such sale or other disposition of such securities shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not less than $1,000 nor more than $10,000, or by imprisonment for not less than 1 year nor more than 3 years, or by both such fine and imprisonment, in the discretion of the court.

"ORDER FOR PAYMENT OF MONEY

"SEC. 15. That if, after hearing on a complaint made as provided in this act, the commission shall determine that any party complainant is entitled to an award of damages under the provisions of this act for a violation thereof, the commission shall make an order directing the carrier to pay to the complainant the sum to which he is entitled on or before the day named.

"PROVISIONS RELATING TO ORDERS

"SEC. 16. (a) Every order of the commission shall be forthwith served upon the designated agent of the carrier in the city of Washington or in such other manner as may be provided by law.

"(b) The commission shall be authorized to suspend or modify its orders upon such notice and in such manner as it shall deem proper.

"(c) It shall be the duty of every carrier, its agents, and employees, to observe and comply with such orders so long as the same shall remain in effect.

"REHEARING BEFORE COMMISSION

"SEC. 17. After a decision, order, or requirement has been made by the commission in any proceeding any party thereto may at any time make application for rehearing of the same, or any matter determine therein, and it shall be lawful for the commission in its discretion to grant such a rehearing if sufficient reason therefor be made to appear. Applications for rehearing shall be governed by such general rules as the commission may establish. No such application shall excuse any carrier from complying with or obeying any decision, order, or requirement of the commission, or operate in any manner to stay or postpone the enforcement thereof, without the special order of the commission. In case a rehearing is granted, the proceedings thereupon shall conform as nearly as may be to the proceedings in an original hearing, except as the commission may otherwise direct; and if, in its judgment, after such rehearing and the consideration of all facts, including those arising since the former hearing, it shall appear that the original decision, order, or requirement is in any respect unjust or unwarranted, the commission may reverse, change, or modify the same accordingly. Any decision, order, or requirement made after such rehearing, reversing, changing, or modifying the original determination shall be subject to the same provisions as an original order.

"INTERLOCKING DIRECTORS—OFFICIALS DEALING IN SECURITIES

"SEC. 18. (a) After December 31, 1934, it shall be unlawful for any person to hold the position of officer or director of more than one carrier, unless such holding shall have been authorized by order of the commission, upon due showing in form and manner prescribed by the commission, that neither public nor private interests will be adversely affected thereby.

"(b) After this act takes effect it shall be unlawful for any officer or director of any carrier to receive for his own benefit, directly or indirectly, any money or thing of value in respect of the negotiation, hypothecation, or sale of any securities issued or to be issued by such carrier, or to share in any of the proceeds thereof, or to participate in the making or paying of any dividends of an operating carrier from any funds properly included in capital account.

"(c) Any violation of the provisions shall be a misdemeanor, and on conviction in any United States court having jurisdiction shall be punished by a fine of not less than $1,000 nor more than $10,000, or by imprisonment for not less than 1 year nor more than 3 years, or by both such fine and imprisonment, in the discretion of the court.

"INQUIRIES INTO MANAGEMENT

"SEC. 19. The commission hereby created shall have authority to inquire into the management of the business of all carriers subject to the provisions of this act, shall keep itself informed as to the manner and method in which the same is conducted, and shall have the right to obtain from such carriers full and complete information necessary to enable the commission to perform the duties and carry out the objects for which it was created.

"JURISDICTION TO ENFORCE ACT

"SEC. 20. (a) The commission is hereby authorized and required to execute and enforce the provisions of this act; and, upon the request of the commission, it shall be the duty of any district attorney of the United States to whom the commission may apply to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of this act, and for the punishment of all violations thereof, and the costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States; and for the purposes of this act the commission shall have power to require, by subpena, the attendance and testimony of witnesses and the production of all books, papers, tariffs, contracts, agreements, and documents relating to any matter under investigation.

"(b) Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place or hearing. And in case of disobedience to a subpena, the commission, or any party to a proceeding before the commission, may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents under the provisions of this section.

"(c) Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpena issued to any common carrier subject to the provisions of this act, or other person, issue an order requiring such carrier or other person to appear before said commission (and produce books and papers if so ordered) and give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. The claim that any such testimony or evidence may tend to criminate the person giving such evidence shall not excuse such witness from testifying; but such evidence or testimony shall not be used against such person on the trial of any criminal proceeding.

"(d) The testimony of any witness may be taken, at the instance of a party, in any proceeding or investigation pending before the commission, by deposition, at any time after a cause or proceeding is at issue on petition and answer. The commission may also order testimony to be taken by deposition in any proceeding or investigation pending before it, at any stage of such proceeding or investigation. Such depositions may be taken before any judge of any court of the United States, or any commissioner of a circuit, or any clerk of a district or circuit court, or any chancellor, justice, or judge of a supreme or superior court, mayor or chief magistrate of a city, judge of a county court, or court of common pleas of any of the United States, or any notary public, not being of counsel or attorney to either of the parties, nor interested in the event of the proceeding or investigation. Reasonable notice must first be given in writing by the party or his attorney proposing to take such deposition to the opposite party or his attorney of record, as either may be nearest, which notice shall state the name of the witness and the time and place of the taking of his deposition. Any person may be compelled to appear and testify and produce documentary evidence before the commission as hereinbefore provided.

"(e) Every person deposing as herein provided shall be cautioned and sworn (or affirm, if he so request) to testify the whole truth, and shall be carefully examined. His testimony shall be reduced to writing by the magistrate taking the deposition, or under his direction, and shall, after it has been reduced to writing, be subscribed by the deponent.

"(f) If a witness whose testimony may be desired to be taken by deposition be in a foreign country, the deposition may be taken before an officer or person designated by the commission, or agreed upon by the parties by stipulation in writing to be filed with the commission. All depositions must be properly filed with the commission.

"(g) Witnesses whose depositions are taken pursuant to this act, and the magistrate or other officer taking the same, shall severally be entitled to the same fees as are paid for like services in courts of the United States.

"LIMITATIONS AS TO ACTIONS

"SEC. 21. (a) All actions at law by carriers subject to this act for recovery of their charges, or any part thereof, shall be begun within 3 years from the time the cause of action accrues.

"(b) All complaints against carriers subject to this act for the recovery of damages not based on overcharges shall be filed with the commission within 2 years from the time the cause of action accrues.

"(c) For recovery of overcharges, action at law shall be begun or complaint filed with the commission against carriers subject to this act within 3 years from the time the cause of action accrues, except that, if claim for the overcharge has been presented in writing to the carrier within the 3-year period of limitation, said period shall be extended to include 6 months from the time notice in writing is given by the carrier to the claimant of disallowance of the claim, or any part or parts thereof, specified in the notice.

"(d) If on or before expiration of the 2-year period of limitation in subdivision (b) or of the 3-year period of limitation in subdivision (c) a carrier subject to this act begins action under subdivision (a) for recovery of charges in respect of the same transportation service, or, without beginning action, collects charges in respect of that service, said period of limitation shall be extended to include 90 days from the time such action is begun or such charges are collected by the carrier.

"(e) The cause of action in respect of a shipment of property shall, for the purposes of this section, be deemed to accrue upon delivery or tender of delivery thereof by the carrier, and not after.

"(f) A petition for the enforcement of an order of the commission or the payment of money shall be filed in the district court or the State court within 1 year from the date of the order, and not after.

"(g) The term 'overcharges' as used in this section shall be deemed to mean charges for transportation services in excess of those applicable thereto under the tariffs in effect.

"TITLE IV

"PENAL PROVISIONS

"SEC. 22. (a) That any carrier subject to the provisions of this act, or whenever such carrier is a corporation, any director or officer thereof, or any receiver, trustee, lessee, agent, or person acting for or employed by such corporation, who, alone or with any other corporation, company, person, or party, shall willfully do or cause to be done, or shall willingly suffer or permit to be done, any act, matter, or thing in this act prohibited or declared to be unlawful, or who shall aid or abet therein, or shall willfully omit or fail to do any act, matter, or thing in this act required to be done, or shall cause or willingly suffer or permit any act, matter, or thing so directed or required by this act to be done not to be so done, or shall aid or abet any such omission or failure, or shall be guilty of any infraction of this act for which no penalty is otherwise provided, or who shall aid or abet therein, shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any district court of the United States within the jurisdiction of which such offense was committed, be subject to a fine of not to exceed $5,000 for each offense: *Provided*, That if the offense for which any person shall be convicted as aforesaid shall be an unlawful discrimination in rates, fares, or charges for the transportation of passengers or property, or the transmission of intelligence, such person shall, in addition to the fine hereinbefore provided for, be liable to imprisonment in the penitentiary for a term of not exceeding 2 years, or both such fine and imprisonment, in the discretion of the court.

"(b) Any carrier subject to the provisions of this act, or, whenever such carrier is a corporation, any officer or agent thereof, or any person acting for or employed by such corporation, who, by means of false billings, false classification, false weighing, or false report of weight, or by any other device or means, shall knowingly and willfully assist, or shall willingly suffer or permit, any person or persons to obtain transportation for property at less than the regular rates then established and in force on the line of transportation of such carrier, shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any district court of the United States within the district in which such offense was committed, be subject to a fine of not exceeding $5,000, or imprisonment in the penitentiary for a term of not exceeding 2 years, or both, in the discretion of the court, for each offense.

"(c) Any person, corporation, or company, or any agent or officer thereof, who shall deliver property for transportation to any carrier subject to the provisions of this act, or for whom, as consignor or consignee, any such carrier shall transport property, who shall knowingly and willfully, directly or indirectly, himself or by employee, agent, officer, or otherwise, by false billing, false classification, false weighing, false representation of the contents of the package or the substance of the property, false report of weight, false statement, or by any other device or means, whether with or without the consent or connivance of the carrier, its agent, or officers, obtain or attempt to obtain transportation for such property at less than the regular rates then established and in force on the line of transportation; or who shall knowingly and willfully, directly or indirectly, himself or by employee, agent, officer, or otherwise, by false statement or representation as to cost, value, nature, or extent of injury, or by the use of any false bill, bill of lading, receipt, voucher, roll, account, claim, certificate, affidavit, or deposition, knowing the same to be false, fictitious, or fraudulent, or to contain any false, fictitious, or fraudulent statement or entry, obtain or attempt to obtain any allowance, refund, or payment for damage or otherwise in connection with or growing out of the transportation of or agreement to transport such property, whether with or without the consent or connivance of the carrier, whereby the compensation of such carrier for such transportation, either before or after payment, shall in fact be made less than the regular rates then established and in force on the line of transportation, shall be deemed guilty of fraud, which is hereby declared to be a misdemeanor, and shall, upon conviction thereof in any district court of the United States within the district in which such offense was wholly or in part committed, be subject for each offense to a fine of not exceeding $5,000, or imprisonment in the penitentiary for a term of not exceeding 2 years, or both, in the discretion of the court: *Provided*, That the penalty of imprisonment shall not apply to artificial persons.

"(d) If any such person, or any officer or agent of any such corporation or company, shall, by payment of money or other thing of value, solicitation, or otherwise, induce or attempt to induce any carrier subject to the provisions of this act, or any of its officers or agents, to discriminate unjustly in his, its, or their favor as against any other consignor or consignee in the transportation of property, or shall aid or abet any carrier in any such unjust discrimination, such person or such officer or agent of such corporation or company shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any district court of the United States within the district in which such offense was committed, be subject to a fine of not exceeding $5,000, or imprisonment in the penitentiary for a term of not exceeding 2 years, or both, in the discretion of the court, for each offense; and such person, corporation, or company shall also, together with said carrier, be liable, jointly or severally, in an action to be brought by any consignor or consignee discriminated against in any court of the United States of competent jurisdiction for all damages caused by or resulting therefrom.

"PROVISIONS RELATING TO FORFEITURES AND FINES

"SEC. 23 (a) The forfeiture provided for in this act shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States, brought in the district where the carrier has its principal operating office, or in any district through which the road of the carrier runs.

"(b) It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

"TITLE V—MISCELLANEOUS PROVISIONS

"ANNUAL AND OTHER REPORTS

"SEC. 24. (a) That the commission is hereby authorized to require annual reports from all carriers subject to the provisions of this act, and from the owners of all carriers engaged in interstate air commerce as defined in this act, to prescribe the manner in which such reports shall be made, and to require from such carriers specific answers to all questions upon which the commission may need information. Such annual reports shall show in detail the amount of capital stock issued, the amounts paid therefor, and the manner of payment for the same; the dividends paid, the surplus fund, if any, and the number of stockholders; the funded and floating debts and the interest paid thereon; the cost and value of the carrier's property, franchises, and equipment; the number of employees and the salaries paid each class; the amounts expended for improvements each year, how expended, and the character of such improvements, the earnings and receipts from each branch of business and from all sources; the operating and other expenses; the balances of profit and loss; and a complete exhibit of the financial operations of the carrier each year, including an annual balance sheet. Such reports shall also contain such information in relation to rates or regulations concerning fares, or cargo, or agreements, arrangements, or contracts affecting the same as the commission may require; and the commission may, in its discretion, for the purpose of enabling it the better to carry out the purposes of this act, prescribe a period of time within which all carriers subject to the provisions of this act shall have, as near as may be, a uniform system of accounts, and the manner in which such accounts shall be kept.

"(b) Said detailed reports shall contain all the required statistics for the period of 12 months ending on the 30th day of June in each year, or on the 31st day of December in each year if the commission by order substitute that period for the year ending June 30, and shall be made out under oath and filed with the commission at its office in Washington within 3 months after the close of the year for which the report is made, unless additional time be granted in any case by the commission; and if any carrier, person, or corporation subject to the provisions of this act shall fail to make and file said annual reports within the time above specified, or within the time extended by the commission, for making and filing the same, or shall fail to make specific answer to any question authorized by the provisions of this section within 30 days from the time it is lawfully required so to do, such party

shall forfeit to the United States the sum of $100 for each and every day it shall continue to be in default with respect thereto. The commission shall also have authority by general or special orders to require said carriers, or any of them, to file monthly reports of earnings and expenses, and to file periodical or special, or both periodical and special, reports concerning any matters about which the commission is authorized or required by this or any other law to inquire or to keep itself informed or which it is required to enforce; and such periodical or special reports shall be under oath whenever the commission so requires; and if any such carrier shall fail to make and file any such periodical or special report within the time fixed by the commission, it shall be subject to the forfeitures last above provided.

"(c) Said forfeitures shall be recovered in the manner provided for the recovery of forfeitures under the provisions of this act.

"(d) The oath required by this section may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

"DOCUMENTS FILED TO BE PUBLIC RECORDS—USE IN PROCEEDINGS

"SEC. 25. The copies of schedules and classifications and tariffs of rates, fares, and charges, and of all contracts, agreements, and arrangements between carriers filed with the commission as herein provided, and the statistics, tables, and figures contained in the annual or other reports of carriers made to the commission as required under the provisions of this act shall be preserved as public records in the custody of the secretary of the commission, and shall be received as prima facie evidence of what they purport to be for the purpose of investigations by the commission and in all judicial proceedings; and copies of and extracts from any of said schedules, classifications, tariffs, contracts, agreements, arrangements, or reports, made public records as aforesaid, certified by the secretary, under the commission's seal, shall be received in evidence with like effect as the originals.

"DESIGNATION OF AGENT FOR SERVICE

"SEC. 26. It shall be the duty of every carrier subject to the provisions of this act, within 60 days after the taking effect of this act, to designate in writing an agent in the District of Columbia, upon whom service of all notices and processes and all orders, decisions, and requirements of the commission may be made for and on behalf of said carrier in any proceeding or suit pending before the commission or before any court, and to file such designation in the office of the secretary of the commission, which designation may from time to time be changed by like writing similarly filed; and thereupon service of all notices and processes and orders, decisions, and requirements may be made upon such carrier by leaving a copy thereof with such designated agent at his office or usual place of residence in the District of Columbia, with like effect as if made personally upon such carrier, and in default of such designation of such agent, service of any notice or other process in any proceeding before said commission or court of any order, decision, etc., may be made by posting such notice or process in the office of the secretary of the commission.

"SEPARABILITY CLAUSE

"SEC. 27. If any provisions of this act or the application thereof to any class of persons or circumstances is held invalid, such invalidity shall not be held to affect the remainder of the act or the application of such provisions to other persons or circumstances.

"EFFECTIVE DATE OF ACT

"SEC. 28. That this act shall take effect and be in force from and after the expiration of 60 days after its passage, except as to section 28, which section shall take effect and be in force immediately.

"SHORT TITLE

"SEC. 29. That this act may be cited as the Federal Aviation Act."

Amend the title so as to read: "A bill to revise air-mail laws, to provide for the regulation of interstate transportation of passengers, mail, and property by aircraft within the United States, and for other purposes."

Mr. McCARRAN. Mr. President, it is not necessary to draw to the attention of the Senate the fact that for nearly a year a special committee of the Senate has been investigating this subject. It is not necessary to draw to the attention of the Senate the fact that today four members of that committee, I think I may be justified in saying, are now presenting this amendment as a substitute for the pending measure. When I say "four members of that committee" I hope I do not transgress the rule, because I believe that the Senator from Utah [Mr. KING], the Senator from Vermont [Mr. AUSTIN], the Senator from Maine [Mr. WHITE], together with myself, will support by our votes the amendment in the nature of a substitute which I am now offering. If I am wrong as to that, I desire to be corrected at this time.

Mr. President, what gave rise to this proposed legislation which I am offering by way of a substitute to the pending bill? An investigation that disclosed conditions whereby and by reason of which there were contending forces in the committee and whereby we found that conditions in the law as it now exists should be remedied. Then came another condition, the order of the Postmaster General canceling all outstanding air-mail contracts, leaving the entire matter of the transportation of the mail by air "up in the air", to use the common vernacular of the street, with no one to carry the air mail. Then the question arose, Should we restore the contracts or should we enact a law whereby the greatest good might come out of all this investigation?

Mr. President, the investigation has borne fruit and will continue to bear fruit for the future welfare of the country; it will at least bear fruit so that we will draw our legislation with greater care, and, moreover, we hope that our public officials will execute the law with greater particularity. But, Mr. President, we cannot and we should not tear down. We can, we should, we must build up. The bill now pending before this body will only open an avenue for the very conditions which were found on investigation to exist. It is going from one cesspool into another, if I may use that homely expression. Today it is proposed by the pending legislation to put the whole matter back in the Post Office Department, to put the whole matter back in the hands and control of the Postmaster General. I do not care whether the Postmaster General is a Democrat or a Republican.

My thought has come out of careful consideration of the investigation through which I have gone with one of the most able men with whom I ever worked, and my conclusions have come that the whole matter should be taken out of politics, that it should be taken out of a department, and that it should be put under the jurisdiction of an independent, nonpartisan commission to control, supervise, and regulate.

Moreover, I believe we should not tear down the progress made in the past, whereby great lines today are flying across the continent. I believe that the millions of dollars of the investing public of America should not be sent to the garbage heap and the junk pile, and that is what we are going to do if we say that the old lines which carried the mail cannot under certain conditions carry the mail again.

The substitute proposes that certificates of convenience and necessity shall be issued by a constituted commission; that the commission shall investigate as to whether or not the certificates shall be issued; that when a certificate shall have been issued, the line to which it is issued shall have the right to carry the mail, and that any of the old lines which carried the mail before and flew a route of 250 miles or more for 6 months before January 1, 1934, shall have a right to a certificate of convenience and, having the right to a certificate of convenience, shall carry the mail if the Postmaster General gives them the mail to carry.

The proposed substitute which I have offered does away with competitive bidding, a thing which, so far as our investigation disclosed, has resulted in no benefit to the country. My proposed substitute would establish a temporary rate structure, to be resorted to and applied temporarily until the commission can find by its investigation what a proper rate structure is. When that is done, then the whole thing goes on and progress comes out of what might otherwise be chaos.

There are three changes which I propose to ask to have made if the substitute shall be adopted. There seems to be language which I have incorporated that might be construed as prohibiting collective bargaining. If the substitute shall be adopted, I will propose to have that changed by a corrective amendment.

Another change has to do with the provision which places in the hands of the commission the right to act as arbitrators between laborers and employers. I think my substitute goes too far in that respect. With the Federal set-ups which now exist, I think that matter should be in the hands of an already existing Federal organization.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Colorado?

Mr. McCARRAN. I yield.

Mr. COSTIGAN. Is there any objection to changing the language with respect to collective bargaining in advance of the vote on the substitute of the Senator from Nevada?

Mr. McCARRAN. I should be very glad to proceed in that way. I am giving my word to the Senate that I shall propose such a corrective amendment. I would propose it now if I had it at hand, but I have not at the moment.

There is one other change to be made on page 24 of the proposed substitute as it is now at the desk. That is in the provision under the rate structure wherein it appears that the rate shall not be more than 50 cents per pound-mile. That is an error. It should be not to exceed 50 cents per airplane-mile, in order to bring out a just and equitable rate structure.

Mr. President, I do not care what one's political affiliations may be, science is going forward. As I contemplate the picture, America and its scientific development mean more than party alliance, and more than anything else in all the world. I have heard the whisper going the rounds that the bill sponsored by the learned and able Senator from Tennessee [Mr. McKELLAR] and by my learned and wonderful colleague on the committee, the chairman of the special committee [Mr. BLACK], is an administration measure. I have failed so far to hear one authentic word stating that the bill is sponsored by the President of the United States. I am not ready to believe it. But if it were true, and if, after a year of investigation, a committee sworn to do its duty, sitting in the Capital of the Nation, using $50,000 and more of the public money, having investigated the subject, brings forth by at least 4 votes out of the committee membership this proposed substitute, then I say we at least are driving toward the right and toward building up something rather than tearing it down.

We did not assemble to punish anyone. We assembled to find, if possible, the flaws and the loopholes in the existing law, and then to legislate. The substitute now offered bears the stamp of all the thought that I could give to the measure growing out of the investigation on which we have spent nights and days and during which five zealous and determined men have tried to bring forth the truth.

Mr. President, I think I have gone far enough in discussing the subject and have taken enough of the time of the Senate. I do not believe in extended remarks or extended speeches. I have tried to explain the proposed substitute as best I could. I shall be only too glad to answer any questions. I submit the amendment to the Senate of the United States, with the hope that our Nation may take its rightful place among the nations of the earth as a developer of science, and with the hope particularly that the science of aviation which has a future which even the imagination of man cannot grasp may have the support, by legislation, and thought and consideration of men who are resolute to build the country and to build and develop rather than to tear down.

Mr. BORAH. Mr. President, if I were able to vote as I should like to vote, I would vote for condemnation of the manner in which the contracts were let and in condemnation of the manner in which they were terminated. I think politics prevailed in both instances to a very marked degree. I feel quite sure that we would not be justified in passing a measure which seemed to approve of the manner in which the contracts were let. That is the reason why I voted against the substitute proposed by the Senator from Vermont [Mr. AUSTIN]. I am equally strong in my view that we ought not to pass a measure which would seem to approve the manner in full in which the contracts were terminated. There was an unfortunate element of politics in both incidents.

I do not charge that anyone was individually corrupt. I have not seen any evidence to justify such a charge. But I do feel that a controlling factor in the first instance was politics, and that the second incident was not entirely free of politics.

The measure here, which seems to be the best effort to lift this matter out of politics, is the amendment in the nature of a substitute which has been offered by the able Senator from Nevada [Mr. McCARRAN]. It would be most difficult to have a measure in the first instance to cover the situation in full and map out a complete course for dealing with an enterprise of this kind. There are some provisions in the bill I do not approve. It is not just what one would like to have, but certainly it is a beginning, and is a step in the right direction.

Those of us who are not upon the committee have not had an opportunity to follow in detail this matter. We have only gathered from the general reading in the papers, and from the evidence, what seemed to us the true criterion of the situation. Unless we at this time manifest unmistakably our desire to lift this matter out of politics, we shall not have gathered any real fruits from this investigation. It is the kind of an enterprise into which politics ought never to enter; and it seems to me the amendment offered by the Senator from Nevada [Mr. McCARRAN] is an effort in that direction. I shall, therefore, vote for it.

Mr. BLACK. Mr. President, I regret very much to disagree with my colleague upon the committee, with whom I have worked for so many months. He and I have attempted to expose, from day to day, certain phases of a condition which is such that I am sure if the Senator from Idaho had been present and heard the evidence, he would change his statement that there was nothing in it but politics. I am sure he would go farther and say that he believed it to be fraudulent.

Mr. BORAH. Fraudulent?

Mr. BLACK. That is what I stated; yes.

Mr. BORAH. I would not dispute that. I think if it was fraudulent, it was superinduced for political reasons.

Mr. BLACK. Mr. President, insofar as the work of the Senator from Nevada [Mr. McCARRAN] is concerned, I here pay tribute to his cooperative effort from day to day, and from week to week, and from month to month. We have worked together most pleasantly, and for him I have a sincere and genuine affection. Even if we should concede, however—which I deny—the statement of the Senator from Idaho [Mr. BORAH] that the contracts were terminated for political reasons, I do not agree with the Senator's conclusion that we should pass a bill because it offers a place midway between two conflicting political viewpoints.

These contracts were terminated on the ground of fraud; and with the very high esteem I have for the Senator from Idaho and the very high regard I have for his conception of justice and right, I am sure that if he had been confronted with the same situation he would not have tolerated such contracts for a moment.

But let us get down to the real question.

I realize the value of aviation and the aviation industry to this Nation. If I did not realize that, I would have had less interest in the entire subject. I realize that back through the centuries men have been seeking to conquer the laws of gravity and fly in the air. Centuries before any of us were born aspiring spirits were trying, by investigating the laws of science and the laws of nature, to conquer the air. The people of all civilized nations breathed a sigh of rapture when it was first known that down in North Carolina the Wright brothers had taken off and conquered the air.

Insofar as the spirit of the bill of the Senator from Nevada and that advocated by me is concerned, and insofar as he believes that the fixing of air-mail rates should be taken away from the Post Office Department, there is not, and never has been, the slightest difference between our views. I do believe, however, that the bill we have presented is a more constructive bill and one which will more nearly correct abuses than the measure presented by the Senator from Nevada.

There is not a word in the bill upon which my name appears as one of its champions which will prevent any company from carrying the air mail if it qualifies under the general provisions of the bill. It is not a specialized bill. It sets out general qualifications, and those qualifications must be met.

Let me explain, if I may—and I desire, of course, to be absolutely correct in my statements as to the differences—what are the real differences between the two measures.

In the first place, the bill of the Senator from Nevada provides for the creation of a new aviation commission. I am opposed to that. I do not believe we should create a new commission. I prefer the Interstate Commerce Commission.

That is the first difference.

In the next place, the Senator from Nevada proposes that the new commission shall have power to regulate not only air-mail rates but also passenger rates and freight rates. I do not believe we should go that far at this time. The industry is young. In my judgment, it has not grown to the point where we would be justified in having its rates fixed either by an aviation commission or by the Interstate Commerce Commission.

So the second instance in which there is a disagreement is that under the Senator's bill the commission would have complete power to regulate rates for passenger, freight, express, and air mail, while under the bill which we have proposed the Interstate Commerce Commission would have the power to regulate air-mail rates.

The time may arrive in the very near future when we should regulate passenger rates and freight rates; but, in my judgment, instead of being a constructive thing to do today, it is a retarding movement and will block the progress of the industry and of the science.

Next, both bills provide for the issuance of certificates of convenience and necessity. Our bill provides for the issuance of the certificates by the Interstate Commerce Commission. The other bill provides for the issuance of the certificates by the aviation commission which is to be created.

I pay full tribute to the Senator from Nevada for his desire to place this function in the hands of a new commission, believing that that is the best way to handle it. It just happens that I am opposed to the creation of a new commission. I prefer more concentration of all the transportation systems in one commission—if necessary, dividing it up into parts to handle the different methods of transportation, but having all the authority in one commission or bureau.

I have explained the differences in the two commissions. There are in my bill certain things which I think are absolutely essential and necessary to correct abuses which have been shown to exist.

I am opposed, now and hereafter, to any more holding companies controlling the operations of the transport systems of the Nation. In our bill we have cut that out like an ulcer.

I am opposed to having the transport companies tied up and associated with aviation manufacturing companies, manufacturing planes and engines. I believe that is destructive to the best interests of the industry. We eliminate that. We eliminate holding companies, subsidiaries, associates, and affiliates.

Those who believe that it is better to have the operating transport companies held by a manufacturing company over here, and a holding company over here, and another company over here, and another one here—I call attention to the fact that in one instance they have merged 80 companies—will not agree with my philosophy; but I think the day has come when we need to cut out the holding companies, and to separate and divorce the transport companies from the aviation manufacturing interests.

I have now in my possession a letter from the president of a company to his subordinate, which shows that they set the price of the planes up at whatever level they see fit, and state that they will adjust it at a later period. I am opposed to leaving any such power. Our bill provides for the separation of these interests.

Next, we provide for a minimum wage for pilots, mechanics, and laborers, and stipulate that that minimum wage shall be not less than the rate of compensation paid by air-mail line operators during 1933; and we preserve the right of collective bargaining. I believe in that. It may be wrong, but I believe in it. I believe the time has come when we ought to raise the wages of the men who do the work and cut off the bonuses and gratuities of the men who draw the money only. To that end we have in the bill another provision which limits to $17,500 in 1 year the salary that can be received by any officer. He can receive no more salary, no more gratuity, and no more bonus than that.

The chief things we have found wrong up to this time, in my judgment, have been the following:

First, the holding companies and associates and affiliates which are strangling the operating companies. We prohibit that in our bill.

The next thing is the payment of large salaries and bonuses and gratuities. We prohibit that in our bill. We limit the compensation of any one officer to $17,500 in 1 year.

The next thing is, in my judgment, that while bleeding the company for high compensation, we believe that the officers have been strangling the life out of the men who actually do the work in the planes. Therefore, we have preserved two rights: We have preserved the right of collective bargaining, and we have said that the operators cannot cut down the wages of their employees any lower than the level at which they were fixed in 1933.

Let those who think that is political make the most of it. I want to know who says that there is anything political in a bill which tries to take care of the men who toil and tries to lop off the unnecessary profits and bonuses and gratuities of the men who, in some instances, have drawn as much as $430,000 in 1 year. If that be political, I plead guilty, and I am glad to plead guilty. That is the sense of this bill.

One thing is added to it. We realize that we have not had time to make a full study of military aviation and naval aviation and the branches of manufacture which supply them. Therefore we want an additional study made.

It is not necessary for me to study further to know that we ought to cut off holding companies and subsidiaries and associates. The commission provided for is not supposed to do that, and, therefore, we propose to legislate on it.

It is not necessary for me to investigate further, or for anybody else to investigate further, to know that we ought to fix the minimum wage to be paid to the men who do the work. So we provide for that in the bill.

It is not necessary for me to investigate any further, or for anybody else to investigate further, in order to reach the conclusion that we ought to cut off, once and for all, the opportunity of people, who live partially on Government money, to draw a hundred thousand or two hundred thousand dollar salaries, bonuses, and expenses in 1 year. I am ready to legislate on that question now, and we propose it in the bill.

Mr. President, this is the bill which, to my utter astonishment and amazement, is denominated on this floor a "political measure." I deny that. I am sorry that the Senator who made the statement has left the Chamber. If there is anything political in attempting to protect the wages of the men who work and toil and labor, then I am willing to take the blame. If there is anything political in attempting to cut off the opportunity for men to draw $430,000 in 1 year out of money which comes largely from the taxpayers of this country, then I am willing to take the blame and let it be called a political bill.

It is not a political bill; it is a bill which tends toward cleansing and purifying the aviation industry. It proposes to meet the outstanding, glaring evils which have been shown to exist, and proposes to go farther, and provide for a study of the other problems of aviation.

Mr. President, in my judgment the vision of the Senator from Nevada with reference to the great possibilities of aviation is absolutely correct. I join him in the hope that the industry may make progress. I am for it; but I want it to make progress with a sound and solid and honest basis. I know of no other way in which an industry can make real progress in this country, and it is for that reason that we have championed a bill according to the very outline

suggested by the President to the Chairmen of the Committees on Post Offices and Post Roads of the House and the Senate and to myself.

Mr. McCARRAN. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield.

Mr. McCARRAN. Does the learned Senator from Alabama think that it is necessary, in order to make progress in this science, to couch the management and the control of aviation in the hands of the chairman of the Democratic National Committee, the Postmaster General of the United States?

Mr. BLACK. I have made no such statement. The bill does not so do. The bill provides, as it is written right at this exact moment, that the Interstate Commerce Commission shall make a study of the rates, and be ready in 6 months to fix those rates, and from that very moment those rates shall be the rates which will govern, and not the rates fixed by competitive bidding, by the Postmaster General, or by any other person. I am in thorough sympathy, not for all the reasons, perhaps, which may influence others, that we take this burden off the Post Office Department.

Mr. BONE. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield.

Mr. BONE. The Senator from Alabama is well aware of the fact, as is the able Senator from Nevada, that some of the most frightful abuses which ever crept into our whole economic system have been accomplished under the administration of so-called "nonpartisan boards", like State utility boards, under which the scandals in the utility field have arisen. There is no particular virtue in vesting the power in any type of body. I do not know that the Postmaster General would be any more likely to be reached by crooked business interests than some board. As a matter of fact, under our State regulatory boards some of these somber pictures in the utility field have been developed.

I did not want to interject any remarks at this point, but I call the Senator's attention to the Democratic platform. I just open the book at any page, at any point. This is the Democratic Party speaking:

> We condemn private monopoly as intolerable and indefensible.

There are things I do not like in the committee bill, but I feel that the bill of the Senator from Alabama is the better bill—but that bill writes into the law a provision for a certificate of necessity and convenience, establishing private monopoly, as we have done in the power field over all this country. I do not know why anybody should not be permitted to go into that field. I know all the arguments about these certificates of necessity and convenience. I have been tangled in similar fights for 20 years. I do not like the idea of this Government enthroning private monopoly, although I do believe that the bill of the Senator from Alabama is the better bill of the two.

Mr. McCARRAN. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. McCARRAN. Listening to the learned Senator from Washington, I am reminded of a line of Shakespeare, I think he "doeth protest too much."

I am afraid that in the past the learned Senator from Washington has lent too much of his splendid energy and ability to, and has become too much involved in conditions which are, indeed, too small and too insignificant to come into national legislation, where a great national science and a great national movement are concerned. I have only that remark to make in reply to the learned Senator from Washington.

Mr. BONE. Mr. President——

Mr. BLACK. If the Senator will let me say one more word, I will yield the floor to him.

I just want to add this statement about the bill. It also declares that there shall be no subsidy, which is exactly what the Democratic platform declared in the last campaign.

Mr. BONE. Mr. President, I had no intention at this point of engaging in a discussion with either the Senator from Nevada or the Senator from Alabama about the bill, but when my learned friend from Nevada suggests that the power controversy, the utility controversy, is a matter confined within State lines, or is a matter of slight importance, the Senator wholly misconceives the nature of that sort of business. Perhaps the Senator from Nevada lives so far from the centers of activity, out in his beautiful western State, that he has lost something of a proper perspective on this question.

We read in the papers that down in Oklahoma, the Oklahoma Gas & Electric Co. is introducing a lot of money into the universities to sell ideas to the boys and girls coming out of school. I note from the Philadelphia Record of this morning that even a former President of the United States, when he was Secretary of Commerce, hastened to procure the publication of a pamphlet, under the auspices of the Smithsonian Institution, to tell the people of this country that public ownership of power was a very bad thing. The power companies are debauching thinking on a national scale.

As for protesting too much, I think we can all refresh our memories about the sad experience of Mr. Pickwick. I was somewhat reminded of him when the Senator so very heatedly assailed the Postmaster General, for whom I hold no brief; I merely look upon him as a human being, with the weaknesses of the average human being, and with probably all the virtues of the average human being. I do not think that because the Postmaster General of this country is going to have anything to do with the conduct of the air-mail business, that of necessity will make him any better or any worse. But as the Senator from Nevada flailed him, and flailed the functions he would presumably perform, I was reminded of a story in the Pickwick Papers.

Poor old Pickwick had the habit of going hunting, and he also had a very great yearning for certain kinds of food. One delicacy which appealed to his instincts was chops and tomato sauce. He was living at the home of a buxom young widow, and when he went hunting on one particular occasion he left a little note saying, "Chops and tomato sauce", on the table, so the charming lady would find it in due course, which she did.

Later she sued Pickwick for breach of promise. Every Member of this body has thrilled as he read this delightful little story of Dickens. The lady hired a very able and brilliant lawyer—like my friend from Nevada—Sergeant Buzfuz. They got into court, and like the Senator from Nevada, he had to build up a case against the defendant in some way, and with that same ability to present beautifully a case which needed to be bolstered just as strongly as possible, as in the matter of criticizing my friend down in the Post Office Department, the able Buzfuz stood before the jury. I can visualize him now, as all of us can. He took this bit of paper in his hand before the 12 gentlemen of the jury in the box, and there he did "protest too much." He said:

> Read this, gentlemen of the jury. What is this message? "Chops and tomato sauce!" "Chops and tomato sauce!" What more sinister words could this villain have used to beguile the heart of this trusting maid?

So I say, I am reminded today of the objurgations of Buzfuz before the jury when my friend says that I do protest too much. I know that he does not want some things done in connection with this air-mail business, but I think I voice the hopes and aspirations and thoughts of a good many people when I say we think that a lot of things ought to be done to it. I think a good many people in this country, when millions of people are out of work, and tired, and hungry, desolated with poverty, are a little tired of the spectacle of a few fellows building monstrous private fortunes out of subsidies in air-mail contracts. They are tired of seeing a man put seven or eight hundred dollars into a game and taking out millions for himself.

I do not think the average citizen of this country would object to subsidizing—if it is desired to use that harsh term—a business, and seeing that it is able to operate, to help it along in the purely formative period of that business. That ought to be the sole function of a subsidy. But we

have no right here, no moral right certainly, and are we going to attempt to defend that principle? We have no moral right to make men rich, to make multimillionaires out of them from the United States Treasury under the guise of a subsidy. That is what I object to, and know that the Senator from Alabama is trying to get at and correct by his bill.

I would not have any objection, as a Member of this body, to my Government aiding a small business, an infant industry, so that it might not lose any money, but what I object to, and what I think every patriotic and loyal citizen in this country ought to object to, is enriching men, creating private fortunes, huge, bloated, private superfortunes out of the United States Treasury, and all this over and above the amount of money necessary to make the infant business function.

If some of these air-line companies had taken enough money out of the Treasury of the United States to barely operate their air lines, pay the salaries of their men, and good salaries too, I for one would not have seriously objected to it, but what I do object to is this picture now presented to the country, of a little handful of men being made into supermillionaires—all out of taxpayers' money.

It was huge private fortunes which we were creating. That money did not go into the business; that money did not go into the payment of wages to operators, to pilots, to the buying of ships; that money went far beyond and into a private bank account for some individual.

That is not a subsidy. That is a racket. Who can deny it? The records are full of it. We have hundreds of pages of the most somber pictures presented to this country in years in the subsidy inquiries. That is why I am saying what I am. If there is any moral defense to that, I do not know what it is. If that is right, then let us subsidize organized labor, let us subsidize the railroad brotherhoods. Let us assure every man who gets $150 a month salary from the railroad that this Government will give him $50 a month extra. Who in this body will insist that that is the course we should take? But it is just as right, just as morally defensible, as it is to give a huge private fortune to some subsidy grabber.

What right has anyone here to cast a vote which will make a few men wealthy out of the United States Treasury? That is exactly what has been done in this whole subsidy business.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BONE. I am through.

Mr. McCARRAN. I desire to reply to the Senator that I fear he has not read the proposed substitute.

Mr. President, I desire to be right concerning the rule as to time. I do not believe that I occupied the full 30 minutes, but perhaps I lost the remainder of it. If that be the rule, of course, I should not now have the floor; but I take it that I might be entitled to 30 minutes on the bill and 30 minutes on the substitute. I may be wrong.

Mr. McKELLAR. Mr. President, if the Senator will recall, yesterday he used his time on the bill and on the amendment, and then we gave him extra time, as I remember; but I have no desire to cut the Senator off. I hope we may have a vote shortly.

Mr. McCARRAN. Mr. President, I shall not occupy over 10 minutes.

Mr. HARRISON. Mr. President, I have not occupied any time. May I not obtain the floor? I will yield to the Senator from Nevada for a question if I may obtain the floor.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. HARRISON. I yield to the Senator from Nevada for a question.

Mr. McCARRAN. I thank the Senator from Mississippi.

The PRESIDING OFFICER. The Chair will state to the Senator from Nevada that the present occupant of the chair is advised that the Senator from Nevada has spoken both upon the bill and the amendment; but inasmuch as the Senator from Mississippi has obtained the floor, and has yielded to the Senator from Nevada for a question, the Senator from Nevada will proceed.

Mr. McCARRAN. Mr. President, I wish to express my gratitude to the learned Senator from Mississippi.

The entire thought contained in the proposed substitute comes from a study and a personal application to an assignment of duty, given to me by the Senate of the United States. I may have become a little more wrapped up in the subject than the ordinary man would become.

I have tried in the substitute to eliminate everything which would provoke such stings as come from the splendid rapier-like tongue of the learned Senator from Washington. I love his way of hitting straight from the shoulder.

There is not a chance for a subsidy in the proposed substitute. There is not a chance for a monopoly in the proposed substitute. It is drafted with the intendment and purpose that such shall not prevail; and every thought that could be put into the substitute has been poured into it to the end that the opportunity of those who would take the money of the taxpayers of America and use it for the accumulation of great fortunes shall be limited, and that that limit shall come out of the decision of a studious, careful, independent investigating commission.

Mr. President, we may say that commissions become corrupt. I am not going to take issue with the Senator on that. So do individuals become corrupt. I am sorry to have to make that remark. Administrations elected by the sovereign vote of a sovereign people become corrupt, and I am also sorry to have to make that remark. But what we try to do from hour to hour, from day to day, from month to month, is to minimize the opportunity for corruption, and that is all we are lending our efforts to in the proposed substitute.

There is no chance for competitive bidding under the terms of the substitute bill. There is no chance for a rate structure that will pour millions into the pockets of those who would use the taxpayers' money to enhance great fortunes. There is an opportunity for a great future for a great science. It means much for the commerce of the Nation, and, meaning much for the commerce of the Nation, it means much for the world, because this Nation must lead the world in the next 50 years.

We can no more relinquish that responsibility than we can relinquish our name and our history. We are destined to lead. We must lead. We must have the courage to do it; and we must have the courage to use 96 individual judgments here—the sworn judgments of individuals who came here representing sovereign States—to tell the people of the country that we will do the best we know how with our individual judgments, after an investigation which has cost the people of this country thousands upon thousands of dollars.

The pending bill calls for a commission to investigate. I say we have carried on that investigation, and we are going to carry it further, in that we will create a permanent commission to conduct this investigation along scientific lines. The pending bill provides for a commission to exist for 1 year. The substitute provides for a commission that will know its position and investigate without limitation, and give the benefit of its investigation to the people of the country.

Mr. McKELLAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Glass	McCarran
Ashurst	Clark	Goldsborough	McGill
Austin	Connally	Gore	McKellar
Bachman	Coolidge	Hale	McNary
Bankhead	Costigan	Harrison	Norris
Barbour	Couzens	Hastings	O'Mahoney
Barkley	Davis	Hatch	Overton
Black	Dieterich	Hatfield	Patterson
Bone	Dill	Hayden	Pope
Borah	Duffy	Johnson	Robinson, Ark.
Brown	Erickson	Kean	Robinson, Ind.
Bulkley	Fess	King	Russell
Bulow	Fletcher	La Follette	Schall
Byrnes	Frazier	Logan	Sheppard
Capper	George	Lonergan	Shipstead
Caraway	Gibson	Long	Smith

Steiwer	Townsend	Van Nuys	Walsh
Stephens	Tydings	Wagner	Wheeler
Thomas, Okla.	Vandenberg	Walcott	White
Thompson			

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present. The question is on the amendment in the nature of a substitute offered by the Senator from Nevada [Mr. McCARRAN] to the amendment reported by the committee, as amended.

Mr. FESS. Mr. President, before the vote, I desire to have inserted in the RECORD from the New Outlook of this month an article entitled "Trouble Aloft", in which the air-mail situation is discussed by Mr. C. B. Allen.

The PRESIDING OFFICER. Without objection, the article will be printed in the RECORD, as requested.

The article referred to is as follows:

[From the New Outlook, Apr. 1934]

TROUBLE ALOFT

By C. B. Allen

By this time even the President's stanchest supporters are beginning to admit that the administration has fumbled the air-mail situation rather badly. They defend Mr. Roosevelt by saying that he was the victim of unwise counselors, but one of the fundamental measures of greatness is the ability to pick sound advisers; and the question arises immediately whether, having wrecked the old air transport set-up in America—which, whatever its vices possessed the shining virtue of being a model in achievement for the rest of the world—he will benefit by any better guidance in his efforts to rebuild the demolished structure.

Thus far the signs have not been very encouraging. The most apparent trend in Washington has been a rather panic-stricken one, a tendency to clutch desperately after big headline names—Orville Wright, the father of aviation; its favorite son, Charles A. Lindbergh; Clarence Chamberlin, Eddie Rickenbacker, and others—to shore up the administration's weakened position in the air-mail situation or possibly to divert attention from the basic issues at stake by a red-hearring investigation of the Army Air Corps. As yet there has been no indication that Mr. Roosevelt intends to abandon the type of advice supplied him by such experts on aviation policy as Postmaster General James A. Farley and Senator Hugo L. Black, who are chiefly responsible for the position in which President Roosevelt currently finds himself. At best it is an unenviable spot. On the one hand Mr. Roosevelt is disclosed as having canceled all of the Government's domestic air-mail contracts, in a glow of righteous indignation over the alleged though apparently never-to-be-proven fact that they were obtained by fraud and collusion; on the other he is permitting at least two of these so-accused "crooked" contractors to go right ahead carrying this country's foreign air mail. Furthermore, he is discovered temporizing timorously with the whole foreign phase of America's air-mail activities, his fearless and forthright pursuit of impartial justice for all and special privilege to none supplanted by an almost farcical attitude of compromise and expediency. To say the least, it is a sorry spectacle.

But it does, perhaps, prove what many of the President's supporters would rather not believe—that he is a practical politician first and a dauntless champion of principles second. In no other way is it possible to account for the Government's incongruous position regarding domestic and foreign air mail; certainly an air line that has been deprived arbitrarily of its contracts to fly the mail within the United States, because of its officials' alleged dishonesty, should not be considered worthy to fly the mail beyond our country's borders—yet that is exactly what has come to pass under the Rooseveltian regime. And this is but an introduction to absurdity, if it is fair to characterize as absurd the insistence upon applying one standard of judgment at home and an entirely different one outside the territorial limits of the United States.

Despite repeated charges in Congress by Representative HAMILTON FISH, following cancelation of all the domestic air-mail contracts, that similar action was withheld by the White House respecting the Government's agreements with its foreign air-mail operators only because of substantial contributions to the Democratic national campaign fund by a director of the airline that enjoys a virtual monopoly in this field, such an explanation of the President's motive for staying his hand somehow lacks conviction. It is far more likely the real reason America's foreign air-mail lines were spared—at least for the time being—was that even a Roosevelt did not dare to take on the international complications that immediately would have resulted from cancelation of their contracts.

For it is one thing to issue a proclamation that the Army Air Corps will take over air-mail flying within the borders of the United States and something else again to attempt any such move with respect to commercial lines extending into foreign territory. In the first place, it would have been physically impossible for the Army or the Navy to take over and operate the 25,000 mile network of international routes flown by Pan American Airways; in the second, it would have been, to say the least, diplomatically and industrially suicidal to make such a move even if Uncle Sam had possessed the equipment and personnel necessary to its execution.

The Pan American system encircles the Caribbean and South America, linking some 31 countries and colonies to the United States in a swift communications chain, which has had a profoundly beneficial effect in the 5 years of its existence on this country's diplomatic and trade relations with its Latin American neighbors. But while the suspicions and distrust born of a half century's bungling and exploitation in this field may have been somewhat lulled in so short a period, they are far from having been eradicated. Any attempt to operate Yankee military planes through the domain of these small but sensitive Latin American countries instantly would have been denounced, and, if necessary, repelled as armed invasion on the part of the United States, no matter what efforts were made to disguise it as a temporary emergency expedient.

There would also have been even more disastrous effects in another direction. The group of men responsible for the Pan American Airways system were aided and abetted in building it up at almost every turn by various branches of the United States Government; the Post Office Department pumped the lifeblood of financial support into its veins; the State Department did what it could to smooth the way for its negotiations at Latin American capitals; the War and Navy Departments rendered such aid as they could and gave the project their moral support; while the Department of Commerce, because of the far-reaching effects such a development inevitably would have on this country's South American trade, gave the venture its whole-hearted backing. In effect, though it was a private undertaking, the Yankee dream of air empire in the Western Hemisphere was sponsored and vouched for by the accredited representatives of this Government, and for Mr. Roosevelt, or anyone else in authority, to have aboutfaced and declared out of a clear sky that the air line was unworthy to do any more business with Uncle Sam would have dealt almost as serious a blow to this country's own standing as to that of the air line. For Pan American inevitably has assumed the aspects of a Yankee national institution, in the eyes of our Latin American neighbors, and it would be next to impossible to disabuse their minds of this viewpoint. In such a case disillusionment is a two-edged sword.

It should be made clear that there is no direct connection between the contracts held by our foreign air-mail operators and the domestic air-mail agreements abrogated at the direction of the President because of an allegedly fraudulent and collusive conference with former Postmaster General Walter F. Brown at which all of the domestic air-mail operators were represented. Foreign and domestic air-mail contracts were let under separate and distinct statutes, and no foreign air-mail contractor attended Mr. Brown's so-called "spoils conference" except the two mentioned earlier, who were present in their dual capacity of domestic and foreign air-mail operators. But it is clearer still that if, as many of its critics believe, the administration merely seized upon the "spoils conference" as a technical pretext by which it could wreck the whole domestic air-mail set-up, there were just as good excuses available whereby it might have canceled this country's foreign air-mail contracts. Indeed, the most obvious of these have just been outlined above; half of the Government, it seems, went to bat for Pan American Airways in its struggle to establish a Latin American operating system—doubtless under the patriotic conviction that such a development would be for the benefit of this country as a whole—but it would be very easy for a new set of political rulers to construe these actions as collusion of the most sinister sort. And this, of course, is exactly what happened in the case of the Brown spoils conference, if one is to credit the sworn testimony either of Mr. Brown or the air-mail operators who participated therein.

It is doubtful if either Mr. Roosevelt or his advisers had any idea of the aftermath possibilities of the air-mail situation when he made his decision to wipe out all contracts with the domestic air lines. Compared to the country's great industries, the gross business of the air lines adds up to an insignificant figure, and the number of people whose patronage they enjoy—a half a million passengers a year—would seem to be an almost negligible factor in the great mass of American population when it comes to the politician's inevitable weighing of popular sentiment. Besides, the President's action against the air lines was to be launched under the tried and proven auspices of an assault on intrenched capital, on powerful Wall Street financed combinations which already had been portrayed by the one-sided revelations of a Senate investigating committee as ruthless plunderers of a paternalistic Government rendered supine and vulnerable through the treacherous cooperation of a former administration.

To a political mind the thing must have seemed sure fire; another master stroke in the campaign to establish Mr. Roosevelt firmly in the public mind as a relentless foeman of the vested interests and the tireless champion of the "forgotten man." This analysis, indeed, was borne out completely by the popular clamor resulting from the Senate committee's revelations. Under the adroit, if not altogether fair, guidance of Chairman HUGO LAFAYETTE BLACK, there seemed to have been created what one so frequently hears referred to in Washington these days as a favorable press. The time appeared to be entirely ripe for a spectacular play from the White House.

But the strategists reckoned only with the apparent facts—and thereby they handed the President a poker that was designed to become very hot indeed. They had foreseen the tortured protests of the air lines, the cries of "confiscation" and even of "conviction without trial"; nay, they had counted on them—for Nero himself got no thrill out of the mere sight of a lion appeasing its hunger on passive and nonresisting Christians. There had been loud protestations before, and not from such small-fry capitalists either; impotent and therefore all the more furious shouting about "constitutional rights." And, so far,

it had clicked beautifully with a depression-scarred electorate in whose hearts smoldered an enduring hatred of all bankers.

They failed to take into consideration, however, the fundamental difference between the situation with which they were now dealing and the other industries that had been made to feel the dictatorlike hand of the new deal. This can be summed up in the statement that a popular President in these extraordinary times may perfectly well get away with industrial murder against an unpopular old order of things, so long as dollars only are being led to the slaughter; but that his support will turn to opposition as sure as the results begin to be measured in terms of human life. There are millions of ears in America today that are not averse to the screams of a captain of industry undergoing financial crucifixion (which he may or may not deserve), but other chords entirely are struck by the agonized sob of a mother who reads over a fellow bus passenger's shoulder the headline "Army Mail Pilot Killed in Crash" and learns upon fearful inquiry that the victim is her son.

It strikes deep in the sympathy of the average American to read that another pilot's mother had lived in dread of the sound of her own doorbell, because each time it rang she was afraid that it was someone bearing news that her only son had been added to the list of those killed trying to fly the mail—a dismal foreboding that eventually came to tragic fulfillment. Then, too, there was the bride in far-away Texas, who was preparing to celebrate her first wedding anniversary when the news was flashed from Cheyenne, Wyo., that the husband she had hoped to see in a few days had perished with another youngster, fresh out of the Air Corps training schools, in the flaming wreck of a military ship with which they were practicing the air-mail routes.

One or two such incidents, though they might shake the resolution of a sensitive and very human President who felt that he had, even indirectly, brought them to pass, could be dismissed philosophically on the assurance of "expert" advisers that they were only the outcome of a natural law of averages. But as the crimson tide rose higher and higher about the White House steps and a storm of protest was loosed in every part of the Nation, both Mr. Roosevelt's humanitarian instincts and his political astuteness revolted at the wanton human sacrifice. Acting as swiftly as he had in canceling the air lines' contracts, he halted both the mail and the slaughter when 4 deaths in a single day had brought to 10 deaths the Army's total losses incident to a little more than 2 weeks' operation of the air mail. The thing had turned into a boomerang, and the broken bodies and wrecked machines it had dumped into the administration's lap upon its return were apt to become a political millstone about the new deal's neck.

The hapless Chief of the Army Air Corps, Maj. Gen. Benjamin D. Foulois, who had seemed to play a very small part indeed in the preliminaries of launching a military air-mail service on 10 days' notice—the limelight having been almost completely monopolized by his nonflying superior, Gen. Douglas MacArthur, Chief of Staff of the Army, who was full of assurances to the press that the Army could do as good, if not a better, job of flying the mail than the commercial air lines—now became the goat. The wily MacArthur, except for an uncomfortable session on the White House carpet in which both he and General Foulois are reported to have experienced the blazing wrath of the President for allowing him to believe that the Air Corps was adequately equipped and properly trained to fly the mail, slipped from under very neatly by asserting that he first learned through the newspapers of Mr. Roosevelt's order for the Army to take over the air mail. It was not very convincing, even to those who had forgotten his published boasts of a month before, but it was at least an out. This is the same General MacArthur, by the way, who handled the bonus army situation for Mr. Hoover with such bayonetted brilliance.

Lindbergh was another factor in the air-mail contract cancelations that the new deal strategists either failed to take into account or underestimated woefully in their advance calculations. Possibly Mr. Roosevelt has listened too seriously to the newspaper correspondents with whom he is surrounded, many of whom are openly hostile to a man they have never understood, whose confidence—and in many cases, whose respect—they have been unable to gain. Or, possibly, because he is a great popular hero himself, Mr. Roosevelt did not realize that anyone else might exercise an equally strong hold on the affection and regard of the American people. In any event, he sensed quickly enough that there was anything but unanimous popular support of his attempt to put Lindbergh in his place for daring to assert that the President had been unfair in his autocratic treatment of the air-mail operators, and to say that they deserved the basic American privilege of trial before conviction.

Evidence of this was given when the absurd charge of "publicity seeking" by Lindbergh had resulted in a storm of criticism from the public, by the very obvious overture later on of inviting Lindbergh to confer with George H. Dern, Secretary of War, about the problems of Army aviation. No one for a moment supposes that Mr. Dern would have extended such an invitation without the prior assurance that such a move was desired by the President; indeed, it might easily have been made grounds for requesting the Secretary of War's resignation had he taken this step when Mr. Roosevelt was not in a mood to heal the apparent breach between himself and the country's foremost idol.

It is to the credit of Lindbergh's judgment, or that of his advisers, that he refused politely but firmly to walk into the neat trap laid for him by the administration when Mr. Dern subsequently asked him to sit on a committee to investigate the very matters they had discussed informally at their first meeting. For such an inquiry, Lindbergh pointed out, must inevitably deal with the Army's air-mail fiasco, a situation created in the beginning by what he considered an unjust and un-American procedure.

Being already on record concerning that issue, with a request that the air lines be given a fair hearing before being irrevocably deprived of their contracts, the reasonableness and logic of which, incidentally, has been sedulously sidestepped by the Roosevelt regime, he would have been an utter dolt to have followed any such aeronautical red herring as Secretary Dern dragged vainly across the trail. As to the other members of the proposed committee, with Orville Wright also declining to serve, and only Clarence Chamberlin accepting, it is clearly a packed jury picked from the Army's General Staff. The purpose, apparently, is to justify the same nonflying generals' conduct of the Air Corps since this branch of the service was deprived of the Assistant Secretary of War for Aeronautics which it enjoyed under the preceding administrations, and now so sorely needs to turn the tide of its losing battle with the brass hats at Washington.

The man in the street, whether he inclines to back up Lindbergh or the President in his view on the air-mail contracts, obviously has come to the very definite conviction that something is basically wrong with the Air Corps. Unfortunately, the latter is in no position to defend itself without being open to the charge of trying to alibi, while a nontechnical and somewhat unreasoning public either cannot or will not differentiate between various types of flying. The general attitude is that, if the Air Corps' flyers are as good pilots as they should be, they ought to be able to fly anywhere, any time anyone else can. The public refuses to take into account the fact that, in the name of governmental economy, the Army's airmen have been starved on flying time until even their military efficiency has been woefully endangered (one of the men killed carrying the mail had flown a total of less than 24 hours in the 18 months before being called to this hazardous duty in the midst of the year's worst flying weather) and the further all-important truth that an air-mail pilot's job is highly specialized work for which the best flyer in the world would require months, if not years, of familiarization training under the guidance of experienced air line men.

It must be remembered in any fair discussion of the subject that 90 percent or more of the men who have been flying for the commercial air lines are former Army or Navy airmen. Before they broke in as air-line pilots—and they broke in not as a group taking over a difficult operation in its entirety but as apprentice pilots under veterans familiar with the routes they were flying—they had been trained as thoroughly in military aeronautics as the men who are now blamed because they have not made a brilliant success of flying the air mail. Nor do such men, in the normal development of air-line pilots, come to be trusted with passengers and mail until they have been trained in this manner anywhere from 1 to 3 years. Is it any wonder then that the Nation has been paying a terrific price for its crippled Air Mail Service in the last month (before it was canceled entirely the volume of mail had fallen off more than 50 percent, and the percentage of scheduled flights completed by at least an equal amount) and that its chief value has been to the grisly souvenir trade which ranks high a postcard or letter—especially if it be torn or partially burned—rescued from the wreckage in which some pilot has died?

In one or more of his famous radio talks with the American people, President Roosevelt declared that out of the many things he was attempting to accomplish, he undoubtedly would make mistakes, but that he hoped to have the courage both to admit and correct them. He must know by now that "it does not go down" with many Americans who have been his steadfast supporters that the air lines should have been deprived both of their property and the right to defend themselves before being so penalized. He certain knows that he has been on the wrong track in ordering an unprepared Army to carry the mail—his own acts constituting a grudging admission of this when he ordered an end of the useless slaughter. Where is this courage to admit and rectify mistakes? Why doesn't he go back to the beginning and start again, punishing the guilty if such are revealed in a court of justice, but repairing the obvious and almost irreparable injury he has done to an outstanding industry by reinstating those who can prove their innocence?

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Nevada [Mr. McCARRAN] to the amendment reported by the committee as amended.

Mr. McCARRAN, Mr. McNARY, and Mr. AUSTIN asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CAREY (when his name was called). On this question I have a pair with the Senator from Ohio [Mr. BULKLEY. If I were permitted to vote, I should vote "yea" and if he were present and permitted to vote, he would vote "nay."

Mr. FRAZIER (when Mr. NYE's name was called). My colleague [Mr. NYE] is unavoidably absent. He is paired with the senior Senator from North Carolina [Mr. BAILEY]. My colleague, if present would vote "yea", and I under-

stand the Senator from North Carolina, if present, would vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the junior Senator from Virginia [Mr. BYRD], and vote "nay."

Mr. TYDINGS (when his name was called). I have a general pair with the Senator from Rhode Island [Mr. METCALF] which I transfer to the Senator from West Virginia [Mr. NEELY] and vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO], who is absent on account of illness. I transfer that pair to the senior Senator from New Hampshire [Mr. KEYES] and will vote. I vote "yea."

The roll call was concluded.

Mr. BARKLEY. I have a general pair with the senior Senator from Iowa [Mr. DICKINSON], which I transfer to the junior Senator from Florida [Mr. TRAMMELL], and will vote. I vote "nay."

Mr. STEIWER. Referring again to my pair with the junior Senator from Iowa [Mr. MURPHY], I withhold my vote. If permitted to vote I should vote "yea", and I understand the Senator from Iowa, if present, would vote "nay."

Mr. ROBINSON of Arkansas. I desire to announce a special pair between the Senator from North Carolina [Mr. REYNOLDS] and the Senator from New York [Mr. COPELAND]. If the Senator from North Carolina were present, he would vote "yea", and the Senator from New York, if present, would vote "nay."

I also desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Ohio [Mr. BULKLEY], the Senator from Virginia [Mr. BYRD], the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], the Senator from Iowa [Mr. MURPHY], the Senator from West Virginia [Mr. NEELY], the Senator from Nevada [Mr. PITTMAN], the Senator from Utah [Mr. THOMAS], the Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Utah [Mr. THOMAS].

I desire also to announce that the Senator from Pennsylvania [Mr. REED], the junior Senator from Rhode Island [Mr. HEBERT], the senior Senator from Rhode Island [Mr. METCALF], the Senator from New Hampshire [Mr. KEYES], and the Senator from Iowa [Mr. DICKINSON] would, if present, vote "yea."

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. NEELY], the Senator from Illinois [Mr. LEWIS], and the Senator from Florida [Mr. TRAMMELL] would, if present, vote "nay."

The result was announced—yeas 26, nays 46, as follows:

YEAS—26

Adams	Fess	Kean	Schall
Austin	Frazier	King	Townsend
Barbour	Gibson	Long	Vandenberg
Borah	Goldsborough	McCarran	Walcott
Capper	Hale	McNary	White
Couzens	Hastings	Patterson	
Davis	Hatfield	Robinson, Ind.	

NAYS—46

Ashurst	Coolidge	Hayden	Russell
Bachman	Costigan	Johnson	Sheppard
Bankhead	Dieterich	La Follette	Smith
Barkley	Dill	Logan	Stephens
Black	Duffy	Lonergan	Thomas, Okla.
Bone	Erickson	McGill	Thompson
Brown	Fletcher	McKellar	Tydings
Bulow	George	Norris	Van Nuys
Byrnes	Glass	O'Mahoney	Wagner
Caraway	Gore	Overton	Walsh
Clark	Harrison	Pope	
Connally	Hatch	Robinson, Ark.	

NOT VOTING—24

Bailey	Dickinson	Murphy	Reynolds
Bulkley	Hebert	Neely	Shipstead
Byrd	Keyes	Norbeck	Steiwer
Carey	Lewis	Nye	Thomas, Utah
Copeland	McAdoo	Pittman	Trammell
Cutting	Metcalf	Reed	Wheeler

So Mr. MCCARRAN's amendment in the nature of a substitutes for the amendment of the committee, as amended, was rejected.

The PRESIDING OFFICER. The question now is on the committee amendment as amended.

Mr. HASTINGS. On that question I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAREY (when his name was called). I have a pair on this vote with the Senator from Ohio [Mr. BULKLEY], who is necessarily detained. If he were present, he would vote "yea", and if I were permitted to vote, I should vote "nay."

Mr. ROBINSON of Arkansas. I transfer my pair with the Senator from Pennsylvania [Mr. REED] to the Senator from Virginia [Mr. BYRD] and vote "yea."

I desire further to announce that the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], and the Senator from West Virginia [Mr. NEELY] would vote "yea" if present. The Senator from North Carolina [Mr. REYNOLDS] is detained on account of illness.

Mr. STEIWER (when his name was called). Referring to my pair as previously announced, I withhold my vote. If permitted to vote, I should vote "nay", and my pair, the Senator from Iowa [Mr. MURPHY], who is necessarily detained, if present, would vote "yea."

Mr. TYDINGS (when his name was called). Transferring my pair with the Senator from Rhode Island [Mr. METCALF] to the Senator from West Virginia [Mr. NEELY], I vote "yea."

Mr. WALCOTT (when his name was called). Transferring my pair with the Senator from California [Mr. McADOO] to the Senator from New Hampshire [Mr. KEYES], I vote "nay."

The roll call was concluded.

Mr. BARKLEY. Transferring my pair with the Senator from Iowa [Mr. DICKINSON] to the Senator from Florida [Mr. TRAMMELL], I vote "yea."

Mr. FESS. I desire to announce that the Senator from Pennsylvania [Mr. REED], the junior Senator from Rhode Island [Mr. HEBERT], the senior Senator from Rhode Island [Mr. METCALF], the Senator from New Hampshire [Mr. KEYES], and the Senator from Iowa [Mr. DICKINSON], if present, would vote "nay."

I also desire to announce the following general pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Utah [Mr. THOMAS]; and

The Senator from North Dakota [Mr. NYE] with the Senator from North Carolina [Mr. BAILEY].

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], the Senator from West Virginia [Mr. NEELY], the Senator from Nevada [Mr. PITTMAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Utah [Mr. THOMAS], and the Senator from Virginia [Mr. BYRD] are necessarily detained from the Senate.

The result was announced—yeas 54, nays 20, as follows:

YEAS—54

Adams	Byrnes	Duffy	Johnson
Ashurst	Capper	Erickson	La Follette
Bachman	Caraway	Fletcher	Logan
Bankhead	Clark	Frazier	Lonergan
Barkley	Connally	George	Long
Black	Coolidge	Glass	McGill
Bone	Costigan	Gore	McKellar
Borah	Couzens	Harrison	Norris
Brown	Dieterich	Hatch	O'Mahoney
Bulow	Dill	Hayden	Overton

Pope	Shipstead	Thompson	Walsh
Robinson, Ark.	Smith	Tydings	Wheeler
Russell	Stephens	Van Nuys	
Sheppard	Thomas, Okla.	Wagner	

NAYS—20

Austin	Goldsborough	King	Schall
Barbour	Hale	McCarran	Townsend
Davis	Hastings	McNary	Vandenberg
Fess	Hatfield	Patterson	Walcott
Gibson	Kean	Robinson, Ind.	White

NOT VOTING—22

Bailey	Dickinson	Murphy	Reynolds
Bulkley	Hebert	Neely	Steiwer
Byrd	Keyes	Norbeck	Thomas, Utah
Carey	Lewis	Nye	Trammell
Copeland	McAdoo	Pittman	
Cutting	Metcalf	Reed	

So the committee amendment as amended was agreed to.

The PRESIDING OFFICER. The question is, Shall the bill be engrossed for a third reading and read a third time?

The bill was ordered to be engrossed for a third reading and to be read a third time.

The bill was read the third time, and passed.

APPROPRIATIONS FOR URGENT NEEDS IN PUBLIC SERVICES

Mr. GLASS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLASS. Yesterday the Senate passed a joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes. I want to move a reconsideration of the vote by which the joint resolution was passed in order that I may move to amend it. Would it be in order to move now to reconsider the vote and bring it up Monday?

Mr. ROBINSON of Arkansas. Mr. President, I inquire if the joint resolution has left the Senate and gone to the House?

The PRESIDING OFFICER. The present occupant of the chair is advised that the joint resolution has not left the Senate.

Mr. ROBINSON of Arkansas. Then the Senator's motion would be in order.

The PRESIDING OFFICER. The Senator from Virginia may now submit his motion.

Mr. GLASS. Very well. I move to reconsider the votes by which the joint resolution was ordered to a third reading and passed.

The motion was agreed to.

MUNICIPAL DEBT READJUSTMENTS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

I may state that, if the motion shall be agreed to, it is my intention to ask for a brief executive session and then to move a recess until Monday.

Mr. McNARY. Mr. President, I am in full accord with the program, but I should like to ask the Senator if that bill is to be followed by the corporation bankruptcy bill, so called?

Mr. ROBINSON of Arkansas. Yes.

Mr. NORRIS. Mr. President, as I understand the question asked by the Republican leader of the Democratic leader, when final disposition shall have been made of the bill which the Senator from Arkansas now wants made the unfinished business, it is proposed to take up the bill referred to by the Senator from Oregon and it is to be made the unfinished business.

Mr. ROBINSON of Arkansas. Perhaps I spoke too hastily about that bill. I have stated to the Senator from Oregon that an opportunity to consider the bill to which he referred will be afforded, if I can contribute to that end, during the present session. I think that matter should be left open.

Mr. NORRIS. Yes; I want it left open.

Mr. ROBINSON of Arkansas. Very well. I do not desire to announce at this time what measure will be proposed to succeed the one which I am now asking to have made the unfinished business.

Mr. McNARY. I am not agitating the corporation bankruptcy bill. Inquiry has come to me from different sources with reference to the bill, and that is the reason why I propounded the inquiry.

Mr. ROBINSON of Arkansas. I understand that.

Mr. NORRIS. I am finding no fault with the Senator from Oregon, but there is a joint resolution pending to amend the Constitution, for which I have been trying to get consideration without interfering at all with the program of the leaders. I do not want the program laid out too far in advance. I do not want to be forced to make a motion to take up that joint resolution if I can avoid it, but if it is necessary, I am going to do so in order to have the Senate consider the joint resolution at this session. It is a joint resolution that will have to be acted on by the House, of course, and it ought to be considered by the Senate at the earliest possible time.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to, and the Senate proceeded to consider the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, and acts amendatory thereof and supplementary thereto."

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Anton J. Lukaszewicz, of Wisconsin, to be United States marshal, eastern district of Wisconsin, to succeed James N. Tittemore, term expired.

Mr. CONNALLY, from the Committee on Finance, reported favorably the nomination of Mabel Gittinger, of Chariton, Iowa, to be collector of customs for customs district no. 44, with headquarters at Des Moines, Iowa, in place of Nellie Gregg Tomlinson.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The nominations will be placed on the calendar.

ALEX M'KENZIE VIERHUS

Mr. KING. From the Committee on Finance, I report back favorably the nomination of Alex McKenzie Vierhus, of Everett, Wash., to be collector of internal revenue for the district of Washington, in place of John C. Bowen.

Mr. DILL. Mr. President, I ask unanimous consent for the immediate consideration of the nomination just reported by the Senator from Utah [Mr. KING]. The nomination is that of Alex McKenzie Vierhus to be collector of internal revenue for the State of Washington. I ask unanimous consent that the nomination may be acted on at this time.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Washington that the nomination reported from the Committee on Finance by the Senator from Utah [Mr. KING] be acted on at this time?

Mr. McNARY. Mr. President, I did not hear the Senator's request.

Mr. DILL. I am asking that the nomination for collector of internal revenue in the State of Washington may be acted on today in order that, if it be confirmed, the nominee may take his office immediately. His predecessor has been appointed Federal judge at Seattle and is anxious to take office.

Mr. McNARY. He could not take office tomorrow, this being Saturday. Why should not the matter go over until Monday?

Mr. DILL. Because if the nomination could be confirmed today and I could get the Senate to permit immediate notification to the President, the commission could be signed

Monday and the appointed judge could take office on Tuesday.

Mr. McNARY. I do not think we should proceed in that way. I shall be glad to cooperate with the Senator Monday and shall be glad to waive the usual delay in notifying the President. However, I must object at this time.

The PRESIDING OFFICER. Objection is heard.

THE CALENDAR

TREATIES

The legislative clerk proceeded to read Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

Mr. ROBINSON of Arkansas. Mr. President, there are two treaties on the calendar. I ask that both may be passed over at this time.

The PRESIDING OFFICER. The treaties will go over. Nominations passed over are next on the calendar and will be stated.

PUBLIC UTILITIES COMMISSION, DISTRICT OF COLUMBIA

The legislative clerk read the nomination of Richmond B. Keech to be member of the Public Utilities Commission, District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William A. Roberts to be additional counsel, Public Utilities Commission, District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DANIEL D. MOORE

The legislative clerk read the nomination of Daniel D. Moore to be collector of internal revenue, district of Louisiana.

Mr. LONG. Over.

Mr. ROBINSON of Arkansas. That may go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS—WILLIAM R. TAYLOR

Mr. McKELLAR. Mr. President, the first nomination on the list of postmasters should be acted upon separately by the Senate. It has been reported adversely.

The legislative clerk read the nomination of William R. Taylor to be postmaster at Fulton, Mo., which had been reported adversely.

Mr. CLARK. Mr. President, I move that the nomination be rejected.

Mr. LONG. Mr. President, may I inquire why the Senator from Missouri is moving to have it rejected?

Mr. CLARK. I am moving to reject the nomination on the ground that the nominee is personally objectionable and obnoxious to me.

Mr. ROBINSON of Arkansas. The committee reported it adversely.

Mr. CLARK. Yes; there is an adverse report from the Committee on Post Offices and Post Roads.

Mr. LONG. I am going to vote with the Senator from Missouri.

The PRESIDING OFFICER. The question is on confirming the nomination.

The nomination was rejected.

POSTMASTERS

Mr. McKELLAR. Mr. President, as to the remaining nominations of postmasters on the calendar, I ask unanimous consent that they may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the remaining nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 2 o'clock and 25 minutes p.m.) the Senate took a recess until Monday, April 30, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 28 (legislative day of Apr. 26), 1934

PUBLIC UTILITIES COMMISSION

DISTRICT OF COLUMBIA

Richmond B. Keech, member, for remainder of term expiring June 30, 1935.

William A. Roberts, additional counsel, to be known as the "people's counsel", term of 4 years.

POSTMASTERS

ARIZONA

Edward L. Gay, Clemenceau.
Charles C. Stemmer, Cottonwood.

CONNECTICUT

William M. O'Dwyer, Fairfield.
Edward A. Bowes, Saybrook.
Aaron A. French, Jr., Sterling.

FLORIDA

Emma A. Laird, Greenville.

GEORGIA

Thomas V. Nevil, Claxton.
James H. Hart, Ellaville.
John E. Phinazee, Forsyth.
Olin W. Patterson, Lumpkin.
George W. Griffith, Manchester.
Mary E. Everett, St. Simons Island.
Ferman F. Chapman, Summerville.
Jennie I. Ingram, Townsend.

IDAHO

Fred L. Cruikshank, Montpelier.
Ambrose H. McGuire, Pocatello.
Charles H. Hoag, Worley.

ILLINOIS

Philip G. Barron, Du Quoin.
Fred A. McCarty, Edinburg.
David McGrath, Hampshire.
Thomas G. Turney, Homewood.
Nicholas A. Schilling, Mascoutah.
Emil J. Johnson, Moline.
George Huthmacher, Murphysboro.
Henry Cottlow, Oregon.
William Kehe, Jr., Palatine.
Harlow B. Brown, Princeton.
Robert E. Harper, Rock Falls.
Armand Rossi, Wilsonville.

KANSAS

Alexander A. Niernberger, Collyer.

MASSACHUSETTS

Thomas A. Wilkinson, Lynn.

MICHIGAN

Daniel M. McAuliffe, Albion.
Roscoe B. Huston, Detroit.
Ernest G. Corbin, Hart.
John R. O'Meara, Hillsdale.
Robert F. Allan, Holly.
James C. Healy, Houghton.
George A. Curry, Ironwood.
Alfred J. Rochon, Marine City.
John C. Bannow, Mount Clemens.
George W. McCabe, Petoskey.
Oliver C. Boynton, Jr., St. Ignace.
Lydia A. McElhinney, Snover.

MISSISSIPPI

William A. Pepper, Belzoni.
Lewis M. McClure, Ocean Springs.

NEBRASKA

Fred C. Buhk, Beemer.
Max C. Jensen, Bridgeport.
Edgar R. Johnson, Butte.
Henry G. Andersen, Cozad.
Martha E. McDonald, Craig.
Loyd H. Metzer, Culbertson.
George W. Nicholas, Jr., De Witt.
Arthur Scism, Edgar.
Lyle P. Dierks, Ewing.
Oscar C. Thomas, Franklin.
Isaac R. L. Taylor, Gibbon.
Clifford R. Frasier, Gothenburg.
Clyde Yardley, Hemingford.
Charles Hynek, Humboldt.
Helen M. Fowler, Leigh.
Andres P. Peterson, Lindsay.
Russell B. Somerville, McCook.
Mabel E. Sughrue, McCool Junction.
Eva G. Quick, Morrill.
Harold A. Langford, North Platte.
Adolf E. Kaspar, Prague.
Bessie L. Baughan, Stamford.
Gail Lidgard, Stockville.
Arthur B. Yates, Sutherland.
Hester E. Lowe, Wolbach.
David D. O'Kane, Wood River.

NEW HAMPSHIRE

Joseph A. Gorman, Durham.
David F. Jackson, Pittsfield.
Fred M. Pettengill, Suncook.
Marion H. Weeks, Warren.
Margaret A. Laughery, Whitefield.

NEW JERSEY

Jane Jolliffe, Bernardsville.
Louis J. Bowlby, Bound Brook.
Jeremiah E. Chambers, Cape May.
Fred P. Crater, Gladstone.
Robert W. Kidd, Penns Grove.
Mervil E. Haas, Riverton.

NEW YORK

William S. Brown, Antwerp.
Douglas Rockett, Mohegan Lake.
Charles I. Lavery, Poughkeepsie.
William J. Griffin, Jr., Starlake.
Philip J. Smith, Webster.

NORTH DAKOTA

Wesley P. Josewski, Maxbass.
Andrew D. Cochrane, York.
Margaret T. Rogers, Zap.

PENNSYLVANIA

Herbert S. Young, Easton.

TENNESSEE

Binnie H. Kinser, Alcoa.
William G. McDonough, McMinnville.

VIRGINIA

Lewis C. Jamison, Boone Mill.
Thomas W. Cooke, Gloucester.
Walter McC. Greer, Rockymount.

WASHINGTON

Edward F. Gregory, Bothell.
Ed. J. Claiborne, Ridgefield.

WEST VIRGINIA

Charles A. Skaggs, Cedar Grove.
Everett G. Herold, Marlinton.
Earl S. Miller, Mount Hope.
Harry Clarke, Owens.
Harry E. Riddleberger, St. Albans.

WISCONSIN

Richard P. Kielty, Altoona.
Frank A. Buettner, Bowler.
Berthea Overgood, Brantwood.
Herman W. Paff, Elk Mound.
John T. Tovey, Fremont.
Roy E. Lawler, Gordon.
Max R. Alling, Green Lake.
Frank Heppe, Kewaskum.
John J. Steiner, Mauston.
Albert E. Hanson, Mendota.
Nicholas Abler, Mount Calvary.
Maurice E. Kennedy, New Lisbon.
John V. Nickodem, Princeton.
Irwin J. Rieck, Weyauwega.
Edwin F. Smith, Wisconsin Veterans' Home.

REJECTION

Executive nomination rejected by the Senate April 28 (legislative day Apr. 26), 1934

POSTMASTER

MISSOURI

William R. Taylor, Fulton.

SENATE

MONDAY, APRIL 30, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day of Saturday, April 28, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Russell
Ashurst	Couzens	Kean	Schall
Austin	Cutting	Keyes	Sheppard
Bachman	Davis	King	Shipstead
Bankhead	Dickinson	La Follette	Smith
Barbour	Dieterich	Logan	Steiwer
Barkley	Dill	Lonergan	Stephens
Black	Duffy	Long	Thomas, Okla.
Bone	Erickson	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Brown	Frazier	McKellar	Townsend
Bulkley	George	McNary	Tydings
Bulow	Gibson	Murphy	Vandenberg
Byrd	Glass	Neely	Van Nuys
Byrnes	Goldsborough	Norris	Wagner
Capper	Gore	O'Mahoney	Walcott
Caraway	Hale	Overton	Walsh
Carey	Harrison	Patterson	Wheeler
Clark	Hastings	Pittman	White
Connally	Hatch	Pope	
Coolidge	Hatfield	Robinson, Ark.	
Copeland	Hayden	Robinson, Ind.	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. MCADOO] and the Senator from North Carolina [Mr. REYNOLDS] are absent because of illness, and that the Senator from Illinois [Mr. LEWIS], the Senator from North Carolina [Mr. BAILEY], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. MCNARY. I desire to announce that the Senator from Ohio [Mr. FESS], the Senator from Rhode Island [Mr. HEBERT], the Senator from Pennsylvania [Mr. REED], and the Senator from North Dakota [Mr. NYE] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

SUPPLEMENTAL ESTIMATE—EMERGENCY RELIEF OF RESIDENTS OF THE DISTRICT (S.DOC. NO. 176)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting a supplemental estimate of appropriation for the District of

Columbia, fiscal year 1935, in the amount of $1,700,000, for the purpose of affording relief to residents of the District of Columbia who are unemployed, or otherwise in distress, because of the existing emergency, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

JANUARY REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, reporting, pursuant to law, relative to the activities and expenditures of the Corporation for January 1934, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the executive committee of the Regular Democratic Bronx County Organization, of New York, favoring the prompt passage of the so-called "McLeod bill", providing payment to depositors in closed banks, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the South Carolina Federation of Textile Workers, favoring the passage of the so-called "Wagner bill", being the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the South Carolina Federation of Textile Workers, favoring the removal by the authorities of the N.R.A. of Mr. H. H. Willis, of Clemson, S.C., from the South Carolina Cotton Textile Industrial Relations Board, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the South Carolina Federation of Textile Workers, protesting against the use of the so-called "stretch-out system" and the speeding up of machinery in textile mills in South Carolina, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Society for Constitutional Security, Mrs. William B. Shelton, president, Leonia, N.J., opposing membership on the part of the United States in the World Court, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a memorial of the Society for Constitutional Security, Mrs. William B. Shelton, president, Leonia, N.J., remonstrating against the passage of House Joint Resolution 309, to admit Albert Einstein to citizenship, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the County of Maui, Territory of Hawaii, favoring the making of an appropriation for the erection of a Federal building in Wailuku, Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a letter from Anna Jarvis, founder of Mother's Day, Philadelphia, Pa., relative to Senate Resolution 218, submitted by Mr. COPELAND, favoring an expression on Mother's Day of our love and reverence for motherhood, agreed to on the 26th instant, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the District of Columbia Federation of Federal Employees Unions, favoring the passage of Senate bill 1639, authorizing the creation of a national system of credit unions, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the municipal council of Aroroy, Province of Masbate, P.I., protesting against the imposition of an excise tax of 5 cents per pound on coconut oil imported into the United States, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by employees of the Government Printing Office, members of the Allied Printing Trades, expressing "their sincere appreciation of the rare wisdom and devotion to duty displayed by Senator ELMER THOMAS, who introduced the 40-hour-week amendment, and also by the many Members of Congress who so effectively gave of their best efforts to secure its passage", which was ordered to lie on the table.

Mr. CAPPER presented a resolution adopted by the Veterans' Club of Orange, Tex., favoring the passage of the so-called "Disney-Capper bill", providing for the payment of old-age pensions, which was referred to the Committee on Education and Labor.

Mr. WALCOTT presented a resolution adopted by Robert O. Fletcher Post, No. 4, American Legion, of Norwich, Conn., favoring the giving of priority to veterans on all F.E.R.A. work, which was referred to the Committee on Finance.

He also presented resolutions adopted by the College Club of New Britain, Conn., favoring the ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by Lady Fowler Council, No. 58, of Milford, and Fanny Crosby Council, No. 56, of Bridgeport, both of the Sons and Daughters of Liberty in the State of Connecticut, protesting against the passage of legislation tending to liberalize the immigration laws, which were referred to the Committee on Immigration.

He also presented the memorial of Whatsoever Circle of The King's Daughters, of the Central Baptist Church, of Hartford, Conn., remonstrating against the passage of House bill 7902, to grant to Indians living under Federal tutelage the freedom to organize for the purpose of local self-government and economic enterprise, to provide for the necessary training of Indians in administrative and economic affairs, etc., which was referred to the Committee on Indian Affairs.

He also presented a resolution adopted by the Woman's Home Missionary Society of the Methodist Episcopal Church of Winsted, Conn., favoring the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

He also presented a petition and papers in the nature of petitions from the Waterbury Council of Catholic Women, of Waterbury; St. Joseph's Parish, of Danbury; the Holy Name Society, Sacred Heart Church, of East Port Chester; St. Francis Xavier Society, St. Ladislaus Church, of South Norwalk; the Holy Name Society, St. Mary's Parish, of Union City; the Sheridan Council, Knights of Columbus, of Waterbury; and sundry citizens of Greenwich, all in the State of Connecticut, praying the amendment of proposed radio legislation so as to provide broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

He also presented a letter in the nature of a petition from the Mystic League of Women Voters, of Mystic, Conn., praying for the passage of Senate bill 2800, the pure-food and drug bill, with certain suggested amendments, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 740) for the relief of William G. Fulton, reported it with amendments and submitted a report (No. 855) thereon.

Mr. McCARRAN, from the Committee on the District of Columbia, to which was referred the bill (S. 3032) to require financial responsibility of owners and operators of vehicles for hire in the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 856) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 889. An act for the relief of Frank Ferst (Rept. No. 857); and

H.R. 3553. An act for the relief of Harvey O. Willis (Rept. No. 858).

Mr. SCHALL, from the Committee on Indian Affairs, to which was referred the bill (S. 1735) to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act

authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", reported it with an amendment and submitted a report (No. 859) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 1744) enabling certain farmers and fruit growers to receive the benefits of the Federal Farm Loan Act and amendments thereto and the Emergency Farm Mortgage Act of 1933, reported it with an amendment and submitted a report (No. 860) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK:

A bill (S. 3493) to revive and reenact the act entitled "An act authorizing H. C. Brenner Realty and Finance Corporation, its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near a point between Cherokee and Osage Streets, St. Louis, Mo.", approved February 13, 1931; to the Committee on Commerce.

By Mr. DILL:

A bill (S. 3494) to amend section 4311 of the Revised Statutes of the United States; to the Committee on the Judiciary.

(Mr. THOMAS of Oklahoma introduced Senate bill No. 3495, which appears under a separate heading.)

By Mr. ROBINSON of Indiana:

A bill (S. 3496) granting a pension to Jessie Myrtle Bennett (with accompanying papers); and

A bill (S. 3497) granting a pension to Mira W. Miller (with accompanying papers); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 3498) for the development of the livestock industry among the Indians of the Blackfeet Indian Reservation in Montana; to the Committee on Indian Affairs.

By Mr. CLARK:

A joint resolution (S.J.Res. 111) providing for the erection on public grounds in the city of Washington of a memorial to Samuel Langhorne Clemens (Mark Twain); to the Committee on the Library.

REGULATION OF COMMERCE IN PETROLEUM

Mr. THOMAS of Oklahoma, by unanimous consent, introduced a bill (S. 3495) to regulate commerce in petroleum, and for other purposes, which was read twice by its title.

Mr. THOMAS of Oklahoma. Mr. President, this bill has to do with the oil industry. I ask that the bill as introduced be printed in the RECORD, and that it be referred to the Committee on Interstate Commerce.

There being no objection, the bill was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

A bill to regulate commerce in petroleum, and for other purposes

Be it enacted, etc.

SECTION 1. Declaration of policy: The petroleum industry of the United States is an industry affected with a national public interest. Commerce in petroleum and the products thereof is carried on in and between all of the States of the United States and with foreign nations. Such commerce moves in a constant and continuous stream from sources of supply into great interstate systems of transportation to widely separated interstate markets. It is impossible practically to distinguish and separate the petroleum which is not to move across State lines from that which is to move across State lines. The market for petroleum and the products thereof is essentially interstate in character and the vast majority of the transactions involve shipments from producers and refiners in the relatively few oil-producing States to buyers and consumers in all of the other States of the Union and in foreign nations. Transactions which are themselves intrastate in character are reflected in the interstate market and directly affect interstate commerce. The interstate market for petroleum and the products thereof is subject to violent fluctuations in price to the detriment of both the industry and the consumer. The known petroleum resources of the United States are capable at the present time of supplying far in excess of the consumptive demand for petroleum and its products. There exist also vast surpluses of petroleum in storage which have tended unduly to depress the interstate market and to render the industry unprofitable and uncertain. There is a very definite need for rehabilitation of the industry to the end that the facilities for distribution of petroleum and its products may be maintained, that the growth of monopoly resulting from uncontrolled and damaging competition may be prevented, and that adequate supplies of petroleum and its products may be made available to consumers at fair and reasonable prices. A demoralized and uncontrolled interstate market for petroleum and its products causes premature depletion of flush fields and the abandonment of wells of settled production which are the basis of the Nation's petroleum resources. The preservation of an ample and inexpensive supply of petroleum, which is an exhaustible natural resource, is essential to the effective maintenance both of these instrumentalities of interstate commerce and of those agencies of national defense which are dependent upon petroleum and its products for fuel and lubrication.

The petroleum industry is, therefore, essentially national and interstate in character. Commerce in petroleum and its products within each State is so dependent upon, affected by, and concerned with such commerce in other States that a State by itself cannot successfully regulate and protect transactions within its own boundaries. The preservation of commerce in petroleum and its products within the several States requires a unified effective system of regulation.

It is hereby declared to be the policy of Congress to control and to regulate in the public interest commerce in petroleum produced in all or any of the several States in order to restore and maintain the normal flow of interstate commerce, to prevent the premature abandonment of wells of settled production, to prevent the growth of monopoly arising out of a demoralized national market for petroleum and the products thereof, to provide for the national defense, to protect the Nation's resources of petroleum by providing for the scientific development of new sources of supply, to protect the continuing functioning of the Nation's transportation facilities, and to rehabilitate facilities of the industry for the production, manufacture, and distribution of this essential natural resource, which must be conserved.

SEC. 2. Investigations and reports: The Secretary of the Interior is authorized and empowered, when in his judgment necessary to effectuate the purposes of this act, to make investigations into and to collect statistical and other data pertaining to the petroleum industry, both domestic and foreign, to require periodical and special reports relating to the industry, from persons engaged in the petroleum industry, and to examine and inspect their books, records, papers, and properties for the purpose of verifying such reports.

SEC. 3. Cooperation with other bodies: (a) The Secretary of the Interior may cooperate with executives, officials, and agencies of the States in the study and investigation of matters relating to the petroleum industry and may hold joint hearings upon such matters with any duly authorized State agency. The Secretary of the Interior, when participating in any such joint hearing, shall have all the powers enumerated in section 9 of this act.

(b) The Secretary of the Interior may cooperate with, and encourage the establishment and continuations of, unofficial national, regional, State, and local committees of the petroleum industry.

(c) The several departments and bureaus of the United States Government shall, at the request of the Secretary of the Interior, provide the Secretary of the Interior with all records, papers, and information which they may have available pertaining to the petroleum industry.

SEC. 4. The Secretary of the Interior shall limit the importation of petroleum and its products to such amounts as will prevent imports of petroleum and its products from unreasonably interfering with current domestic production by supplying an undue proportion of the domestic consumptive and export demand for petroleum and its products. The Secretary of the Interior shall establish quotas of imports of petroleum and its products for the various importers thereof by equitably allocating the total amount of authorized imports of petroleum and its products among the various importers thereof, and may require importers to secure certificates of authorization before importing into the United States any petroleum or its products. The Secretary of the Interior shall not permit in any month the importation either of crude petroleum or any of the products of crude petroleum in excess of the average monthly imports of such crude petroleum or of any such product of crude petroleum during the last 6 months of 1932.

SEC. 5. Consumptive and market demand and quotas for movement in commerce: (a) The Secretary of the Interior shall periodically, upon a scientific and impartial evaluation of all available pertinent data, determine the demand for consumption in the United States and the demand for export from the United States for petroleum and the products thereof. Using such determination as a basis, the Secretary of the Interior may then determine the reasonable market demand for petroleum and the products thereof from any State, pool, field, lease or property, storage unit, or other similar source of supply. In determining such reasonable market demand, the Secretary of the Interior shall also give due consideration to:

(1) The requirements of trading areas and the customary source of supply for such areas.

(2) Changes and trends in respect to trade areas or sources of supply.

(3) The location, volume of business, operating conditions, and potential capacity of refineries and of other users of petroleum, and changes and trends with respect to such business.

(4) State conservation laws and the orders of State regulatory agencies for the regulation or allocation of petroleum production.

(5) The location, quantity, and distribution of ownership of stored petroleum and its products, as well as the situation and requirement of owners.

(6) Physical and economic conditions of fields, pools, wells, leases, or properties constituting sources of supply of petroleum.

(7) Past, current, and anticipated importation into the United States of petroleum and the products thereof.

(8) Such other factors as he may deem necessary to a fair and equitable determination of the reasonable market demand from any source of supply.

(b) The Secretary of the Interior may prescribe quotas of petroleum for movement in commerce from such States, pools, fields, leases or properties, storage units, or other sources of supply as the Secretary of the Interior may deem necessary to effectuate the purposes of this act. The quota prescribed for any such source of supply shall be equal to the reasonable market demand for petroleum from that source of supply as determined by the Secretary of the Interior under this section: *Provided*, that in setting quotas for movement in commerce from new sources of supply of petroleum, such quotas shall be established under a plan which will provide for the scientific development of and for the orderly entrance into commerce of petroleum from such new sources of supply. It shall be unlawful for any person to place in commerce or receive in commerce by sale, purchase, exchange, consignment, shipment, delivery, or otherwise, (1) any petroleum from any such source of supply in excess of the quotas so prescribed, (2) or any product made from petroleum obtained from such source of supply in excess of the quotas so prescribed.

SEC. 6. Production quotas: If the Secretary of the Interior shall determine that the effective enforcement of quotas prescribed pursuant to section 5 of this act requires the establishment of quotas for the production of petroleum within or from any State, pool, field, lease, property, or well, the Secretary of the Interior may prescribe quotas for the production in or from such State, pool, field, lease, property, or well. The same factors shall be considered in determining such quotas for production as are provided herein for the determination of quotas for movement in commerce. It shall be unlawful for any person to produce petroleum in excess of quotas for production so prescribed or to make or manufacture any product of such petroleum, or to buy or otherwise deal in such petroleum or the products thereof.

SEC. 7. Certificates of clearance: To make effective restrictions or quotas prescribed pursuant to this act, certificates of clearance for petroleum or any of the products thereof may be required by order of the Secretary of the Interior in such areas and at such times as the Secretary of the Interior shall deem necessary. It shall be unlawful for any person to transport or accept for transportation petroleum or the products thereof from any such area without first receiving from the shipper such certificates of clearance as may be required by the said orders of the Secretary of the Interior.

SEC. 8. Rules and regulations: In the administration, enforcement, and interpretation of this act the Secretary of the Interior is authorized and empowered to make such rules and regulations as may be necessary to carry out the purposes of this act and his duties hereunder. Without limiting the generality of the foregoing, the Secretary of the Interior is specifically authorized and empowered to issue rules and regulations:

(a) Requiring the submission by persons engaged in the petroleum industry of periodical or special reports concerning matters relating to the petroleum industry and prescribing the form and contents thereof.

(b) Requiring persons engaged in the petroleum industry to keep available for inspection all books, records, papers, and properties of such persons which may in any way pertain to the interest or activities of such persons in the petroleum industry.

(c) Requiring that persons engaged in the petroleum industry keep full and adequate records of the interest and activities of such persons in the petroleum industry: *Provided, however*, That any rule or regulation promulgated under this subsection shall clearly and specifically state the interests and activities concerning which such records must be kept.

(d) Prescribing the form and contents of any certificates of clearance which may be required pursuant to section 7 of this act.

(e) Determining procedure for hearings, including the manner of giving notice of such hearings: *Provided, however*, That no rules or regulations promulgated under this subsection shall be inconsistent with the provisions of section 9 of this act.

SEC. 9. Hearings: (a) Before prescribing quotas pursuant to sections 4, 5, and 6 of this act, hearings shall be held after reasonable notice (in no case less than 10 days), and at any such hearing any person or governmental body interested in the subject matter of the hearing shall be entitled to be heard: *Provided, however*, That in case an emergency is found to exist by the Secretary of the Interior, temporary quotas for a period not exceeding 31 days may be prescribed by the Secretary of the Interior without notice or hearing; but such temporary quotas shall thereafter be equitably adjusted at the earliest practicable date, and such adjustment shall be made after notice and hearing as heretofore provided: *And provided further*, That any orders of findings of State regulatory agencies relating to production or movement of petroleum may be adopted by the Secretary of the Interior for the purpose of prescribing quotas pursuant to sections 5 and 6 of this act without the necessity of a hearing. Determinations of fact made pursuant to this subsection shall be conclusive and not subject to review.

(b) The Secretary of the Interior may hold such other hearings as may be deemed necessary to effectuate the purposes of this act and to insure its fair administration. Whenever such other hearings are held after reasonable notice (in no case less than 5 days), determinations of fact made at such hearings shall be conclusive and not subject to review.

SEC. 10. Witnesses and testimony: The Secretary of the Interior shall have the power to examine witnesses, receive evidence and administer oaths and affirmations, to take affidavits and depositions, and to require by subpena the attendance and testimony of witnesses and the production of books, records, and papers. Such attendance of witnesses, and the production of such books, records, and papers may be required from any place in the United States at any designated place of hearing. In case of contumacy or refusal to obey a subpena issued to any person, the Secretary of the Interior may invoke the aid of any district court of the United States within the jurisdiction of which a hearing is being or is about to be held, or within the jurisdiction of which the person guilty of contumacy or refusal to obey resides or carries on business or is found, and such court may issue appropriate orders requiring such person to obey such subpena; and any failure to obey any such order of the court may be punished by said court as a contempt thereof.

The Secretary of the Interior may order testimony to be taken by deposition in any proceeding or investigation pending under this act at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the Secretary of the Interior and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person may be compelled to appear and depose and to produce books, records, and papers in the same manner as witnesses may be compelled to appear and testify and produce books, records, and papers before the Secretary of the Interior as hereinbefore provided.

Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

No person shall be excused from attending and testifying or from producing books, records, or papers before the Secretary of the Interior or in obedience to the subpena of the Secretary of the Interior on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person, after having claimed his privilege against self-incrimination, shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the Secretary of the Interior in obedience to a subpena issued by him: *Provided*, That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 11. Court review: (a) Any person adversely affected by any decision, order, rule, or regulation issued or promulgated after notice and hearing pursuant to section 9 of this act, and who has exhausted his administrative remedies hereunder, shall be entitled, upon petition to the Court of Appeals of the District of Columbia, to have the questions of law in his case reviewed by such court.

(b) Any person adversely affected by any order, rule, or regulation issued or promulgated without notice and hearing pursuant to section 9 of this act, or by any act done or threatened thereunder, and who has exhausted his administrative remedies hereunder, may seek court review by a suit for injunction in an appropriate district court of the United States. Such suit shall be tried in accordance with general equitable principles: *Provided, however*, That no temporary, permanent, or other injunction or writ shall issue in such suit unless the case shall have been fully heard and determined by three judges in the same manner as provided in section 47 of title 28 of the Code of Laws of the United States of America. An appeal may be taken directly to the Supreme Court of the United States from any order granting or denying a temporary, permanent, or other injunction or writ in any such case.

(c) The provisions of this section for court review of decisions, orders, rules, and regulations of the Secretary of the Interior, and action taken or threatened thereunder, shall be exclusive.

SEC. 12. Enforcement of orders of the Secretary of the Interior: If any person fails or neglects to obey any order, rule, or regulation of the Secretary of the Interior while the same is in effect, the Secretary of the Interior, or the United States by its Attorney General, may apply to an appropriate district court of the United States for the enforcement of such order, rule, or regulation. The court shall enforce obedience to such order, rule, or regulation by a writ of injunction or other proper process, mandatory or otherwise, the court may also require any person who has moved in commerce petroleum or the products thereof, or who has produced petroleum in excess of the applicable quota prescribed pursuant to the terms of this act, to reduce his future movements in commerce or his future production of petroleum, as the case may be, to an amount below such quota so as to make up for the amount of his excess movements or production.

SEC. 13. Penalties: Any person who shall violate any provisions of this act or any order, rule, or regulation issued or promulgated pursuant to this act shall be guilty of a misdemeanor, and upon conviction thereof in any court of the United States of competent jurisdiction shall be punished by a fine not to exceed $1,000 or by imprisonment for not longer than 1 year, or by both such fine and imprisonment, and each day such violation continues shall be deemed a separate offense. Any person who shall im-

port into the United States any petroleum or its products in violation of section 4 of this act, or who shall place or receive in commerce, produce, transport, or accept for transportation petroleum or the products thereof in violation of any order issued pursuant to sections 5, 6, and 7 of this act, shall forfeit to the United States the sum of $1 for every barrel (42 United States gallons) of petroleum or the products thereof imported or so placed or received in commerce, produced, transported, or accepted for transportation, which forfeiture shall be payable into the Treasury of the United States and shall be recoverable in a civil suit in the name of the United States brought in the district where the offense was committed or in any district where such person may be found. It shall be the duty of the Secretary of the Interior and of the various district attorneys to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce any books, records, or other papers, if in his power to do so, in obedience to the subpena or lawful requirement of the Secretary of the Interior, shall be guilty of an offense, and upon conviction thereof by a court of competent jurisdiction shall be punished by a fine of not less than $1,000 nor more than $5,000, or by imprisonment for not more than 1 year, or by both such fine and imprisonment.

Any person who shall make, or cause to be made, any false entry or statement of fact in any report required to be made under this act, or who shall make, or cause to be made, any false entry in any account, record, or memorandum kept by any person subject to this act, or who shall neglect or fail to make, or cause to be made, full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions pertaining to the interest or activities in the petroleum industry of such person as may be required by the Secretary of the Interior, or who shall remove out of the jurisdiction of the United States, or mutilate, alter, or by any other means falsify any books, records, or other papers pertaining to the interests or activities of such person in the petroleum industry; or who shall refuse to submit to the Secretary of the Interior or to any of his authorized agents, for the purpose of inspection and taking copies, any books, records, or other papers pertaining to the interest or activities of such person in his possession or within his control, shall be demed guilty of an offense against the United States, and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than $1,000 nor more than $5,000 or to imprisonment for a term of not more than 3 years, or to both such fine and imprisonment.

Any person aiding and abetting any other person in the violation of any provision of this act or any order, rule, or regulation issued pursuant thereto shall be subject to the same penalties as are prescribed herein for the offense of such other person.

SEC. 14. Petroleum Administrative Board; establishment and duties: There shall be established in the Department of the Interior a board to be known as the Petroleum Administrative Board, which shall be composed of not more than seven members to be appointed by the Secretary of the Interior and who shall be qualified by education and experience to discharge their duties. The board shall appoint, with the approval of the Secretary of the Interior, and without regard to the Civil Service laws or the Classification Act of 1923, as amended, such qualified attorneys, economists, geologists, statisticians, and other employees as may be required to enable the board and the Secretary of the Interior to carry out the purposes of this act. The scientific and professional employees of the board shall be selected solely upon the basis of their scientific or professional qualifications. No person having a direct pecuniary interest in the petroleum industry, or who is in the employ of any person engaged in the petroleum industry, shall be a member or employee of the board.

The Secretary of the Interior may delegate any or all of his powers under this act to the board and its duly authorized agents, either absolutely or subject to such conditions or regulations as he may in his discretion impose.

SEC. 15. National Industrial Recovery Act: This act shall not be construed to repeal the National Industrial Recovery Act or any portion thereof and shall repeal only such portions of the Code of Fair Competition for the Petroleum Industry, adopted pursuant to the National Industrial Recovery Act, as are necessarily inconsistent herewith.

SEC. 16. Saving clause: Any offense committed, or any right accrued, or any penalty or obligation incurred prior to the effective date of this act under any provision of law repealed by this act, may be prosecuted or enforced in the same manner and with the same effect as if this act had not been enacted.

SEC. 17. Separability of provisions: If any provision of this act or any clause, sentence, or part thereof be held unconstitutional or invalid for any reason, or the applicability thereof to any person, circumstance, commodity, or class of transactions with respect to any commodity be held invalid, the validity of the remainder of the act and the applicability of such provisions to other persons, circumstances, commodities, and classes of transactions shall not be affected thereby.

SEC. 18. Definitions: The words defined in this section shall have the following meaning when found in this act, to wit:

(a) "Petroleum industry" means the producing, selling, shipping, processing, refining, transporting, or otherwise dealing in petroleum or the products thereof, including natural gasoline and natural gas produced in conjunction with petroleum.

(b) "Commerce" means commerce within any State, between the several States, and between the States and foreign nations.

(c) "State" means the District of Columbia and any State, Territory, or possession of the United States.

(d) "Person" means any natural person, corporation, association, partnership, executor, administrator, receiver, or trustee.

SEC. 19. The powers of the Secretary of the Interior under this act may be by him suspended at any time when he finds that the current potential producing capacity of the various petroleum-producing properties of the United States is not in excess of the consumptive and export demand for petroleum and its products in the United States.

SEC. 20. Short title: This act may be cited as the "Federal Petroleum Act."

CHANGE OF REFERENCE

On motion of Mr. KEAN, the Committee on Claims was discharged from the further consideration of the bill (S. 574) for the relief of Lillian G. Frost, and it was referred to the Committee on Foreign Relations.

FEDERAL CREDIT UNION SYSTEM—AMENDMENTS

Mr. SHEPPARD submitted amendments intended to be proposed by him to the bill (S. 1639) to establish a Federal Credit Union System, to establish a further market for securities of the United States and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, which were ordered to lie on the table and to be printed.

MUNICIPAL DEBT READJUSTMENT

Mr. JOHNSON submitted an amendment intended to be proposed by him to the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which was ordered to lie on the table and to be printed.

LABOR CONDITIONS ON BUILDING PROJECTS IN THE DISTRICT

Mr. DAVIS and Mr. WALSH submitted the following resolution (S.Res. 228), which was referred to the Committee on Education and Labor:

Resolved, That the Committee on Education and Labor, or any duly authorized subcommittee thereof, is authorized and directed to examine into the relationship existing between contractors and their employees engaged in the construction of any public building, public work, or building or work in the District of Columbia financed in whole or in part by loans or grants from the United States, or in the repair thereof, with a view to determining (1) if such employees receive the prevailing rates of wages of building-trades workers; (2) if such employees are forced to give up any part of the compensation to which they are entitled under their contract of employment, a practice known as the "kick-back racket"; and (3) if such employees are discharged and refused further employment on such construction projects for protesting against such "kick-back racket" or other abuses. The committee shall report to the Senate as soon as practicable the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress; to employ such clerical and other assistants; to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths; to take such testimony; and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

THE AIR MAIL SERVICE

Mr. SCHALL. Mr. President, I have here a news article from the Washington Sunday Star quoting Elliot Roosevelt, son of our President, on his plan of how to run the Air Mail Service.

The latest news in the air-mail racket is that it is reported that Elliot Roosevelt, son of our well-known President, is in Washington with a plan to take over the service. Whom he represents has not been made public. It may be E. L. Cord or it may not, but it seems certain he does not appear for the companies whose contracts were canceled without a hearing. The fact that his father is the President of the United States, and the further fact that his father in such official capacity canceled the contracts of the others, will, it is supposed, not mitigate against young Roosevelt in his quest for this highly profitable undertaking.

Recently the Roosevelt family stood aghast when it was alleged that the son of a Republican Senator received cigaret money from an airplane company holding a mail contract.

I have just one suggestion to make, and this is that the Roosevelts not incorporated start a correspondence school for the benefit of the 12,000,000 unemployed and sell them a course on "how to get a job."

I ask leave to print this article in the RECORD and that it be referred to the Committee on Post Offices and Post Roads.

There being no objection, the article was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, as follows:

[From the Washington Sunday Star, Apr. 29, 1934]

ELLIOTT ROOSEVELT QUOTED FAVORING AVIATION SUBSIDY—COMMERCIAL FLYING LINKED WITH NATIONAL DEFENSE IN INTERVIEW

CINCINNATI, April 28.—The Cincinnati Enquirer says Elliott Roosevelt, son of the President, believes the aviation industry must be subsidized by the Government if it is to take its proper place in national defense.

Aviation editor of a group of newspapers, the President's son made his comment in an interview during a brief stopover last night on a flight from Fort Worth to Washington.

"Commercial aviation must be considered in connection with national defense and must have Government aid if it is to play the role in national defense to which it is properly entitled."

Not only should airlines be subsidized, he contended, but the entire industry given financial help, even to part payment of pilots by the Government, with Government insurance and retirement rating.

SCARCITY OF CATTLE FEED IN WESTERN MINNESOTA

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD a telegram I have just received from Emil E. Holmes, who made a trip to Montevideo, Minn., last Saturday and makes a report in his telegram about the lack of feed for cattle in western Minnesota. I am glad to say that the Department of Agriculture informs me that it has made a grant to take care of Minnesota for the month of May, which will be in the hands of the Governor for distribution throughout the State as he sees fit. No doubt the situation can be remedied by applying to him.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

MONTEVIDEO, MINN., *April 28, 1934.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D.C.:

Mass meeting of 1,000 farmers here today. I am petitioned by them to request that you take their cause on floor of Senate at once and also contact President Roosevelt. I am also told that their previous reports of conditions have been very much ignored. We find on check-up in country that many cattle have died and that before many more hours others will die. Needed at once to carry over 146,000 bushels oats and 5,000 barley, with same amount of wheat, 700 flax, grass seed 2,500, and 2,500 tons of hay of an eatable quality. Three carloads of hay in former shipment burned. Ten percent of this amount needed here within the next 60 hours, with balance forwarded without delay. The moan of the dying cattle and the plaintive bleat of the lamb raises a symphony of anguish that humanity cannot ignore further. Contact by wire, C. W. Olson, Montevideo, Minn., and mail me copy; also appeal to Associated Press to assist in carrying message to the people.

EMIL E. HOLMES.

RECIPROCAL TRADE AGREEMENTS—ADDRESS BY HENRY L. STIMSON

Mr. HARRISON. Mr. President, I ask unanimous consent to have inserted in the RECORD a speech broadcast over the National Broadcasting network last evening by Hon. Henry L. Stimson, former Secretary of State, on the reciprocal trade-agreement policy of this administration.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

AMERICA MUST TRADE ABROAD TO PRESERVE HER NATIONAL WELFARE AND CHARACTER

The Secretary of Agriculture, Mr. Wallace, has recently performed a very distinct service in pointing out one of the major problems which lies before us in this country. In his pamphlet entitled "America Must Choose" he has clarified the agricultural dilemma which we are facing. He has pointed out how, during the war, 50,000,000 acres of European land which formerly helped to supply the people of Europe with food were left untilled owing to the great conflict; how the United States, in order to meet that market, had added 40,000,000 acres to our own cultivated land and speeded up our entire farm production; and how today, as a result of this, after Europe has resumed again its agricultural production, we have at least 40,000,000 acres of farm land which is unnecessary for our own food supply and which therefore cannot be profitably used unless we can somehow trade its crops with the outside world. He has further pointed out how, since the war, instead of bending all our energies to secure that foreign trade by which alone we could keep this acreage in profitable employment, we have even added to the tariff and other barriers which made such a development of trade difficult; and how these obstacles, coupled with the growth of nationalistic spirit in Europe which has tended to raise trade barriers everywhere, have reduced the great export trade which we formerly enjoyed from over five billions of dollars a year in 1929 to about a billion and a half in 1933. He asserts that as a result of this we are faced with the alternative today of either plowing under some 50,000,000 of acres and finding some other occupation for their owners, or of developing a very large volume of foreign trade which we have not now got.

Mr. Wallace frankly points out the dangers and difficulties which will lie before us if we adopt the former course—the compulsory government control of production and marketing not only in agriculture but in industry in order to reach a balanced nationalistic economy; the suppression of our hereditary initiative and love of freedom and, worst of all, the stifling of individual free thought and speech which is a necessary accompaniment of the process if we carry national planning to its full conclusion. I am very glad that he frankly announces his own distaste and opposition to such a process and that he evidently believes that we should try as far as possible to follow the other course—that of trying to restore our international trade.

For myself I have never been able to conjure up any real apprehension that the American people would be willing to carry through anything like a complete system of a planned national economy. It would be at variance with their deepest instincts and habits. It would result in violating the most fundamental tenets of their social and political beliefs. Conceivably they might drift into a revolution, but that revolution would never produce a planned economy. If it did, there would speedily be another revolution to end it. On such matters a man's faith is the result of the accumulated experiences of a lifetime rather than any deductions from study. My own faith goes back among other things to the experiences I gained when I accompanied 2,000,000 of my younger fellow citizens to Europe in the Great War and watched that telling demonstration of their natures and temperaments. Those men were not the material for the regimentation of any governmental bureaucracy. Even their military discipline was not so much a submission to authority as it was a zealous and eager cooperation toward the accomplishment of a great aim which they understood and believed in.

Their slogan, "Let's go", accurately described their spirit. They trespassed casually over the boundaries of No Man's Land with the same cheerful abandon with which their forefathers had trespassed over the hunting grounds of the Iroquois. After living with them and watching them, one realized fully that the old spirit still survived which had carried their race across the successive frontiers of this continent until they found themselves penned up against the boundaries of the Pacific Ocean. Such a race will not be satisfied with a walled-in territory, however ample. Their spirit of adventure will seek the outside world and, in default of more wilderness to conquer, will vent its commercial instincts in trading with and building up the other peoples of the earth. The chaotic situation of the world today is not a threat or a deterrent to such men but a challenge and an appeal to their initiative. They would refuse a planned economy, not because it was economy but because it was planned by others than themselves. They would reject a doctrine of national self-sufficiency, not because it was national but because it was insufficient for their spirit of adventure.

All artificial barriers to their enterprise would eventually fall as surely as did the walls of Jericho to the trumpets of Joshua. Put such a population in charge of an area like that of the United States with its matchless natural resources for manufacture on the one hand and on the other its unique geographical situation commanding the trade routes of two great oceans, and I believe that a development of commercial relations with the outside world will follow as naturally as sunrise follows night.

But it is asserted that the trend all over the world is toward nationalistic development and the suppression of all foreign trade, and that we alone cannot fight the prevailing current. I have recently had occasion, in some lectures in Princeton, to analyze these assertions in connection with the present economic situation in Europe. I have reached the conclusion that the chaotic situation there, which is at present so discouraging, is very largely the temporary result of the devastation of the Great War, occurring in a modern industrialized civilization, and that the present economic barriers which have recently grown up and almost destroyed international commerce in that continent will eventually be relieved and international trade to a substantial extent be restored. Indeed, I pointed out that very recently the process of restoration has already begun among certain countries of the southeastern portion of that continent. I believe that throughout the world we are all very naturally still confused by the succession of great problems which have been forced upon us during the past century and that we often mistake as permanent, conditions which are the result of temporary maladjustment. The use of steam and electricity, and the industrial revolution which has been based upon that use, has come with such comparative suddenness in the long, slow evolution of mankind that the results which it has wrought are not yet fully understood and appraised. It has completely transformed the civilization of Europe and of North America. It has brought into being populations which in some

nations are much larger than could be supported on the land which they possess by agriculture alone, and which can thus only be supported by means of commerce with the rest of the world.

On top of this situation came the Great War in 1914—the first great war since this industrial transformation had taken place. It completely shattered Central Europe and it produced an economic dislocation throughout the world of an extent never before known, and from the effects of which we are now suffering. It would be surprising indeed if in such a novel and terrific situation men did not lose their bearings and their courage and jump to the conclusion that certain disastrous results were more permanent than was really the case.

I believe that the chaotic commercial situation which we see not only in Europe but all over the world, which has destroyed trade everywhere and is imposing almost daily new restrictions in the form not only of tariffs but of quotas and other arbitrary methods, is not a permanent growth. It certainly is not the necessary result of nationalism. A healthy nationalism is quite consistent with a healthy international commerce. The great post-war depression has unbalanced budgets and necessitated new revenues. Tariffs and restrictions have been applied as emergency remedies and very often the remedy has only increased the disease and the maladjustment.

Nevertheless certain indisputable facts stand out. One such fact is that there is a large surplus population in Europe to be fed and it probably cannot be fed permanently without the help of foreign trade. For example, in less than 50 years before the Great War Germany alone increased her population by nearly 30,000,000 people in reliance upon foreign trade to support them. She imported 20 percent of her food alone. The same thing was true in large degree of other portions of Europe. It has been estimated that the total European surplus population beyond the number which can be permanently supported by agriculture alone very nearly reaches 100,000,000. They simply must trade in order to live. Why should we not obtain a part of that great inevitable commerce? How enormously it would assist us in the present depressed condition of our own agriculture, not to say industry.

Take a situation nearer home. Until 5 years ago Canada was our greatest customer in all the world. She bought from us every year exports amounting to at least $800,000,000. Indeed, I am told that in 1929 these exports went nearly as high as 950 million. During the past 5 years those purchases have shrunk until in 1933 they amounted to only 210,000,000. Part of this shrinkage has been due to causes really arising out of the dislocations of the Great War. Much of it could be restored. A great commerce between two such similar nations as Canada and ourselves, with 3,000 miles of common boundary, friendly, of similar race, is natural and should exist. It will be a reproach to governmental initiative on both sides of the border if it is not restored.

The general principles which should guide the United States in her commercial relations with the rest of the world have throughout her history been consistent and well understood and have been dictated by her world position and the character of her people and their industries. She has endeavored to cultivate good will and confidence among the peoples of the earth and to promote those conditions of world peace upon which economic and political stability everywhere must ultimately rest. While seeking friendship with all, she has avoided discriminatory relations with any, whether economic or political. Her tariffs have been imposed by general laws enacted by her Congress and applying to all nations alike. The great variety of American products and the world-wide markets which they must seek have necessarily prescribed such an attitude.

But the temporary panic conditions which have grown up during the past 2 years and which are spreading throughout a large portion of the world have produced great changes in the trade conditions which we now face. Commerce between the nations today is chiefly governed by permanent tariff laws but by temporary restrictions of an entirely different character. Trade is being parceled out among frightened nations by quotas and other arbitrary systems of distribution which are being made and varied with great rapidity.

In such a world our Government today is at an almost hopeless disadvantage in its efforts to restore that measure of foreign trade which we must have if our prosperity is to return. A general revision of our tariff laws by Congress, which has been the ordinary method of our making, would be entirely ineffective to meet the situation which exists today. Anyone who has witnessed the course which such a congressional revision follows can appreciate that. It would be far too slow. It could not reach the many different specific problems arising and constantly changing in a great many different nations. In each of these other nations the power to handle their commercial relations is very differently organized from the way in which it is organized at present in our Government. They have vested far greater powers of initiative in their executives, and their executives can act with much greater promptness in an emergency than can be done by our Congress or even our Tariff Commission under our present laws.

In every parliamentary government, for example, the executive, in the shape of the prime minister and his cabinet, frames the tariff with a view to the national requirements, and its ratification by the parliament usually follows much as a matter of course. This is true even in ordinary tariff legislation by such governments. But during the present emergency their executives have been given much greater power in many cases, particularly in respect to quotas and other new forms of restricting imports.

To deal with a world so organized, our Government at present is at a hopeless disadvantage. A great scramble is going on for foreign trade among the nations. Each one is trying to hold what it can of its own commerce and at the same time to get all that it can of the commerce of others. Many of the steps which they take and the things which they do are arrangements dictated by emergencies of the present moment. But on the other hand, many of such arrangements may result in permanently fixing the channels of future trade, and at present owing to the faultiness of our machinery the United States is being shouldered out of those arrangements and left with the likelihood of permanently losing most of the foreign trade which otherwise it might and should get. That is not a pleasant situation for any American to look upon, least of all at such a time as this when it may have the effect of shaping our whole future domestic national policy as well as losing our foreign trade. I should not like to see my country driven into an attempt to live within its own borders without any foreign trade whatever, involving a system of bureaucratic planning at which our whole instincts and traditions revolt; involving a shifting of great masses of our people from their present occupations into other homes and other businesses; involving the discontinuance or operation on a lower scale of many of our great industries; and all just because we cannot organize our Government in an effective way to meet the great emergency. I think that would be an unjust reflection upon us. I think the emergency can and should be met.

There is a bill pending before the Congress which will give to the President for a certain limited time the power under careful restrictions to meet the emergency and to enter into agreements with foreign governments as to foreign trade; and, for the purpose of expanding our foreign markets, to make limited changes in our existing tariff duties or other import restrictions. I think that some such legislation should be promptly passed to meet the emergency which confronts us. I am not impressed with the objection that it would give undue or dictatorial powers to our Executive. It does not seem to me that such objections are well founded. The legislation is for the purpose of meeting temporarily an emergent situation. I see no reason to believe it will be abused. I do not think it impossible to enact such legislation in a form which will conform to the limitations of our Constitution, and under which agreements can be negotiated without violating our present most-favored-nation treaties.

I remember that a similar objection that it would unduly increase the power of the Executive was made when we first proposed to adopt in the American Governments, both State and national, the form of the Executive budget, and to allow the President and the governors of States to propose to Congress and the various legislatures the annual programs of their future expenditures. For nearly 130 years we had stumbled along with the waste and extravagance of the old lack of system but finally the change was made, and today we see the executive budget working in the Federal Government and in the governments of nearly all of the States without any impairment of constitutional liberty whatever. While the situations are not exactly parallel, I believe that the same rules of common sense which controlled in the former case should control us now.

It was Alexander Hamilton who, in his report on manufactures on December 5, 1791, marked out the great principles upon which the regulation of foreign commerce should be carried out by this Government in the interest of its national development. His principles have stood as a guidance ever since for anyone who desires a clear, frank, and intelligent exposition of national policy in such matters. I believe that the same principles of national interest which he set forth in that report would support us now in taking the steps which I have discussed to meet the present national emergency. Unless some such steps are taken to revive our foreign trade, there is serious danger that we may drift into a domestic situation where attempts may be made radically to modify the individual rights of freedom and of initiative under which we have so long lived.

ADMINISTRATION OF POST OFFICE DEPARTMENT—ADDRESS BY POSTMASTER GENERAL FARLEY

Mr. BLACK. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by the Honorable James A. Farley, Postmaster General, in dedicating the new Federal Building in St. Louis, on Saturday, April 28, 1934.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Mr. Chairman, ladies, and gentlemen, it is a privilege to join with you today in the laying of the cornerstone of your new Federal building. Long may it remain here to be viewed by your children and your children's children as a symbol of their Government and as a memorial of the part their fathers and mothers took in making Missouri one of the strongest links in the chain of States that binds together our mighty Republic.

It is of added interest to me that in this magnificent new building, which is adequate to house all Federal activities of St. Louis under one roof, there will be the second largest postoffice facility in St. Louis, which facility, located in the heart of the business section of your great city, will give it the best possible postal service.

It is a pleasure for me to appear on this program with your able mayor, Hon. Bernard F. Dickmann; your efficient postmaster, Mr. W. Rufus Jackson; and with the construction engineer for

the Treasury Department, Mr. Jesse I. Marshall. I congratulate Mauran, Russell & Crowell, the local architects who planned this magnificent building, and N. P. Severin Co., the Chicago contractors who created it.

I also desire to pay a tribute of respect to the workmen and laborers who, by their untiring efforts, made possible the construction of this beautiful edifice.

This building is another development in the great civic memorial plaza plan. When this plan is completed St. Louis will have one of the finest and most imposing groups of public buildings in the country.

When St. Louis was first settled there were no post offices on the west side of the Mississippi River. Correspondence between officials was by courier, and there was not much of that. An irregular line of messengers carried communications between the fur merchants and the Indian traders in the West.

Every Missourian has a right to be proud of the history and heritage of his great State. Here came the dauntless explorers of France, England, and Spain and made their homes; here came the courageous and high-spirited Germans and Irish seeking political freedom; and here came the valiant Virginians and Kentuckians, the intelligent and thrifty New Englanders, and the chivalrous and gentle sons and daughters of the South, to found a great and truly American city.

Of all these people, none made a stronger and more lasting imprint on the life, manners, and customs of St. Louis than did the industrious, loyal, and cultured Germans. Their industry, their fidelity, their art, and their literature have contributed largely to the city's growth and greatness. In the new land devoted German mothers made happy homes and were the inspiration of their husbands and children. The German influence was lasting and America has reaped the benefit.

Missouri was long the outpost and frontier of civilization. From the time of its inclusion in the United States in 1803, under the direction and wise planning of that great apostle of the rights of the people, Thomas Jefferson, her citizens have ever been foremost on the field and in the forum as the defenders of the liberties of the people.

Her strategic location as a frontier State in the early days, her border-line position in the days before and during the War between the States, and the solid American character of her people have always caused the citizens of Missouri to be keenly alive to every question that affected the welfare of the country. The city of St. Louis, as the metropolis of the great Southwest, has been the gathering point of men and women with a virility of mind and body unsurpassed anywhere in the country.

Mark Twain made us all children of Missouri. During my boyhood days I often, in imagination, joined Tom Sawyer and Huckleberry Finn in their play and escapades. Life on the Mississippi became real when you saw it through Mark Twain's eyes.

The names and exploits of your explorers and first settlers—De Soto, Marquette, La Salle, La Clede, Choteau, Daniel Boone, Lewis, Clarke, O'Fallon, Fitzpatrick, and many others—have made your history a living memorial to pioneer courage and an inspiration for future generations.

One of the brightest pages in diplomatic history is the story of the acquisition of this magnificant valley from France by that great Democrat, Thomas Jefferson. His policies in foreign affairs are still a safe guide, and it is well to think of how he expressed them in his first inaugural address. Let us hear them once more:

"Equal and exact justice to all men, of whatever state or persuasion, religious or political; peace, commerce, and honest friendship with all nations, entangling alliances with none."

These are the policies laid down by Jefferson, and they are the policies which now make this Government loved at home and respected abroad under the wise administration and able leadership of Jefferson's great successor, Franklin D. Roosevelt.

The story of Missouri is replete with the history of its men who to this day have been true to the principles of Jefferson. A noble and militant aggressiveness has always been a characteristic of your statesmen and journalists. Your first Senator, Thomas H. Benton, whose historical work "Thirty Years View", is still the best account of Congressional activities from 1821 to 1856, was such a man. His friendship for President Jackson, his work in opening up the West, and his career as a soldier and journalist make him worthy of the honor you accord him.

Coming down to a later date we find that great lawyer, college president, legislator, and true Jeffersonian, Champ Clark, dominating the national scene. And now we see Bennett Champ Clark, the worthy son of a worthy sire, keeping alive, as parliamentarian, lawyer, soldier, author, and United States Senator, the fame of his father and of his State.

Your State has given to the country numerous outstanding statesmen, such as the eloquent Vest, Cockrell, Stone, Bland, Hawes, and Reed, and many others whom time will not permit me to mention by name. I also wish to refer to that renowned publisher, Joseph Pulitzer, who came to my home city from St. Louis; those great leaders, Carl Schurz and Blair; Eugene Field and Mark Twain, of literary fame; and Eads and Allen, outstanding in the engineering world and in the field of philanthropy. I know that every true Missourian is thrilled by the immortal records of Gen. John J. Pershing, who so masterfully led the American forces in the World War, and of Admiral Robert E. Coontz, ranking naval officer and chief of operations during that great conflict.

Permit me to revert again to the Post Office Department, which I have the honor to head. Our records in Washington show that the first post office was established in St. Louis on October 3, 1804, during the administration of Thomas Jefferson. This was when your city was a part of the Louisiana Territory.

Rufus Easton was your first postmaster, and later he had the honor of being the second Delegate to represent Missouri Territory in the Congress, taking his seat on November 16, 1814. Including Mr. Easton, you have had 30 postmasters.

While I am on this subject, there are two men from your State to whom I wish to pay a personal tribute; one because he was an able official of the Post Office Department, the other because he is one of the most courageous friends of the administration.

In the Post Office Department the name of Alexander M. Dockery, Third Assistant Postmaster General from 1913 to 1921, under President Woodrow Wilson, is respected and revered. He spent nearly half a century in public life. As a Democratic leader, a Member of Congress, Governor of Missouri, Masonic grand master for the State of Missouri, an orator, and gentleman, he achieved a merited fame. In 1893 he was chairman of the congressional committee composed of Senators Cullom, Jones, and Cockrell, and Representatives Dingley and Richardson, which revised the financial accounting system of the Government.

Government accounting is still conducted to a large degree under the so-called "Dockery Act." He was a member of the Committee on the Post Office and Post Roads and secured the establishment of the first fast express mail between New York, St. Louis, and Kansas City. He also had charge of the legislation and secured the passage of the act establishing the special-delivery service, which was approved by President Cleveland August 4, 1886. The revenue from this class of mail during the last fiscal year amounted to $7,018,094. In his old age he retained a vigor of mind, a continued devotion to public service, and a charm of manner that is well remembered by all who knew him.

The other person to whom I wish to pay tribute is from your own city. As a Congressman no one works more intelligently or more devotedly than he for the interests of his city and State. His interests, however, are not bounded by city and State lines. He has always placed his country's good above his personal friendships and his personal advantage. Foremost in every fight for the people's rights, he is loved by all who are alined with him in this battle and respected and feared by those who are not. I refer to the Honorable JOHN J. COCHRAN, your Representative in Congress, of whom you may well be proud. I wish that time permitted me to go on to say all the good things I might say of the other men and women of Missouri, both in public and private life, who so well deserve your approbation. However, I do want to express my deepest appreciation to Congressman CLAIBORNE and each Member of Congress from your State for whatever they have done to aid the administration of President Roosevelt.

My friends, it is good to get away from Washington and meet face to face the men and women who support the Government and whose thoughts seem to be not what they can get out of it but what they can do to aid it.

It is to you to whom the appeal must be made against the insidious tactics of organized minorities and special interests who endeavor to mislead the judgment of legislators and direct public opinion. It is surprising to see how a few adroit and resourceful men can often create artificial sentiment and circumvent the interests of the people for their own personal profit.

When one notes the powerful influences brought to bear for selfish purposes and then looks about to find someone speaking in the public interest, demanding retrenchment, economy, and elimination of waste, he finds there is no lobby for this purpose and that, so far as the people generally are concerned, they often have difficulty in making themselves heard.

When, for instance, I suggest a desire to wipe out the deficit in the Postal Service, as I hope to do, it is most surprising to find the amount of advice I receive from special interests telling me that the way to become a popular Postmaster General is to spend, and not save, the people's money.

During the fiscal year 1932—the year before the present administration took charge—the deficit in the Postal Service reached the stupendous sum of $152,246,188. This was over and above the revenues derived by the Post Office Department, and had to be paid out of the General Treasury, which means that the taxpayers of the country had to provide the money to cover the deficit.

While it has been necessary during the past year to effect many economies in order to keep the Department's expenditures within its Budget requirements, improvement in general business conditions has brought an increase in postal revenues and it has been possible to eliminate some of the more drastic economies. Payless furloughs will end on May 1 and various curtailed services will be restored.

The policy of this administration is to give a better postal service at a less cost. We have taken stock, have put the house in order, and every effort will be made to continue to improve and increase the postal facilities commensurate with public needs.

It has been most pleasing to me to note the consideration of the public, and the cooperation of the rank and file of postal employees while curtailed service was effective and economies were being made in costs of operations. The increasing interest of the people in the costs and quality of the Postal Service is most reassuring.

While my first duty is to the taxpaying public, I am not unmindful of the interests of the approximately 235,000 employees in the Postal Service. It is my desire to have the salaries of these trained men and women so adequate and their working conditions so congenial that service under the Post Office Department will attract and bring to it men and women of the very highest type.

Recently much has been said about the annulment of the air-mail contracts. These contracts were annulled because they were illegal and fraudulent and were costing the Government millions of dollars in excess of a proper payment for the service rendered.

There is evidence that these contracts were the result of collusion and fraud and that they were awarded without actual competitive bidding and as the result of an unlawful conspiracy. The law is perfectly plain. Air-mail contracts, like other governmental contracts, should be awarded as a result of competitive bidding.

Air-mail contracts had been so manipulated that three large aviation corporations—the United Aircraft & Transport Co., the Aviation Corporation of Delaware, and the North American Aviation Co.—controlled about 92 percent of the entire air-mail business through associates, subsidiaries, and affiliates.

Evidence conclusively shows that the 1930 conferences were held and that at these conferences the air-mail business of the country was divided up among the contractors with the participation and approval of former Postmaster General Walter F. Brown. These conferences were held in an office adjoining that of the Postmaster General and written minutes were kept of the proceedings. Copies of these minutes in the possession of the Post Office Department reveal that one of the principal objectives was to avoid competitive bidding, which was clearly in violation of the law.

The minutes quote several of those in attendance as saying that they desired to avoid competitive bidding. Referring to a suggestion made to the conference by former Postmaster General Brown, William Mayo, representing Southwest Air Fast Express, and Erle Halliburton are quoted in the minutes as having said: "I think the suggestion is a good one rather than to have competitive bidding."

Ted Clark, representing Southwest Air Fast Express, and Erle Halliburton said: "I would prefer the plan suggested rather than competitive bidding."

Lou Holland, representing United States Airways, remarked: "I think it should be worked out by agreement, as I am afraid that competitive bidding will result in wild promotions."

Harris Hanshue, representing Western Air Express, Inc., said: "We are willing to do anything within reason to work out the plan rather than to go into competitive bidding."

These expressions from those participating make it perfectly evident that the one particular thing desired was to get around the law requiring competitive bidding, and they did act in defiance of the law.

At these conferences the routes were actually laid out and it was decided who should get such routes.

All of the above facts are not only in writing, but the representatives of a number of the air-mail companies have admitted the facts under oath before the Senate investigating committee.

As an illustration of collusion and stifled competition I cite the evidence before the Senate investigating committee sworn to by representatives of the air-mail companies, which shows that a contract was made between Erle P. Halliburton and American Airways, and between American Airways and Transcontinental Air Transport and Western Air Express, whereby a pot was made up to $1,400,000 which was to be paid to Halliburton's company for its assets. Sworn evidence shows these assets to be worth between four hundred thousand and seven hundred thousand dollars. Postmaster General Brown knew of this arrangement, insisted upon it, and, in fact, there has been evidence produced that the other big company, United Aircraft & Transport Co., was asked to donate $500,000 toward the funds to buy Halliburton out. At any rate, the contract was awarded to Halliburton's company and another at 68 cents per mile. The American Airways bought Halliburton's company and, by reason of its ownership of the two bidding companies, held this contract when the contracts were annulled. Halliburton got his $1,400,000, and it was paid under the terms of a written agreement by the American Airways and the Transcontinental & Western Air interests. The only thing these companies got from Halliburton was the contract and some equipment worth far less than $1,400,000.

Let me cite another instance which is revealed by the official records: There were two bids on the route from New York to Los Angeles via St. Louis and Kansas City. One of these was a joint bid by the Transcontinental Air Transport and the Western Air Express; the other by a combination of three companies, which called their merger the United Avigation Co. The latter bid 64 percent of the maximum limit set by the Post Office Department. The other combination bid 97½ percent. The higher bid was accepted, and it cost the Government more than two and one half million dollars, that being the difference between the high and the low bid.

It is the duty of a Government official to promptly repudiate and annul a fraudulent contract, and this has been done by Government officials in hundreds of cases.

What would an individual do when he found he had signed a fraudulent contract and was being systematically defrauded? Would he continue to operate under the contract or would he promptly repudiate it and say: "I refuse to be defrauded any further. I repudiate this contract. It is illegal and fraudulent and I will pay you no more money." Under such circumstances is the Government of the United States in any different position than that of an individual? Is it not the duty of an official of the Government to protect the public interest and to prevent a perpetration of a fraud upon the taxpayers?

Sworn testimony before the Senate investigating committee shows that astounding profits were made on stock promotions of aviation companies based on air-mail contracts. William E. Boeing has testified that the Boeing Air Transport Co. was organized with a common capital stock of $750 and that its net income for the year 1930 was approximately $1,500,000, made exclusively from an air-mail contract with the Post Office Department. This company paid dividends of $5,500,000 on this capital of $750 from 1928 to 1932, inclusive, all from air-mail contracts. Boeing further claims to have invested $259.14 in the Boeing Air Transport Co. and said that he had about $400,000 in stock invested in different aviation companies which went into the United Aircraft & Transport Co. The original company was merged with United, and Boeing testified that in May 1929 stock which had been given him had a value of approximately $51,500,000 on the market.

The Pratt-Whitney Aircraft Co. was organized with a capital stock of $1,000 for the purpose of manufacturing aircraft and went into the United Aircraft & Transport System. It made a profit of 81.07 percent on all engines sold to the Government in 1930, and during the past 5 years this concern paid dividends of more than $12,000,000 on the original capital of $1,000.

The promoters of these aviation companies organized pools for selling their stock to the public and paid themselves enormous salaries and stock dividends when they had little or no capital invested and knew nothing whatsoever about aviation. For instance, Fred B. Rentscheler of the Pratt-Whitney Co. testified that he invested $253 and that his stock of the United Aircraft & Transport Co. was worth $35,575,848 in 1929. He actually received in cash more than $9,500,000 and has 60,000 shares of stock left, these millions all being made from an investment of $253. From 1927 to 1933 Mr. Rentscheler was paid more than $1,500,000 additional as salary and bonus. His associates all fared as well, George W. Mead having invested $207 and secured stock of the value of $29,000,000 in 1929 and actually cashed out approximately $7,500,000. He had left 35,000 shares of stock besides his enormous salary and dividends.

An investment of $40 netted Charles W. Deeds of the Pratt-Whitney Co. stock valued at $5,624,640, and he has actually received more than $1,000,000 in cash besides his fat salary and dividends.

As a result of the annulment of the air-mail contracts there will result a better and a much more economical air-mail service. All new contracts will be let in compliance with the law, which now requires competitive bidding.

On April 20 bids were opened for 17 routes and these bids averaged a fraction over 28 cents per airplane-mile as compared with an average of 37 cents per airplane-mile paid under the annulled contracts. Bids on four additional routes were opened on Friday, and within a few days advertisements will be issued for bids on several other routes.

When all of the contracts are let, which will probably be within the next 30 days, there will be approximately 26,500 route-miles in the air-mail system as compared with 25,248 before the contracts were annulled.

If bids on the remainder of the routes do not run higher than the average on those opened on April 20, air-mail service over the approximately 26,500 route-miles in the new system will cost several million dollars less than did the service over the 25,248 miles of the old system and much new territory will be served. In the year 1932, before the present administration took office, the air mail cost the people of the United States approximately $20,000,000. We confidently expect to give more, better, and safer service for less than half this amount.

In conclusion, my friends, I want you to know that I have sincerely enjoyed your kindness and your hospitality. It is good to be with you. But more than that, I enjoy knowing that I can come to St. Louis and find we are one in heart, in mind, and in spirit with our courageous and heroic President as he valiantly leads us in the battle for human rights. One by one he has surmounted the obstacles, until now men and women in all walks of life have become imbued with his own brave and daring spirit, a spirit which never falters no matter how the clouds darken and the thunders shake the very foundations of the Government and society. Let us continue steadfastly with him until every man and woman and child in the country has every opportunity to live a contented and prosperous life so far as a just government is able to aid them in securing these blessings.

RADIO STATIONS IN MEXICO

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Washington Star of April 29, 1934, describing the manner in which the Mexican Government has permitted the establishment of radio stations using the same frequencies as those in the United States.

There being no objection, the article was ordered to be printed in the RECORD as follows:

MEXICO THREATENS JUMBLE ON RADIO—MANY STATIONS REASSIGNED TO CHANNELS HELD BY AMERICAN NETS

By Sol Taishoff

Threatening a new intercontinental radio jumble, Mexico has ordered a sweeping reallocation of the wave-length assignments of its 60 broadcasting stations, placing the bulk of the stations on channels heretofore assigned exclusively to the United States.

Word of the shift, obtained officially last week from the Mexican communications authorities, was received at the Federal Radio

Commission with some concern. Although promulgated to become effective April 7, no technical reports have yet been received as to the extent of interference being caused, although engineers maintain that clashing of signals is inevitable in many cases, since the Mexican stations are "squatting" on the precise channels allocated to more than 100 United States stations.

The radio bombardment from across the southern border has presented a grave problem in North America for several years. Mexico has no broadcasting channels regularly assigned to it, because it has been unable to reach an agreement with the United States and Canada as to how the available bands should be divided among the nations of the continent. The last effort for the redistribution was made at a conference in Mexico City last summer, but it proved a fiasco when Mexico demanded considerably more channels than its northern neighbors were willing to relinquish.

DODGE CANADIAN CHANNELS

The Mexican communications ministry said in connection with the new allocations that they were designed to eliminate interference between Mexican stations and also to curtail the amount of disturbance with stations in other countries.

One disturbing factor gleaned from the new allocations log—the disclosure that Mexico is using only one of the exclusive waves assigned to Canada, whereas it formerly used a half dozen. All told, it has assigned stations on 38 of the 96 channels available in the broadcast band, but the bulk of the 60 stations are in the low-power category and probably will not cause any substantial degree of interference.

On 19 of the same 35 clear channels at the disposal of the United States for the exclusive use of high-power stations Mexico has assigned stations. Since the whole theory of a clear channel is that of exclusive use by a high-power station during evening hours, it means that the operation of the Mexican stations on these waves, irrespective of power, will curb their service in some degree. The only station of more than 1,000 watts assigned to a United States clear channel under the new allocations is XEMO, at Tia Juana, assigned to the 860-kilocycle channel with 2,500 watts. That is the wave used by WABC, New York key of the Columbia Broadcasting System.

UNITED STATES COUNTERPARTS

Other clear-channel stations which have comparatively low-powered Mexican stations assigned on their waves include: KFI, Los Angeles; WEAF, N.B.C. key, New York; WOR, Newark; WGN, Chicago; WSB, Atlanta; WJR, Detroit; WCCO, Minneapolis; WHAS, Louisville; KWKH, Shreveport; and WWL, New Orleans divide time on same channel); KJR, Seattle; KDKA, Pittsburgh; KYW, Chicago; KTHS, Hot Springs; and KRLD, Dallas (share time); WBT, Charlotte; WPG, Atlantic City; and WLWL, New York (share time); KSL, Salt Lake City; WWVA, Wheeling; and WOWO, Fort Wayne (share time); and KOB, Albuquerque, N.Mex., and KEX, Portland, Oreg. (share time).

The Mexican shift discloses that there are 10 stations among the 60 having power of 2,500 watts or more. While it is possible that some of the lower-powered stations will cause interference with stations in this country, by far the worst situations are expected to result from the high-power outlets. The biggest of the group is XENT, at Nuevo Laredo, just across the border from Laredo, Tex., which is licensed for 150,000 watts, or three times the highest power regularly used by any American station. Assigned to the 1,340-kilocycle channel, it will operate simultaneously with these American stations on the wave: WSPD, Toledo; WFEA, Manchester, N.H.; WCOA, Pensacola; KGNO, Dodge City, Kans.; KGDY, Huron, S.Dak.; and KFPY, Spokane.

With 50,000 watts power are two stations—XEPN, Piadras Negras, close to the Texas border, and XEW, in Mexico City. The former has been assigned to 590 kilocycles, a United States regional channel on which operate WEEI, Boston; WOW, Omaha; WKZO, Kalamazoo; and KHQ, Spokane. XEW is assigned to the 890 kilocycle channel, a regional channel used by both United States and Canadian stations. Among the American stations on the wave are WMMN, Fairmont, W.Va.; KARK, Little Rock; WGST, Atlanta; WILL, Urbana, Ill.; KFNF, Shenandoah, Iowa; KUSD, Vermillion, S.Dak.; and KSEI, Pocatello, Idaho.

THREE 10,000 STATIONS

There are three 10,000-watt stations—XEYZ, Mexico City; XEAW, at Reynosa, just across the Rio Grande from Texas; and XEB, at Mexico City. The first is assigned to 780 kilocycles, a Canadian-shared wave, on which are the following American stations: WEAN, Providence; WTAR, Norfolk, Va.; WMC, Memphis, KELW, Burbank, Calif.; and KTM, Los Angeles.

XEAW is assigned to the 950-kilocycle channel, used by WRC, Washington; KMBC, Kansas City, KFWB, Hollywood; and KGHL, Billings, Mont. XEB is assigned to the Canadian-shared channel of 1,010 kilocycles, on which these American stations are assigned: WHN, New York; WNAD, Norman, Okla.; WIS, Columbia, S.C.; KGGF, Coffeyville, Kans.; and KQW, San Jose, Calif.

At Agua Caliente, just across the California line, the Mexican Government has assigned the 5,000-watt XEBC on the 1,280 kilocycle channel. This is a regional wave used by WORC, Worcester, Mass.; WCAP, Asbury Park, N.J.; WCAM, Camden, N.J.; WTNJ, Trenton, N.J.; WDOD, Chattanooga, Tenn.; WRR, Dallas; WIBA, Madison, Wis.; and KFBB, Great Falls, Mont.

940 CHANNEL

XEFO, Mexico City, licensed for 5,000 watts, has been assigned to the 940-kilocycle channel, used in this country by WAAT, Jersey City; WAVE, Louisville; WDAY, Fargo, N.Dak.; WHA, Madison, Wis.; and KOIN, Portland, Oreg. The remaining big station—XEOK, Tia Juana—is of 2,500 watts and is assigned to the 920-kilocycle channel, used in this country by WWJ, Detroit; KPRC, Houston; WAAF, Chicago; KFEL and KFXF, Denver; and KOMO, Seattle.

The new allocations do not account for station XER, the 500,000 watter which had operated from Villa Acuna, across the border from Del Rio, Tex., for 2 years. Licensed to Dr. John R. Brinkley, deposed Kansas medico-broadcaster, the station was forcibly closed by the Mexican authorities 2 months ago because of the objectionable medical broadcasts by Brinkley. This station, due to its high power, was the cause of most of the complaints from American stations about interference.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 8889) to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor;

H.R. 518. An act for the relief of T. Perry Higgins;

H.R. 719. An act for the relief of Willard B. Hall;

H.R. 1127. An act for the relief of O. H. Chrisp;

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899;

H.R. 1870. An act for the relief of Corinne Blackburn Gale;

H.R. 2026. An act for the relief of George Jeffcoat;

H.R. 2321. An act for the relief of Capt. J. O. Faria;

H.R. 2339. An act for the relief of Karim Joseph Mery;

H.R. 2340. An act for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas;

H.R. 2541. An act for the relief of Robert B. James;

H.R. 2561. An act for the relief of G. Elias & Bro., Inc.;

H.R. 2666. An act for the relief of D. F. Phillips;

H.R. 2682. An act for the relief of Bonnie S. Baker;

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel;

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation;

H.R. 2858. An act to add certain lands to the Pike National Forest, Colo.;

H.R. 2862. An act to add certain lands to the Cochetopa National Forest in the State of Colorado;

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost;

H.R. 3463. An act for the relief of Walter E. Switzer;

H.R. 3551. An act for the relief of T. J. Morrison;

H.R. 3579. An act for the relief of O. S. Cordon;

H.R. 3580. An act for the relief of Paul Bulfinch;

H.R. 3611. An act for the relief of Frances E. Eller;

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912;

H.R. 3851. An act for the relief of Henry A. Richmond;

H.R. 3952. An act for the relief of Grace P. Stark;

H.R. 4013. An act to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926;

H.R. 4269. An act for the relief of Edward J. Devine;

H.R. 4519. An act for the relief of C. W. Mooney;

H.R. 4611. An act for the relief of Barney Rieke;

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey;

H.R. 4808. An act granting citizenship to the Metlakahtla Indians of Alaska;

H.R. 4846. An act for the relief of Joseph Dumas;

H.R. 4847. An act for the relief of Galen E. Lichty;

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same;

H.R. 6013. An act to authorize the sale of land and houses at Anchorage, Alaska;

H.R. 6386. An act for the relief of Lucien M. Grant;

H.R. 6862. An act for the relief of Martha Edwards;

H.R. 7279. An act for the relief of Porter Bros. & Biffle and certain other citizens;

H.R. 7551. An act authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.;

H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation;

H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods;

H.R. 7803. An act authorizing the city of East St. Louis, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H.R. 8516. An act granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi;

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24;

H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America; and

H.J.Res. 61. Joint resolution granting compensation to George Charles Walther.

CLAIMS OF TURTLE MOUNTAIN BAND—CONFERENCE REPORT

Mr. FRAZIER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement, have met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same.

HENRY F. ASHURST,
ELMER THOMAS,
LYNN J. FRAZIER,
Managers on the part of the Senate.

WILBURN CARTWRIGHT,
DENNIS CHAVEZ,
HUBERT H. PEAVEY,
Managers on the part of the House.

The report was agreed to.

MUNICIPAL DEBT READJUSTMENT

The Senate resumed the consideration of the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. NEELY. Mr. President, House bill 5950 which is now before the Senate is exceedingly important to hundreds of American municipalities and other taxing districts, and those to whom they are indebted. The purpose of the bill is to add a new chapter to our existing bankruptcy law. The necessity for this addition is indicated by the following declaration of policy which appears as an introduction to the bill:

> There is hereby found, determined, and declared to exist a national emergency caused by increasing financial difficulties of many local governmental units, which renders imperative the further exercise of the bankruptcy powers of the Congress of the United States.

Let us briefly consider some of the important factors of which the emergency mentioned in the bill consists:

The American people owe approximately $285,000,000,000. Our local governmental debts amount to almost $20,000,000,000. The greater part of this indebtedness was contracted upon the assumption and in the belief that it would be paid from assets and incomes similar to those which generally prevailed prior to the beginning of the Nation-wide panic which occurred in 1929. But the assumptions of 5 years ago regarding ability to pay debts have been annihilated, and all beliefs concerning the matter have been disappointed beyond power of expression.

Our national income in 1929 was $85,000,000,000; in 1930 it was $71,000,000,000; in 1931 it was $55,000,000,000; in 1932 it was $37,500,000,000; and in 1933 it is estimated to have been $30,000,000,000.

To require debtors in 1934 to discharge their obligations on a basis of payment determined in 1929 is similar in effect to requiring a wage earner to pay as large a monthly installment from a salary of $30 a month as he was previously required to pay from a monthly salary of $85.

It is estimated that since 1929 approximately $124,000,000,000 of this country's taxable wealth has been destroyed.

This country's worst depression has during the last 5 years made it impossible not only for individuals but for hundreds of cities, towns, and other taxing districts to meet their obligations which were contracted before the depression began.

On the 24th day of November 1933 1,650 cities, towns, or other taxing districts in the United States were in default in the payment of their obligations. These defaulting taxing districts are distributed throughout the Nation as follows:

Florida	323
North Carolina	264
Ohio	110
Texas	99
California	99
New Jersey	94
Tennessee	57
Michigan	57
Arkansas	57
Illinois	51
Kentucky	42
Missouri	42
Oregon	34
Idaho	28
Louisiana	26
Colorado	25
Oklahoma	24
Mississippi	23
Indiana	21
Washington	21
South Carolina	17
South Dakota	17
Iowa	13
Arizona	13
Alabama	12
Pennsylvania	11
Utah	9
Nebraska	9
North Dakota	8
Montana	8
New Mexico	7
Wisconsin	6
Georgia	6
Kansas	5
Minnesota	5
Wyoming	5
New York	4
Virginia	2
Connecticut	2
Nevada	2
Maine	1
Massachusetts	1

From the 24th day of November 1933 to the 30th day of January 1934 the defaulting municipalities and other taxing districts increased from 1,650 to 2,019. In other words, dur-

ing the period just mentioned additional defaults occurred at the rate of more than 150 a month.

It has been impossible to obtain accurate information as to the number of defaults that have occurred since the 30th day of January.

The assessed valuation of the taxable property in a certain city in the United States in 1929 was $100,000,000. In 1933 the assessed valuation of the same city's property was $19,000,000. In this case it would be necessary for the city to increase its tax rate more than 400 percent in order to make payments on its outstanding indebtedness equal to the payments which it made in the year 1929.

There are now outstanding municipal bonds of the par value of more than $2,000,000,000, which were in default as to the payment of their principal, or the interest thereon, or both, on the 30th day of last January.

In the year 1929, 48,000,000 people in the United States were lucratively employed. Subsequent to 1929 approximately 15,000,000 of these, without fault on their part, became idle. Many millions of the latter became destitute, and consequently lost their ability to pay taxes. At one particular time during the last 4 years 17,000,000 people were supported by welfare organizations, which were financed largely by local taxation.

Thus taxing districts have been ground by the upper millstone of increasing demands for revenue and the nether millstone of decreasing ability to collect taxes. As the result of the accumulated misfortunes which we have indicated, the financial affairs of thousands of taxing districts, which are encumbered with outstanding bonds, are now in a chaotic condition.

In many cases the holders of these bonds have instituted, and are still instituting, mandamus proceedings against the defaulting taxing districts to compel them to levy more and more taxes in order to discharge their obligations which were contracted in circumstances which are wholly dissimilar to the distressing conditions which now prevail. The effects of this litigation are to increase the burdens and add to the embarrassment of the defaulting taxing districts which cannot possibly pay their debts according to the letter of the contracts which attest them.

In a case mentioned in the record a certain person purchased bonds of a defaulting taxing district of the par value of $5,000 for the sum of $450. The purchaser then instituted a mandamus proceeding against the defaulting district to compel it to levy a sufficient tax to pay the full par value of his bonds. Unfortunately, there is no existing law under which proceedings of this nature can be prevented, or by virtue of which defaulting districts can escape from their prosecutors.

In many instances defaulting districts and creditors holding more than 90 percent of their outstanding obligations have agreed upon plans of readjustment by virtue of which all the principal of the outstanding debt could be eventually satisfied, and a reasonable rate of interest could be paid on such obligations.

But in almost every such case the owners of a small fraction of the defaulting district's obligations have insisted upon the full payment of their claims in strict accordance with the harsh and now impossible terms upon which payment was originally promised.

For the purpose of enabling distressed, defaulting cities and other taxing districts and the owners of the greater part of the obligations of such defaulting concerns to enforce reasonable plans of adjustment upon which they may agree, in order that such defaulting taxing districts may ultimately satisfy all just demands against them, the House has passed the bill which is now before us and which it is hoped will soon be enacted into law.

The bill, when amended by the McCarran substitute, as it apparently will be, provides neither moratorium nor repudiation. What it does provide is as follows:

Any distressed taxing district may file a petition in a court of bankruptcy stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of readjustment of its obligations. The petition shall state that a plan of readjustment is filed with it, and that the creditors of the taxing district owning not less than 51 percent in amount of the bonds, notes, or other evidence of the indebtedness of the taxing district affected by the plan, excluding certain obligations owned or controlled by the district in its own right, have accepted the plan in writing.

The petition shall be accompanied with the written acceptance and with a list of all known creditors of the taxing district, together with their addresses, so far as known, and descriptions of their respective claims. The petition shall also show the names and addresses of those who have accepted the plan of readjustment. The judge of the court in which the petition is filed shall enter an order either approving or disapproving it, in accordance with the merits or demerits of the case. If creditors holding 5 percent in amount of the obligations of the petitioning district shall, within 90 days after the first publication of the notice provided for in the bill, appear and controvert the facts alleged in the petition, the judge shall decide the issue thereby presented; and unless the material allegations of the petition are sustained, the petition shall be dismissed.

Upon approving the petition, or at any time thereafter, the judge shall require the taxing district to give such notice as he may deem proper to all creditors of the taxing concern, and cause publication of the notice to be made at least once a week for 3 successive weeks of a hearing to be held within 90 days after the approval of the petition for the purpose of considering the plan of readjustment filed with the petition, and any modification thereof which may be proposed.

The plan of readjustment shall not be confirmed in any case until it has been accepted, in writing, by or in behalf of creditors of the petitioner whose claims have been allowed, holding two thirds in amount of the claims of every class, which will be affected by the plan, and by creditors holding 75 percent in amount of the total claims against the taxing district affected by the plan. But it shall not be requisite to the confirmation of the plan that it be accepted by any creditor whose claim is not affected thereby, or by any creditor whose claim, under the plan, shall be paid in cash, in full.

After hearing any objections that may be made to the plan, the judge shall confirm it, if satisfied, first: That it is equitable and for the best interest of the creditors and does not unfairly discriminate in favor of any class thereof; second, that the plan complies with the provisions of subdivision B of the bill; third, that the plan has been accepted according to the provisions of the bill; fourth, that all amounts to be paid by the taxing district for services or expenses incident to the readjustment have been fully disclosed and that they are reasonable; fifth, that the offer of the plan and its acceptance are in good faith; and, sixth, that the taxing district is authorized by law, upon confirmation of the plan, to take all necessary action to carry it into effect.

Upon confirmation of the plan by the court, it shall be binding not only upon the taxing district but also upon all of its creditors, whether secured or unsecured.

If the judge disapproves the proposed plan, he shall file an opinion stating his reasons for such disapproval. If he approves it, the final decree shall be entered discharging the taxing district from all debts and liabilities dealt with in the plan, except as provided therein, and upon the entry of such decree the court's jurisdiction in the matter shall cease.

The bill specifically provides that nothing in it contained shall be construed to limit or impair the power of any State to control, by legislation or otherwise, any political subdivision thereof in the exercise of its political or governmental powers, including expenditures therefor, and including the power to require the approval by any governmental agency of the State of the filing of any petition and of any plan of adjustment authorized by the bill.

It is confidently believed by a majority of the members of the Committee on the Judiciary, including the distinguished chairman of the committee, Mr. ASHURST, that the enactment of this bill into law will prove highly beneficial not only to all the defaulting taxing districts of the country and their creditors but also to the public at large, by

healing a financial malady that has proved to be as deadly as cancer, as contagious as scarlet fever, and as rapid in its progress as pneumonia.

Mr. McCARRAN. I wonder whether it would meet with the wishes of Senators generally, and of the Senator from West Virginia [Mr. NEELY], if I took up my proposed amendment, which is now on the table, and offered it by way of a substitute for the bill.

The VICE PRESIDENT. Does the Senator desire to have it read at this time?

Mr. McCARRAN. I think perchance it will be more comprehensible if read at this time, and I ask to have it read.

Mr. ROBINSON of Arkansas. Mr. President, before proceeding with the reading, may I say that it is my understanding that the amendment presented by the Senator from Nevada proposes to make a large number of verbal changes in the bill, the major number of them perhaps being designed to conform the bill to the three principal amendments which I described a few moments ago; and, for the convenience of the Senate, the amendment as drawn is presented in the nature of a substitute rather than as separate amendments?

Mr. McCARRAN. Yes. There were so many clarifying expressions which were in conformity with the three major changes that I thought it best to offer the amendment as a substitute.

Mr. ROBINSON of Arkansas. In addition to that, it condenses the original bill very substantially, but does not change the principle of it in any particular except in the particulars already referred to?

Mr. McCARRAN. That is correct.

Mr. ROBINSON of Arkansas. If the Senate should adopt the amendment of the Senator from Nevada, it would throw the whole matter into conference.

The VICE PRESIDENT. The Chair understands the Senator from Nevada wishes to have the amendment read at this time.

Mr. McCARRAN. Yes.

The VICE PRESIDENT. The clerk will read the proposed amendment.

Mr. NEELY. Mr. President, will the Senator yield to me?

Mr. McCARRAN. I yield.

Mr. NEELY. Before the clerk reads, let me state that, to the best of my information, all who are in favor of this proposed legislation, including the members of the Committee on the Judiciary, who joined in the majority report, favor the McCarran amendment, which is in the nature of a substitute for the House bill.

Mr. VANDENBERG. Mr. President, will the Senator from Nevada yield to me?

Mr. McCARRAN. I yield.

Mr. VANDENBERG. I do not want to interfere with the Senator's plan of procedure, but the text of his substitute is more or less technical, and I am very sure that the Senate would have a far better conception of it if he were to explain it, rather than to have it textually read at the desk.

Mr. McCARRAN. I am entirely content to follow either course, to insure the greatest clarification.

Mr. VANDENBERG. I am sure the Senator could make it very much plainer than could the reading clerk from the text.

The VICE PRESIDENT. Without objection, the reading will be dispensed with.

The amendment, in the nature of a substitute, offered by the Senator from Nevada [Mr. McCARRAN], proposes to strike out all after the enacting clause and in lieu thereof to insert the following:

That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as approved July 1, 1898, and acts amendatory thereof and supplementary thereto be, and they are hereby, amended by adding thereto a new chapter to read as follows:

"CHAPTER IX

"PROVISIONS FOR THE EMERGENCY TEMPORARY AID OF INSOLVENT PUBLIC DEBTORS AND TO PRESERVE THE ASSETS THEREOF, AND FOR OTHER RELATED PURPOSES

"SEC. 78. Declaration of policy.—There is hereby found, determined, and declared to exist a national emergency caused by increasing financial difficulties of many local governmental units, which renders imperative the further exercise of the bankruptcy powers of the Congress of the United States.

"SEC. 79. Additional jurisdiction.—Until the expiration of 2 years from the date this chapter takes effect, in addition to the jurisdiction exercised in voluntary and involuntary proceedings to adjudge persons bankrupt, courts of bankruptcy shall exercise original jurisdiction in proceedings for the relief of debtors, as provided in this chapter of this act.

"SEC. 80. Municipal-debt readjustments.—(a) Any municipality or other political subdivision of any State, including (but not hereby limiting the generality of the foregoing) any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, levee, sewer, or paving, sanitary, port, improvement or other district (hereinafter referred to as a 'taxing district'), may file a petition stating that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts. The petition shall be filed with the court in whose territorial jurisdiction the taxing district or the major part thereof is located. The petition shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other chapters of this act. The petition shall state that a plan of readjustment has been prepared, is filed, and submitted with the petition, and that creditors of the taxing district owning not less than 51 percent in amount of the bonds, notes, or certificates of indebtedness of the taxing district affected by the plan, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have accepted it in writing. The petition shall be accompanied with such written acceptance and with a list of all known creditors of the taxing district, together with their addresses so far as known to the taxing district, and description of their respective claims showing separately those who have accepted the plan of readjustment, together with their separate addresses, if one is submitted with the petition, the contents of which list shall not constitute admissions by the taxing districts in a proceeding under this chapter or otherwise. Upon the filing of such a petition the judge shall enter an order either approving it as properly filed under this chapter, if satisfied that such petition complies with this chapter and has been filed in good faith, or dismissing it, if not so satisfied. If creditors holding 5 percent in amount of the bonds, notes, or certificates of indebtedness shall, within 90 days after the first publication of the notice provided for in subdivision (c), clause (1), of this chapter, appear, and controvert the facts alleged in the petition, the judge shall decide the issues presented, and unless the material allegations of the petition are sustained, shall dismiss the petition.

"(b) A plan of readjustment within the meaning of this chapter (1) shall include provisions modifying or altering the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; and (2) may contain such other provisions and agreements, not inconsistent with this chapter, as the parties may desire.

"No creditor shall be deemed to be affected by any plan of readjustment unless the same shall affect his interests materially and adversely, and in case any controversy shall arise as to whether any creditor or class thereof shall or shall not be affected, the issue shall be determined by the judge after hearing upon notice to the parties interested.

"The term 'securities' shall include bonds, notes, and other evidences of indebtedness, either secured or unsecured, and certificates of beneficial interests in property. The term 'creditors' shall include for all purposes of this chapter all holders of claims, debts, securities, liens, or other interests of whatever character against the taxing district or its property or revenues, including claims under executory contracts and for future rent, whether or not such claims would otherwise constitute provable claims under this act, but excepting claims for salaries and wages of officers and employees of the taxing district.

"For all purposes of this chapter any creditor may act in person or by a duly authorized agent or committee. Where any committee, organization, group, or individual shall assume to act for or on behalf of creditors, such committee, organization, group, or individual shall first file with the court in which the proceeding is pending a list of the creditors represented by such committee, organization, group, or individual, together with a statement of the amount, class, and character of the indebtedness held by each such creditor, and shall accompany the same with a copy of the contract or agreement entered into between such committee, organization, group, or individual and the creditors represented by it or them, which contracts shall disclose all compensation to be received directly or indirectly by such agent or committee.

"(c) Upon approving the petition or at any time thereafter the judge (1) shall require the taxing district to give such notice as the order may direct to creditors, and to cause publication, to be made at least once a week for 3 successive weeks, of a hearing, to be held within 90 days after the approval of the petition for the purpose of considering the plan of readjustment filed with the petition and of any changes therein or modifications thereof which may be proposed; (2) if a plan of readjustment is not accepted and approved within such reasonable period as the judge may fix, or, if accepted and approved, is not confirmed, the judge may, after hearing, either extend such period not exceeding 1 year from the date of the filing of the petition, or dismiss the proceedings as the interests of the creditors may equitably require:

Provided, however, That if a plan shall not be accepted and approved within 1 year from the date of the filing of the petition, the judge, after hearing, may continue the proceeding for not exceeding 2 years from the date of the filing of the petition, with the written consent of creditors of the taxing district holding more than one half in amount of all claims affected by the plan; (3) shall require the taxing district at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the affairs of the taxing district and the fairness of any proposed plan; (4) shall determine a reasonable time and manner in which the claims and interests of creditors may be filed or evidenced, and, for the purposes of the plan and its acceptance, the division of creditors into classes according to the nature of their respective claims and interests; and may, for the purposes of such classification, classify as an unsecured claim the amount of any secured claim in excess of the value of the security thereof, such value to be determined in accordance with the provisions of chapter 57, clause (h), of this act; (5) may, with the authorized written approval of the taxing district, direct the rejection of contracts of the taxing district executory in whole or in part; (6) shall cause reasonable notice of such determination and of all hearings for the consideration of the proposed plan, or the dismissal of the proceedings, or the allowances of fees or expenses, to be given creditors by publication or otherwise; (7) may require the taxing district to open its books, records, and files to the inspection of any creditor of the taxing district during reasonable business hours; (8) may allow a reasonable compensation for the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and the payment of special masters, readjustment managers, and committees or other representatives of creditors of the taxing district, and the attorneys or agents of any of the foregoing; and appeals may be taken, from the orders making such allowances, to the circuit court of appeals for the circuit in which the proceeding under this chapter is pending, independently of other appeals which may be taken in the proceedings, and such appeals shall be heard summarily: *Provided, however,* That no fees, compensation, reimbursement, or other allowances for attorneys, agents, committees, or other representatives of creditors shall be assessed against the taxing district or paid from any revenues, property, or funds except in the manner and in such sums, if any, as may be provided for in the plan of readjustment; (9) in addition to the provisions of chapter II of this act for the staying of pending suits, the court may upon notice enjoin or stay until after final decree, the commencement or continuation of suits against the taxing district, or any officer or inhabitant of the taxing district, on account of the indebtedness of such taxing district, or to enforce any lien or to enforce levy of taxes for the payment of any such indebtedness: *Provided, however,* That the judge may enter an interlocutory decree providing that the plan shall be temporarily operative with respect to all indebtedness affected thereby and that the payment of the principal or interest, or both, of such indebtedness shall be temporarily postponed or extended or otherwise readjusted in the same manner and upon the same terms as if such plan had been finally confirmed and put into effect, and upon the entry of such decree the principal or interest, or both, of such indebtedness which has otherwise become due, or which would otherwise become due, shall not be or become due or payable, and the payment of all such indebtedness shall be postponed during the period in which such decree shall remain in force; and (10) may refer any matters to a special master, for consideration and report upon specified issues; but (11) shall not, by any order or decree, in the proceeding or otherwise, interfere with (a) any of the political or governmental powers of the taxing district, or (b) any of the property or revenues of the taxing district necessary in the opinion of the judge for essential governmental purposes, or (c) any income-producing property, unless the plan of readjustment so provides. The taxing district shall be heard on all questions. Any creditor shall be heard on the question of the proposed confirmation of the plan, and, upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine.

"(d) The plan of readjustment shall not be confirmed until it has been accepted in writing, filed in the proceeding, by or on behalf of creditors whose claims have been allowed holding two thirds in amount of the claims of each class whose claims have been allowed and would be affected by the plan, and by creditors holding 75 percent in amount of the claims of all classes of the taxing district affected by the plan, but excluding claims owned, held, or controlled by a taxing district, and such plan has been accepted and approved by the taxing district in a writing filed in the proceeding, signed in its name by an authorized authority: *Provided, however,* That it shall not be requisite to the confirmation of the plan that there be such acceptance by any creditor or class of creditors (a) whose claims are not affected by the plan, or (b) if the plan makes provision for the payment of their claims in cash in full, or (c) if provision is made in the plan for the protection of the interests, claims, or liens of such creditors or class of creditors.

"(e) After hearing such objections as may be made to the plan, the judge shall confirm the plan if satisfied that (1) it is fair, equitable, and for the best interests of the creditors, and does not discriminate unfairly in favor of any class of creditors; (2) complies with the provisions of subdivision (b) of this chapter; (3) has been accepted and approved as required by the provisions of subdivision (d) of this chapter; (4) all amounts to be paid by the taxing district for services or expenses incident to the readjustment have been fully disclosed and are reasonable; (5) the offer of the plan and its acceptance are in good faith; and (6) the taxing district is authorized by law, upon confirmation of the plan, to take all action necessary to carry out the plan. Before a plan is confirmed, changes and modifications may be made therein, with the approval of the judge after hearing upon notice to creditors, subject to the right of any creditor who shall previously have accepted the plan to withdraw his acceptance, within a period to be fixed by the judge and after such notice as the judge may direct, if, in the opinion of the judge, the change or modification will be materially adverse to the interest of such creditor, and if any creditor having such right of withdrawal shall not withdraw within such period, he shall be deemed to have accepted the plan as changed or modified: *Provided, however,* That the plan as changed or modified shall comply with all the provisions of this subdivision.

"(f) Upon such confirmation the provisions of the plan and of the order of confirmation shall be binding upon (1) the taxing district, and (2) all creditors, secured or unsecured, whether or not affected by the plan, and whether or not their claims shall have been filed or evidenced, and if filed or evidenced, whether or not allowed, including creditors who have not, as well as those who have accepted it.

"(g) In the event the judge shall disapprove the plan he shall file an opinion stating his reasons for such disapproval. If he approve the plan, the final decree shall discharge the taxing district from those debts and liabilities dealt with in the plan except as provided in the plan; and upon the entry of such decree the jurisdiction of the court in such proceeding shall cease.

"(h) A certified copy of the final decree or of an order confirming a plan of readjustment, or of any other decree or order entered in a proceeding under this chapter, shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the decree or order was made. A certified copy of an order directing the transfer of any property dealt with by the plan shall be evidence of the transfer of title accordingly, and if recorded as conveyances are recorded shall impart the same notice that a deed, if recorded, would impart.

"(i) In proceedings under this chapter and consistent with the provisions thereof, the jurisdiction and powers of the court, the duties of the taxing district and the rights and liabilities of creditors, and of all persons with respect to the taxing district and its property, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the petition of the taxing district was approved.

"(j) This chapter shall take effect and be in force from and after the date of the approval of this amendatory act and shall apply as fully to taxing districts and their creditors, whose interests or debts have been acquired or incurred prior to such date, as to taxing districts and their creditors, whose interests or debts are acquired or incurred after such date.

"(k) Nothing contained in this chapter shall be construed to limit or impair the power of any State to control, by legislation or otherwise, any political subdivision thereof in the exercise of its political or governmental powers, including expenditures therefor, and including the power to require the approval by any governmental agency of the State of the filing of any petition hereunder and of any plan of readjustment, and whenever there shall exist or shall hereafter be created under the law of any State any agency of such State authorized to exercise supervision or control over the fiscal affairs of al' or any political subdivision thereof, and whenever such agency has assumed such supervision or control over any political subdivision, then no petition of such political subdivision may be received hereunder unless accompanied by the written approval of such agency, and no plan of readjustment shall be put into temporary effect or finally confirmed without the written approval of such agency of such plans.

"(l) If any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the chapter, or the application of such provision to other persons or circumstances, shall not be affected thereby."

Mr. FLETCHER. Mr. President, in line with the suggestion of the Senator from Michigan, I feel that the Senate would get a better understanding of the bill if the Senator should explain it. However, I want to ask the Senator particularly as to whether the substitute retains the purposes and objects of the original bill?

Mr. McCARRAN. It retains substantially the objects of the original bill. It changes in three particulars the main points of the original bill. I will go hurriedly over it where it is the same.

The first paragraph, under chapter 9, on page 2 of the printed bill, is the same in the proposed substitute as in the original bill. The second paragraph is the same.

When we reach line 10, page 3, of the proposed substitute we find a change. The substitute reads:

The petition shall state that a plan of readjustment has been prepared, is filed and submitted with the petition, and that creditors of the taxing district owning not less than 51 percent in amount of the bonds, notes, or certificates of indebtedness of the

taxing district affected by the plan, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have accepted it in writing.

In other words, if the district held taxing bonds, it should not count the bonds into the 51 percent, and they cannot be counted in. That raises the percentage from 30 percent, as fixed in the original bill, to 51 percent. In other words, the petition to bring the matter into motion in the first instance must have the backing of 51 percent of the outstanding obligees.

The substitute, as to section 80, on page 3, is the same as the original.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. McCARRAN. Certainly. I yield.

Mr. FLETCHER. As I understand, the original bill provides that the municipality may file a petition, and institute proceedings in that way. The Senator's proposed substitute would require that a plan be agreed upon by some 51 percent of the outstanding obligees?

Mr. McCARRAN. Yes.

Mr. FLETCHER. Before the petition could be presented?

Mr. McCARRAN. That is correct.

Mr. FLETCHER. And the plan must be submitted along with the petition?

Mr. McCARRAN. The plan must be a part of the petition, referred to in the petition, and filed with the petition.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. McCARRAN. I yield.

Mr. LOGAN. The only difference on that point, as I understand, is that the original bill required the consent of only 30 percent of the creditors?

Mr. McCARRAN. That is correct.

Mr. LOGAN. And in the Senator's proposed substitute the consent of 51 percent is required?

Mr. McCARRAN. That is correct.

Mr. ROBINSON of Arkansas. There is a still further difference, which is that under the amendment of the Senator from Nevada a plan must be presented, with a certificate that the holders of 51 percent of the obligations concur in it, while under the original bill no plan need have been agreed upon at the time of the filing of the petition.

Mr. LOGAN. I think there must have been a plan agreed upon under the original bill.

Mr. ROBINSON of Arkansas. No.

Mr. LOGAN. I think the original bill required 30 percent to have agreed upon a plan, and, if that be true, the only change is that the Senator from Nevada would require 51 percent.

Mr. McCARRAN. I have that part of the bill marked. I will read first the provision of the original bill. It provides as follows:

The petition shall be filed with the court in whose territorial jurisdiction the taxing district or the major part thereof is located. The petition shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other chapters of this act. The petition shall state either (a) that creditors of the taxing district holding not less than 30 percent in amount of its bonds, notes, or certificates of indebtedness, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have consented in writing to the filing of the petition, signifying their willingness to have a plan of readjustment prepared and submitted to the court for confirmation.

Now, let me distinguish.

The petition shall state——

Mr. ROBINSON of Arkansas. The Senator is now reading the proposed amendment.

Mr. McCARRAN. I am reading now the proposed amendment.

Mr. LOGAN. I understand.

Mr. McCARRAN. The proposed amendment provides:

The petition shall state that a plan of readjustment has been prepared, is filed and submitted with the petition, and that creditors of the taxing district owning not less than 51 percent in amount of the bonds, notes, or certificates of indebtedness of the taxing district affected by the plan, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have accepted it in writing.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. McCARRAN. I yield.

Mr. TYDINGS. I should like to ask the Senator whether the 51-percent provision applies only to the amount of the outstanding bonds, rather than to the number of people holding them?

Mr. McCARRAN. That is correct.

Mr. TYDINGS. I should like to ask the Senator further whether it is or is not a fact that there might be a case where three or four banks would own 51 percent of a particular issue?

Mr. McCARRAN. That is correct.

Mr. TYDINGS. In that case those three or four institutions would be able, without consultation with the other 49 percent of the holders of the bonds, to put into effect any plan they thought wise. Is that correct?

Mr. McCARRAN. Fifty-one percent in amount.

Mr. TYDINGS. I say, 51 percent of the amount, if that amount were held by three or four institutions, and that plan would be a plan binding upon the other 49 percent.

Mr. NEELY. Mr. President, will the Senator from Nevada yield?

Mr. McCARRAN. I yield.

Mr. NEELY. Mr. President, the situation indicated by the Senator from Maryland could not possibly arise under the terms of this bill, because, as previously explained, the plan cannot be made effective unless the holders of at least 66⅔ percent of every class of security approve it; and before the court can confirm the plan it must have the approval of the holders of not less than 75 percent of the aggregate of the claims against the petitioning municipality or district.

Mr. TYDINGS. That is true under either plan?

Mr. NEELY. No; only under the McCarran amendment.

Mr. ROBINSON of Arkansas. No; that was not true under the original plan when the bill first came to the Senate. The original plan was that 30 percent of the holders of the aggregate number of claims could join with the municipality in taking the matter into court to have a plan prepared. Sixty-six and two thirds percent of the aggregate of the claims could have it confirmed. In addition to the check requiring 51 percent to join with the municipality in taking it into court there is also the requirement, as I thought had been made plain heretofore, that 66⅔ percent of each class of claims and 75 percent of the aggregate of the claims must agree before a plan may be put into effect.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. BORAH. As I understand, the Senator's amendment makes it necessary to have the plan approved by a certain percentage of holders before the court can take jurisdiction.

Mr. McCARRAN. That is a prerequisite to the court taking cognizance of the matter.

Mr. BORAH. What percentage is necessary to approve the plan?

Mr. McCARRAN. Fifty-one percent must come in with the proposed plan. Then after the matter goes through, 66⅔ percent of the various classes must adopt the plan, and finally before it becomes effective 75 percent of all the outstanding obligations must approve of the plan.

So we have, first of all, 51 percent to set the matter in motion in the court. The court, after the plan is brought in, may reject that plan, or he may set up a plan and send it back. Then if he does approve that plan, it is submitted to the holders, and if 66⅔ percent of each one of the outstanding classes of indebtedness approve it, and if 75 percent of all of the outstanding indebtedness approve it, it may become the effective plan.

Mr. BORAH. Will the Senator yield to permit me to ask another question?

Mr. McCARRAN. I am glad to do so.

Mr. BORAH. After the plan has gone to the court, approved by 51 percent, suppose the court approves the

plan as submitted, then it is still necessary to have the approval of 66⅔ percent and ultimately of 75 percent before the plan can be accomplished?

Mr. McCARRAN. And more than that, there is another protecting clause in this substitute—I think it is in the original bill, but it is in the substitute, I know—that 5 percent may come in and petition to set aside the order even though the court approve the petition which 51 percent had approved. Five percent may come in and petition to set aside the order. Do I make myself clear?

Mr. BORAH. The Senator does.

Mr. TYDINGS. Will the Senator yield for one other question?

Mr. McCARRAN. I yield.

Mr. TYDINGS. Has the Senator any figures which will show what percentage of the number of persons of the average bond issue would be necessary in order to assemble the 51 percent of the actual amount of the bond issue as represented through holders of bonds?

Mr. McCARRAN. I have no figures bearing on that question.

Mr. ROBINSON of Arkansas. I do not think it would be possible, if the Senator from Nevada will permit me to make the statement, to obtain such figures without making a survey of practically all the obligations which are outstanding, because necessarily and unavoidably they vary in every case. No data are available. It would require a survey of the obligations of more than 2,000 municipalities alone, and perhaps an equal number of other taxing units which are affected by the bill.

Mr. TYDINGS. My question is predicated upon the fact that quite often when bonds are sold one banking house will bid for the entire issue, and it will, in turn, resell it to its affiliates, which, in turn, will sell the bonds to their individual depositors. It occurred to me that probably from such figures it would be possible to hit some sort of a general rule concerning the number of the holders of approximately 51 percent of the amount of a bond issue. My original question was directed to the fact that a holding of 51 percent might be in the hands of only three or four people, who could take action to the exclusion of the others. However, the qualifying amendment seems to cover that contingency.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Nevada further yield?

Mr. McCARRAN. I yield.

Mr. ROBINSON of Arkansas. Of course, the Senator from Maryland [Mr. TYDINGS] understands that the proceeding under the terms of this bill, if it shall be enacted into law, will have relationship to almost every class of obligation, and the object of the principal provisions carried in the amendment offered by the Senator from Nevada is to safeguard, in a measure, against the possibility which the Senator from Maryland has suggested. It is thought that if 51 percent of all the obligations be required to join in a plan before it is taken up by the court, and then that 66⅔ percent of the holders of each class of obligations, and also 75 percent of the obligations as a whole are required in approval, that this reasonably safeguards every interest that can be expected to be taken care of.

Mr. TYDINGS. Mr. President, will the Senator further yield for just one more question?

Mr. McCARRAN. I yield.

Mr. TYDINGS. Then, as I understand, the primary difference between the Neely bill and the McCarran bill, so-called——

Mr. NEELY. Mr. President, there is no Neely bill.

Mr. TYDINGS. It is the committee bill. The primary difference between the committee bill and the McCarran amendment, as I understand, is that the McCarran amendment requires more interests to be considered in the adoption of any plan than does the committee bill.

Mr. McCARRAN. That is my judgment about it.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield to the Senator from Kentucky.

Mr. LOGAN. When any plan is agreed upon then there is no discrimination at all in the operation of that plan so far as the creditors are concerned in each class, is there?

Mr. McCARRAN. That is correct.

Mr. LOGAN. Then, if 66⅔ percent, or two thirds of the creditors, shall agree upon a particular plan the minority creditors will receive exactly the same treatment as will the majority creditors?

Mr. McCARRAN. Yes.

Mr. TYDINGS. Mr. President, will the Senator from Nevada further yield?

Mr. McCARRAN. I yield.

Mr. TYDINGS. Where there are, for example, a half dozen bond issues put out by a certain municipality, did the Senator, in answer to the question of the Senator from Kentucky, mean to say that each one of those bondholders would share equally as his interest might appear, regardless of the priority of the issue?

Mr. McCARRAN. They would share within their priority.

Mr. TYDINGS. Within their priority?

Mr. McCARRAN. Yes.

Mr. NEELY. Will the Senator again yield?

Mr. McCARRAN. I yield.

Mr. NEELY. I invite the attention of the distinguished majority leader [Mr. ROBINSON] and the able Senator from Michigan [Mr. VANDENBERG]—both of whom have shown a great interest in this bill—to the following: Page 3 of the amendment says—

> The petition shall state that a plan of readjustment has been prepared, is filed, and submitted.

Beginning in line 23, on the same page, there is a clause which, apparently, does not make sense.

Mr. McCARRAN. Does the Senator mean the clause, "If one is submitted with the petition"?

Mr. NEELY. Yes.

Mr. McCARRAN. I think that ought to come out.

Mr. NEELY. I move to strike out the following language on page 3, lines 23 and 24: "if one [a plan] is submitted with the petition."

Mr. McCARRAN. I accept that amendment.

Mr. NEELY. Mr. President, I also move to strike out of lines 13 and 15, on the same page, the word "or", and insert in lieu thereof the word "and."

Mr. McCARRAN. That puts it in the conjunctive rather than the disjunctive.

Mr. NEELY. Precisely. I believe that it was the intention of the committee, and, as I understand the measure as it came to the Senate from the House, it was the intention that that should be conjunctive instead of disjunctive language.

Mr. McCARRAN. That is, it should include all.

Mr. ROBINSON of Arkansas. I think it would be well to let that go over for the present so that we may think about it.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. BORAH. I want to ask one further question. Assume that 51 percent have agreed upon a plan; then the court has jurisdiction to act, and we will assume that the court approves the plan, and that ultimately it receives the approval of the full 75 percent which is ultimately required, may the court still reject the plan, and has it the power to do so if it sees fit?

Mr. McCARRAN. It would be my construction that the court could not after 75 percent have accepted the plan and after it has passed through each one of the stages. Fifty-one percent bringing it into the court, then 66⅔ percent of each class having approved it, then 75 percent of all having approved it, it then becomes an effective plan, but not until then.

Mr. BORAH. The question which I desire to present is whether there still rests with the court the discretion of rejecting the plan after 75 percent have approved it? If that is not true, if the court has no jurisdiction and discretionary power to reject it, if it sees fit, then, it seems to me that

there is a very grave constitutional question involved. If the court still has jurisdiction to pass upon it, and determine it, and reject it, if it sees fit, then I should think that would eliminate the constitutional question.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield to the Senator from Kentucky.

Mr. LOGAN. As I understand the bill, the court approves the plan in advance of its finally becoming effective, which is when 51 percent have approved the plan. Then the court enters a judgment, which is contingent and depends upon their getting 66⅔ percent of each class and 75 percent of all; and when that has been done the court does not have to enter another judgment. The only thing it will then be necessary for the court to do will be to determine whether the provisions of the previous judgment of approval have been complied with. That is my understanding.

Mr. McCARRAN. And that all the terms and conditions of the plan and orders of the court have been complied with.

Mr. LOGAN. That is correct.

Mr. BORAH. If that be true, then, 75 percent ultimately determine whether or not the plan is to go into effect?

Mr. LOGAN. I think the court first determines it, but that determination is not effective unless 75 percent approve it. If 75 percent fail to approve the plan, then the court cannot put it into effect, but if 75 percent do approve it, then the court has already put it into effect, depending upon the contingency whether the 75 percent will or will not approve it.

Mr. BORAH. But the determination as to whether or not the plan shall be executed depends at last upon whether 75 percent approve.

Mr. LOGAN. That is correct.

Mr. BORAH. So that everything, in the last analysis, depends upon the approval of 75 percent?

Mr. LOGAN. That is correct.

Mr. FLETCHER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Florida?

Mr. McCARRAN. I yield.

Mr. FLETCHER. I call the attention of the Senator from Idaho to the fact that that means that after all creditors have been given due notice, and after the 5 percent have had their opportunity, and, in fact, all creditors have had their opportunity to resist or object to the finding before the final decree goes into effect. They have all had notice.

Mr. BORAH. What I am interested in is to ascertain whether the power of the court, the discretion of the court, remains to be exercised in the judgment of the court notwithstanding the action of the 75 percent.

Mr. McCARRAN. It would be my construction that the jurisdiction of the court to change the plan ceases after it has passed through all the stages, including the 75-percent stage, as I term it. There is where the jurisdiction of the court ceases and the plan becomes effective. Intermediate to that, remember that 5 percent at any time can come in and upset the whole affair. That may be the 5 percent of the outstanding 25 percent who do not sign up.

Mr. BORAH. But that 5 percent may not object after 51 percent have decided upon the plan. Of course, the court would have power, I presume, in the first instance, to reject the plan after 51 percent had approved; but after that, the 5 percent would not have any opportunity to be heard.

Mr. McCARRAN. I beg the Senator's pardon, but I did not understand him.

Mr. BORAH. After the court had approved the plan which 51 percent had endorsed then the 5 percent would have no power after that to interpose any objection.

Mr. McCARRAN. They would have at any time within a stated period, which is 90 days, as I recall.

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Connecticut?

Mr. McCARRAN. I yield.

Mr. WALCOTT. Of course, a bill of this kind admits the existence of a great emergency, and, of course, it gives a serious black eye to a series of bonds that have been our chief source of investment, and which have been supposed to be one of our soundest investments, namely, municipal bonds. On the other hand, I am not at all sure that it may not be essential to enact some such bill as an emergency measure.

Therefore I should like to ask this question: Can the Senator not present an exhibit that will show marginal cases, those that will just come under the amendment and those that will just fail to come under it, so that we may better understand with what we are dealing? Because there are some large cities today that are in very serious financial straits, which probably must have relief and which cannot get relief, perhaps, unless some plan of this sort shall be provided by the law to enable them to reorganize.

The railroads, in my opinion, which have large amounts of surplus funds invested in municipals, are in favor of some measure of this kind; and, so far as I know, the large insurance companies, which are large investors in municipals, are not objecting to it; but I think it would be illuminating if we could get some marginal cases, so that we might know exactly what we are affecting and how much we are affecting and what cities would come under the scope of the proposed law.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator from Connecticut bases his question, first, upon the proposition that this measure will affect municipal bonds adversely. I think it can be easily demonstrated that it may well become a life-saving measure in respect to municipal bonds as a whole and as a class.

In respect to his request for specific exhibits, while the Senator from Nevada is amply able to respond to the question himself, I simply inject the observation that when I can obtain the floor I will amply cover with specific exhibits the precise problem submitted by the Senator from Connecticut and prove, I think beyond the shadow of a doubt that there is no recourse except through legislation of this character.

Mr. WALCOTT. Mr. President, may I correct the Senator from Michigan in one respect?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Connecticut?

Mr. McCARRAN. I yield.

Mr. WALCOTT. I should like to correct a slight misunderstanding on the part of the Senator from Michigan. I did not say that I thought municipal bonds would be injured by this measure. I said that the measure of itself was an indication that municipal bonds are in a very bad way and need some emergency legislation.

Mr. McCARRAN. I want to say that in presenting this amendment by way of a substitute——

Mr. NORRIS. Mr. President, before the Senator leaves the subject, I merely wish to say that I have not been able to hear all the discussion that has taken place on the other side, and I am in some doubt now as to just the changes which the substitute proposes. I think I understand what the substitute provides for; but will the Senator tell us in a brief way just the difference between the proposed substitute and the original bill?

Mr. McCARRAN. I was trying to do that, but had only gotten to the third page. I want to dwell on the three primary differences first of all.

The original bill provides that the machinery might be set in motion upon the petition of 30 percent of the outstanding obligations, and that they might come into court and there suggest a plan or one might be suggested. The proposed substitute provides that not less than 51 percent of the outstanding bonds, notes, and certificates of indebtedness must sign the petition and they must submit and file with the petition a plan of readjustment. A plan must be submitted, and it becomes, as I might with propriety, perhaps, state, a jurisdictional feature in connection with the court's taking hold of the matter at all. That is the first primary change.

The second is that 66⅔ percent of each class of outstanding obligations shall accept the plan which the court sets in motion by its order and judgment.

Mr. NORRIS. That is in both the original bill and the amendment, is it not?

Mr. McCARRAN. That is correct. Now we come down to the distinct change.

Mr. ROBINSON of Arkansas. Mr. President, that is not quite correct. In the original bill the requirement was 66⅔ percent of all claims; there was no segregation. In the amendment there is a double check: First, 66⅔ percent of each class of claims, and, second, 75 percent of the aggregate of the claims. Does the Senator from Nebraska see the difference?

Mr. McCARRAN. In other words, if the holders of one class of outstanding obligations refuse to come in with the 66⅔ percent, the plan would not go into effect, distinguishing it from the original bill which provided a 66⅔ percent of all, taking the entire class or classes of outstanding obligations.

Mr. NORRIS. Is the provision in relation to the 75 percent that must ultimately control, applicable to both the bill and the amendment?

Mr. McCARRAN. No, sir.

Mr. NORRIS. What is that difference?

Mr. McCARRAN. I will read that.

Mr. ROBINSON of Arkansas. Mr. President, the provision as to 75 percent was not in the original bill; in that bill it was 66⅔ percent of the aggregate claims; there was no requirement as to each class of claims. Under the original bill, for that matter, if the outstanding claims were in two classes, one class of claims might force the other to abide by the agreement, but that would not be true under the proposed amendment. Does the Senator see the distinction?

Mr. FLETCHER. Mr. President, may I interrupt the Senator to inquire if that is not a very dangerous provision? Would it not make it possible for a class of holders of bonds and certificates of indebtedness or of any other sort of a claim against a taxing district or a municipality to hold up or prevent a settlement? It is necessary to get two thirds of those ordinary claims——

Mr. McCARRAN. Of each class.

Mr. FLETCHER. Might it not confer a dangerous power on people holding claims not of very much consequence, but still claims? If it be necessary to get two thirds of those, they might hold up the entire bond issue.

Mr. McCARRAN. I want to say, as I started to say a few moments ago, that in presenting this proposed substitute, the record will show first of all that I was one of the minority of the Judiciary Committee signing against the approval of the original bill. It is to try to enact some legislation on this subject which will be safeguarded in every respect, and yet accomplish the ends and objects at which the original bill was aimed, that I present the proposed substitute. Had it not been for the safeguards which I think I have written into the proposed substitute, I would be here opposing the original bill.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. McCARRAN. I yield.

Mr. NORRIS. The question propounded by the Senator from Florida is one that is extremely important. If it be surrounded with too many precautions, why could not a few people having claims of no great importance hold up the whole machinery?

Mr. KING. Mr. President, will the Senator yield?

Mr. McCARRAN. I want to answer the question of the Senator from Nebraska by the language of the bill, but while I am looking for that I yield to the Senator from Utah.

Mr. KING. I was about to observe that it seems to me, in the consideration of a bill of this character, when so many able lawyers challenge its constitutionality, that in any provisions which can be inserted, which perhaps will remove some of the vices from it, there ought not to be any objection to taking into consideration the claims of creditors as well as the interests of debtors. While it may be desirable to begin repudiation, and this is in part the repudiation of obligations issued by municipalities and States and counties and by political subdivisions, it seems to me when we are considering that question we ought also to consider the sanctity of contracts and the interests of creditors.

Mr. VANDENBERG. Mr. President, will the Senator yield at that point?

Mr. McCARRAN. Very well.

Mr. VANDENBERG. I think the interruption made by the Senator from Utah again puts a most unfortunate and inappropriate misinterpretation upon the entire trend and purpose of the proposed legislation. It is utterly unrelated to repudiation or cancelation. On the contrary, it is offering some means at last by which a brave but stricken community can avoid repudiation and cancelation by having a means of composition on a basis which is honorable and fair. It is the exact antithesis of repudiation and cancelation, and the real purpose behind it is not to destroy municipal bonds, but to preserve and protect them.

Mr. McCARRAN. I concur in the general expression of the learned Senator from Michigan. Were it not for the fact that I do concur in it, I should not be behind the bill at all, either by substitute or amendment or the original bill. I think the country today is in a condition where some relief must and should be afforded to municipalities as well as to individuals and corporations—not a relief for the purpose of repudiation but a relief that will afford them, as the common expression goes, a breathing spell in which and from which they may honor their outstanding obligations.

Were it not for that I should not stand behind the bill at all. I think it simply affords an avenue by which municipalities may find a way to meet their obligations; but I do not propose to be behind a measure which cuts off too high a percentage of the outstanding obligations and refuses them a chance to protect themselves. On the other hand, I do not believe that the tail should wag the dog, or that 10 percent or 15 percent or 20 percent of outstanding obligations should be able to deny a municipality the right to relieve itself. That is the theory on which I have offered an amendment in the nature of a substitute, and it is the theory upon which I persist.

Unless Senators want further explanation, I shall proceed to read the proposed substitute; or if there is any question to be asked, I shall be glad to answer it.

I want to say, in complete explanation and answer to the learned Senator from Nebraska [Mr. NORRIS], that it is my objective and my interpretation of the substitute that there must be, first of all, the initial step of 51 percent of outstanding obligations to set the matter in motion. They must have a plan; otherwise they cannot go into court and have recognition. That plan is then submitted to the outstanding obligations for their approval and also for the approval, as well, of the municipality of taxing district. Then 66⅔ percent of each one of the classes of those obligaions must come in and approve it. Suppose there be a bonded indebtedness of one class and a bonded indebtedness of another class; 66⅔ percent of each of those two classes may come in and approve. Then, if the plan is to go finally into operation, 75 percent of the total must come in and approve, and then it becomes a final working organization to relieve the situation.

Mr. President, if the Senate cares to go on with the proposed substitute, I will invite attention to a comparison between it and the bill. The change is in the first paragraph on page 4, which we have already discussed. There is no change in the second paragraph or the third paragraph on page 4. There is no change in the second paragraph on page 5. The other paragraph on that page I have already discussed. In other words, outside of these changes which I have already discussed and to which I have invited the attention of Senators, the proposed substitute is practically the same as the bill, with some correcting amendments which will be necessary to conform to the changes I have inserted in my amendment.

Mr. FLETCHER. Mr. President, I understand the Senator has a right to modify his proposed substitute and that he has done so.

Mr. McCARRAN. I intend to do so and shall, if I have not already done so.

Mr. FLETCHER. I suggest that the Senator has the right to modify his substitute in the manner heretofore indicated. I want to offer an amendment to the proposed substitute, believing it ought to be perfected before we go further. I think there will be no objection to my suggestion. On page 5, line 9, after the word "act", I desire to insert the words "and all holders of judgments rendered against such taxing district." I think perhaps holders of judgments are included in the other language anyway, but the amendment would make it plain that all judgments against taxing districts should be included among the claims.

Mr. McCARRAN. The object of the Senator's amendment is that judgments shall not be a preferred claim in any way, but shall simply take their place as one class of claims.

Mr. FLETCHER. Exactly.

Mr. McCARRAN. I have no objection to that.

Mr. FLETCHER. Then I offer the amendment to the amendment of the Senator from Nevada.

Mr. McCARRAN. I am willing to accept the amendment in modification of my substitute. I now move the adoption of the amendment in the nature of a substitute, which I have sent to the desk. Then, my motion being in order, other amendments would have to wait until my amendment has been adopted or rejected.

Mr. FLETCHER. The idea is first to perfect the substitute.

Mr. McCARRAN. I have accepted the Senator's suggested amendment to the substitute, and I think that settles it.

Mr. FLETCHER. Yes; that settles it. The Senator has modified his substitute by adopting my suggestion?

Mr. McCARRAN. Yes.

Mr. NEELY. Mr. President, has the proposed substitute of the Senator from Nevada been adopted?

The PRESIDING OFFICER. No; the amendment in the nature of a substitute has not as yet been adopted. Its adoption is the pending question.

Mr. VANDENBERG. Mr. President, I do not undertake to discuss the legal phases of the measure at all, because I am not a lawyer, but I am very anxious to submit to the Senate the impressively important practical phases of the problem which is addressed by the legislation. It is exceedingly unfortunate that this bill had to come into the Senate related in any degree whatsoever to the bankruptcy law. If it had not come as an amendment to the bankruptcy act, it would have saved itself much of the superficial prejudice which it otherwise unfortunately and unjustly combats. As a matter of fact there is not a single thing in the proposal which smacks even remotely of bankruptcy, or of any intention or purpose on the part of any municipality to take advantage of bankruptcy action as that term ordinarily is understood.

Mr. HASTINGS. Mr. President, that is exactly the objection to it.

Mr. VANDENBERG. What is the objection?

Mr. HASTINGS. The objection is that we are declaring something is bankrupt which is not actually bankrupt.

Mr. VANDENBERG. On the contrary, we are doing absolutely nothing of the sort, either textually or in letter or in spirit.

Mr. HASTINGS. I call the Senator's attention to the fact that the only way in which this subject could be brought into court is under the provision of the Constitution which permits the courts to deal with bankruptcies.

Mr. VANDENBERG. Would the Senator be in favor of this program if it met his constitutional view, may I inquire?

Mr. HASTINGS. I do not know whether I would or not. I am not prepared to say. My objection to it is that we are compelled to deal with municipalities, apparently—I do not know any other way—as we do with business concerns that cannot pay their debts.

Mr. VANDENBERG. Mr. President, it seems to me that the Senator is not emphasizing an objection to the bill. On the contrary, he is emphasizing the precise thing I originally stated, namely, the fact that the legislation has to come before us in connection with the bankruptcy law invites inevitably a conclusion which does not reflect the purpose of the legislation in fact. That, however, is no reason why we should decline to contemplate the realities and face the facts with open minds and open eyes and open ears, because this seems to be the only fair way in which our hard-pressed municipal taxing units can approach this problem.

So we are here in connection with the bankruptcy act, but we are here in connection with a program which has not one thought or word or suspicion of repudiation of debt in it; which has not one thought or word or purpose of cancelation in it; but which, on the contrary, is undertaking by legal formula to find a way by which hard-pressed cities can avoid repudiation, and avoid cancelation, and reclaim an honorable credit, and sustain it in practical fact and pay as they go.

If this bill could be labeled in reflection of its true purpose, and labeled in reflection of the net result which it is calculated to accomplish, instead of being labeled "Bankruptcy of municipalities" as is the phrase which appears upon the front page of the hearings, it would be labeled "An act to restore municipal credit and protect municipal creditors." I can see it in no other light. It is not a step toward the destruction of these important values. It is a long, vigorous, practical step toward the restoration of these values. It proposes, in respect to municipal debts, that orderly refunding is preferable to chaotic defaults.

There is our choice, Mr. President; and that is not only the choice confronted by the municipalities and these other subordinate taxing units of the country but also the choice confronted by the municipal bond owners of the country. It is a choice between orderly refunding upon the one hand and chaotic default upon the other; and I might add that chaotic default inevitably leads in the direction of repudiation and cancelation. I repeat that a truthful title for this bill would be "An act to restore municipal credit and protect municipal creditors." Let it be viewed in that light.

This is an effort to choose orderly refunding under the law, and under every possible protection with which the law can surround the operation. It is an effort to permit orderly refunding instead of to permit the situation to drift along toward continuing defaults which lead in a direction which sooner or later leads to repudiation.

If chaotic defaults, involving the suspension of all current income to the bondholder and flinging him to the cold mercy of some relatively impotent and usually expensive protective committee, are preferable to orderly refunding under acceptable plans for the conservation of acknowledged obligations, then this bill should be defeated, but not otherwise. If orderly refunding involving fiscal convalescence for stricken cities and their willing but helpless taxpayers is preferable to chaotic defaults which paralyze alike the municipality and its helpless creditors, then this bill should pass.

I repeat, Mr. President, we take our choice between preferring a legal formula for orderly refunding, or we leave the open rule of today, which is a rule of chaotic default, trending in the direction of repudiation and cancelation. If anybody can show me where the owner of a municipal security has any stake or advantage in the latter alternative—namely, default, cancelation, repudiation—then, and then only, shall I be able to understand why the owners of municipal securities should have anything except the utmost hospitality for this legislation. Many of the most experienced municipal security holders take this latter view, I am happy to report, and shall be glad to prove.

Mr. President, as the Senator from West Virginia [Mr. NEELY] has indicated, there were 2,019 taxing districts in default in the United States in January 1934. It has been said that this is primarily a Michigan problem, and that the necessity for this legislation primarily grows out of a difficult situation in Detroit. Beyond any shadow of a doubt, Michigan municipalities have a tremendous stake in the success of this legislation, and so has the great city of Detroit, which is bravely fighting its way out of the very bottom

of the slough of despond. It is, however, a total misconception to pretend that this is any localized legislation, either in its inception or in its benefits.

The truth is that Michigan is eighth on the list of States in actual number of defaults. It is preceded by Florida, North Carolina, Ohio, Texas, California, New Jersey, and Tennessee. In other words, this problem is even more important in those States than it is in the State of Michigan.

Mr. WALSH. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Massachusetts.

Mr. WALSH. The Senator's figures relate to the number of defaults, as I understand.

Mr. VANDENBERG. That is correct.

Mr. WALSH. What are the relative amounts involved?

Mr. VANDENBERG. I have not the total in dollars, but I apprehend——

Mr. ROBINSON of Arkansas. The total is something in excess of 10 percent of the outstanding obligations of the municipalities.

Mr. WALSH. Of all subdivisions issuing securities?

Mr. ROBINSON of Arkansas. Yes.

Mr. VANDENBERG. Oh, yes; that is the total situation. I did not understand the Senator's question.

Mr. WALSH. Which of the States named has the largest sum in default?

Mr. VANDENBERG. I do not know, but I should not be surprised if the State of Michigan has the largest sum in default, unless it be the State of Florida. The fact remains that the problem of carrying the burden of a defaulted bond issue is relatively just as great in a small taxing unit as it is in a large taxing unit. So the mere bulk total of the figures is far less important than the actual number of taxing units in default, because in each one of these taxing units the problem is a very deadly and practical one; namely, "How can we get out of our tax resources, in the face of our tax delinquencies, enough tax revenue to pay our police service and our fire service and our health service and our educational service and our welfare service, and at the same time pay our debt service?"

Mr. President, in many of these situations—in fact, in all of them—in order to preserve the communal unit from disintegration it has been absolutely necessary to subordinate the debt service to these other welfare services; and the debt service ought to be subordinated to these public welfare services—the health service, the educational service, the fire and police services—if anything has to be subordinated, because, even from the standpoint of the tangible value behind the holding of the municipal-bond holder himself, nothing could affect his tangible value any more than to have a complete disintegration of the social and communal life in the community.

Mr. WALSH. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Massachusetts.

Mr. WALSH. On the contrary, in order that municipalities could go into the market and borrow money with which to meet their so-called social obligations, it has been necessary to meet this financial obligation. Is not that true?

Mr. VANDENBERG. That is correct.

Mr. WALSH. So that in some instances the social prerogatives and rights of the people have had to suffer because of the necessity, above everything else, of meeting the debt obligation in order to go into the market and borrow.

Mr. VANDENBERG. Yet slowly but surely these units finally reach a point where, except as they can legally set their debt service in order, they confront an absolutely blank wall in respect to all other credits. Therefore a practical, honorable composition of the debt problem finally becomes prerequisite to the maintenance of municipal credit and municipal life at all in these 2,000 and more situations.

Therefore, Mr. President, this is far more than a problem in bonds. In its final and fundamental analysis it is a problem in the maintenance of community life in some 2,000 of these taxing units up and down the country.

This bill only asks that these groups and units of our fellow citizens shall have an orderly opportunity to survive the concluding phases of this depression, to husband their tax resources against the better day when they may pay their debts in full, to preserve their honor, their credit, and their self-respect, and to protect the rights of those to whom they are indebted, and to whom they intend to pay their debts on the basis of maximum capacity to pay. To deny such an opportunity is fiscal insanity upon the one hand, and the refinement of man's inhumanity to man upon the other hand.

It is beyond my comprehension how such a program can threaten any honest interest or any rational investor or creditor. Indeed, it is not always advisable or safe, nor is it often wise, or actually resultful, for the creditor to demand the letter of his bond, and take his pound of flesh. Shylock tried that method. That is not always the wisest course. It seems to me that, in respect to the situation in which these municipal-bond holders find themselves, it most certainly is not the wisest course to undertake to pursue the letter of the bond to its final pound of flesh.

Why not? The situation is disclosed over all this country. Here is a municipality which finds its budget, upon the one hand, no matter how curtailed it may have been, unequal to the burden of meeting its essential administrative costs, and also its entire debt service, which has to be suspended. The suspension of the debt service puts the credit of the municipality under a cloud. Under the cloud, the municipality has difficulty even in financing its own other essential needs. Swiftly the whole thing moves to a climax in which the probable result to the bondholder will be that he possesses a security upon which he not only procures no current interest payments, but upon which he finally sacrifices his principal. From the viewpoint of the bondholder himself this is not enlightened selfishness.

What is the proposal brought here to the bar of the Senate? I refer alike to the McCarran amendment and to the committee's recommendation. Here is a proposition under which a municipality, bravely willing to pay out every penny that it can by way of tax resource in meeting all of its obligations, has an opportunity to sit down with its creditors, has an opportunity to lay out a plan satisfactory to 75 percent of them, has an opportunity to make that plan effective, with the consent of the court, has the opportunity to create a plan which, like practically every plan that I know anything about which has been voluntarily proposed in the last few months, protects every dollar of the principal of these obligations; has an opportunity, under this system, to rewrite the contract, not in repudiation, not in cancelation, but on a basis of capacity to pay, so that the bondholder is restored to a current interest revenue, even though it be reduced, and is safeguarded in the final total collection of its principal. In each such instance, furthermore, the municipality usually is committed by the composition to rigid administrative economy. It is a warrant for wiser and better and more economical municipal control.

The pending composition in Detroit, for example, is a positive program in behalf of good government. Detroit has faced a serious problem. Its bonded debt rose from $7,600,000 in 1910 to $350,000,000 in 1933. Its fixed charges rose in a few brief years from $14,000,000 in 1928 to $34,000,000 in 1934. Its total expenditures rose from $103,000,000 in 1925 to $160,000,000 in 1931. By heroic economy, entailing much suffering, this was cut to $93,000,000 in 1934. For example, 10,000 city employees were discharged and the city government was reduced to a survival basis and the employees to a welfare-existence wage. Property valuations fell from $3,774,000,000 in 1931 to $2,300,000,000 in 1933. Tax delinquencies increased from $2,000,000 in 1929 to $69,000,000 in 1933. In the face of that situation, it is a splendid tribute to the spirit of Detroit that a bond-refunding program—preserving the full principal—has been developed satisfactory to 92 percent of the creditors. Detroit bonds were selling at 38 when the refunding agreement was negotiated and signed. Within 1 month they rose to 55 on the strength only of the rotative agreement. They will move on up in the presence of a completed program, which includes a covenant that when city operating costs, outside fixed charges, exceed $40,000,000 a year, the city

will levy an additional dollar for debt service to match every dollar of added administrative expense.

I submit that the bondholder is infinitely better off under those auspices than he was under the former chaotic situation. In most of these situations he otherwise finds himself completely at the mercy of some volunteer protective bondholders' committee and the incident of default, which may cost him more even than the original debacle before he is through, despite the good faith with which the committee may proceed.

Mr. DIETERICH. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. DIETERICH. The bill, or the McCarran amendment, would bind the municipal corporation or subdivision which might avail itself of the provisions of the legislation, counties, cities, boroughs, villages, and so forth, being specified. I want to ask the Senator from Michigan whether, under the constitution of his State, there is a limitation on the amount to which a city, county, or a municipality may become indebted?

Mr. VANDENBERG. I am unable to answer the Senator's question specifically. There is a limitation.

Mr. DIETERICH. In most States it is limited to 5 percent of the assessed valuation of the property, and I think that is general in all the States. I am just wondering how a county or city could come in under the provisions of this legislation, which is based upon the proposition that it is insolvent, and ask for a reduction of its indebtedness, unless the entire assessed valuation of the property within the county, within the city, or the municipality is less than the bonded indebtedness, which, in Illinois, is limited to 5 percent.

Mr. VANDENBERG. The Senator is submitting a legal proposition, and at the outset I indicated my desire to confine myself to the practical phase of the problem, first, because it is the only one with which I am completely familiar, and, second, I am not a lawyer, and would not undertake to cope with that side of the contemplation. I am perfectly sure, however, that none of the obstacles to which the Senator refers exists in fact, because all these various Michigan municipalities, for example, which look to this bill for relief, have canvassed it in the purview of expert legal advice, and I am perfectly confident that they would not be here begging for relief in this precise form if they had not been legally satisfied with regard to the proposal.

Mr. DIETERICH. I do not want the Senate to understand me as being opposed to the measure.

Mr. VANDENBERG. I understand.

Mr. DIETERICH. I am just wondering whether or not it will afford the relief which is desired. Let me continue further, with the Senator's permission. I conceive an improvement district, where the adjoining property has been assessed for an improvement. It might be such an improvement as to the adjoining property would not carry, and the improvement district should have relief, and they would get relief under the bill. But I really fail to see where a county, a city, or any other municipality in a State whose constitution limits the amount to which it may become indebted will receive any relief under the legislation.

Mr. NEELY. Mr. President, will the Senator from Michigan yield to me?

Mr. VANDERBERG. I yield.

Mr. NEELY. There are States in the Union in which there is no constitutional limitation such as the Senator from Illinois suggests.

Mr. DIETERICH. That answers my question. I wondered whether there were States where there was no constitutional limitation.

Mr. VANDENBERG. Mr. President, let me personify this thing with a typical case, which brings the challenge right down to date. I refer to the city of Pontiac, Mich.

The city of Pontiac, Mich., is a busy, thriving, prosperous community in normal times. It was bludgeoned by the depression more than normally because of its substantial dependence upon the automotive business.

As a result of tremendous tax delinquencies, it found it absolutely impossible to maintain its debt service from year to year, along with its essential local services, such as police, fire, health, education, and so forth. It had no alternative, in that situation, except to maintain its police, fire, health, education, and welfare services first, although on greatly reduced bases, and I doubt whether any Senator would ask them to operate those particular services in subordination to debt service, if some choice or selection had to be made.

The net result was that the securities of the city of Pontiac went into default, and they stayed in default for some time, while the local community was bravely struggling with the problem of refunding its debt upon some livable basis which would permit it again to meet all of its services, including its debt service, and to avoid repudiation.

A very able and high-minded committee was formed for the purpose of concluding an arrangement of this nature. A plan was perfected contemplating the preservation of principal intact. Mark this, every dollar of the principal was acknowledged, under the plan of refunding, with a concession of interest for a period of 5 years, and a very small adjustment of interest for the period of time following.

I quote now an observation from the able secretary of the committee which created this plan:

> This plan is thoroughly practical in that it will permit the city to remain on a cash basis for operations, will permit of a rehabilitation of utilities, maintenance of which has been neglected, and give relief to the taxpayers.

Here is the city of Pontiac developing its plan. What happened when they developed the plan? I quote now from the secretary of the committee which created the plan:

> I am in touch with and can locate about 75 percent of all the outstanding bonds and am probably better informed in regard to this feature than any other agency. There is a missing 25 percent that I have been unable to contact in 18 months. My general idea is that there is a widely scattered holding in small amounts, and even the placing of information before them and the obtaining of their support promises to be difficult.

Mr. President, contemplate the situation. Here is this municipality, not seeking a route to repudiation, but seeking a route to the renewal of the integrity of its own municipal securities, seeking a means by which they can be restored to a basis of current interest payment, seeking a means by which the total principal shall be paid at the expiration of the bond.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HASTINGS. What is the particular difficulty at present that distresses Pontiac, Mich.?

Mr. VANDENBERG. If the Senator will contain himself for a moment he will be advised.

Mr. HASTINGS. I am sorry. I beg the Senator's pardon.

Mr. VANDENBERG. Mr. President, the committee procures the consent of this 75 percent of interested bondholders to this program, so everyone in this group is satisfied; that is, everyone who could be contacted. There remains the 25 percent which has not been contacted. It now develops that in that 25 percent is a very small group which goes into the Supreme Court of Michigan for a mandamus to compel the taxing authority of Pontiac to add to its 1934 budget the necessary funds to cover the defaulted bonds, and that problem is now pending in the Michigan Supreme Court.

Let it be marked that this not only involves the question of these particular securities; it involves the whole question of the Pontiac municipal budget for the year to come; it involves the entire Pontiac municipal regime. This group of objecting bondholders represents but a very small percentage—I thought I had the figure, but apparently I have not—a very small percentage of the bondholders related to this problem. This comparatively insignificant minority—not resident in Pontiac, not resident in Michigan, not involved in the responsibilities of maintaining municipal life intact—this comparatively small minority is able to say, at least temporarily, not only that 75 percent of the bondholders in

this difficult situation shall not be permitted to have their voluntarily chosen recourse but that the community itself shall be further strangled and denied the opportunity to restore itself as a going concern.

I submit, Mr. President, as a matter of equity in such a situation that the pending bill should be adopted.

May I digress long enough to say that this telegram from Pontiac states that—

> The Sumners bill relief was considered yesterday at a public meeting and is believed to be an utter public necessity.

Let us see as to who would be injured in the event the solution of the Pontiac problem should be able to proceed under the Sumners bill. Since 75 percent of creditors would have approved the plan and since the plan does not involve the cancelation of one penny of the principal, since it only involves a composition in respect to contemporary interest, it is fair to assume that the plan would be approved by the court to which it would be submitted under the Sumners bill. Therefore, Mr. President, let us assume that this plan would have been approved had the Sumners bill been in effect, or will be approved in the near future if the Sumners bill goes into effect. What happens? Because more than three quarters of all the creditors agree, and because the court agrees and because the taxing unit agrees, it is possible for this plan to go into operation, and no casual minority on the outside can prevent it. Who is harmed, I repeat, as the result of that operation? Certainly the municipality of Pontiac is not harmed, because at last it is able again to renew its normal operations and pay as it goes. Certainly the health service and the police and fire and educational and welfare service in Pontiac—and I use it only as a typical municipality—are not injured by the restoration of a fundamental credit upon which the municipality can lean for its continuity.

Certainly the bondholders themselves are infinitely better off, Mr. President. Today they are getting nothing. Today they are in the hands of a bondholders' protective committee which is negotiating in behalf of some sort of composition. Today the bondholder is receiving not one cent of interest. He will not receive a cent of interest tomorrow or the day after unless some such composition as this is created, because blood cannot be gotten out of a turnip, and the American people can never be made to believe that debt service ought to take priority over police and health and educational and fire service if a selection between the two has to be made.

You can argue your legal technicalities as finely as you please, but as a practical proposition the bondholder is infinitely better off when he has this refunded plan behind his securities, and knows with reasonable assurance that from now on that he will get a substantial portion of his interest, and that at the end of the journey he will get his principal in full.

Mr. President, I think that is a thoroughly typical demonstration of the need for legislation of this character.

Oh, but somebody says, "This will reflect upon the values of municipal securities."

Mr. HASTINGS. Mr. President, will the Senator further yield.

Mr. VANDENBERG. I yield.

Mr. HASTINGS. I have contained myself until I thought the Senator was about to leave Pontiac, and if he is, and before he leaves, I should like to inquire whether there are any taxes due in Pontiac, and how much they are, and how they compare with the interest due on its bonds. My purpose being to find out whether this is for the relief of the taxpayer, taking it from the bondholder, or just what the situation is in Pontiac.

Mr. VANDENBERG. Mr. President, I have the information somewhere on my desk, and I shall be very glad to accommodate the Senator with the details at the conclusion of my observations when I can locate the details. I say to the Senator as a general proposition, and I speak from knowledge, that the failure in Michigan cities, like Pontiac, to produce an adequate revenue to maintain the full debt service is in no degree due to any unwillingness on the part of the taxpayer to pay and pay and pay to the limit of his capacity. On the contrary the trouble is due to the enormous tax delinquencies which, fortunately, are now receding. It is due to tax delinquencies which are nonproductive in all aspects. In the face of those delinquencies the cities of Michigan—and I include the city of Detroit, now so ably directed by Mayor Frank Couzens, the son of my senior colleague—have heroically contracted their budgets, they have heroically economized. No sane man could ask them to make greater progress than they have made in this respect. Still they cannot maintain health, safety, and welfare and pay the letter of the bond. If they must comply with the letter of the bond they must default.

Do Senators think, in the face of that situation, that it is better that they should default? Do Senators tell me in that situation that it is better that they should cease to maintain public safety, public health, and public education in order to pay the debt service, or do Senators tell me that it is advisable, as is the case in Detroit this afternoon, to create a refunding plan which 92 percent of the bondholders and the creditors cordially and enthusiastically approve?

Who shall have a better right to censor this plan in respect to this Detroit situation—92 percent of the owners of the securities representing its vast municipal debt, or the Senator from Delaware, or some other Senator upon this floor?

I submit that the physical fact I am presenting demonstrates the importance of permitting this Detroit program and all kindred programs to carry on, and I submit that if some little lonesome minority can enter the Detroit equation and upset the considered, concluded judgment of 92 percent of its creditors, plus the considered judgment of the court to which the matter would be submitted under the Sumners bill, it would be a social and economic calamity. I decline to lend myself to any such tragedy which lacks any compensatory advantages for anybody.

Mr. HASTINGS. Mr. President, will the Senator further yield?

Mr. VANDENBERG. I yield.

Mr. HASTINGS. I should like to inquire whether or not any effort has been made by the municipalities of the State of Michigan to secure from the legislature which created those municipalities a moratorium under circumstances such as these?

Mr. VANDENBERG. I am unable to answer the Senator. I should infinitely prefer Federal legislation of this character to legislation contemplating a moratorium in the various States. I fail to get the point of the Senator's inquiry.

Mr. HASTINGS. Would it not be reasonable to request relief in a regular way from the States which created these municipalities? I assume it might be regular to do so, under the powers which permit them to legislate with respect to bankruptcy, at least in view of the recent decision of the Supreme Court, rather than to come to the Federal authorities for relief.

Mr. VANDENBERG. Mr. President, the Senator submits an interesting question, and I know he submits it in good faith. I think one of the major reasons why this proposed legislation is sound is that it is calculated to prevent State legislation upon this subject, and thus to preclude 48 separate and distinct rules of action up and down this country in regard to the defaulted municipal securities. If the Senator's suggestion were pursued, a great insurance company, which is a typical mass owner of municipal securities to a tremendous degree, instead of having one acceptable Federal formula under which to proceed in a uniform composition of the situation up and down the country, would find itself confronting 48 different separate rules of action, and that, indeed, would be chaos. So I respectfully reply to the Senator that the very criticism which he levels at the Sumners bill in this respect is, in my judgment, one of the profound reasons why it ought to pass.

Now, Mr. President, is this law asked only by cities whose credit is in difficulty? Oh, no; this plea is not based exclusively upon subordinate taxing units of this country that

are in difficulties. On the contrary, one of the most powerful requests for the passage of the Sumners bill comes from the United States conference of mayors. It comes from an executive committee of that association. I quote from a letter dated March 6, 1934, signed by Paul V. Betters, its executive director:

It will be noted that the cities represented on the committee—

That is, on the executive committee—

are not in default and do not need this legislation, but they have taken this action on behalf of defaulted municipalities because of the definite belief that unless the default situation is cleared up the credit of all financially solvent cities will be impaired and injured beyond repair.

That is the judgment of the gentlemen who are speaking for municipalities whose securities are unimpaired as yet. They express the desire for the enactment of the Sumners bill for the purpose of shoring up the situation, which otherwise might ultimately involve a common downfall.

Now, let us see what cities are these, Mr. President, which join in this request. Here is the mayor of Boston; here is the mayor of New Orleans; the mayor of Milwaukee; the mayor of Newark; the city manager of Cincinnati; the mayor of New York City, our recently highly honored colleague ex-Representative LaGuardia; the mayor of San Francisco; the mayor of Houston, Tex.; the mayor of Richmond, Va.; the mayor of Portland, Oreg.; the mayor of Tampa, Fla.; the mayor of Detroit, Mich.; the mayor of Cleveland, Ohio; the mayor of Providence, R.I.; the mayor of Shreveport, La.; the mayor of Grand Rapids, Mich.; the mayor of Chicago, Ill.; the mayor of Worcester, Mass.; the mayor of St. Paul, Minn.; the mayor of Salt Lake City, Utah; the mayor of New Rochelle, N.Y.; the mayor of Memphis, Tenn.

Mr. HASTINGS rose.

Mr. VANDENBERG. I yield to the Senator from Delaware.

Mr. HASTINGS. Mr. President, I should like to know how many of these cities are included in the 2,019 which have already repudiated—the Senator does not like to use the word "repudiated"—have failed to pay the interest due on their bonds?

Mr. VANDENBERG. I think a majority. I give the Senator the specific language from the executive director:

That the cities represented on the committee—

The executive committee of this conference—

are not in default.

Not one upon the committee, the executive committee out of this group which writes this letter.

I cannot separate out these particular names from the list which I have read, which includes the advisory board of the officers who are asking for this proposed legislation. Why are they asking for it? In their own language, they are asking for it because they believe—

That unless the default situation is cleared up, the credit of all financially solvent cities will be impaired and injured beyond repair.

I am inclined to believe that is a correct statement of the prospectus; I am inclined to believe that these gentlemen who hold prime responsibility for the life of these great American municipalities upon the roll which I have called are entitled to be listened to with a great deal of prayerful consideration when they come here with their fiscal problems, because, in the final analysis, so far as the governmental problem of this country today is concerned, in a fiscal sense, the municipality is the weakest link of the chain. Here is the considered voice of the mayoralty of America, if I may use that phrase, asking for this particular bill, which is not a relief bill, in the ordinarily accepted sense of that word, but simply a bill which will permit 75 percent of the creditors of a municipality to agree, with conclusive dependability, with the municipality in respect to a refunding plan which shall save the integrity of municipal credit and which shall restore normal municipal budget functioning within the confines of the municipality itself.

Mr. HASTINGS. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Delaware.

Mr. HASTINGS. May I inquire whether any of the counties of the United States involved in the failure to pay their bonds are included in the 2,019, or does that number refer only to municipalities?

Mr. VANDENBERG. I think that number refers to all subordinate taxing units which are in default, and I am inclined to believe it includes irrigation districts and road bond districts.

Mr. HASTINGS. The Senator has not any detailed statement as to exactly what the number 2,019 applies?

Mr. VANDENBERG. I have not.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from West Virginia.

Mr. NEELY. The Senator from Michigan doubtless does know that there are hundreds of counties in the United States that have not been able to pay their school teachers during the last 2 years.

Mr. VANDENBERG. That is entirely correct, and I have already referred to it.

Mr. HASTINGS. And which will take advantage of this act if they have an opportunity to do so.

Mr. VANDENBERG. Mr. President, I disagree 1,000 percent with the observation of the Senator from Delaware. There is no purpose to use this proposed act in any situation with which I am familiar to avoid or escape any obligation of any honorable nature. Apply this test in the State of Michigan, whence I come and where I think I know something about what is going on.

Show me any governmental units in this country that have made a braver effort to raise all the municipal taxes they possibly can raise than the taxing units in that Commonwealth during the past year or two; show me a finer loyalty than the loyalty of the police service, the fire service, the educational service, the welfare service, in the face of this challenge and this debacle, working partly on scrip rather than to see the service disintegrate. Do you tell me, Mr. President, that a municipality, the public servants of which are willing to accept scrip in order to maintain the integrity of the units, is a community that is going to sneak under the tent and take some treacherous advantage of legislation of this character? How can they take any advantage of it unless 75 percent of the creditors are willing, unless the court is willing, and unless the taxing unit itself is willing?

Mr. HASTINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Delaware?

Mr. VANDENBERG. I yield.

Mr. HASTINGS. Does not the Senator believe that, if this bill shall be passed, the 2,019 will rapidly increase or will certainly increase to some extent, notwithstanding his statement that he thought I was a thousand percent wrong?

Mr. VANDENBERG. I would not expect the list to increase at all as a mere result of the passage of this proposed legislation. I not only suspect but know that there are many taxing units just teetering this afternoon on the line as to whether they shall be able to continue to maintain their full debt service or not. If the legislation shall not be passed, those that are in this precarious classification will be found day after tomorrow among the defaulters and the cancelationists and the repudiationists, while, if this bill shall be passed, they will be found in the classification of those honest taxing units which are willing to pay to the last possible cent of capacity in order to maintain a livable contract.

Mr. NEELY. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Michigan yield further to the Senator from West Virginia?

Mr. VANDENBERG. I yield.

Mr. NEELY. Reminding the Senator that from the 24th day of last November to January 30 of this year the number of defaulting taxing districts increased from 1,650 to 2,019,

does he not think that the enactment of this legislation would greatly improve the situation?

Mr. VANDENBERG. Precisely. I thank the Senator for his observation.

Mr. President, I had a letter the other day from an expert who has been dealing in municipal bonds for the last quarter of a century. I am now discussing the effect of this proposed legislation upon municipal credit, since that seems to be the favorite excuse of those who are trying to conjure a reason to defeat this bill.

This expert points out that the existing situation—I am talking about the situation which the opponents of the bill are so eager to have continuingly maintained—is a perpetual invitation to sharpers and chiselers to deal in defaulted issues on the basis of what he calls "gyp" prices. In other words, the situation as it exists today is that the uncertainty with respect to this great mass of municipal securities, with all the uncertainties in values as a result, is a direct and specific invitation to a class of chiseling which we know is going on, the chiseling of the "gyp" dealer who takes advantage of a lack of a firm market to trade municipal bondholders out of their securities and into something else which same day they will rue the day they obtained. I quote from this expert:

> Unless something is done in these times whereby the municipality and the bondholder get together to form some kind of a regulation and refunding program at once—

That describes the terms of the bill—

> I fear that any bonds that are offered by any city or town will have a hard time to sell unless they make the interest rate so attractive that it may be prohibitive.

His whole theory and philosophy is that we have immeasurably improved the municipal bond market and municipal bond values when we take this great factor of two thousand and more uncertainties out of the municipal bond situation. It seems to me he is unanswerably right.

Mr. President, the President of the United States indicated in a press conference that he favored the passage of the Sumners bill and would ask his administration followers to put it upon the law books before the session adjourned, and from that day to this, municipal-bond values have been stronger. I think that is a provable statement.

What happened in the case of the city of Detroit? The bonds were selling at between 30 and 40 up to the moment when this refunding plan was broached and showed some signs of success. Immediately the bonds moved up in the market. If the Sumners bill should put the mark of finality upon the refunding bond program of that great municipality, there is no doubt whatever in my mind that the bonds of the city of Detroit would one day rapidly reapproach par.

Where will they be without a refunding program? Where will they be under their refunding program, though it is approved by 92 percent of the creditors, if some lonesome minority trouble maker tries to upset the whole program perhaps for the purpose of commanding a little nuisance-value reward in order to be bought off? Where will the city be? Where will the bondholders be? They will be holding the bag, Mr. President, and the bag will be substantially empty.

Is that just my opinion? Is that opinion totally lacking in responsible credentials? I submit that it is not. In the first place I want to remind the Senate of the Canadian system. My authority is David M. Wood, of Thompson, Wood & Hoffman, New York municipal-bond experts at the bar:

> Under the Canadian law when a municipality or taxing district defaults the creditors are not permitted complete liberty of action against the defaulting unit. Under the Canadian system a public commission investigates the situation, determines the capacity of the municipality to pay its debts—

I repeat that phrase because it is the philosophy of the Sumners bill—

> determines the capacity of the municipality to pay its debts, and an adjustment on the basis of that determination is offered to its creditors. The creditors have no voice in the proceeding under the Canadian system.

Mr. BORAH. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Idaho.

Mr. BORAH. As I understand the Canadian law, however, that is the permanent law.

Mr. VANDENBERG. That is correct.

Mr. BORAH. When a man buys a bond he buys it knowing that may be done at any time?

Mr. VANDENBERG. The Senator is entirely correct. From this point on in our experience during the 2 years' life of this emergency law when our municipalities must again find buyers for their bonds, the buyers will know in advance of the existence of the Sumners law, and my prophecy would be that they will buy with far greater assurance if they know that in the event of trouble there is a legal formula for orderly refunding rather than if they realize that in the event of trouble there must be chaotic default and a reliance upon some self-starting bondholders' protective committee before they can even start to commence to begin to protect their equity. That way lies repudiation.

I continue with reference to the Canadian system:

> The creditors have no voice in the proceedings.

Under the pending measure the creditors have a 75 percent voice in the proceeding. This procedure is far more drastic, so far as the rights of the creditors are concerned, than anything contemplated by the Sumners bill, because under the provisions of that bill no readjustment of the indebtedness of a taxing district can be consummated without approval of the holders of two thirds, and under the McCarran amendment three fourths, in amount of the indebtedness of the taxing district.

If the arguments of the opponents of the bill are sound, Canadian municipal securities should command less advantageous prices than our own in the market today. Do they? They do not. Usually they command a more favorable price, notoriously so. If the credit of a Canadian municipality compares so favorably with the credit of an American municipality, having per capita debts at all comparable, notwithstanding the fact that in the event of Canadian municipalities getting into financial difficulties their debts may be readjusted without the consent of the creditors by a governmental agency, then it seems very difficult to believe that a statute providing for a readjustment of the debts of municipalities in default under terms approved by the creditors would have such a disastrous effect upon the municipal credit in this country as has been indicated by the opponents of the bill.

Mr. President, I want to quote just one great insurance authority upon the bill. There was a time when the original legislation, which preceded the present Sumners bill, was very violently assaulted by the almost universal insurance-company interests of the United States, representing manifestly, as they do, a great bulk of ownership of the municipal securities of the land. That situation has changed.

I want to read from the testimony, before the Senate Committee on the Judiciary, of Mr. C. M. Shanks, representing the Prudential Life Insurance Co., a company which most of us identify as being related in some way to the Rock of Gibraltar. This is the spokesman for the Prudential Insurance Co. advising the Senate Judiciary Committee in respect to the wisdom and advisability of passing the Sumners bill. This is the spokesman for one of the most outstanding and largest insurance companies in the United States, and therefore one of the largest investors in municipal bonds. Let us see what judgment comes from this source. I quote from Mr. Shanks:

> You may have also gotten the impression that the bill was favored only by those who represented the debtors and not the creditors. There are many insurance companies, including our company, which are in favor of this bill, and there are also some that are opposed to it. I will confine my remarks to our own situation.
>
> We have about $150,000,000 of municipal and State bonds held in our portfolios. One hundred and seven millions are strictly municipal issues and about forty-two million are State issues. None of those State bonds are in default, but of the municipal bonds about $7,000,000 are in default. They are issued by a large number of taxing districts, something over 300. Thirty-one

of those districts are in default, approximately 10 percent of the entire number of taxing districts. We are faced with the situation of 31 taxing districts in default, and what can we do about it? So far as I know, there is nothing we can do by which we can work ourselves out, except a few from Cook County, which probably can work themselves out.

In our particular portfolio we have bonds in a number of cities which are not in position to pay all their indebtedness. They are held as cash reserve, like all State and Government bonds. We have two million of Detroit bonds. We see no way by which we can be relieved from that situation unless a bill incorporating the principles of this bill is passed. We have a similar situation in Anderson County, N.J., and another in Pontiac, Mich. We don't know of any way by which we can clean them up without something like the bill under consideration.

From the point of view of the investor, we think it is much more demoralizing.

Mr. President, I beg the Senate to listen to these observations from the spokesman of the Prudential Life Insurance Co., speaking for the largest single group of municipal securities in the United States:

From the point of view of the investor, we think it is much more demoralizing to be confronted with this sort of situation—

Namely, the chaotic situation of prospective default, to which he had previously been alluding—

than to have the privilege of working out some sort of equitable arrangement by which these obligations may eventually be taken care of. We think it is a most demoralizing thing to have such a situation develop without the ability to do anything about it.

And he goes on to state, referring to the alternative of defaults and cancelations:

That is what we fear is going to happen, and we are very much in favor of the passage of this bill.

He favors the passage of this bill in order to prevent those precise calamities.

Mr. President, just one further reference:

The fraternal insurance interests of the country have expressed great perturbation about this bill. I have a letter from the secretary and treasurer of the National Fraternal Congress of America, from which I desire to quote. It is a letter earnestly inveighing against the Sumners bill. If argues that the cities, if left to themselves, will gradually lift themselves out of their difficulties; and this gentleman refers particularly in this aspect to the fact that the Detroit refunding plan is operating, and indicates that "Detroit is rising out of its difficultes."

Mr. President, evidently the author of the letter likes the Detroit refunding plan. Evidently the Detroit refunding plan is contemplated as a highly useful thing from the viewpoint of the author; yet the only thing that the pending legislation would do is to prevent some lone, meager minority from upsetting the Detroit refunding plan and making it impossible for the happy situations to exist which the author of this letter so thankfully applauds.

He concludes, however:

I hope that with these considerations you can see your way clear to change your attitude, and will be in favor of protecting the interests of these fraternal societies, representing nearly 10,000,000 men and women of the country, who do not wish to see their insurance contracts impaired or their plans of insurance disturbed as they would be if this legislation were adopted.

Mr. President, in order to accommodate the wishes of my able friend who addresses me in this letter on behalf of the National Fraternal Congress of America, and in order, using his language, to protect the interests of these fraternal societies and the municipal investments, I must decline to follow his advice because, in my profound judgment, and with all the emphasis at my command, I believe that the best welfare of those fraternal societies and all of their municipal investments is bound up not in the defeat but in the passage of this legislation, so that hereafter, instead of disorderly defaults running on into cancelation and repudiation, we may have orderly refunding plans written within the capacity to pay, and written within the capacity to continue the letter of the bond. I believe profoundly that I am protecting the portfolios of these fraternal societies by supporting the pending measure.

I desire to support that observation by just one final bit of testimony.

Mr. President, the National Fraternal Congress was represented by several witnesses at the hearing upon this bill before the House Committee on the Judiciary. The chief spokesman was Mrs. Bina West Miller, the able and progressive president of the great Women's Benefit Association of Port Huron, Mich. Mrs. Miller was complaining at that time of the bill which was then pending in the House in respect to municipal moratoriums. I think it was called the McLeod bill. Mrs. Miller declared that her chief objection—she was speaking for the National Fraternal Congress—to the bill was that it proceeded to a complete moratorium of debt service without the consent of creditors. Quoting Mrs. Miller:

That is my point, "without the consent of * * * creditors."

Quoting her again:

It seems to me the Wilcox bill approaches solution of this question insofar as it is meant to readjust or refinance all these cities in default, or threatened with default, by reason of inability to sell bonds and refund obligations.

Mark you:

We are all in hearty sympathy with some form of readjustment of distressed municipalities, but we believe that it should be by some form of agreement between debtor and creditor.

Mr. President, the bill to which that criticism was addressed was defeated because it did not contain within it means for contact and agreement between debtor and creditor. Here is the successor bill, now pending in the Senate, which provides specifically for contact and agreement between debtor and creditor, and which gives 26 percent of the creditors the right of veto if desired, but which provides a working program by which three fourths of the creditors can join effectively with the forward-looking taxpaying citizenship of each of these municipalities, and readjust and restabilize the integrity of the local credit, and start anew upon a program of municipal forward march.

From any practical viewpoint which is willing to assess the realities, I can see no reason in the world why the Sumners bill should not be approved by the Senate.

Mr. HASTINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Russell
Ashurst	Couzens	Kean	Schall
Austin	Cutting	Keyes	Sheppard
Bachman	Davis	King	Shipstead
Bankhead	Dickinson	La Follette	Smith
Barbour	Dieterich	Logan	Steiwer
Barkley	Dill	Lonergan	Stephens
Black	Duffy	Long	Thomas, Okla.
Bone	Erickson	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Brown	Frazier	McKellar	Townsend
Bulkley	George	McNary	Tydings
Bulow	Gibson	Murphy	Vandenberg
Byrd	Glass	Neely	Van Nuys
Byrnes	Goldsborough	Norris	Wagner
Capper	Gore	O'Mahoney	Walcott
Caraway	Hale	Overton	Walsh
Carey	Harrison	Patterson	Wheeler
Clark	Hastings	Pittman	White
Connally	Hatch	Pope	
Coolidge	Hatfield	Robinson, Ark.	
Copeland	Hayden	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, there is a quorum present.

Mr. VAN NUYS. Mr. President, I desire very briefly to state my grounds of opposition to the pending measure, and it will take me but a very few minutes to do so.

I am opposed to the measure because I think it is ill-advised both in principle and in thought. Public hearings have developed that there are between 250,000 and 400,000 political subdivisions which would be affected by the bill. Even the proponents agree that there are only in the neighborhood of 2,000 governmental subdivisions in default. Under such circumstances, I insist that there is no universal demand for the proposed legislation.

I am opposed to it on account of the type of holders of municipal securities who would be affected by the bill, it

enacted. Such securities in overwhelming percentage are in the hands of executors, administrators, trustees, guardians, and trust estates, and are held for the benefit of a class of people who need to be protected more than any other class in our social fabric. They include insane persons, minors, and similar types of beneficiaries of different trust estates. We have always been told, in our probate courts, that municipal securities are gilt-edged, and such courts have authorized and directed the investment of money in municipal securities as gilt-edged in quality, second only to State and Federal obligations. I am opposed to the pending measure because of the fact that it would adversely affect the type of holders of municipal securities to which I have referred.

I am opposed to it by reason of the fact that there is no universal demand for the enactment of the bill. We have seen here today where the measure largely originated, first, in the State of Florida, and secondly, in the city of Detroit.

There is some excuse for the municipalities and towns and cities of Florida asking for some relief. We are all familiar with, and perhaps in our safes at home have evidences of, the criminally fraudulent real-estate promotions which took place in the State of Florida. I know of savings banks, and banks of all types and characters, which had to place restrictions on withdrawals of deposits in order to keep money from going into that real-estate bubble, which for several years was promoted and acquiesced in by the authorities of the State of Florida.

I never heard of a gesture from the Governor of the State of Florida, or any other public official down there, warning the people of the Middle West against the pyramiding of real-estate values, which was not only fraudulent but criminal. Some of these cities are today in a position as if they had been wiped off the face of the earth, it is true, but it is my contention that it is a matter for State relief, and not for relief by the passage of a Federal statute which would adversely affect so many solvent municipal corporations.

I say I can see some excuse for the cities of Florida. I can see none for the city of Detroit, the interests of which city have been championed so vigorously here today. One of the great industrial and civic centers of the United States, indebted in great sums of money gathered from the savings of the thrifty, from guardians, administrators, trustees, and sources of wealth of that kind and character, the city of Detroit, enjoying great public permanent improvements, bridges, and streets, and boulevards, and sanitary districts, desires this measure for the purpose of enabling it to repudiate its just and honest obligations. If I were a citizen of the city of Detroit, I would have been ashamed of the plea made upon this floor today, or any plea for the repudiation of one thin dime's worth of Detroit's honest and just obligations.

Mr. President, I am opposed to the measure because it is the opening wedge in repudiation of State and Federal obligations. There are certain elementary and academic principles upon which a government is strong or an individual is strong. I do not believe that any man ever succeeded in life unless he took as one of the academic and fundamental principles of his daily life the determination to meet and pay his honest debts. I do not believe that any government can endure in this country which violates that simple, fundamental, academic principle—the will to meet and pay its honest debts.

If a municipality or other political subdivision of a State may repudiate its obligations, the next step is repudiation by the State, and the final step is repudiation by Federal authority, and when that time shall come, all the centuries of effort toward progress and strength and honesty and integrity will crumble in the United States of America.

Mr. President, I attended the public hearings on this bill for 2 days, and I think I know some of the opposition to the measure. Every bonding house and brokerage company in New York was represented here, with all the high-powered lobbyists at their command, to secure the passage of the legislation, because it would mean the issuance of millions upon millions of dollars of refunding bonds, the commissions on the sale of which would mean a rich harvest for the bond brokers of New York City.

Taxpayers, heavy taxpayers, are behind the agitation for the enactment of the measure. I know of some communities where two or three men bear practically the whole burden and pay the bulk of the taxes in the political subdivision. Of course they are behind the enactment of this measure. They are content to retain the public improvements, the beautiful streets, the schoolhouses, the Government buildings of different types and characters, for their own enjoyment and for the enjoyment of their children and their children's children, but they are willing now, in order to save a pittance of their tax assessments, to place the stamp of their approval upon a measure which means repudiation, pure and simple.

Mr. President, I am opposed to this measure because, in my opinion, after listening for 2 days to the testimony in the public hearings, I believe the enactment of the bill into law, and its presence on the statute books for 2 years, will affect unfavorably and adversely the credit and good faith of every obligation of every solvent political subdivision in this country. Even some of the bond brokers and agents who appeared in the public hearings who are in favor of the bill were honest enough to admit on cross-examination that the presence of the bill on the statute books would probably require a higher rate of interest on all municipal obligations issued, and that it would adversely affect the sale of all municipal obligations of the 450,000 or 500,000 political subdivisions which would be potentially affected by the terms of the measure.

Two or three Senators have approached me, since the bill came up for discussion, with questions as to its constitutionality. I am not interested in the constitutionality of the bill. I am not interested in the amendment of my good friend, the Senator from Nevada. To me this bill is so fundamentally unsound in principle and in policy that I do not care whether or not the Supreme Court holds it to be constitutional. If this high legislative body should declare this bill to be founded on an emergency condition I presume that decision would be accepted as a conclusive fact, the existence of which the Supreme Court would not question. But whether it shall be declared constitutional or unconstitutional, I think this bill, the municipal bankruptcy bill now pending, is the most far-reaching and vicious measure introduced during my limited experience of over a year as a Member of this body.

The Senator from Michigan in a play upon words may say that this measure does not mean repudiation. What else can it mean? If 75 percent of the creditors and the taxing districts get together and agree to scale down the principal of their obligations one thin dime, is that not repudiation pure and simple?

There is a difference between buying the obligation of a private corporation and the obligation of a municipality. In the case of the private corporation we have a prospectus showing the assets and liabilities and a history of the business conducted. A municipal obligation is bought upon the full faith and credit of the entire community, which says, in effect, "We intend, Mr. Guardian, Mr. Trustee, Mr. Insane Person, to pay you back 100 cents on the dollar." That is why municipal securities have been considered gilt-edged until the introduction of this vicious measure here on the floor of the Senate.

The constitutionality of this bill was discussed in an opinion rendered to the subcommittee of the Judiciary Committee of the House. The conclusion of that opinion given by the Department of Justice, not by the Attorney General himself, but by some member of his staff, was that this bill would be constitutional "insofar as it applied to a political subdivision and taxing district engaged in a proprietary interest or function, but not where it was engaged wholly in a public or governmental function."

The distinction is pretty hard to draw. Lawyers will recognize that such a distinction is purely of judicial origin. There is no statute defining when a taxing division is acting in a governmental capacity and when it is acting in a proprietorial capacity; but the Attorney General's Office even gave to the subcommittee of the Judiciary Committee of the other House the opinion that insofar as this bill applied

to a taxing district engaged purely in a governmental function it was unconstitutional. Yet under the proposed amendment and in the original bill the measure is supposed to apply to all counties, townships, boroughs, and every other conceivable unincorporated taxing district.

For what my opinion may be worth, I may say that I doubt the constitutionality of this bill, supported by the written opinion of the Department of Justice, that the bill is certainly unconstitutional as applied to a taxing district engaged wholly in a public or governmental function.

I asked the witnesses on cross-examination, some of whom were presumed to be or at least tried to qualify as constitutional experts, what the line of distinction or cleavage was between a taxing district engaged in a governmental function and one in a proprietorial function; and I failed to get a single intelligent answer to that question from any witness who appeared before the committee.

There is no line of distinction. The State of Ohio may hold that a taxing district is exercising purely a governmental function. The State of Indiana may hold that a similar taxing district is engaged wholly in a private function.

I understand that the bill is predestined to become a law, and the only reason I am taking the valuable time of the Senate is to call attention to the future results of this measure, which I shall watch with much interest.

I do not know how bond buyers and trustees and guardians and administrators and insane persons, minors, and aged persons are going to know whether or not the bonds which they purchase come within the purview of this statute; and no one will ever be able to tell us by reason of the fact that there is no line of cleavage or distinction between the two governmental functions.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. COSTIGAN. Perhaps I missed the able Senator's assignment of reasons for the alleged unconstitutionality of the proposed legislation. Will the Senator from Indiana indicate the basis of the constitutional argument by the Attorney General, or other attorneys, against the validity of the proposed statute?

Mr. VAN NUYS. The subcommittee of the Judiciary Committee of the House asked for an opinion from the Department of Justice, and an opinion was written by Mr. Weston, as I remember the name. I can give the Senator the conclusion of his argument.

> In my opinion, the private or proprietary capacity of a municipality is sufficiently distinct and definite to bring it within the purview of the bankruptcy power of Congress where the State, as the representative of the municipality's governmental functions, has given its consent.

I remember a case in Wisconsin which I looked up in which the municipality by virtue of a certain statute or ordinance—I do not know which—was conducting a public wood yard. There could be little question but what the municipality was acting in a private or proprietorial capacity as distinguished in the opinion of the Department of Justice; but in the case of hundreds upon hundreds of other political subdivisions there is no way of telling, I will say to the Senator from Colorado, except by means of adjudication, whether they are engaged in a governmental function or in the exercise of private pursuit.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. CLARK. I do not desire to interrupt the Senator in the very able presentation which he is making of his views on this bill, but I desire to ask him a question. Is it not a fact that, whether this bill is constitutional or not, it is an immoral bill, which ought to be entitled "An act to authorize the repudiation of debts by any public municipality", and furthermore, it imposes an intolerable hardship on the credit of municipalities, such as, for example, in my own State, St. Louis, Kansas City, Springfield, and Joplin, which have maintained solvency by virtue of careful management and by dint of great hardship and struggle, and which are still solvent, their bonds selling above par? Is not this measure designed to put an intolerable hardship upon them in obtaining credit in the future?

Mr. VAN NUYS. I thank the Senator from Missouri. I had made the observation, possibly before he entered the Chamber, that, in my opinion, the enactment of this measure into law will adversely affect every solvent municipal political subdivision in this whole country of ours.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. LOGAN. I have heard quite frequently the word "solvent" and the word "insolvent" mentioned in connection with municipalities. I should like to ask the Senator from Indiana if it is possible for a municipality to be insolvent so long as it has the taxing power and has not exhausted its taxing power?

Mr. VAN NUYS. I thank the Senator from Kentucky very much, indeed, for that observation. This bill provides that the petition shall allege that the municipality is either "insolvent or unable to meet its debts as they mature." Personally I cannot conceive of any circumstance or condition when a political subdivision, such as a municipality, can be insolvent so long as there is a square foot of taxable property left within its confines.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. McCARRAN. Is not the expression which the Senator has just quoted the very first safeguard in this whole proceeding? The mere allegation that a municipality is insolvent does not create its insolvency. The fact must be established.

Mr. VAN NUYS. May I ask of the learned Senator, How can the insolvency of a municipality be established?

Mr. McCARRAN. When it fails to pay its current obligations when they are due, and that is a matter for the court to determine in the first instance.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. GLASS. We have already destroyed the mortgage-bond market for farms and destroyed the mortgage-bond market for homes. Why not let us destroy the bond market for municipalities, too? Why discriminate?

Mr. VAN NUYS. I thank the Senator from Virginia. I think such destruction will be the direct result of the passage of this legislation.

Mr. LONG. Mr. President, does the Senator from Virginia mean we are taking too much time in getting to our end?

Mr. VAN NUYS. I understand that this bill is destined to pass. I have perhaps already taken too much of the valuable time of the Senate, but I want to go on record, and I propose to follow up the workings of this measure, if it shall be enacted into law, until the next session, and then again call the attention of the Members of the Senate to it, for I think it will prove to be in its affect on solvent communities in this country about as disastrous a measure as could be passed by the Congress of the United States.

I care not who is behind this proposed legislation; I care not who has been called to the telephone here and been whipped into line for the passage of this iniquitous bill; personally, I would rather retain my self-respect, my loyalty to my own people, and my adherence to my convictions than to be registered among the favored few who have been whipped into line by any departmental telephone calls while we are in session here trying to do our duty.

Mr. GORE and Mr. McCARRAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Indiana yield; and if so, to whom?

Mr. VAN NUYS. I yield first to the Senator from Oklahoma.

Mr. GORE. Mr. President, I just entered the Chamber a moment ago. The Senator seems to have been addressing himself to the subject of municipal bankruptcy, and this bill extends, in effect, the bankruptcy laws to municipalities. Does it permit a State to declare its insolvency and take advantage of this proposed act?

Mr. VAN NUYS. I will say to the Senator from Oklahoma that it does not.

Mr. GORE. Is that to be the next step in its evolution or revolution or devolution?

Mr. VAN NUYS. In my opinion, that is to be the next step. The Senator is entirely correct.

Mr. GORE. Before the scheme is to be consummated, is the United States Government to be permitted to enter some justice court and declare its insolvency?

Mr. VAN NUYS. As I understand, that is the third degree, I will say to the Senator from Oklahoma.

Mr. GORE. I have always been against the third degree. [Laughter.]

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Nevada?

Mr. VAN NUYS. I yield.

Mr. McCARRAN. I am very much interested in the last remark made by my good friend, the very able Senator from Indiana, and I am wondering if when he used the words "called to the telephone and whipped into line" he had in his mind some recent event other than that which applies to this particular bill?

Mr. VAN NUYS. I cannot speak, I will say to the Senator from Nevada, from personal knowledge, because I consider it one of the highest compliments I have had since being a Member of this distinguished body never to have been called to the telephone for the purpose of being whipped into line, and I hope that I never shall be.

Mr. BORAH. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. VAN NUYS. I yield to the Senator from Idaho.

Mr. BORAH. We have been speaking of the effect of this measure upon the securities of solvent cities. I think it will be conceded that if we can pass this measure requiring 75 percent of the security holders to approve, we could pass a measure which would require only 50 percent to approve, or we could pass a measure which would require only 25 percent to take such action.

Mr. VAN NUYS. That is correct.

Mr. BORAH. How will the security holders be able to know where and when this kind of legislation is going to end, because it may be necessary the next year or the year following that to cut down the number which may be required to initiate such proceedings, and we will have a measure here under which 25 percent or 50 percent will be able to control the situation.

Mr. VAN NUYS. I agree with the Senator from Idaho. A question was asked here this morning, and I think improperly answered, as to the rights of minorities. I have heard so much about recalcitrant minorities that I am a little fed up on that subject, but the question was asked whether a minority would be bound by the confirmation and final decree of the court, whether they evidenced their claims, whether they ever appeared in court or ever had a day in court. The answer to that question was not properly given this morning, as I know. I think probably the question was asked by the Senator from Idaho.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. NEELY. The Senator from Idaho has asked a very pertinent question, and I do not think that my distinguished friend the Senator from Indiana has answered it. The Senator from Idaho, if I correctly understood him, inquired when this legislation will end. The operation of the law, so far as instituting proceedings is concerned, is limited to 2 years.

Mr. BORAH. What I am saying is that, while under the bill 75 percent approval is necessary, ultimately we could pass a bill—next year if the situation seemed to demand it—requiring the approval of only 30 percent or 40 percent. Is not that true?

Mr. NEELY. If we can pass this one, we could manifestly pass another providing a lower degree of approval on the part of the creditors.

Mr. BORAH. I was simply presenting it as a legal question.

Mr. WHITE. Mr. President, will the Senator yield for a question?

Mr. VAN NUYS. I yield.

Mr. WHITE. On page 3 there seem to be stated alternative conditions upon which a petition may be filed. One is where the taxing district is insolvent. I take that to mean a present inability to meet existing debts; I take that to be insolvency. Then it goes on and provides, as a second alternative, "or unable to meet its debts as they mature." I take it that means something different than the insolvency just previously mentioned. What troubles me is whether that provision has reference of the future, whether a municipality or a taxing unit which anticipated a future inability to meet its obligations as they might mature could petition for this relief. Is that what is meant?

Mr. VAN NUYS. I should rather think, I will say to the Senator from Maine, that this bill provides that the court may require, in place of a schedule, which is usually filed by a voluntary bankrupt, a statement of the business and fiscal and financial affairs of the municipality. I should think it meant the existence of a present situation rather than an anticipated one.

Mr. WHITE. Then it is just stating the same thing in two different ways.

Mr. VAN NUYS. I think so. Personally I cannot see why the author of this bill ever put in the allegation of insolvency, because it is so antagonistic to our conceptions of the responsibility of governmental units. The bankruptcy statute, as we all know, is one of the oldest forms of law we have. We adopted in the Constitution the interpretation of bankruptcy laws as defined in the old common law; but there is no country in the world that has ever included a municipality or any governmental unit within the purview of a court of bankruptcy. It is so antagonistic to all elementary academic theories of good government that a sovereignty should ever repudiate its indebtedness or compose with its creditors for less than 100 cents on the dollar that no government in the world has ever contemplated or written into a bankruptcy statute the idea of a political subdivision of a State or the sovereignty itself being able to take advantage of the provisions of a bankruptcy law. This is the first such instance to my knowledge. I recognize that Canada has certain regulatory bodies, but I am talking about bankruptcy laws.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. NEELY. This is the first time in the history of the Government that we ever had anything similar to our present National Recovery Administration, because of the fact that this is the first time that we ever needed it. Similarly, this is the first time that 2,019 taxing districts in the United States have been insolvent, and have consequently needed this legislation.

Mr. VAN NUYS. As compared to the 250,000 to 400,000 political subdivisions that will be affected by this measure, the 2,000 political subdivisions in default to me represent a very small percentage of the total. I think, under the theory of the Minnesota moratorium law, it is up to the States to take care of their particular communities. I referred to Florida when a number of Senators who are now in the Chamber were not present. Millions of dollars, some of it my money and some of it yours, went down there. With that money gathered throughout the United States public improvements were built all over the State of Florida without a word or a warning from the officials of that State. The burden is on the State of Florida, by a revolving fund, direct relief, or any other measure that they may see fit to employ, to take care of their suffering municipalities.

Mr. NEELY. Mr. President, will the Senator again yield?

Mr. VAN NUYS. I yield.

Mr. NEELY. Is it not also true that practically every great corporation which has erected buildings in New York and Chicago and San Francisco, and which is under present law permitted to go into bankruptcy, has sold its stocks and

its bonds in Indiana, West Virginia, and various other States in the Union?

Mr. VAN NUYS. That is true.

Mr. NEELY. Is the situation with reference to a municipal corporation conspicuously different in principle from a similar situation concerning a private corporation?

Mr. VAN NUYS. It is entirely different. When the Senator buys bonds of some great corporation in New York City he has a prospectus of the business, and he buys with his eyes wide open, knowing that there may be some individual mismanagement or fraud or defalcation; but when he loans money to the city of Indianapolis, with its 400,000 patriotic, fine citizens, men and women, he loans it to that city with the understanding that every inch of property within the confines of that capital city of the State of Indiana will be exhausted before the city will ask him to scale down that obligation even by 1 percent. There is a vast distinction, a pronounced line of cleavage between buying the obligations of private industry and buying the obligations of a public corporation.

Mr. NEELY. But is there not the same sort of implied understanding on the part of the purchaser of a bond of a private corporation? Every dollar's worth of the corporation's property may be sold in satisfaction of its bonds.

Mr. VAN NUYS. Behind the private investment there is not the good faith, good will, and the confidence of every American citizen in his Government as there is behind the obligations of a municipality or a State or the Federal Government. There is a striking line of distinction.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Virginia?

Mr. VAN NUYS. I yield.

Mr. GLASS. I am not a lawyer, and my question may seem a very simple one to the distinguished Senator, who is a lawyer. Does not the bankruptcy law require a person who goes into bankruptcy to surrender all his property?

Mr. VAN NUYS. Yes.

Mr. GLASS. Are the municipalities going to surrender all their property?

Mr. VAN NUYS. They will surrender nothing whatsoever, I will say to the distinguished Senator from Virginia.

Mr. GLASS. Then, what is to be the standard of insolvency? A court in my State might hold that a given community should levy a certain percentage of taxes, and a court in the Senator's State might hold that a given community should levy another percentage. What is to be the standard of insolvency?

Mr. VAN NUYS. The agreement, as I understand, would be determined by 75 percent of the creditors. If 75 percent of the creditors of a municipality in the State of Virginia should agree on 50 percent of the principal of the obligation, that would not prevent 75 percent of the creditors of a municipality in Indiana agreeing on 20 percent or 10 percent. There is no uniformity about the bill at all.

Mr. President, as part of my remarks, I ask that the minority views of the subcommittee be inserted in the RECORD.

There being no objection, the minority views were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS

A minority of the Senate Judiciary Committee, to which was referred H.R. 5950, to amend the Bankruptcy Act of 1898, as amended and supplemented, feels that such bill ought to be rejected.

The recommendation that such bill be rejected is based upon two propositions: First, that said bill is unconstitutional; second, that the policy of enacting such legislation is ill-advised.

In support of the position taken by said minority of said subcommittee, it is respectfully submitted that the constitutionality of said bill has been the subject of prolonged and highly controversial discussion. It is the opinion of the undersigned that the weight of the authorities is to the effect that the bill is unconstitutional.

It is proposed by this legislation that any municipality or other political subdivision of any State, including any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, levee, sewer or paving, sanitary, port, improvement, or other districts may file petitions in courts of bankruptcy stating that the taxing district is insolvent or unable to meet its debts as they mature and that it is desirous of effecting a plan of readjustment of its debts upon the basis of its capacity to pay. Subject to numerous conditions contained in the bill, the judge of the United States district court may approve or disapprove the petition and the plan for refunding the debts of the petitioning municipality. If the plan be approved, the final decree of said court shall discharge the taxing district from those debts and liabilities dealt with in the plan, and upon such confirmation the provisions of the plan and of the order of confirmation shall be binding upon (1) the taxing district, and (2) all creditors, secured or unsecured, whether or not affected by the plan, and whether or not their claims shall have been filed or evidenced, and if filed or evidenced, whether or not allowed, including creditors who have not, as well as those who have, accepted it. It is submitted that the grant of above powers to a court of bankruptcy is an interference with the powers, rights, and privileges of the sovereign States.

It is academic to suggest that the political units named in the bill are subdivisions of and agencies of the State. Such subdivisions and agencies are created by the State to carry out, in given localities, the business and functions of the State. Their authority is limited to the powers granted them under the constitution of the State, its statutes, or by charter. Such powers must be exercised in strict compliance with such grants of power. Upon no other theory could the delegation of the power to tax, being a legislative function, be delegated to such political units.

By this bill the Federal courts are empowered to revise and recast the debts and obligations of the subordinate governmental agencies of the States. They are empowered to alter and nullify the laws theretofore enacted by the States and the ordinances of the States' subordinate governmental agencies exercising the power of taxation. It proposes to discharge the municipality and its officers from the duty imposed by State law to levy taxes to pay the debts and obligations of the municipality. These tax levies once fixed become liens which should not be interfered with nor nullified by Federal governmental action.

The opinion of the Attorney General's office rendered to the Judiciary Committee of the House attempts to draw a distinction between the proprietary and public capacities of a municipality and concludes as follows:

"In my opinion the private or proprietary capacity of a municipality is sufficiently distinct and definite to bring it within the purview of the bankruptcy power of Congress where the State, as the representative of the municipality's governmental functions, has given its consent."

It developed at the hearings that there is no recognized or uniform line of cleavage determining when a municipal unit is acting in a private or proprietary capacity and when it is functioning in a public or governmental capacity. Such distinction is purely of judicial origin to relieve the harsh rule denying recovery against municipalities for negligence of inferior officers and servants in the performance of duties connected with certain public activities. It has no application to the income, property, contracts, debts, bonds, appropriations, or tax levies for such public activities.

It is impossible to envisage a sovereign State as subject to bankruptcy courts. The power of the States and their subordinate governmental agencies to borrow money, incur obligations, and fix tax levies is essentially a function of the sovereign States, legislative in nature, and cannot be delegated to the judicial branches of the States, much less to the judicial branches of a foreign sovereignty.

In view of the above facts, the undersigned are of the opinion that the Federal Government is without power or authority to exercise jurisdiction over or interfere with the sovereign States or their subdivisions and agencies as provided in H.R. 5950.

THE POLICY OF THE BILL

After thorough public hearings and investigation, the undersigned are of the further opinion that, in the ground of policy as well as legality, the bill ought to be rejected.

As set out in the report of the committee on commercial law and bankruptcy of the American Bar Association, which report was unanimously adopted by the association at its annual meeting in 1933—

"The inevitable results of the operation of municipal bankruptcy must be to depress the market for municipal securities and seriously impair the credit of cities in sound financial position."

To this opinion we subscribe. Even proponents of this legislation have been candid enough to admit that the passage of either of the bills under discussion would affect the credit of solvent cities, would act as a drag on the sale of municipal securities, and might demand a higher rate of interest on such securities. In all probability only a comparatively small percent of municipalities will take advantage of the provisions of the bills if enacted, yet the presence of the law on the statute books would, in the opinion of the undersigned, cost investors and solvent municipalities millions of dollars.

Municipal securities have always been considered gilt-edge investments. They have ranked second only to the obligations of the Federal and State Governments. Probate courts have for generations authorized and directed guardians, trustees, and administrators to invest the trust funds under their control in municipal securities. The American Legion Endowment Fund Corporation now has approximately four and one-half million dollars invested in the bonds of municipalities and other political units. The capital of this corporation was contributed by public-spirited citizens all over the United States for the purpose of creating an income which is expended solely for the rehabilitation and

child welfare in connection with the veterans of the World War. The officers of this fund are strongly opposed to the passage of this legislation. The funds of scores of fraternal-insurance orders are similarly invested and such fraternal orders have gone on record as opposed to the bill.

The testimony taken at the hearings did not develop the fact that this legislation was necessary to avoid universal repudiation of municipal debts. While no witness seemed possessed of very accurate information on the subject, it was stated by the different witnesses that from 250,000 to 400,000 taxing districts would be potentially subject to this legislation. It is further safe to assume that approximately 2,000 of such units are in default in the payment of principal or interest, or both, on their obligations at this time. It is further agreed that there are outstanding approximately $20,000,000,000 of such municipal securities. In the face of such facts it surely cannot be argued that legislation of this character is universally demanded.

The most insistent demand for this legislation comes from cities which were overdeveloped during boom days, when real-estate prices were pyramided and unreasonable and wholly unwarranted public improvements were projected upon such pyramided values. While it is palpable that such cities are at this time seriously involved, it is the duty of the State to come to the relief of such communities rather than to involve the faith and credit of the tens of thousands of solvent municipalities throughout the entire country by the passage of such Federal legislation as is here demanded. It is quite evident from the decision in the case of *Home Building & Loan Association* v. *Blaisdell*, rendered by the Supreme Court of the United States on January 8, 1934, that the State, through proper legislation, may declare such moratoria as may afford temporary relief to certain of its political subdivisions. It may also provide for direct relief to such municipalities and other political subdivisions. If this be true, we question the propriety of the Federal Government entering into the legislation contemplated by the bills under consideration.

Many reliable parties in interest have very frankly and fearlessly expressed themselves as opposed to this legislation. Among such opponents, may we cite the following:

1. American Bar Association.
2. American Bankers Association.
3. Chamber of Commerce of the United States.
4. National Fraternal Congress, representing fraternal societies with 8,000,000 members.
5. National Association of Credit Men, representing 20,000 manufacturing, wholesaling, and banking institutions.
6. Pennsylvania Fraternal Congress.
7. Ohio Chamber of Commerce.
8. Tacoma Chamber of Commerce.
9. Pennsylvania Fraternal Congress, having a constituency of 36 fraternal societies.
10. Polish Association of America, Milwaukee.
11. Junior Order of American Mechanics, Philadelphia.
12. New England Fraternal Congress.
13. Maryland Fraternal Congress.
14. Wisconsin Fraternal Congress.
15. Western Catholic Union, Peoria, Ill.
16. Degree of Honor Protective Association, St. Paul.
17. Ben Hur Life Association, having $8,000,000 in municipal bonds, Crawfordsville, Ind.
18. Association of Indiana Legal Reserve Life Insurance Companies, having $27,000,000 invested in municipal securities.
19. Ancient Order of United Workmen, having $10,500,000 invested in municipal bonds, Newton, Kans.

Mr. HASTINGS obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Russell
Ashurst	Couzens	Kean	Schall
Austin	Cutting	Keyes	Sheppard
Bachman	Davis	King	Shipstead
Bankhead	Dickinson	La Follette	Smith
Barbour	Dieterich	Logan	Steiwer
Barkley	Dill	Lonergan	Stephens
Black	Duffy	Long	Thomas, Okla.
Bone	Erickson	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Brown	Frazier	McKellar	Townsend
Bulkley	George	McNary	Tydings
Bulow	Gibson	Murphy	Vandenberg
Byrd	Glass	Neely	Van Nuys
Byrnes	Goldsborough	Norris	Wagner
Capper	Gore	O'Mahoney	Walcott
Caraway	Hale	Overton	Walsh
Carey	Harrison	Patterson	Wheeler
Clark	Hastings	Pittman	White
Connally	Hatch	Pope	
Coolidge	Hatfield	Robinson, Ark.	
Copeland	Hayden	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. HASTINGS. Mr. President, 3 or 4 years ago the then administration recommended to the Congress a general revision of the Bankruptcy Act. I introduced a bill for that purpose in the Senate, and was subsequently made chairman of a subcommittee of the Committee on the Judiciary which considered the various recommendations that were made. On that subcommittee were the former Senator from New Mexico, Mr. Bratton, the distinguished Senator from Rhode Island, Mr. Hebert, and myself. We had long hearings upon the general subject, and heard from various people interested.

It will be remembered that up to that time the bankruptcy law provided that before a person could be declared a bankrupt he must be insolvent; that is, his liabilities must exceed his assets. In the bill which I introduced at that time there were three particular features which were entirely new. One related to the individual debtor, one to railroad corporations, and the other related to other corporate debtors. It was sought to widen the jurisdiction with respect to bankruptcies by declaring that persons insolvent should come under it as under the old law, as well as persons who were unable to meet their debts as they matured. In most jurisdictions—so far as I know, in all jurisdictions—in the matter of the appointment of receivers for corporations it is necessary only to allege with respect to them that they are unable to meet their debts as they mature.

In this new measure it was sought, because of the depression, to relieve the individual debtor of ever having it said against him that he had gone through bankruptcy; so that new proposed legislation, which was subsequently enacted by the Congress, called him a "debtor" if he were trying to make a settlement with his creditors rather than to distribute all of his assets to his creditors.

The same provision was made with respect to railroads and with respect to other corporations. It was late in the session before any of these matters could be considered; and the Judiciary Committee of the Senate recommended that provision with respect to the individual debtor and recommended it with respect to the railroads because they were impressed with the great necessity of some such relief.

Not until the time those bills were being considered did I ever hear it suggested that a municipality might come within the provisions of the Constitution. There was some talk about it during those hearings, particularly, as I recollect, from the Senator from Florida [Mr. FLETCHER], and perhaps from some other sources; but so far as I was concerned I did not take it seriously, because I assumed that nobody would expect the Congress, after seriously considering the matter, to take any such drastic step as that.

Some time later—as I recollect, during the past session of the Congress—we had special meetings with respect to municipalities. We heard the then mayor of Detroit, Mr. Murphy, and we heard many other witnesses, most of them from bond houses that had tried to get some adjustment of some bond issue. But, Mr. President, as I read the provision of the Constitution which gives to the Congress the power to establish uniform laws on the subject of bankruptcies throughout the United States, and as I heard the mayor of Detroit tell what their financial condition was and then remembered his answer when I asked him at what amount the physical property of Detroit was assessed, it seemed to me those two matters themselves showed conclusively that we could not undertake to fit this sort of legislation into the provision of the Constitution without violating at least the spirit of the Constitution and that which was intended when the provision was adopted and became the fundamental law of the land.

I thoroughly agree that, wherever possible in any of the difficulties that have been explained here today, the Congress or the State or anybody else ought to put a city or municipality in the position of compelling a small minority to agree to that which is evidently for the benefit of all. In other words, no person is entirely satisfied to let some minority, for some ulterior purpose, hold up the development of any great plan such as would have to be developed in disposing of some of these municipal difficulties.

I appreciate how serious the situation is for the State of Michigan or the municipalities of the State of Michigan. I know, without his saying so, how very much interested the distinguished Senator from Michigan [Mr. VANDENBERG] is

in those municipalities. When he addresses the Senate upon this subject, he distinctly states that he does not do it from a constitutional point of view, but does it from a practical point of view; and then he asked me, if I could eliminate the question of constitutionality, whether I would agree generally with the bill.

I could not answer that question. I am not certain what I would do under such circumstances; but before taking my seat I do propose to point out some practical difficulties, even though this bill be within the terms of the Constitution itself.

Before doing so, however, I desire to discuss for a moment what a shocking thing it must be to reasonable people everywhere to find subdivisions of a State government, made subdivisions of the State government by the State itself, being put in a position in opposition to what the State may want to have done, in opposition to and doing what the State would not have permitted them to do if it could help it; in fact, the State would not have permitted the subdivision to be created unless it believed, at the time of its creation, that the State had absolute control over what the subdivision might or might not do. Such, for instance, as limitation upon the amount of indebtedness it may incur.

In other words, when my State creates the municipality of the city of Wilmington, it limits its authority, and places upon it certain burdens that go along with the authority that has been given to it. Now the Federal Government comes along—assuming this measure to be constitutional—and says to my State, "It matters not what limitations you placed upon that subdivision, created in your State by your own authority. It does not make any difference that the Federal Congress was not in a position to give that authority to the municipality. That counts for nothing. We admit that you had the absolute authority yourself. It was within your rights as a State to give it or withhold it, depending upon what you wanted to do. It was within your absolute right, when you gave it, to impose upon it such conditions as you believed it necessary to impose upon a subdivision of your State government. We admit that you had that absolute authority; but along in the year 1934, because we find a great depression in the land, we go back to the original Constitution which you approved, and of which you are a part, and we find hidden in it a sentence which we believe we can fit into the new situation caused by this depression. Regardless of what your opinion may be as to what we ought to do, regardless of the effect it may have upon your State if we do this particular thing and give this particular authority to the municipality, we say, in view of the depression, in view of the great emergency, that we must give that child of yours the authority to repudiate its debt if it likes. We must give it the authority to reduce it by 50 percent if it likes. We must give it the authority to do anything that 75 percent of those who have trusted it are willing to permit it to do. We are content to give that authority to the municipality, and we do it despite anything you may say to the contrary."

That, however, is not the only authority given in this bill. Here is created a State, and at the same time that it is created, by its very constitution there are created counties in the State. Those counties have fixed boundaries, fixed by the State constitution. The legislature itself cannot change them. Here is a separate government, a subdivision of the State, with full authority to levy taxes upon the people of the county, and with full authority to collect those taxes despite any mortgage or other obligation that may be on the property. We find that particular county at a time when all things are prosperous and there is apparently no danger of a depression anywhere, living in extravagance, building more roads than it has any right to build, building more schools than it can pay for, bonding the county beyond all reason. Then when the depression comes, when the farmers of the county find they cannot meet their obligations as they become due, we find the delinquent tax list constantly growing, and those in control say, "We dare not disturb our people here. They have all been suffering dreadfully from the depression. We cannot force them to pay taxes now without greatly injuring and probably destroying them, and certainly greatly distressing them. What shall we, the taxing power in this county, do under those circumstances? Shall we insist upon them paying notwithstanding the hardship which would follow, or shall we say that this county can no longer pay the interest on its bonds? Why should we not take the easier course, and say that it will not pay? Here are the people at home who voted for us in this district. They are the people who keep us in this particular office. Why should we not favor them when they are in distress, rather than favor some institution in New York or Boston or some other city which holds the bonds of this particular county?"

It seems to me, Mr. President, that when we compare those two, we are going to see the thing that is inevitable; notwithstanding the optimistic view of the Senator from Michigan, when this thing happens we are going to see the 2,019 mount rapidly to 10 times that, and why?

The Senator says there is no danger because the county to which I have referred is doing the best it can; it is, like the city of Detroit, struggling with all its might to get itself out of its difficulty, and there is no danger. I will show, then, what is the danger. If the officials do not do as has been suggested, when the next election comes around those in office will be thrown out, and somebody else will do that thing. That is the trouble with this situation; there is mixed in it from the very beginning to the end the political psychology.

I am surprised, shocked, and ashamed to know that the city of Wilmington ever entered into this proposition to have the city of Wilmington repudiate its bonds. That demonstrates to me that there is no necessity for a lot of the things that are going on here. The city of Wilmington is suffering? Of course it is suffering; it is suffering as every other city is suffering. But the city of Wilmington will compel its people to pay the taxes necessary to enable it to meet its obligations, and let nobody be deceived about that.

They will do that unless this bill is enacted, and if the bill shall be enacted, the same people who are running it now—and they are good Democrats, at that—unless they do yield to the demand that is made upon them to repudiate the debt, so that it may be settled for 95 percent, or 90, or 80, or 75 cents on the dollar, or what not, unless they yield, in the next election, a year from next June, we will find that the mayor of the city will go his way, and that the city council will go their way, because, I say, there will be enough people, even in my own town, who will be willing to say to those in charge, "Instead of making us pay our taxes, you could reduce them by repudiating the city's debt, and let somebody on the outside suffer."

Mr. President, I think I have exaggerated that. I am not quite willing yet to believe that that would be done, but I am saying this, that just as certainly as that I stand here it would be an issue in the next city campaign in my State. Immediately that issue would be brought to the front, instead of any other issue, and it would be that issue upon which the poor taxpayer, who had had difficulty in paying his taxes, would have his interest centered.

Mr. President, in the consideration of this question, there is a distinction between these city and county authorities and those of the State and Nation. The Government may repudiate its whole debt, and there is nothing anybody can do about it. A State, so far as I know, can repudiate its entire debt, and there is nothing anybody can do about it. That is the only reason, so far as I know, for not including the State and Federal Governments within the terms of the bill now pending before the Senate. It is the only excuse I know.

When first there was talk about including municipalities and counties in this measure, I said to myself, "If we do that, the next will be the State. We shall next be including State authority, and letting the States go into bankruptcy." But I think that is not true, because now there is nothing to compel a State to meet its obligations, except its own pride, and its own desire to negotiate bonds in the future.

With respect to the counties and with respect to the cities, they can do exactly what is being done in Pontiac, Mich.,

now, and in that action in Michigan which is distressing the city of Pontiac they have gone into court to compel the authorities to include in their 1934 budget an amount of money sufficient to pay the interest on these particular bonds.

Suppose the authority is granted, and suppose the court in Michigan makes the order. Then what is going to happen? The case is before the courts of Michigan. The authority, I assume, is there. Why it has not been exercised, I suppose, is because they have not reached it. But what will happen if they do it? Is Pontiac, Mich., going to pay its bonds, or is it not?

I do not know what is going to happen, but so far as I see, if the court makes the order and they cannot collect the money, that will end it. I do not know what the court is going to do about it. If they make the order and can collect the money, then I suppose the bond interest will be paid. I do not know anything else that can happen.

Mr. KING. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. KING. I presume that if the court should make an order directing the members of the city council to levy a tax sufficient to meet the current obligations, and the city council should refuse, they might be cited for contempt. There have been a number of instances, in Kansas and other States, where bonds were issued to aid in the construction of railroads, by counties, and in some instances, I understand, by municipalities, and when the bonds matured the cities and the counties refused to meet the obligations. One of the cases went to the Supreme Court, and it was held, as I recall it, that there was a valid obligation, and in some instances members of the city council were cited for contempt when they refused to levy the taxes, and in some instances they resigned rather than levy the taxes.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. HASTINGS. I yield.

Mr. VANDENBERG. What will happen when the court issues this order to which the Senator refers probably will be that a tax levy will be required, which the city of Pontiac will be unable to pay, inasmuch as its tax delinquency went up to 57 percent in 1933. Thereupon the city of Pontiac will have one of two alternatives, either to default completely and give up any thought or purpose of paying its bondholders anything or to take money out of funds now used to maintain police, fire, health, education, and welfare service and pay it instead on the debt service. When that shall be done, I submit to the Senator—when public safety, public welfare, public education, are impaired for the purpose of paying the bondholders—the municipality will be on the road to utter disintegration, and the bondholders' net equity will be utterly destroyed.

Mr. HASTINGS. Mr. President, I do not know of any place where that has happened. I doubt whether in these 2,019 cases which have been cited any such thing as that has happened. Usually public opinion takes care of that situation; and if a city is doing its very best, the public opinion will sustain them in doing that which is first necessary.

Mr. VANDANBERG. Mr. President, can the Senator conceive a public opinion in any municipality in this country which would permit the abandonment of the economic necessities of public health and safety for the purpose of maintaining debt service?

Mr. HASTINGS. No.

Mr. VANDENBERG. And should it subordinate public safety to debt service?

Mr. HASTINGS. Certainly not.

Mr. VANDENBERG. When it faces that contingency why should there not be a legal formula to work the way out, to the mutual advantage of all concerned?

Mr. HASTINGS. Mr. President, I think I have suggested to the Senator from Michigan a very much better formula than the pending one, and one which would be very much better controlled. I suggested and asked him the question, having in mind the Minnesota case decided by the Supreme Court, whether it was not possible for the legislatures of the various States, where municipalities are in distress, to provide by law that those municipalities might declare a moratorium for a certain period, and make it perfectly legal.

The distinguished Senator replied to that that the opposition to it was that there would be 48 different kinds of remedy. My answer to that was that, so far as I am concerned, I would rather have the legislature of my own State provide the remedy for the municipalities in my own State, because they know what the situation is, they know it better than the Congress can possibly know it, and, knowing the legislature as I know it, and the city of Wilmington, which was referred to by the Senator from Michigan, I know that they never would get the authority.

If the situation is as bad as it seems to be, and I am quite certain it is in Michigan, I cannot understand why it is not possible for these distressed municipalities to apply directly to the State of Michigan and make their own requests of that legislature for the specific authority they need, and it makes no difference to the State of Michigan or to its municipalities whether that relief granted by the legislature of the State of Michigan is different from that of some other State or not, because it meets their local situation, and that ought to be satisfactory to them.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. VANDENBERG. But the Senator overlooks the fact that the fundamental argument made against this bill is that it will affect the ability to market and the market valuations of municipal bonds. I ask the Senator whether the great municipal bond market of the country would not be far more greatly distressed by being confronted with the possibility of 48 different State rules of moratorium in lieu of 1 general rule of the nature here proposed, which is contingent upon the known demand of 75 percent of the creditors?

Mr. HASTINGS. Mr. President, so far as the value of municipal bonds is concerned it is the least thing about this bill that disturbs me. Whether it will increase them or decrease them is not the thing that disturbs me. What does disturb me is that the Congress is going into the States of the Union and undertaking to control the subdivisions of the States of the Union with respect to this public debt. That is the outrageous thing in this bill.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. FLETCHER. The Senator realizes, of course, that there are limitations in the Constitution as to the powers of the States, and no such limitation applies to the power of Congress. The States cannot do anything that may be construed to be in violation of their contracts. That does not apply to Congress. That is one distinction.

The Senator says that the courts have the power to mandamus the municipalities and compel them to levy an assessment. What would the Senator think of the exercise of that power when in one instance the court has required an assessment of 425 mills in order to meet the interest on bonds and so forth? Four hundred and twenty-five mills—42½ percent of the actual value of the property! In other words, the taxpayer would sacrifice his entire property in 2 years if he met the requirements of the mandamus.

Mr. HASTINGS. Is it or is it not true that the particular city which the Senator has in mind received any benefit from the funds when it sold these bonds that he speaks of which require 42½ cents assessment to pay? Did the city ever get anything? If so, what became of it? Did it increase the value of its property, or what happened to the money? That is the serious thing.

There is another side to this question besides that of the municipality. There is the side of the persons who paid their money, and which money the municipalities wasted, and we all know that. Are we going to encourage the municipalities to keep on spending more than they ought to spend, because sometime they will have an opportunity to come in and repudiate their obligation, or are we going to

compel them to spend with great care or they are going to have a court order on them if they undertake to repudiate their debt?

Mr. FLETCHER. I will say to the Senator in answer to his question that these municipalities, like individuals all over the country in days past, were living extravagantly; they were spending more money than they ought to spend, just as the individuals did. Prices were high. They had no difficulty about selling their bonds or other securities.

There has been a change, however, in that situation. In one city I know the valuation of the property was $100,000,000 when its bonds were issued, but the valuation of that property today is $17,000,000. There has been a decline in values everywhere since 1929 and 1930, which has in many cases wiped out the ability of cities to pay. The people are not able to pay the taxes. They got the benefits from the bonds. For the sake of the argument, we will say they used the money to pave their streets, to build sidewalks, to put in electric-light plants and power plants, and all that sort of thing, but they overspent; they spent more than they ought to have spent, and now they are retrenching in the administration of the affairs of the cities as much as possible.

The mayor of one town was up here a few days ago appealing for the passage of this bill. He said:

> We would not have been able to keep the weeds out of our streets if it were not for the C.W.A. Bondholders have mandamused the city and seized every resource the city has. We have not the money to pay our firemen and our policemen.

Mr. HASTINGS. Mr. President, I say frankly that if it were not for the fact that it would result in encouraging cities in the future to disregard their obligations—in other words, if we could limit this obligation to a certain fixed time within a month or two—I should be willing to forego my objection to it in order to aid these distressed cities.

I have another objection. I am opposed to the Federal Government doing that which will permit a person to repudiate his contract merely because the State government which created that particular subdivision cannot, under the Constitution, give that right to that municipality. In other words, there must be some reason for placing in the Constitution the provision which prevents a State from passing any law which will repudiate its contract. That was put there for a specific purpose.

In the Minnesota case we have the Constitution, it seems to me, stretched to the very limit, in which case it has been held that a moratorium might be declared for a certain period in that particular State. It was urged that that was a violation of the provision of the Constitution previously referred to, but the Supreme Court said that in view of the emergency it would hold that it was a perfectly good law.

The proposition that I am opposed to is that the Federal Government shall take a position and impose it upon creditors of the municipalities of the Nation, merely because the State has no such authority to do that. It seems to me that is a distressing argument to make even in a time of depression.

Mr. President, I do not want to delay the Senate with respect to this bill. I just wanted to make these observations with respect to it. I wanted to say that in my judgment, regardless of the opinion of the Attorney General, which is certainly not very strong in favor of this measure, the Constitution, which gives to the Congress the authority to legislate with respect to bankruptcies, did not have any intention of permitting us to include in such legislation the subdivisions of the various States, such as counties and the municipalities.

I do not believe it was intended that we should interfere with that particular right of the State in any way. I think we are violating that right of the State. I think we are violating that provision when we pass this bill assuming it to be constitutional.

Secondly and lastly, I think it is a dangerous thing to throw this kind of a controversy into the political machines of the various municipalities of this country.

I have in mind in particular the city of New York, which is greatly distressed. We read the New York newspapers every day, and we see what is being done or what is trying to be done there to meet the various needs of the city. But, Mr. President, if we let it alone the city of New York will not repudiate a single dollar of its bonds, in my judgment. If we pass this bill immediately everyone whom they are now trying to persuade to pay a tax and everyone who is opposing any new tax in the city of New York will hold up his hands in horror to the administration in New York and say, "Instead of levying these new taxes, why do you not say to the people holding these bonds, 'You will give us an extension or you will reduce the amount of these bonds.'"

That is the situation we are going to have in New York. That is the situation we are going to have in all of these large cities which are hard pressed.

APPOINTMENTS UNDER HOME OWNERS' LOAN CORPORATION—ATTITUDE OF SENATOR NORRIS

Mr. NORRIS. Mr. President, a few days ago, on the 25th day of April, we had up for discussion and action the conference report on the Federal Home Loan Corporation. I was opposed to the adoption of the conference report, because the conferees had left out of the bill as passed by the Senate a provision which provided that all the officials and agents and attorneys, and so forth, of the Corporation should be appointed and promoted without regard to partisan political affiliation. I do not intend now to discuss again the merits of that controversy; I look upon it as passed, and, while I think the action of the Senate and of the House of Representatives was wrong, I realize that the measure was passed by the proper majority, and that whoever was opposed to it, as I was, must submit to the will of that majority, which I do as gracefully as I know how. I am not finding fault with the other House or with the Senate in the action they took in finally rejecting the nonpartisan feature provided by the amendment which the Senate adopted to that bill. What I do object to and what I desire to call to the attention of the Senate is that in the debate the Senator from Kentucky [Mr. BARKLEY] and the Senator from West Virginia [Mr. NEELY] in their arguments left me, as I believe, before the Senate and the country in an entirely false attitude.

I realize that it is quite immaterial from the individual standpoint, but in the attitude that I had assumed on that occasion I was representing what I have stood for practically ever since I have been in public life; at least, ever since I have been in the House or in the Senate; and because anyone reading that debate would get a false impression of my attitude perhaps at some future time when my voice shall be stilled, I want now to place in the RECORD what I could not place in the RECORD on that day, because necessarily it is apparent that I could not anticipate what was going to be said and, therefore, was not prepared at least to offer anything for the RECORD on the subject in that debate.

The Senator from West Virginia and the Senator from Kentucky placed me, as I have said, in what I believe to be an erroneous attitude. I take this opportunity, to begin with, to say that I am not attributing to either one of those Senators any unfair or any undue activity or with any intention of trying to place me in that kind of attitude. Each one of them said that he conceded I was sincere in my argument, but they both undertook to show that during my long experience in Congress of about 30 years that was really the first time I had ever endeavored to have any action by Congress that was of a nonpartisan nature, and that I was offering that amendment and arguing against the conference report as a partisan, and only at a time when my party was not in power, and that I had never taken such action when my party was in power.

I knew, of course, because I do know my own heart, that such assertions were entirely without foundation, and I am now going to show by the RECORD, so that future generations may read it, if they desire so to do, that it was very unjust on the part of those two Senators to attempt to place me in that kind of attitude.

During the course of that debate on the 25th day of April, when the Senator from West Virginia had the floor, he was interrupted by the Senator from Kentucky [Mr. BARKLEY], who said:

Mr. President, will the Senator yield to me to permit me to read the provisions of the Norris joint resolution which was passed in the Seventy-second Congress, and vetoed by President Hoover, with reference to appointments in the Tennessee Valley under the Muscle Shoals Board, as it was then called?

Mr. NEELY. I yield.

Mr. BARKLEY. It is as follows:

"The general manager"—

Then the Senator from Kentucky interpolated:

Prior to that language the bill authorized the appointment of a general manager—

The Senator from Kentucky then continued the reading of the joint resolution, as follows:

The general manager shall appoint, with the advice and consent of the board, two assistant managers who shall be responsible to him, and through him to the board. One of the assistant managers shall be a man possessed of knowledge, training, and experience to render him competent and expert in the production of fixed nitrogen. The other assistant manager shall be a man trained and experienced in the field of production and distribution of hydroelectric power. The general manager may at any time, for cause, remove any assistant manager, and appoint his successor as above provided. He shall immediately thereafter make a report of such action to the board, giving in detail the reason therefor. He shall employ, with the approval of the board, all other agents, clerks, attorneys, employees, and laborers.

Then the Senator from Kentucky said:

That is all there is about it.

If the Senator from Kentucky had continued to read, he would have found on the same page by just reading a few lines further in the joint resolution this language, referring to the board—

(g) May appoint such officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, define generally their duties, require bonds of them and fix the penalties thereof, and dismiss at pleasure any such officer, employee, attorney, or agent, and provide a system of organization to fix responsibility and promote efficiency.

It strikes me if the Senator from Kentucky wanted to be absolutely fair in his criticism of my attitude he would have at least read just a little further in that particular joint resolution; but I submit that while what the Senator read and what I have read went toward efficiency and nonpartisanship, it did not go, I concede, as far as the amendment offered by me to the Home Owners' Loan Corporation bill. However, it is not fair, Mr. President, to say that a measure that first passed the committee of the Senate, then the Senate, then the committee of the House of Representatives, then the House of Representatives, and then the conference committee necessarily expressed in its terms the complete ideas of the author of that bill. That is particularly true of the Muscle Shoals legislation. I shall show later that I put into some of the first bills I introduced on that subject language which went further than the language that was embodied in the conference report, but I also had in mind, I always knew that I had, to begin with, an unfriendly Senate, an unfriendly House, and an unfriendly President to the things that I wanted to have incorporated in the Muscle Shoals legislation.

I was, however, anxious to have a bill; I was anxious the President should sign it; and I made many compromises not only in this respect but many others, and left out sometimes provisions which I had learned were offensive to some Senators and to some Members of the other House, and particularly to the President himself, because, I repeat, I wanted to get legislation on the subject.

Sometime before the Senator from Kentucky read that extract from the joint resolution, he interrupted the Senator from West Virginia, as follows:

Mr. BARKLEY. Does the Senator recall, during the 12 years of Republican control of the Government, any such amendment as this being offered from the other side on the part of anybody?

Mr. NEELY. Never; and since the distinguished Senator from Nebraska recently said that he had written to various departments during the 12 Republican years that preceded this administration, recommending that their appointments be nonpartisan, I have searched the record and had it searched for the full period that the Senator has served in this body, in a vain effort to find where the Senator from Nebraska, under a Republican administration, ever attempted as vigorously as he is attempting now to have a great governmental department made nonpartisan.

Mr. President, I would not pay any attention to that language if it were not so contradictory of my whole official life on a point about which I am perhaps unduly sensitive. From the beginning of my public service I have stood for nonpartisanship in matters of government where there was nothing involved but a business question. I have stood for that principle just as fervently and just as sincerely when my party was in power as when its opponents were in power. I want to leave in the RECORD proof of that statement for posterity.

I was very much disappointed and chagrined when those two Senators, the Senator from Kentucky [Mr. BARKLEY] and the Senator from West Virginia [Mr. NEELY], by what they said on the floor put me in what I know to be an absolutely false attitude. I should not have been surprised if someone outside the Senate, whom I know in public life and otherwise, had done such a thing. I am used to that. I recognize that as something which has happened often and will probably happen often again, and that such an attempt will be made, successfully or unsuccessfully, with respect to all positions I have assumed or may assume on all public questions. But when those two Senators undertook to have the RECORD show such an attitude on my part I felt like wrapping my mantle about me and exclaiming, in words that were uttered in Rome centuries ago, "Et tu, Brute!" I would not have believed, if it had to come at all, that it would come from that source.

To correct the implication those words would leave on the mind of anyone who reads the CONGRESSIONAL RECORD I have taken the floor this afternoon. There were some other things in the same discussion of that day bearing upon the same matter and in the same general tone.

First, let me take up the matter of Muscle Shoals legislation. That legislation was pending in Congress for a great many years. It came to the committee of which I was chairman, but not with my consent. It came by action of the Senate at a time when I asked the Senate to send the bill somewhere else. I knew then, I thought, enough about the question to believe there was a great deal of labor involved and a great many controversies which I wanted to avoid and keep out of if I could. But the Senate thought otherwise and when the bill was referred to my committee we took it up and I did then, as I have done many times, what I believed to be my duty. I did the best I could.

In 1922 when we had a Republican administration I introduced a Muscle Shoals bill. It was Senate bill 3420, and was introduced April 10, 1922. In that bill I provided as follows:

In the appointment of officials and the selection of employees for said corporation and in the promotion of such employees or officials no political test or qualifications shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. The board shall give publicity to any request, coming from any source, asking for any favor in behalf of any person or the promotion of any employee. Any member of said board who permits the use of political or partisan influence in the selection of any employee, or in the promotion of any such employee of said corporation, or who gives any consideration to political considerations in the official action of said board or who, knowing that such political influence has been or is attempted, does not give publicity to the same, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in a sum not exceeding $1,000 or imprisoned not exceeding 6 months, or both such fine and imprisonment, and the conviction of any member of said board of the offense herein defined shall have the effect of removing such member from office.

That is one thing shown by the record which the Senator in his search did not find. It was not difficult to find. It would have been easy to find it.

Again, on December 9, 1924, I introduced a bill on the same subject. In that bill will be found the following language:

In the appointment of officials and the selection of employees for said corporation and in the promotion of any such employees or officials no political test or qualifications shall be permitted or

given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. The board shall keep a record of all requests, oral and written, made to any member thereof, coming from any source, asking for any favor in behalf of any person or the promotion of any employee, which record shall be open to the public inspection. Any member of said board who permits the use of political or partisan influence in the selection of any employee, or in the promotion of any such employee of said corporation, or who gives any consideration to political consideration in the official action of said board, or who, knowing that such political influence has been or is attempted, does not record the same in said record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in a sum not exceeding $1,000 or be imprisoned not to exceed 6 months, or both such fine and imprisonment, and the conviction of any member of said board of the offense herein defined shall have the effect of removing such member from office.

That is another record which the Senator in his great search of my record during the time I have been in public office failed to find.

Again on January 5, 1926, I introduced another bill relating to Muscle Shoals. Section 6 of that bill provided as follows:

SEC. 6. In the appointment of officials and the selection of employees for said corporation and in the promotion of any such employees or officials no political test or qualifications shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. The board shall keep a record of all requests, oral and written, made to any member thereof, coming from any source, asking for any favor in behalf of any person for the promotion of any employee, which record shall be open to public inspection. Any member of said board who permits the use of political or partisan influence in the selection of any employee, or in the promotion of any such employee of said corporation, or who gives any consideration to political consideration in the official action of said board, or who, knowing that such political influence has been or is attempted, does not record the same in said record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in a sum not exceeding $1,000 or be imprisoned not to exceed 6 months, or both fine and imprisonment, and the conviction of any member of said board of the offense herein defined shall have the effect of removing such member from office.

That is another record which the search made by the great Senator failed to find.

On May 28, 1929, Mr. President, I introduced another bill on the subject of Muscle Shoals. In that bill, while I did not use the same language, I used the following language, speaking of the board:

(g) May appoint such officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, define generally their duties, require bonds of them and fix the penalties thereof, and dismiss at pleasure any such officer, employee, attorney, or agent, and provide a system of organization to fix responsibility and promote efficiency.

That is another record which this diligent search of my public record failed to find.

Mr. President, that is a modified form of the provision. As I said at the beginning, I did compromise on a great many things. That is one of them. That language was contained in the bill which President Hoover vetoed. I wanted to encourage Presidential approval of the bill. I knew, from my experience in connection with the bills which had passed before, some of which were reported to the Senate and debated here at great length, that there was objection to the particular provisions I had put in. I knew the probabilities were that other changes would have to be made in order to get the measure by the Senate.

That particular bill was introduced in the special session of Congress. It was passed and sent to conference in the special session. The conferees worked for weeks. The conferees failed to agree, and the special session adjourned; and the election took place between the special session and the short session of the same Congress, with the bill still in conference. One of the conferees was defeated for reelection to the House of Representatives, mainly on that issue. When we came back in the short session we finally, after a great deal of time, agreed upon a conference report and sent the bill to the President, and he vetoed it.

Mr. President, on December 9, 1931, I again introduced a joint resolution which contained the same provision I have just read. It is found on page 6. It is subsection (g). The language is just the same. I ask unanimous consent, without reading, to include in the RECORD at this point in my address subsection (g), found on page 6 of Senate Joint Resolution 15 of the Seventy-second Congress.

The PRESIDING OFFICER (Mr. BROWN in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

(g) May appoint such officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, define generally their duties, require bonds of them and fix the penalties thereof, and dismiss at pleasure any such officer, employee, attorney, or agent, and provide a system of organization to fix responsibility and promote efficiency.

Mr. NORRIS. Again, Mr. President, on April 12, 1933, I introduced another bill on the subject of Muscle Shoals. On page 8 of that bill, section 6, is the following language:

In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said Board who is guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said Board who is guilty of a violation of this section shall be removed from office by said Board.

That is in the law now. That, I think, is the same language that was in the bill approved by President Roosevelt. That is milder than the provision which I put in the bill two or three times when there was a Republican in the White House.

Mr. President, in some of these bills, the early ones, I put in provisions which I kept out of subsequent bills because I feared a Presidential veto or unfavorable action on the part of the Senate or the House—provisions which in substance are now in the law, which were included in the last bill I introduced, which was passed and became a law, because in a conference I had with the President himself I learned that such action would not meet with his disapproval. That language provided for the development of the great Tennessee River as a whole, not by piecemeal. It provided that this Board should so act and so develop the Tennessee Valley, so build dams, that the maximum amount of electricity should be developed at minimum cost, and that the Tennessee River should be considered as one proposition. That was the original idea I had, the original thought put in the bill, omitted from some of the bills because I feared if they ever got to the President that kind of language would be used as an argument for a Presidential veto. I was moved by a desire to have the bills enacted. Nevertheless, when these provisions were in the first bills, upon which we had very extended hearings, some of the bills being reported to the Senate favorably and some unfavorably, during all that time until the election of President Roosevelt we had in the White House a Republican President. A great deal of that time we had a Republican Senate and a Republican House.

I do not know now, in looking at the different bills, whether we had a Republican Senate or a Democratic Senate when the bills were introduced, but I introduced the same kind of a bill regardless of that fact. My heart was set on taking the Tennessee River as a whole and developing it systematically, as one great enterprise, to bring about the maximum control of navigation, of flood control, and of the development of electricity. They all hook into each other. They are all cogs in one machine; and a bill for that purpose was one of the first bills I ever introduced.

It might have been said with equal fairness, if someone wanted to criticize my attitude, that in subsequent bills I had left out the language to which I have referred; but I left that language out of several of the bills. It was omitted from the bill that President Coolidge pocket vetoed and the one that President Hoover vetoed, because I wanted to get the favor and the approval of the President of the United States.

Mr. President, that is not all. If my record is searched from a time soon after I came to the House of Representatives until the present moment, it will be found that both in

Congress and out of Congress I have been an advocate of upholding the Civil Service Commission, an advocate of putting some of the great departments of the Government on a nonpartisan basis. I have always advocated it. I still believe in it. I was defeated in my attempts to do that even before I came to the Senate. I introduced a bill on the subject in the House of Representatives in January 1912. The object of the bill then introduced was to place the Post Office Department from top to bottom, with the exception of the Postmaster General, under civil-service regulations and rules—to take politics entirely out of the administration of the Post Office Department. That bill read, in part, as follows:

That on and after the 1st day of July 1912 the following positions in the Post Office Department shall be included in the competitive classified service, to wit: First Assistant Postmaster General, Second Assistant Postmaster General, Third Assistant Postmaster General, Fourth Assistant Postmaster General, and postmaster in all postoffices of the first, second, and third class; and after the said 1st day of July 1912 vacancies in any of said positions shall be filled by promotion or transfer under such rules and regulations as the Civil Service Commission shall prescribe. Such rules and regulations shall provide—

And so forth.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. LONG. I voted against the proposal of the Senator, when the Home Loan measure was before us, with a great deal of reluctance. I regretted very much indeed to feel that I had to vote against it, knowing the earnestness with which the Senator from Nebraska advocated it, and his belief in it.

I want the RECORD to show that had the amendment of the Senator from Nebraska provided specifically what is provided in what he is now reading, I would have voted to reject the conference report.

I want to say, further, that I know, from what I understand the Senator's record to be, that he has tried to keep the departments of the Government out of politics.

I only wish he had succeeded in keeping them all out of politics. I am fearful that what he provided in his amendment would not have had any effect but would have been used, I am afraid, in my own State, as a cloak to hide behind and to protect many of those who were already in office down there.

I favor every one of the principles advocated by the Senator, and I was sorry to see any suggestion made which might seem to intimate that the Senator from Nebraska had not at all times undertaken to free the various departments of the Government from the iniquity of political influences which have crept into them, where they have no business to be.

Mr. NORRIS. Mr. President, I thank the Senator for what he has said. With regard to that, permit me to say that I am not finding fault with any Senator because of his vote. The majority did not vote as I had hoped they would or as I voted, but I state again that under no conditions am I criticizing any Senator for his vote or calling in question in the remotest indefinite degree his motive in so voting. I have never done that. I realize that in this body, whatever one may think in his heart, if we are going to accomplish anything, we dare not permit one Senator openly, at least, or in the RECORD, at least, to question the motive of any other Senator. All are equal here. All, in my judgment, ought to vote according to their conscientious convictions. When they do so, before God and their country they have performed their full duty, even though I may believe they are absolutely wrong in the votes which they cast.

Mr. President, I have referred to another position I took during my public service which the search of the record made by the Senator from West Virginia did not disclose. In January 1912, when I was still in the House of Representatives, I introduced another bill, which went further than the one to which I have just referred. It would have put into the classified service not only all of the employees of the Post Office Department below the Postmaster General, but it would have put him there also. In addition to the language I have just read from the first bill I introduced in the House along this line, the next bill I introduced provided as follows:

SEC. 2. That from and after the 4th day of March 1913 appointments to the position of Postmaster General shall be for a term of 10 years, and during such term the Postmaster General shall not be subject to removal except for cause. In addition to the duties now provided by law, it shall be the duty of the Postmaster General to conduct the affairs of the Post Office Department upon an entirely nonpartisan basis, and in making appointments as provided in this act it shall be his duty, as far as possible, to carry out the rules and regulations promulgated by the Civil Service Commission.

SEC. 3. That it shall be unlawful for any employee of the Post Office Department to be chairman or a member of any political committee, or to have control or management of any political campaign, or for any postmaster of the first or second class, while holding such position, to engage in the active management or control of any business, trade, or profession, that in any way interferes with the full and proper performance of his official duties. Any employee violating the provisions of this section shall be removed from office.

This was another part of my record which the search failed to disclose. Let me say that there were hearings in the House of Representatives on those bills. The bills were first referred to the Committee on the Post Office and Post Roads. Afterward the House changed the reference, and referred them to the Committee on the Civil Service. That is as I remember it. I asked for a hearing, and was given a hearing by the latter committee. That was at a time when we had a Republican President, but as I remember it now, there was a Democratic House of Representatives, and the majority of the members of the committee at the hearing, as I remember it, were Democrats.

I got no satisfaction in the hearing from either Democrats or Republicans. I got nowhere. I did not get to first base. The political plums, the pie counter, were all the committee saw. I went away from the hearings discouraged, and feeling that there was no hope of placing the Post Office Department on a nonpartisan basis, and I have never seen the day from that time to this when I believed that we had the votes of either party to bring about that result.

I regret that, Mr. President. I think the Post Office Department ought to be one of the greatest business institutions in the United States. It is, as a matter of fact. It ought to be conducted on business principles. There is not an appointment of a postmaster anywhere in the United States, who has any official duty to perform, that should in any remote degree be a partisan matter. Postmasters transact business operations, and they ought to be selected on a business basis, and ought to hold office on a business basis. We could save many millions of dollars, in my judgment, if that could be accomplished. But that is beside the question I wanted to discuss today.

I asked one of the clerks in my office to make a search of the CONGRESSIONAL RECORD for anything showing my attitude on the question involved, and she got so many documents before me in the course of 2 or 3 hours time that I said, "Take them away. I cannot put them all in the RECORD without encumbering the RECORD."

I think the rank and file of Senators will realize that I have done my best, but I have failed to a large extent. However, I have still kept the faith. I still believe that I am right, even though I am in the minority, and even though, so far, I have been unable to convince either party of the righteousness of what I am speaking.

Mr. President, I believe that the people of the country are convinced. I believe that the people of the country are tired of the traffic, sometimes a disgraceful traffic, in petty patronage. I believe that Senators and Members of the House of Representatives, as I said the other day, ought to be statesmen, and not grabbers after the spoils of political victory.

A few years ago some one, I have forgotten now who it was, conceived the idea of writing a book, the title of which was to be "If I Were President." The publishers of that book selected 12 men, I think it was, each of whom was to write one chapter on that subject. In the selection of these men care was taken to select those who were not even in-

directly candidates for President. The idea was to select men who had no personal interest in the subject. I was one of the 12 selected, and I wrote one chapter. I do not think the book was ever published, at least I have never seen it. I had forgotten entirely about it until a clerk in my office dug up the manuscript and showed it to me, and I now hold it in my hand.

In the chapter which I wrote I went over a great many things, all that I conceived then to be of public interest in connection with the office of President. The first part of the chapter, the very first thing I wrote, was with relation to nonpartisanship in the office of President. I am going to read just a short extract from that chapter:

If we had less partisanship in government, we would have more business in government.

That corresponds with what the mayor of Detroit said the other night over the radio, that what this country needs most is more business and less politics in government.

I said in the first part of that article:

Why should a faithful prosecuting attorney be removed from office because a new Attorney General has been installed? There is not an official duty to be performed by the President that is in any way partisan. There is no official act done by any public official but would be improved if partisanship were eliminated. If we want more business in government, why do we not apply business principles to government? What business man in the country takes politics into consideration when he employs an attorney? What citizen is injured who has his mail handled by someone of a different political faith? Where is there a single act to be performed by any public official, whether national or State, that requires partisan consideration in any degree for its performance?

It is said in opposition to this theory that we are a government of political parties, and that the distribution of public offices among adherents of a party, to the exclusion of those holding a different political faith, is necessary to keep the party organization together and supply it with the sinews of political warfare. The admission of the truth of this proposition is a virtual condemnation of political parties as they exist today. If a party has no other way of holding itself together, except a division of the loaves and fishes, it would be better for the people at large that it disintegrated. If there is no difference between parties except as to the spoils of office, then the parties have been already condemned. If a party has no principle of government upon which to stand and make battle, it is not worthy of life.

Mr. President, I ask that the first part of that article, consisting of the first three pages and a part of the fourth page, be printed in my remarks at this point without reading.

The PRESIDING OFFICER (Mr. HATCH in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

IF I WERE PRESIDENT

By George W. Norris

If I were President, my first official announcement would be a declaration that my administration would be entirely nonpartisan. Every appointment, from Cabinet member down, would be made without any consideration whatever of the politics of the official. The object in view would be efficiency, and qualification for the position the only consideration.

Of all the evils in Government, the greatest is partisanship. Its baneful influence is felt in every office and in every locality in the land. Where it predominates economy and efficiency disappear. It has no reason for existence in the administration of public office. Partisanship is the food on which political machines grow. It is the stock in trade of the political boss. He traffics and trades in public office as the merchant sells his goods across the counter. Inefficiency and incompetency in government is the result, and the taxpayer foots the bill. If we had less partisanship in government we would have more business in government. If partisanship were eliminated the business of the Government would be transacted on business lines. Our great Departments would become business institutions. Government in business and business in government would be almost synonymous terms. Partisanship means that public officials shall pay their personal political debts through the instrumentality of public office. Party is placed above country. An appointment to public office is a reward for party regularity. The good of all the people is sacrificed for the personal gain of a part of the people. Why should the postmastership in a distant town be changed because there has been a change in the White House? Why should a faithful prosecuting attorney be removed from office because a new Attorney General has been installed? There is not an official duty to be performed by the President that is in any way partisan. There is no official act done by any public official but what would be improved if partisanship were eliminated. If we want more business in government why do we not apply business principles to government? What business man in the country takes politics into consideration when he employs an attorney? What citizen is injured who has his mail handled by someone of a different political faith? Where is there a single act to be performed by any public official, whether national or State, that requires partisan consideration in any degree for its performance?

It is said in opposition to this theory that we are a government of political parties, and that the distribution of public offices among adherents of a party, to the exclusion of those holding a different political faith, is necessary to keep the party organization together and supply it with the sinews of political warfare. The admission of the truth of this proposition is a virtual condemnation of political parties as they exist today. If a party has no other way of holding itself together, except a division of the loaves and fishes, it would be better for the people at large that it disintegrated. If there is no difference between parties except as to the spoils of office, then the parties have been already condemned. If a party has no principle of government upon which to stand and make battle, it is not worthy of life.

If partisanship were abolished and public office given out only upon a test of qualification, it is true that machines would disappear. The expenditure of huge sums of money to get favored candidates into office would cease, and men would divide on a real division and not on an artificial one. The man who supports a candidate solely because he expects to be appointed to office on account of such support, is not entitled to office and should not get it. In a free and civilized country, the great bulk of the people want efficiency in government, the same as they do in business, and unless they get it the taxpayer must suffer and even the rights and the liberties of the people are often put in jeopardy. In a partisan government, where partisanship is rank, the sinews of war are supplied by special interests behind the scenes. They oil the machinery and get their pay in friendly legislation. They contribute to both sides and shrewdly inflame the party spirit and thus create the enthusiasm that causes many honest people to believe that they are really participating in government, when as a matter of fact, they are only choosing between two evils—deciding between two candidates, both of whom have been nominated by the same interests. This means inefficient government. This means expensive government. The people suffer and the taxpayer foots the bill. Partisanship means not only inefficient officials but it means unwise and harmful legislation as well.

George Washigton, as he retired from public office, after an experience of 8 years in the Presidency, in speaking of party spirit, used this remarkable and prophetic language:

"It exists under different shapes in all governments, more or less stifled, controlled, or repressed; but in those of the popular form it is seen in its greatest rankness, and is truly their worst enemy."

It is not necessary in a free and intelligent country like ours, for the candidate for public office in order to be elected, or in order to hold the confidence of the people after he is elected, to reward party adherents with public office at the expense of efficiency and economy. An intelligent people would hail with delight, the advent of the man who would not only proclaim but who would carry out an absolute nonpartisan administration.

Mr. NORRIS. Mr. President, of course, the Senator from Kentucky [Mr. BARKLEY] and the Senator from West Virginia [Mr. NEELY] had no knowledge of that article. I do not charge them indirectly with knowing anything about that article, because it never before, so far as I know, saw the light of day. But I have, Mr. President, in public, from one end of the country to the other, advocated in political speeches and in letters and addresses to all kinds of organizations and all kinds of political parties the principles that are contained in the amendment which was rejected by the conference committee; and it seems to me that my attitude is so well known that there can be no possibility of a misunderstanding.

Mr. President, in 1914 there was organized in the city of Washington the National Popular Government League. At the meeting in this city in which that league was organized there were representatives from all over the United States. I think someone from every State in the Union was present there. I was invited to deliver an address before that organization, and I accepted. The title of my address was "A Nonpartisan Party." In the course of my remarks I quoted from the Farewell Address of George Washington, the Father of our Country; and I desire to read to the Senate at this time a quotation from that farewell address. Said George Washington:

I have already intimated to you the danger of parties in the State, with particular reference to the founding of them on geographical discriminations. Let me now take a more comprehensive view, and warn you in the most solemn manner against the baneful effects of the spirit of party generally.

This spirit, unfortunately, is inseparable from our nature, having its root in the strongest passions of the human mind. It exists under different shapes in all governments, more or less stifled, controlled, or repressed; but, in those of the popular form, it is seen in its greatest rankness and is truly their worst enemy.

The alternate domination of one faction over another, sharpened by the spirit of revenge natural to party dissension, which in different ages and countries has perpetrated the most horrid enormi-

ties, is itself a frightful despotism. But this leads at length to a more formal and permanent despotism. The disorders and miseries which result gradually incline the minds of men to seek security and repose in the absolute power of an individual; and sooner or later the chief of some prevailing faction, more able or more fortunate than his competitors, turns this disposition to the purposes of his own elevation, on the ruins of public liberty.

Without looking forward to an extremity of this kind (which nevertheless ought not to be entirely out of sight), the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise people to discourage and rest ain it.

It serves always to distract the public councils and enfeeble the public administration. It agitates the community with ill-founded jealousies and false alarms, kindles the animosity of one part against another, foments occasionally riot and insurrection.

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There is an opinion that parties in free countries are useful checks upon the administration of the government, and serve to keep alive the spirit of liberty. This within certain limits is probably true—and in governments of a monarchial cast, patriotism may look with indulgence, if not with favor, upon the spirit of party. But in those of the popular character, in governments purely elective, it is a spirit not to be encouraged. From their natural tendency, it is certain there will always be enough of that spirit for every salutary purpose, and there being constant danger of excess, the effort ought to be, by force of public opinion, to mitigate and assuage it. A fire not to be quenched; it demands a uniform vigilance to prevent its bursting into a flame, lest, instead of warming, it should consume.

Mr. President, I do not know how many men now remember the organization of the National Popular Government League, but I know that address went all over the United States. Afterward it was printed as a Senate document. It has long since gone out of print; but I have reason to feel, and reason to conclude, that the publicity of my attitude upon questions of nonpartisanship was almost universal. Although the Senator from West Virginia and the Senator from Kentucky probably did not know of it, and never heard of it—it happened quite a number of years ago, perhaps even before they were born—yet it is true that it is one of the incidents of my public life in which I stood out without regard to any particular party being in power, and advocated the same principles that I advocated when we were discussing the conference report.

I may not be right; that is not the question. I may be entirely wrong; that may be true. Nevertheless I have stood for certain things and that is one of them. From the beginning of my public life in Congress down to this moment I have to the best of my ability advocated it without regard to politics, without regard to party, and I am still a believer in it and an advocate of it. I do not want anything in the RECORD to indicate anything to the contrary.

Mr. President, I ask unanimous consent to print in full that address at this stage of my remarks.

The PRESIDING OFFICER (Mr. HATCH in the chair). Without objection, it is so ordered.

The address is as follows:

A NONPARTISAN PARTY

The very existence of the National Popular Government League is a protest against partisanship. If it were not for the evils that follow in the wake of a rank partisanship, there would be no excuse for its existence. The fundamental principles for which it stands—the measures of relief which it advocates—are all of them in their last analysis, a protest against rank partisanship. The political machine could not exist, the political boss would immediately lose his power, were it not for the false partisan loyalty that the unthinking citizen gives to the partisan leader and the partisan machine.

Let me at the outset, call your attention to the prophetic words of the Father of our Country, who from his experience and through his wisdom, saw the dangers to human liberty and to popular government through the control of governmental instrumentalities by means of partisanship. When Washington was about to lay down the burdens and the cares of government, he issued to the country and to the world, that memorable farewell address that to all lovers of human freedom, has become a classic. In speaking of political parties, he used this language: "I have already intimated to you the danger of parties in the State, with particular reference to the founding of them on geographical discrimination. Let me now take a more comprehensive view, and warn you in the most solemn manner against the baneful effects of the spirit of party generally. This spirit, unfortunately, is inseparable from our nature, having its root in the strongest passions of the human mind. It exists under different shapes in all governments, more or less stifled, controlled, or repressed; but in those of the popular form it is seen in its greatest rankness, and is truly their worst enemy. The alternate domination of one faction over another, sharpened by the spirit of revenge natural to party dissension, which in different ages and countries has perpetrated the most horrid enormities, is itself a frightful despotism. But this leads at length to a more formal and permanent despotism. The disorders and miseries which result, gradually incline the minds of men to seek security and repose in the absolute power of an individual; and, sooner or later, the chief of some prevailing faction, more able or more fortunate than his competitors, turns this disposition to the purpose of his own elevation on the ruins of public liberty.

"Without looking forward to an extremity of this kind (which, nevertheless, ought not to be entirely out of sight), the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise people to discourage and restrain it. It serves always to distract the public councils and enfeeble the public administration. It agitates the community with ill-founded jealousies and false alarms; kindles the animosity of one part against another; foments occasional riot and insurrection. * * * There is an opinion that parties in free countries are useful checks upon the administration of the government and serve to keep alive the spirit of liberty. This within certain limits is probably true; and in governments of a monarchical cast patriotism may look with indulgence, if not with favor, upon the spirit of party. But in those of the popular character, in governments purely elective, it is a spirit not to be encouraged. From their natural tendency it is certain there will always be enough of that spirit for every salutary purpose. And, there being constant danger of excess, the effort ought to be, by force of public opinion, to mitigate and assuage it. A fire not to be quenched, it demands a uniform vigilance to prevent it bursting into a flame, lest instead of warming, it should consume."

I wish these words of Washington could sink deep into the heart of every American citizen, and that he would follow the principle herein announced as his guiding star.

Whenever the party spirit induces any man to support measures or to vote for men contrary to his own conscientious convictions of what is right, it is exceeding the limits of its usefulness and is retarding the progress of righteousness and humanity. Parties are only instrumentalities of government and are useful only to the extent that they improve government. Whenever the party spirit is so high or so powerful that men blindly follow it, then party government becomes detrimental to good government and the very object of its organization is perverted.

Whenever the citizenship of any party is not absolutely free to vote its convictions, then party has been placed above country and popular government retarded. The people rule only when they are uncontrolled by the biased prejudice of partisanship. They are free only when they are uncoerced and men are political slaves when through the spirit of partisanship, they perform governmental functions under restraint and coercion. Even though we are moved only by a desire to keep our party right, we can perform no higher function than to condemn it or to vote against it whenever we believe it is wrong. It is the duty of every patriotic citizen to condemn wrong or evil in his own party just as quickly and with the same severity, as though he discovered it in some other party, and he ought to be just as anxious to uncover the wrong in his own party as he is to expose it in any other party. Public officials should get out from under the erroneous impression and the wrong belief that has sometimes heretofore existed, that in their official capacity they are serving a party. When the official or the citizen is serving his country best, if he is not then serving his party best, it logically follows that there is something wrong with his party. "Vote your ticket straight, regardless of everything else", is the slogan of the political boss and the manager of the partisan machine. But the modern progressive citizen answers it by saying: "Scratch your ticket freely and on all occasions when in your own heart you believe that the popular will will be promoted thereby." Partisanship in the past has been so rank that it has often meant political suicide to advocate the scratching of the ticket. And yet, I believe that every thinking, honest, patriotic citizen will agree with me when I say that the salvation of the country, the perpetuity of our institutions and the advancement and progress of civilization and humanity depend on the independent voter.

It is well for us to consider some of the inconsistencies of our partisan control. We have been making some rapid strides toward independence within the last decade. It has not been many years ago since every appointive office within the gift of the national administration has been decided entirely upon the ground of partisanship. Our forefathers who framed the Constitution never intended that such should be the case and it was a great many years before the machine and the boss had developed the science of partisan politics to such an extent that the people discovered that to hold an office the one supreme qualification of the applicant was his partisanship.

For years the fight has been going on to take political offices out from under the control of the political machine. The Civil Service Law now on our statute books is a result of such agitation. Many thousands of positions have been placed upon a merit basis rather than a partisan basis, and no man has ever yet claimed that in any instance the service has not been improved by such change. Let us take the Post Office Department as an illustration, and I take it only as an illustration. A few years ago every official in it, from the janitor and the clerk in the remotest and most insignificant office up to the Postmaster General himself, were all appointed on a partisan basis. Every man who distributed mail upon the thousands of cars that go with lightning speed across the country obtained his position not from merit but because of

the favor of some partisan leader. Most of these officials have been removed from politics, and who has ever heard of anyone making the claim that the service was not improved thereby? Every step of this progress has been bitterly fought by the partisan. Every political machine and every political boss has steadfastly stood in the way of every step of progress that we have made. The country has done well, but the battle is only commenced. Why, for instance, should the postmaster in a little town on the western plains be changed every time there is a change in the occupant of the White House? Or even worse than that, why should he be changed even when a different faction of some party gains control in such party? What official act has the postmaster to do that is involved in any partisan political question that has ever been fought out before the American people? If the people of any place are getting good service in the post office and are satisfied with the administration of the local office, why should all this be changed simply because a different administration is in power in Washington? The new postmaster, who may be an excellent man, but who has perhaps never seen the inside of a post office, takes control not because of any superior qualifications for the office that he possesses but because he agrees with the party in power on the tariff or on some other question of national import.

We have placed under the civil service thousands of clerks and post-office officials, but they are all in the lower ranks. The captains and the generals are still put in and put out according to the unreasonable and unjust commands of partisanship. The new man who goes in has to learn the duties of his office from the inferior official who remains in and who is beyond the control of partisanship. When he learns his duties, if he ever does, and becomes efficient, there has been, perhaps, another change in the national administration and the poor clerk has another educational campaign on his hands to instruct some new official in his official duties. There is not a single official duty to be performed by any man in the Post Office Department, from the Postmaster General down to the postmaster at the country crossroads, that is in any way, either directly or indirectly, connected with partisanship. The duties which they have to perform are defined by law, and no man can tell from an investigation of their official duties to what political party they give allegiance. This great Department can be likened to an enormous business institution. It comes in contact with all the people. Its official duties are clearly defined. Every business man depends upon its efficiency. Every society or organization—religious, educational, and even political—depends upon it in the transaction of its business. It ought to be a great business institution, absolutely divorced from politics, absolutely independent of partisanship, thus giving its army of employees an opportunity to give the best there is in them toward the development and improvement of the service. It can never reach the zenith of its usefulness and can never fully perform the functions it is intended to perform, and that it is provided by law it should perform, until it is taken out from under the domain of partisanship. We have improved it by putting the privates on a merit basis, but we still leave the captains and the generals to be bargained for and sold to the highest bidder on the partisan political pie counter.

The Government is entitled to the best service that every one of its officials can possibly perform. How can we get this service out of public servants if they are compelled to use their official positions for partisan purposes? How can we expect them to develop and improve the service when they know that their tenure of office does not depend upon their efficiency but upon the party spirit that controls and permeates the entire institution? How long could a great railroad corporation, for instance, remain out of the hands of a receiver if it provided that all its important positions should be filled for partisan reasons and not on account of efficiency? How many of us would want to ride on trains, if we knew that while perhaps the brakeman and the fireman were appointed because they understood their business, but yet the conductor and the engineer, who had charge of the train, were placed in control not on account of their knowledge of railroading but solely because they agreed on the tariff with the millionaire who owned the road?

What I have said about the Post Office Department applies with equal force, with perhaps one possible exception, to every other department of our National Government. It will also apply to nearly all positions, both State and National, in our entire country. Did it ever occur to you that 99 percent of the official action of every official from the President down to road supervisor, is in its very nature, nonpartisan? Who would want to take partisanship into our schools? Who would advocate the selection of teachers for partisan reasons? And yet, do we not elect county superintendents, State superintendents, and appoint officials in the educational bureaus, both State and National, mainly because of partisan reasons? Again we have permitted the privates to be selected because of their merit, but we have placed over them officials to control and outline their work, merely because these higher officials have a certain partisanship.

So I might go on through practically every department of Government and without exception, we would always find that those in higher authority are there on account of partisanship.

If government is to be administered for the benefit of all the people, and if we are anxious to attain the highest science and the highest degree of efficiency in government, then, as advised by the immortal Washington, we ought to restrain this party spirit. Partisanship has blinded and deceived the patriotic citizen, and the cry of party loyalty has misled the honest public servant. Unreasonable partisanship is the stepping stone by which the party boss climbs to his throne of power, from which he rules the destinies of political parties and controls the policies of a nation. The party boss is the political merchant. He deals and trades in offices, in measures, and in men as the merchant deals and traffics in merchandise across the counter. The circulating medium of his business is political patronage. It is the legal tender of payment for official favors and for special legislation. To him party solidarity is necessary for success, and obedience to decrees of self-constituted party leaders is paid for in the coin of his realm. His existence is detrimental to good government; it retards advancement, prevents improvement, and keeps the people out of control of their own Government. His business is expensive, but the deceived and misguided partisan citizen who has given him his power not only loses the benefits of good economical government, but he foots the entire bill of these evil methods when he pays his taxes. Without the spirit of rank partisanship, the power of the boss would fade away, his throne would crumble, and his machine would disappear. I am not denouncing party—I am not proclaiming against organization. Under present conditions parties are perhaps necessary, and organization is not only desirable but is absolutely essential. But when party or organization goes to the extent of coercion, then they have passed their usefulness, and, in the prophetic words of Washington, they have become a fire that instead of warming is consuming.

As contradictory as it may seem, the country needs a nonpartisan party that shall advocate freedom of thought; freedom of action, both in the citizen and in the public official; a public sentiment that shall demand of every citizen and of every official a service of country rather than of party; a sentiment that shall applaud rather than condemn any citizen who shall scratch his ticket and any public official who shall oppose his party whenever in his own heart he believes such action best for good government and the advancement of humanity and civilization.

I am aware that this sentiment will be regarded as party treason by political bosses and party leaders, and even honest, patriotic citizens who have long lived in a party rut and followed faithfully and without thinking, the party banner, will look with disfavor upon much that I have said, but I am firm in the conviction that the man who thinks and the man who is moved in his thought only in a desire for the betterment and the advancement of the people generally, must ultimately and inevitably reach the conclusion that in the highest type of government, in the ultimate happiness of all the people, such sentiments as I have expressed must and will eventually prevail.

If those who believe otherwise are right; if to scratch a ticket or to bolt a party is party treason; if to criticize a party policy or refuse to follow the commands of a party leader is a party crime; if it is the duty of every member of a party to always vote his ticket straight; if to criticize a party policy or refuse to follow a party leader is unpatriotic, then our official ballot should not contain the name of any candidate. It would only be necessary to print the party names. This would bring us to a realization of the short ballot with a suddenness and a vengeance that would be surprising even if not demoralizing.

A nonpartisan administration of government, both in nation and in State, where every official without coercion, without fear of party punishment, would do his duty and perform every official act according to the dictates of his own conscience, would restore the government into the hands of the people and bring to us and our posterity the blessings of a real democracy. When partisanship controls and party loyalty is the supreme test of good standing, then party is placed above country and the rights of the people are surrendered to the control of the boss. We need public officials who do not regard public office so highly and do not love official life so dearly that they are willing to surrender their judgment to the dictates of party regularity, or sacrifice their consciences to the control of party leaders. We need an intelligent patriotic citizenship that shall defend such public servants in the performance of their official duties. I would rather suffer political death and be free, than to live forever in official luxury and be a political slave.

Every idea that I have advocated is in direct accord with the principles upon which the National Popular Government League is established. The measures for which this league stands would have been enacted years ago, had it not been for the rank partisanship that controls all political parties under our present system. The Gateway amendment, providing for an easier method of amending the Federal Constitution, Presidential primaries, the abolition of the electoral college, the initiative, the referendum, the recall, and effective corrupt practices acts, all will be enacted into law and become operative just as soon as we can abolish machines, partisan bosses, and free the citizens from the evil and vicious influence of partisanship. Through these measures the people will eventually get control of the entire machinery of government, and these measures will all be enacted as soon as they can receive consideration at the hands of a patriotic people, uncoerced by the blighting influences of partisanship.

Mr. NORRIS. Mr. President, I hold in my hand a long article containing 39 pages, most of which was published, but it is only a reiteration of what I have said here and what I have said elsewhere. I am not going to do more than call attention to it in passing.

I have here also a magazine article which I wrote a few years ago, since I came to the Senate. It was published and had quite a wide circulation, I thought. I want to

read an extract from that article. I have an idea that I have a right to believe that more or less of the people of the country read it and were acquainted with my attitude. It is the same thing over again. If I printed it, it would be only a repetition of what I have said, though in different language, in the address which I have just had printed in the RECORD. But I want to read this extract:

Where is there an official act of the Department of Justice that is in any way connected with partisanship? The Attorney General, the judges, the prosecuting attorneys, the marshals, and the deputies, all have official duties in no way and in no sense partisan, and yet every one of them is put into office on account of partisanship. It does not follow, of course, that we always get bad men, but it does follow, when such an illogical system is in vogue, that we necessarily get incompetent men who use their offices for the purpose of controlling votes, for the purpose of keeping the machine to which the officeholder belongs, in control, however incompetent and corrupt. Efficiency and economy are secondary considerations.

Further on in that article I said:

Partisanship blinds the reason of honest men. It causes men who are honest and patriotic to violate every principle of business and of justice, and they do this at a time when the welfare of all the people is at stake. They would not honestly in business, in church, or in social matters, but when it comes to politics they disregard all such considerations, and follow blindly and without reason the command and dictates of a party boss.

Mr. President, it was during the Sixty-fourth Congress, while I was still a Member of the House of Representatives, that I was invited to deliver an address in the city of Philadelphia before the Thirty-fourth Annual Meeting of the National Civil Service League. I have in my hand a copy of that address. I said there at that time as a part of that address:

And so we go on from one administration to another, from one faction in a party to another faction in the same party, dealing out these positions as though they were the personal property of whatever political machine happened to be in control. Why should not this great Department be operated upon a business basis? What corporation could do business in a similar way and be kept out of the hands of a receiver?

Further on I said:

Our Post Office Department ought to be the most proficient and scientifically operated corporation in the world. It will become such if we eliminate politics and provide for appointment and promotion of the various officials in the Department on account of proficiency and demonstrated ability.

Mr. President, I ask unanimous consent to print at this point in my remarks the address to which I have just referred.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE APPLICATION OF THE MERIT SYSTEM TO POST OFFICES OF THE PRESIDENTIAL CLASS

By Senator George W. Norris, of Nebraska

The subject assigned me for discussion is "The application of the merit system to post offices of the Presidential class." There is no argument in favor of putting postmasters into the classified service that does not apply with equal force to all other positions in the entire Post Office Department. This is only another way of expressing the idea that the Post Office Department should be taken out of politics. It may be said in passing that no argument can be made in favor of taking the Post Office Department out of politics that does not apply with equal force to practically every department of Government. It applies also to every State, county, and municipal government in the United States. I prefer, therefore, to discuss the question upon the broader phase—the application of the merit system to the entire Post Office Department, or, to put it in a still broader sense, I am in reality discussing the question of eliminating partisanship from governmental affairs, and am using the Post Office Department only as an illustration. Partisanship has always been recognized as one of the great evils of government. The framers of our Constitution never intended that partisanship should gain the enormous power that it has attained in modern times. It has always been recognized as an evil, and its injurious and demoralizing effects are pointed out by Washington in his farewell address. Its baneful and injurious effects are felt wherever it exists. It is an enemy to efficiency, economy, and honesty. Its withering influence contaminates everything with which it comes in contact. Political parties ought to be only instrumentalities of government, rather than government an instrumentality of party. Partisanship is the cohesive force that keeps together every political machine on earth. It is the food on which political bosses feast and grow fat. It is always nourished and kept alive by political patronage or money, but usually by both. The political boss deals in patronage like the merchant handles his wares over the counter. He sells offices and the recipients must give value received, either in political work, official favors, or in cash, through political contributions. He is not interested in efficiency, economy, or honesty in government. He is only interested in party control and in party distribution of patronage. He considers the welfare of the people as secondary to party solidarity, party control, and party favor. Through the instrumentality of patronage he controls legislatures, Congresses, Governors, and even courts and Presidents. Every public official, regardless of what position he occupies, ought to cease to be a partisan the moment he goes into public office. In every official act that he performs and in every official appointment that he makes he ought to be guided only by the good of the service and not be influenced by the control of the party.

There is no place in official life, from the President in the White House down to the school moderator in the country, where any official act or any official appointment ought to be influenced or controlled by partisanship. Our country would hail with delight any proclamation from the White House that the President of the United States had decided that in all of the various departments of our Federal Government partisanship should have nothing to do with appointment to office and that no official action of any Federal officeholder should be controlled or influenced by party considerations, but that every appointment to office and every promotion in office and every official act by any officeholder should have for its sole object honest efficiency. It has been the aim of honest, progressive citizens the country over for many years to take various positions of Government out from under the control of partisanship. This idea was the origin of the civil service law. Much has been accomplished in this line and yet but small headway has been made. Unimportant and insignificant positions—those of small salary—have been placed under civil service, but the important positions, where the responsibility is great and the salary large, are still subject for traffic and sale across the political pie counter. The object of the civil service is to improve government, and it is a remarkable fact that there has never been an instance where a political position has been placed in the classified service that the same has ever been put back under political control by the people themselves. And there has never been an instance where positions have been thus classified but what improvement in government has resulted.

The Post Office Department of our Government does business and comes in contact with more people than any other department of this or any other government in the civilized world. We are daily dependent upon it for the success of our business enterprises, for the education of our children, and for the happiness and comfort of all our people. If its operations should be suspended for 1 day, we would be completely lost in a maze of bewilderment. It does not cease its work and its operation when nightfall empties the counting house, closes the business office, empties our schools, and drives the busy life from off our crowded streets; but while we are slumbering in peace, recruiting and renewing our strength for a new day, its employees and faithful servants are toiling during the weary hours of the night in the performance of their various duties, separating, on busy pounding railways and in countless post offices, the millions of missives, messages, and documents that shall on the coming morning be promptly placed in the waiting hands of millions of our citizens. In all this great Department, from the faithful rural carrier who delivers mail to the ranchman far out on the western plains to the Postmaster General who sits in his luxurious office in our Nation's Capital, there is not a single, solitary duty to be performed by any of its countless employees and officials that is either directly or indirectly of a partisan, political nature. Altogether they constitute a great army working with ceaseless vigor for the success and happiness of all the people, regardless of creed, religion, or politics. There is nothing equal to it in all the civilized world. The work of this great Department could not be performed with any degree of efficiency if a very large number of its 300,000 employees were not already classified under the civil service, and it is because a large majority of these public servants are thus classified that its present efficiency is kept up. And yet the honest citizen must be shocked when he realizes that this classification applies only to the inferior position. The men and women who do the actual work but who draw the smallest salaries—in reality the privates—are all under the civil service.

The important positions—those in which the higher salaries are paid, the major generals, the colonels, the captains, and the lieutenants in this vast Army—have been appointed and hold their positions because of political activities in behalf of some political party or some faction of some political party, or some particular public official. They are subject to removal and are as a rule removed whenever there has been a change in one office, the Presidency. (If we would at one stroke remove from office all of the persons in the Post Office Department who are now under civil service, the Department would collapse; it could not perform its various functions. On the other hand, if all of the political officeholders in the Department were at once removed and no one kept but the civil-service employees, the Department could go on almost indefinitely in the regular routine of its business.) I have in mind a first-class post office in the capital of one of our States, where a new postmaster was appointed and before he had learned even the routine duties of his office he died. The place remained vacant for several months and then another postmaster was appointed, and before the faithful classified servants of the office had taught him his duties, he also died. The office then again remained vacant for quite a long time, when the third postmaster was appointed. In reality, there was a

vacancy in this office for over a year. In fact, it was worse than a vacancy, because it was necessary when these various appointees went into office, for classified officials in the office to spend a good portion of their time in teaching them their new duties. And yet, during all the time of this vacancy, the patrons of the office could not have told from the management of the office itself that there was any vacancy in the postmastership. The records of the Department at Washington will likewise show that all the work of the postmaster had been carefully and properly attended to by appointees in the office under the classified service. Can anyone give a reason why the postmaster at Philadelphia, for instance, should be dismissed and a new man employed to take charge of that great office simply because there has been a change in the Presidency of the United States? What official connection does the postmaster at Philadelphia or any other city have with the Presidency? There are nearly 8,000 Presidential offices in the United States, and almost without exception these men have all been selected not because of any knowledge they possessed of the duties pertaining to the office or their understanding of the various workings of the Post Office Department, but because of their political activity and influence in their respective communities in behalf of some political party or some political candidate. Why are these offices made the personal property of political officials? As long as this method prevails the Post Office Department must of necessity be a great political machine. Ability to perform the duties of the office are desired, but such proficiency is a secondary consideration. The first and controlling reason is one of pure partisanship. The office is given to the man who has done faithful political service and who it is believed will be able to do the best political work for some party or official in the future. But after the postmaster has served several years and has been duly instructed by the faithful classified clerks, and has reached a reasonable proficiency in office, there has perhaps been a change in the political control at Washington, or what will have the same effect, a different faction in his own political party has gained ascendency and he must be removed and another man put in his place, who is equally without any particular qualification for the office, and again, the faithful assistant postmaster will have a new student to take instruction as to his public duties.

And so we go from one administration to another, from one faction in a party to another faction in the same party, dealing out these positions as though they were the personal property of whatever political machine happened to be in control. Why should not this great Department be operated upon a business basis? What corporation could do business in a similar way and be kept out of the hands of a receiver? Let us compare it, for a moment, with the great Pennsylvania Railway system. When the president or other controlling official of that great corporation finds an agent in some little country town who shows some particular ability beyond the scope of that required at his particular station, he promotes him and gives him a better position at an increased salary, and his promotion and his salary increase depend entirely upon the proficiency which he shows in the various positions he holds. Men are presidents of great railroad corporations who formerly worked on the section, and it is a well-known fact that such men make the best managers of such great institutions, because they know every detail of every position from the bottom to the top. Our Post Office Department ought to be the most proficient and scientifically operated corporation in the world. It will become such if we eliminate politics and provide for appointment and promotion of the various officials in the Department on account of proficiency and demonstrated ability.

The practical question at once presents itself: How can we bring about this much-desired improvement in the Department? What law must be passed in order to take the Post Office Department entirely out of politics and place it in the merit system? Technically speaking, we cannot put the Postmaster General into the civil service. He is the head of a department, and the Constitution provides that the heads of departments are to be appointed by the President, and we can not take this appointing power away except by an amendment to the Constitution; but the Constitution also provides that the President shall appoint the members of the Supreme Court, and yet the Supreme Court is entirely removed from political domination. Why could we not apply the same principle to the Postmaster General and take him, also, out of the realm of politics? It would be a very easy matter to provide by law for the appointment of the Postmaster General for a long term of years, or even during good behavior, and thus place him as far beyond politics and political control as are members of the Supreme Court. Then it could be provided by law that all other appointments in the Department should be made by the Postmaster General, and that he should make such appointments from lists made up by the Civil Service Commission, the same as all other classified appointments are made. It would be very easy to state in the law itself that it was the intention of the lawmakers, and that it should be the duty of the Postmaster General, to place the Department entirely upon a civil-service basis. The law should also provide for the transfer of officials from one branch of the Department to another, and for the promotion under civil-service rules from one post office to another. If these simple changes were made in the law the Post Office Department would at once become a nonpartisan institution, a great governmental corporation, organized upon scientific lines, performing a purely nonpartisan service for all of the people.

I am not finding fault with any of our postmasters. It is the system by which they are appointed and removed that is to blame. Every postmaster knows that he will lose his position just as soon as his party loses control of the Presidency, or what is equally uncertain, just as soon as his faction in his own political party loses its control of that party.

With this uncertain tenure a postmaster cannot be expected to give his best efforts to the Department. He must hold on to his business or profession, because he knows it will probably not be long until he will be put out of office and again be dependent upon his own efforts for a livelihood. The result is that while he performs his official duty his mind is upon his private business; while he is working with his hands for the Government his mind and brain are following private lines of business. That he should neglect his official duties under such circumstances is not only probable but perfectly natural. The Government pays him a salary sufficient to receive all his time and all his ability. If he shows exceptional proficiency, it ought to be possible to promote him in the Service; and yet he knows that this is impossible, and the result is he does not and cannot be expected to devote his mind and his energy to the improvement of the system or even to the increasing of its present proficiency. This is not true of any business concern in the civilized world. From the very nature of things the postmaster is a politician. It is probably because he was a politician that he secured the office, and since his very official existence depends upon politics, he continues to be a politician. It would be wrong, as long as present conditions exist, to expect him to do otherwise. If our Post Office Department were placed in the civil service, and the few changes I have suggested were made in the law, it would be possible for a rural carrier away out on the western plains or a postmaster in a country town or a railway-mail clerk to advance step by step and eventually, on account of his own demonstrated ability, become postmaster of one of our great cities or one of the Assistant Postmaster Generals in the Department at Washington. If this were possible, the Post Office Department would take on new life. Its proficiency and improvement would be continually on the increase. Every employee would be moved by a laudable and honest ambition to improve his own condition and increase his own salary, which he could only do by increasing the proficiency of the Department itself. Men and women, instead of going into the Department for temporary purposes, would enter it as a life profession. Postmasters, instead of devoting their time and attention to their private affairs, would devote all of their ability and all of their energies to their official duties, and the results would certainly appear in the betterment and the increased proficiency of the entire Department. It would become a profession where ability and competency would be displayed for the improvement and the economical administration of the burdens.

The adjustment of the Post Office Department along the line I have outlined would bring about many economies. In the first place, it would be possible to reduce the salaries of some of the larger post offices. Postmasters holding such positions would gladly welcome such a reduction, if the tenure of office were made dependent upon faithful service, and if upon such faithful service they would be entitled to promotion and were relieved from political contributions. From a careful investigation that I have made, I am confident that a million dollars annually could be saved in this item alone. But the greatest improvement would be in efficiency of service and economy of management. Every employee of the Department would at once become an earnest and enthusiastic instrumentality for the improvement and development of the service. He would not only be working with his hands, but he would be working with his brain. The Department would get the benefit of his thought as well as his physical labor. Improved methods and better service would naturally be developed everywhere. One-cent postage would come as a natural result of the many improvements and economies that would be brought about. The Department would, in addition to this, be self-sustaining.

No man can foretell the extent of improvement and development that would be brought about, but that it would be great and far-reaching there can be no possibility of doubt.

But greater and above all would come the lesson that such a system would teach to the country. The merit system applied to the Post Office Department would be a beacon light that would soon educate the public sentiment of the country to a point where it would be demanded that the same system should be applied to all other departments of Government. The beneficial effects of the system would extend into States, counties, and municipalities. The traffic and trading by the political boss in public office would cease; proficiency in public service would become the watchword, and there would be no end to the reform until the thought was thoroughly emblazoned in every patriotic heart, that public service should be, and must become a public trust, and that the retention of official position must depend upon honesty and proficiency.

Mr. NORRIS. Mr. President, the Senator would not find that in the records probably, but it is a part of the public history of the United States. I happen to know—and I would not mention it if it were not partially as a matter of self-defense—that the address attracted the attention of the Post Office Department of the Government of Cuba. I had an official communication from the official there who corresponds to our Postmaster General, who was attempting to

reorganize that department in Cuba, asking for copies of the address. Copies of the address have been sent to all parts of the United States. Those who believe, as I do, that the Post Office Department ought to be on a nonpartisan business basis have by the thousands read that address. I assume that even Members of the Senate might sometimes have read it or read comments upon it.

Mr. President, I have received today an editorial from the St. Louis Post Dispatch commenting upon the debate in the Senate the other day. I ask unanimous consent to print it in the RECORD at this point in my remarks, because it has a tendency to show and does show and say that this is a fight in which I have been engaged from the very beginning of my public service. It says that truthfully. I ask unanimous consent to print the editorial at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the St. Louis Post Dispatch, Apr. 27, 1934]

THESE DEMOCRATIC SPOILSMEN

Senator NORRIS tried to make statesmen out of the pie-counter politicians on the Democratic side of the Chamber. He failed. He was asking them to support his amendment to the bill guaranteeing the home-loan bonds. The amendment's purpose was to purge the Home Owners' Loan Corporation of politics.

That was too much for the Democrats, even though the President had pointedly approved the Norris proposal, going so far even as to suggest that politics ought to be barred from all the Federal relief agencies. All but five of the Democratic Senators went on record as spoilsmen, unafraid, and hungry. The five who subordinated party were Senators LOGAN, of Kentucky; THOMPSON, of Nebraska; POPE, of Idaho; MCCARRAN, of Nevada; and THOMAS, of Utah.

The Nebraskan spoke feelingly. He called the Democrats "job hunters." Their action, he said, "comes mighty near condemning Roosevelt." He warned them of the political consequences, predicting their vote might defeat Mr. Roosevelt for reelection, were the contest close. He might as well have talked to so many sea gulls.

From the Democratic side, NEELY, of West Virginia, attempted a defense. His wit was heavy-footed. His political reasoning was dull. He cited the fact that the present administration is in power by the greatest majority in the history of the Republic. He evidently forgot the fact that the administration immediately preceding this one was also seated by a verdict that cracked the "solid South." Yet it was repudiated. Why? For many reasons, of course, but among them don't forget the passage of the Hawley-Smoot Tariff Act—in violation of the party's platform pledge; in flagrant defiance of public sentiment, expert economic protest, and the remonstrance of the party press.

Senator NEELY and his fellow spoilsmen, too, have forgotten another warning that was issued on the floor of the Senate. Again a Republican was speaking. He was addressing his Republican colleagues, many of whom had made a point of retiring to the cloakrooms as a gesture of disrespect. It did not perturb or embarrass old fighting Bob La Follette, who assured the absentees that most of them would vacate their seats permanently after the next election. They did.

So may these Democratic partisans, who think relief agencies should be manned by Democrats; who are voting to spend the people's money to provide jobs for Democrats; who in these difficult times, which challenge the very best in all of us, and especially those in high places, cannot rise above the dead level of greedy partisan politics.

Fortunately, we have always had some men in public life who were better than their party. NORRIS, of Nebraska, has been better than his party, oftener and more conspicuously and courageously so, we believe, than any other official. Mr. Roosevelt is better than his party in urging the adjournment of partisanship. The Republican Party has been brought to its present destitution by reactionaries who could neither see so clearly nor think so honestly as Senator NORRIS. Perhaps the reactionary Democrats, incapable of following Roosevelt's nonpartisan lead, will do the same thing to the Democratic Party.

Mr. NORRIS. Mr. President, it has been embarrassing for me to take up this matter, because I have been talking entirely about myself and about my own record. I should not have done it under any circumstances if this question were not near and dear to my heart; if I had not believed that the record as it was made the other day by the Senator from Kentucky [Mr. BARKLEY] and the Senator from West Virginia [Mr. NEELY], without their intending to do me any harm, had left me in a false attitude. I should not have cared for that if I had thought I was going to be here as long as the CONGRESSIONAL RECORD will be here. While, for a great many purposes, the CONGRESSIONAL RECORD is a burial ground, I realize that the RECORD is going to live long after I am gone. I do not expect to be here long. I cannot, from the very nature of things, expect such a thing; but as I go out I want my record to be right.

I have sacrificed more than any Senator knows for the record I have made. Wrong it may be. However wrong and bad it may be, I have made sacrifices that perhaps no one else here has; and when I was charged, as I was the other day on the floor of the Senate, with trying to bolster up my party and embarrass the other party when it was in power, I felt that I could not let such an imputation stand without contradicting it. I want the RECORD to show what the truth is. I want my countrymen to know that I have been true to the faith, whether it is right or wrong; that I have never deviated from the straight and narrow path I have advocated for years.

Mr. President, to a great extent I have been an outcast in my own party because of my advocacy of these principles. Many times I have been fought desperately by the leaders of my own party, when my political life was at stake, because I had dared to be what they called irregular. I have been criticized, I think, honestly, by those who believed that a man ought always to obey his party dictates. When I was a Member of the House of Representatives I was one of those who helped to bring about the abolition of the secret caucus of parties over there. I denounced them publicly. I denounced them on the floor of the House. My remarks are in the CONGRESSIONAL RECORD.

I have addressed audiences all over the United States on the subject of the fight there about secret caucuses.

I have tried my best to secure the enactment of some of these reforms, and have almost always signally failed. That does not mean that I am wrong. I still believe that the honest, patriotic citizen who believes as I do about these matters is in the majority; and I believe, as I said in one of these addresses, if Senators will do me the honor to read it, that on of the things we ought to have is a party that will say, "When we are administering office, when we are dealing out positions for those who conduct business transactions, we will have the appointments made on business and nonpartisan principles." I believe such a party can go before the people with that kind of a defense for its action and be successful against any political machine that human ingenuity has ever put together.

In connection with some of these bills during the time my party was in power I fought against all kinds of obstacles. As I said, I have been denounced. I remember that when one of my colleagues here was talking with President Coolidge about me in some way—they were talking about patronage and they drifted to me—President Coolidge said to him, "The trouble with Senator NORRIS is that he will not cooperate."

President Coolidge told the truth. I do not believe in the kind of cooperation that he meant. You all know what he meant and anybody who has had any experience with Congress knows what he meant. We can cover it up and laugh it off as we please, but it is true nevertheless. We ought not to "kid" ourselves about it. We ought not to "kid" ourselves that the country does not understand it.

They know all about it; and I think—although again I may be wrong—that the great majority of the American people are disgusted and tired and sick of the way one political party promises to do better than the other, and when it gets into office it does the same old thing over again, and when its members are criticized for it they say, "Why, our predecessors, the other party, did that, and we are no worse than they were."

I should like to see the time when we would have a President of the United States who would issue an order, for instance, at the beginning of his administration, which would say, "From henceforth the Post Office Department under my administration is going to be nonpartisan. It is going to be a business institution. We are going to conduct it on business principles." I think the people of the country would say "amen" to such an announcement.

Of all the Presidents who have been in the White House since I have been here, I believe the one who comes nearest to believing in that kind of a doctrine is the man who is

there now. He stood out for this amendment against his own party and said it was right. He asked that it be enacted into law, and his own party in the House and in the Senate would not do it. I do not criticize them. If they thought it ought not to be put in the law, it was their duty to keep it out; but I say that I think President Roosevelt comes nearer to trying to conduct the business of the Government on business principles than any other President who has been in the White House since I have been in Congress. I want to help him. I want to help him in that line even if I disagree with him on some others. If we could do that one thing, while it is not enough, while we ought to do other things, I think it would go further than any other one reform to put this Government back into a condition of prosperity, to enable it to conduct its business on a business basis, and give to the people of the country an administration of its laws that would be more satisfactory than any which has come before.

Mr. President, I am not finding fault with the men who criticize me. That is not what I am trying to defend myself against. I am not finding fault because the political machine ran over me. It has run over me so often in the past 30 years that it does not hurt any more to have it run over me. I am used to it. It is almost a daily occurrence, or was until the present President came into office. That is not what I am complaining about. Let no one get the idea, either, that I am "sore", or that I feel harsh toward Members of the Senate who have not voted as I would vote. I am sorry. I believe the time will come when their descendants will realize that I am right. I want my record kept straight. On some things I would not care so much; but here is a fundamental cornerstone of my political philosophy, and I want to defend it here, elsewhere, now, and evermore, until I am convinced that I am wrong. I think more of it than I do of any other one thing in the Government.

I have often been laughed at. I have been abused. I have been practically driven out of one party, with no place to go, as it might be said; but I have still tried to keep that faith. I am going to keep it. Senators can criticize my record; they can say that I am wrong, and I will not feel hard nor hurt. That is their privilege; but they cannot with my consent place in the RECORD anything which will put me in a false light on a fundamental principle which I believe to be one of the most important in the Government. I think they are wrong; but I believe also that the words of the Savior as He was nailed to the cross are applicable to the circumstances here, and I use His words:

Father, forgive them; for they know not what they do.

Mr. NEELY. Mr. President, in order that the record may be kept perfectly straight, and that all who run may correctly read and determine whether I have spoken unfairly or ungraciously of the able Senator from Nebraska in the debate to which he has referred, I invite attention to page 4818 of the RECORD for the 19th day of March, where the following appears as a part of my remarks on the Norris amendment:

Let me very explicitly and emphatically assert that I believe the Senator from Nebraska is actuated by the purest of motives and the most patriotic of desires in urging the adoption of his amendment. But, unhappily the Republican reactionaries who are so enthusiastically, gallantly, and unanimously following the leadership of the great Nebraska progressive on this occasion know that to make the Home Owners' Loan Corporation nonpartisan will be to make it eventually solidly Republican, in spite of the intentions of the Senator from Nebraska to the contrary.

Later in the same address I said:

Let me pay my sincere compliments to the great Senator from Nebraska and measure my words when I say that in my opinion, excepting George Washington, Thomas Jefferson, and Abraham Lincoln, the United States Government owes him more than it owes any other American citizen, living or dead.

That is my estimate of the Honorable GEORGE W. NORRIS, the greatest progressive since the Crucifixion.

In the speech of which the Senator complains I did not say that he had not been nonpartisan, not that he had not advocated nonpartisanship under Republican administrations. What I did say was as follows:

I have searched the RECORD and had it searched for the full period that the Senator has served in this body in a vain effort to find where the Senator from Nebraska under a Republican administration ever attempted as vigorously as he is attempting now to have a great governmental department made nonpartisan.

Mr. President, by that statement I still stand. I still believe it to be justified. If anyone will produce an address delivered by the Senator from Nebraska in which he, under a Republican administration, spoke as vigorously in favor of nonpartisanism in government as he spoke in support of the Norris amendment and in favor of the rejection of the conference report last week I shall publicly apologize to him and to the Senate for what I have said.

No one can go before me in believing that there is not a more sincere or worthy statesman than Senator NORRIS on this planet. I was unhappily compelled to believe that the adoption of his amendment would prove injurious, both to the public and the political party now in power. In the circumstances I spoke and voted against it, according to the dictates of my conscience and my judgment.

The Senator's public service is one of the great treasures of the Republic. His record shines with the brilliancy of the morning star. I rejoice in believing that it will be the inspiration of millions of American patriots a thousand years after all of us shall have passed away.

APPROPRIATIONS FOR URGENT NEEDS IN PUBLIC SERVICES

Mr. McKELLAR. Mr. President, the Senator from Virginia [Mr. GLASS] has moved and secured a reconsideration of the votes whereby House Joint Resolution 332 was read the third time and passed. I ask unanimous consent that the joint resolution may be laid before the Senate at this time for the purpose of offering an amendment to it.

Mr. McNARY. Mr. President, I do not recall the incident to which the Senator refers. Will he not make a statement as to the purpose he has in mind?

Mr. McKELLAR. Yes, Mr. President.

The joint resolution provided that a fund of $35,000 be appropriated for the use of certain investigating committees of the House. It also provided for three other appropriations. The Senate, in the legislative appropriation bill, appropriated $150,000 to be used by the Committee to Audit and Control the Contingent Expenses of the Senate. That bill has not as yet become a law, and probably will not for some time. The Committee on Banking and Currency owes a considerable sum for expenses, and it is very necessary to have the contingent fund replenished.

Mr. McNARY. Is it the intention to replenish the contingent fund of the Senate?

Mr. McKELLAR. That is all that is provided.

Mr. McNARY. Then I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

There being no objection, the Senate proceeded to consider the joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes.

Mr. McKELLAR. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 1, after line 6, it is proposed to insert the following:

SENATE

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1934, $150,000: *Provided*, That except in the case of the Joint Committee on Internal Revenue Taxation no part of this appropriation shall be expended for services, personal, professional, or otherwise, in excess of the rate of $3,600 per annum: *Provided further*, That no part of this appropriation shall be expended for per diem and subsistence expenses except in accordance with the provisions of the Subsistence Expense Act of 1926, approved June 3, 1926, as amended.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the joint resolution to be read a third time. The joint resolution was read the third time, and passed.

MUNICIPAL DEBT READJUSTMENT

The Senate resumed the consideration of the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. FLETCHER. Mr. President, I ask whether it is the intention that a final vote be taken on the bill tonight.

Mr. ROBINSON of Arkansas. It is not.

Mr. FLETCHER. I desire to discuss the bill for a few minutes. It will not take me long, I can finish in 5 minutes, and I will proceed if we are to get a vote tonight.

Mr. ROBINSON of Arkansas. Mr. President, a large number of Senators have left the Chamber under the assurance, from some sources, that a vote on the bill would not be taken this evening. Therefore I do not think it practicable to conclude the consideration of the bill today, although I hope it may be finished early tomorrow. I understand that is agreeable to the Senator from West Virginia [Mr. NEELY] and to the Senator from Nevada [Mr. MCCARRAN].

Mr. MCCARRAN. It is entirely agreeable to me.

RECIPROCAL TARIFF AGREEMENTS—ADDRESS BY SENATOR COSTIGAN

Mr. ROBINSON of Arkansas. Mr. President, on April 28, 1934, the senior Senator from Colorado [Mr. COSTIGAN], a former member of the United States Tariff Commission, during an address over the National Broadcasting System, in the course of a debate with the noted New York editor and author, Mr. Oswald Garrison Villard, assigned reasons for supporting the bill—H.R. 8687—now before the Senate for the promotion of foreign trade, which aims to invest the President with tariff-bargaining powers.

I ask unanimous consent to have the remarks of the Senator from Colorado printed in the CONGRESSIONAL RECORD and to lie upon the table.

The address was ordered to lie upon the table and to be printed in the RECORD, as follows:

ADDRESS OF SENATOR EDWARD P. COSTIGAN, OF COLORADO, IN A DEBATE ON THE "NEW DEAL AND THE TARIFF" WITH MR. OSWALD GARRISON VILLARD OVER THE NATIONAL BROADCASTING SYSTEM, WASHINGTON, D.C., APRIL 28, 1934

It gives me special pleasure to discuss the tariff and the new deal with Mr. Villard. For a generation he has consistently urged the material and human values of our national stake in international commerce. None have seen more clearly than he that fair trade is not one-sided but two-sided. Like the spirit of true religion, it blesses him who gives and him who takes. Mr. Villard affirms all this. He and I, therefore, will not contentiously debate, however, we may differ on methods. We do not accept the frequent fallacy that we do well to keep all our money and all our goods within our borders. That assertion both forgets and claims too much. If true, the rule should be extended to States, cities, and families, and the doom of trade between countries and human beings would be written by self-centered, noncooperative individuals deprived of many near-necessities and most of the luxuries of civilization.

TARIFFS STRANGLING INTERNATIONAL TRADE

We are agreed that excessive tariffs, including those of the United States, are strangling international trade, and that rationally reduced tariffs will do much to promote prosperity in a stricken world. Prohibitive tariffs, barring the commerce of nation after nation for a dozen years, following the short-sighted lead of this country, have been the ripe fruit of excessive nationalism, which is wealth retarding, not wealth creating. Our decline in foreign commerce, since the Tariff Act of 1930 was approved by President Hoover, has been staggering and a major factor in the continuing depression of almost 4 years since that law was enacted. In 1929 our combined imports and exports were $9,219,000,000. By 1931 these totals had shrunk to $4,515,000,000, a decline of 52 percent in imports and of 54 percent in exports below 1929. In 1933 our total of imports and exports had further shrunk to $3,124,000,000, a decline in imports of 67 percent and in exports of 68 percent below the figures of 1929. It is noteworthy that the proportionate decline in our foreign trade in those years was greater by some 11 to 23 percent than our parallel and combined decline in domestic manufacturing, mining, crops, and livestock.

What this drying up of commerce has meant in lost profits, diminished employment, and human misery in this country and abroad, informed persons know and the general public suspects. However, the real question now at issue is—what, if anything, can be done about it? A new deal is imperatively required. Whether liked or not, new remedies must be tried. Old medicines have lost their curative force. The hour has come to throw open the doors of welcome to the courageous leadership of new physicians, not passively but actively looking to public opinion to appraise benefits flowing from progressive trade improvement, until sanity and wisdom, without which the people perish, take command. Not without reason one discovers in Mr. Villard's opening remarks a note of pessimism over the probable slow progress of tariff-bargaining. True, other tariff-reducing plans, one by one, have been tried and cast aside. We must, however, not despair for we cannot afford despair. In such an hour gloom can become the barricade behind which standpat tariff beneficiaries take refuge in our disaster. Yesterday, in prosperity, their slogan was "Don't rock the boat." Today, in adversity, it is equally barren—"Nothing can be done." In contrast, what creative mind will hesitate to test the tariff-reducing, trade-enriching possibilities of moderate experiments with bargaining tariffs?

TARIFF-BARGAINING POSSIBILITIES

In such an era it is important to recognize that all tariff-bargaining gates are not closed. Following the last election, and before inauguration, I conferred with then President-elect Roosevelt with a view to securing, with the help of the United States Tariff Commission, for use in tariff bargaining, little-known facts showing profitable subjects and areas for advantageous trade agreements with leading foreign countries. Later I introduced in the United States Senate resolutions, which the Senate approved, calling for reports from the Tariff Commission. Those reports, long since printed, are in various respects distinctly creditable to the experts of that Federal agency and are now being used by governmental officials. If the proposed bargaining authority is given, the assembled material will helpfully assist President Roosevelt in negotiating advantageous agreements. I mention these facts to emphasize that there are larger possibilities of mutually beneficial commerce flowing from reciprocal trade agreements than critics of bargaining methods are prone to admit. Let me recall, solely for illustration, that the Tariff Commission's statistics on imports include lists of definite articles burdened by tariffs although those articles are not produced in this country; articles of which imports are less than 5 percent of domestic production, although even high tariff advocates profess to favor competition as a restraint on monopolistic prices; articles on which tariff duties exceed—in some cases far exceed—50 percent ad valorem; articles which are more or less not competitive with domestic products; and articles with respect to which foreign countries possess decided advantages in production.

It ought to be evident that among such articles will be found fertile opportunities for profitable trade bargaining to open closed markets to our products of farms and factories. There was a day, not beyond the memory of man, when our foreign commerce was a source of national pride as well as gain, and when ardent tariff spokesmen in this country would have denounced duties calculated to raise the price of domestic articles in excess of 50 percent above their imported value. In that day tariff rates exceeding 50 percent ad valorem would have been treated by most tariff advocates as extravagantly excessive. Today in high tariff circles all moderation has been dropped in pressing tariff demands of those who do not hesitate to use the national taxing power for their private profit. Noncompetitive as well as competitive articles are now indiscriminately chosen to support not competitive but prohibitive tariff barriers. The Tariff Commission's figures indicate that in 1931 and 1932 hundreds of commodities were being imported into the United States in quantities of less than 1 percent in each instance of our domestic production. As examples, among these articles, to choose at random, were denatured alcohol with a tariff duty equivalent in 1932 to 114 percent; linseed oil, 77 to 97 percent; toilet waters containing alcohol, 110 to 118 percent; salt in bulk, 59 to 68 percent; aluminum household utensils, 56 to 60 percent; and clocks and clock movements about 107 percent.

In another tabulation, which represents dutiable articles not produced in the United States in commercial quantities, will be found glass buttons with a duty of about 76 percent; pipes, not specifically provided for, 96 percent; hats and hoods of wool knit outer wear (not embroidered), 116 percent; hand-made lace of cotton and lace window curtains, not specifically provided for, of cotton and other vegetable fiber, 90 percent.

Clearly we have here illustrations of possibilities for trade expansion—in some instances by the reduction of duties to a minimum in exchange for bargaining advantages abroad; in others through the moderation of duties which will permit that competitive rivalry for markets which through most of our history has been regarded as a source of trade wealth and a wholesome check on monopolistic prices. The illustrations given are few, and the list might be greatly expanded, but it suffices to suggest that, in the tariff-bargaining field, many tariffs can be reduced without damage to domestic industries and with affirmative benefits to our commerce, industry, and the consuming public. It is not generally known that although many tariff duties in the tariff law of 1930 were inexcusably high at the time, changes in prices and the devaluation of money since that date have made those and other rates prohibitive, and far beyond the rates intended when the law was written, on literally hundreds of commercial articles. Here, too, is a fruitful field for tariff-bargaining. No inconsistency exists between such a program and the determination not to lower tariff duties to a point where any of our natural industries need be injured.

PROMOTING NATIONAL AND INTERNATIONAL WELFARE

It is probably unnecessary at this time to demonstrate further the need for a new approach to the solution of our tariff problems. With tariffs, as with other legislative subjects, it would

appear indispensable with ceaseless vigilance to attack unsound policies, however long practiced and seemingly deep-rooted. Not the least reason for trying tariff bargaining as a step toward lower duties, as proposed in pending legislation, is the fact that other methods have failed, too often for unworthy reasons, to produce tariff reductions, and that no other comparably promising program fits the present hour. Even in this period of intense nationalism there are many signs that America's intelligent tariff judgment has been subordinated by other issues rather than driven from the field, and that public opinion is disposed if, as, and when competitive conditions permit, under rational leadership, to lower its tariff barriers.

It appears certain that sane leadership in America today stands ready to resist selfish and log-rolling special interests, which alike in Congress and through the Tariff Commission, have at times used and abused the taxing power of our Government for their private profit, regardless of public needs and welfare. In concluding my remarks I, therefore, urge, in part:

That legislative steps be now taken in return for reciprocal reductions in foreign markets to bring about reductions of tariff duties, especially on manufactured articles, which are higher than required by reasonable competitive standards and conditions.

That reductions of excessive tariff rates be particularly pressed on bargaining lines with respect to the products of manufacturing industries, which are monopolistic in character, and in which price-fixing tends to eliminate the wholesome effects of desirable competition.

That future tariff levels be determined by our manifest national interest and tested by proven benefits to workers, farmers, and consumers.

That it is as proper in times like the present of acute farm distress, to use tariff instrumentalities, in one form or another, to stimulate more prosperous farm conditions, as it has been heretofore to subsidize industrial development.

That in broad terms our aim should be to provide suitable administrative machinery and to seek economic disarmament, here and abroad, by bringing about, where advantages outweigh disadvantages, reductions in foreign hostile and retaliatory tariffs simultaneously with reductions in our own excessive tariffs.

Finally, and speaking generally, that our national tariff policies be rescued from their present trend toward Chinese-Wall exclusion, with the definite goal of mutually profitable commerce with foreign nations, strengthening and improving international good will and friendship.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Lon Warner, of Kansas, to be United States marshal, district of Kansas, to succeed Donald H. MacIvor, term expired.

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the nomination of Alexander Murchie, of New Hampshire, to be United States attorney, district of New Hampshire, to succeed Raymond U. Smith, resigned.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The reports will be placed on the calendar.

TREATIES

Mr. ROBINSON of Arkansas. Mr. President, I ask that the treaties on the Executive Calendar and the first nomination, that of Daniel D. Moore to be collector of internal revenue for the district of Louisiana, go over for today.

The PRESIDING OFFICER. Without objection, the treaties and the nomination of Daniel D. Moore will be passed over.

CONFIRMATION OF WILLIAM A. ROBERTS

Mr. McCARRAN. Mr. President, on Saturday last the Senate confirmed the nomination of Mr. William A. Roberts to be people's counsel for the District of Columbia. On the day before I had asked that the nomination go over. I was absent from the Chamber when it was brought up on Saturday, and when I returned to the Chamber I asked that the vote be reconsidered.

I now ask that the vote whereby the nomination was confirmed be reconsidered, and that the nomination be placed on the Executive Calendar. In explanation, I desire to say that I make the request merely for the purpose of enabling me to make an investigation in order to satisfy myself as to certain matters, I being a member of the Committee on the District of Columbia.

Mr. McNARY. Mr. President, as I recall the incident, objection was made by the Senator during an executive session.

Mr. McCARRAN. On Friday.

Mr. McNARY. The nomination is still on the Executive Calendar, is it not?

Mr. McCARRAN. The nomination was confirmed on Saturday while I was out of the Chamber.

Mr. McNARY. I was not familiar with that circumstance.

Mr. ROBINSON of Arkansas. Mr. President, the nomination was acted on through an oversight. My attention was not called to the objection which the Senator from Nevada had made; and the request for reconsideration should be granted, without doubt.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. The Senator from Nevada asks that the vote by which the nomination was confirmed be reconsidered and that the nomination be returned to the Executive Calendar. Is there objection? The Chair hears none, and it is so ordered.

THE JUDICIARY

The Chief Clerk read the nomination of Anton J. Lukaszewicz to be United States marshal for the eastern district of Wisconsin.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The Chief Clerk read the nomination of Alex McKenzie Vierhus to be collector of internal revenue, district of Washington.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. DILL. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination of Mr. Vierhus to be collector of internal revenue for the district of Washington.

Mr. McNARY. Mr. President, I objected on Saturday because sufficient notice had not been given through the publication of the calendar; but I have no objection today.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

COLLECTOR OF CUSTOMS

The Chief Clerk read the nomination of Mabel Gittinger to be collector of customs, district no. 44, Des Moines, Iowa.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

The PRESIDING OFFICER. Is there objection to the confirmation en bloc of the postmasters whose names appear on the Executive Calendar? The Chair hears none, and the nominations of postmasters are confirmed en bloc.

That completes the Calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 31 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, May 1, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 30 (legislative day of Apr. 26), 1934

THE JUDICIARY

UNITED STATES MARSHAL

Anton J. Lukaszewicz to be United States marshal of the eastern district of Wisconsin.

COLLECTOR OF INTERNAL REVENUE

Alex McKenzie Vierhus to be collector of internal revenue, district of Washington.

COLLECTOR OF CUSTOMS

Mabel Gittinger to be collector of customs, district no. 44, Des Moines, Iowa.

POSTMASTERS

COLORADO

Percy B. Paddock, Boulder.

FLORIDA

Jerome R. Barnes, Hollywood.
William P. Wilkinson, New Smyrna.
Marshall C. Pitts, Okeechobee.
Leslie D. Reagin, Sarasota.
James E. Wall, Sr., Tampa.
Cornelia Higgins, Warrington.

MAINE

John L. Tarr, Anson.
James B. Daily, Pittsfield.
Frank R. Madden, Skowhegan.

MICHIGAN

Florence E. Baldwin, Kingsley.

MONTANA

Ray M. Birck, Corvallis.
Robert Midtlyng, Deer Lodge.
Harry J. Andrus, Dillon.
Harry C. Hendricks, Helena.
Leanore K. C. Roderick, Outlook.
John R. Kruger, Plains.
George T. Farrell, Polson.
William A. Francis, Virginia City.
Lonnie T. Dennis, Whitefish.
Ray E. Willey, Wisdom.

NORTH CAROLINA

Rufas C. Powell, Denton.

TEXAS

Charles D. Grady, Keene.
Alide Schneider, Marion.
John W. White, Uvalde.

WASHINGTON

Fanny I. Jennings, Spangle.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 30, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Blessed be the name of the Lord our God; with true hearts may we bend ourselves at the altar of prayer. To Thy will may we be true and live in fellowship with our fellow men. By our knowledge, or in our station, forbid, Heavenly Father, that we should become indifferent to their necessities. Do Thou encourage in this Chamber the sentiment of brotherhood; let it work freely and gladly in all directions, alleviating any imaginary or real difficulties. We pray, blessed Lord, forgiveness may take the place of retaliation, sacrifice in the place of indulgence, and union the place of rivalry. Help us to magnify Thy mercies in the spirit of gratitude. Hearken, our Heavenly Father, when peace and contentment wrestle with worry and anxiety, strengthen us with the higher joys, which are heavenly and divine. Amen.

The Journal of the proceedings of Friday, April 27, 1934, were read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2442. An act for the protection of the municipal water supply of the city of Salt Lake City, State of Utah;

S. 3170. An act to revise air-mail laws; and

S. 3404. An act authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes.

UNITED STATES SUPREME COURT BUILDING

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8889) to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 19, strike out "as the Chief Justice may direct."

Mr. SNELL. Will the gentleman yield for a short question?

Mr. LANHAM. I shall be pleased to yield to the gentleman.

Mr. SNELL. As I understand, this is a unanimous report from the gentleman's committee, and is a minor amendment providing for something that should be done?

Mr. LANHAM. Yes; it was simply felt in the Senate that by section 4 of the bill certain minor matters of supervision were placed under the direction of the Chief Justice of the Supreme Court and that they would be unnecessarily burdensome to him. The Senate thought it unnecessary to impose such additional burden upon the Chief Justice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. FULLER. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes after disposition of conference reports and other matters on the Speaker's table.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

THE TAX BILL

Mr. SAMUEL B. HILL submitted a conference report on the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes (Rept. No. 1385).

Mr. SNELL. Mr. Speaker, would the gentleman from Washington inform the House when it is intended to take up the conference report on the tax bill?

Mr. SAMUEL B. HILL. Tomorrow morning.

Mr. TREADWAY. Mr. Speaker, may I ask in this connection whether at this time the gentleman from Washington can give any indication as to whether or not he will allow an extension of time beyond the usual time for consideration of conference reports?

Mr. SAMUEL B. HILL. Mr. Speaker, I would not care to agree upon any extension of time at the present moment. I believe 1 hour is permitted under the rules, and I would not care to agree to any extension of time now.

Mr. SNELL. When the time comes, I am sure the gentleman will be a little more generous than he now indicates.

Mr. TREADWAY. Yes; and I thought he would be pleased to know that we hope to have additional time on this side to discuss the conference report.

Mr. SAMUEL B. HILL. I appreciate that.

CHICAGO WORLD'S FAIR CENTENNIAL CELEBRATION

Mr. SABATH, from the Committee on Rules, submitted the following privileged report (No. 1391), which was read and referred to the House Calendar:

House Resolution 360

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the

consideration of S. 3235. After general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Library, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage, without intervening motion except one motion to recommit.

EVA B. FRENCH

Mr. WARREN. Mr. Speaker, I offer a privileged resolution (H.Res. 341, Rept. No. 1387) from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 341

Resolved, That there shall be paid out of the contingent fund of the House to Eva B. French, widow of Samuel H. French, late an employee of the House, an amount equal to 6 months' compensation, and an additional amount, not to exceed $250, to defray funeral expenses of the said Samuel H. French.

The resolution was agreed to.

THE PETROLEUM INDUSTRY

Mr. COX, from the Committee on Rules, submitted the following privileged report (Rept. No. 1388), which was read and referred to the House Calendar:

House Resolution 364

Resolved, That there is hereby created a select committee to be composed of 5 Members of the House, to be appointed by the Speaker, 1 of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment is made.

SEC. 2. The committee is authorized and directed to investigate the administration of the code of fair competition for the petroleum industry and such other person or persons as may have information pertaining thereto on practices obtaining in the petroleum industry as defined in such code, and on prices and production quotas effective since the approval of such code, with a view to ascertaining whether any such practice, price, or quota is unjust and inequitable to any interest involved; and if so, whether further legislation is necessary for the protection of such interest. The administrator of the code of fair competition for the petroleum industry is requested to cooperate with the committee in carrying out the purposes of this resolution.

SEC. 3. The committee shall report to the House during the present session of Congress the results of its (consultations and) investigations, together with such recommendations for legislation as it deems advisable.

SEC. 4. For the purpose of this resolution the committee is authorized to sit and act during the present session of Congress in the District of Columbia as a whole or by subcommittee at such times, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, and to take such testimony as it deems necessary.

The chairman of the committee or any subcommittee thereof may administer oaths to witnesses.

ORDER OF BUSINESS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that I may proceed for 2 or 3 minutes to propound some inquiries to the majority leader, the gentleman from Tennessee [Mr. BYRNS]. May I ask what we are going to take up for consideration today?

Mr. BYRNS. I understand the rule making the Rayburn or stock-exchange bill in order will be called up.

Mr. RANKIN. It was my understanding the other day, and the understanding of a good many of us, that we were going to take up the Johnson bill first. This bill has been passed by the Senate. It has also been reported by the Committee on the Judiciary and a rule was reported from the Rules Committee, I understand, before the rule on the stock-exchange bill was reported. There are a great many Members who are interested in this measure and from the flood of propaganda coming to the Congress from the Power Trust and other utilities against the measure, it looks as if the whole country is interested in it. These insidious interests are trying in every way they can to influence Members of Congress against this Johnson bill and in favor of the Lewis amendment. We are very anxious to have this bill considered—and when I say "we", I mean a majority of the Members on this side of the House—and I want to ask the majority leader when we may expect to have the Johnson bill come to the floor of the House for consideration under the rule.

Mr. BYRNS. I may say to the gentleman that there will be such opportunity, of course. If the stock-exchange bill is taken up today, as I understand it will be, it will take several days to conclude its consideration, or, possibly, all the week. I have been informed that those who are in charge of the conference report on the revenue bill expect to call up that measure tomorrow. I do not anticipate it will take all day, but it will require, perhaps, several hours. I think then the decks will be clear so the bill referred to by the gentleman can be taken up. It was intended to take it up last week, but owing to circumstances with which the gentleman is familiar, it was impossible to do that, and, of course, it will have to await the consideration of the stock-exchange bill, which had been scheduled for today.

Mr. RANKIN. It was not necessary for it to be supplanted by this bill.

Mr. O'CONNOR. Will the gentleman yield to me? I reported the rule on the Johnson bill. We figured that it would take 2 days to dispose of that bill. It gives 6 hours general debate. I consulted the leadership of the House at that time, and it was distinctly arranged that it would follow the stock-exchange bill. It being a Senate bill there is not so much need for haste as if it were a House bill.

Mr. RANKIN. May we have the assurance from the gentleman from New York in charge of the rule and also the assurance of the majority leader that it will be taken up immediately after the disposition of the stock-exchange bill?

Mr. O'CONNOR. I am not an assurer; I take orders.

Mr. RANKIN. We have all the influences necessary to give us assurance——

Mr. COX. Will the gentleman yield?

Mr. RANKIN. Yes.

Mr. COX. The gentleman will recall the circumstances under which this bill is to be taken up. This is a major proposition.

Mr. RANKIN. I will say to the gentleman from Georgia [Mr. COX] that I am not complaining that the stock-exchange bill is to be taken up. I am for that measure. I think it is very necessary. But I want the Johnson bill taken up next, and I express the sentiment and attitude of a large percentage of the House. What I want is an assurance from the leadership. What I want is some assurance that the Johnson bill will be taken up immediately after the disposition of the stock-exchange bill.

Mr. BYRNS. I want to say to the gentleman that there is not the slightest disposition on the part of anyone, so far as I know, to delay the consideration of the Johnson bill. As a matter of fact, I had expected it would be taken up last week, but the gentleman is familiar with the circumstances that interfered with that. The stock-exchange bill was scheduled for today; and inasmuch as we did not take up the Johnson bill last week, it will have to wait the consideration of this particular bill. Personally, I have no objection to the Johnson bill following this, as far as that is concerned. There are a number of crime bills which the Department of Justice is pressing for consideration. I think it will take but a few hours to dispose of those, and the gentleman knows the urgent need for the passage of those bills at this time.

Mr. RANKIN. The need for the passage of those bills is not as urgent, in my opinion, as the immediate passage of the Johnson bill. I want it understood that I am not criticizing the majority leader.

Mr. BYRNS. I can assure the gentleman that the Johnson bill will be taken up—there is no question about that, but there is a question whether the crime bills should be first considered.

Mr. RANKIN. I should like to have the Johnson bill taken up before the consideration of the crime bills.

Mr. O'CONNOR. I do not know whether the crime bills have been completed; we have not granted a rule from the Rules Committee.

Mr. BYRNS. I hope they will be taken up by general consent; I do not think there is any disposition to oppose them.

Mr. RANKIN. I understand; but the rule for the Johnson bill has already been reported. It was reported ahead of this rule that we are going to consider today. What we want is to have the Johnson bill taken up immediately after the disposition of the stock-exchange bill.

Mr. COX. The gentleman from New York [Mr. O'CONNOR], in charge of the Lewis-Johnson bill for the Rules Committee, has given the gentleman from Mississippi assurance that he will take it up at the first opportunity, which I understand to be very soon after the conclusion of the stock-exchange bill.

Mr. BYRNS. I shall not have any objection to that.

Mr. RANKIN. That is satisfactory. That will insure its passage this week.

LET PATRIOTISM CONTROL EXPAND MONEY CIRCULATION

Mr. STRONG of Texas. Mr. Speaker, I ask unanimous consent to extend by remarks in the RECORD by including an address that I delivered at Garfield Memorial Hall.

The SPEAKER. Is there objection?

There was no objection.

Mr. STRONG of Texas. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address made by me at Garfield Memorial Hall, Washington, D.C., April 26, 1934:

I am greatly honored by the invitation extended me to address this assembly concerning policies of government. I am aware of the responsibilities resting upon those who are chosen to participate in the administration of our Government's affairs and accept your invitation with a deep feeling of duty.

The greatest possession allotted to mankind is life. To protect life and property and aid the people in right living, in order that peace and happiness may prevail, governments are formed. Our patriotic forefathers endowed us with the greatest Government on earth, and if there ever was a time, since the Declaration of Independence was written, which demands patriotic service in behalf of all the people in our Government's affairs, that hour has arrived.

The citizen who answers his country's call in time of war is a hero and a patriot. When our country entered the World War, practically the entire citizenship of the Nation rallied to the flag, while our boys were at the front in France and did its full duty. A great victory was the result. We are now desperately battling to overcome a great business depression, which has caused more suffering of the people throughout the United States than all the wars in the history of our Nation. Winning this war against this awful depression will bring prosperity and happiness to the people. This requires heroism and patriotism such as was exhibited by all during the World War. Not dying for our country, but living for it; not hard fighting, but hard thinking in order that our problems of government may be solved, not in the interest of a certain class, but in behalf of all the people.

Patriotism and heroism, which means loyalty and unselfishness, must be as outstanding in public officials who administer our Federal, State, and local governments, as that exhibited by the true soldier on the field of battle when his country is involved in war. The people are thoroughly equipped to win this battle against depression and can win such a complete victory that the enemy "depression" can never enter this country of ours again. The founders of our Government placed the ballot in the hands of the people and this is the weapon with which to win this battle.

In 1928 there were 72,000,000 voters in the United States and only about thirty-six millions of these participated in the Presidential election of that year. In other words, only one half the number of voters of the Nation wielded the weapon (the ballot) placed in our hands to win all battles over wrong in our Government's affairs. We cannot win victories for right in that way. The enemies of good Government all vote at each election, and when only one half of the voters of the country are alined in battle it is easy for the enemy to win. Therefore, if we are to have a Government administered for the benefit of all the people, each voter must do his full duty in creating such conditions. This can certainly be accomplished by the sincere, intelligent use of the ballot.

If I fail to do my full duty in seeing that a government is maintained which will extend exact justice to all I should not complain if I suffer great injustice, for I am simply reaping that which I have sown. It is therefore a plain, open truth that we must do our full duty as citizens in order that peace, prosperity, and happiness may prevail, and life and property be protected. Let us remove all the splints and bandages and have a full-strength government rendering service to all the people.

As time advances there will be problems of government demanding our attention which must be honestly considered and properly solved, not in the interest of a few but for the benefit of all citizens. Let us bring our politics up to patriotism, our citizenship up to Christianity, and our ballot up to the Bible. If we will do this, all governmental problems will be settled right.

One of the great questions before the people for their adjustment today is the financial system of our Government. I am sure all citizens who have given the matter serious and unbiased study are satisfied the awful business depression, which has brought untold suffering to millions of our people, was brought about because of insufficient money in circulation. This can be easily adjusted, if we earnestly and intelligently determine to undertake the task.

In discussing finances, I am reminded of a statement made by a good friend who has given the question of finances special study for many years, and has much knowledge of all its phases. He says, many citizens believe the money problem is so intricate that only a few experts possess knowledge of same. He claims the circulation of money is as simple as the circulation of water through a water system and illustrates by saying: "A man is on the water main near a cut-off with a wrench in his hand. This man can easily regulate the quantity of water flowing through the entire system. He can give the exact amount required, or refuse to allow the necessary amount to circulate, or cut off the water supply entirely." This is a splendid illustration, and will rightfully appeal to anyone who will unselfishly consider this question. The Constitution of the United States plainly states that Congress shall issue money and regulate its value. Congress has not obeyed this plain mandate of the Constitution, but has permitted this important function of our Government to be controlled by a few malicious manipulators who have conducted the financial system in a manner that has brought ruin to the business interests of our country, and caused the depression which has prevailed the past few years, which has brought awful suffering to millions of our people.

Had someone announced a few years ago there would soon come a time when our country would be overflowing with food products and clothing material but there would be millions of people suffering in that period, because they could not procure necessary food and clothing, that person would have been pronounced insane. That condition has prevailed for several years, and is so contrary to the truth we could not have believed such could have possibly occurred had we not witnessed same with all its intense suffering. Congress is vested with power to bring relief by establishing a financial system which would forever prevent the return of business depressions.

When relief of the people is mentioned by expansion of the circulation of money, these malicious manipulators of our money system begin to yell, "Fiat money", "Printing-press money", and spread their malicious propaganda all over the country, through the newspapers and otherwise. They know that money issued as the Constitution provides would be the best money on earth. But these manipulators want money to be scarce in order that the rate of interest will remain high, and leave them in absolute control. They are the same class of people our Lord scourged from the temple. They scorn the Ten Commandments and the Sermon on the Mount.

There should be no speculation in money; it should be plentiful at all times, and the rate of interest low. This would cause the prices of real estate, farm products, livestock, and all other commodities or property to advance in value. Wages and salaries would also be raised and prosperity in general would prevail. Someone has said if they could control the circulation of money in any country they could absolutely control the entire government of that country. We know this is true, and the great battle now on is to liberate our Government from the malicious dictatorship of the manipulators of our money system.

I believe all will agree that Mr. Edison was a very wise, practical man and a patriot who rendered great service to his country and gave much thought concerning the welfare of the people. Speaking about money he says: "I think we are getting a sound idea on the money question. The people have an instinct which tells them something is wrong, and the wrong somehow centers in money. Under the old way any time we wish to add to the national wealth we are compelled to add to the national debt." He refers to issuing bonds which draw interest and borrowing money on these bonds with which to make public improvements. He says: "If our Nation can issue a dollar bond it can issue a dollar bill. The same element which makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets the money brokers collect twice the amount of the bond, whereas the currency draws no interest.

"If the Government issues bonds it simply induces the money brokers to draw money out of the legitimate channels of trade to buy the bonds; if the Government issues currency it provides itself with enough money to increase the national wealth without disturbing the business of the country, and in doing this it increases its income without adding a penny to its debt.

"It is absurd to say our country can issue bonds and cannot issue currency, but one fattens the usurer and the other helps the people. If the currency issued by the Government were no good, then the bonds issued would be no good either. It is a terrible situation when the Government, to increase its national wealth, must go into debt and submit to ruinous interest charges at the hands of men who control the fictitious value of gold.

"Let us look at it another way. If the Government issues bonds the brokers will sell them. The bonds will be negotiable; they will be considered as gilt-edged paper. Why? Because the Government is behind them. But who is behind the Government? The people. Therefore, it is the people who constitute the basis of Government credit. Why, then, cannot the people have the benefit of their own gilt-edged credit by receiving noninterest-bearing currency instead of the brokers receiving the benefit of the people's credit in interest-bearing bonds?

"The people must pay anyway; why should they be compelled to pay twice, as the bond system compels them to pay? The people of the United States always accept their Government's cur-

rency. If the United States will adopt this policy of increasing its national wealth without contributing to the interest collector—for the whole national debt is made up on interest charges—then you will see an era of progress and prosperity in this country such as could never have come otherwise."

Mr. Edison says much more on the money question, but I have given the basic facts mainly of his statement, which show our Government has issued interest-bearing bonds instead of money, and the national debt today is about $26,000,000,000 and the people are paying interest on this vast sum at the rate of more than $1,000,000 per day.

After the War between the States, President Lincoln asked that the Constitution be obeyed in regard to issuing money. His request was granted, and Congress issued currency with which to pay the war debts of the Government. Three hundred and forty-six million dollars of that money has remained in circulation, and it is in circulation today. No better money exists on earth.

Because currency was issued with which to pay the war debt, instead of interest-bearing bonds, the people of the United States have been saved about $12,000,000,000. This causes us to consider what is commonly called the "soldier's bonus." When the World War ended a great number of our World War veterans were issued, by the Government, adjusted-compensation certificates for services rendered our country during this awful war. These certificates are payable in 1945 and amount to more than $2,000,000,000. To pay these certificates now would save the Government considerably more than $1,000,000,000, and under House bill No. 1 by Hon. WRIGHT PATMAN, it would not cost the people one penny. This bill calls for issuing $2,215,000,000 in currency which can be based on the gold in the United States Treasury. I mention basing the currency on gold in order that there can possibly be no objection to the value of the money. This would pay the World War veterans a debt which is actually due them, for which they hold the obligations of our Government, and save the people more than $1,000,000,000 by paying it now, besides relieving thousands of our World War veterans from want and suffering. That is not all the benefits to be derived. It would place $2,215,000,000 in circulation, bring much-needed aid to the farmer, merchant, banker, manufacturer, and all other business enterprises.

There has passed the lower House of Congress at this time a bill authorizing payment of the service certificates which the Government owes the World War veterans. If this meaure becomes law, it will place about $100,000,000 in Texas, and more than $5,000,000 in Dallas County, and will not cost the citizens of Texas or of Dallas County one cent, but will relieve the want and suffering of several thousand World War veterans besides being a great help financially to all the people. I am stating facts no one can deny, and it is really puzzling when any person opposes the World War veterans being paid what the Government owes them under the terms of House bill No. 1. Let us summarize the whole matter: It will bring relief to many thousands of World War veterans and their families. It will greatly relieve the awful business depression now prevailing. It will not cost the taxpayer one cent.

Not only do these malicious manipulators control the circulation of the money of our country but they control the credit also, and can contract both the circulation of money and the extension of credit. We have witnessed all this and have seen thousands of our farmers, bankers, merchants, manufacturers, and all other classes of business absolutely ruined.

There are measures now pending in Congress either of which will correctly adjust our financial system, thereby bringing relief and prosperity to the people. Chief among such measures is one requiring the Government to issue money instead of issuing interest-bearing bonds. Another measure is to reestablish the coinage of silver which was used as money from the time our Government was founded up to 1873, at which time its coinage was abandoned without the consent of the American people. Eighty-four percent of the silver of the world is produced on this side of the Atlantic Ocean, and up to 1873 the silver dollar was at par with gold and would be so today only for the crime of its fraudulent demonetization. Those who have discussed the question of finances with our President say he favors the expansion of money circulation. Therefore, we should secure such legislation and relieve the country of this awful business depression without further delay.

The solution of the financial question in a legal, sensible way will bring prosperity to all classes of business, thereby relieving the suffering of millions of people. There are other issues needing the attention of Congress which I desire to fully discuss at a later date.

When President Roosevelt was inaugurated March 4, 1933, all business of every character was ruined, starvation was abroad in the land. Relief must come and come quickly; therefore, the President at once launched temporary measures to relieve the suffering in order that his administration may proceed to bring permanent relief to the entire Nation. No President has assumed a greater task than Franklin D. Roosevelt. He is actively and sincerely using all efforts possible to administer the affairs of Government in the interest of all the people, and needs the earnest support of all loyal citizens; for no man on this earth has more weighty problems, duties, and responsibilities making demands upon him than has our President.

I have not agreed at all times with our President, and I doubt if there is a Member of either branch of Congress who has fully agreed with him in all he has said and done; for that reason, I have supported him as loyally as any Member. He would have no respect for a man who did not try, at least, to think for himself; neither would the people respect such a man; and I could not properly respect myself did I not undertake to solve questions which demand my sincere and thoughtful attention. I believe our President is very sincere; and if he receives no more opposition than that coming from me, his policies will largely prevail.

FARM RELIEF

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, I appreciate the courtesy of the House in granting me permission to present a statement which relates to the splendid assistance which has been given by this administration to those who till the soil.

When it is taken into consideration that the source of practically all wealth comes from the ground, it must be conceded that unless our farmers can be maintained in a satisfactory manner other occupations will likewise suffer. Therefore, I am proud that I have had the opportunity to vote for all the recovery bills which have been sponsored by the Roosevelt administration, and the following statements made in a letter to a friend are self-explanatory:

DEAR FRIEND: I am sure that you will be interested in having me give you some information relative to matters of vital importance to every citizen in the Nation.

When the present administration took over the affairs of this Government, farms were being foreclosed, the price of farm commodities was the lowest for many years, our foreign trade was at a low ebb, and banking conditions were anything but good. If President Roosevelt had not been possessed with the kind of courage and bulldog tenacity to blaze new paths in the way of providing humanitarian legislation, anything might have happened. To say the least, our country was in the throes of an economic war, which might have resulted in more fatalities than the World War.

The President's program has caused our farmers to receive some $200,000,000, and it is estimated that before the end of 1934 the total amount furnished by the Government will exceed $1,000,000,000. Such payments will be as follows: To producers of corn and hogs, a little over $367,000,000; wheat growers, $148,000,000; tobacco growers, $35,000,000; cotton growers, $173,000,000; dairy farmers, $150,000,000; corn loans, $111,000,000; cotton loans, $110,000,000. In addition, $150,000,000 will be paid to the producers of dairy and beef cattle.

I have always taken the position that the war profiteers, big business, and those who have been able to enrich themselves because of monopolies, should be forced to pay the cost of restoring this country to normalcy and, as a member of the Ways and Means Committee, it was my privilege to help stop up the leaks that enabled Morgan, Mellon, Mills, Meyer, and the so-called "silk-stocking crowd" to escape taxation in the past and, through the provisions of the income-tax law, which includes inheritance taxes, they will be compelled to pay in the future. I am proud that President Roosevelt had sufficient courage to stand behind the kind of program which, I believe, will restore this country to normalcy.

We all realize that the bad situation that was brought to our people resulted from years of mismanagement and that it will take some time to right the wrongs of the past. Therefore, I hope I may have your continued cooperation in every matter that relates to the welfare of our Nation, as it is my earnest desire to render to you, and every person in the district, the best service possible.

OLD-AGE PENSION

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies, and gentlemen of the House, I desire to discuss with you for a short time the necessity of enacting before the close of this session an old-age pension law, to take care of the old people who have been so long neglected.

Twenty-eight States have up to this time passed a law to provide for old-age pensions, and other States would soon fall in line if this Congress would now pass a law to cooperate with the States in caring for them.

I introduced a bill in Congress of this kind. Many other bills of similar nature have been introduced, and from the various bills one of them should be passed. The committee has drafted a bill which would care for them, and I hope the committee will push the bill to its final passage at this session. I shall gladly support it.

Persons that are now over 65 years of age cannot get employment at public works or at anything where they can make a living. They are the real soldiers of our country that have fought long and hard to make a Government fit to live under. They have set up for us a high standard of morals and have aided in establishing the best Government in the world; and they should not be forgotten, but should be taken care of to the very best of our ability. The matter of caring for them has been delayed too long, so let us do it now before the close of this Congress.

Every other nation with the ability of ours has for many years had legislation of this kind, and we should not delay it longer.

Day by day they are being called to the eternal home, and I am sure that in their declining days it would be a real joy to them to know that the great Government they helped to build had shown its appreciation for their services in this way.

I ask each of you Members of Congress who are interested in an old-age pension law to join me in an earnest appeal for the consideration of this legislation at once.

OWNERSHIP OF TAX-EXEMPT SECURITIES

Mr. DICKINSON. Mr. Speaker, by direction of the Committee on Ways and Means, I present a privileged report on House Resolution 291, which I send to the desk and ask to have read.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 291

Resolved, That the Secretary of the Treasury be, and he is hereby, directed to transmit to the House of Representatives the following information: The names and addresses of all persons and corporations who own tax-exempt securities in the amount of $100,000 or over, the amount of such holdings held by each individual or corporation, kind of securities held in each case, and the interest paid on such securities per annum.

Mr. DICKINSON. Mr. Speaker, I ask that the Clerk read the report.

The Clerk read as follows:

REPORT NO. 1389

(Adverse report to accompany House Resolution 291)

The Committee on Ways and Means, to whom was referred the resolution (H.Res. 291) to direct the Secretary of the Treasury to transmit to the House of Representatives certain information with respect to the ownership of tax-exempt securities, having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

Mr. DICKINSON. Mr. Speaker, in that connection I ask that the Clerk read a communication from the Secretary of the Treasury.

The Clerk read as follows:

THE SECRETARY OF THE TREASURY,
April 10, 1934.

MY DEAR MR. CHAIRMAN: I have your latter, dated March 22, 1934, enclosing two copies of House Resolution 291 and a statement in support thereof by Representative FISH, who introduced the resolution. The resolution provides that the Secretary of the Treasury be directed to transmit to the House of Representatives the names and addresses of all persons and corporations who own tax-exempt securties in the amount of $100,000 or over, the amount held by each individual or corporation, the kind of securities in each case, and the interest per annum paid thereon. A subcommittee, of which you are chairman, has the resolution under consideration and you desire a statement from the Treasury Department before making your report.

Section 22 (b) (4) of the Revenue Act of 1932, which excludes from gross income interest derived from securities described in the resolution, requires every person owning any such securities to submit with his income-tax return a statement showing the number and amount of such securities owned by him and the income received therefrom. A statement showing the total amount of tax-exempt securities held and the amount of income derived from such securities by all taxpayers having net incomes of $5,000 or more could very easily be furnished, since such information is compiled each year for statistical purposes, but the only manner in which such information could be obtained with reference to individual taxpayers would be by examination of each and every income-tax return filed for the period to be covered by the report.

For the taxable year 1931 the individual returns filed totaled 3,116,317, while the number of corporation returns was 493,293, and for 1932 the returns filed to August 31, 1933, were 3,760,402 individual returns and 481,368 corporation returns. The resolution does not show whether the information is desired for a particular taxable year or a period including several taxable years, but it is apparent from the figures given that the preparation of a statement containing the desired information would require a very considerable period of time and large additional expense. Many of the returns are located in the offices of the collector of internal revenue throughout the country, while others are in the hands of revenue agents, who are making audits of the books and records of the taxpayers. Others are in process of review in the offices of the Bureau of Internal Revenue here in Washington. Compilation of the information called for in the resolution would necessitate the employment of an additional clerical force and would greatly handicap the Bureau in its present efforts in collecting delinquent taxes.

Very truly yours,

H. MORGENTHAU, JR.,
Secretary of the Treasury.

Hon. C. C. DICKINSON,
Chairman Subcommittee on Ways and Means,
House of Representatives.

Mr. DICKINSON. Mr. Speaker, I move that the resolution be laid on the table.

Mr. BLANTON. Mr. Speaker, before the gentleman does that will he yield to a question? This is a serious matter.

Mr. DICKINSON. I yield purely for a question.

Mr. BLANTON. Why is it that the Congress of the United States is not entitled to this information? I do not care what it costs, the time has come in the history of this country when the Membership of the House, at least, ought to know these facts.

Mr. DICKINSON. Mr. Speaker, I do not yield any further. I yielded simply for a question.

Mr. BLANTON. I am in favor of this resolution and against tabling it, and this Department ought to get this data for Congress, and I am in favor of getting the information. I cannot understand why this committee would take this action.

The SPEAKER. The question is on the motion of the gentleman from Missouri to lay the resolution on the table.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 87, noes 39.

Mr. SWEENEY. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. The gentleman from Ohio demands the yeas and nays. As many as are in favor of taking this vote by the yeas and nays will rise and stand until counted. [After counting.] Fourteen members have arisen, not a sufficient number, and the yeas and nays are refused.

On motion of Mr. DICKINSON, a motion to reconsider the vote by which the resolution was laid on the table was laid on the table.

EMERGENCY CONSTRUCTION OF PUBLIC HIGHWAYS

Mr. DRIVER, from the Committee on Rules, reported the following privileged resolution for printing under the rules, which was referred to the House Calendar and ordered printed:

House Resolution 365 (Report No. 1390)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 8781, a bill to increase employment by authorizing an appropriation to provide emergency construction of public highways and related projects, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

REFERRING CLAIMS OF TURTLE MOUNTAIN BANDS OF CHIPPEWA INDIANS TO THE COURT OF CLAIMS

Mr. CARTWRIGHT. Mr. Speaker, I call up the conference report upon the bill S. 326, referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

The SPEAKER. The gentleman from Oklahoma calls up a conference report, which the Clerk will report.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same.

WILBURN CARTWRIGHT,
DENNIS CHAVEZ,
HUBERT H. PEAVEY,
Managers on the part of the House.
HENRY F. ASHURST,
ELMER THOMAS,
LYNN J. FRAZIER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement, submit the following written statement explaining the effect of the action agreed on by the conference committee and submitted in the accompanying conference report:

The amendment adopted by the House and agreed to by the conferees eliminates a provision authorizing the payment, upon approval by the Commissioner of Indian Affairs, of actual court costs from the funds of the Turtle Mountain Chippewa Indians on deposit in the Treasury of the United States. No such funds are so on deposit, and the provision eliminated would therefore be ineffective. Its elimination leaves open to the Indians the way to meet the court costs in whatever manner may be most feasible for them.

WILBURN CARTWRIGHT,
DENNIS CHAVEZ,
HUBERT H. PEAVEY,
Managers on the part of the House.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. CARTWRIGHT. I yield.

Mr. COCHRAN of Missouri. I want to call the attention of the House to what it is doing in connection with bills of this character. It is too late to take any action on this report, but I rise to give some information as well as issue a warning we must be careful in the future.

In the past few years the Congress has passed 31 jurisdictional bills, involving $800,000,000. They confer jurisdiction upon the Court of Claims to determine all legal and equitable claims of certain Indian tribes against the United States. On April 4 the House passed this bill and it now comes from the conferees. Another bill has just been reported by the House committee.

The original claimants, if they had a claim, are long since dead, and if claims are allowed descendants, generations removed from the original claimants will receive the benefits.

Of course, claims attorneys revive these claims, and they, too, will reap financial benefit if a favorable decision is rendered. Personally, I think this practice should stop. You stopped Civil War claims from going to the Court of Claims, and you can do so in claims of this kind.

It costs the Government hundreds of thousands of dollars for the Comptroller General to get up a defense for the Department of Justice to present in opposition in the Court of Claims.

I simply want to call the attention of the House to bills of this character, and I think we should pay more attention to them in the future than we have in the past.

Mr. SNELL. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from New York.

Mr. SNELL. I am familiar with what the gentleman has just said, and I know it is true, but that situation will never be changed as long as all of the members on those various committees come from that part of the country that is vitally interested. If the membership on the committees was spread over the whole country, they would give some attention to the matter. That should be stopped, but it never will be stopped until we change the make-up of the committees.

Mr. COCHRAN of Missouri. I do not think we should admit that the House as a whole is going to be controlled by the action of committees on matters of this character. I agree with the gentleman, committees should be made up not solely of members who are interested in legislation that the committee considers.

Mr. SNELL. But it is controlled.

Mr. COCHRAN of Missouri. It might be. My vote is not controlled by the action of the committee nor is the vote of the gentleman from New York. I thank the gentleman for his statement coming as it does from the Republican leader but my real purpose in rising was to call the attention of the House to what we have been doing so that in the future more serious consideration will be given to such legislation. When such a sum as nearly a billion dollars is involved it is a very serious matter. No one can deny that.

The SPEAKER. The question is on the adoption of the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. FULLER. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

Mr. SNELL. Well, reserving the right to object, and I do not intend to object, because the gentleman has spoken to me, and I know something about what the gentleman intends to say. I do not know that I am favorable to it, but on the other hand I want it understood that I know it is a purely political speech, and if someone on this side should want to make one a little later, I hope there will be no objection from the gentleman's side of the House.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas.

There was no objection.

Mr. FULLER. Mr. Speaker, Members of the House, under date of April 21, an Associated Press article appeared in the local newspapers and was carried in practically all the newspapers of the Nation under the glaring headlines "House Democratic Shake-up Expected—Replacing of RAINEY and BYRNS Foreseen After November Election." The article states:

> Some administration men foresee a possible shake-up in the House Democratic leadership after the fall congressional elections.

The thought occurs to us, Who are the administration men who seek or see a shake-up in the Democratic leadership? It would be interesting to know what inspired such an unwarranted article.

The article continues:

> The proposition has been laid before President Roosevelt several times during the present session by friends who have become disturbed over the sometimes rebellious attitude of the top-heavy Democratic majority in the House.

The assumption that the House is rebellious against the new deal or the policies and desires of the President or the administration does not bear the searchlight of investi-

gation and the truth. During the administration there have been 22 test votes on policies and measures advocated by the administration; each and every one of these measures have been passed by overwhelming majorities. At no time has there ever been any rebellion, and the only exception to carrying out the wishes and desires of the Chief Executive is on the recent veterans' legislation. In that instance the Democratic House adopted what is known as a "gag rule" to the independent offices bill. When the measure reached the Senate it was amended to include the veterans' legislation. If the House was rebellious in this instance, the Senate was even in a worse attitude. No leadership nor any influence, even President Roosevelt himself, could have changed that vote. After all, there was very little difference between the views of the Congress and the President. The President is committed to the policy that no veteran should draw a pension by presumption, although the presumption of service connection has been recognized not only by this administration but for time immemorial.

THE BONUS BILL

Nothing could have stopped the passage of the bonus legislation, most of the Membership of the House being committed to this measure. It passed the Seventy-second Congress, when the present leadership was not in charge. In that same Congress, with a Democratic House and a Democratic leadership, at a time when the Ways and Means Committee and the leadership of the House were demanding the sales tax, after days and weeks of insistent demands, it was overwhelmingly defeated, receiving approximately only 40 Democratic votes.

During this time the Democratic House had as its leader a man honored and loved by each Member, one of the greatest men, most forceful leaders and statesmen ever to preside over this body, the Honorable John N. Garner, now Vice President of the United States. [Applause.]

When the controversial administration tariff bill was submitted to this session, out of a Democratic Membership of 313, only 11 Democrats voted against it, whereas in the Seventy-first Congress, with a Democratic Membership of 165, a larger number of Democrats voted for the Smoot-Hawley Tariff law.

Never in the history of congressional legislation has there been such a solidity of its membership to carry out the wishes and desires of its President. It is natural that where there is such an overwhelming majority, coming from every section of the country, constituting inexperienced Members who have more or less made personal commitments, that there would be a difference of opinion and the failure to unite on all administrative measures. Never in the history of any Congress has so much progressive, experimental, and remedial legislation been submitted to an American legislative body. Every Democratic Member on the floor of this House should resent the insinuation that a great portion of its Membership is in a rebellious attitude toward the administration or its leadership. It is not fair to the Membership, and it does not reflect the truth. This House needs no dictatorship in the form of leadership and will accept none, and any one, or any set of men, who would attempt to dictate, domineer, or bulldoze the Membership of this House and not permit them to vote their own honest convictions, would meet with ignominious defeat and failure.

The Membership of the House is fresh from the 435 districts and knows the sentiment of the Nation. Their constituency expects them to exercise good judgment and not be led. Often Members are accused of being rubber stamps and often we do sidetrack our own convictions for the organization and leadership purposes, but we resent being led by a halter, like a mule to water.

This Democratic House has stood and does now stand as a united solid phalanx in its defense of President Roosevelt, his policies, and this administration.

The article further states:

The Chief Executive has been told that the next Congress largely will determine the future of the Democratic Party. The growth of insurgency in the House Democratic ranks recently—the rejection or sidetracking of administration propositions—caused concern among the President's friends at both wings of the Capitol.

We wonder who is so concerned about the particular leadership of the House. No administration measures that I can recall, certainly none of any consequence, have been rejected or sidetracked.

The article has not only for its object and purpose holding up to ridicule and contempt the Membership of this House but its real motive is a challenge to the leadership of the Speaker and majority floor leader. It was prompted and published with a view of injuring these distinguished leaders who are always fair and courteous, who never miss an opportunity to extend a helping hand or to solve a problem, or to aid a Member in obtaining relief and carrying out the wishes of his constituency. Hon. HENRY T. RAINEY, our distinguished Speaker, ripe in experience, a seasoned statesman, is the "Noblest Roman of them all." He is "A man in whom the elements are so mixed that Nature might stand up and say to all the world, 'This is a man'." [Applause.]

Hon. JOE BYRNS, of Tennessee, our congenial and able majority leader, is a true southern gentleman. [Applause.] By his unassuming and unostentatious manners he has endeared himself to all with whom he comes in contact. With the stature, rugged honesty, statesmanship, and courage of an Andrew Jackson, reared and buried in his congressional district, he is a natural-born leader. [Applause.]

The article concludes:

President Roosevelt has indicated his regard for both Speaker RAINEY and Floor Leader BYRNS, and some administration adherents believe that one or both of them may be offered substantial appointive posts after the election.

We have no intention of swapping this team of wheelhorses; they work together and can always be depended upon to deliver the load in a given time at its destination. We would feel guilty of ingratitude to even entertain a swap, as well as fearing we might get a wind-broken, foundered, stringhalted, or balky team. These gentlemen will not apply for, be tendered, or accept any positions at the hands of this administration other than those which they now so well honor and fill. For over 30 years, on the floor of this House and from one end of this Nation to the other, HENRY T. RAINEY has been fighting the battles of democracy and for the greatest good to the greatest number for the people of this Nation. He has won the honor of the Speakership of this House, which he so richly deserves, and will continue to hold it. [Applause.]

For 26 years our beloved JOE BYRNS, most of the time on the Appropriations Committee, has stood as a watchdog of the Treasury and in serving as chairman of the Democratic Congressional Committee, and has contributed more than almost anyone else to the election of this Democratic House. [Applause.]

These great statesmen are men who are influenced by no impure motive, no personal aggrandizement, but who have a sole and single eye, a warm and devoted heart, devoted and dedicated to the best interests of our beloved country. I challenge anyone to obtain a statement from the President that he is not satisfied with their leadership or that he would desire to shelve them by giving them some other position. I believe I am in a position to say that there is not a syllable of truth in such a statement.

The Democratic membership of this House resents this assault. It has the effect of injuring these leaders in their races for reelection and to humiliate them in the eyes of their constituents. If there was ever any dissension or any doubt as to their popularity and reelection as leaders of the Democratic hosts of this House, that has been removed by the publication of this article.

The resentment has been such that, unsolicited, pledges have been made by such an overwhelming majority that their reelection of leadership is assured in the Seventy-fourth Congress. [Applause.]

Mr. BRITTEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRITTEN. Mr. Speaker, on last Thursday during the debate on the Britten-McAndrews election contest reso-

lution, the gentleman from Illinois [Mr. SABATH] addressed the House. Following his address he asked unanimous consent to revise and extend his remarks in the RECORD. That privilege was denied by the House. However, the gentleman immediately thereafter inserted several thousand words, including political vote charts and other matter, to which I have no objection; but he did invidiously and directly say a lot of unkind things about the Democratic members of that Committee on Elections No. 1, which I am sure those distinguished gentlemen would not acknowledge nor answer, but which I cannot let go by. I want to address the House a little later, and I have prepared a privileged resolution which I send to the Clerk's desk to be read.

Mr. SABATH. Mr. Speaker, I can assure the gentleman——

Mr. BRITTEN. Mr. Speaker, I have the floor.

Mr. SABATH. The gentleman only had 1 minute, and that has expired.

Mr. BRITTEN. The gentleman is not Speaker of the House. He thinks he is, but he is not.

Mr. Speaker, in the interest of those men on that side of the aisle who are too dignified and too honest——

The SPEAKER. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. BRITTEN. I ask that the resolution be read.

The SPEAKER. The Clerk will read the resolution.

Mr. SABATH. I can perhaps relieve the gentleman from his feelings——

Mr. BRITTEN. I decline to yield the floor.

Mr. SABATH. But this is in the interest of orderly procedure.

Mr. BRITTEN. Regular order, Mr. Speaker.

The SPEAKER. The Clerk will read the resolution.

Mr. SABATH. Mr. Speaker, a point of order. The gentleman charges that I did not obtain privilege to extend my remarks.

Mr. SNELL. O Mr. Speaker, the gentleman from Illinois had the privilege——

Mr. SABATH. No, I had permission, and the RECORD shows it.

Mr. SNELL. The gentleman has no right to make a point of order at the present time.

Mr. SABATH. The RECORD shows that I have obtained the privilege.

Mr. BRITTEN. Mr. Speaker, regular order.

The SPEAKER. The Clerk will read the resolution.

The Clerk read as follows:

Resolution offered by Mr. BRITTEN:

"*Resolved*, That—

"Whereas it appears from the publication of the CONGRESSIONAL RECORD of Thursday, April 26, 1934, that Hon. ADOLPH J. SABATH, of Illinois, addressed the House during the consideration of House Resolution 363, reported by the Chairman of the Committee on Elections No. 1 of the House; and

"Whereas it appears on page 7459 of the CONGRESSIONAL RECORD of that day the gentleman from Illinois [Mr. SABATH] requested leave to revise and extend his remarks in the RECORD, and this request was refused by the House; and

"Whereas the gentleman from Illinois [Mr. SABATH] did immediately thereafter, in violation of the rules of the House, insert in the RECORD a long extension of his remarks, including tables purporting to be the vote results in various precincts of the Ninth Congressional District of Illinois, without proof of their authenticity or accuracy; and

"Whereas the gentleman from Illinois [Mr. SABATH], in this irregular and unauthorized extension of his remarks, inserted the copy of a resolution which he had intended to offer to the House, the reading of which by the Clerk had been refused by the House; and

"Whereas he did, in violation of the rules of the House, include in his irregular extension of remarks a statement that was intended to cast invidious reflection upon the Chairman of the Elections Committee No. 1, as well as upon its members:

"*Resolved*, That all revision and extension of remarks herein referred to and appearing on pages 7456 to 7459 of the CONGRESSIONAL RECORD of April 26, 1934, without sanction of the House and in contravention of the rules of the House, be expunged from the RECORD, and the Public Printer be directed to omit them from the public records and be prohibited from issuing any copy or copies thereof in pamphlet or other form from the columns of the daily RECORD."

Mr. BANKHEAD. Mr. Speaker, I reserve the point of order that the resolution does not present a matter of privilege.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the resolution states a fact which is not within the knowledge of the Chair or of the House until a check of the RECORD is made as to whether or not the gentleman did obtain unanimous consent.

Mr. BRITTEN. Mr. Speaker, I have the RECORD before me and have checked it. The gentleman from Illinois [Mr. SABATH] was refused unanimous consent to revise and extend his remarks in the RECORD.

Mr. BYRNS. Mr. Speaker, the gentleman is in error.

Mr. O'CONNOR. Mr. Speaker, the gentleman is incorrect. On page 7498, in the first column, near the bottom of the page, is the following:

Mr. JOHNSON of Oklahoma, Mr. SABATH—

And so forth—

asked and were given permission to revise and extend their remarks in the RECORD.

That is the same day; and that permitted the gentleman to revise and extend those remarks.

Mr. BRITTEN. Mr. Speaker, I rise to a question of personal privilege.

Mr. BYRNS. I think the gentleman should withdraw his resolution.

The SPEAKER. The gentleman has a question of privilege before the House now.

Mr. BANKHEAD. We cannot have two privileged questions pending at the same time.

Mr. BYRNS. The gentleman presented a resolution.

The SPEAKER. Let us dispose of the pending matter.

Mr. O'CONNOR. I think the gentleman should withdraw his resolution, in view of the showing in the RECORD.

Mr. BRITTEN. Mr. Speaker, I withdraw my resolution and rise to a question of personal privilege.

The SPEAKER. The gentleman from Illinois withdraws the resolution.

Mr. BYRNS. Mr. Speaker, I think the gentleman ought to go further and apologize to the gentleman from Illinois [Mr. SABATH].

Mr. BRITTEN. I will apologize to the gentleman a little later in the day if it appears that I should.

Mr. BYRNS. The gentleman, admittedly, has made a statement, undoubtedly unintentionally, which is not warranted by the RECORD. I think the gentleman should go further and apologize to the gentleman from Illinois [Mr. SABATH] for the injustice done him.

Mr. BRITTEN. Then, Mr. Speaker, I will apologize to the gentleman from Illinois [Mr. SABATH] for having made a mistake in not being able to find in the RECORD that little thing that he slipped in there to extend his remarks in the RECORD.

Mr. BYRNS. That is hardly fair.

Mr. BRITTEN. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. BRITTEN. Mr. Speaker, on last Thursday, during the consideration of the resolution reported by the Committee on Elections No. 1 of the House, the gentleman from Illinois [Mr. SABATH] took the floor in general debate; and after addressing the House he inserted several thousand words in the CONGRESSIONAL RECORD. From them I shall read excerpts which apply directly to me.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the gentleman has not stated a question of personal privilege.

Mr. BRITTEN. Mr. Speaker, I have not completed my statement of the question of personal privilege.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the gentleman has gone far enough, that it is apparent the matter complained of involves no question of personal privilege.

Mr. BRITTEN. I hope the gentleman from New York will allow me to finish stating my question for personal privilege.

Mr. O'CONNOR. I think the gentleman has gone for enough to have made his point.

Mr. BRITTEN. The gentleman from New York does not know how far I am going.

The SPEAKER. The gentleman from Illinois will state his question of personal privilege.

Mr. BRITTEN. Mr. Speaker, the gentleman from Illinois [Mr. SABATH] inserted in the RECORD a number of deliberate misstatements about me. This constitutes a matter of personal privilege.

Mr. SABATH. What are they? Read them.

Mr. BRITTEN. I shall read them if given a little time.

The SPEAKER. The gentleman from Illinois will read the matter of which he complains.

Mr. BRITTEN. On page 73 of the transcript and on page 7458 of the RECORD the gentleman from Illinois said:

> The recklessness and unworthiness displayed by my colleague, Mr. BRITTEN, and his lawyers, in attacking the character of the contestant is deplorable.

Then he goes on further and reminds readers of the CONGRESSIONAL RECORD that Mr. McAndrews who was my opponent in the last election and who will be my opponent in the next election—

> Resided for many years in that district, and in fact he has spent more time therein than has my colleague, the contestee.

That is one point.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that that statement is not a reflection on a Member of Congress and does not give rise to a question of personal privilege.

Mr. BRITTEN. If the gentleman will desist for one moment and let me conclude I will make a point of personal privilege.

Mr. O'CONNOR. The gentleman is just trying to put this in the RECORD under the claim of personal privilege.

The SPEAKER. The gentleman will state the question of personal privilege.

Mr. BRITTEN. That is one of them.

On page 73 of the transcript, page 7458 of the CONGRESSIONAL RECORD, the gentleman stated that—

> Long before my colleague, Mr. BRITTEN, or I reached the city of Chicago, Mr. McAndrews was favorably known to a majority of the people of that district.

Both of these statements are deliberate misstatements. I was born in Chicago 62 years ago.

Mr. O'CONNOR. Mr. Speaker, I make the point of order against the gentleman making a speech.

Mr. SNELL. Mr. Speaker, the gentleman from Illinois has a right to make his statement on the question of personal privilege without a point of order being raised; then when his statement is concluded the gentleman from New York may make his point of order.

Mr. O'CONNOR. No, Mr. Speaker; I make the point of order that the gentleman has stated enough.

Mr. BRITTEN. Mr. Speaker, I cannot be taken off my feet by the gentleman from New York while I am presenting my case.

The SPEAKER. The gentleman will state his question of personal privilege.

Mr. O'CONNOR. The gentleman has just made a speech, which he cannot do under the rules.

Mr. BRITTEN. If the gentleman from New York will sit down a minute I shall appreciate it very much. Some day I will do as much for him.

On page 73 of the transcript, page 7458 of the CONGRESSIONAL RECORD, the gentleman from Illinois [Mr. SABATH] inserted this language:

> The charge made by the contestee—
>
> That is myself—
>
> against the county judge and the election board, before the elections committee, was willful and malicious.

Mr. Speaker, every member of the Elections Committee will verify the fact that I have repeatedly eulogized this distinguished Democratic judge of Chicago.

Mr. BYRNS. Mr. Speaker, I make the point of order the gentleman is proceeding as if he had been granted the right to be heard on a question of personal privilege. I make the point of order that the gentleman should state the language about which he complains, and not make a speech.

The SPEAKER. The point of order is sustained.

Mr. BRITTEN. I cannot understand how the distinguished leader on the other side can assume this attitude, after all the nice things that have just been said about him.

On page 74–C of the transcript, page 7458 of the CONGRESSIONAL RECORD, the gentleman from Illinois [Mr. SABATH] states that he was treated in a most unfriendly manner by the Chairman of the Committee on Elections in connection with my case.

Mr. O'CONNOR. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BRITTEN. Mr. Speaker, I have not concluded my case on the question of personal privilege. I will in a moment.

Mr. O'CONNOR. Mr. Speaker, the gentleman has just read something which the gentleman from Illinois [Mr. SABATH] is alleged to have said about the Chairman of the Elections Committee. He cannot rise to a question of personal privilege on what was stated about the chairman of that committee.

The SPEAKER. The point of order is sustained.

Mr. BRITTEN. Mr. Speaker, may I proceed further?

On page 7458 of the RECORD there was inserted language which is defamatory in its character and which reflects upon every Member of this House.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the gentleman cannot rise to a question of personal privilege of every Member of the House. We will take care of ourselves. Let the gentleman from Illinois take care of himself.

Mr. BRITTEN. I do not think the gentleman is able to take care of himself, and I am going to do it for him.

The gentleman from Illinois [Mr. SABATH] made this statement:

> In conclusion, I cannot refrain from stating that this arbitrary action, as well as the action of the gentlemen of the Elections Committee who first moved that the ballots be recounted and who some weeks later moved to rescind the action of the committee, is hard for me to comprehend. There is a great deal more that I could say which I shall refrain from saying at this time; but when the opportunity presents itself I will name the Members and some non-Members of this House who may be responsible for the reconsideration of the first action of the committee and for its refusal of the recount.

Mr. Speaker, that is a direct reflection and a direct imputation. He is pointing his finger at these gentlemen and me.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the gentleman cannot make a speech.

Mr. BRITTEN. Mr. Speaker, I am rising to the question of personal privilege, and I am trying to show why I should be entitled to the floor. If the gentleman will allow me to proceed, I will conclude my statement and not take up much time of the House.

The SPEAKER. The gentleman will proceed.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the gentleman from Illinois [Mr. BRITTEN] cannot say anything except quote from the RECORD the language to which he takes exception.

The SPEAKER. The gentleman will proceed to state his question of personal privilege.

Mr. BRITTEN. Mr. Speaker, the parts which I have read are an insult to me.

The SPEAKER. The gentleman will not argue the matter.

Mr. BRITTEN. Mr. Speaker, that is the point of my question of personal privilege. No Member of the House may insult another Member by an insertion of matter in the CONGRESSIONAL RECORD.

The SPEAKER. The gentleman will not argue. All the Chair desires to know is the language to which the gentleman takes exception.

Mr. BRITTEN. I have read the language, Mr. Speaker.

The SPEAKER. The Chair is ready to rule.

The gentleman from Illinois [Mr. BRITTEN] has read the following language from a speech of the gentleman from

Illinois [Mr. SABATH] inserted in the RECORD under a leave to revise and extend his remarks:

In view of that fact and the manly position assumed by contestant, Mr. McAndrews, the recklessness and unworthiness displayed by my colleague, Mr. BRITTEN, and his lawyers in attacking the character of the contestant is deplorable.

And again:

The charge made by the contestee against the county judge and the election board before the Elections Committee was willful and malicious.

The Chair thinks that the language which has just been read comes within the rule and that it affects the dignity and reputation of the gentleman from Illinois [Mr. BRITTEN]. The gentleman is recognized on his question of personal privilege.

As to the other matter the gentleman from Illinois [Mr. BRITTEN] read, the Chair holds that it does not constitute a question of personal privilege.

Mr. BRITTEN. Mr. Speaker, I realize the House desires to proceed with the stock exchange bill, and I am not going to take up any more time than is absolutely necessary. However, because of the insinuations and the innuendoes and threats that have been made by the gentleman from Illinois [Mr. SABATH], not necessarily against me but against a distinguished group of lawyers on that side of the aisle who are members of this Elections Committee and who have refused to be a party to the theft of a seat in the House, and who said so when they took the floor of the House here—I think in justice to them it is wrong to allow language such as has been inserted in the RECORD by the gentleman from Illinois to remain there.

This is my sole purpose in rising. The language was inserted in the RECORD because my opponent in the coming election this year is the same man who was my opponent a year and a half ago, and this language—oh, I could call it a number of names if I were on the stump—was inserted in the RECORD by the gentleman from Illinois [Mr. SABATH] without a chance given to anyone to reply to it in the RECORD, and was inserted for the sole purpose of doing what was done 2 years ago in sending into my district under the gentleman's frank a lot of stuff attacking me. This was done 2 years ago. The gentleman has not the slightest conception of congressional courtesy.

Mr. BANKHEAD, Mr. O'CONNOR, and Mr. BYRNS rose.

Mr. BRITTEN. Mr. Speaker, I shall withdraw that remark. I want the gentleman to know I am going to be very dignified about this matter.

Let me now take up some of these remarks. The gentleman, for instance, indicates I said something willful and malicious about the Democratic county judge, Hon. Edmund K. Jarecki. There are at least five or six gentlemen on the floor of the House at this moment to whom I have expressed my very highest regard for, and opinion of, Judge Jarecki. He has been the Democratic county judge for years, more or less dominating all of the election machinery in Chicago, and he is one of the outstanding and one of the highest type judges in the United States. I have repeatedly said this, but the gentleman, under his permission to revise and extend his remarks, could only have had one purpose in saying that I attacked the county judge, which was to make him feel unkindly toward me before the election next year. But even this, no matter what I may have said about the county judge, or anybody else may have said to the detriment of the character of the county judge, would not sway his honest decisions one iota. He is that type of man, and I know it.

The gentleman says I talked about the board of election commissioners in a way to put them in a bad light. They are also Democrats, and I have spoken in the very highest terms of them. Their honesty of purpose is unimpeachable, but, of course, they are still the election commissioners and will be next year when the election is on, and this insertion in the RECORD was made to hurt my character with them. I think it is mighty small and mighty cheap politics.

Let me go a little further, Mr. Speaker. I never attacked, as the gentleman indicates in his remarks, the character of James McAndrews, my opponent. On the contrary I have said a lot of nice things about him. He was a Member of Congress here for six terms from a district about 10 miles from the one in which I now live and in which he now lives. I did say he never made a speech during the last campaign, and he never did. This is no slander. It is a part of the record that he never did. There is no slander in this, and he probably will not make one in the next election, either, for reasons best known to himself.

The gentleman also says:

Long before my colleague, Mr. BRITTEN, or I reached the city of Chicago, Mr. McAndrews was favorably known to a majority of the people of that district.

Long before the gentleman or I reached Chicago McAndrews was popularly known in my district. This was before the Chicago fire in 1871, when I was born—think of it! The gentleman knows I was born in Chicago 62 years ago, but long before that time McAndrews was very popular in my district. [Laughter.]

I have made some inquiries about his popularity at that time, but it was said that the Chicago fire of 1871 burned all the records, and therefore we cannot find anything about this boy wonder. [Laughter.] The gentleman, of course, was not here at the time of the Chicago fire. He was in Czechoslovakia.

Mr. SABATH. That is right.

Mr. TERRY of Arkansas. May I ask the gentleman a question? The gentleman spoke about having been born at the time of the fire. I have always wondered what started that great conflagration in Chicago. [Laughter.]

Mr. BRITTEN. I may say to the gentleman that I came after the fire, and that is probably the reason I get hot every once in a while.

The gentleman [Mr. SABATH] also states, on page 7458, in a number of charts and tables which he inserted, and which, by the way, only show the Republican vote and do not show the Democratic vote at all, and were merely intended to confuse——

Mr. O'CONNOR. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. All the matter which was held a question of personal privilege is on page 7458, left-hand column, consisting of two sentences.

The SPEAKER. The gentleman is correct. The point of order is sustained.

Mr. BRITTEN. Mr. Speaker, does that mean I cannot go into the other points that reflect on my character?

The SPEAKER. The gentleman must confine himself to the objectionable language referred to.

Mr. BRITTEN. Of course, I know the Speaker will hold I cannot do anything that is not pertinent to the Speaker's ruling.

The SPEAKER. The gentleman is entitled to justify himself with respect to the charges made against him.

Mr. BRITTEN. The gentleman refers to the vote in every precinct and in every one of the wards, and, of course, is referring to the vote by which I was elected, but he only shows the Republican vote. The gentleman does not show the Democratic vote at all, and confusion, of course, will arise in the mind of anyone looking at these charts alone. They will lead them to think I got a tremendous vote in that district. The truth of the matter is, Mr. Speaker, out of 4 wards in my district I carried 2 and lost 2, and I did not carry any of them in a lopsided manner or by an excessive vote, despite what these charts show.

For instance, if he had included alongside of my vote the vote for Mr. McAndrews, he would have shown not 22 percent in the forty-second ward——

Mr. BYRNS. Mr. Speaker, I make the point of order that the gentleman is traveling outside of the language mentioned by the Speaker.

Mr. BRITTEN. But the gentleman from Illinois [Mr. SABATH] inserted certain charts and tables——

The SPEAKER. That is not in issue.

Mr. BRITTEN. It was in issue in Chicago a year and a half ago. Do I understand the Speaker definitely rules that

this language is not of a personal character, when the gentleman from Illinois [Mr. SABATH] says in his extension?—

In conclusion, I cannot refrain from stating that this arbitrary action, as well as the action of the gentleman of the elections committee, who first moved that the ballots be recounted and who some weeks later moved to rescind the action of the committee, is hard for me to comprehend.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the Speaker has ruled against that language as being privileged.

The SPEAKER. The point of order is sustained.

Mr. BRITTEN. Where the gentleman from Illinois threatens the Members of the House because of the presentation of the election committee resolution, does not the Speaker feel that I am entitled to take the floor in that direction?

The SPEAKER. Not on that.

Mr. BRITTEN. Then I ask unanimous consent that I may address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. O'CONNOR. Reserving the right to object, the gentleman from Illinois [Mr. SABATH] also desires some time, and I will couple that request with that of the gentleman from Illinois.

Mr. BRITTEN. If the gentleman from Illinois will speak the English language so we can understand him, we will go along with him.

Mr. O'CONNOR. Mr. Speaker, I object to that—the gentleman has already referred to Czechoslovakia.

Mr. McCORMACK. That is a direct insult to the House.

Mr. BRITTEN. If my friend from Massachusetts says so, I will take that out of the RECORD.

Mr. McCORMACK. I consider it an insult to the Members of the House.

Mr. BRITTEN. Mr. Speaker, my good friend from Massachusetts indicates that that language should come out of the RECORD, and I promise the House that I will take it out of the RECORD. I ask unanimous consent that I may take that out of my speech.

Mr. O'CONNOR. I object.

THE QUESTION OF RIVERS, HARBORS, AND FLOODS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an address that I delivered before the Committee on Rivers and Harbors.

The SPEAKER. Without objection, it is so ordered.

Mr. WHITTINGTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by me today before the National Rivers and Harbors Congress, which is holding its twenty-ninth annual convention in the city of Washington, D.C.:

The rivers and harbors of the country present national questions. A national policy is more important now than ever before to insure the continued improvement, development, and utilization of a national waterway transportation system, including rivers, harbors, lakes, canals, and connecting waterways. The program can best be supported with the national viewpoint in mind. The improvement should be well balanced and the public interests of the whole country must be considered.

Transportation is essential to the progress of any people. Water transportation has always contributed to making cities and countries great and powerful.

The great cities of modern and ancient times have been located on rivers, gulfs, seas, or oceans. New York is situated at the mouth of the Hudson and New Orleans is located near the mouth of the Mississippi.

History shows that the controlling influence in the rise and fall of cities and nations has been the relative costs of transportation. The life of all countries is characterized by the bloodless yet relentless warfare of trade and commerce.

The United States has unsurpassed inland and coastal waterways. With the greatest valleys and the most fertile plains in the world, surrounded by lakes, gulf, and oceans, and with the mightiest river system on earth traversing the interior valleys and plains, its facilities for both domestic and foreign commerce are unrivaled among the nations. Commerce makes and keeps a nation great. Agriculture and manufacturing are capable of greater expansion in the United States than in any other country. It is imperative that the United States assume and maintain its leadership in trade and commerce, domestic and foreign. Cheap transportation is necessary to the advancement of both agriculture and industry. The maintenance of an adequate merchant marine is essential to the development of foreign commerce and imperative as a matter of national defense. The development of inland and coastal waterways and the promotion of domestic waterway transportation are equally important to domestic commerce.

The coastline of the United States, including the shore line on the Great Lakes, aggregates some 45,000 miles—almost twice the circumference of the earth. The rivers in number and length, in both navigation and power are unsurpassed.

ONE HUNDRED YEARS

From the first, the improvement of waterways was advocated as a part of the internal-improvement policy of the Nation. Washington and Jefferson were among the first advocates of inland waterways and harbor improvements. Federal appropriations for river and harbor improvements were begun more than 100 years ago. They were made more effective by the act of June 13, 1902, creating the Board of Engineers for Rivers and Harbors. The best way to foster and maintain a national policy is to advocate only the projects that are sound from both an engineering and economic standpoint.

The first congressional appropriation for improving rivers and harbors was made in 1824. It was the era of canal building, to be followed by the turnpike. It was the beginning of railway construction; it was the time of Fulton, Stephenson, Livingston, and Macadam.

The history of transportation is the story of canals, waterways, roads, railways, highways, pipe lines, and airways. The stagecoach has been replaced by the motor bus; the sailboat has been superseded by the steamboat, and now by the steel barge. The primitive locomotive with its wood burner has been replaced by the modern giant coal-and-oil burner. Progress means change. In no other field have more transitions occurred than in the realm of transportation.

The inland waterways have had a contest from the beginning. The early canals were acquired by the railroads and junked. Steamboats were purchased and scrapped. Cutthroat rates were inaugurated by the railroads and traffic on the Mississippi River practically disappeared by 1900. Having obtained a monopoly, the railroads increased rates.

PANAMA CANAL

The construction of the Panama Canal resulted in favoring industries near the coast to the detriment of manufacturing in the interior. It diverted traffic from the transcontinental railways to steamships. The Middle West was penalized. Rates from Kansas City to San Francisco are in excess of the rates on first-class freight from New York to San Francisco. Between the Rocky and the Appalachian Mountains, 70 percent of the agricultural products of the United States are produced, 50 percent of its manufactured products are supplied and 60 percent of its exportable surplus of agricultural products are grown. This vast area contains 98 percent of the iron-ore deposits, 82 percent of the coal, and 70 percent of the petroleum stores of the country. The raw material is available in abundance and with an outlet to the sea, the Mississippi Valley will become in deed and in truth the heart of the Nation. The people of the interior must have access to the ocean and to world markets. Cheap transportation is imperative.

COMPARATIVE RATES

Transportation is measured by freight rates in mills per ton-mile. In 1924 the average freight rate of the railroads was 11.32 mills per ton-mile. The average rate on the Great Lakes was 1.2 mills per ton-mile. From 1923 to 1928 the average rate of the Inland Waterways Corporation between New Orleans, La., and St. Louis, Mo., was 3.9 mills per ton-mile. The figures speak for themselves. Water transportation is the cheapest form of transportation. The Great Lakes provide the cheapest transportation in the world.

INVESTMENT

The total expenditures of the Government to June 30, 1932, for waterways aggregated $1,650,000,000, approximately a billion dollars having been spent for river and harbor construction, a quarter of a billion dollars for their maintenance, and a quarter of a billion dollars for flood control and navigation on the Mississippi and Sacramento Rivers. Great harbors have been constructed at Boston, New York, Philadelphia, Houston, Galveston, San Francisco, Los Angeles, and at Cleveland and other points on the Great Lakes.

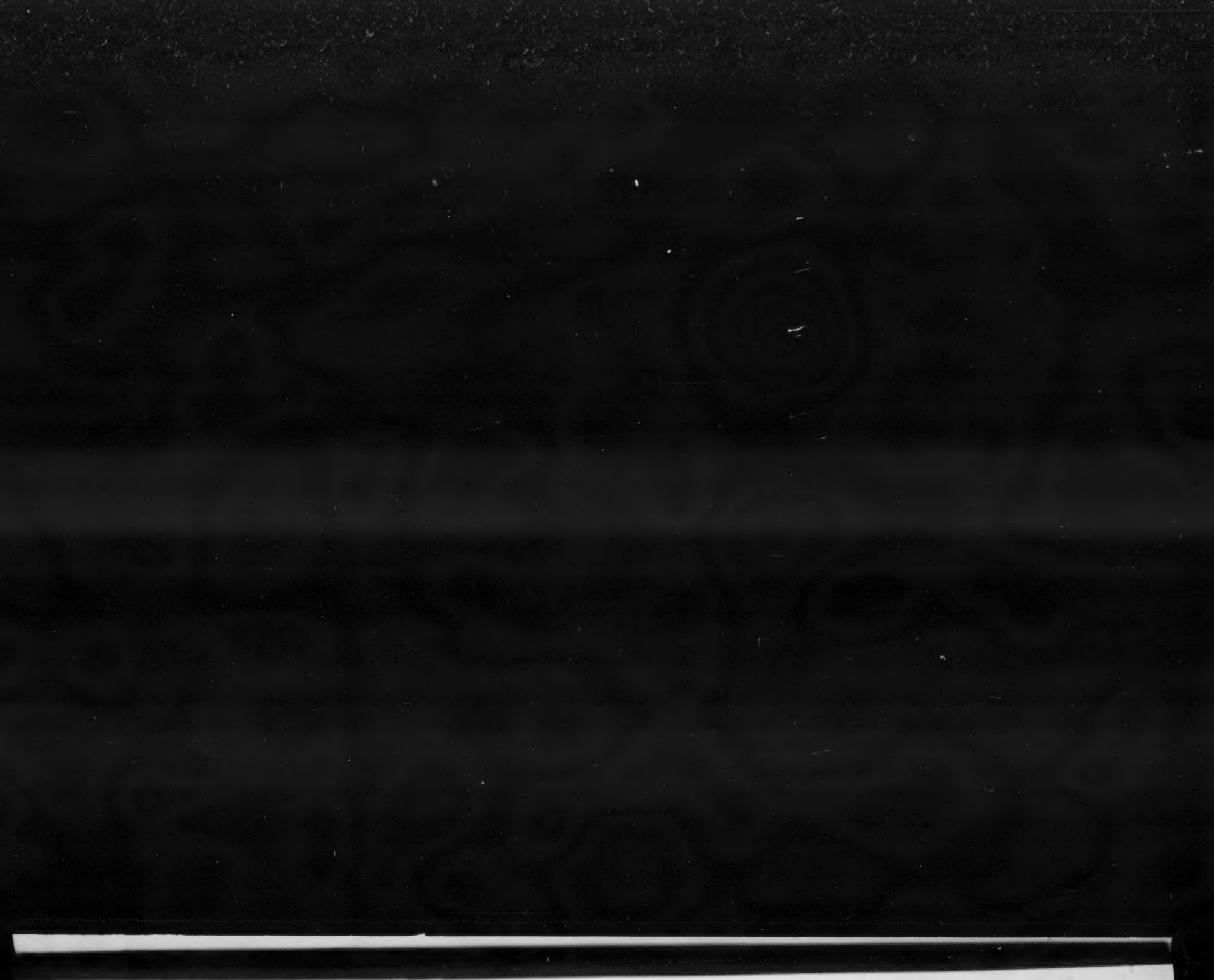
The prosperity of the Nation depends upon the prosperity of all parts of the country. If one section suffers at the expense of another, the whole Nation suffers.

The economic balance in the great Middle West can only be restored by cheap river transportation in cooperation with rail and motor transportation.

SUBSIDIES

Transportation is probably the best barometer of trade. If commerce declines, transportation feels the effects first—competition becomes keen. When freight decreases, competition increases. Rate wars result. At the present time a campaign is being waged against the Inland Waterways Corporation. Much is being said about subsidies to inland waterways.

All forms of transportation, with the exception of pipe lines, have at one time or another been subsidized. More than 200,000,000 acres of land were granted by the Government to the railroads. Many of the lands have been sold. They netted the railroads $374,411,176.39. It is estimated that the lands still owned by the railroads are valued at $387,970,275.82. I am not criticizing these grants. Cash donations, land subsidies, and stock



subscriptions were made to railroads amounting to approximately $915,000,000. The Government actually subsidized the railroads for the 26 months of operation during the World War, and the 6-month guaranty period after the war in an aggregate amount far greater than the total sums appropriated for inland waterways since the beginning of the Government.

In opposing the legitimate operations of the Inland Waterways Corporation ostensibly to get the Government out of business but in reality to destroy water transportation, the railroads are pursuing a short-sighted policy. A campaign has been waged among railway employees. They have been beguiled by propaganda. They have been told that 195,000 railway employees have been thrown out of employment by the operations of the Federal Barge Lines. If this argument were sound, it would constitute an indictment of railway operation. Is it possible for the Federal Barge Lines, employing only 6,500 men, to do the equivalent work of 195,000 railway employees?

Again, the railways of the United States are the direct beneficiaries of 90 percent of the river and harbor appropriations. They are quite content for the Government to improve harbors at Portland, San Francisco, Galveston, Philadelphia, New York, and Boston for the accommodation of the railroads. They have been among the chief advocates of the improvement of the ports of the Great Lakes. They have been the beneficiaries of these improvements. Until the people of the Mississippi Valley are accorded the equivalent of the freight rates that obtain along the seaboard, railway opposition to improving the inland waterways will fall of its own weight.

Whenever any form of transportation fails to serve the public, that form of transportation must either readjust itself or fail. I am the friend of railways. They are entitled to a square deal, but railways must meet competition or, having fulfilled their mission, the railways will fail. Moreover, when the business of the country recovers there will be sufficient traffic for all. It is said that transportation doubles ever 15 years. The solution is more traffic and hence more earnings. If railways will reduce instead of increase their freight rates, and if they will reduce their passenger rates, there will be more traffic and more income. Nothing will so quickly destroy a city or a country as excessive transportation costs.

INLAND WATERWAYS CORPORATION

The Inland Waterways Corporation was organized in 1924 under the Transportation Act of 1920 to increase and expand water carriers and rail carriers through cooperation so that there might be a coordinated and cooperative rail-water transportation system. The act was designed to encourage a water transportation and to foster and preserve in full vigor both rail and water transportation.

Every citizen of the United States is interested in the costs of transportation. It is reflected in the costs of living.

The argument against Government subsidy is the same argument that has been advanced by every transportation agency that was superseded and supplanted by those in existence today.

The United States will not abandon its investments in rivers and harbors, but it will maintain and complete the system and thus promote the interests of the public, which are paramount to the interests of any private or public industry. Public service rather than private profit is the slogan that should characterize the policy that will result in the maintenance and improvement of the waterways of the Nation.

The utilization of the Mississippi River and its navigable tributaries will benefit rather than injure the railroads. The Monongahela River in the Pittsburgh area carries 26,000,000 tons annually and yet the Pennsylvania Railroad has enlarged its Monongahela division four times. Manufacturers make great industrial centers and cheap raw materials are vital. The cost of transportation determines the location of industries.

The great aluminum plant at East St. Louis would not have been established without the cheap cost of transporting bauxite ore from the British Guianas by ship and thence up the Mississippi River by the Federal Barge Lines. All railroads that connect with East St. Louis profit by distributing the finished product. There should be cooperation rather than conflict between the waterways and the railways.

The Inland Waterways Corporation is fulfilling its mission. Traffic is returning to the Mississippi River. The tonnage on the Mississippi today is twice what it was in the halcyon days of the palatial steamboats. The Inland Waterways Corporation carries annually about 1,700,000 tons of freight. In 1929, before the depression, it carried 2,114,470 tons of freight.

Water transportation is dependent upon navigable streams, suitable boats, adequate terminals, balanced freight, cooperation with the railroads and an equitable division of the freight rates. The economic salvation of the Mississippi Valley depends upon cheaper transportation rates, especially of raw materials and bulky commodities. The cities have cooperated. Minneapolis, St. Paul, St. Louis, East St. Louis, Cairo, Memphis, Helena, Vicksburg, Baton Rouge, New Orleans, Dubuque, Burlington, and Rock Island have erected terminals. The city of Greenville, Miss., has recently erected a terminal.

The Mississippi River is open to navigation from Chicago and St. Paul to New Orleans. Navigation on the Missouri to Kansas City will shortly be accomplished. Navigation along the Ohio River has enabled cheaper freight rates from Pittsburgh to New Orleans than obtain by rail from Pittsburgh to Baltimore although the distance to New Orleans is more than five times greater.

DEFINITE POLICY

Improvements for rivers and harbors are under attack. These attacks have been accentuated by economic conditions that have resulted in freight decreases. The opponents of Federal appropriations for rivers and harbors urge a change in governmental policy. In opposition to Federal appropriations for the construction and improvement of Federal works, it is urged that the United States abandon the policy of Federal appropriations that has heretofore obtained. It is now urged that improvements should be made by direct charges against the traffic. The policy that obtains along the Rhine and other European streams is being advocated as applicable to the United States; but our situation is vastly different. European conditions are not applicable here. A tax upon vessels and a lockage tax in our canalized streams would not suffice. They would hinder rather than help. The Rhine is an international stream—France, Germany, Holland, and Belgium are all interested. Most of the other large rivers in Europe are international streams. This is especially true of the Danube. Again, European streams are not comparable to the Mississippi and its tributaries. They are much smaller.

Our inland waterways are located entirely within the United States. They are in most cases interstate streams. There is no occasion to follow the European policy. All of the people interested are in the United States. No international problems are involved. It is a mistake merely to try something because it is new. European conditions, I repeat, are not applicable. The United States makes, instead of follows, precedents. With the largest inland waterways in the world and with the greatest resources on earth, the Federal Government should continue to promote the improvement of its rivers and harbors as a Federal problem, and at Federal expense. It will be more economical to improve our waterways year by year than to double either our highways or our railways. The remedy is not to abandon the American policy, but to preserve and expand that policy for the benefit of all worth-while rivers and harbors in the country.

FLOOD CONTROL

Closely allied with the problem of transportation is the question of flood control. Floods are the destructive enemies of transportation as they are of life and property. Sooner or later the losses of floods are absorbed by the Nation. With the building of cities, with the improvement of the country, and with the increase in population, the hazard of floods is becoming increasingly greater. Flood control along navigable streams is the proper function of the Federal Government. Congress has the power to regulate both foreign and domestic commerce. The power to regulate commerce includes the power to enact flood-control legislation in order to protect commerce and preserve life.

The problem of controlling floods as distinguished from the navigation of the stream in the case of the Mississippi River is not adaptable to local treatment. Minor local flood conditions may be handled by the local authorities, but general flood problems are beyond the capacity of the local interests to solve. Levees along the Mississippi River must hold waters that come from points as far east as Pittsburgh and as far west as Idaho and from all of the territory between the Alleghenies and the Rockies. The working of a suitable plan of control for the Mississippi and its tributaries is a problem of immense complexity. The problem can be solved by improving and increasing the channel capacity, by confining the flood waters between levees, by the construction of reservoirs, and by diversions. No one method alone is capable of solving the flood problems of the Mississippi River and its tributaries. A comprehensive plan will involve a combination of all the methods available.

The Mississippi flood of 1927 drove 700,000 people from their homes, resulted in the loss of at least 246 lives, and destroyed property and property values aggregating $200,000,000 to $400,000,000. The American public contributed for the relief of this disaster some $18,000,000. It was, in the language of Herbert Hoover, "Our greatest peace-time disaster."

There was a destructive flood in the Miami Valley in 1913, as a result of which 300 lives were lost with property damages of $100,000,000.

Prior to 1917 no Federal appropriations had been made for flood control. The appropriations were made for the Mississippi River, with the limitation they should be used only in aid of navigation. The Flood Control Act of 1917 for the first time gave recognition to the problem of floods, and provided for a partial contribution to improvements to prevent floods along the Mississippi River and along the Sacramento River, but it was not until the great Mississippi flood of 1927 that flood control on the Mississippi was adopted as a national policy. Previously the question had been how much the building of a reservoir or the construction of a levee would affect navigation.

There has been a change of consciousness. The Mississippi River and its tributaries are the property of the people of the United States. The system embraces 42 percent of the area of the United States and touches 31 of the 48 States of the Union. It constitutes a problem for national control.

The Flood Control Act of 1928 authorizing the appropriation of $325,000,000 is fundamentally sound. It provides that levees along the main river should be supplemented by diversions, floodways, outlets, and spillways. It is intended to solve the problem in the lower Mississippi Valley from Cairo to the Gulf of Mexico, but the Nation will never be satisfied until adequate provision has been made for the solution of the problem along the entire river and its tributaries.

There are two problems in the Mississippi Valley: First, there must be relief from floods; secondly, there must be the creation and utilization of navigation to give the farms and the mines an outlet to the sea. The flood problems of the Mississippi River will never be solved until the problems along the tributaries have been solved.

For the past 15 years the Federal Government has contributed to the improvement of both flood control and navigation of the Sacramento River. Navigation obtains to a large extent, especially along the lower stretches of the Sacramento River.

The construction of Boulder Dam will provide for flood control along the lower Colorado in the Imperial Valley.

The improvements under the supervision of the Tennessee Valley Authority will result in flood control along the Tennessee River. The Public Works Administration in 1933 authorized the construction of the Bonneville Dam and the Grand Coulee Reservoir on the Columbia River and provided for the building of the Fort Peck Reservoir along the Missouri River. In aid of navigation, the Public Works authorized the construction of a reservoir on the Tygart River, a tributary of the Monongahela River. It approved and agreed to pay approximately one half the cost of the building of a system of reservoirs along the Muskingum River in Ohio. These projects are being executed under the supervision of the Chief of Engineers, except the Grand Coulee Reservoir, which is under the supervision of the Bureau of Reclamation. Some 4 years ago Congress appropriated money to provide against floods in Lake Okeechobee, Fla., as a part of the improvement of the intercoastal waterways of the Nation.

I have thus enumerated the flood-control projects of the Nation to which the Federal Government has contributed.

Probably the outstanding flood-control project constructed without Federal contribution is the Miami conservancy project along the Miami Valley in Ohio, built following the flood of 1913 at a cost of $30,000,000. It consists of a series of retarding dams and reservoirs and has protected the Miami Valley from overflow.

WATERWAYS EXPERIMENT STATION

For years John R. Freeman, the eminent civilian engineer, had advocated the establishment of a national hydraulic laboratory. One of the most constructive features of the Flood Control Act of 1928 was the provision for the United States Waterways Experiment Station, which is located at Vicksburg, Miss. The initial cost of the hydraulic laboratory was approximately a quarter of a million dollars. Without question it is the most complete hydraulic laboratory in the world. Already river and harbor works, as well as flood-control improvements are profiting as a result of experimentation. From time immemorial cut-offs were opposed by Mississippi River engineers. It was argued that they would destroy the channel below the cut-off and that they were wholly detrimental in alluvial valleys. Experiments thus far conducted indicate a complete change of view with respect to cut-offs. The experiments to date have been highly satisfactory, but, as usual, the Corps of Engineers are careful and conservative. There have been no large Mississippi floods since the experiments have been made. While optimistic, the Corps of Engineers await the testing of the experiments by actual floods. It is believed, however, that flood heights can and will be materially reduced by cut-offs that are being made in the vicinity of Greenville, Vicksburg, and Natchez on the lower Mississippi River.

The laboratory is being used for experiments in all river and harbor work. It will materially contribute to the solution of the problems of both navigation and flood control.

RESERVOIRS

Further and careful studies in flood control are demonstrating that reservoirs will largely be utilized in the control of the floods of the tributaries of the Mississippi River. While reservoirs located near the alluvial valley will be most effective in controlling the floods of the lower Mississippi River, there is a definite place for reservoirs in the upper stretches of the tributaries. The adopted project in the Mississippi Flood Control Act of 1928 is sound because it is capable of expansion. No work that is done under the act will be discarded or become obsolete as a result of the controlling of floods along the tributaries. It is capable of expansion to provide for flood protection in the backwater and the tributary areas. The same obligation rests upon the Government to protect the backwater areas that obtain along the Mississippi River.

SURVEYS AND EXAMINATIONS

Drainage and minor flood-control works along the streams and rivers of the United States have been constructed at immense costs to the taxpayers of the Nation. In many cases they were utterly inadequate. There had been no surveys of the rivers and streams along which they were constructed. In line with its policy of promoting the public interest in the Rivers and Harbors Act of January 21, 1927, provision was made for studies of approximately 200 streams and rivers in the United States, as provided by House Docket 308, Sixty-ninth Congress, first session.

On these streams, the Corps of Engineers were directed to formulate plans for the improvement of the streams for navigation, for flood control, irrigation, and hydroelectric power, and $7,322,400 was authorized to be appropriated for the surveys and examinations. Under section 10 of the Flood Control Act of May 15, 1928, the Corps of Engineers were especially directed to submit reports, as provided by said document 308, but with more comprehensive surveys and investigations, covering the main tributaries of the Mississippi River, including the Yazoo River in Mississippi. The report on the Yazoo River has been submitted and will be published in the near future. It will recommend the control of the floods along the Yazoo River system by the construction of a series of reservoirs near the foothills and will recommend the control of the floods in the backwater area by the building of a system of levees.

NATIONAL PLAN FOR FLOOD CONTROL

We hear much of national planning these days. National plans for flood control are now under consideration. An agency has been suggested for the supervision of further flood-control works along the Mississippi River, another agency for the east tributaries, and a third agency for the west tributaries of the main river. Agencies dealing with flood control in other rivers emptying into the Gulf and agencies for the rivers that find their way into the Lakes, and into the Atlantic and Pacific Oceans, have been suggested.

We are likely to become topheavy with commissions. Too many executives result in inefficiency. The problems of rivers are similar.

The Corps of Engineers of the United States have had more experience and are better informed about flood-control problems than any other engineers in the world. They have been loyal and efficient. The Fort Peck improvement, the Muskingum project, and the Columbia River Dam, as I have stated, are being constructed under their supervision. They have advised the Administrator of Public Works respecting all flood-control and river-and-harbor improvements.

I advocate a policy of national flood control. The Mississippi River is the longest and the most important river in the world. The Mississippi Valley as a dwelling place for mankind is the most important territory on the globe. The plan along this river should embrace all its tributaries and should provide for floods along all of the tributaries.

What agency shall represent the public and the Government in the formulation and expansion of the plans for the further improvement of the Mississippi River system? The Corps of Engineers are familiar with all of the rivers of the Nation. They have studied them. They have examined them. The engineers of the Army are composed of the ablest engineers in the United States. The honor graduates of West Point have the privilege of an assignment in the Corps of Engineers. Graduates are sent to the leading engineering schools in the United States and foreign countries. Army engineers are thus among the best-educated and best-trained engineers in the world.

I believe that there should be a comprehensive plan for the Mississippi River system and that it should be under the supervision of the Chief of Engineers. I recommend the same course for the other rivers of the United States. In both planning and execution there must be an executive who has the final say. The Chief of Engineers should be at the head of both planning and execution. A division engineer may be immediately in charge of the Mississippi River system and other division engineers in charge of the systems in the other watersheds of the Nation, but in the interest of economy and efficiency and for the public good of the people of the United States I believe that the formulation and execution of policies should be under the supervision of the Chief of Engineers, with the power and authority in him to utilize, in connection with the Army engineers, the best engineering talent among the civilian engineers of the country.

APPROPRIATIONS

The Congress of the United States levies taxes. The Congress should, therefore, provide for definite appropriations. In an emergency and to promote employment the prerogative may be delegated to another authority. Practically all public works in the United States have been investigated through the years by the Congress of the United States. Investigation by an independent agency in many cases results in duplication and in other cases in works that Congress has refused to approve.

If Congress is to levy the taxes, Congress should be the spokesman in the appropriations and allocations of funds for flood control and river-and-harbor improvements. I repeat, however, to emphasize, that the public interest in all projects must be apparent and that the projects must be sound. I have, therefore, urged that Congress resume its function of making direct appropriations for public improvements, including highways, rivers and harbors and flood-control works. The first step has been taken. Congress, for the fiscal year 1935, has definitely allocated and appropriated $29,000,000 for flood control and has made provision for the release of an additional $18,000,000 previously impounded by Executive order. There is thus available so that works may be planned and executed during the favorable seasons and weather, approximately $47,000,000 for new work and maintenance in the year 1935. I advocate a similar policy for highways and for river-and-harbor work.

As an advocate of the improvement of the rivers of the Nation for navigation and flood control, I maintain that no transportation will survive as long as some other form furnishes a cheaper and a better mode of transportation. I assert that this better and cheaper transportation will result through cooperation and coordination of waterways, highways, and railways.

The people of the Mississippi Valley are not selfish. They are interested in the progress of the people of all of the States of the Union. Whatever helps us will help others. We can only prosper as others prosper. We are all citizens of a common country, with a common destiny.

The United States has erected an imposing structure at Yorktown to commemorate the birth of the independence of the Nation. I believe that the sentiment of the words carved on

that monument should characterize all of our plans and purposes for the improvement and advancement of the rivers and harbors of the United States. On that noble shaft are these words:

"One country—one constitution—one destiny."

AMENDING LONGSHOREMEN'S COMPENSATION ACT

Mr. O'CONNOR, from the Committee on Rules, reported the following privileged resolution, which was referred to the House Calendar and ordered printed:

House Resolution 366 (Report No. 1395)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 8057, a bill to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed 30 minutes, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

SECURITIES EXCHANGE BILL OF 1934

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 363, for the consideration of the bill H.R. 9323, and ask that it be reported.

The Clerk read as follows:

House Resolution 363

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9323, a bill to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

Page 1, line 10, strike out the word "four" and insert the word "seven."

Mr. BANKHEAD. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY], if he desires to use that much time. I now yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I am so very much interested in this rule and the proposed legislation that I shall refrain from answering my colleague from Illinois [Mr. BRITTEN], but I shall do so in the near future and point out to him that no injustice was done him by my extension of remarks and the statistics included in my speech, which do not descend to the regrettable depths of unfairness and viciousness he has displayed toward me.

Mr. Speaker, ladies, and gentlemen, the resolution before us is broad and liberal. It calls for 7 hours of general debate.

After that, notwithstanding the bill is of a very technical nature, the rule provides that the bill shall be read under the 5-minute rule giving each and every Member opportunity to offer amendments and to speak on the amendments.

I am of opinion that this is the most important piece of legislation that has even been considered by the Congress. For many years efforts have been made to regulate the stock exchanges. After every panic serious efforts have been made to enact legislation that would make impossible the panics that were brought about by the manipulation of the stock exchange. In 1894, after the 1893 panic, an effort was made to secure legislation. In 1908 a commission was appointed to investigate the stock exchange, and in 1912 a bill was introduced to accomplish that purpose. The Pujo Committee reported and demanded action in 1912. The bill was considered, but the same tactics that are pursued against this bill were utilized then to bring about the defeat or delay of the legislation.

During the last 30 days I have received, and each and every Member must have received, hundreds of letters and telegrams from misled business men telling us that this legislation will be detrimental to the best interests of the Nation. I say to these business men that they are misled. This legislation will restore confidence, will not injure legitimate business, and all it will do is restrict the gambling activities of a small group of men who have no interest in the welfare of the Nation, but who, regardless of the effect everybody knew it would have upon conditions of the country, ruthlessly manipulated the markets and brought about the conditions from which the Nation is now suffering. Had it not been for the manipulators of Wall Street, for the criminal inflation for which they were responsible and carried on in 1927, 1928, and 1929, the crash would not have occurred. The people who were responsible for the inflation of 1928 and 1929 are also the very men responsible for the crash in 1929. This legislation is absolutely necessary for the best interests of the Nation, because not until we pass this measure will confidence be restored. All this bill aims to do is to prohibit the reckless gambling and manipulation on the exchange.

I have here from an inside man a description of the stock exchange. He says:

1. Not one fourth of the transactions on the exchange are sales where the seller actually parts with the security, and is paid for it by the purchaser.
2. The exchange is, therefore, the largest gambling house in the world.
3. This gambling house is owned and controlled by its broker members.
4. The value of a seat on the exchange, depends upon the amount of play the game attracts.
5. Those who run the game are really the betting commissioners for the boobs who sit in the game.
6. The betting commissioners have looked in the hand of every one of the "boobs", know exactly what cards they hold, and the limit of their stakes.
7. Most important of all, they know at just what point the "boob" has put in a stop-loss order, hence they know just when the "boob" must take his loss, when the market is forced down.

The privilege of a seat at the gambling table in New York was worth as much as $650,000 at one time. True, it is not worth that much today, but that was the price in the good old days of 1929. No wonder that every ingenuity and every effort is being made to mislead the House and the Membership about this legislation now pending.

I regret that the propaganda going on is so unfair and unjustifiable. As I stated before, they are trying in every conceivable way to mislead the Members and the country in regard to the legislation. I myself am indeed grateful and overjoyed that I have the opportunity to speak for the rule that will make the legislation in order, because ever since 1929 I have appealed to the stock-exchange officials and I appealed to the then President, Mr. Hoover, urging that we suspend these operations. I have pleaded that they should stop short-selling and the many vicious activities that were detrimental to the Nation, but nothing has been done. They now say, "Give us a chance and we will amend our rules." They have refused to act before, and they will refuse to act in the future.

Regardless of what they promise, regardless of what they say, they are not sincere, they do not want any legislation, they believe that it is their own privilege and their God-given right to control this gambling den that brought about destruction to America, brought about the closing of our banks and manufacturing plants, nearly ruined all of the insurance companies, brought about the unemployment of 16,000,000 men in the United States and that caused untold hardships and suffering and, above all, that was responsible for thousands of suicidal deaths. I doubt very much that any flood, fire, or plague ever caused as much destruction and loss as the inflations of 1928 and 1929 and its resultant crash. In fact, it destroyed the values of not only stocks and bonds, but the value of city and farm

properties, as statistics show that the value of listed stocks fell to the extent of 83 percent, causing a loss of more than $100,000,000,000. I say that had we had legislation of this nature on our statute books in 1893, 1907, and 1929 the then panics and losses would not have been possible. Therefore, I am amazed that so many well-meaning business men permit themselves to be used by the most vicious propagandists in the history of America. To the business men of America I want to say they should not be alarmed by this proposed legislation. Instead of stifling business it will encourage business and restore confidence. I invite them to read the financial reports of even the Republican newspapers. A heading on the first page of the financial section of a Chicago newspaper of April 26 reads:

General Motors Quarter Net Soars to 63 Cents—Profit is 500 Percent Over Same 1933 Period.

Another heading in the same paper:

Power Output Reaches Best Level of Year.

Still another:

Steel Activity Continues Rise to 56 Percent—Operations Gain Four Points for Week.

Another:

White Motor Gives Third 10-Percent Raise to Workers.

On the same page:

Dollar Rises Above Par to 59.11 Gold Cents.

Another reads:

Stewart-Warner Profit is $167,495 in First Quarter.

Still another on the same page:

Industrial Earnings Run Three Times Those Year Ago.

A further heading reads:

The First 51 Corporations to Report Show Total Net of $18,740,000, as Compared With $6,332,000 a Year Ago.

Other headings:

Sangamo Electric Boosts Pay 10 Percent; 700 Affected—New Car, Store Sales, Rise in Chicago Area.

From a New York newspaper of April 27 the following heading appears in its financial section:

Bank Reserves up $79,000,000 in Week.

And another from this New York paper:

Internal Revenue Shows Big Increase—9 Months' Total to March 31 Was $797,000,000 Above That of 1932–33 Period.

From a Washington newspaper of April 28:

Electric Output Reveals Uptrend—North American Official Reports Gain in April of Over 18 Percent.

Mr. Speaker, such are the headings in these Republican newspapers. They show that conditions are improving, notwithstanding the stock exchange scare statements.

I repeat that the passage of the bill will to a still greater extent stimulate business and improve conditions, and, therefore, it is manifestly unfair that this institution, through its activities, should create alarm just for the purpose of stopping the proposed legislation to regulate it.

Mr. Speaker, ladies and gentlemen of the House, the stock exchanges have had plenty of opportunity to eliminate the vicious practices that have been going on, as has been testified to and disclosed by the Senate investigating committee. It is high time that the unscrupulous Wall Street investment bankers, who are part and parcel of the New York Stock Exchange, be stopped in reenacting shortly, as they would, another crash. Before concluding I want to congratulate our courageous President, Franklin D. Roosevelt, upon his determination to effect the passage of this proposed legislation, because I know that he recognizes the tremendous, powerful opposition, and, understanding the good that will be accomplished by the adoption of the bill, he remains praiseworthily steadfast for its adoption.

In conclusion, Mr. Speaker, let me call attention to the fact that the same tactics and the same fight have been waged against the Federal Reserve Act and other beneficial legislation by these overlords of high finance, which gives the lie to the selfish and unworthy lobbyists and propagandists who have tried to put the fear of God in everybody they could reach.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Speaker, I do not rise at this time to oppose the adoption of this rule. I am of the opinion that the measure which will be considered on the adoption of this rule is one of the most important pieces of legislation that this or any other Congress has considered. It has been continually before the Committee on Interstate and Foreign Commerce for the last 8 or 10 weeks. Only the members of the committee themselves know how hard we have worked to try to put this legislation into shape to present it to the House. It has been a tremendously difficult task to undertake to write this legislation in order that Congress might consider it. I want to pay my respects to the Chairman of the Committee on Interstate and Foreign Commerce [Mr. RAYBURN], who has worked hard in order to try to get this legislation before the House. It has been my pleasure and privilege to serve with him on the Interstate and Foreign Commerce Committee for 18 years. I do not believe that in all my experience on this committee, any chairman has had such a tremendous task before him as has Mr. RAYBURN, chairman of our committee, during the committee consideration of this measure. [Applause.]

I am sure there are many good things in this bill. I do not question the right of the Federal Government to regulate stock exchanges. I think they should have been regulated long ago. We all know something of the manipulations and practices that have been carried on by some of the stock exchanges in the past. People who have invested their money in securities must look some place for protection. Therefore I believe it is absolutely necessary to pass legislation for the regulation of the stock exchanges, which will protect the people of our country who invest their money in securities. So with that part of the bill I am fully in accord.

But I feel confident that this measure goes far and beyond the regulation of the stock exchanges, by giving to the Federal Trade Commission the power to regulate industries, corporations, businesses, banks, and credits. Industry and business today want to be let alone for a little while. They want to try to get on their feet. They are trying to recover. They are doing everything that is humanly possible to try to bring our country back to a sound economic situation again; but they are afraid that the restrictions placed upon them in this bill will retard economic recovery and not assist it.

I have numerous letters and telegrams from industrialists, business men, especially those in the great industrial district in which I live, who are afraid of this bill. I know they are honest and sincere men. They have no desire to evade any law. I do not believe that they attempt to engage in any corrupt practices in placing their securities and stocks on the market. They suffered tremendous loss during the last 3 years of economic depression; but notwithstanding that they have kept their industries operating in order to try to give men work, to try to keep their families alive. They are afraid of this bill. They say it will make it hard for them to go forward and it will tighten up credits.

The SPEAKER pro tempore. The time of the gentleman from Ohio [Mr. COOPER] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 additional minutes to the gentleman from Ohio.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. COOPER of Ohio. Not now. What industry wants today is a relaxation of credit, especially the heavy industries. If there can be a little relaxation of credit so that they can get credit money and put it into productive activity, we will step along pretty fast toward economic recovery.

Mr. MAY. Will the gentleman yield?

Mr. COOPER of Ohio. I would rather not yield at this time. I will yield later during general debate.

As I said in the beginning, there are many good things in this bill, but there are some parts of the bill, I believe,

that should be modified and amended. It is not my purpose at all to try to make any fight against the passage of the bill. What I have in mind is that when the bill is read under the 5-minute rule we should try to amend some of the sections of the bill, so that it will make it a little easier for business and industry to get on their feet instead of making it more difficult for them to do so. [Applause.]

I yield back the balance of my time, Mr. Speaker.

Mr. BANKHEALD. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, I had intended only to ask for time in the event there was opposition to the adoption of the rule. It seems that everyone concedes this bill is of such great importance that there should be consideration of it at this time; and therefore the lack of opposition to the rule.

The gentleman from Ohio [Mr. COOPER], who has just addressed you, expressed fear that in the administration of the act as it is proposed, in the event of its becoming law, it would tend to restrict credit and, therefore, interfere with the operation of business. The report on the bill expressly declares it to be one of the intents of the measure to prevent the concentration of money in the great centers where the exchanges operate, resulting in depriving financial or lending institutions in the outlying sections of the country of the ability to take care of the needs of the people. As a matter of fact, the consideration I have given the measure leads me to believe that that will prove to be one of its beneficial effects.

The gentleman from Ohio [Mr. COOPER] has paid his respects to the chairman of the Committee on Interstate and Foreign Commerce, the gentleman from Texas [Mr. RAYBURN]. I invite the attention of the House to the report filed by the gentleman from Texas [Mr. RAYBURN], for the committee, on this bill. Aside from the fact that it is a very eloquent document, it is one of the most informative statements I have read since my term in Congress, and will give you a very accurate picture of what is proposed in the bill and of the results it is expected to accomplish.

I take it that the bill is constructed largely along the line of the report of what is known as the "Roper committee." There, of course, is some departure from the report if, as a matter of fact, there was any intention in the first instance, conscious or otherwise, to follow it—on the part of the committee.

Those departures, according to the witnesses who testified, very materially improve the measure and give it better promise of good to the country as a whole.

There are, of course, important legal questions involved. There is the question of delegation of power on the part of Congress to an administrative agency; and then there is the main question as to the power of Congress to deal with the situation in any respect whatsoever.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 6 additional minutes to the gentleman from Georgia.

Mr. COX. So far as the delegation of power is concerned, I am not disturbed, because Congress states in definite terms what it desires accomplished and leaves to the discretion of the administrative agency how these results may best be obtained, holding the agency, of course, within limitations fixed by Congress—a maximum and a minimum, a high and a low, fixed by the Congress. In other words, Congress tells the Federal Trade Commission, which is made the administrative agency—and properly so, because it is the agency that administers the Securities Act, which is related to the pending bill—what it wants to accomplish, and lays down methods by which that result should be accomplished, and directs the Federal Trade Commission, the administrative agency, to produce those results.

In section 2 is set forth a declaration of fact which is intended to serve as a basis for the legislation. Some criticism has been made of section 2 because of the fact that Congress undertakes to legislate as a fact that which some feel should be left to the courts to determine. The declaration of facts as set forth in section 2 legislatively determined to be facts will in large measure relieve the courts of the necessity of deciding many important questions which otherwise might arise, and demonstrates the wisdom of the committee sponsoring the bill.

All of the powers of the Government are invoked in section 2, powers adjusted to peace-time conditions, and to those of war, those expressed and those implied, and all other powers; but, after all, you must come back to the proposition that if Congress has the power at all, and I think it has, to regulate these exchanges, it must be found in the commerce clause of the Constitution. There is a fear that there might be an effort under this act to regulate production; and, of course, production is not commerce. There is the fear that much might be attempted under this bill that is not properly within the power of Congress to do; but a careful consideration of the expressions of the court of last resort in many different cases that have gone to it for determination leads to the conclusion that the matter with which Congress is undertaking to deal, although in a sense it may be declared to be purely intrastate business, is so interwoven and mixed with interstate transactions as to become a part of them; and if Congress is to exercise its power and the exclusive power to regulate interstate commerce, it cannot stop at the point where it is insisted that transactions on the exchange are purely intrastate, but it must go all the way in the interest of a full and complete control and regulation of the problem.

The bill is deserving of careful study by the House; and particularly do I urge the membership of this body to read and to ponder the magnificent report filed by the chairman of the committee, the gentleman from Texas [Mr. RAYBURN].

Mr. PARKS. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. PARKS. Calling the gentleman's attention to the language at the bottom of page 9, reading as follows:

> (b) The Commission and the Federal Reserve Board, as to matters within their respective jurisdictions, shall have power by rules and regulations to define accounting, technical, and trade terms used in this act, and such definitions, insofar as they are not inconsistent with the provisions of this act, shall have the force of law.

Mr. COX. That language carries a very broad delegation of power, of course, but it is necessitated because of the inability of the committee to define those terms to meet all conditions—conditions now existing and conditions as they may change from day to day.

Mr. PARKS. Does not that delegate to the administrative board or commission the power to legislate for the Congress?

Mr. COX. As I say, it carries pretty broad power, but all in the interest of flexibility and workability.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a radio address delivered by my colleague, the gentleman from New York [Mr. FISH], on the 26th of April 1934.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CROWTHER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of Hon. HAMILTON FISH, Jr., of New York, over the National Broadcasting Co. network, Thursday evening, April 26, 1934:

> We have heard a great deal of talk from the Democrats about the inflation of 1929, and silly statements that it was caused by the Republican tariff. We Republicans have nothing to apologize for in giving the American people the highest degree of prosperity ever known in any Nation in the world between 1921 and 1929 under a protective tariff system and successive Republican administrations. During those years the American wage earners were the best paid, the best housed, the best fed, the best clothed, and the most contented in the world. The Republican Party gave the American people an overabundance of prosperity, a veritable surplus of prosperity, and they abused it by being wasteful and extravagant. They followed the lead of the big international bankers and money changers and gam-

bled and speculated with their earnings made in those prosperous times in the hope and delusion of becoming rich overnight without work or effort.

Did the Democratic Party point out the menace of the inflation at that time? It did not. Its present chief spokesman on monetary policies, Prof. Irving Fisher of Yale University, stated in 1929 that the existing high prices would continue indefinitely and that the peak had not been reached. Back in 1928 Alfred E. Smith, the Democratic standard bearer, came out openly for the maintenance of the protective tariff principle as being in the best interests of American labor and industry.

The present Democratic administration, however, talks in general terms about the high rates of the 1930 tariff bill, but is unable or unwilling to particularize on any schedule or on any item and fails to specify what rates are too high. The protective tariff system has built up the industries and the standards of wages and living in the United States and the attitude of the President imperils the welfare of our workingmen. American labor declines to compete with the poorly paid labor of Europe, Asia, or the forced labor of Soviet Russia.

President Roosevelt evidently cares little for the Federal Constitution or our representative form of government, or he would not have asked for unlimited powers to make reciprocal trade agreements with foreign nations. The request in itself is unworthy of the President, and must be another "brain trust" proposal entered into without mature consideration. I would have no objections to giving that power to a nonpartisan tariff commission, provided it could report back to the Congress for final approval. I would favor such a policy in dealing with Canada, Mexico, and Central and South America. We should be willing to make trade concessions to these countries which are our natural markets, but I am bitterly opposed to placing such unlimited power in the hands of any individual in direct violation of the Constitution.

The hardest blow ever dealt our democratic system of government is the request made by the President on the Congress to abdicate its constitutional powers to enact tariff legislation, which includes the taxing power.

The conferring upon the President the right to make trade agreements without the final sanction of Congress is not only unconstitutional but is an outright betrayal of our representative form of government. It amounts to an open admission by Congress that, after 145 years of dealing with tariff legislation it is now incompetent and unfit to legislate properly, intelligently, and in the public interest. Members of Congress are called upon to violate their oath of office to uphold the Constitution and betray representative government by abjectly surrendering their taxing powers to the President. When we do that we become nothing more than rubber stamps. We have already provided for a 59-cent rubber dollar, and now we are asked to rubberize the Constitution of the United States.

The President, in his recent N.R.A. speech, used these words: "The real truth of the matter is that for a number of years in our country the machinery of Democracy had failed to function." The President is not helping to uphold our American ideals and traditions by joining the hue and cry and carping criticisms both from within and from without our country against our free institutions.

For a number of years Mussolini, Stalin, and Hitler have been making public statements about the dismal failure of democracy, and particularly of the failure of parliamentary or representative government to function. They need no longer laugh up their sleeves, but if this bill is enacted into law they will cry out from the house tops the doom of democracy. What a travesty, without rhyme or reason or any emergency except a manufactured one, it would be for Members of Congress to abdicate their main powers and functions and help to destroy the usefulness of Congress and our legislative system of government. To me it is a tragedy far beyond the merits or demerits of the pending legislation.

Both my father and grandfather, of the same name, served in the Congress and no President, no matter what party he belongs to, can persuade or coerce me to betray my trust and help destroy our representative system of government which in the past has been the pride and glory of freemen and of a mighty Republic.

Why sacrifice that which has been tried in the darkest days of Civil War and in the midst of a World War to turn from our representative and legislative form of government to giving dictatorial powers to the Chief Executive? He holds no mandate from the American people to destroy American industries and the American market for goods produced by our own wage earners. Up to recently the United States has been the greatest free-trade country within its own boundaries in the world. However, this administration, by the use of subsidies and processing taxes on cotton and foodstuffs, has virtually imposed heavy duties on the American people for purchasing their own goods and mirabile dictu now proposes, through reciprocal trade agreements to show favoritism to the goods produced by cheap foreign labor in Europe, China, Japan, and Soviet Russia.

Thomas Jefferson would turn in his grave at the thought of transferring such autocratic and despotic taxing powers to the Chief Executive. Where are the constitutional and Jeffersonian Democrats in this contest against an economic dictatorship? If they vote for this bill in the Congress, it must be in open violation of every principle of Jeffersonian democracy. If they vote for this bill, it is a plea of confession and avoidance. They must confess to their constituents back home that as a party or individually they are not qualified to legislate or to act in a representative capacity in accordance with the provisions of the Federal Constitution, and in order to avoid the natural consequences of their incompetence must turn the entire tariff powers over to the President and the "brain trust."

What will be the logical answer of the people back home? "We sent you to Washington to look after our interests and to legislate intelligently and not to abdicate your constitutional powers and set up an economic dictatorship. If you are either unable or unwilling to perform your constitutional legislative duties, why we will look around and get someone who will." The price of betraying their trust as representatives of the people back home warrants defeat at their hands.

Has the flame of liberty burned so low that Members of Congress can betray the constitutional rights of a free people by turning the taxing power over to the Chief Executive without a remonstrance? Have the memorable contests and oratory of John Hampden in England, Mirabeau in France, and James Otis and Patrick Henry in our own country against taxation without parliamentary representation been all in vain? As James Otis pointed out, this principle caused one English King to lose his head and another to lose his crown, and he might have added it also caused the American revolution. Must we again revive this age-old fight? There is no alternative if this tariff bill is enacted into law.

Our revolt against England was because of taxation without representation. For that principle our forefathers fought bitterly, even sacrificing their lives in order to establish it for all time and for the benefit of Americans of succeeding generations. This is the heart and foundation of the Declaration of Independence, and was quickly transplanted into our Constitution. The whole frame of the Constitution was to protect that principle. The three distinct branches of our Government—the legislative, executive, and judicial—were set forth in the clearest and strongest language possible, in order that there be no infringement by one branch of the Government upon the other. And those great makers of the Constitution imposed the important task of taxation upon the Congress because the Congress is the direct representative of the people. Do you now wish to sacrifice that great and tried principle and turn it over, in violation of the Constitution, to the branch of the Government having no power whatever to tax? That is what this tariff bill means. It is the end of taxation by the direct representatives of the people and a restoration of taxation without representation, which caused the Revolutionary War.

The next national compaign will then have to decide as between the restoration of our American representative form of government and a socialistic dictatorship. On that issue of Americanism against socialism there can be only one answer, no matter what other issues are injected into the campaign.

What is needed badly at this juncture of our economic life, when business is at a low ebb and struggling to work its way out of a lengthy depression, is sound common sense, and there seems to be little of it. What is really needed is a restoration of business confidence in order to turn the wheels of industry and provide employment. However, business, instead of being encouraged, is discouraged at every turn by new shackles imposed by the "brain trust" and by doubts and uncertainties engendered by the proposed tariff bill. What is needed is the restoration of individual effort and initiative which has made our country the greatest, richest, and freest republic in the world. Instead, the "brain trust" promotes collectivism and regimentation and rushes from one socialistic experiment to another.

The disastrous defeat of the Republican Party in 1932 left but a small number of us in the House of Representatives to carry on sound Republican principles. Although somewhat dazed by the extent of our losses, we were not disheartened, knowing well the incapacity of the Democrats to function as a national party and to keep within bounds of reason and govern with moderation.

The Republican Party must not remain supine any longer. We must not look backward; economic conditions have changed. We must go forward on a constructive, liberal platform in favor of a square deal for both capital and labor. We must stand, as we have always stood, against state socialism, and for a sound currency, the protective tariff, and for the Federal Constitution as the rock upon which our constitutional rights and liberties are founded.

With malice toward none and charity for all I have presented my views without fear or favor on the pending legislation authorizing the President to enter into trade agreements with foreign nations which, even if held constitutional, would create further uncertainties and demoralization of American industry.

Canada, Great Britain, and other nations are emerging or have emerged from the world depression without indulging in socialistic panaceas, while the United States staggers along under a rapidly increasing burden of debt, with business confidence lacking and private enterprise discouraged and all but destroyed.

Let us give business a chance, remove the heavy hand of Government control and regimentation, and let the Federal Government come out openly and say to American business, "We are with you, not against you; you are entitled to make a reasonable profit; we believe in private enterprise and not in Government ownership." If the Government would give such assurances, it would restore confidence overnight, and the wheels of industry would begin to hum and provide permanent employment for millions of loyal American wage earners.

Let us preserve the American market for American labor and uphold the standard of wages and living that American citizens have been accustomed to in the past. Let us stand firmly for

the maintenance of the Constitution and our representative government, and proclaim in no uncertain language that there is no room for socialism, communism, or fascism, or any other foreign form of dictatorship in the United States.

Mr. BANKHEAD. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, as I view this situation it is a question of legislating either for the few or the many. We have heard from the few, by telegraph, telephone, and letters. We have not heard from the many. But the many are watching us, and they are expecting us to enact legislation which will protect them in the future. They are thinking of what happened to them in 1929, and they do not want that to happen again. Can you blame them? The country was shocked by the evidence brought out at the Senate committee hearing, and people look to us to do something that will cure that evil.

I have listened with a great deal of attention to the argument of the gentleman from Ohio [Mr. COOPER]. I too come from a great industrial center, the same as he does; a greater industrial center than he comes from. A month ago a hundred business men from St. Louis came here greatly excited about this bill. We had meetings, and I suggested to them that they place their views and objections in writing, pointing out where the bill was going to be harmful, and give the memorandum to the chairman of the committee. They followed the suggestion. Yesterday I received a telephone message from the man whom I considered chairman of that delegation telling me that they were satisfied with the bill as reported, and that they did not think it could be improved upon on the floor of the House. The gentleman that called me on the telephone is president of one of the greatest chemical companies in this country. They are going back home because they say they are satisfied. They were over-scared, and they had no reason to be scared. They know what was in the original bill and they know what is in this bill. They are satisfied, and if they are satisfied I take it that when other business men learn what is really in the bill they will be satisfied.

Mr. WADSWORTH. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from New York.

Mr. WADSWORTH. Surely the gentleman would not compare this measure with the measure that was originally introduced.

Mr. COCHRAN of Missouri. I do not compare this measure with the one that was originally introduced. I realize many changes have been made.

Mr. WADSWORTH. They were excited over the first one.

Mr. COCHRAN of Missouri. May I say to the gentleman from Ohio [Mr. COOPER] again that the delegation that came from my city, through the man I considered to be their chairman, called me on the telephone and withdrew objection to the measure? If our business men do not object to this bill, I cannot understand how Ohio business men will object to it. I have not heard from the people who were here in the interest of the stock brokers. Their representatives were here for weeks, and they, too, offered suggestions, some of them I understand being accepted by the committee.

I am satisfied that the bill is sound, that it is what the country needs, and I propose to support the bill. [Applause.]

Business might not want to be regulated now, but it had no objection to being regulated a year ago, when it came here and begged the President to help. He has helped, and as a result of that help they see light where a year ago all they could see was a black cloud. If they could trust the President a year ago, it seems to me they can trust him now. Had the Securities Act of 1933 and this bill been a law 10 years ago the crash of 1929 would never have happened. We do not want another disaster such as we experienced in 1929, and the way to prevent it is to pass this bill.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution as amended.

The previous question was ordered.

The committee amendment was agreed to.

The resolution was agreed to.

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 9323, to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself in the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 9323, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. RAYBURN. Mr. Chairman, the Committee on Interstate and Foreign Commerce of the House for the past 9 weeks has been wrestling with the problems raised by this suggested legislation.

A draft of a bill was submitted to Senator FLETCHER, of the Senate Banking and Currency Committee and to me as Chairman of the House Committee on Interstate and Foreign Commerce. We took the draft bill as a basis for discussion, began hearings. For 5 weeks, with an intermission of 1 week, we conducted hearings and those who were in so-called "opposition" to the legislation had at least three fourths of this time. To every section of the country and to every interest affected opportunity for hearing was accorded.

The bill that is before you today, it matters not what the propagandists who oppose any sort of legislation may say, is the bill of no one man or group of men, except the 25 members of the Committee on Interstate and Foreign Commerce of the House. Partisanship has been abolished in the committee during the hearings and during the consideration of this bill in executive session, and may I pay to my Republican colleagues on the committee the compliment which I believe they, as well as my Democratic colleagues, deserve for the way in which they went about the solution of this problem. Especially do I want to remark about the two minority members of the subcommittee, Messrs. COOPER and MAPES. They were courteous and cooperative with me throughout. May I pay a special compliment to the gentleman from Michigan [Mr. MAPES] for his help, his wisdom, and his good judgment in working out the definite and concrete provisions of the bill. I congratulate him and thank him for the way in which he has cooperated with me.

Few bills have ever had such thorough consideration as this stock-exchange bill. As a practical matter, the matters with which it deals have been the subject of hearings ever since the investigation of the Senate Banking and Currency Committee started some 2 years ago. And to complete the certainty that the bill in its present form has been given consideration at least so far as hearing opposition is concerned, we have worked out the terms of this bill under the pressure of the most vicious and persistent lobby that any of us have ever known in Washington—a lobby that has relentlessly opposed the bill, not only in the original form, but in the present form as my committee brings it to you, and which would, I am convinced, protest against it in any form so long as there was a tooth left in it.

Before we begin discussing the provisions of the bill in its present form, and consider objections still being made to it, I want to talk about that lobby, because the possibility that that lobby has inspired most of the protests against the bill is something which has to be taken into consideration in valuing those protests fairly. I am not suggesting that persons affected by a proposed regulation have not the right to protest fairly against it to the limit of their powers. I do not object to the effort of the New York Stock Exchange and of other exchanges to rally brokers against the bill on the frank ground that it will cut down on the profits they can take from the public. But I do object to the unfair and insidious campaign of exploitation of ignorance which the stock exchanges have waged to get business, banks, investors, and anyone else they could reach

to pull their chestnuts out of the fire with exaggerated interpretations of the bill and terroristic prophesies of general disaster. My experience with those who have personally interviewed me to protest against this bill and thereby given me a chance to cross-examine them on what they really know about it, has convinced me that not one critic in five hundred has even carefully read the bill or the sections he came in to talk about. They have been simply and sincerely following like so many sheep the suggestion carefully planted in their minds by those who want to prevent this or any other kind of effective stock-exchange legislation from being enacted at this session. As I have said, I believe in encouraging frank and honest and intelligent protest by those who know what they are talking about. But I do resent a deliberate campaign to swamp Congress and the press with a false appearance that the thinking criticism of the bill is much wider than it is.

There has not been a bill introduced into the Congress of the United States in all the years that it has been my privilege to serve in this body that has been attacked as viciously and in many instances as senselessly as this legislation has been attacked. Propaganda unequaled by any that I have ever before witnessed has been leveled against this legislation, against the members of the committee, and especially against the chairman of the committee.

I resent, as I think does everyone in this House, the campaign of personal pressure that has been carried on against every Congressman in this House, and I do not need to expand on the tactics of that campaign. There is not one of us who has not recognized how subtly and how cleverly the sources of pressure against us have been chosen, how there have been sent against each of us the most carefully chosen delegations of our personal friends and of our political friends, nor how bluntly there has been drummed into us the fact that this is an election year, when we need friends. These things do not need to be told, except to assure each of us that his own experience has been repeated by every other one of us.

But I do think that there have been certain phases of this compaign of manufacturing public opinion that are probably only best known to those who have actually been working with the bill. For instance, take the flood of letters we have received. It is commonplace talk that it has been an inspired flood. But only an analysis of a representative group of those letters will show how inspired and how untrustworthy they are. As the best illustrative sample I have had an examination made of approximately 5,000 letters and telegrams received by the President. I have those communications here with me and any unbeliever may examine them if he wishes.

Mr. AYRES of Kansas. Will the gentleman yield—not for a question but to ask if the gentleman is going to include those letters in the RECORD?

Mr. RAYBURN. Yes; some of them. The first interesting revelation is that apparently even the authenticity of some of this mail is not above suspicion. A letter from Pittsburgh makes the following interesting revelation:

On Monday or Tuesday of this week a petition was sent to the President with many forged signatures. This petition was dictated and placed in the customer's room of ——— (brokerage firm), of this city, by the manager, Mr. ———. It did not bear the firm name, as they explained they wished it to appear as coming from those outside the market.

I saw Mr. ——— add 9 names to the list; Mr. ———, an employee, added 2, as did Mr. ———, another employee. I saw many others, whom I did not know, write several names at a time. All employees were compelled to sign, and several customers who had previously refused were reminded they should sign. I learned later these customers had weak margin accounts.

In the light of this sort of attitude it is significant that the names signed to 50 communications from Pasadena, Calif., alone could not be found by the Postal Service or in the city directory.

But beyond the problem of genuineness, internal evidence makes it clear that the vast majority of the letters are of the chain variety written not of the writer's own free will and consideration but as the result partly of compulsion and partly of ignorance bred of a fear carefully nurtured by a whispering campaign. Three sources of this inspiration are particularly clear in the letters I have here. One is the campaign of brokerage houses among their employees and customers. Very early in this propaganda business I picked up this interoffice wire from a brokerage house in New York to all its branches:

REGARDING FLETCHER-RAYBURN BILL

Will you please ascertain and advise what is being done by concerted action of savings banks, corporations, listed or unlisted, insurance companies, in your territory in the way of organized effort for the fight on the above bill.

Are your employees alive to the fact that with the passage of the bill a great many of them will be out of employment?

Are they writing their Senators and Representatives? If not, they should do so at once, using their own note paper, not firm paper, and writing in their own way, protesting the passage of a bill which will rob them of employment. Please advise.

I do not doubt that every brokerage house in the country waged a similar concerted campaign to create protest against this bill. If you want to know one way in which they worked, remember the language of that letter from Pittsburgh about the forged names:

The employees were compelled to sign, and several customers, who had previously refused, were reminded they should sign. I learned later these customers had weak margin accounts.

But not all customers and employees were fooled or intimidated. Listen to this one:

PASADENA, CALIF.

A few minutes ago a broker from the Pasadena office of ——— & Co. called my father asking permission to sign his name to a telegram criticizing the Fletcher-Rayburn bill, all expenses to be paid by the brokerage house.

It is not justice that such communications as these should influence our President and representatives. After much thought I have come to the decision independently that the Fletcher-Rayburn bill should be made a law.

And here is an account of the campaign in New York:

LONG ISLAND, N.Y.

May I, as an American citizen and an admirer of the new deal, take a few moments of your valuable time and give you an interesting but nauseating sidelight of the Wall Street viewpoint of the Fletcher-Rayburn bill.

All the brokers and big-money men have started a campaign of their own in an effort to defeat the passing of this bit of legislation. They have warned their employees that if the bill passes they will all lose their positions, as their business simply cannot flourish under the new regulations; next, each employee and every member of his family were told to write to their Senator and Congressman protesting the passing of such bill—form letters were given to all the men to take home so the folks at home could get an idea of what to write.

But that isn't the worst offense. Yesterday each and every clerk was made to put up 50 cents toward lawyers' fees, which these "big shots" are going to hire to fight this bill. If they must fight, why can't they hire their own lawyers instead of taking it from the clerks who are only making $16 and $18 per week? Have you ever heard of anything more nauseating? The clerks don't dare refuse—for their jobs are at stake—the white-collar class is the most underpaid class in our whole American system, and nothing can be done to help them, because they haven't the initiative to organize and fight for their rights.

I don't think any of those clerks would oppose the bill if they weren't threatened with unemployment and made to write those letters under duress. It is sickening to think that these millionaires who have got the country in chaos in the first place should now use their employees as tools to fight the Government.

P.S.—If you want to print this, please omit my name, as I would lose my position.

From Boston, Mass.:

The letterhead above will identify me as at least for the present being employed by one of the common sources which you referred to in your letters to Senator FLETCHER and Representative RAYBURN. Probably with my attitude in support of your principles and my utter disgust at the obnoxious abuses of the public trust in this business I will not be here long. In fact, I am told by a member that feeling the way I do I am in the wrong business.

It has been very interesting to me to observe the common source battling your desires for right with mass meetings, petitions to be signed under virtual threats, newspaper articles, raising funds for committees, and a most complete effort at regimentation of business corporations, chambers of commerce, advertising agencies, investment services, counselors, et al., by means of public speakers over the radio, and public assemblies and circulars, one of which I am enclosing for your amusement. Also letters by the many to Senators, Congressmen, and committeemen, from persons of and under age claiming Democratic political faith, falsely in many cases, but that if this bill is passed it will make violate their constitutional liberty, rights, etc. In fairness to many of

these writers I would say that they are right in thought but frightened to action against their better judgment.

Now, as a customer's man and naturally still desirous of being able to earn a living I have read the bill carefully and I see that it contains nothing that I will object to. The means of administration of the bill are above my ability to argue. Whether the Federal Trade Commission should be the supervisory board I cannot say, but certainly not a committee made up of stock-exchange members. Likewise, whether the Federal Reserve bank should have control over margin requirements I cannot say, but they should be made standard by a law. I believe, in fact, that the method of control of margins being argued is merely a camouflage and in reality what the propagandists are really fighting for are lower margin requirements instead of who should control them.

May I say that I hope your Congress will not be influenced against their good judgment in support of your wishes * * *.

Here is a letter from Los Angeles describing the campaign among brokers' employees in that city:

They were instructed not to write these letters on a typewriter and not to mention their firm's name. Then they had to take these letters to their employer in an unsealed envelop so that he may examine its contents.

San Francisco, Calif.:

We all had to sign a petition to you yesterday. Please have someone take a knife and cut my name out. I have to have a job and just had to sign or quit.

When this bill was first introduced, a great many said we ought to know what the Federal Reserve Board thinks and what the Treasury Department thinks. It was committed to their hands for 8 days and they went over it line by line, and then Governor Black, of the Federal Reserve Board, had the courage to come up and say that he had read the bill from end to end and he thought it was a workable bill. I shall refer to him a little later. Mr. Smith, Assistant Secretary of the Treasury, came up and said all in favor of it that he had been instructed to say.

Now, here are some letters that would appeal to the gentleman from Illinois [Mr. BRITTEN], since he gave out his learned statement this morning with reference to "the boys" that he claims wrote this bill.

One correspondent, giving an address in Gloucester, Mass., wrote on March 22:

I have been studying the new bill for stock exchanges as recently reported by the committee and I cannot see that there has been much improvement in it over the original draft. The only thing I can think of when I visualize the workings of the bill is good old Russia. We seem to be drifting there fast.

The following day a letter signed with another name, giving an address in Saugus, was written as follows:

I have been studying the new bill for stock exchanges as recently reported by the committee and I cannot see that there has been much improvement in it over the original draft. The only thing I can think of when I visualize the workings of the bill is good old Russia. We seem to be drifting there fast.

On the same day a third letter, signed with still a third name, was written from Braintree Highlands, Mass., saying:

I have been studying the new bill for stock exchanges as recently reported by the committee and I cannot see that there has been much improvement in it over the original draft.

The only difference between the third letter and the other two is the failure to think of "good old Russia." I have only read the first paragraph in each case, the remainder of the letters is virtually identical. The stationery on which these three letters are written differs only in the color of the border.

Mr. RANKIN. Will the gentleman yield?

Mr. RAYBURN. I will ask the indulgence of the committee that I may continue until I get a little further along.

Mr. RANKIN. I think Greece and Turkey should be mentioned since Mr. Insull has been over there.

Mr. RAYBURN. There are two typewritten letters apparently from stenographers on plain stationery giving a home address and signed by the stenographer. But habitual honesty led the purported author to place the customary initials in the lower left-hand corner and these reveal that the letters were dictated to the writer by someone else, probably the employer.

And let me say to you about this bill, the impression has been created that everybody who operated on an exchange, that everybody who was a member of an exchange, that everybody who was a manufacturer or a business man is opposed to this legislation; and yet men came to my office and filed strong statements advocating a strong stock exchange bill and asking me to put their statements in the RECORD without filing their names.

One gentleman who is a big broker on the New York Stock Exchange came to my office and said, "I think you have a good bill, with two amendments." We went over his two suggestions, and after discussing them with him, found he had been misinformed about what they meant, and he said, "The people who have been talking to me did not understand this bill as you have explained it." Knowing he is a man of high type and an important broker on the great exchanges, I said to him, "Then it looks to me like you could help us stop some of this propaganda. You say you are for a strong bill and that you know about these evils that should be corrected." He said, "Well, I am for a strong bill. I am for this legislation. These evils should be outlawed and should be corrected, and if it were necessary for me to lay my head on the block in order to get a good strong bill, I would do it; but that is exactly what it would mean. I have a house in New York and several branch houses throughout the country and 800 employees in my houses. Some of them violate some rule or regulation of the New York Stock Exchange every day and they are passed over, but if I put myself up in opposition to them as favoring a good strong bill, they will destroy me by 10 o'clock in the morning."

Business men throughout the country have come to me and said that they wanted a good strong bill.

But here is a letter that caps the climax. Three writers ask in identical words, "What would Jefferson think of the Fletcher-Rayburn bill? He would, of course, use every influence to defeat it." May I ask you what that great democrat—not speaking in a partisan sense of the word—what would that great democrat, who believed in honesty in Government and honesty in all the affairs of men, have said about 1929 and the conditions and the practices that brought about the loss of untold millions to the people of this country? What would Jackson have said, what would Lincoln have said, what would Cleveland have said, what would Theodore Roosevelt have said? They would have said the same thing, that this President Roosevelt today says; that he "wants a law that will prevent the elements getting so mixed that it will bring about conditions like we had in 1927, 1928, culminating in 1929." [Applause.]

A representative of one of the large exchanges came to my office one morning and said, "Since you revised your bill"—that is, the first revision (the subcommittee and the full committee took 2 weeks to revise the revision)—"since you revised your bill, with four changes you have got a workable bill. I should like to come before your committee and be heard." I said, "You have had three quarters of the time in opposition to the bill, but tomorrow I will give you 30 minutes."

The next morning he came in and had 30 minutes and presented his four amendments.

Then I asked him the question, "If we were to adopt your four suggestions, would you support the legislation?" He threw his hands in the air and said, "No. The bill is unconstitutional. It is unworkable, destructive and not constructive."

Now, if the Membership of the House expects any man or any group of men to write any sort of a bill or law that will be accepted and endorsed by the people who do not want any sort of regulation, then they are mistaken. It matters not how you revise this bill, not what you take out of it, the people who operate the exchanges do not want it. They want self-regulation; and when temptation comes, self-regulation will mean the kind of regulation you had in 1929.

The New York exchange holds itself up by rules adopted recently establishing self-regulation and say that such rules ought to be sufficient. But it must be remembered that the

New York Stock Exchange is not the only exchange in the country, and furthermore, the New York Stock Exchange, if it can pass a rule, can revoke that rule as well.

We want to lodge the authority, power, and direction somewhere in some agency of the Government as representing the people of the country, with the right to approve or disapprove the rules and regulations of the exchanges, and with the power and authority to enforce the rules and regulations if in the public interest it is found necessary.

Another clear source of inspiration for these letters in addition to the pressure brought by brokers' houses on their customers and employees is the propaganda conducted by many of the larger corporations of big business men. For example, the Associated Gas & Electric Co., the utility now under investigation in New York State, relayed to thousands of small, ignorant stockholders, who could not understand the bill even if they had an opportunity to read it, the exaggerated account of it given by the New York Stock Exchange.

Many almost illiterate stockholders and bondholders have been frightened by this campaign into thinking that passage of the bill will destroy what little value remains of the securities previously sold them by high-pressure methods, and have written pathetic letters often enclosing the company's circular or mentioning it by name.

An organization calling itself the Chicago Association of Commerce has issued a circular beginning as follows:

> The Chicago Association of Commerce, with a membership of some 4,000 business houses located in the Chicago metropolitan area, opposes S. 2693 and H.R. 7852, proposing the National Securities Act of 1934, in the following particulars:

This is what a member of the association has to say about this statement:

> I am wondering if the association has the right to undertake to express itself on behalf of all its members in this way without their consent. * * *
>
> I am not ready to say, for example, that the National Securities Act of 1934 is the dangerous instrument that the association's statement would have one believe it to be. * * * I have had an accurate account at one of the brokers for many years so that I am not speaking unfamiliar with the stock market.

Of all letters examined about 300 represent forms which have been followed word for word, and another 200 are obviously based on a given model, although not absolutely identical.

This sort of thing is particularly insidious when carried on under the veil of governmental authority. An example turned up the other day: When questioned by the Scripps-Howard press, Mr. George Houston, the actual head of the so-called "durable goods committee of the code authorities under the N.R.A.", admitted that a formal memorandum of proposed changes in the bill to satisfy business, presented to me as the official work of the committee, was at least physically mimeographed at 2 o'clock in the morning on the machines of the New York Stock Exchange lobby in the suite of Mr. Whitney's lawyers in the Willard Hotel.

The business man who brought me the memorandum as the work of the committee—a perfectly honest man whose sincerity I thoroughly trust—freely admitted after the exposure that he had been "played for a sucker." The National Manufacturers Association and its own lobby here in Washington were clearly implicated in the preparation of the memorandum under these circumstances. We have had all sorts of reports from N.R.A. committees in the last couple of months about the Securities Act and similar legislation. I wonder how many of the reports of such committees and how many reports of chambers of commerce, business bureaus, and national associations of this and that have resulted in 2-o'clock-in-the-morning visits to the Willard Hotel or similar sources of disinterested advice to the public. I am sorry that more of the press did not carry General Johnson's highly significant statement after the durable goods committee incident in which he openly repudiated any authority of that or similar committees to speak for the N.R.A. And yet in the letters coming to the President are clear references to the effect of that report of the durable goods committee on an unsuspecting business public. I have offered you just a few illustrative concrete instances of activity which we have felt going on about us. Of themselves, if they were all, they might be comparatively unimportant. But they are very important not for what they are but for what they lead us to suspect as indications of the kind of thing which a thousand times multiplied has been going on invisibly around us.

The blunt fact about the reaction of that portion of the public which has been induced by this campaign to protest against the bill—particularly that part of the business public which is excited about the regimentation of industry supposed to lurk in the bill—is that it has either been unable to comprehend the necessarily complicated provisions of this long bill and the many drafts of it which have followed one another in the course of its revision, or that it has simply swallowed the opinions of propagandists whole without reading what they are supposed to be talking about.

I tell you from my own experience at the center of all this agitation that that part of the public which has been used by the New York Stock Exchange in its propaganda to create an appearance of a furore of protest against this bill is not representative of anything but the smallest portion of the public as a whole—and the public as a whole, perfectly conscious of the propaganda, are watching with interest to see whether we succumb to it. For every frightened security holder and every brokerage-house clerk and every nervous corporation executive who has let the stock exchange do this thinking for him, there are thousands whom experience with securities has made hard-headed who are doing some thinking for themselves, and are watching to see whether Congress hesitates to regulate the great financial powers of Wall Street whom tradition says cannot be controlled by the forces of Government.

One of the things that has been most frequently used to frighten people, particularly business men, are the provisions of the bill that have to do with reporting by corporations. When, for example, the business man whom I have referred to as admitting to me that he had been "played as a sucker", came to me with the memorandum mimeographed at the Washington headquarters of the New York Stock Exchange, I told him that I would take the bill and sit down with him and if there was a line in the bill or a sentence that did an injustice to or put an unreasonable burden upon business in this country I would be the first to move to strike it out. I then took the bill up and said to this gentleman, "Your first amendment is to strike out section 2 of the bill entirely. Why do you want to strike that out? It simply declares that this matter has reached the point where it is charged with a public interest, that there is necessity for regulation." He then said that he did not care whether it was stricken out or not, but I said, "You move to strike it out."

At every place in the bill where the term "or appropriate in the public interest" occurs, they have proposed to strike it out. Just why should a statement like that be objectionable? If the Commission that administers this law must find, before it can reach a rule or regulation, that it is in the public interest or for the interest of the investing public, what objection is there to that? It seems to me that that is a loosening of the bill. But that gets back to another thing. This bill now is criticized because it gives too much power to the administrative authorities, but all through the hearings the representatives of the exchanges and the so-called "representatives of business" in this country pounded into the committee the unwisdom of particularizing in the legislation, or going further than simply fixing the outstanding standards for the administrative body to go by. We went through the bill, and everywhere that we could find a place to give authority to the Commission to make rules and regulations to govern these matters we gave it to them, and now you will hear throughout this House those who are not voting against the bill but voting for every amendment which pulls the teeth of it, saying that they fear that we are giving to a commission or board here in Washington unheard-of powers to look into the affairs of business.

Mr. Chairman, there is no use trying to write a bill that will be effective, which will cure these evils, that will protect the public in general and investors in particular, which will please also the great exchanges of this country. These stock exchange amendments were offered in the committee. We were able to vote them down. They will be offered on the floor of this House, and I intend to brand every one of them as they come. Some people in this country may want the New York Stock Exchange and its satellites and hirelings to write this legislation. I do not. [Applause.] I do want to write a bill that will deal justly and fairly with every group and with every individual in this land. I have been held up I know as an enemy to business, but there is nothing in my career in Congress that warrants it. Twenty-four months ago I was called one of the arch reactionaries of the House and of the country, but when I went out with the securities' bill and tried to protect the investing public in this country by giving them information about securities that were offered to them, and stopping a lot of pretty bad practices that were going on, I was then advertised as a radical or a bolshevik. When I came along following the recommendation of the President of the United States and the platform upon which he was elected and upon which each and every one of you on my right was elected, trying to carry out this legislation in the protection of the people against the rapacities of the past, I am again branded as one who is willing to go out and destroy business.

Let me tell you something, and I say this to representatives of the exchanges who are doing me the honor to sit in the galleries this afternoon. They have not yet lost hope that they will be able to pull the teeth of this bill so they are still around here, and I am glad to have them here.

They are engaged in a business that ought to go on, that has a very legitimate and important function to perform. We should have a market place for the exchange of securities, but it should be a clean and honest market place.

They are in a business that, since 1929, has not stood in such high favor in the United States. In their own selfish interest, if their judgment was used, instead of their fear, they would want a strong bill for the regulation of the exchanges in order to reestablish the faith and confidence of the people so that they will again in the future, if they forget their unhappy experience of the past, use these exchanges as a place of barter and trade for securities.

Then I took up sections 11 and 12 of this bill with this business man, and I said to him, "if you will point out one thing in sections 11 and 12", and that is the registration requirements for securities, "one line that regiments business, that interferes with the operation of your own business, that makes it unduly burdensome, I will take it out." I sat down with him, and I began to read these things to him. What are they supposed to do? When they try to scare you about what the Commission is asking them to do, let me show you what the committee on stock list of the New York Stock Exchange asks them to do and the questions which they ask them to answer. Here I hold in my hand the printed list of requirements; observe all those questions covering several pages, which must be answered. The New York Curb Exchange also has detailed requirements. Now, what do we ask them to report? You know there is a remarkable thing about this bill. It contained a provision that they should report to the stock exchange and to the Commission. They objected to reporting to the Commission. Why I was never able to figure out; but they were perfectly willing that a copy of the report that they made to the stock exchange, when they had an application for a listing of their securities, should be filed with the Commission. What the difference is in that I do not know, but we did put in the bill a provision that they should file the original with the stock exchange and a duplicate with the Commission if the Commission asked them to do it.

Now, what do we ask them to do?

(A) The organization, financial structure, and nature of business.

Is that harmful? Is that irksome?

(B) The terms, position, rights, and privileges of the different classes of securities outstanding.

(C) The terms on which their securities are to be, and during the preceding 3 years have been, offered to the public or otherwise.

(D) The directors and officers, their remuneration (including amounts paid, or which may become payable, as a bonus or under a profit-sharing agreement), and their interests in the securities of, and their material contracts with, the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer.

Is it asking too much that they give us their bonus lists? I think, my friends, that when an officer of a company is paid a salary sufficient unto his labor, then if the company happens to make profits, those profits are the property of the stockholders. I think it is a very bad thing not only from the standpoint of what I think is the right thing to do but also from the standpoint of the very looks of things for a man to receive $150,000 a year as a salary and eight or nine hundred thousand dollars at the end of the year as a bonus.

It appears to me that if a man is paid from $75,000 to $150,000 a year, he is reasonably compensated; and if not he alone but all of the people in the organization and all the people that labor to produce what it sells should make $900,000, it either ought to be distributed to the stockholders or among those who made it possible. We ask merely that the stockholders be informed of the bonuses. If that is regimentation of business, then that is it.

Then we ask for:

Remuneration (including amounts paid, or which may become payable, as a bonus or under a profit-sharing agreement) in excess of $10,000 per annum, to any person other than directors and officers.

(F) Management and service contracts of material importance to investors;

(G) Options existing or to be created with respect to their securities;

(H) Balance sheets for the 3 preceding years certified by independent public accountants or otherwise, as the Commission may prescribe; and

(I) Profit-and-loss statements for the 3 preceding years, certified by independent public accountants or otherwise, as the Commission may prescribe.

Such copies of articles of incorporation, bylaws, trust indentures, or corresponding documents by whatever name known, underwriting arrangements, and other similar documents.

And so forth.

Now, I want to say that before a man can list his stock on the New York Stock Exchange, he may be required to file that much or more (apart from the disclosure of bonuses, which certainly the investing public has a right to know), but there seems to be a fear running around that the Government is going to regiment business. If any gentleman on the floor of this House during the consideration of this bill—and we have had all of these amendments—can demonstrate to the membership of this committee on either side of the House that there is regimentation of business in this bill, we are willing to take it out.

Now, the talk has been that they would have uniform accounting for all corporations of the country. There is nothing like that in this bill. There is no attempt to do it, but if an agency of the Government is going to try to regulate the sale or dealing in securities of any corporation doing business in interstate commerce, there must be intelligent reporting so that somebody can understand it.

I asked some of our railroad brethren years ago, when we were trying to get them to bring about a system of uniform accounting, which we afterward had to pass a law to make them do, why they did not get up figures that somebody could understand. It took a Philadelphia lawyer to understand their figures. Finally, by act of Congress, they were forced to bring about a uniform system of accounting, which they fought very strenuously, and today each railroad will tell you that they themselves would oppose the repeal of that requirement.

I do not say that the average business in the country is on the same footing with the railroads, because the railroads are strictly a regimented industry, being public-service corporations and subject in all of their dealings to the law.

I do challenge these people to show me where there is any interference, but they cannot show it. This fear went out from Washington. Propaganda was spread throughout the

land. It went to every manufacturer; it went to every bank; it went to every employee of these houses throughout the country, a campaign of misrepresentation and attempted fright.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield for a brief interruption at this point?

Mr. RAYBURN. I yield.

Mr. PETTENGILL. I am quoting from the report of the New York Stock Exchange for the year 1931–32, written by Mr. Whitney himself. In it this statement is made:

The exchange is a firm believer in the necessity of full and complete statistics about corporate affairs. It has for many years urged companies to give practical and complete information to shareholders about all aspects of company business.

Mr. RAYBURN. I agree with that statement. The president of the exchange also said in an address last year before the Chamber of Commerce of Cleveland:

In the nineteenth century even large businesses which had grown out of family enterprises were still controlled or at least influenced by the judgment of a few stockholders who held a substantial interest in the company and who were active in its affairs. Today that is the exception rather than the rule. I do not believe that as a result of this change the officials who have been operating our great corporations are less efficient than those who would have been chosen under the old order of things. I believe quite the contrary. But a vastly important consequence of this change is the fact that the published reports of our great companies are now the only authoritative information upon which investors can judge of the success or failure of the companies in which they have put their money. In the past, when there were few stockholders and these few were actively interested in the business of the company, the amount of information published by American companies was meager, and it became an almost invariable habit to set up company accounts in the most simple form of a balance sheet and income account. In many instances these financial statements were far from informative, and, indeed, practically no effort was made to state in them facts of the utmost importance. I shall not attempt to go into a technical discussion of accounting principles, but I can illustrate what I mean by a very simple example. Many industrial enterprises necessarily have on hand at all times inventories of either finished goods or raw materials. If these inventories are valued simply at the amount paid for them, the condition of the company often appears to be better or worse than it is in reality. It is only in recent years that the necessity of valuing inventories at or below market value has been generally recognized, and until this principle is applied universally, there is always the chance that company statements may mislead investors rather than inform them. There are many similar situations in accounting practice due to the fact, already mentioned, that some of our generally accepted methods of accounting were established by companies owned and operated by a few stockholders. These methods are not adequate to inform the investors of today who are obliged to rely almost entirely for their information upon financial statements sent to them by their companies.

It is now generally recognized that the lack of complete disclosure of the results of business operations contributed to the inflation of security values which preceded the panic of 1929. More frank and more complete information might have prevented many people from assuming that profitable operation would continue indefinitely. Investors were satisfied if it appeared that their company had earned more in the current year than in the preceding period and were induced by that information alone to hope that the future would show nothing but increasing profits. Had they known that in some instances a large part of these profits was due to nonrecurring and fortuitous circumstances, and in others to the use of accounting methods which resulted in an overstatement of income, they might have been less optimistic and security prices might not have become so inflated.

The public today insists upon more complete and accurate financial statements from publicly owned companies and I am sure that the officials and directors of these corporations, realizing the reasonableness of this demand, will furnish investors with adequate information. There have not been many instances where the failure to give complete information was due to a desire on the part of directors or officers to secure unfair personal advantage. However, many company officials did not publish complete financial statements because they were afraid that the disclosure of too much information would put their companies at a disadvantage in meeting competition, not only from other American corporations, but frequently from foreign companies engaged in the same line of business. This fear, though genuine, has in large measure proved to be unfounded.

And it is to the credit of the New York Stock Exchange that within the limits of its power it has done a great deal to require more and more information for the benefit of stockholders.

"Why then", say opponents of the bill, "is not the problem of reports of corporation left to the exchanges without Government interference?" One answer is that the exchanges are not in a position as a practical matter to require issuing corporations to give them as much information as modern standards consider is indispensably necessary to aid decent appraisal by an investor of the value of a security he proposes to buy or sell. Exchanges can only go so far before selfish managements and interlocking banking control decide that it is more advisable to fight the exchanges' requirements than to tell shareholders the entire truth about the use of their money. Another reason is that when the amount of information which is to be furnished depends upon the power of exchanges to enforce requirements as a matter of private contract in return for the advantages of listing, the trading positions of exchanges vary greatly. Requirements which the great New York Stock Exchange can insist upon, smaller exchanges cannot insist upon and get enough business to live. Writing minimum listing requirements for all listed corporations into sections 11 and 12 assures a decent minimum of listing requirements for securities listed on all exchanges, and having the information filed not only with the exchanges, but with a Federal agency, assures that the information will really be available and readily accessible to investors who might have difficulty approaching the exchanges.

The information asked for by sections 11 and 12 goes no further than the present requirements of the New York Stock Exchange except in respect of the revelation of the remuneration of officers, directors, and high-salaried employees. As a legal matter, the New York Stock Exchange can demand far more than is required by sections 11 and 12 since there is no limit to what, by private contract, the exchange can demand of applicants. It requires as part of its listing agreement that the applicant "furnish the New York Stock Exchange, on demand, such reasonable information concerning the company as may be required." Companies that are subject to such demands upon them on the part of private interest operating a public-securities market, can hardly be heard to object to the minimum listing requirements set forth in sections 11 and 12.

As for the new requirements set out in sections 11 and 12 for the revelation of the compensation and remuneration which officers, directors, and high-salaried employees take out of the business, that is an advance which the public investors of the United States who are paying that compensation and remuneration will demand regardless of the protests of the managements whom they are paying and the charges that such revelation may interfere with essential secrecy in the operation of corporations.

Now, coming back to this campaign of fear, the President of the United States wrote me a letter before he went away on a short vacation, in which he called attention to this propaganda and pointed out that it came from a common scurce; and, of course, it was paid for from a common source. I, too, can bear witness to this organized propaganda. I have in my hands a batch of more than 200 letters. As you may observe, they came from a common source, from the same neighborhood. Every one is in the same colored envelope, but they are written in different hands.

As I pointed out before, the Associated Gas & Electric System is circularizing everybody who owns any of its stock. While it may not be information to you, it is true nevertheless, that the Associated Gas & Electric System throughout its existence—and it is a concern whose securities run into hundreds of millions of dollars—has been the most noncooperative organization in the United States, both with regard to State commissions and to legislative bodies. This system, of course, is dominated by the personality of Mr. Hobson; and he is pretty hard to get before a committee, as some of you may know.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COOPER of Ohio. The objections of most of the utilities were met by an amendment accepted by the committee, which amendment inserted the words "or any

State." I think this was the principal objection from the utility companies.

Mr. RAYBURN. Of course, we put the language in the bill "of any State"; but we also provided that the commission should be allowed to call for other things, because we know some of the States do not have any laws with reference to this question and some have very poor laws with respect to it.

Mr. COOPER of Ohio. If I may make this further observation, the fear expressed by the utilities was that they would have to set up a double-accounting system. They now have to conform to a system set up by each State public utility commission; and the thing about which they complained in the bill in its original form was that it would probably cause them to set up a double-accounting system.

Mr. RAYBURN. The requirement that adequate and intelligent reports be made for the benefit of investors does not necessitate the keeping of two sets of books.

Remember that we have been hearing for these 2 months on this subject of corporate reports only the voice of corporation managements. We have heard very little on behalf of the great unorganized and inarticulate mass of millions of security holders, who look to us to understand their side of the problem without a lobby. But three indications of their side of the problem have been presented in the course of the hearings that I think should be known. Two of them are communications from great investment services that for many years have tried to make available to the great investing public knowledge of the value of corporate securities—Standard Statistics Service and Moody's Investment Service. The following excerpt appeared in the Standard Trade and Securities Service of Standard Statistics Service on April 7:

IMPROVED CORPORATION STATEMENTS

The section of the proposed act dealing with the adequacy, frequency, and uniformity of corporation reports is, in our judgment, a prudent one.

To most of the large corporations the securities of which are now listed on national exchanges, the supervision over corporation reports that is provided for will constitute not much more than a mere technicality. These corporations are already, in the main, rendering adequate reports to their security owners of sufficient frequency and in sufficient detail.

On the other hand, there still exist, unhappily, a limited number of corporations which have invited the investing public to advance loans to them, or to join in partnership with them, but which still refuse to render the proper kind of financial reports to the public. Indeed, a limited number of cases can be cited where there are securities in the hands of the public but where the corporations which issued these securities refuse to give any financial information whatsoever to security owners.

From the standpoint of the investing public, such an attitude appeals to us as entirely indefensible.

In sum, this portion of the act is quite unlikely to work any hardship upon those thousands of corporations which are already playing fair with their security owners. It does, however, compel necessary publicity on the part of that relatively small group which has not been playing fair.

There is every reason to believe that the Federal Trade Commission, in administering this section of the act, will not be unduly severe.

The following is a letter I received from Moody's, one of the oldest investment services in the United States:

APRIL 10, 1934.

HON. SAM RAYBURN,
House of Representatives Office Building,
Washington, D.C.

Re: Revised National Securities Exchange Act of 1934.

DEAR MR. CONGRESSMAN: We have noted, from press reports, that some amendments are being offered and made in the above bill.

We write to express the hope that those sections which require issuing corporations to make available to the public information on registered securities will not be weakened. We refer to section 11 (b) and to section 12.

In urging that there be no amendments to these sections such as would materially affect them, we speak as an organization that has been for more than 30 years engaged in furnishing information and counsel to institutions and individual investors.

In our experience there is no room for doubt that the more information there is available concerning a corporation, the more accurate one's judgment can be as to the investment qualifications of its securities. Or, to put it in the opposite way, lack of adequate and frequent information concerning a corporation prevents effectively thorough appraisal of the investment qualifications of its securities.

We do not wish to argue that availability of information will ipso facto protect investors against losses. Intelligence cannot, of course, be legislated into investors' minds. But exercise of intelligence, where it does exist, can be made possible if adequate information be made available as set forth in the above-mentioned sections of the bill. This would also tend to prevent a certain amount of that type of market manipulation which is based on absence of information.

Yours very truly,

RUSSELL LEAVITT, *Vice President.*

And one of the few witnesses who appeared on the investors' side of this problem, the manager of a great investment trust in New York City, a professional investor of the public's money and a professional analyst for that purpose of corporation reports, made a statement in part as follows:

If by the term "trade secrets", opponents of this measure mean excessive margins of profit, which would be revealed only by the publication of earnings against sales, then these critics have cited the best reason for publication of the figures.

If margins of profit are too wide and prices are too high, the consuming public should be afforded the protection of open competition and investors should be apprised that the margins are so wide as to become untenable through competition.

Some directors and executives of corporations have failed to keep pace with the progressive transfer of control from private groups to the public. The directors today are merely employees working in the interest of the investing public. The latter never intended to place the directors in a preferential position with regard to information concerning the company's earnings, but this situation exists in hundreds of companies today.

Pool operations in recent years have been concentrated largely in stocks of companies which report annually and which thus preserve secrecy and mystery concerning their earnings for months at a time.

A study of hundreds of companies in the last 7 years has convinced me that the units which do not report adequately on their operations and financial status have either been losing ground competitively, have been pursuing policies which they do not care to have exposed, have been operating on margins of profit which are clearly excessive, or have been influenced in their public relations by private groups, which have not yet recognized the shifting of ownership of great corporations to the public and are not sensitive to the fiduciary responsibilities of directors and officers.

The reporting of large corporations has improved in recent years, partly as a result of the leadership of the New York Stock Exchange, and because of the increasing recognition of the rights of the smaller investor, which has been produced by the recent depression.

If the corporate form of organization is to endure, millions of investors must be protected by legislation that will ensure that the small stockholder and the large one will be treated on a basis of equality.

The major problem of investors and investment trusts is the appraising of values. Whenever the financial community has gotten too far away from values and loses its perspective, as in 1929 and the summer of 1933, there has been trouble.

The problem of appraising values depends on three factors: General business conditions, on which Government agencies, such as the Federal Reserve Board and the Department of Commerce, present full information; the condition of the industry in which one is seeking to invest funds; and the financial record of the individual companies. The success of the investor in ascertaining facts regarding industries and individual companies is dependent largely on the policy of companies as to issuing adequate and frequent reports.

I do not believe that any company would have the effrontery to seek to evade the reporting requirements of this bill by withdrawing its shares from listing on any exchange in this country.

These, then, are the reasons why provisions for decent and frequent corporate reports are included in this stock exchange bill. They simply standardize requirements which the stock exchanges are already making at a standard which offers at least a beginning of protection against the concealment of management interests of investors who have hitherto bought into listed securities almost entirely blindly.

A lot has been said to the effect that this bill would cause deflation of outstanding securities. I think Governor Black of the Federal Reserve Board is the best authority on this question. Governor Black was asked the direct question if he thought it would bring about a deflation of securities and he said:

I have heard "wolf" cried so much about business in this country that I do not have much fear about it. We heard the same thing when we went off of the gold standard; you heard the same thing about the gold clause, and I felt the same way when they took our gold, but I was mistaken in all three things.

Governor Black was asked what effect a similar law would have had upon the situation in 1929 and he said

that nothing could have stopped the wild speculation of 1929 because the people practically went insane; but he did say that if such a law had been in effect in 1927 and 1928 preceding the break in New York, that it could have been materially lessened. That is what he says about these so-called "deflationary provisions."

In section 3 of the bill we set forth the definitions; and I shall insert in the RECORD at this point some further definitions of terms which may be used in connection with the discussions of the bill in nontechnical language and are only intended to assist the Members in understanding the bill.

A "put" is an option to sell a security at a given price within a given time.

A "call" is an option to buy a security at a given price within a given time.

A "straddle" is a combination of a "put" and a "call", giving the holder the right either to sell or to buy the security at specified prices within a given time.

The term "pool" is used to describe operations to control the price of a security, usually by means of a syndicate or joint account. Under the bill all efforts to raise or lower the price of a security are outlawed. Pools to peg or stabilize the price are subject to regulation by the Commission.

A "short sale" is a sale by a person who does not own the security sold. He borrows the security to make delivery to the buyer and subsequently buys the security in order to return it to the lender. His profit is the difference between the price at which he sells and that at which he subsequently buys.

"Floor trading" is trading on the premises of an exchange by members for their own account. As used in the bill it also includes trading for a discretionary account.

"Arbitrage" is the simultaneous buying of a security in one market at a price and selling it in another market at another price for the purpose of profiting from the difference in prices in such markets.

"Over-the-counter market", as used in this bill, refers to a market maintained off a regular exchange by one or more dealers or brokers. The market must be maintained both for the purchase and the sale of the securities in question. A dealer or broker who merely undertakes a request to find a purchaser for a person who wants to sell or to find a seller for a person who wants to buy, would not usually be considered to be creating a market. But the dealer who normally is willing to quote "a market", that is, both the price at which he will buy and the price at which he will sell, is creating an over-the-counter market.

Section 6 is the section around which a great controversy has raged. It deals with the all-important problem of credit control or margins. I have from the beginning considered this problem paramount. A reasonably high margin requirement is essential so that a person cannot get in the market on a shoe string one day and be one of the sheared lambs when he wakes up the next morning. I do not believe people ought to be allowed to go into the market on a 10-, 15-, 20-, or 25-percent margin.

Originally we proposed in this bill that the margin should be 60 percent for the initial margin or 40 percent as the initial loan. Then in order to bring about an agreement, I proposed 50 percent for margins and 50 percent for loan values. The subcommittee finally went to an initial margin of 45 percent and a borrowing of 55 percent, which the full committee accepted. And considerable flexibility in the application of the margin rules is afforded by the provision permitting a broker to lend 100 percent of the 3-year low, not exceeding 75 percent of the market. Indeed, according to the calculations of Standard Statistics, the margins required on the basis of the present level of the market would not exceed 35 percent.

Governor Black has been quoted all around as wanting this bill flexible as far as margins are concerned. A proposal was made from some source that we have a marginal requirement in the bill, but that no standard should be set up and that the margin business should be turned over entirely to the administrative body. May I say one thing about these margins? It matters not whether this bill is administered by a board or a commission and the Federal Reserve Board in conjunction with them, but it is important that the margin requirements for member banks of the Federal Reserve System, the margin requirements for nonmember banks, and the margin requirements for brokers be put under the administration of the same body. If the margins for the member banks are under the Federal Reserve System, then the margins for the nonmember banks and for the brokers should be handled by the same agency. As Governor Black said, whether or not there was a standard fixed in the bill the margin requirements should be administered by the same body for the reason that if the Federal Reserve Board fixed one marginal requirement for member banks and another administrative authority fixed another margin for brokers and nonmember banks, speculative loans would move from the brokers and nonmember banks to member banks, or from member banks to the brokers and nonmember banks, depending upon which margin requirements were the higher.

But believing that we should set up a flag somewhere, and that we should give some congressional expression to what we regarded as a proper margin requirement, we set up 45 percent as the initial margin, and yet we give the Federal Reserve Board, when it finds it in the public interest, and necessary to the free flow of trade and commerce, power to vary even the 45-percent margin for initial opening of accounts. Not only that, but we go farther and say that the maintenance of the account shall be left entirely with the administrative body. It seemed to those of us who believe in some sort of a standard being fixed by Congress, some kind of a bright line drawn or signal set up, that we would have failed in our duty if we did not give some indication to the Reserve Board as to what we regarded as a fair minimum-margin requirement.

I believe that the House, after discussion and when we begin to read this bill under the 5-minute rule, will come to the same conclusion that the subcommittee and the full committee came to, namely, that we should have a marginal requirement in this bill.

Mr. CLAIBORNE. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Missouri.

Mr. CLAIBORNE. Assume a man employed by a company whose stock is dealt with on an exchange. If that man wants to buy further of his company's stock and goes to the banker to make a loan in order to increase his stock holdings, does this bill limit his banker as to the amount of money the banker may lend him to buy his company's stock?

Mr. RAYBURN. If it is listed on the exchange, yes.

Mr. CLAIBORNE. So that young men who have built themselves up by buying their company's stock, of which they know much, are limited in the future and may not be able to do so?

Mr. RAYBURN. They will unless by rules and regulations it is provided otherwise, if the stock is listed on the New York exchange.

If there has been a thing in the world that has been abused throughout this country, and if there is one way in which management perpetuates itself in office, it is by the use of proxies. We treat that situation here and say that the proxies shall be used under such rules and regulations as the administrative body may promulgate.

Mr. McFADDEN. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. I wanted to inquire about the other provision. May I ask the gentleman whether or not his committee considered the question of taking stockbrokers or members of the exchange out of the banking business and forbidding them lending money to their customers, and compelling the customers to either have the cash or go to the banks and get it? Did the committee consider that question?

Mr. RAYBURN. The rules and regulations give wide authority to the administrative body over loans. Stock-exchange brokers cannot lend on unlisted securities, but banks may lend any amount they deem proper.

Mr. McFADDEN. There is no restriction on the brokers borrowing money from the banks and in turn lending to their customers.

Mr. RAYBURN. That is precisely what the margin regulations cover.

We have a liability clause in here covering false and misleading statements. It appeared to us that there ought to be some way of protecting a man against false and misleading statements.

The first provision of the bill as originally written was very much challenged on the ground that reliance should be required. This objection has been met. In other words, if a man bought a security following a prospectus that carried a false or misleading statement, he could not recover from the man who sold to him, nor could the seller be punished criminally, unless the buyer bought the security with knowledge of the statement and relied upon the statement. It seemed to us that this is as little as we could do.

I will proceed to section 18, which deals with powers with respect to exchanges and securities. The Commission is authorized, if in its opinion such action is necessary or appropriate for the protection of investors, after appropriate notice and opportunity for hearing, by order, to suspend not only an exchange for a period but to suspend trading in a security on an exchange. In other words, they may force the delisting of the security if the issuer of such security has failed to comply with any provision or the rules and regulations thereunder.

May I say something about the hearings before the Commission? The hearings may be public. There are some issues which will come before the Commission where the people who are being heard would not want open hearings, because it might give away trade secrets that they would not want given out. We have protected in this bill, as far as language can protect, the trade secrets of corporations.

We come to the penalty clause of the bill, which was very drastic in the beginning. The maximum penalty for violation was 10 years' imprisonment, a $25,000 fine, or both.

Of course, I did not think it made a great deal of difference, since this was the maximum penalty and the court could impose such fine or imprisonment as it deemed appropriate to the particular offense. But to show that the committee wanted to take as much of this so-called "fright" out of the bill as possible, we reduced the maximum penalty to a fine of $10,000 or 2 years in prison, and in the case of an exchange, to a fine of not more than $500,000.

All in all, as we believe we will be able to demonstrate under the 5-minute rule in answer to questions and in the discussion of amendments, we have a reasonable bill, one that will not be irksome to any legitimate industry, but will protect the public from conditions that have existed in the past and in the long run will not only help investors and the public in general, but will be a great boon to the stock exchanges themselves and the traders on the stock exchanges.

Mr. MAY. Will the gentleman yield for a question?

Mr. RAYBURN. Yes.

Mr. MAY. I am very much in favor of regulating the stock exchanges and have a great deal of confidence in the information of the chairman of this committee, but I would like to state a concrete proposition that affects my own particular neighborhood and see if it meets the requirements of this legislation. In my district I have an operating coal company that is a $30,000,000 concern with a $6,000,000 defaulted bond issue in receivership. I have another coal company that has a statement involving $8,000,000 with a $35,000,000 bond issue in default and it is also in receivership. I have a gas company that owns a good many leases of gas wells in production and has a default of $4,500,000 of bonds. Under the provisions of this proposed legislation, could these receivers enter into an agreement with the bondholders by which they could refund these bonds by an issue of preferred or common stock, without having to meet the requirements of this legislation? In other words, would they have to list these stocks on the exchanges?

Mr. RAYBURN. If they are not listed stocks, they would not have to do it.

Mr. MAY. If they are not already listed stocks?

Mr. RAYBURN. Yes; primarily this does not have anything to do with securities except those listed on a national exchange, and the exchange must make application and be granted the right to register them before it comes under the National Securities Act. The commission also has power to regulate the over-the-counter markets, but in so doing they can only regulate the brokers or dealers who create a public market for both the purchase and sale of such securities, and cannot compel corporations not interested in having a public market for their shares to file any statements or submit to any regulation.

Mr. MAY. Then it would not affect small corporations at all who have not such registered stocks?

Mr. RAYBURN. Not at all.

Mr. BROWN of Kentucky. If the gentleman will permit, the company that the gentleman from Kentucky is speaking of would be affected by this legislation and, as a matter of fact, it ought to be affected, because before they offer such a security to the gullible public, such as the securities of a company that has been in receivership, the public ought to be protected by some sort of law.

Mr. RAYBURN. I think the Securities Act of 1933 is the one to which the gentleman is referring.

Mr. MAY. My question does not have any reference to the gullible public. I am talking about the bondholders of the concern taking stock for it.

Mr. BROWN of Kentucky. Is not this company listed on the New York Stock Exchange?

Mr. MAY. I do not know whether it is or not, but it is a New York corporation.

Mr. RAYBURN. Now, Mr. Chairman, I am going to close, because I am fearfully tired and I would rather answer the questions you are going to ask me under the 5-minute rule, because we are going to have unlimited debate at that time.

I want to wind up what I say here today by repeating what I stated in a radio address when I told the people of the country something about this bill.

The people of this country, I think, are high-minded and honest. I think the vast majority of business in this country is high-minded and honest. I do not think we have to pass restrictive laws for a great deal of business, but I do think that business with a reputation to protect, that over a long period of years has built up a reputation and a good will among the people that is worth a great deal to it, has the right to be protected from the desperadoes who are making it hard on the man who wants to conduct a straightforward and honest business.

I think the people of this country want corruption driven from high places. I think they want and expect their public officials to be clean, and we must not forget, when we are harassed by this propaganda of a few thousands of people, the unnumbered millions throughout this country who have not been articulate in this fight, who have no interests to serve except the common good. They are looking to you and to me as their spokesmen and as their Representatives, not only now but in the future. They want to see this country clean in business and clean in politics, so that the faith and confidence of our people may not be shattered and destroyed, so that under a faith and confidence that are constant and patriotic the institutions of this country, great as they are, may be transmitted to posterity in such a way that those who live at that time can be of the most service to those who live about them. [Applause.] I thank you.

Since the majority report of the committee deals more fully with matters that I have had time only to touch upon, I insert it as part of my remarks.

The report is as follows:

[H.Rept. No. 1383, 73d Cong., 2d sess.]

SECURITIES EXCHANGE BILL OF 1934

Mr. RAYBURN, from the Committee on Interstate and Foreign Commerce, submitted the following report to accompany H.R. 9323:

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, report favorably thereon without amendment, and recommend that the bill do pass.

I. INTRODUCTORY STATEMENT

THE PRESIDENT'S MESSAGE AND LETTER

On February 9, 1934, the President sent the following message to Congress:

"To the Congress:

"In my message to you last March proposing legislation for Federal supervision of national traffic in investment securities I said: 'This is but one step in our broad purpose of protecting investors and depositors. It should be followed by legislation relating to the better supervision of the purchase and sale of all property dealt with on exchanges.'

"This Congress has performed a useful service in regulating the investment business on the part of financial houses and in protecting the investing public in its acquisition of securities.

"There remains the fact, however, that outside the field of legitimate investment naked speculation has been made far too alluring and far too easy for those who could and for those who could not afford to gamble.

"Such speculation has run the scale from the individual who has risked his pay envelop or his meager savings on a margin transaction involving stocks with whose true value he was wholly unfamiliar, to the pool of individuals or corporations with large resources, often not their own, which sought by manipulation to raise or depress market quotations far out of line with reason, all of this resulting in loss to the average investor, who is of necessity personally uninformed.

"The exchanges in many parts of the country which deal in securities and commodities conduct, of course, a national business, because their customers live in every part of the country. The managers of these exchanges have, it is true, often taken steps to correct certain obvious abuses. We must be certain that abuses are eliminated, and to this end a broad policy of national regulation is required.

"It is my belief that exchanges for dealing in securities and commodities are necessary and of definite value to our commercial and agricultural life. Nevertheless, it should be our national policy to restrict, as far as possible, the use of these exchanges for purely speculative operations.

"I, therefore, recommend to the Congress the enactment of legislation providing for the regulation by the Federal Government of the operations of exchanges dealing in securities and commodities for the protection of investors, for the safeguarding of values, and, so far as it may be possible, for the elimination of unnecessary, unwise, and destructive speculation.

"FRANKLIN D. ROOSEVELT.

"THE WHITE HOUSE, *February 9, 1934.*"

On March 26, 1934, the President sent the following letter to the chairman of this committee:

THE WHITE HOUSE,
Washington, March 26, 1934.

Hon. SAM RAYBURN,
Chairman Interstate and Foreign Commerce,
House of Representatives.

MY DEAR MR. CHAIRMAN: Before I leave Washington for a few days' holiday, I want to write you about a matter which gives me some concern.

On February 9, 1934, I sent to the Congress a special message asking for Federal supervision of national traffic in securities.

It has come to my attention that a more definite and more highly organized drive is being made against effective legislation to this end than against any similar recommendation made by me during the past year. Letters and telegrams bearing all the earmarks of origin at some common source are pouring in to the White House and the Congress.

The people of this country are, in overwhelming majority, fully aware of the fact that unregulated speculation in securities and in commodities was one of the most important contributing factors in the artificial and unwarranted "boom" which had so much to do with the terrible conditions of the years following 1929.

I have been definitely committed to definite regulation of exchanges which deal in securities and commodities. In my message I stated, "it should be our national policy to restrict, as far as possible, the use of these exchanges for purely speculative operations."

I am certain that the country as a whole will not be satisfied with legislation unless such legislation has teeth in it. The two principal objectives are, as I see it—

First, the requirement of what is known as margins so high that speculation, even as it exists today, will of necessity be drastically curtailed; and

Second, that the Government be given such dennite powers of supervision over exchanges that the Government itself will be able to correct abuses which may arise in the future.

We must, of course, prevent insofar as possible manipulation of prices to the detriment of actual investors, but at the same time we must eliminate unnecessary, unwise, and destructive speculation.

The bill, as shown to me this afternoon by Senator FLETCHER, seems to meet the minimum requirements. I do not see how any of us could afford to have it weakened in any shape, manner, or form.

Very sincerely,

FRANKLIN D. ROOSEVELT.

THE GENERAL PURPOSES OF THE BILL

To reach the causes of the "unnecessary, unwise, and destructive speculation" condemned by the President's message, this bill seeks to regulate the stock exchanges and the relationships of the investing public to corporations which invite public investment by listing on such exchanges.

The bill is conceived in a spirit of the truest conservatism. It attempts to change the practices of exchanges and the relationships between listed corporations and the investing public to fit modern conditions, for the very purpose that they may endure as essential elements of our economic system. The lesson of 1921-29 is that without changes they cannot endure.

The bill is not a moral pose or a vengeful striking back at brokers for the losses which nearly the entire Nation has suffered in the last 5 years. Nor is its purpose or effect to regiment business in any way. It is simply an earnest attempt to make belated intelligent adjustments, long required by changing conditions, in a faulty system of distributing shares in corporate enterprise among the public—a system which from the coldly objective viewpoint of the welfare of a conservative public simply has not worked. The out-of-date unsuitability to post-war conditions of a whole series of economic interrelationships of which the stock exchanges are the nerve center has uncontrollably accentuated natural moderate fluctuations of our economic system into mad booms and terrible depressions. And such booms and depressions constitute a more real danger to the stability of a moderate, honest, individualistic state than all the unsound theories in the world. This bill seeks to save, not destroy, stock markets and business, by making necessary changes in time.

The fundamental fact behind the necessity for this bill is that the leaders of private business, whether because of inertia, pressure of vested interests, lack of organization, or otherwise, have not since the war been able to act to protect themselves by compelling a continuous and orderly program of change in methods and standards of doing business to match the degree to which the economic system has itself been constantly changing—changing in the proportion of the wealth of the Nation invested in liquid corporate securities traded in on the stock exchanges, changing in the relationship of the distribution of securities and the trading in securities to the balanced utilization of the Nation's credit resources in the financing of agriculture, commerce, and industry. The repetition in the summer of 1933 of the blindness and abuses of 1929 has convinced a patient public that enlightened self-interest in private leadership is not sufficiently powerful to effect the necessary changes alone—that private leadership seeking to make changes must be given Government help and protection.

Since the war the interest of the public at large in the ownership of corporate enterprise has grown bigger, the size of the corporate unit has increased, the diffusion of corporate ownership has widened, all correlatively. Not only is nearly one half of the entire national wealth of the country represented by corporate stocks and corporate and Government bonds, but nearly one half of that corporate wealth is vested in the 200 largest nonbanking corporations which, piercing the thin veil of the holding company and disregarding a relatively few notable exceptions, are owned in each case by thousands of investors and are controlled by those owning only a very small proportion of the corporate stock. Ownership and control are in most cases largely divorced. It is estimated that more than 10,000,000 individual men and women in the United States are the direct possessors of stocks and bonds; that over one fifth of all the corporate stock outstanding in the country is held by individuals with net incomes of less than $5,000 a year. Over 15,000,000 individuals hold insurance policies, the value of which is dependent upon the security holdings of insurance companies. Over 13,000,000 men and women have savings accounts in mutual savings banks and at least 25,000,000 have deposits in national and State banks and trust companies—which are in turn large holders of corporate stocks and bonds.

With this growth in security ownership by the public, the security markets have grown proportionately in importance. Two hundred and thirty-seven million corporate shares were sold on the New York Stock Exchange in 1923; despite the depression, 654,000,000 shares were sold in 1933.

With such concentration of national wealth in the form of liquid corporate securities, the economic machinery of the whole country is now affected by, and is organized primarily to serve, security markets which are as sensitive as a hair trigger. A magnificently organized lending machinery which operates by wire can, with an offer of call-loan safety and 1 percent higher interest, draw funds from local banks which would otherwise seek moderate investment in local business enterprise, to finance the pool of a far-away metropolitan speculator distributing through the stock exchanges the securities of a huge corporate merger designed ultimately to swallow and destroy local enterprise. And there is a demonstrable direct relationship between easy credit for the purchase of new securities in the stock market and the trend toward industrial monopolies so accentuated since the war.

A rise in the security markets stimulates economic activity in all lines of business, a fall in the market precipitates a decline. If the rise in the market is occasioned by an excessive use of credit, a decline in the market loosens a process of deflation which feeds on itself and ruins not only security prices but all business as well. Between 1922 and 1929 brokers' loans increased from 1½ billion dollars to 8½ billion dollars. Five billion dollars of this increase took place in 3 years, 1½ billion dollars in the last 3 months. In the crash of 1929 the same loans declined 3 billion dollars in the first 10 days and 8 billion in the next 3 years. These figures alone will enable the economic historian of the future to describe the unhealthy prosperity of 1929 and the inevitable grief and suffering that followed in the succeeding years—grief and suffering that overwhelmed and carried away not merely the speculative gains of those who participated in the speculative debauch, not merely the savings of the most frugal and most thrifty invested in securities, but eventually the operat-

ing profits of every business in the country no matter how unrelated to stock exchanges.

All through these years the machinery of the stock exchanges and of corporate management have only grown bigger without growing different. But this significant growth in size and importance of the exchanges and the business they do with the public has necessitated a real difference in kind in the treatment of that public by the law and by business ethics. Stock exchanges which handle the distribution and trading of a very substantial part of the entire national wealth and which have developed a technique of sucking funds from every corner of the country cannot operate under the same traditions and practices as pre-war stock exchanges which handled substantially only the transactions of professional investors and speculators. And standards of corporate management adequate to inspire investor confidence in the caveat-stockholder era of closely held stockholder-managed companies cannot be stably perpetuated in an era where one company boasts over 700,000 stockholders, and 200 corporations control one half the corporate wealth of the country.

If investor confidence is to come back to the benefit of exchanges and corporations alike, the law must advance. As a complex society so diffuses and differentiates the financial interests of the ordinary citizen that he has to trust others and cannot personally watch the managers of all his interests as one horse trader watches another, it becomes a condition of the very stability of that society that its rules of law and of business practice recognize and protect that ordinary citizen's dependent position. Unless constant extension of the legal conception of a fiduciary relationship—a guarantee of straight shooting—supports the constant extension of mutual confidence which is the foundation of a maturing and complicated economic system, easy liquidity of the resources in which wealth is invested is a danger rather than a prop to the stability of that system. When everything everyone owns can be sold at once, there must be confidence not to sell. Just in proportion as it becomes more liquid and complicated, an economic system must become more moderate, more honest, and more justifiably self-trusting.

When corporations were small, when their managers were intimately acquainted with their owners and when the interests of management and ownership were substantially identical, conditions did not require the regulations of security markets. Even those who in former days managed great corporations were by reason of their personal contacts with their shareholders constantly aware of their responsibilities. But as management became divorced from ownership and came under the control of banking groups, men forgot that they were dealing with the savings of men and the making of profits became an impersonal thing. When men do not know the victims of their aggression they are not always conscious of their wrongs. President Wilson showed a keen prophetic sense when he stated:

"Society cannot afford to have individuals wield the power of thousands without personal responsibility. It cannot afford to let its strongest men be the only men who are inaccessible to the law. Modern democratic society, in particular, cannot afford to constitute its economic undertakings upon the monarchial or aristocratic principle and adopt the fiction that the kings and great men thus set up can do no wrong which will make them personally amenable to the law which restrains smaller men; that their kingdom, not themselves, must suffer for their blindness, their follies, and their transgressions of right."

II. General Analysis of the Bill

Its scope and constitutionality

The causes of dangerous speculation in the securities markets go far deeper than defects and abuses in stock-exchange machinery alone. They include inadequate central control of a national credit system that too easily provides for speculation funds which the national welfare much more requires in local commerce, industry, and agriculture. They include inadequate corporate reporting which keeps in ignorance of necessary factors for intelligent judgment of the values of securities a public continually solicited to buy such securities by the sheer advertising value of listing. They include exploitation of that ignorance by self-perpetuating managements in possession of inside information. Speculation, manipulation, faulty credit control, investors' ignorance, and disregard of trust relationships by those whom the law should regard as fiduciaries, are all a single seamless web. No one of these evils can be isolated for cure of itself alone. A stock-market pool, for instance, is only an effect and not a cause; the manipulator, a shell-game artist who can live only by following the county fair of too easy credit and ignorance.

A bill seeking effectively to control and regulate the securities markets therefore necessarily covers a wide field—necessarily touches more than a few willful speculators of Wall Street, necessarily calls for the cooperation of the wide-spread economic interests which the securities market affects. Business which was engulfed and nearly destroyed by the speculations of 1929 has its contribution to make in the form of fair and informing reports. Banks whose assets were carried away in loans based upon values inflated by reckless speculation must cooperate in permitting coordinated control of the delicate credit system which has been left to their management despite the fact that the Nation has had to expend billions of dollars to insure their solvency.

The factual situation which makes the legislation necessary is set forth in section 2. These recitals of fact—the use of the security markets as interstate markets in which ownership passes from residents of one State to those of another; the constant use of the postal facilities for the conduct of these markets; the abundant use of the credit facilities of national banks and of member banks of the Federal Reserve System; the effect of security prices upon transactions in interstate commerce, upon bank loans, upon taxes, and upon credit available for trade, transportation, and industry—are common knowledge not only among economists but among bankers and business men everywhere. This legislation is not an attempt to reach out and correct the morals of the citizens of any one State; it is an attempt to deal with very vital economic problems going to the root of the functioning of our national credit system.

The constitutional significance of the wide delegation of powers to the Federal Reserve Board and to the Federal Trade Commission, which would administer the act, has been considered with particular care—and the delegation made only with the indication of such maximum standards for discretion as, in the considered judgment of the committee, the technical character of the problems to be dealt with would permit. The bill legislates specifically just as far as the committee feels it can. The original bill submitted to the committee dealt very specifically and definitely with a number of admitted abuses. In many cases, however, the argument was made that while the solutions offered might be correct, their effects were so far-reaching as to make it inadvisable to put these solutions in the form of statutory enactments that could not be changed in case of need without Congressional action. Representatives of the stock exchanges constantly urged a greater degree of flexibility in the statute and insisted that the complicated nature of the problems justified leaving much greater latitude of discretion with the administrative agencies than would otherwise be the case. It is for that reason that the bill in dealing with a number of difficult problems singles out these problems as matters appropriate to be subject to restrictive rules and regulations, but leaves to the administrative agencies the determination of the most appropriate form of rule or regulation to be enforced. In a field where practices constantly vary and where practices legitimate for some purposes may be turned to illegitimate and fraudulent means, broad discretionary powers in the administrative agency have been found practically essential, despite the desire of the committee to limit the discretion of the administrative agencies so far as compatible with workable legislation. It has been represented that the pleas of the representatives of the stock exchanges for the vesting of broad discretionary powers in the administrative agencies have been made with a view to subjecting the bill to constitutional attack at a later date. The committee has, however, taken the pleas in good faith, believing that the nature of the legislation is such as to justify within constitutional limitations that measure of flexibility required in dealing with so intricate a subject matter.

Organization of bill

The chief provisions of the bill may be grouped under six headings: (a) control of credits; (b) control of manipulative practices; (c) provision of adequate and honest reports to securities holders by registered corporations; (d) control of unfair practices of corporate insiders; (e) control of exchanges and over-the-counter markets; (f) administration.

Control of credits

The underlying theory of the bill with respect to control of credit is as follows:

(1) Without adequate control the too strong attraction of a speculative stock market for credit prevents a balanced utilization of the Nation's credit resources in commerce, industry, and agriculture.

(2) To effect such better balance, all speculative credit should be subjected to the central control of the Federal Reserve Board as the most experienced and best equipped credit agency of the Government.

(3) To achieve that control the Federal Reserve Board should be vested with the most effectual and direct power over speculative credit, i.e., the power to control margins on the actual ultimate speculative loans themselves.

(4) Both for the direction and the protection of the Federal Reserve Board in the administration of flexible powers, Congress should offer the Board some definite margin standard to indicate the judgment of Congress that the amount of credit previously routed through the stock markets has been excessive and to indicate the approximate proportion in which such amount should be reduced.

To accomplish these purposes, sections 6 and 7 of the bill gives the Federal Reserve Board power to control speculative credit. The problem of control has been approached from several directions because of the certainty that no purpose of the bill will be more tempting to evasion. Borrowings by brokers to finance their customers are confined to borrowings from or through member banks of the Federal Reserve System or those nonmember banks which apply for a license from the Board. With respect to loans to the ultimate speculating customer, the Board is substantially given power by rules and regulations to fix margins on (a) all loans on securities from brokers to customers, and (b) loans from banks and others to customers made on equity securities and to carry or purchase securities. For the purposes of guiding and protecting the Board from undue speculative pressure in the exercise of its discretion, the bill includes as a standard for the rules and regulations of the Board a limitation of credit on the initial granting of loans to 55 percent of the current market price

of the securities offered as collateral, or 100 percent of the lowest market price of the preceding 3 years, whichever is the greater.

To avoid any conceivable deflationary effects upon presently existing loans on securities, all such loans, and renewals and extensions thereof, are exempt from the application of section 6 until January 1, 1939.

The main purpose of these margin provisions in section 6 is not to increase the safety of security loans for lenders. Banks and brokers normally require sufficient collateral to make themselves safe without the help of law. Nor is the main purpose even protection of the small speculator by making it impossible for him to spread himself too thinly—although such a result will be achieved as a byproduct of the main purpose.

The main purpose is to give a Government credit agency an effective method of reducing the aggregate amount of the Nation's credit resources which can be directed by speculation into the stock market and out of other more desirable uses of commerce and industry—to prevent a recurrence of the pre-crash situation where funds which would otherwise have been available at normal interest rates for uses of local commerce, industry, and agriculture, were drained by far higher rates into security loans and the New York call market. Increasing margins—i.e., decreasing the amounts which brokers or banks may lend for the speculative purchase and carrying of stocks—is the most direct and most effective method of discouraging an abnormal attraction of funds into the stock market.

When margins are discussed with this main purpose in mind, differences between the collateral value of gild-edged bonds and speculative stocks, the credit-worthiness of particular borrowers and similar considerations which have been urged as reasons why each loan should be treated as a particular problem in itself—considerations which affect not a general national-credit policy, but only the safety of a particular stock transaction from the standpoint of a particular lender and particular borrower—are unimportant.

Section 6 empowers the Federal Reserve Board to prescribe margins for both brokers and banks on securities registered on exchanges licensed under the bill (hereinafter referred to as "registered securities")—both for the initial opening and for the maintenance or carrying of accounts. The Board is given complete legal authority to fix margins at any point. But a standard is included in the bill as an indication by Congress to the Board that from the standpoint of a general policy of utilization of national credit resources, the Board should control the credit available to the stock market to an amount roughly corresponding to such standard.

To protect margin requirements from evasion, brokers may lend only on listed securities excepting exempted securities. Banks are subject to margin limitations only on loans on registered equity securities in cases where the loan is sought for the purpose of purchasing or carrying securities. The Board is not required to fix the same margins for banks as for brokers and is given a free hand in fixing margins for maintenance as distinguished from margins for the initial opening of accounts.

It has seemed necessary to empower the Board to fix margins for banks as well as for brokers (a) to prevent evasion of restrictions on brokers' margins through loans by banks; (b) to increase the powers of the Board over speculative loans by its member banks; and (c) to give the Board an effective power (it has no powers at present) over speculative loans by nonmember banks.

The margin standard in section 6 has been expressed as a percentage of market value which may be lent upon securities rather than of the amount which the customer is required to deposit at the time of his purchase. The basic loan value provided by the standard for the initial opening of an account is 55 percent of market value of the securities lent upon, i.e., from the standpoint of what the customer must "put up", a 45-percent margin. This standard is not indicated for the purposes of maintenance of the account. The 55-percent loan value indicated would govern in the long run of a rising market. But to afford easier margins for the present market and for a possible future declining market a more favorable alternative standard is indicated in section 6 (a) (2), which, by the finding of Standard Statistics Service, would operate to permit, at the present time, an average initial loan value of 65½ percent of market value on the stocks now listed on the New York Stock Exchange, or, from the customer's point of view, a margin of only 34½ percent.

Under this alternative standard, the margin is only 25 percent in the case of a security that is selling at not more than 33⅓ percent above its 3-year low. As the security increases in price, the margin required gradually increases proportionately until, when the security has reached a price that is more than 80 percent above its 3-year low, a margin of 45 percent is required. This flexible margin standard permits a relatively low margin in the case of stable securities such as bonds, while it requires a higher margin in the case of volatile securities after they have risen substantially in market price. Since the margin increases as the price of the security rises, pyramiding on paper profits is made difficult.

Section 6 seems to furnish a very practical program of controlling the volume of stock-market credit, since it embodies a combination of a basic formula, initially setting minimum margins, with a more general discretionary administrative control, which should be based on the total amount of credit outstanding, the level of stock prices, the phase of the business and financial cycle, and so forth. Between the time when changes are made by the Federal Reserve Board, margin requirements would be automatically raised or lowered by the movements of stock prices. Such a self-adjusting mechanism would probably function better, in actual practice, than any system wherein margin requirements are changed only by deliberate action of the Board and remain unadjusted except when the Board takes such action.

The 55-percent standard expressed in the statute is, however, so deliberately overlenient for the purpose of encouraging the markets at this particular point in the recovery program, that the Board in exercising its discretion would be expected to lower this 55-percent figure considerably after the market reaches more normal levels.

CONTROL OF MANIPULATIVE PRACTICES

To insure to the multitude of investors the maintenance of fair and honest markets, manipulative practices of all kinds on national exchanges are banned. The bill seeks to give to investors markets where prices may be established by the free and honest balancing of investment demand with investment supply. Investors are free to buy and sell virtually without restraint. But wash sales and matched orders and other devices designed to create a misleading appearance of activity with a view to enticing the unwary into the market on the hope of quick gains are definitely prohibited. False and misleading statements designed to induce investors to buy when they should sell and to sell when they should buy are also outlawed and penalized.

But the most subtle manipulating device employed in the security markets is not simply the crude form of a wash sale or a matched order. It is the conscious marking-up of prices to make investors believe that there is a constantly increasing demand for stocks at higher prices, or the conscious marking-down of stocks to make investors believe that an increasing number of investors are selling as prices recede. Legitimate investors desire to buy at as low a price as possible and to sell at as high a price as possible, and honest markets are made by the balancing of investment demand and investment supply.

The provisions concerning manipulative practices have been drawn in light of the results of the recent investigation conducted by the Senate Committee on Banking and Currency. Despite all the talk of good pools and bad pools, no evidence has been submitted to this committee that would justify the recognition of a good stock-market pool. As the Twentieth Century Fund in its recent report on "Stock Market Control" states—

"As a matter of fact, any pool which seeks to bring about a change in the price of a security through manipulation is 'illegitimate' according to our definition, inasmuch as it thereby lessens the efficiency of an exchange in the performance of those functions which, as we indicated, are the only justification for its existence."

If the pool to "rig" or "jiggle" the market is wrong, it necessarily follows that the market must be purged of reports about activities for the rise or operations for the decline. If brokers and other interested persons are permitted to spread through brokerage and publicity channels constant reports regarding such activities, it is doubtful whether stimulated activity would not accomplish much the same effect as is accomplished by the direct mark-up or mark-down prices by the pool. For that reason the circulation of reports of market operations conducted for a rise or for a decline is prohibited.

The evidence as to the value of pegging and stabilizing operations, particularly in relation to new issues, is far from conclusive. While abuses are undoubtedly associated with such manipulation, because of the desire of the committee to proceed cautiously such operations have not been forbidden altogether, but have been subjected to such control as the administrative commission may find necessary in the public interest or for the protection of investors.

The granting of options to pools and syndicates has been found to be at the bottom of most manipulative operations, because the granting of these options permits large-scale manipulations to be conducted with a minimum of financial risk to the manipulators. The bill, therefore, gives the administrative commission power to regulate dealing in options or trading in options. The connection of pool activity with the option has recently been recognized in the rules of the New York Stock Exchange. As it is not always easy to trace and prove manipulative activity, it is necessary to rid the market of devices which commonly accompany or cloak these activities. Short selling and stop-loss orders, which have been the source of much abuse, are brought within the regulatory power of the administrative commission.

There is plenty of room for legitimate speculation in the balancing of investment demand and supply, in the shrewd prognostication of future trends and economic directions; but the accentuation of temporary fluctuations and the deliberate introduction of a mob psychology into the speculative markets by the fanfare of organized manipulation menace the true functioning of the exchanges, upon which the economic well-being of the whole country depends.

To make effective the prohibitions against manipulation civil redress is given to those able to prove actual damages from any of the prohibited practices.

PROVISION OF ADEQUATE AND HONEST REPORTS TO SECURITIES HOLDERS BY REGISTERED CORPORATIONS

No investor, no speculator, can safely buy and sell securities upon the exchanges without having an intelligent basis for forming his judgment as to the value of the securities he buys or sells. The idea of a free and open public market is built upon the theory that competing judgments of buyers and sellers as to the

fair price of a security brings about a situation where the market price reflects as nearly as possible a just price. Just as artificial manipulation tends to upset the true function of an open market, so the hiding and secreting of important information obstruct the operation of the markets as indices of real value. There cannot be honest markets without honest publicity. Manipulation and dishonest practices of the market place thrive upon mystery and secrecy. The disclosure of information materially important to investors may not instantaneously be reflected in market value, but despite the intricacies of security values truth does find relatively quick acceptance on the market. That is why in many cases it is so carefully guarded. Delayed, inaccurate, and misleading reports are the tools of the unconscionable market operator and the recreant corporate official who speculate on inside information. Despite the tug of conflicting interests and the influence of powerful groups, responsible officials of the leading exchanges have unqualifiedly recognized in theory at least the vital importance of true and accurate corporate reporting as an essential cog in the proper functioning of the public exchanges. Their efforts to bring about more adequate and prompt publicity have been handicapped by the lack of legal power and by the failure of certain banking and business groups to appreciate that a business that gathers its capital from the investing public has not the same right to secrecy as a small privately owned and managed business. It is only a few decades since men believed that the disclosure of a balance sheet was a disclosure of a trade secret. Today few people would admit the right of any company to solicit public funds without the disclosure of a balance sheet.

The need of proper and adequate reporting as an adjunct of the proper functioning of the exchanges has been expressed by the realistic and responsible executive assistant of the committee on stock list of the New York Stock Exchange:

"It has been said a hundred times that accounting is a matter of conventions, and it is questionable whether these conventions have kept pace with the changes in modern business conditions. As the art stands today, it appears to the business man to have evolved with primary emphasis upon two objects:

"(a) To give to management that accurate information and aid which are essential to the successful conduct of a business, and (b) to give to actual and prospective creditors that accurate information essential to the determination of the volume of credit which may safely be extended and the conditions under which it may be allowed.

"Under conditions of ownership where the number of partners or stockholders was small, where enterprises were largely managed by their owners, or by the personally chosen representatives of a few owners in close contact with the business, and where it was the custom to finance permanently but little beyond minimum needs and to borrow largely to meet peak needs, accounting adequately performing these two functions probably sufficiently served the needs of the then situation. In the meantime the wide-spread diffusion of corporate ownership, with which we are all familiar, has occurred. There are few large enterprises which have not taken on the corporate form and a large proportion of the total ownership is in the hands of millions of relatively small investors who have no direct contact with management and whose only knowledge of the company is derived from its financial reports. In recent years there has been a marked tendency to finance more or less permanently for peak requirements, becoming lenders of money at the time of minimum requirements, and so tending to lessen the aggregate volume of bank credit needed.

"Because of these changes, coupled with a growing tendency toward extreme broadness and flexibility in the corporation laws of many States, the time appears to have arrived for some changes of emphasis as to the objects to be achieved by sound accounting practice. While there have been able efforts devoted toward this end, the result so far generally attained does not seem to me sufficient to meet the needs. The need of accurate information for the aid of management is still paramount; but, under conditions of today, the next object in order of importance has become 'to give to stockholders, in understandable form, such information in regard to the business as will avoid misleading them in any respect and as will put them in possession of all information needed, and which can be supplied in financial statements, to determine the true value of their investments.'

"This is, of course, the object in which the stock exchange is particularly interested. The primary object of the exchange is to afford facilities for trading in securities under the safest and fairest conditions attainable. In order that parties may trade on even terms they should have, as far as is practicable, the same opportunities for knowledge in regard to the subject matter of the trade.

"The exchange is interested in the accounts of companies as a source of reliable information for those who deal in stocks. It is not sufficient for the stock exchange that the accounts should be in conformity with law or even that they should be conservative; the stock exchange desires that they should be fully and fairly informative."

The president of the New York Stock Exchange has effectively answered those who contend that such publicity will give advantage to competitors:

"The public, today, insists upon more complete and accurate financial statements from publicly owned companies, and I am sure that the officials and directors of these corporations, realizing the reasonableness of this demand, will furnish investors with adequate information. There have not been many instances where the failure to give complete information was due to a desire on the part of directors or officers to secure unfair personal advantage. However, many company officials did not publish complete financial statements because they were afraid that the disclosure of too much information would put their companies at a disadvantage in meeting competition, not only from other American corporations, but frequently from foreign companies engaged in the same line of business. This fear, though genuine, has in large measure proved to be unfounded."

The reporting provisions of the proposed legislation are a very modest beginning to afford that long-denied aid to the exchanges in the way of securing proper information for the investor. The provisions carefully guard against the disclosure of trade secrets or processes. But the idea that a fair report of corporate assets and profits give unfair advantage to competitors is no longer seriously entertained by any modern business man. The realistic corporate executive knows that his alert competitors have a pretty good notion of what his business is; and if he is unable to compete with them, it is because he is hopelessly behind in the keen competitive struggle. The reporting provisions of the legislation have been approved by such conservative investment services as Moody's and Standard Statistics, and, despite the wild fears spread throughout the country by powerful lobbyists against this bill, intelligent business men recognize that general knowledge of business facts will only help and cannot hurt them. The possession of these facts has for a number of years been the exclusive perquisite of powerful banking and industrial groups. Making these facts generally available will be of material benefit and guidance to business as a whole.

CONTROL OF UNFAIR PRACTICES BY CORPORATE INSIDERS

A renewal of investors' confidence in the exchange markets can be effected only by a clearer recognition upon the part of the corporate managers of companies whose securities are publicly held of their responsibilities as trustees for their corporations. Men charged with the administration of other people's money must not use inside information for their own advantage. Because it is difficult to draw a clear line as a matter of law between truly inside information and information generally known by the better-informed investors, the most potent weapon against the abuse of inside information is full and prompt publicity. For that reason, this bill requires the disclosure of the corporate holdings of officers and directors and stockholders owning more than 5 percent of any class of stock, and prompt disclosure of any changes that occur in their corporate holdings. Short selling and selling against the box by insiders are prohibited. These provisions have been called the "anti-Wiggin provisions" of the bill. The committee is aware that these requirements are not airtight and that the unscrupulous insider may still, within the law, use inside information for his own advantage. It is hoped, however, that the publicity features of the bill will tend to bring these practices into disrepute and encourage the voluntary maintenance of proper fiduciary standards by those in control of large corporate enterprises whose securities are registered on the public exchanges.

Fair corporate suffrage is an important right that should attach to every equity security bought on a public exchange. Managements of properties owned by the investing public should not be permitted to perpetuate themselves by the misuse of corporate proxies. Insiders having little or no substantial interest in the properties they manage have often retained their control without an adequate disclosure of their interest and without an adequate explanation of the management policies they intend to pursue. Insiders have at times solicited proxies without fairly informing the stockholders of the purposes for which the proxies are to be used and have used such proxies to take from the stockholders for their own selfish advantage valuable property rights. Inasmuch as only the exchanges make it possible for securities to be widely distributed among the investing public, it follows as a corollary that the use of the exchanges should involve a corresponding duty of, according to shareholders, fair suffrage. For this reason the proposed bill gives the Federal Trade Commission power to control the conditions under which proxies may be solicited with a view to preventing the recurrence of abuses which have frustrated the free exercise of the voting rights of stockholders.

CONTROL OF THE EXCHANGES AND OVER-THE-COUNTER MARKETS

The importance of the actual workings of the exchanges themselves, although great, should not be exaggerated. The stronger and more subtle economic forces affecting speculation come from without the exchanges. But as this speculation converges upon the exchanges, the control of the exchange mechanism is a necessary part of any effective regulation. It is for that reason that the bill gives the Federal Trade Commission broad powers over the exchanges to insure their efficient and honest functioning. Theoretically floor trading has been assumed to be of value in stabilizing prices and preventing undue fluctuations. The studies conducted by the special counsel for the Senate Committee on Banking and Currency have thrown considerable doubt upon the value of floor trading. The large floor traders seldom stem the tide but run with it. Their activity tends to accentuate the moves of the market and to stimulate undue speculation. The importance of active, constant trading can readily be exaggerated. A relatively stable market over a period is of much greater importance to investors than a fictitiously stable market that involves no more than one eighth of a point spread between sales but results in wide fluctuations over days or weeks. The market's liquidity depends upon its relative stability and not upon the spreads between momentary sales. To prevent the artificial stimulation of the market that comes from excessive speculative

trading unrelated to investment, the Commission is given power to regulate and, if need be, prevent floor trading. The Commission is further given power to prevent excessive trading by members off the floor who at times are tempted to stimulate the market by numerous in-and-out transactions which cost them nothing more than the nominal commissions paid to the $2 brokers.

No issue has been more disputed than that centering about the functions of the specialist. There are many who believe that the exchange mechanism would function better without the specialist, that the work done by the specialist could be done more effectively by a clerk or official of the exchange clearing the orders in a purely mechanical way, much as they are cleared today on the New York Stock Exchange in the "bond crowd." There are others who believe that a specialist should be obliged to act either as a dealer or as a broker and should not be permitted to combine the functions of dealer and broker. The jobber on the London Stock Exchange is essentially a dealer-specialist who deals only with other jobbers and with brokers, and does not act as a broker himself or deal with the public directly. It is generally admitted that there are serious abuses in connection with the work of specialists. The New York Stock Exchange tightened its rules in regard to specialists on the very eve of the hearings held by the committee. It is true that some of the worst evils associated with the specialist have centered around their participation in pools, but there are inherent difficulties in the situation where under normal circumstances the available orders are known to the specialist only—and perhaps his favored friends—and not to everyone dealing in the security involved. Inasmuch as the stock exchanges objected to the laying down of any statutory rule governing specialists, their suggestion has been adopted of giving the Commission effective power to control the activities of specialists and to experiment with various devices of control.

Another perplexing problem in regard to the working of the exchanges has been that centering about the dealer-broker relationship. There is an inherent inconsistency in a man's acting both as a broker and a dealer. It is difficult to serve two masters. And it is particularly difficult to give impartial advice to a client if the dealer-broker has his own securities to sell, particularly when they are new securities for which there is no ready market. The combination of the functions of dealer and broker has persisted over a long period of time in American investment banking, and it was found difficult to break up this relationship at a time when the dealer business was in the doldrums and when it was feared that the bulk of the dealer-brokers would, if compelled to choose, give up their dealer business and leave, temporarily at least, an impaired mechanism for the distribution of new securities. Consequently, it was deemed impracticable at this time to do more than require the dealer-broker to disclose to his customer the capacity in which he was acting and to refrain from taking into margin accounts new securities in the distribution of which he had participated during the preceding 6 months.

The bill proceeds on the theory that the exchanges are public institutions which the public is invited to use for the purchase and sale of securities listed thereon and are not private clubs to be conducted only in accordance with the interests of their members. The great exchanges of this country upon which millions of dollars of securities are sold are affected with a public interest in the same degree as any other great utility. The Commission is empowered, if the rules of the exchange in any important matter are not appropriate for the protection of investors or appropriate to insure fair dealing, to order such changes in the rules after due notice and hearings as it may deem necessary. The exchanges may alter their rules if more effective means are discovered to meet the same or new problems. Although a wide measure of initiative and responsibility is left with the exchanges, reserved control is in the Commission if the exchanges do not meet their responsibility. It is hoped that the effect of the bill will be to give to the well-managed exchanges that power necessary to enable them to effect themselves needed reforms and that the occasion for direct action by the Commission will not arise.

The committee has been convinced that effective regulation of the exchanges requires as a corollary a measure of control over the over-the-counter markets. The problem is clearly put in the recent report of the Twentieth Century Fund on Stock Market Control:

"The benefits that would accrue as the result of raising the standards of security exchanges might be nullified if the over-the-counter markets were left unregulated and uncontrolled. They are of vast proportions, and they would serve as a refuge for any business that might seek to escape the discipline of the exchanges; and the more exacting that discipline, the greater the temptation to escape from it. Over-the-counter markets offer facilities that are useful under certain conditions, but they should not be permitted to expand beyond their proper sphere and compete with the exchanges for business that, from the point of view of public interest, should be confined to the organized markets. This constitutes the sanction for Federal regulation of over-the-counter dealers and brokers. To leave the over-the-counter markets out of a regulatory system would be to destroy the effects of regulating the organized exchanges."

ADMINISTRATION

The bill places the administration of the legislation, apart from credit phases, in the Federal Trade Commission. It provides, however, for the enlargement of that Commission by two members and the creation within it of a special division which will administer both this bill and the Securities Act of 1933. Unquestionably these two measures are so closely related that they should be administered by the same body, and unquestionably if no new commission were to be appointed that administration should be lodged in the Federal Trade Commission, which has so ably organized the administration of the Securities Act of 1933.

Insofar as the proposals of the stock exchanges suggest a separate stock-exchange authority, it should be kept in mind that the name by which the body administering the act is known is not important. The legislative essentials are the same whether the body is called an "authority" or a "board" or a "Federal commission." Those essentials are how much power the administrative body shall have and whether it shall be made up entirely of representatives of none but the public interest, or of expert representatives, as such, of stock exchanges and of other distinct classes in the community.

Insofar as experts are concerned, it is a commonplace of administrative statesmanship that boards of men who are experts in details rarely agree among themselves, and in their very expertness with the trees seldom perceive the woods of broad public policy. The well-learned lesson of democratic government with experts is that they should be kept on tap but not on top.

Insofar as making up a permanent Government regulatory body from representatives of special vested interests is concerned, it has been long ago learned that no harmony of policy can result from a regulatory body packed with advocates of warring interests and that the inevitable result of placing on a regulatory authority able advocates who have at heart the definite interest of a particular class which will profit by the least possible regulation is stultification of the regulation.

III. ANALYSIS OF THE BILL BY SECTIONS

SECTION 1. SHORT TITLE

This section provides that the act may be cited as the "National Securities Exchange Act of 1934."

SECTION 2. THE NECESSITY FOR REGULATION AS PROVIDED IN THIS ACT

The purpose of this section is to indicate the facts which give rise to the necessity for the legislation and justify the exercise of congressional power. The evidence submitted to the committee, together with that produced before the Senate Banking and Currency Committee during its recent extensive investigation and facts that have become common knowledge during the national economic crisis of the past few years, abundantly justify the findings recited in this section.

SECTION 3. DEFINITIONS AND APPLICATION OF ACT

(a) This subsection defines the terms used in the act. Most of these definitions are self-explanatory. Banks are expressly exempted from the definitions of "broker" and "dealer." The definition of "bank" in paragraph (6) includes banks organized under the laws of the United States, members of the Federal Reserve System, and any other bank performing the normal functions of receiving deposits or exercising fiduciary powers and which is subject to supervision and examination by State or Federal authorities. In paragraph (10) the words "oil, gas, or other" have been stricken out of that part of the definition of "security", as it appeared in earlier prints of the bill, which included any "certificate of interest or participation in any profit-sharing agreement or in any oil, gas, or other mineral royalty or lease." From the use of the words "other mineral royalty or lease" in the earlier print it is clear that an oil or gas royalty or lease was considered to be one kind of mineral royalty or lease, and thus no actual change is made by striking out the words indicated above. An "exempted security" is defined in paragraph (12) to include certain specified classes of securities. In addition, the Secretary of the Treasury may designate for exemption the securities of corporations in which the United States has a direct or indirect interest; and the Federal Trade Commission (elsewhere referred to as the "Commission") is given power to place in the category of "exempted securities" any other securities (including unregistered securities the market in which is predominantly intrastate) where it deems such action necessary or appropriate in the public interest or for the protection of investors. A large number of the provisions in the act expressly exclude "exempted securities." Thus the Commission is able to remove from the operation of any one or more of these provisions any securities as to which it deems them inappropriate. It may attach such conditions as to such exemption as it deems desirable. The Commission may therefore make appropriate exemptions for the protection of the holders of defaulted securities and foreign securities if the issuers refuse to register.

(b) The Commission and the Federal Reserve Board are given power to define accounting, technical, and trade terms.

(c) The act is not to apply to instrumentalities and agencies of the United States, except where they are specifically included.

SECTION 4. TRANSACTIONS ON UNREGISTERED EXCHANGES

This section forbids the use of the mails and interstate commerce to any exchange which is not registered as a national securities exchange under section 5, but authorizes the Commission to exempt from this prohibition small exchanges as to which it finds that registration would be impracticable and unnecessary in the public interest or for the protection of investors. Such exemption may be withdrawn under stated circumstances.

SECTION 5. REGISTRATION OF NATIONAL SECURITIES EXCHANGES

Subsection (a) provides for registration as a national securities exchange upon application by any exchange which agrees to comply, and to require its members to comply, with the act and the rules and regulations thereunder, and which furnishes the Commission with required information.

An exchange desiring registration is required by subsection (b) to provide for the disciplining of members who are guilty of conduct inconsistent with just and equitable principles of trade, and must include in this category any willful violation of the act or any rule or regulation thereunder.

It is provided in subsection (c) that exchanges may adopt any rules not inconsistent with the act or the rules and regulations thereunder or the laws of the State in which it is located.

Subsection (d) directs the Commission to grant an application for registration if it appears that the exchange is so organized as to be able to comply with the act and rules and regulations thereunder and to insure fair dealing and the protection of investors.

Subsection (e) provides that the Commission's order granting or denying an application for registration shall be made within 30 days unless the application has been withdrawn.

Subsection (f) permits an exchange to withdraw its registration upon such terms as the Commission may deem necessary for the protection of investors.

SECTION 6. MARGIN REQUIREMENTS

The Federal Reserve Board is directed by subsection (a) to prescribe by rules and regulations the maximum amount of credit which may be extended and maintained on any security (other than an exempted security) which is registered on a national securities exchange. As far as the initial extension of credit is concerned it is indicated by the act that this should be based on a standard of 55 percent of the current market price of the security or 100 percent of its lowest market price during the preceding 36 calendar months, but in no case more than 75 percent of the current market price. Until July 1, 1936, the lowest price on or after July 1, 1933, is to be considered as the lowest price during the preceding 36 calendar months. Matters of detail concerning the maintenance of margins, substitutions, additional purchases, withdrawals, and transfers of accounts are left to be determined by the Board, which is also given power to prescribe regulations with regard to margins in the case of delayed deliveries, short sales, arbitrage transactions, securities which have not been on the market for 36 months, and similar matters of administrative adjustment.

Under subsection (b) the Federal Reserve Board may depart from the standard indicated in subsection (a) for the initial extension of credit by (1) lowering margin requirements insofar as it deems necessary for the accommodation of commerce and industry, having due regard to the general credit situation, and (2) prescribing such higher margin requirements as it may deem necessary or appropriate to prevent the excessive use of credit to finance speculative transactions in securities. Thus the effect is to make the margin provisions of the act completely elastic, giving the Federal Reserve Board discretion, but at the same time indicating a standard to which it is to adhere except under the circumstances indicated.

Subsection (c) makes it unlawful for a member of a national securities exchange or a broker or dealer who does business through such a member to extend or maintain credit in violation of the regulations prescribed under subsections (a) and (b), or without collateral or on collateral other than an exempted security or a security registered upon a national securities exchange, except insofar as this is permitted by rules and regulations of the Federal Reserve Board where such use of credit is not for the purpose of purchasing or carrying securities or of evading the margin requirements for registered securities.

Subsection (d) authorizes the Board to make rules and regulations so far as may be necessary to prevent evasion of this section through loans from persons who are not covered by subsection (c) and permits the imposition, upon loans made for the purchasing or carrying of registered securities, of limitations similar to those which may be imposed upon members, brokers, and dealers. It is expressly provided that such regulations shall not apply to loans not made in the course of business (such as purely personal loans), to loans on exempted securities, to loans to aid dealers in the distribution of securities not through the medium of a national securities exchange, to bank loans on any security other than an equity security or to such other loans as the Board may deem it necessary or appropriate to exempt. (An equity security is defined in sec. 3 (a) (11), and is, to speak generally, a stock or a security convertible into a security similar thereto.)

Subsection (e) makes the provisions of this entire section inapplicable to credit outstanding at the effective date of the act until January 31, 1939. This is designed to prevent forced liquidation.

SECTION 7. RESTRICTIONS ON BORROWING BY MEMBERS, BROKERS, AND DEALERS

By subsection (a), borrowing on registered securities (other than exempted securities) by members, brokers, and dealers who do a business through members is confined to loans from member banks of the Federal Reserve System or from nonmember banks which agree to comply with the provisions of this act, the Federal Reserve Act, and the Banking Act of 1933, insofar as they relate to the use of credit to finance transactions in securities. This, however, is subject to certain exceptions in case of transactions between members, brokers, and dealers and in emergency cases.

Subsection (b) prohibits a member, broker, or dealer to permit his indebtedness (except on exempted securities) in the ordinary course of business as a broker to exceed 2,000 percent of his net capital or such lower percentage thereof as the commission may prescribe.

A broker is forbidden by subsection (c) to commingle the securities of customers without their written consent; and by subsection (d) regardless of such consent to pledge customers' securities with those of persons who are not customers or under circumstances that will subject customers' securities to a lien in excess of the aggregate indebtedness of the customers. This means that a broker cannot risk the securities of his customers to finance his own speculative operations. He is also forbidden by subsection (e) to lend a customer's securities without the latter's written consent.

SECTION 8. PROHIBITION AGAINST MANIPULATION OF SECURITY PRICES

Subsection (a) makes it unlawful for any person to use the mails, or interstate commerce, or any facility of a national securities exchange, or for any member of a national securities exchange by use of any means, to participate in certain practices in connection with securities registered on a national securities exchange.

Under paragraph (1) of this subsection it is made unlawful for the purpose of creating a misleading appearance as to the real nature of the market or activity of trading in the security, (A) to effect any transaction which involves no change in the beneficial ownership of the security, or (B) to enter orders for the purchase of a security with the knowledge that orders of substantially the same size, at substantially the same time and at substantially the same price, for the sale of such security will be entered by or for the same or different parties, or (C) to enter orders for the sale of a security with the knowledge of orders of substantially the same size, at substantially the same time and at substantially the same price, for the purchase of such security, will be entered for the same by or for the same or different parties. These provisions strike at wash sales and matched orders.

Paragraph (2) makes it unlawful to effect any series of transactions in a security for the purpose of raising or depressing the price of such security. Of course, any extensive purchases or sales are bound to cause changes in the market price of the security. If a person is merely trying to acquire a large block of stock for investment, or desires to dispose of a big holding, his knowledge that in doing so he will affect the market price does not make his action unlawful. His transactions become unlawful only when they are made for the purpose of raising or depressing the market price. This provision catches the rigging and jiggling of the market, and prevents the marking up or down of prices by pools.

Inducing the sale or purchase of securities by the making of a false or misleading statement of a material fact is outlawed by paragraph (4), unless the person making the statement had no reason to believe the statement was false or misleading.

Paragraphs (3) and (5) make it unlawful to induce the purchase or sale of a security by circulating in the ordinary course of business or for a consideration information that a security will change in price as a result of market operations for a rise or fall. These provisions are aimed at the tipster sheet and the practice of customer's men in inducing customers to buy or sell by spreading rumors with regard to the operations of pools.

The pegging of security prices is regulated by paragraph (6). Many experts are of the opinion that the artificial stabilization of a security at a given price serves no useful economic function. On the other hand the practice has been wide-spread on the part of many investment bankers who regard it legitimate, particularly if the public is aware of the plan. Instead of being prohibited, therefore, this practice is left to such regulation by the Commission as it may deem necessary for the prevention of activities detrimental to the interests of investors.

Subsection (b) is concerned with the use of options in connection with transactions on national securities exchanges. Options and trading against options are the usual concomitants of pool operations. Inasmuch, however, as it has been urged that all options are not affected with the manipulative taint it is made unlawful to trade in or against options only when in violation of such rules and regulations as the Commission may deem necessary in the public interest or for the protection of investors.

Subsection (c) empowers the Commission to make regulations regarding the guaranteeing of options for registered securities by members of national security exchanges.

Subsection (d) makes it clear that the options to be regulated under subsections (b) and (c), which include so-called "puts", "calls", "straddles", and "privileges"—which are commonly used for manipulative and speculative purposes—do not include duly registered warrants or rights to subscribe to a security or the right of the holder of a registered convertible security to have it converted.

Subsection (e) provides that persons who willfully participate in the manipulative or speculative practices which are forbidden by subsections (a), (b), and (c) shall be liable for the damages they cause to innocent investors who have bought or sold the security in question at a price which has been effected by such unlawful practices. A defendant may recover contribution from any other participant in the illegal transactions who would have been liable if sued jointly. Suits for recovery under this subsection must be commenced within 3 years after the violation.

Subsection (f) exempts from the operation of this section all exempted securities.

SECTION 9. REGULATION OF THE USE OF MANIPULATIVE DEVICES

This section makes it unlawful to use the mails or interstate commerce or any facility of a national securities exchange to effect a short sale of, or to employ any stop-loss order in connection with a transaction in, a registered security in contravention of the regulations of the Commission.

SECTION 10. SEGREGATION AND LIMITATION OF FUNCTIONS OF MEMBERS, BROKERS, AND DEALERS

Subsection (a) directs the Commission to regulate or prevent, by rules and regulations, floor trading on the part of members. By this means those who are actually on the scene of speculation may be restricted from taking undue advantage of this privilege. The Commission is also directed by rules and regulations to prevent such excessive speculation on the part of members who operate from off the floor as it may deem detrimental to the maintenance of a fair and orderly market. The Commission may make such exemptions as are necessary or appropriate in the case of exempted securities, arbitrage transactions, and transactions by odd-lot dealers and specialists.

Subsection (b) authorizes the registration of members as odd-lot dealers or specialists, or both, pursuant to the rules of the exchange, and subject to rules and regulations of the Commission. The odd-lot dealer may be permitted to deal for his own account only so far as necessary in the performance of his particular function. The Commission is directed to limit the specialist in his dealings for his own account to those which are necessary for the maintenance of a fair and orderly market. The specialist is forbidden to reveal the orders on his books to favored persons. This information must be available to all members or else kept confidential. The specialist is likewise prohibited from exercising purely discretionary orders as distinct from market or limited price orders.

Subsection (c) authorizes the Commission to exempt small exchanges from the provisions of this section. This will prevent hardship on those exchanges where the functions of members are not as highly specialized as on the larger markets. Provision is made for withdrawing the exemption in proper cases.

Subsection (d) provides that any member, or any person doing business through a member, who acts both as a broker and dealer shall not use the mails, or interstate commerce, or any national securities exchange to effect any transaction which involves purchasing for a customer on margin, or selling to him on margin, any security which the broker or dealer has been engaged in distributing within 6 months. This strikes at one of the greatest potential evils inherent in the combination of the broker and dealer function in the same person, by assuring that he will not induce his customers to buy on credit securities which he has undertaken to distribute to the public. A broker-dealer must also reveal to his customers whether he acts as principal or as agent, in order that the customer may be aware of any factors tending to influence the broker's advice.

Subsection (e) directs the Commission to investigate and report to Congress by January 3, 1936, on the question of completely segregating the activities of brokers and dealers.

SECTION 11. REGISTRATION REQUIREMENTS FOR SECURITIES

Subsection (a) prohibits members, brokers, and dealers from effecting any transaction on a national securities exchange in any security which is not exempted or registered under the provisions of this act.

The application to be filed by the issuer of a security with the exchange and with the Commission as a prerequisite to registration is described in subsection (b).

In paragraph (1) is indicated the information which the Commission may require an issuer to file in its application for registration. These provisions are self-explanatory.

Under paragraph (2) various documents, such as articles of incorporation, bylaws, and underwriting arrangements, may be called for.

Subsection (c) authorizes the Commission, if it deems any of the information specified under subsection (b) to be inappropriate in a given case or class of cases, to require in lieu thereof the submission of appropriate information of a comparable character. This assures adequate elasticity without giving the Commission unconfined authority to elicit any information whatsoever.

If an exchange approves the registration of a security and so certifies to the Commission, the registration becomes effective within 30 days under subsection (d), subject, however, to the provisions of section 18. An issuer may cancel its registration at any time subject to such conditions as the Commission may prescribe as necessary for the protection of investors. Registration of unissued securities for trading on a "when, as, and if issued" basis is permitted subject to regulations of the Commission in cases where the registration is not primarily designed to distribute the security to investors other than the present security holders of the company. This permits the creation of an adequate market in which the holders of rights to unissued securities may trade them as against the value of the unissued securities. At the same time the Commission will be able to prevent the practice of running up the price of a security prior to its issuance, so that it is finally issued at an excessive price.

In order to preclude congestion during the period when the act first comes into force, subsection (e) would permit the provisional registration of securities already listed on exchanges without compliance with the registration requirements set forth in this section. Such registrations may be effective until July 1, 1935, by which date there should be more than adequate time for formal registration.

Subsection (f) provides that unlisted trading (the practice of admitting securities to trade upon the application of a member of the exchange and without any action on the part of the corporation) shall be permitted by the rules and regulations of the Commission until July 1, 1935, in securities admitted to unlisted trading before March 1, 1934. Such securities are to be regarded as registered securities, except that they are exempt from the requirements of sections 11, 12, and 15, but in quoting transactions exchanges must specify the securities which are admitted merely to unlisted trading.

SECTION 12. PERIODICAL AND OTHER REPORTS

Subsection (a) requires the issuers of registered securities to keep the information filed under section 11 reasonably up to date and to make annual reports, certified by independent public accountants if the Commission deems this necessary, and such quarterly reports as may be deemed essential.

Subsection (b) permits the Commission to specify the form in which reports shall be made, the details to be shown in financial statements, and the methods to be followed in calculating the items indicated in their preparation. The purpose is to give some assurance that reports will not hide the true condition of the company. In the case of the reports of any person whose accounting is subject to the provisions of any law of the United States or of any State, the rules and regulations of the Commission imposing requirements with respect to reports are not to be inconsistent with the requirements imposed by such law; but if the Commission believes that such requirements are inadequate from the point of view of the investor, it may impose additional requirements. In other words, while the act carefully avoids unnecessary duplication of reports, it permits the Commission to require the reporting of all matters regarded as essential under the act for the protection of investors.

SECTION 13. PROXIES

Subsection (a) prohibits the solicitation of proxies in contravention of such rules and regulations as the Commission may prescribe in the interest of the issuer and its security holders.

By subsection (b) it is made unlawful for a member of a national securities exchange or a broker or dealer who transacts a business in securities through a member to give proxies with respect to securities carried for a customer in contravention of such rules and regulations as the Commission may prescribe for the protection of investors.

SECTION 14. OVER-THE-COUNTER MARKETS

The use of the mails and interstate commerce for the creation of markets, other than regular exchanges, is made the basis for such regulation of these markets as the Commission may find to be necessary or appropriate to insure to investors protection comparable to that which is accorded in the case of registered exchanges under the act. Such rules and regulations may include provision for the registration of brokers and dealers and of the securities traded. Securities already traded in on exchanges at the time the act becomes effective may be subjected to special regulation if they do not become registered under section 11. This will enable the Commission to distinguish between the securities of the type normally subject to speculative and manipulative abuse and those not customarily bought or sold on exchanges.

SECTION 15. DIRECTORS, OFFICERS, AND PRINCIPAL STOCKHOLDERS

Under subsection (a) directors and officers of the issuer of a registered equity security (other than an exempted security) and holders of more than 5 percent of any class of a registered equity security (other than an exempted security), are required at the time of registration to file with the Commission a list of their holdings of the issuer's securities and to file monthly reports of their dealings in such securities. This is to give investors an idea of the purchases and sales by insiders which may in turn indicate their private opinion as to prospects of the company.

By subsection (b) directors, officers, and principal security holders are forbidden to sell registered securities (other than exempted securities) short or to sell for delivery after 20 days. The latter provision is for the purpose of preventing sales against the box whereby those in possession of inside information sell their holdings but keep the stock registered in their name, so that their change of position does not become known until delivery is made at a later date.

SECTION 16. ACCOUNTS AND RECORDS, REPORTS, EXAMINATION OF EXCHANGES, MEMBERS, AND OTHERS

By subsection (a) national securities exchanges, their members, and brokers and dealers who do business through them, as well as brokers and dealers who maintain over-the-counter markets, are required to keep such records as the Commission may prescribe in the public interest or for the protection of investors. These records shall be open to reasonable inspection by the Commission.

Subsection (b) gives the Federal Reserve Board necessary powers as to reports and examinations in connection with the exercise of its functions under the act.

SECTION 17. LIABILITY FOR MISLEADING STATEMENTS

Subsection (a) provides that any person who makes or causes to be made any statement in an application, report, or document, which is false or misleading as to a material fact, shall be liable to a person who in reliance on the statement and in ignorance of its false or misleading character has purchased the security to which it relates at a price affected by it, unless the person sued proved that he acted in good faith without knowledge of the false and misleading character of the statement.

Subsection (b) provides for contribution between persons who would be liable to be sued jointly, and subsection (c) limits the time for bringing a suit to 3 years after the violation.

SECTION 18. POWERS WITH RESPECT TO EXCHANGES AND SECURITIES

Subsection (a) authorizes the Commission, when it deems such action necessary—(1) to suspend or withdraw registration of an

exchange which the Commission finds has violated the act or the rules and regulations thereunder or has failed to take adequate steps to enforce compliance therewith by its members, (2) to deny, postpone, suspend, or withdraw the registration of the security in case of violation by the issuer, (3) to suspend or expel a member or officer of an exchange who is guilty of a violation or of aiding a violation by acting as broker for a person whom he has reason to believe is engaged in a violation, and (4) summarily to suspend trade in any registered security for a period not exceeding 10 days or, with the approval of the President of the United States, summarily to suspend all trade on a registered exchange for not more than 90 days. Orders issued pursuant to (1), (2), and (3) must be preceded by appropriate notice and opportunity for hearing; action under (4) is of an emergency nature and therefore limited in time.

Subsection (b) authorizes the Commission to amend the rules of an exchange in certain particulars by rules and regulations, after the exchange has failed to comply with the Commission's written request for such amendment of the rules of the exchange as the Commission deems necessary or appropriate for the protection of investors or to insure fair dealing or administration of the exchange.

SECTION 19. LIABILITIES OF CONTROLLING PERSONS

By subsection (a) a person who controls a person subject to the act or a rule or regulation thereunder is made liable to the same extent as the person controlled unless the controlling person acted in good faith and did not induce the act in question.

Subsection (b) makes it unlawful for any person to do, through any other person, anything that he is forbidden to do himself.

Subsection (c) makes it unlawful for a director, officer, or security owner, without just cause, to hinder, delay, or obstruct the making of reports required of an issuer under this act.

In this section and in section 11, when reference is made to "control", the term is intended to include actual control as well as what has been called legally enforceable control. (See *Handy & Harmon* v. *Burnet* (1931) 284 U.S. 136.) It was thought undesirable to attempt to define the term. It would be difficult if not impossible to enumerate or to anticipate the many ways in which actual control may be exerted. A few examples of the methods used are stock ownership, lease, contract, and agency. It is well known that actual control sometimes may be exerted through ownership of much less than a majority of the stock of a corporation either by the ownership of such stock alone or through such ownership in combination with other factors.

SECTION 20. INVESTIGATIONS; INJUNCTIONS AND PROSECUTION OF OFFENSES

(a) The Commission is authorized to investigate violations of the act. The Commission is further authorized to investigate and to publish information concerning any facts, conditions, practices, or matters which it may deem necessary or appropriate to aid in the enforcement of the act or in prescribing rules and regulations.

(b) The Commission is authorized through its members, or officers designated by it, to administer oaths and affirmations, subpena witnesses, compel their attendance, and require the production of books, papers, correspondence, memoranda, and other records.

(c) This subsection relates to compelling attendance and testimony of witnesses and the production of evidence.

(d) This subsection is similar to one contained in the Federal Trade Commission Act, and provides that no person shall be excused from attending and testifying, but relieves any natural person from prosecution with respect to or on account of any matter concerning which he may testify or produce evidence.

(e) The Commission is authorized to seek the aid of the United States district courts to enjoin acts or practices in violation of the provisions of the act or rules and regulations.

(f) The district courts of the United States are given jurisdiction to issue writs of mandamus commanding any person to comply with the provisions of the act or any order made thereunder.

SECTION 21. HEARINGS BY COMMISSION

This section provides that hearings of the Commission may be public and may be held before the Commission or any member or members thereof or any designated officer or officers and requires that appropriate records of hearings shall be kept.

SECTION 22. RULES AND REGULATIONS; ANNUAL REPORTS

(a) The Commission and the Federal Reserve Board, respectively, are authorized to make such rules and regulations as may be necessary for the execution of the functions granted to them under the act and are authorized for such purposes to classify issuers, securities, exchanges, and other persons or matters.

(b) The Commission and the Federal Reserve Board are directed to include in their annual reports to Congress such information and such recommendations for further legislation as they may deem advisable relating to the matters within their respective jurisdictions under the act.

SECTION 23. INFORMATION FILED WITH THE COMMISSION

(a) This subsection makes it clear that no person is to be required to reveal trade secrets or processes in applications, reports, or other documents.

(b) Any person filing information may object in writing to the public disclosure thereof, and the Commission is authorized to hear objections when it deems it advisable. In cases where objections are made the Commission is not to make the information public unless in its judgment disclosure thereof is in the public interest.

(c) It is made unlawful for any member, officer, or employee of the Commission to make disclosure of information which is not made available to the public as authorized in subsection (b).

SECTION 24. COURT REVIEW OF ORDERS

(a) This section relates to review by United States Circuit Courts of Appeal of orders of the Commission on the petition of any person aggrieved. On such review the court is to have exclusive jurisdiction to affirm, modify, and enforce or set aside the order, in whole or in part. Findings of fact by the Commission are to be conclusive if supported by substantial evidence. The judgment and decree of the court is to be final subject to review by the Supreme Court in accordance with sections 239 and 240 of the Judicial Code.

(b) The commencement of proceedings under subsection (a) is not to operate as a stay of the Commission's order unless the court so orders.

SECTION 25. UNLAWFUL REPRESENTATIONS

No action or failure to act by the Commission or Federal Reserve Board is to be construed to indicate approval of any security or transaction or to indicate a finding that any statement or report is true and accurate or not false or misleading. It is declared to be unlawful to make any representation that any such action or failure to act is to be so construed or has such effect.

SECTION 26. JURISDICTION OF OFFENSES AND SUITS

The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States are given jurisdiction of violations of the act and of rules and regulations thereunder, and of suits in equity and actions at law brought to enforce any liability or duty created by the act or by the rules and regulations thereunder.

SECTION 27. EFFECT ON EXISTING LAW

(a) This subsection reserves rights and remedies existing outside of those provided in the act, but limits the total amount recoverable to the amount of actual damages. It provides that the jurisdiction of State commissions shall not be affected insofar as it does not conflict with the provisions of the act or the rules and regulations thereunder.

(b) It is provided that nothing in the act shall be construed to modify existing law with regard to certain relationships between exchanges and their members.

SECTION 28. VALIDITY OF CONTRACTS

(a) This subsection declares void any condition or stipulation requiring any person to waive compliance with any provision of the act or any rule or regulation thereunder or any rule of exchange.

(b) This subsection declares void contracts made in violation of the provisions of the act or the rules or regulations thereunder, and contracts made prior to the enactment of the act which involve the continuance of any relationship or practice prohibited by the act or any rule or regulation thereunder.

(c) This subsection includes provisions to negative any construction of the act which would affect the validity of loans and liens in certain cases. Cases are specified in which the act is to be construed to afford a defense to the collection of any debt or obligation or the enforcement of a lien.

SECTION 29. FOREIGN SECURITIES EXCHANGES

(a) This subsection makes it unlawful for brokers or dealers to use the mails or any instrumentality of interstate commerce to effect upon an exchange outside the United States transactions in securities of issuers who reside in or are organized under the laws of, or have their principal place of business in, the United States or any place subject to the jurisdiction thereof, in contravention of the rules and regulations of the Commission.

(b) It is provided that the act shall not apply to any person insofar as he transacts a business in securities outside the jurisdiction of the United States unless he transacts such business in contravention of the rules and regulations of the Commission prescribed to prevent evasion of the act.

SECTION 30. REGISTRATION FEES

An annual registration fee for exchanges is provided for in this section. Such fee is to be an amount equal to one five-hundredth of 1 percent of the aggregate dollar amount of the securities sales transacted on the exchange during the preceding calendar year. Amounts received as fees will be deposited in the Federal Treasury.

SECTION 31. MEMBERS AND EMPLOYEES OF FEDERAL TRADE COMMISSION

(a) This subsection provides for two additional members of the Federal Trade Commission. It authorizes the Commission to divide the members thereof into divisions (each to consist of not less than three members) and to direct that any of its functions arising under this act or any other provision of law may be assigned or referred to any such division. Provision is made for rehearing before the full Commission of decisions, orders, or other action by a division. A rehearing is not to suspend the operation of that division unless the Commission makes an order to that effect.

(b) For the purposes of this act and of the Securities Act of 1933 the Commission is authorized to employ and fix the compensation of attorneys, examiners, and other special experts without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States.

SECTION 32. PENALTIES

Penalties are provided for willful violation of the act or any rule or regulation thereunder the violation of which is expressly made unlawful, or for the making or causing to be made any statement in any application, report, or document filed under the act if such statement is false or misleading with respect to any material fact The penalty provided is a fine of not more than $10,000 or imprisonment for not more than 2 years, or both, except that when the violation is by an exchange a fine not to exceed $500,000 may be imposed.

SECTION 33. SEPARABILITY OF PROVISIONS

This section declares the policy of Congress that if any provision of the act or the application of such provision to any person or circumstance is held invalid the remainder of the act or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

SECTION 34. EFFECTIVE DATE

The act is to take effect upon its enactment, except that certain of its provisions are to become effective July 1, 1934, and certain other provisions are to become effective on August 1, 1934.

Mr. COOPER of Ohio. Mr. Chairman, I yield 30 minutes to the gentleman from Connecticut [Mr. MERRITT].

Mr. MERRITT. Mr. Chairman and members of the Committee, I repeat what has been already said in appreciation of the work of our committee, which reported this bill, and particularly the immense amount of work our chairman, Mr. RAYBURN, has done. I think you will perceive from his remarks that at times he was a little worn by the number of people who wanted to see him, and by letters and telegrams he received. That is not strange. You will also agree, I think, that all the Members of Congress—I know it is true of all the members of the committee—have received an enormous number of telegrams and letters regarding the bill.

The chairman has characterized, and I suppose stigmatized all those communications as propaganda, but I think that if you have in mind the fact that by the best estimates we can get there are some 10,000,000 separate stockholders in the United States, and also that this bill directly and indirectly may affect every one of those 10,000,000 people, you will perceive why the bill has created a tremendous amount of interest throughout the United States and why the people have written in to their Congressmen.

I do not believe that the bulk of these communications have been brought about by anything except a legitimate desire of the people to protect their own property against undue depreciation.

It seems to me that it is not quite fair to the stockholders, these people seeking to protect their interests, to impute their action to unfair motives. I never have heard any objection to the farmers getting together to protect their own interests.

You doubtless appreciate that in the past 50 years the amount of liquid personal property in stocks and bonds in this country has increased tremendously, and very much to the advantage of the people of this country.

You will agree, I think, also, that while the so-called "panic of 1929" was largely connected with this personal property, and that while the blow-up was more evident on the stock exchange than anywhere else, the stock exchange was not primarily to blame.

You know, as any well-informed man knows, that these speculative eras and collapses afterward have been with us ever since civilization began and people have been possessed of personal property.

You will appreciate that stock exchanges have done a tremendous amount of good. If it had not been for the stock exchanges, which make capital liquid, which enable men to realize quickly on their holdings, the distress of the collapse would have been much greater.

You will all agree that more frozen assets of this country have been connected with real estate than they have with stocks.

I personally have not had very much business with the stock exchange, but I have known a great many people who have. I know that the New York Stock Exchange—that is credited with more of the evils than all the rest of them put together—I know that the business ethics are higher on that exchange than in the average business. It is conducted by word of mouth, and on honor, and violations of that honor are very rare.

I am not saying that there have not been abuses that should be corrected. What I am pleading for here is that in considering this legislation it should not be undertaken in any vindictive spirit. It should not be conducted with a notion that anybody who has made or may make a suggestion concerning the bill has been actuated by anything but an honest motive, and not by any propaganda.

In my own case, coming from New England, I have not been so much interested in the great corporations whose stocks are traded in on the New York Stock Exchange, and which become part of these great speculative movements, as I have in the smaller corporations and manufacturers who exist throughout New England and throughout the United States in general. I have not been so concerned with the regulation of stock-exchange practices, and I have not, as I said in my minority views, specially criticized the bill as a stock-exchange regulative bill, but I am concerned that the Commission which is set up under the bill should have such tremendous power over every manufacturing corporation and almost every other form of corporation in the country, and should have such tremendous power to regulate the care and management of these billions of liquid property in the United States.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. RICH. I was under the impression from what the chairman of the committee, Mr. RAYBURN, said a few moments ago, that the smaller businesses were not affected by this bill if they did not deal on the listed-stock exchanges.

Mr. MERRITT. That is partly true, but the fact of the matter is that the Commission under this bill still has the power to force every corporation into some stock exchange. It also has the power to exempt them, and that was put in for the relief of these smaller corporations, and I think it is a very valuable feature of the bill, but, nonetheless, it is true that the Commission could act so that those small businesses would be bound to register on some exchange.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. BRITTEN. I rise to accentuate the statement of the gentleman that the Federal Trade Commission really can control and regulate the corporation whose securities are not on any listed exchange. Is not that so?

Mr. MERRITT. Rather indirectly, I think. I think it may make regulations which would force the small corporations to register their securities if the Commission so desired.

Mr. BRITTEN. Could it not also make regulations which would more or less limit their credit?

Mr. MERRITT. Yes.

Mr. BRITTEN. And in the limitation of their credit they would have to do what the Commission required?

Mr. MERRITT. Yes.

Mr. BRITTEN. So that the Commission could indirectly, under the bill, control every industry in the United States if it wanted to.

Mr. MERRITT. It could control the business in its securities.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. BLOOM. I believe the gentleman stated that the Commission could force these different businesses into the exchange?

Mr. MERRITT. Yes.

Mr. BLOOM. Could it force the exchange to accept them? If it has the right to force the different businesses into an exchange, can it force the exchange to accept the different business interests?

Mr. MERRITT. It can force an exchange to become a national exchange if it wants to. It can exempt from the effects of the bill the smaller exchanges.

Mr. BLOOM. The exchange today needs to accept the different business interests it wants to list on the exchange. Is not that right?

Mr. MERRITT. Yes.

Mr. BLOOM. Suppose the exchange refuses to accept the business interests that the Commission would force into the exchange.

Mr. MERRITT. It could not do that, because they have to come in under general rules, and the general rules of all exchanges are subject to the Commission.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. MAPES. I dislike to interrupt my friend, but the question which has been propounded to the gentleman from Connecticut is so vital and the country is so much interested in the question and the answer that I feel I should say that I do not interpret the bill as giving the Federal Trade Commission power to compel any corporation to list on any exchange.

Mr. MERRITT. Not directly; no.

Mr. MAPES. And the only provision in the bill that relates to small or local corporations in that respect, as I understand it, is the one in the over-the-counter market section, which gives the Federal Trade Commission authority in its regulations of the dealers and brokers in the over-the-counter markets to require that such dealers and brokers cease to handle the securities of any corporation unless they are listed with them, but in no case is a corporation required to so list unless it sees fit to do so. I say again I beg the gentleman's pardon for interrupting him, but I think this is a very vital feature of the bill.

Mr. MERRITT. I think what I said before is correct, that the Commission could not do it directly; but I think if the bill is carefully read the gentleman will find that if the Commission starts out to do it by indirection it could either do that or else fix it so that the stock of any particular company could not be used as collateral, and would be very much depreciated.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. THOM. Could the gentleman point out the particular sections in which he says this could be done?

Mr. MERRITT. It is in several sections, but I could not take time to do that in detail. The gentleman will either have to take my statement, or the statement of someone else.

Mr. THOM. I do not question the gentleman's statement. I wanted to refer to the language; that is all.

Mr. MERRITT. I am sorry, but I have not the time to take it up in detail. All the measures which have been taken by the administration in connection with this question have been in the first place to relieve the distress and in the second place to relieve the depression. Undoubtedly some good results have followed, but not in all cases. We hear great dissatisfaction with the A.A.A. and a good deal over the N.R.A. The one certain result of all these measures, which I am not intending to criticize at all, has been an enormous increase in the public debt, which the President estimates at the end of the fiscal year 1935 will amount to over three thousand million dollars, with an annual interest charge of one thousand million dollars.

Now, in order that these temporary measures may really be temporary, it is, of course, essential that business should be revived. There are some signs now of revived business. My impression is that if the Nation could be assured of quiet, business would of itself revive on a sound foundation, which can only come from individual initiative and individual work. It is universally agreed also that the only sound foundation for reviving business must be in the purchase of capital goods; that is, goods for future useful work. All these enormous expenditures on public buildings produce demand for the material which goes into the buildings, but after the buildings are constructed they do not add to employment except in the care of the buildings, and they do add to the expense of maintenance by the Government.

Now, for the purchase of capital goods, and indeed for business in general, the first essential is confidence. It is very generally thought by business men and writers on economics that the Security Registration Act which was passed at the last session of this Congress has been very detrimental. It had a great many severe provisions with regard to underwriters, with regard to directors, and putting on them responsibilities and liabilities which drove a great many of them out of business and prevented new securities being issued. I do not mean to say that the lack of issuing new securities has been altogether due to that act, but I do say it has been a large factor. In this act we should be careful not to overdo it. The difficulty with all acts like this is that those who write them are so intent on punishing a few guilty people that they overlook the fact that they are really punishing still more, a greater percentage of honest people. In all corporations there are a certain number of selfish men who will endeavor to feather their own nests at the expense of the corporation or of their fellow stockholders, but, after all, those men are a very small percentage. The time has not yet come when great corporations or any corporations can get along without character and without brains. The difficulty with the Securities Registration Act and with this act, to my mind, is that it is so filled with directions and regulations which are indefinite and uncertain, and cannot be enforced. That was illustrated, for instance, by the colloquy between the gentleman from Michigan [Mr. MAPES] and myself. We have both been working on this bill for weeks, and the gentleman from Michigan thinks it produces one result and I think it produces another. There can be no doubt that the result from the Securities Registration Act, and the result from this act, will be that responsible people, a great many thousands of directors of corporations, will be forced out of those corporations. These men go on boards of directors not because they want to but because they are known in their communities, and their services are sought after because they are men of judgment and character. Such men are not going on those boards to make money on the stock, and if by going on a board of directors they are going to subject themselves to suits by any blackmailer that comes along, they will not go on. The result is that the corporation will not be formed or you will have boards of directors and managements not as able as you would wish.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. MERRITT. I yield.

Mr. BRITTEN. Undoubtedly there is considerable opinion in the House for a change in the bill which grants this authority to the Federal Trade Commission. Many Members of the House, and I am one of them, would like to see a different form of commission set up, by the enactment of legislation. I am wondering if the gentleman contemplates presenting an amendment that, for instance, would provide a commission composed of a member of the Federal Reserve Board, a member of the Federal Trade Commission, and one or two members from the stock exchange, members who would know all about this very complicated machinery which operates the exchanges?

Mr. MERRITT. The gentleman perhaps knows that the bill as reported by the Senate committee provides for a separate commission.

Mr. BRITTEN. The Senate bill provides for a purely political commission, three Democrats and two Republicans.

Mr. MERRITT. I think so.

Mr. BRITTEN. My thought is that that would be just as bad as the provisions in this act now before the House. I have been much impressed with the testimony before the gentleman's committee, to the effect that a distinctly nonpartisan, nonpolitical commission of some sort should be established, and there should be upon that commission one or two men who know every angle of the operations of the stock exchanges of this country.

Mr. MERRITT. I agree with the gentleman, and if he will allow me, I will give him better authority than perhaps either he or I, for that statement. This whole legislation came from a commission which was appointed by President Roosevelt and headed by Mr. Dickinson, who is Assistant

Secretary of Commerce. That commission made a report, and this bill follows that report. I regret to say that Mr. Dickinson was not a member of the committee which drew the bill, but his letter to the President, which finally resulted in the drawing of the bill, has this phrase:

> Should it be determined that a separate commission should be set up, such commission should be composed of at least three members without regard to political affiliations, appointed for a term of at least 7 years.

Now, this is the point:

> In either case it is suggested that one of the members of the commission or authority should be required by law to be a man thoroughly experienced in stock-exchange practices.

I think the longer the committee considered this bill the more the members were impressed with the feeling of its enormous importance and the enormous interests which will be affected by the bill.

Mr. BEEDY. Will the gentleman yield?

Mr. MERRITT. I yield.

Mr. BEEDY. Is the gentleman going to offer an amendment embracing the suggestions made by the gentleman from Illinois and Mr. DICKINSON?

Mr. MERRITT. I think it will be offered. I do not know that I shall offer it.

Mr. BEEDY. Is there such amendment to be offered, within your knowledge?

Mr. MERRITT. I think it should be.

Mr. BEEDY. I think it should be, too; but I wanted to know whether anybody representing the committee can tell me whether there is such an amendment to be presented.

Mr. BULWINKLE. The gentleman refers to the separate authority or commission?

Mr. BRITTEN. Yes.

Mr. BULWINKLE. Yes; I am going to offer such an amendment.

Mr. BRITTEN. Mr. Chairman, will the gentleman from Connecticut yield to the distinguished gentleman from North Carolina to state to the House the substance of the amendment the gentleman proposes to offer?

Mr. BULWINKLE. In substance it will empower the President to appoint 3 men to serve for 2, 4, and 6 years, 2 of one political party and 1 of another.

Mr. BRITTEN. If the gentleman from Connecticut will yield further, my thought is that instead of the President naming three gentlemen of the political parties—and, of course, any commissioner named by the President would be a high type of man—that at least one member of the commission should be thoroughly qualified and experienced in the manipulations of the stock exchanges.

Mr. BULWINKLE. Answering the gentleman from Illinois, I may say that I do not think any President ought to be tied down to the selection of a man from any certain group.

Mr. BRITTEN. Does not the gentleman think it would be wise to suggest in the legislation that at least one man should be thoroughly experienced in the manipulation of stock exchanges?

Mr. BULWINKLE. No; I do not.

Mr. MERRITT. Mr. Chairman, I submit this matter can be cleared up in debate without using too much of my time.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. I yield.

Mr. CULKIN. The gentleman stated that the Securities Act was handicapping industry in obtaining loans; and the gentleman's position on this stock-exchange bill, as I understood it, will further aggravate that condition.

Mr. MERRITT. I did not mean to say in obtaining loans. What I said was that the Securities Act and this act will retard good men from going on boards of directors.

Mr. CULKIN. Is it not a fact that it makes it difficult for companies to finance their present needs by the issue of securities?

Mr. MERRITT. Yes; I think it does.

Mr. CULKIN. And is it not also a fact that at the present time it is difficult, if not almost impossible, for an industry of normal size to get loans from banks?

Mr. MERRITT. Yes.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. I yield.

Mr. PETTENGILL. This act has nothing to do with the original issue of securities?

Mr. MERRITT. No; it only aggravates the difficulty; that is all.

Mr. KOPPLEMANN. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. I yield for a short question.

Mr. KOPPLEMANN. The gentleman remarked that it was difficult to get good men to serve on boards of directors.

Mr. MERRITT. Yes.

Mr. KOPPLEMANN. The gentleman predicates that statement upon the fact that members of boards are held responsible for the activities of their corporations?

Mr. MERRITT. Yes.

Mr. KOPPLEMANN. Therefore, the director who does not attend to business on the board becomes a bad man instead of a good man, and ought to be kept off the board.

Mr. MERRITT. Well, that is a little casuistry into which I will not go.

In closing I call the attention of the committee to the letter of the President addressed to the chairman of our committee on March 26, in which the President said in the paragraph summing up his letter:

> We must, of course, prevent insofar as possible manipulation of prices to the detriment of actual investors; but at the same time we must eliminate unnecessary, unwise, and destructive speculation.

This sentence, you see, applies to stock-exchange practices. I cannot criticize the provisions of this bill in that regard especially, but I do think the bill goes beyond the expressed sentiments of the President. I think it will tend to continue the unsettled state of mind of business men and manufacturers so that they will not be willing to make forward contracts; they will not be willing to buy capital goods and contract to furnish capital goods because they cannot tell at what moment the Commission may decide to change its rules, may decide to put some increased burden on their corporation, may decide to make some new regulation of the stock exchanges which will freeze what ought to be their liquid assets.

This bill has been drawn with the greatest care; and I suppose that with the knowledge we have now it may be considered a good bill to cover these subjects, if we want to cover them; but I still doubt if there is a man on our committee who has been studying this subject who would be willing to say with certainty what the bill will do in very many directions.

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 2 additional minutes to the gentleman from Connecticut.

Mr. MERRITT. I think, therefore, the part of wisdom, as I have suggested in the minority report, would be to allow this bill to sleep. Perfect it by debate, yes; give the Members an opportunity to debate, to state their own opinions, and hear the opinions of others, but allow the enactment of the bill to wait until the next Congress. It is only 7 months before another Congress will meet; and, surely, nothing is going to happen in that time; there is not going to be any destructive speculation. I think it will be the part of much greater wisdom to let the bill go over another 6 months instead of risking the enactment of a bad law which will be difficult to remove from the statute books once it is enacted.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. I yield.

Mr. KELLER. I understood the gentleman to say that the ethics of the business of the country were not as high as the ethics of the New York Stock Exchange. Is that correct?

Mr. MERRITT. No; that is not what I said, although I did say practically that. I said that business as conducted on the New York Stock Exchange is conducted on a higher and better ethical standard than many other businesses.

Mr. KELLER. The gentleman, of course, has read the investigation of the Senate Banking and Currency Committee along that line?

Mr. MERRITT. Yes.

Mr. KELLER. What can the gentleman say with regard to his comparison in view of what was developed by that committee?

Mr. MERRITT. The report of the Senate committee related to a very few individuals on an exchange.

Mr. KELLER. The gentleman said that the national debt will reach something more than $30,000,000,000. I would like to know how much of that is actual and how much is in the form of revolving funds that will come back to the Government?

Mr. MERRITT. I cannot answer questions of detail and they do not affect my point.

Mr. KELLER. I have been trying to find that out.

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I do not propose to discuss in detail the provisions of this bill, but rather to touch upon a few matters which have occurred to me during its consideration in the committee as being extraordinarily important.

When the gentleman from Connecticut states that the committee worked hard, he stated the truth, and when he stated that the chairman of the committee had been hard driven he sated the truth. It has been a big task, and for one I take my hat off to the chairman of the committee for the manner in which he has stood up under the pressure exerted upon him from all sides. At the same time I do not think we should belittle the concern that a very, very large number of people scattered all over the country have felt about this measure, and I think we can get a better understanding of this concern if we go back and look for a moment at the bill as it was originally introduced. It was a very different proposition than the one now confronting us.

The bill as originally introduced was not drawn under the auspices of the so-called "Roper committee", but by another group selected for the purpose, and the selection was not made by the members of the Interstate and Foreign Commerce Committee. That first bill was calculated to throw fear not only into the minds of brokers and dealers and those engaged in the marketing of securities, but into the minds of bankers and security owners all over the country, and those who are responsible for the management of great business enterprises. I think we ought to review for just a moment some of the things which that bill proposed to do, in order that we may understand the fear that spread over the country and the actual harm that was done by the destruction of confidence. Of course, not all will agree with me in my criticism of the original proposal. But, for example, in the original bill the margin requirement was to be 60 percent. The best informed people in the United States, as we have encountered them, or at least as I have encountered them, were thoroughly convinced that if that provision were frozen in the law we would embark upon another painful period of deflation.

Various errors were committed, probably unintentionally. For example, the first bill forbade dealing in convertible bonds on the stock exchange. This happily has been corrected. The first bill, as I recollect, would have compelled the separation of the broker-dealer business, and in this event nearly every small broker in the country would have been driven out of business, because he would have been forbidden to do any business as a dealer. It was perfectly apparent that the small house cannot live, cannot command enough income unless it is permitted under proper regulation to do both kinds of business. That very provision is the one that started a great deal of this campaign of opposition to the bill as a whole, for if it had gone into effect literally thousands of employees in broker-dealer houses throughout the country would have lost their places.

Under the original bill it was not definitely clear that a State bond was to be put in the exempt class, as was provided for United States bonds or obligations. This, of course, caused concern at the seat of every State government and was of special concern to those who make a specialty of dealing in municipal and State bonds. Their number, of course, is very large. That needed clarification.

As to the reports to be required from corporations desiring to list their stocks, there were some extraordinary provisions in the first measure introduced, and, as though to cover everything in case anything should be forgotten, the Federal Trade SCommission was authorized to require any kind of report that it saw fit to ask for. Furthermore, the Commission was charged with the initial function of granting permission for the listing of the securities on the exchange. In other words, the exchanges, in the first place, would have nothing to say about the matter; the Commission alone would pass judgment on the proposal to list a given security. That very thing, with the extraordinary report required under the first draft of this measure, would have centered here in the Federal Trade Commission a very practical control over all the corporations in the country whose securities might be listed upon any exchange.

The same is true with respect to the first draft concerning the accounts or the method of keeping accounts which these same corporations might be required to adopt under orders from the Commission. As we all know, hundreds and hundreds of utilities must keep their accounts in accordance with the laws of the State in which they operate and under which they are regulated. To authorize a commission here in Washington to prescribe a different form of keeping accounts would, of course, impose a tremendous expense on those companies, and to no public benefit. Naturally, they were nervous. The keeping of accounts now under the various State laws is a highly expensive piece of business. Of course, it must be done, but most of these companies are having a hard enough time to get along, and any unnecessary or additional expense is something to be avoided. We cured that in the final redraft of the bill.

Then, as to the publicity of this information which the Commission was authorized under the previous draft to gather in, there was grave doubt as to the wisdom of the publicity section, because under a certain construction of this section the trade secrets and business practices of all these concerns might be given out to the public or made available to the public—practices and secrets which have nothing whatsoever to do with dealing in securities on stock exchanges. In the first draft the bill went so far beyond the mere regulation of stock exchanges that it is not surprising that it attracted national interest rather than simply so-called "Wall Street" interest.

My experience with those who have protested against certain provisions of this bill as originally introduced has been a very informing one.

I confess I knew nothing about the practices of stock exchanges, never having come in contact with them in a single instance. In the hearings, it is true, three fourths of the time was consumed by critics of the bill, but in nearly every instance those who criticized the bill expressed the hope we would get a good bill regulating the dealing in securities.

I remember very well that the representatives of the Curb Exchange came before the committee and pointed out that under the provisions of the bill as then drafted there was no question whatsoever but that the Curb Exchange in New York must close. Do you blame them for coming to us and protesting? This has been cured in the redraft.

I can also remember the original proxy provisions as contained in the bill first introduced. They provided, for example, that any person soliciting proxies from a shareholder in a company must at the same time furnish such shareholder with a complete list of all the other shareholders in the company. This would be an extraordinary undertaking for the Pennsylvania Railroad, with its over 100,000 shareholders, or the American Telegraph & Telephone Co.,

with its 680,000 shareholders, living in all 48 States and in 80 foreign countries. Every one of them would have had to receive from the corporation's headquarters three volumes, each as large as the Washington telephone directory, with every name and address of the shareholders printed in the volume. Is it strange that we have had opposition and criticism? This has been cured to a very considerable degree in the redraft of the bill.

My experience has been very pleasant in having these things pointed out and teaching me, and I think they have taught us a great deal more than we ever knew before about the business of the United States.

Mr. MAY. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. MAY. Not for a question but merely an expression of the hope that the gentleman, while he has the floor, will point out to what extent the bill now under consideration has eliminated these objectionable features so that we may know the merit of the bill as it is at present.

Mr. WADSWORTH. I think I shall.

Mr. COOPER of Ohio. Will the gentleman yield a moment?

Mr. WADSWORTH. Yes.

Mr. COOPER of Ohio. A moment ago the gentleman spoke about section 11, which is the report section, and the gentleman stated he thought we had cured that. We have modified it, but I call the gentleman's attention to page 34, beginning with the word "except" in line 18, where we find these words:

> Except that this provision shall not be construed to prevent the Commission from imposing such additional requirements with respect to such reports, within the scope of this section and section 11.

Now, section 11 is the report section, so that while we have modified the bill, yet it does give the Federal Trade Commission the power to impose any additional requirements on reports that it may see fit to make.

Mr. RAYBURN. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. RAYBURN. But it states that the Commission cannot go further than the requirements of section 11.

Mr. COOPER of Ohio. Section 11 is the report section.

Mr. RAYBURN. Yes; that is a limitation.

Mr. COOPER of Ohio. Then the bill says that the Commission has power to impose additional requirements with respect to such reports within the scope of this section and section 11.

Mr. WADSWORTH. The gentleman from Ohio is correct. While modifications were made in this so-called "report section", and I think rather important modifications, there still does reside in the Federal Trade Commission the power which the gentleman from Ohio has mentioned.

Mr. BEEDY. Will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. BEEDY. Does not the gentleman still consider that very provision leaves the business interests affected laboring under great fear and doubt as to the possibilities of future regulations that may be imposed?

Mr. WADSWORTH. I will answer that question in this way. When I said the provision has been modified, the enumeration of the subjects to be covered in the reports required has been shortened. Some things that the committee believed were utterly unnecessary and put in merely for annoyance purposes have been eliminated. I regret myself that the sentence which the gentleman from Ohio has just read was put in the measure. It was put in after another modification had been made, which we thought was to be the final modification.

Mr. MAPES and Mr. PETTENGILL rose.

Mr. WADSWORTH. I yield first to the gentleman from Michigan, my colleague on the committee.

Mr. MAPES. I think perhaps it would be interesting to state here the theory of the sentence to which the gentleman has referred. It is recognized, I think, that some of the States do not require utility corporations to make very complete reports, and one of the purposes of this legislation is to protect investors by requiring informative reports, and this provision was put in so as to make it clear that the Federal Trade Commission, if it thought enough information was not being given to afford investors an opportunity to pass intelligently upon the value of the securities, could call for additional information, not inconsistent with what the State law required.

Mr. OLIVER of New York. Will the gentleman yield there?

Mr. WADSWORTH. Yes.

Mr. OLIVER of New York. When the gentleman referred to the power of the Federal Trade Commission a moment ago, I thought the gentleman referred to it with regard to the accountancy section.

Mr. WADSWORTH. I was talking about the accountancy section; yes.

Mr. OLIVER of New York. And was referring to the terrific expense that might be involved if new and different systems of accountancy were required and was not referring specifically to the section with regard to mere reports.

Mr. WADSWORTH. The language to which attention has been called is part of what might be called the accountancy paragraph.

Mr. COOPER of Ohio. If the gentleman will permit, I cannot agree with my colleague, the gentleman from Michigan [Mr. MAPES]. The bill does not say anything about this last provision applying to States that require no system of accounting. The language is, "shall not be construed to prevent the Commission from imposing such additional requirements with respect to such reports", as they may need. It may be that the gentleman from Michigan [Mr. MAPES] is right, but I do not read it in that way. It seems to me to give the Commission broad powers to establish any additional requirements they want with respect to section 11, which is the report section.

Mr. WADSWORTH. The inaccuracy of my analysis of this particular section is due to something I must confess. I think I am not violating the rules of the committee. I offered an amendment myself inserting, on page 34, line 15, the words "or any State", so as to relieve corporations which are required by State laws to keep their accounts in a certain way from being required by the Federal Trade Commission to keep them in another way. At the next meeting of the committee I was absent and the sentence to which the gentleman from Ohio has called attention was inserted, although the amendment which I had proposed in the first instance was accepted.

Mr. RAYBURN. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. RAYBURN. We were discussing that day accepting the additional language, and I remember we agreed to put in the words as to the States qualifying the language.

Mr. WADSWORTH. Undoubtedly the gentleman's recollection is accurate, but unfortunately I was absent that day from the committee. I simply mentioned that to explain my ignorance of the sentence read by the gentleman from Ohio.

Mr. MAPES. I do not want to interrupt the gentleman.

Mr. WADSWORTH. I yield.

Mr. MAPES. I did not mean to state, if I did so state, that any State did not require some sort of a report to be made by utility corporations. All I said was that some did not require very complete or enlightening reports, and this sentence to which the gentleman has been referring simply invests the Federal Trade Commission, if it sees fit, with the power to call for additional information.

Mr. WADSWORTH. I have been asked to find out where the modifications are which make the bill a better measure than the original one.

We will start with the marginal requirements. Under the original bill it was 60 percent. Most people thought that would bring a deflation and place the country in a worse condition than it is today. That has been reduced to 45 percent. Or he can borrow 100 percent of its lowest market price during the preceding 36 calendar months, but in no case more than 75 percent of the current market price. If

I had my way, I would make the first alternative 40 percent instead of 45 percent.

Now, we are dealing with a very delicate thing when we deal with margins. We cannot tell here in the House of Representatives what is going to happen in the next 3 months or the next 6 months or the next year with respect to the demand for securities, the demand of the public for securities for investment as well as speculation.

I should have preferred that the whole provision be left absolutely flexible with the Federal Reserve Board to keep its hand on the situation. But the committee finally decided to write their formula into the statute. The Senate bill does not contain the formula, but leaves it to the Federal Reserve Board.

As I am informed—I may not be correct about it—that is substantially the way that it is done in London. Instead of the Federal Reserve Board, the control is by the Bank of England.

It is further modified by the fact that the bill gives the Federal Reserve Board the right to change the formula if it deems it wise so to do for the benefit of trade and commerce and so forth.

I suppose there will always remain in the minds of the Federal Reserve Board the fact that the Congress has written the formula, and it will take quite a situation to persuade the Board to abandon the formula and substitute its own regulation. It would be a matter of courage. Generally those decisions have to be made, if made at all, under very stressful conditions; but if we are to trust government at all, I should think we could trust the Federal Reserve Board to rise to the occasion with respect to changing margin conditions.

Instead of separating broker-dealer concerns and forcing segregation and putting any number of them out of business, this bill permits broker-dealers to continue in business under regulations fixed by the Federal Trade Commission, and implies that a study shall be made of that to see what the developments may be and whether further legislation is necessary.

State bonds and municipal bonds are now definitely placed in the exempt clause by this bill.

As I said, the proxy provision has been toned down, and although I regard the section as absolutely unnecessary, having nothing to do with the regulation of stock exchanges, I suppose it can be said that it is not going to impose much hardship or annoyance on anybody.

I hesitate to bring up a constitutional question. This bill, I assume, is founded upon the interstate-commerce clause of the Constitution. There is a long argument in the first two pages of the bill. In fact section 2 is a speech, and I would advise you all to read it. I have never seen anything quite like it proposed in legislation. It starts by stating that certain things are important and certain things are evil, and then goes on to say that the important things should be handled and the evil things should be prevented, and it ends up with an exhortation that the whole thing is the right thing to do and is well within the provisions of the Constitution, or words to that effect. That, of course, is designed to control the Supreme Court. If I had my way, as a matter of bill drafting, I would strike it out. It has no place in a statute of the United States. You do not put your arguments in statutes; you put your arguments in the reports of the committee or you make them on the floor of the House or the Senate.

May I now call the attention of Members to one matter which has been one of deep concern to me, although, perhaps, not so to many others. This bill imposes a marginal requirement not only upon brokers and dealers but also upon all bankers. That establishes in my view a new thought and a new principle in the treatment of bankers and banks under a statute of the United States. Under this bill a banker may not loan to one of his customers more than 55 percent of the market value of the stock which that customer is purchasing and wants to carry with the aid of the loan.

We are speaking now, of course, of listed securities. The same provision, of course, applies to the broker. He may not lend more than 55 percent. I can very well understand how a statute controlling the broker in this regard is defensible, and I make no complaint against it, but I have my doubts as to the soundness of having these margin provisions apply to all the banks. A broker, when he makes a loan to a customer, makes little or no inquiry as to the customer's financial standing, otherwise than connected with the collateral he puts up. Of course, in most instances he does not see the customer, as the orders come in by telegraph very often. He makes no inquiry as to the customer's character or standing in the community, or as to his other assets. He does not inform himself as to the nature of the customer's business. Those things do not interest the broker. All he must do is to comply with the rules of the exchange or the statute of the United States, as the case may be, with respect to the customer's margin; but when the customer of a bank goes to that bank, known to the president of the bank, to the directors of the bank, as a man of substance and standing in the community, and proposes that the bank make him a loan with which he may purchase a listed security and carry it with the aid of the loan, and the banker knows with whom he is talking and knows about the man's other assets and about his character and all about his business, how long he has been living in the town, all about his family, as he will, if he is anything like a wise banker, then the banker may be doing a perfectly sound thing, a perfectly safe thing, a thing which will aid in a small way the business transactions of the town, if he should loan to that man on a smaller margin than 45 percent. Yet this law is to step in between the individual customer and his own banker, whether that banker be in Oshkosh or Wichita, or some place in Montana, or in Texas, or in New York City.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. SABATH. In the case the gentleman describes, if the man is a man of such standing as he describes, the banker could make a loan without this collateral security, or he could also make a loan to that extent, 45 percent, and then make a separate loan for an amount that he believes this man is entitled to receive. Is not that true? So that there is no danger of that provision at all.

Mrs. KAHN. That would be a direct evasion of the law.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. COOPER of Ohio. Mr. Chairman, I yield 10 additional minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, of course the question propounded by the gentleman from Illinois [Mr. SABATH], if answered in the affirmative—and I do not know that I am competent to answer it either in the affirmative or in the negative—but if answered in the affirmative, and that answer were taken as true, means that this section is not worth anything. If it is to be evaded that easily, why have it at all with respect to banks?

I may be somewhat old fashioned in my regard for the function of a banker. I do not like to see him put in the same category as the broker. I think the banker is expected to use judgment, and the broker is not expected to use judgment to anything like the same extent in making loans.

I know my suggestion will not be and cannot be carried out; that is, to take the banks entirely out of this margin provision. That was discussed in committee, and it was decided otherwise. I dread it somewhat. I believe it will cramp the style, if I may use that phrase, of prospective investors away back in the hinterland, who want to go to their county banks and make loans, who cannot put up any such amount of collateral, or it would cause great hardship upon them if compelled to do so, as is imposed by this statute. I would rather trust the judgment of the banker who is well acquainted with his customer than I would the law.

Mr. DARDEN. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. DARDEN. Does this limitation apply as between banks?

For instance, in my section there is a large number of small banks which operate seasonally and borrow from central banks, and at that time they hypothecate security. Would it apply to those banks?

Mr. WADSWORTH. It applies to all banks and to all persons and all corporations, all partnerships, all associations, and joint-stock companies, between themselves, or as an original transaction.

Mr. MILLIGAN. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. MILLIGAN. That only applies when they desire to buy securities?

Mr. WADSWORTH. That is right. It is only for loans made to carry a security on an exchange, but, of course, that in itself is a tremendous field.

Mr. RICH. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. RICH. If a banker made a loan, as suggested by the gentleman a few moments ago, to an individual who was not only entitled to a loan of 45 percent but to a greater loan, if the intent of this law is such that the banker is supposed to have a 45-percent margin, and he loans a greater amount than that, the banker would be liable for neglect of duty if he did not require 45-percent margin against the loan?

Mr. WADSWORTH. Oh, of course, the banker violates the law if he fails to require the 45-percent margin.

Mr. RICH. And the bank would be guilty of an offense?

Mr. WADSWORTH. Certainly.

Mr. BLACK. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. BLACK. In case the purchase of stock is entirely financed by a banker, in case it goes sour, who gets the sour end, the banker or the broker?

Mr. WADSWORTH. The man who makes the loan is the man who violates the law, as I understand it.

Mr. BLACK. But they are both within the law. It can be financed 100 percent, within the law, by borrowings.

Mr. WADSWORTH. Not under this bill.

Mr. BLACK. Not under this bill?

Mr. WADSWORTH. Not under this bill.

Mr. COLE. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. COLE. Is there very much difference in the provision we are discussing, section 6 of the present bill, and the power which the Federal Reserve Board already has under the Glass-Steagall bill?

Mr. WADSWORTH. Of course, the object of including banks is to prevent the use of bank credit in support of wild speculation. As it is described, the "sucking in", through channels of the banks, of the available credit reserves of the country, in support of speculation on the exchanges. The evil, which I suppose existed to a greater or lesser degree, but I do not know how great, was in the mind of the men of this House and of the Senate when the Glass-Steagall bill was passed at the extra session. There was inserted in the Glass-Steagall bill a provision to this effect—I am paraphrasing it, of course—that if the Federal Reserve Board or a Federal Reserve bank in a district made up its mind that one of the banks in that district was loaning too much money on the stock market, it could say to that bank in effect, "Taper down; taper down. Call some of those loans. Stop that. If you do not, if you persist, we will deny you the rediscount privilege at the Federal Reserve bank."

Now, that provision was designed to prevent the very evil which this inclusion of banks in the margin provision of this bill is designed to prevent. My contention is that the Glass-Steagall bill accomplishes the purpose. The Glass-Steagall bill will control, as to its volume, the amount of bank loans used for speculative purposes on the exchange. Volume will be controlled, but in this bill we go between the individual borrower and the banker, which I think is unnecessary.

Mr. COLE. Will the gentleman yield further?

Mr. WADSWORTH. I yield.

Mr. COLE. I agree with the gentleman that the Glass-Steagall bill, exercised by the Federal Reserve bank, would accomplish the same purpose. Of course, the gentleman knows the Glass-Steagall Act does not cover nonmember banks.

Mr. WADSWORTH. That is true; but I think they are finally going to come under the Federal Reserve System.

Mr. COLE. If the gentleman is satisfied with the provisions of the Glass-Steagall bill, the opinion of Governor Black, of the Federal Reserve bank, should have a great weight with him; he approves the provisions of section 6.

Mr. WADSWORTH. I know he does. It takes some recklessness on my part to disagree with him.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. PETTENGILL. If the provisions of the Glass-Steagall Act applicable to member banks is good legislation with regard to member banks, why should not this legislation prove to be good with regard to the operations of nonmember banks?

Mr. WADSWORTH. This legislation is different in this respect, it steps in between the individual customer and his banker.

Mr. PETTENGILL. Yes; I appreciate that.

Mr. WADSWORTH. In the Glass-Steagall bill there is nothing of the sort. That bill steps between the bank and the speculative market and says to the bank: "Your volume of loans is too great; cut it down." It does not say to the banker, however, that he must cut John Smith's loan down or Bill Jones' loan; it simply says that he has too much money loaned and that he must cut it down. I think the provisions of that act will accomplish the purpose Congress had in mind then and the purpose it has in mind now.

Mr. RICH. Mr. Chairman, will the gentleman yield for a further question?

Mr. WADSWORTH. I yield.

Mr. RICH. The Glass-Steagall bill prohibits the association of broker and dealer in the banking business. A few moments ago the gentleman said that this bill would permit them to resume their old operations.

Mr. WADSWORTH. The brokers and dealers?

Mr. RICH. The Glass-Steagall bill prohibited that.

Mr. WADSWORTH. No; the Glass-Steagall bill did not touch that subject at all.

Mr. RICH. I do not know whether I understood the full meaning of the gentleman's statement.

Mr. WADSWORTH. Oh, no; I misspoke myself, if I said anything like that.

Mr. COCHRAN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. COCHRAN of Pennsylvania. Does not the gentleman draw a distinction as to the character of collateral?

Mr. WADSWORTH.. I do.

Mr. COCHRAN of Pennsylvania. There are common stock, preferred stock, and bonds. Should there not be a different margin requirement according to the nature of the security?

Mr. WADSWORTH. I think there should be, and that is why I believe in complete flexibility. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Chairman, I am not going to discuss the details of the bill, but shall make just a few observations on the broader aspects of it.

No more controversial measure has been before this House than H.R. 9323, known as the "securities exchange bill of 1934."

The bill as first written brought down an avalanche of criticism and objections. It is my conviction that the bill as

first drawn was too drastic. Therefore, much of the criticism of that first draft has proved to be justified.

But extended public hearings have been held. Every objection has been given careful consideration. Revision after revision has been made with the purpose of eliminating the provisions that seemed to be too drastic.

Now, I think, we have a bill that will protect the public by preventing inequitable and unfair practices and that will in the end prove beneficial to legitimate operators on our stock exchanges.

This bill does three things. It protects investors, controls market manipulations that are destructive to values, and tends to curb destructive speculation.

This measure strikes directly at what I believe is the most vicious practice of the stock exchanges—that is, the making of what is known as "wash sales" and "matched orders." This kind of manipulation is on a par with the use of loaded dice or other devices utilized by crooked professional gamblers in the conduct of their profession. It is, however, more reprehensible. No sane man enters a gambling house expecting to get a fair break for his money. But hundreds of thousands of good, honest American citizens pay their money to brokers, thinking that they are dealing with conservative, responsible, business men who are affording them the facilities of the market on an even chance with all others who use the market for the purpose of buying and selling securities. These people think they are investing their money in legitimate securities. That should be the case. If this measure is enacted into law, I believe that will be the case henceforth.

I hold no brief for those who would deliberately interfere with or hamper legitimate business. On the other hand, I insist that since the stock market has in the past been guilty of practices that transcend the legitimate, they, as well as all other offenders, should be brought within the law that calls for an honest, fair, and open chance for the citizen who desires to invest his money in legitimate securities. If in so doing he loses through the natural or ordinary hazard in industry and commerce, that is a loss he is willing to take. But if he is sheared like a lamb through a rigged market, through manipulations resulting from wash sales and matched orders, he has a legitimate cause for complaint, and it is his Government's business, through its legislative and executive branches, to throw about this stock-purchasing and stock-selling business such safeguards as will make these tricky devices, so long indulged in, impossible in the future.

This is a measure that President Roosevelt strongly recommends. In the face of the terrific drive against the measure, the President has repeated his recommendations. He is acting in the interest of honest business and honest investors. His motives are the highest. Shall we listen to the uninformed protestors or to the special interests who are objecting to this bill? Or shall we follow the leadership of the best friend the people of the United States ever had? Let us have the courage to pass this bill, knowing that it is an honest bill, framed for the benefit of honest people. [Applause.]

Mr. Chairman, I yield back the remainder of my time.

Mr. RAYBURN. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I take this minute merely for the purpose of answering the gentleman from California.

We have plenty of laws in New York against wash sales and matched orders; and we have the provisions of the United States mail fraud law against the same thing. We do not need this bill to give that particular protection. I do not think the gentleman will find anyone who has lost money recently on the New York Stock Exchange because of wash sales or matched orders.

Mr. FORD. Not recently; but how about the past?

Mr. BLACK. That may have been the case years and years ago.

Mr. RAYBURN. Mr. Chairman, inasmuch as there are no further requests for time this afternoon from Members on either side, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, had come to no resolution thereon.

GILBERT DU MOTIER, MARQUIS DE LA FAYETTE

Mr. BANKHEAD, from the Committee on Rules, submitted a report to accompany House Concurrent Resolution No. 37, providing for a joint session of the two Houses of Congress for appropriate exercises in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette (Rept. No. 1412), which was referred to the House Calendar and ordered printed.

ONE HUNDRED AND FIFTIETH ANNIVERSARY OF FORMULATION OF THE CONSTITUTION OF THE UNITED STATES

Mr. BANKHEAD, from the Committee on Rules, submitted a report to accompany House Joint Resolution 265, providing for the preparation and completion of plans for a comprehensive observance of the one hundred and fiftieth anniversary of the formulation of the Constitution of the United States (Rept. No. 1413), which was referred to the House Calendar and ordered printed.

A CENTURY OF PROGRESS

Mr. KELLER. Mr. Speaker, I ask unanimous consent that I may be permitted to insert in the RECORD a letter from the President of the United States to the Congress under date of March 27, 1934, in relation to the Century of Progress.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. KELLER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter from the President of the United States to the Congress under date of March 27, 1934, in relation to the Century of Progress:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Chicago World's Fair Centennial Commission to the end that legislation may be enacted extending the availability of funds previously appropriated for Government participation in A Century of Progress, the Chicago World's Fair Centennial Celebration, in 1933, to June 30, 1935, and also authorizing the appropriation of funds in the amount of $405,000 for the purpose of defraying the expenses of participation by the Government of the United States in the reopening of A Century of Progress, the Chicago World's Fair Centennial Celebration, in 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 27, 1934.*

PROF. ALBERT EINSTEIN

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address delivered in Chicago April 8, 1934.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me at the National Conference of the Committee on Defense of Human Rights, held in Chicago, Ill., on Sunday, April 8, 1934:

Mr. Chairman and delegates, the privilege accorded me of attending your conference is profoundly appreciated, and it is with a keen feeling of pleasure that I have come to join you, but equally keen is my sense of regret that it is necessary for liberty-loving Americans in this twentieth century to gather in assembly in aid of the protection of minorities and the defense of human rights. Fortunately, we, in America, now enjoy, as in the beginning, the happiness, freedom, and liberty guaranteed by the Constitution of the United States. The United States of America still is, and may it ever be, known in the world as a "haven of liberty and true civilization."

In the present Congress there is pending the measure which has become entitled "House Joint Resolution 309": A resolution to admit Dr. Albert Einstein to American citizenship. The meas-

ure which I was privileged to introduce in the House of Representatives in Washington is intended to confer upon the "most eminent of the eminent" the greatest honor in the gift of the country—her citizenship.

Reads the simple document:

"Whereas Prof. Albert Einstein has been accepted by the scientific world as a savant and genius; and

"Whereas his activities as a humanitarian have placed him high in the regard of countless of his fellowmen; and

"Whereas he has publicly declared on many occasions to be a lover of the United States and an admirer of its Constitution; and

"Whereas the United States is known in the world as a "haven of liberty and true civilization": Therefore be it

"*Resolved*, By the Senate and House of Representatives of the United States of America in Congress assembled, That Albert Einstein is hereby unconditionally admitted to the character and privileges of a citizen of the United States."

As a United States Representative from New Jersey, I have felt that in honoring such a great man as Professor Einstein, the American people would be doing no more or less than honoring themselves. We like his greatness. We admire his genius. We cherish his humility. He came to us by choice; we choose to have him always if we can. He is imbued with the American principles of liberty; he has all the attributes of a true American; he has brought prestige and fame to America.

The United States has previously bestowed honors upon him. Our country, along with many others, has competed for his genius. He has finally come to us, to our land of liberty, has "this most illustrious scientist since Isaac Newton, one of the most appealing personalities of the world." He will be with us the greater part of the time, although he will leave us temporarily each year to impart his learning at institutions in other countries. He is of the world. But who shall gainsay that he does not now rightfully belong to America?

"My political idea is democracy", he has said. And further, "I believe that you in the United States have hit upon the right idea. You choose a President for a reasonable length of time and give him enough power to acquit himself properly of his responsibilities."

In the many expressions of this great mathematician and genius there is food for thought. Once knowing his simple, honest, sympathetic manner as gleaned from his life and work, nothing that he has said or done can fairly be misconstrued.

I have read his comment on the horrors of war and the virtues of peace. It brought echoes of what Sherman said of war. It revived in memory the ejaculations of many World War veterans, friends of mine, who, after the armistice, said, "No more war", thinking aloud, but yet ready to resume hostilities at the sound of the country's bugle. I have listened to the words of Theodore of Roosevelt fame, "We must have peace", and then more emphatically, "We must have peace; but if we must have war to gain peace, then we must war for the sake of peace." Devoutly committed to the cause of international peace, I have heard the genius Einstein denounce war—as most have at one time or another—and still I have seen the great humanitarian hasten to the defense of the people of his race militantly when they were in jeopardy, and I have marked his devotion to the cause of liberty—"liberty without which," he said, "life to a self-respecting man is not worth living."

In a great speech in Albert Hall, London, England, October 4, 1933, Dr. Einstein spoke of the blessings of freedom, saying: "We are concerned not merely with the technical problem of securing and maintaining peace but also with the important tasks of education and enlightenment. If we want to resist the powers which threaten to suppress intellectual and individual freedom, we must keep clearly before us what is at stake and what we owe to that freedom which our ancestors won for us after hard struggles.

"Without such freedom there would have been no Shakespeare, no Goethe, Newton, Faraday, Pasteur, or Lister. There would be no comfortable houses for the mass of the people, no railways or wireless, no protection against epidemics, no cheap books, no culture, no enjoyment of art for all. There would be no machines to relieve people from the arduous labor needed for the production of the essential necessities of life. Most people would lead a dull life of slavery just as under the ancient despotisms of Asia. It is only men who are free who create the inventions and intellectual works which to us moderns make life worthwhile."

As becomes a scientist, he has discoursed on the scientific and has turned from science to religion—to the supernatural. I have pictured him as he reflected upon the great mystery, with what seemed to me a searching mind, yet fervid heart. My study of his writings brought me back to the saintly Newman to recall his perplexities, which emerged triumphant in Lead Kindly Light. I saw Einstein perplexed, but religious, though tolerant. I peeked, I thought, into the inner recesses of his heart and his mind; and I saw there, as I believe, one of the Godliest of men.

An adherent to the principles of social justice, he has expressed himself vigorously on behalf of the masses—as have many of our leading statesmen—and in that characteristic we find, and find only, the great humanitarian.

He is living immortal in our midst.

Professor Einstein has accepted a life appointment at the Institute for Advanced Study. It was established by the generosity of two lovable philanthropists of my State of New Jersey—Mrs. Felix Fuld and her brother, Mr. Louis Bamberger, of Newark. It has, as you may know, temporary quarters in Fine Hall, Graduate Mathematical Building, at Princeton University. Dr. and Mrs. Einstein are residing now in Princeton, where they are the recipients of the love and affection of the people of my State. The State of New Jersey feels honored by their presence. The institute is honored. Its acquisition of his genius recalls what the great Poincaré wrote of the savant early in his career:

"Herr Einstein is one of the most original minds I have ever met. In spite of his youth he already occupies a very honorable position among the foremost savants of his time. What we marvel at in him, above all, is the ease with which he adjusts himself to new conceptions and draws all possible deductions from them. He does not cling tightly to classical principles but sees all conceivable possibilities when he is confronted with a physical problem. In his mind this becomes transformed into an anticipation of new phenomena that may some day be verified in actual experience. * * * The future will give more and more proofs of the merits of Herr Einstein, and the university that succeeds in attaching him to itself may be certain that it will derive honor from its connection with the young master."

As proof of the esteem for Professor and Mrs. Einstein of the people of my State, including the director and faculty of the institute and the president and faculty of the university housing it, one of the largest and most enthusiastic receptions of welcome ever known to New Jersey was recently tendered to him and his gentle, charming wife and companion. We love them both.

My own admiration for the great scientist, mathematician, and physicist, has existed for some time. My shortcomings in mathematics may account for it in part. I marveled at his mastery of problems that were never quite clear to me in their simpler forms. I saw him conquer not only those things beyond my comprehension but beheld him penetrate also far beyond the realms achieved by any scientist. His name is synonymous with relativity. I endeavored to follow the path he blazed in science but finally contented myself with the admiration his genius created and the joy of appreciation of his kind, simple nature and his humane liberty-loving character.

In his simplicity and modesty, he has written: "Everyone should be respected as an individual, but no one idolized. It is an irony of fate that I should have been showered with so much uncalled-for and unmerited admiration and esteem. Perhaps this adulation springs from the unfulfilled wish of the multitude to comprehend the few ideas which I, with my weak powers, have advanced."

Such as he, scientist, philosopher, humanitarian merits the high regard of any nation. Great Britain, France, Spain, and other countries have welcomed him and offered him their citizenship. Certainly the United States, which he has publicly declared to and does love—beacon of liberty that it is—gladly will extend to Dr. Einstein all the privileges and prerogatives of her citizenship.

I know that he loves the land of his birth, the German people and his Jewish race. In that he is like all true Americans, including Americans of foreign extraction, and the affection that he bears for his native soil does not lessen, but rather accentuates, the love that he has for this liberty-loving land of ours.

He is saddened, as are we, by the plight of the Jews in Germany; his Jewish traditions were inculcated in him at his mother's knee; his people are bone of his bone and flesh of his flesh, and he is proud of his race. As a result he is beloved and idolized by the Jewish people. But they are not alone. We all join with them in our admiration, love, and esteem for the great man amongst us. His coming to us has been a tribute to true civilization; so is it a telling rebuke to man's inhumanity to man.

Here minorities are protected and human rights safeguarded. Our Constitution, which Dr. Einstein so admires, by its provisions grants inalienable rights to minorities which may not be taken away. As long as it remains our basic law, which may God preserve to us, minorities along with the majorities shall enjoy the right to life, liberty, and the pursuit of happiness free from persecution and oppression. We are met in the United States, having come from all nations, to carry on and have our being according to the dictates of the individual, with conscience free from the restraint of oppression—political, religious, or otherwise. We believe that ours is the greatest nation on earth. The United States is, and ever will be, a true guardian of civilization. That protection we offer gladly to Dr. Einstein, thinker and doer, humanitarian and friend, permanently.

By so doing, we shall confer an unprecedented honor, not only upon the great scientist, but we shall pay tribute to the noble, God-respecting, law-abiding attributes of the Jewish people which he exemplifies.

Prompted by the genius of a great man, humanitarian, lover of the United States, and admirer of its Constitution—and inspired I might say—knowing as I did the sentiment of the citizens of New Jersey, which is symbolic of the feeling of the people of the United States, I, as a United States Representative from New Jersey offered in Congress the resolution with which you are now familiar for the purpose of admitting Dr. Einstein unconditionally to the character and privileges of a citizen of the United States.

Now, I know of no more worthy purpose than that which prompts this committee to confer here today. You have come from every section of the country in an effort to alleviate human suffering, to protect persecuted minorities, and defend human rights. I congratulate you upon the noble work you have undertaken. Human rights transcend all others. Your fight is not for the Jewish people, but for all humanity, for every liberty-loving man and woman of whatever race or creed. By your power and influence may you quickly succeed in putting an end to oppression and persecution wherever they may exist.

It is a distinguished honor to meet with you here and to be permitted to pay tribute to Dr. Einstein whom you and I with you

love, and to help promote the triumph of true civilization so dear to his heart—and to ours—over the relic of the Dark Ages—sinister oppression. I sincerely thank you for this honor and privilege and heartily do I enlist in the cause you have undertaken in the name of humanity.

THE FRAZIER-LEMKE BILL

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Speaker, Members of the House, last Wednesday evening, April 25, it was my privilege to preside over a meeting of representatives of farming, business, banking, and the professions, of the States of Indiana, Ohio, and Illinois. The meeting, as I announced to the House on the same day, was held in the Caucus Room of the old House Office Building, Washington, D.C.

The delegates and representatives who attended this meeting came here solely in the interests of the Frazier-Lemke bill for the following reasons:

First. For an adequate volume of money to meet the normal money needs of the Nation.

Second. The bill completely destroys bankers' control and places it back where it lawfully belongs—with the Federal Government.

Third. It definitely stabilizes the value of farm land, improvements thereon, and adequately provides a method for the complete rehabilitation of all farmers and home owners who are being ruined by the millions under prevailing conditions.

Fourth. It provides for a legitimate and proper method of financing the money needs of the Federal Government.

Fifth. In fact, the application of this Frazier-Lemke principle of monetary reform will quickly prove that the American people will not need regimentating methods or some of the ridiculous palliatives that are now being employed.

Sixth. In stabilizing the value of property, it will revive the love for farms and homes among our American people on a scale never equaled heretofore and usher in an era of economic freedom, from which will naturally flow economic justice, and definitely establish the Jeffersonian principle of "equal rights to all and special privileges to none" and once more give the American people the measure of freedom to exercise their God-given talents relieved of the fear of ruination, misery, and want they are now so sorely afflicted with.

Resolutions embodying the text of the foregoing were adopted unanimously. In opening the meeting I made the following statement:

I would say to our distinguished Senators and Representatives from several States, and to these farmers from the States of Illinois, Indiana, and Ohio, and the representatives of the National Farmers' Union that this meeting tonight, in my humble opinion, is one that will largely determine the future course of American agriculture. I think it will determine or prove the soundness of what our good President said—I think it was yesterday—when he said that "the new deal is evolution rather than revolution."

Having been in this farm fight for the past 15 years, I believe in all candor and frankness that the farmers of the Corn Belt of this country, the farmers of the semiarid regions of the Northwest and the Southwest have reached that momentous epoch in their lives when the next year will determine whether or not they will go along with this country as they have in the past, as peaceful, law-abiding, wealth-creating, tax-paying citizens, by peaceful evolution, or whether they will find it necessary to accomplish their ends by riotous revolution.

I want to say to you men from Illinois and Indiana that 15 years ago I visited practically every big farmer in your States and sold them purebred hogs. I bought hogs of your purebred livestock growers, and now, after 15 years, we say that American agriculture today is at the lowest ebb in all of its history, reports to the contrary notwithstanding.

The word that we have received from Congress year after year has been if the farmers of this country will only unite on a common program, Congress will enact into law their program; and I say to you without fear of successful contradiction that the farmers of this country, with the possible exception of the cotton-growing South, have united on a common program, and that program is the passage of the Frazier-Lemke bill.

Now I am going to be brief. It is a great honor to preside over this meeting. Distinguished Senators and Congressmen, our only and our sole objective at the present moment is to secure enough additional signatures on the Frazier-Lemke petition to bring our bill to a vote on the floor of the House of Representatives. We are willing to abide by the consequences. We are willing to abide by the decision of the House of Representatives, and all we ask is fair treatment, to give our bill a chance to be voted on.

The officers of the National Farmers Union, Mr. E. H. Everson, of St. Charles, S.Dak., president; Mr. Edward B. Kennedy, of Kankakee, Ill., secretary; and Mrs. M. C. Puncke, of Kankakee, Ill., assistant secretary, were present and addressed the meeting.

Senator PATRICK MCCARRAN addressed the delegates and pledged his unqualified support to the Frazier bill in the Senate. A number of Members of this House were present and were called upon for expressions of opinion, practically all of whom expressed approval of the bill. Some of these Members had signed the petition, some indicated that they would sign it. Most interesting of all, however, were the remarks of the actual farmers who were present and who expressed themselves most forcibly in support of the bill.

The concensus of opinion was that instead of doing something for agriculture, something had been done to agriculture, that instead of restoring the purchasing- and debt-paying power of the farmer, it had taken it away from him following the war. Coupon grabbers have been permitted to escape paying their part of the war, and the amount that they should have paid has been taken out of the agricultural wealth produced in this country. The National Farmers' Union unequivocally and vigorously supports the Frazier-Lemke bill. This bill has more support for it in Congress than any other agricultural bill pending. The legislatures of 26 States have endorsed it.

These men say the farmer wants a new deal, a real new deal—not just a bunch of "new dealers" who stack the cards and give the other fellow all the aces. These men refer to Secretary of Agriculture Wallace, and former Assistant Secretary, but now Under Secretary, Tugwell, as the dealers who stacked the cards against them. All the farmer wants is the opportunity to retain the title to his home.

These representatives of the farmers from the Corn Belt say that neither the Farm Credit Administrator nor the Agricultural Adjustment Administration will make it possible for farmers to retain the titles to their homes. The first thing is to make it possible for the farmer to be secure in his home, for the farmer's home is the dearest thing this side of Heaven to him. The farmer sets aside a little money for a rainy day and now finds it in a closed bank. We are supporting legislation that will release these deposits in closed banks, but it appears that we are not to have the chance of voting on this legislation even though we obtained 145 signatures to discharge the committee from further consideration of the bill.

The farmer fights the elements. Now he must fight other elements that seek to deprive him of what little he has left.

One prominent official of the National Farmers' Union expressed the opinion that no Congressman or Senator should go home without giving the bill a chance to come out on the floor of the House and give it a free and fair chance to pass, for it will rescue the farm homes of America, and will be the salvation of this Nation, and a start in the right direction.

Someone asked the question, "How can Members of Congress who have farm constituents go back home after adjournment and answer the farmer who has lost or is losing his farm by the confiscation route of the money lender?" The answer was "that unless the bill passes, the farmers will answer next November. The time has come when the farmer will not be denied what he wants when longer he wants it."

The Frazier bill has been in the Senate for 2 years. It has had extensive hearings. People understand it, although they pretend to misunderstand it and disseminate false information and propaganda concerning its merits.

Mrs. Puncke, assistant secretary, National Farmers Union, a woman who is a farmer herself, who calls on farmers, who talks to the head of the family, and who understands the problem of the better half of the family, informed the as-

sembly that every day in her work she sees many sad foreclosures and confiscations of farm property. She sees men and women down and out. She says that the Farm Credit Administration has saved some homes and postponed the day of reckoning, but it is not really saving our farmers or our homes. The farmers cannot pay the interest and the charges connected with the Farm Credit Act, and eventually the day of reckoning will come again.

She made it apparent that people who live here in Washington lose touch with conditions at home. They get away from the feeling of the thing—the terrible distress that is in the air, and she stoutly maintained that the Frazier bill is the one bill through which we do not have to pay tribute to the international bankers. It puts money in circulation so that farm prices will rise. It gives us money on which we pay a service charge to our National Government. The farmers are at the end of their rope. They have no equity on which to borrow more. The Government promised to see them through and to give them a chance to live. The Frazier-Lemke bill is the only bill that is going to save our independent farm homes.

The situation in the country is dangerous. There is a growing resentment against the deal which the farmers are getting that is some day going to flare up; and when it does, God help this country. We must have the Frazier bill, and we are going to get it.

Senator MCCARRAN showed his perfect understanding of this farm butchery when he stated that while money is being poured by the billions into certain lines, we failed to give it to the lower strata of life where labor and toil live hourly. We fail to go into the ranks of the humble. That is what you are fighting for in this measure which you have before you, a measure that will pour money down to the grass roots, on the beginning of all life, whence it will work its way upward to the upper stratas and benefit them to the same degree that it benefits tillers of the soil.

The National Farmers Union is one of the most unselfish, loyal, and aggressive organizations in the country. These farmers have organized themselves. There is not a paid organizer in any State. This is one of the features that stands out above all else. Some Members of this House say that the petition should not be signed. The rule to discharge the committee from further consideration of a bill is just as much a creature of the House of Representatives as the committee to which the bill has been referred.

It has been contended by some that the liberal provisions of this bill would enable the owner of marginal land to sell it to the Government through the mortgage route. This is impossible, since the bill does not provide for the making of any new loans.

Still others have said that $3,000,000,000 will not be sufficient to pay off the total farm mortgage indebtedness. But the bill provides that the available surplus and net profit of the Federal Reserve banks shall be invested in 1½-percent mortgage bonds. This, together with the amortization payments of 1½ percent, could be used to purchase additional mortgage bonds. This would make available the necessary funds to refinance the existing mortgage debt as fast as it is possible to refinance and appraise and complete the loans.

And some ask, If we start doing this, where will we stop? It is not a question of where we will stop, but we have to start here. We must restore the income and purchasing power of the American farmer so that the laborer can be put into productive labor to serve the farmer. He can use $25,000,000,000 worth of the products of labor, such as harness, fences, paint, repairs, cloth, machinery, and the things that labor must produce in order to have a job.

Some members of the House who have signed the petition admitted that they had refused to sign until they were convinced that the bill was sound. There are those who are not in full accord with the bill, but they believe that something must be done for the farmers, and done now. They believe that the terrific situation which confronts the farmers in meeting their debts justifies the support of this bill, even though you are not in complete accord with all its provisions. The existing situation is much worse than anything which might be produced by the operation of the Frazier bill. Agriculture is on the rocks now. How much longer it can go on is the vital question. The farmer cannot pay the current high rate of interest and take the low level of prices for what he sells. We had best give the Frazier bill an opportunity to save the farmer rather than to bring about a chaotic condition by our present somewhat modified policy of laissez-faire.

One of the most pathetic and tragic stories ever heard came from the lips of Mr. F. J. Hendrichs, of Bowling Green, Ohio, a dirt farmer on one of the best 225-acre farms in our State, raising abundant crops of corn each year, raising hogs, feeding each winter 50 steers. Years ago, when he first acquired his farm, there were no good farms. In the wintertime the mud was belly-deep on the horses with which he had to travel to get to the county seat. The land was swampy, needed ditching and clearing. Now the land is tilled and drained in the most perfect manner possible. It is bounded by hard-surfaced modern roads, paid for by assessing the property owners, one of the worst injustices ever perpetrated upon the farmer.

Mr. Hendrichs 2 years ago bought his feeder cattle from Texas. He bought the best that was on the market. He would order cattle from some of the local dealers, make a nominal payment down when the order was filled, and would send a draft in advance when they were ready to ship. He was astounded to find that on one load of cattle that he bought, when he received the bill for it, he was to forward a draft to a banker in Wall Street, which indicates conclusively that the Wall Street pirates are covering the country pretty thoroughly when they are in the cattle business in the Southwest.

This gentleman has owned his farm all his life. It is one of the finest in the State. He could have sold it before the war for $150 an acre. Many times during the war period he could have sold it for much more, but he did not sell. He and his good wife had lived on it and worked the soil all their life. Their children had grown up. They didn't want the farm sold.

Following the war Mr. Hendrichs, as was the plight of practically all farmers, lost money each year through declining prices of his own products and because of the high cost of commodities he had to buy and high taxes. Much sickness came into the little family. His son had to go to the hospital. A little later Mr. Hendricks, Sr., had to go to the hospital. He brought tears to the eyes of some of his listeners when he said that before leaving for the hospital he journeyed outside his home and longingly gazed over his little domain, his buildings and equipment, because he thought that might be the last time he would ever see them. Then his hard of cattle became infected with fever, and he had to sell them for next to nothing. He is now $13,000 in the red, so he had to put a mortgage on his farm and home. His good wife was most reluctant, for somehow she seemed to feel the sorrow and suffering which that mortgage might cause some day.

Mortgage is indeed a sinister word, taken from the French words, " mort " meaning death, and " gage " meaning hand—literally the hand of death that strangles to an economic death 2,000 farmers and home owners every time the sun rises and sets. But there was nothing else to do, so they mortgaged their farm for $10,000. They are now about to be foreclosed. They cannot get the necessary amount through the Farm Credit Administration; and unless the Frazier-Lemke bill is passed, it means old-age pensions, charity, or doles for this real knight of nature's nobility, 78 years old today, and still strong physically and mentally.

When these splendid tillers of the soil, these pioneers who blazed the trail, who cleared the wilderness and made them grow the waving fields of golden grain, when these patriarchs, these once independent sovereigns, now come before us and point to a threadbare and faded suit of clothes which they admit was bought 10 years ago, and that they have no money now with which to buy a new one, it is high

time that this Congress open its eyes, that the Congress look down upon the grass roots and in the windows of the homes of the finest citizens in our land.

The Frazier bill is the only remedy. If you do not help us now, you cannot help many of us at all later on. We have no such wild hopes as immediate prosperity or becoming rich following the passage of the Frazier bill. We merely want an opportunity to break the strangling cord of the money lenders. We want to hold our farms for ourselves and our children and our children's children. We do not care for any more of the unfair treatment, the unsympathetic attitude, the discrimination, and the complete damned foolishness of the Farm Credit Administration.

The delegates attending this meeting were:

Indiana: T. E. Tudor, route 3, Frankfort; J. F. Montgomery, route 5, Frankfort; Lloyd J. Martin, 1135 South Eighth Street, Goshen; James Bell, Elkhart; W. E. Yeater, New Paris; D. H. Fisher, New Paris.

Illinois: Charles W. Burkhardt, route 1, Gardner; William E. Tanner, route 3, Kankakee; Herbert J. Smith, Manhattan; William J. Hoover, Gilman; Edd Holtman, route 1, Ursa; Willis Kropp, route 3, Mendon; Charles C. Simmons, Ursa; Harold Humke, Sutter; C. Douglas Marsh, Lima; Charles R. Jingst, Sutter; Robert F. Marcotte, route 3, Kankakee; L. Fred Winterroth, Chebanse; Fred R. Wolf, Papineau; Fred Fornoff, Pekin; Harold L. Dean, Allentown; A. C. Helleman, Tremont; J. S. Park, route 2, Pekin.

Ohio: Dr. J. V. Lange, Mechanicsburg; Paul J. Ryan, Irwin; Rev. H. B. Parrott, Fletcher; J. G. Wolff, route 1, Milford Center; Harry B. Snyder, route 1, Mechanicsburg; Jim M. Yocom, Urbana; Samuel Clem, route 1, West Liberty; W. A. Crackstaff, route 3, Urbana; Edward T. Taylor, route 2, Urbana; R. S. Smith, Westville; Floyd S. Clark, route 2, Urbana; W. M. Benham, Rosewood; F. C. Ganette, route 4, Urbana; Raymond B. South, route 1, West Liberty; M. E. Bair, Gibsonburg; Harvey Swisher, route 3, Urbana; John Recker, Woodville; F. G. Grieger, route 1, Oak Harbor; W. O. Shuts, Pemberville; Fred L. Wegman, Pemberville; Fred J. Hendricks, route 1, Bowling Green; Fred Traver, route 1, Millbury; F. H. Mitchell, Rushsylvania; L. J. Black, Belle Center; William Kinnan, DeGraff; Fred B. Carr, route 4, Bellefontaine; T. E. Meyer, North Baltimore; C. F. Dagger, route 3, Urbana; R. W. Allen, route 4, Defiance; Charles C. Few, route 1, Fostoria.

Michigan: Fred Puncke, Grant (Ashland College).

USE OF LETTER BOXES

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3845) to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 9, after "box", insert "or other receptacle."

Page 2, line 4, after "box", insert "or other receptacle."

Page 2, line 4, strike out all after "box;" to and including "$300" in line 13, and insert "or shall willfully aid or assist in any of the aforementioned offenses, shall for every such offense be punished by a fine of not more than $1,000 or by imprisonment for not more than 3 years.

"SEC. 2. Whoever shall knowingly or willfully deposit any mailable matter such as statements of accounts, circulars, sale bills, or other like matter, on which no postage has been paid, in any letter box established, approved, or accepted by the Postmaster General for the receipt or delivery of mail matter on any mail route with intent to avoid payment of lawful postage thereon; or shall willfully aid or assist in any of the aforementioned offenses, shall for every such offense be punished by a fine of not more than $300."

The SPEAKER. Is there objection to the request of the gentleman from New York.

There was no objection.

The Senate amendments were agreed to.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. CELLER for 1 week on account of illness.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 99. An act for the relief of Francis Gerrity; to the Committee on Military Affairs.

S. 113. An act for the relief of Hans Dahl; to the Committee on Naval Affairs.

S. 164. An act for the relief of Joseph Gould; to the Committee on Naval Affairs.

S. 236. An act to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.; to the Committee on Indian Affairs.

S. 294. An act for the relief of Stanton and Jones; to the Committee on War Claims.

S. 309. An act for the relief of Willard Heath Mitchell; to the Committee on Naval Affairs.

S. 333. An act for the relief of Clarence Leroy Witham; to the Committee on Naval Affairs.

S. 358. An act to authorize the Court of Claims of the United States to hear and determine the claim of Samuel W. Carter; to the Committee on Claims.

S. 367. An act for the relief of Hugh Flaherty; to the Committee on Naval Affairs.

S. 380. An act for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature; to the Committee on Foreign Affairs.

S. 417. An act for the relief of Marino Ambrogi; to the Committee on Military Affairs.

S. 424. An act for the relief of Hector H. Perry; to the Committee on Military Affairs.

S. 426. An act for the relief of Robert H. Wilder; to the Committee on Military Affairs.

S. 427. An act for the relief of Edgar Joseph Casey; to the Committee on Naval Affairs.

S. 790. An act for the relief of Charles B. Arrington; to the Committee on Military Affairs.

S. 819. An act for the relief of S. N. Kempton; to the Committee on Claims.

S. 822. An act to amend the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, with respect to the use of the mails for the shipment of certain drugs and medicines to cosmetologists and barbers; to the Committee on the Post Office and Post Roads.

S. 865. An act for the relief of Michael J. Budzinski; to the Committee on Naval Affairs.

S. 887. An act for the relief of Lucy B. Hertz and J. W. Hertz; to the Committee on Claims.

S. 1161. An act for the relief of Alice E. Broas; to the Committee on Claims.

S. 1162. An act for the relief of Virginia Houghton; to the Committee on Claims.

S. 1163. An act for the relief of Mary V. Spear; to the Committee on Claims.

S. 1198. An act for the relief of Louise Fox; to the Committee on Foreign Affairs.

S. 1200. An act for the relief of Elizabeth Millicent Trammell; to the Committee on Foreign Affairs.

S. 1214. An act for the relief of Zinsser & Co.; to the Committee on Military Affairs.

S. 1281. An act for the relief of Harry P. Hollidge; to the Committee on Claims.

S. 1338. An act for the relief of John F. Patterson; to the Committee on Military Affairs.

S. 1358. An act to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark.; to the Committee on Military Affairs.

S. 1505. An act for the relief of Thomas E. Read; to the Committee on Military Affairs.

S. 1585. An act for the relief of the Black Hardware Co.; to the Committee on Claims.

S. 1595. An act extending the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to provisional officers of the Regular Establishment who served during the World War; to the Committee on World War Veterans' Legislation.

S. 1633. An act for the relief of Emma Fein; to the Committee on Claims.

S. 1690. An act for the relief of the Bowers Southern Dredging Co.; to the Committee on War Claims.

S. 1725. An act for the relief of Robert Emil Taylor; to the Committee on Military Affairs.

S. 1757. An act to amend an act entitled "An act to incorporate the Mount Olivet Cemetery Co. in the District of Columbia"; to the Committee on the District of Columbia.

S. 1779. An act authorizing the issuance of a special postage stamp in commemoration of the three hundredth anniversary of the founding of the Colony of Connecticut; to the Committee on the Post Office and Post Roads.

S. 1794. An act to authorize Vernon C. DeVotie, captain, United States Army, to accept a certain decoration tendered to him by the Colombian Government; to the Committee on Foreign Affairs.

S. 1797. An act authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.; to the Committee on Naval Affairs.

S. 1826. An act for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; to the Committee on Indian Affairs.

S. 1972. An act for the relief of James W. Walters; to the Committee on Claims.

S. 1977. An act to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation; to the Committee on Indian Affairs.

S. 1992. An act for the relief of Arthur R. Lewis; to the Committee on Military Affairs.

S. 1998. An act for the relief of the estate of Martin Flynn; to the Committee on Claims.

S. 2044. An act to amend the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

S. 2112. An act for the relief of W. H. Key and the estate of James R. Wilson; to the Committee on Claims.

S. 2130. An act to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States; to the Committee on Military Affairs.

S. 2204. An act for the relief of James Johnson; to the Committee on Military Affairs.

S. 2207. An act for the relief of Sarah Lloyd; to the Committee on Military Affairs.

S. 2227. An act for the relief of Harold S. Shepardson; to the Committee on Military Affairs.

S. 2322. An act for the relief of A. J. Hanlon; to the Committee on Claims.

S. 2357. An act for the relief of Arthur Bussey; to the Committee on War Claims.

S. 2367. An act for the relief of Emilie C. Davis; to the Committee on Foreign Affairs.

S. 2431. An act for the relief of the estate of Joseph Y. Underwood; to the Committee on Claims.

S. 2442. An act for the protection of the municipal water supply of the city of Salt Lake City, State of Utah; to the Committee on the Public Lands.

S. 2455. An act to increase the efficiency of the Medical Corps of the Regular Army; to the Committee on Military Affairs.

S. 2497. An act for the relief of Judson B. Isbester; to the Committee on Military Affairs.

S. 2549. An act for the relief of Albert W. Harvey; to the Committee on Claims.

S. 2553. An act for the relief of the Brewer Paint & Wall Paper Co., Inc.; to the Committee on Claims.

S. 2585. An act authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge; to the Committee on the Public Lands.

S. 2674. An act to amend an act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933; to the Committee on Agriculture.

S. 2713. An act for the relief of the estate of Anna Elizabeth Rice Denison; to the Committee on Foreign Affairs.

S. 2720. An act for the relief of George M. Wright; to the Committee on Claims.

S. 2744. An act for the relief of Anna Carroll Taussig; to the Committee on Claims.

S. 2745. An act to provide for changing the time of the meeting of Congress, the beginning of the terms of Members of Congress, and the time when the electoral votes shall be counted, and for other purposes; to the Committee on Election of President, Vice President, and Representatives in Congress.

S. 2752. An act for the relief of the legal beneficiaries and heirs of Mrs. C. A. Toline; to the Committee on Claims.

S. 2769. An act to provide funds for cooperation with Marysville School District, No. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

S. 2817. An act to amend the act relating to contracts and agreements under the Agricultural Adjustment Act, approved January 25, 1934; to the Committee on Agriculture.

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway"; to the Committee on Roads.

S. 2871. An act giving jurisdiction to the Court of Claims to hear and determine the claim of the Cherokee Fuel Co.; to the Committee on Claims.

S. 2874. An act authorizing the submission of an alternate budget for the Bureau of Indian Affairs; to the Committee on Indian Affairs.

S. 2875. An act for the relief of Margoth Olsen von Struve; to the Committee on Foreign Affairs.

S. 2883. An act for the relief of Mike L. Sweeney; to the Committee on Military Affairs.

S. 2899. An act establishing certain commodity divisions in the Department of Agriculture; to the Committee on Agriculture.

S. 2909. An act for the relief of Augustus C. Hensley; to the Committee on Military Affairs.

S. 2919. An act for the relief of Cornelia Claiborne; to the Committee on Foreign Affairs.

S. 2940. An act to provide funds for cooperation with the school board of Shannon County, S.Dak., in the construction of a consolidated high-school building to be available to both white and Indian children; to the Committee on Indian Affairs.

S. 2957. An act for the relief of the rightful heirs of Wakicunzewin, an Indian; to the Committee on Indian Affairs.

S. 2972. An act for the relief of John N. Knauff Co., Inc.; to the Committee on Claims.

S. 3007. An act to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon; to the Committee on Agriculture.

S. 3016. An act for the relief of the Dongji Investment Co., Ltd.; to the Committee on Claims.

S. 3023. An act to amend section 4878 of the United States Revised Statutes, as amended, relating to burials in national cemeteries; to the Committee on Military Affairs.

S. 3041. An act to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes; to the Committee on the Judiciary.

S. 3044. An act granting a pension to Eleanora Emma Bliss; to the Committee on Pensions.

S. 3046. An act creating the Sistersville Bridge Commission and authorizing said commission and its successors and

assigns to construct, maintain, hold, and operate a highway bridge across the Ohio River at or near Sistersville, W.Va.; to the Committee on Interstate and Foreign Commerce.

S. 3047. An act to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass.; to the Committee on Claims.

S. 3085. An act relating to the operations of the Reconstruction Finance Corporation, and for other purposes; to the Committee on Banking and Currency.

S. 3114. An act to extend the times for commencing the construction of certain bridges in the State of Oregon; to the Committee on Interstate and Foreign Commerce.

S. 3138. An act authorizing the Reconstruction Finance Corporation to aid in the financing exports and imports; to the Committee on Banking and Currency.

S. 3161. An act for the relief of Mary Seely Watson; to the Committee on Foreign Affairs.

S. 3170. An act to revise air-mail laws; to the Committee on the Post Office and Post Roads.

S. 3185. An act to amend the Agricultural Adjustment Act, as amended, with respect to farm prices; to the Committee on Agriculture.

S. 3211. An act to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md.; to the Committee on Interstate and Foreign Commerce.

S. 3230. An act creating the Florence Bridge Commission and authorizing said Commission and its successors and assigns to construct, maintain, and operate, a bridge across the Missouri River at or near Florence, Nebr.; to the Committee on Interstate and Foreign Commerce.

S. 3269. An act relating to the construction, maintenance, and operation by the city of Davenport, Iowa, of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, State of Iowa; to the Committee on Interstate and Foreign Commerce.

S. 3272. An act for the relief of the city of Baltimore; to the Committee on War Claims.

S. 3287. An act to authorize national banks situated in a territory or possession of the United States to establish branches; to the Committee on Banking and Currency.

S. 3290. An act to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932; to the Committee on the District of Columbia.

S. 3303. An act to provide for the expeditious condemnation and taking of possession of land by officers, agencies, or corporations of the United States authorized to acquire real estate by condemnation in the name of or for the use of the United States for the construction of public works now or hereafter authorized by Congress; to the Committee on the Judiciary.

S. 3335. An act for the relief of Joanna A. Sheehan; to the Committee on Claims.

S. 3374. An act to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.; to the Committee on Interstate and Foreign Commerce.

S. 3382. An act to cover the handling of Osage Indian alcoholics and narcotics; to the Committee on Indian Affairs.

S. 3393. An act relating to the tribal and individual affairs of the Osage Indians of Oklahoma; to the Committee on Indian Affairs.

S. 3396. An act to amend the act of January 30, 1897 (29 Stat. 506, sec. 2139; U.S.Rev.Stat., sec. 241, title 25, U.S.C.), transferring certain jurisdiction from War Department to the Department of the Interior; to the Committee on Indian Affairs.

S. 3404. An act authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S.J.Res. 35. Joint resolution to provide for the determination and payment of claims for damage sustained by the fluctuation of the water levels of the Lake of the Woods in certain cases, and for other purposes; to the Committee on Foreign Affairs.

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brigadier General Casimir Pulaski; to the Committee on the Judiciary.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor;

H.R. 518. An act for the relief of T. Perry Higgins;

H.R. 719. An act for the relief of Willard B. Hall;

H.R. 1127. An act for the relief of O. H. Chrisp;

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899;

H.R. 1870. An act for the relief of Corinne Blackburn Gale;

H.R. 2026. An act for the relief of George Jeffcoat;

H.R. 2321. An act for the relief of Capt. J. O. Faria;

H.R. 2339. An act for the relief of Karim Joseph Mery;

H.R. 2340. An act for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas;

H.R. 2541. An act for the relief of Robert B. James;

H.R. 2561. An act for the relief of G. Elias & Bro., Inc.;

H.R. 2666. An act for the relief of D. F. Phillips;

H.R. 2682. An act for the relief of Bonnie S. Baker;

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel;

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation;

H.R. 2858. An act to add certain lands to the Pike National Forest, Colo.;

H.R. 2862. An act to add certain lands to the Cochetopa National Forest in the State of Colorado;

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost;

H.R. 3463. An act for the relief of Walter E. Switzer;

H.R. 3551. An act for the relief of T. J. Morrison;

H.R. 3579. An act for the relief of O. S. Cordon;

H.R. 3580. An act for the relief of Paul Bulfinch;

H.R. 3611. An act for the relief of Frances E. Eller;

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912;

H.R. 3851. An act for the relief of Henry A. Richmond;

H.R. 3952. An act for the relief of Grace P. Stark;

H.R. 4013. An act to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926;

H.R. 4269. An act for the relief of Edward J. Devine;

H.R. 4519. An act for the relief of C. W. Mooney;

H.R. 4611. An act for the relief of Barney Rieke;

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey;

H.R. 4838. An act granting citizenship to the Metlakahtla Indians of Alaska;

H.R. 4846. An act for the relief of Joseph Dumas;

H.R. 4847. An act for the relief of Galen E. Lichty;

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same;

H.R. 6013. An act to authorize the sale of land and houses at Anchorage, Alaska;

H.R. 6386. An act for the relief of Lucien M. Grant;
H.R. 6862. An act for the relief of Martha Edwards;
H.R. 7279. An act for the relief of Porter Bros. & Biffle and certain other citizens;
H.R. 7551. An act authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.;
H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation;
H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River, in the State of Georgia, with a view to controlling of floods;
H.R. 7803. An act authorizing the city of East St. Louis, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets, in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;
H.R. 8516. An act granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi;
H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24;
H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America; and
H.J.Res. 61. Joint resolution granting compensation to George Charles Walther.

JOINT RESOLUTIONS AND BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President, for his approval, joint resolutions and bills of the House of the following titles:

On April 27, 1934:

H.J.Res. 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada;
H.R. 191. An act for the relief of William K. Lovett;
H.R. 210. An act for the relief of Anne B. Slocum;
H.R. 232. An act for the relief of Anna Marie Sanford;
H.R. 233. An act for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay;
H.R. 264. An act for the relief of Marguerite Ciscoe;
H.R. 323. An act for the relief of Harvey M. Hunter;
H.R. 408. An act for the relief of William J. Nowinski;
H.R. 470. An act for the relief of the city of Glendale, Calif.;
H.R. 507. An act for the relief of John Thomas Simpkin;
H.R. 520. An act for the relief of Ward A. Jefferson;
H.R. 526. An act for the relief of Arthur K. Finney;
H.R. 666. An act for the relief of Charles W. Dworack;
H.R. 763. An act for the relief of William E. Bosworth;
H.R. 879. An act for the relief of John H. Mehrle;
H.R. 880. An act for the relief of Daisy M. Avery;
H.R. 909. An act for the relief of Elbert L. Grove;
H.R. 1301. An act for the relief of M. Aileen Offerman;
H.R. 1362. An act for the relief of Edna B. Wylie;
H.R. 1398. An act for the relief of Lewis E. Green;
H.R. 1404. An act for the relief of John C. McCann;
H.R. 1418. An act for the relief of W. C. Garber;
H.R. 2040. An act for the relief of P. Jean des Garennes;
H.R. 2041. An act for the relief of Irwin D. Coyle;
H.R. 2074. An act for the relief of Harvey Collins;
H.R. 2169. An act for the relief of Edward V. Bryant;
H.R. 2337. An act for the relief of Harry L. Haberkorn;
H.R. 2512. An act for the relief of John Moore;
H.R. 2818. An act for the relief of Katherine G. Taylor;
H.R. 3542. An act to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situate in the city of Philadelphia and State of Pennsylvania;
H.R. 4423. An act for the relief of Wilbur Rogers;
H.R. 4542. An act for the relief of Frank Wilkins;
H.R. 4609. An act for the relief of Augustus Thompson;
H.R. 4784. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;
H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries;
H.R. 4959. An act for the relief of Mary Josephine Lobert;
H.R. 5397. An act to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein;
H.R. 5936. An act for the relief of Gale A. Lee;
H.R. 6166. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States;
H.R. 6638. An act for the relief of the Monumental Stevedore Co.;
H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices.
H.R. 6690. An act for the relief of certain officers of the Dental Corps of the United States Navy;
H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;
H.R. 7200. An act to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia;
H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes;
H.R. 7488. An act authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes;
H.R. 7743. An act regulating procedure in criminal cases in the courts of the United States;
H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;
H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;
H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.;
H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.," approved March 3, 1931;
H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;
H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.;
H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River;
H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore; and
H.R. 8861. An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

On April 30, 1934:

H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America;
H.J.Res. 61. Joint resolution granting compensation to George Charles Walther;

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor;

H.R. 518. An act for the relief of T. Perry Higgins;

H.R. 719. An act for the relief of Willard B. Hall;

H.R. 1127. An act for the relief of O. H. Chrisp;

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899;

H.R. 1870. An act for the relief of Corinne Blackburn Gale;

H.R. 2026. An act for the relief of George Jeffcoat;

H.R. 2321. An act for the relief of Capt. J. O. Faria;

H.R. 2339. An act for the relief of Karim Joseph Mery;

H.R. 2340. An act for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas;

H.R. 2541. An act for the relief of Robert B. James;

H.R. 2561. An act for the relief of G. Elias & Bro., Inc.;

H.R. 2666. An act for the relief of D. F. Phillips;

H.R. 2682. An act for the relief of Bonnie S. Baker;

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel;

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation;

H.R. 2858. An act to add certain lands to the Pike National Forests, Colo.;

H.R. 2862. An act to add certain lands to the Cochetopa National Forest in the State of Colorado;

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost;

H.R. 3463. An act for the relief of Walter E. Switzer;

H.R. 3551. An act for the relief of T. J. Morrison;

H.R. 3579 An act for the relief of O. S. Cordon;

H.R. 3580. An act for the relief of Paul Bulfinch;

H.R. 3611. An act for the relief of Frances E. Eller;

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912;

H.R. 3851. An act for the relief of Henry A. Richmond;

H.R. 3952. An act for the relief of Grace P. Stark;

H.R. 4013. An act to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926;

H.R. 4269. An act for the relief of Edward J. Devine;

H.R. 4519. An act for the relief of C. W. Mooney;

H.R. 4611. An act for the relief of Barney Rieke;

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey;

H.R. 4808. An act granting citizenship to the Metlakahtla Indians of Alaska;

H.R. 4846. An act for the relief of Joseph Dumas;

H.R. 4847. An act for the relief of Galen E. Lichty;

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same;

H.R. 6013. An act to authorize the sale of land and houses at Anchorage, Alaska;

H.R. 6386. An act for the relief of Lucien M. Grant;

H.R. 6862. An act for the relief of Martha Edwards;

H.R. 7279. An act for the relief of Porter Bros. & Biffle and certain other citizens;

H.R. 7551. An act authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.;

H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation;

H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods;

H.R. 7803. An act authorizing the city of East St. Louis, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H.R. 8516. An act granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi; and

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 16 minutes p.m.) the House adjourned until tomorrow, Tuesday, May 1, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

431. A communication from the President of the United States, transmitting schedules of claims amounting to $933,102.46, allowed by the General Accounting Office, as covered by certificates of settlement (H.Doc. No. 323); to the Committee on Appropriations and ordered to be printed.

432. A communication from the President of the United States, transmitting records of judgments rendered against the Government by the United States district courts, as submitted by the Attorney General through the Secretary of the Treasury (H.Doc. No. 324); to the Committee on Appropriations and ordered to be printed.

433. A communication from the President of the United States, transmitting an estimate of appropriation for the payment of a claim amounting to $7 allowed and certified by the General Accounting Office under certificate of settlement no. 0320408 (H.Doc. No. 325); to the Committee on Appropriations and ordered to be printed.

434. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the payment of claims allowed and certified by the General Accounting Office for payment of interest on amounts withheld from claimants by the Comptroller General of the United States in the sum of $11,393.03 (H.Doc. No. 326); to the Committee on Appropriations and ordered to be printed.

435. A communication from the President of the United States, transmitting a list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury and require an appropriation for their payment (H.Doc. No. 327); to the Committee on Appropriations and ordered to be printed.

436. A communication from the President of the United States, transmitting an estimate of appropriation submitted by the Navy Department to pay claims for damages by collision with naval vessels, in the sum of $12,101.97, and which require an appropriation for their payment (H.Doc. No. 328); to the Committee on Appropriations and ordered to be printed.

437. A communication from the President of the United States, transmitting estimates of appropriations submitted by the Commissioners of the District of Columbia to pay claims and suits which have been settled, amounting to $41,346.87, and which require appropriations for their payment (H.Doc. No. 329); to the Committee on Appropriations and ordered to be printed.

438. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the Department of Justice for the fiscal year 1933 and prior fiscal years, amounting to $11,088.89, and draft of a proposed provision pertaining to an existing appropriation (H.Doc. No. 330); to the Committee on Appropriations and ordered to be printed.

439. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1935, amounting to $27,150, together with a draft of a proposed provision pertaining to an existing appropriation (H.Doc. No. 331); to the Committee on Appropriations and ordered to be printed.

440. A communication from the President of the United States, transmitting estimates of appropriation submitted by the several executive departments and independent offices to pay claims for damages to privately owned property in the sum of $34,863.27, which have been considered and adjusted under the provisions of the act of December 28, 1922 (U.S.C., title 31, sec. 215), and which require appropriations for their payment (H.Doc. No. 332); to the Committee on Appropriations and ordered to be printed.

441. A letter from the Secretary of the Treasury, transmitting draft of a bill to amend section 5155 of the Revised Statutes, designed to clarify the situation with respect to the giving of security by national banks for deposits of public moneys; to the Committee on Banking and Currency.

442. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Smithsonian Institution for the fiscal year 1935, amounting to $8,000 (H.Doc. No. 333); to the Committee on Appropriations and ordered to be printed.

443. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the legislative establishment, under the Architect of the Capitol, fiscal year 1935, in the sum of $33,332 (H.Doc. No. 334); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H.R. 8700. A bill to establish a code of laws for the Canal Zone, and for other purposes; without amendment (Rept. No. 1386). Referred to the House Calendar.

Mr. COX: Committee on Rules. House Joint Resolution 364. Joint resolution to create a select committee to investigate the administration of the code of fair competition of the petroleum industry, and for other purposes; without amendment (Rept. No. 1388). Referred to the House Calendar.

Mr. DRIVER: Committee on Rules. House Resolution 365. Resolution for the consideration of H.R. 8781, a bill to increase employment by authorizing an appropriation to provide emergency construction of public highways and related projects, and for other purposes; without amendment (Rept. No. 1390). Referred to the House Calendar.

Mr. SOMERS of New York: Committee on Coinage, Weights and Measures. H.R. 8833. A bill to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Colony of Connecticut; with amendment (Rept. No. 1392). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H.R. 8173. A bill authorizing the President to make rules and regulations in respect to alcoholic beverages in the Canal Zone, and for other purposes; without amendment (Rept. No. 1393). Referred to the Committee of the Whole House on the state of the Union.

Mr. SEARS: Committee on Naval Affairs. S. 1103. An act to authorize the Secretary of the Navy to proceed with certain public works at the naval air station, Pensacola, Fla.; with amendment (Rept. No. 1394). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 366. Resolution for the consideration of H.R. 8057, a bill to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes; without amendment (Rept. No. 1395). Referred to the House Calendar.

Mr. DOUGHTON: Committee on Ways and Means. House Joint Resolution 311. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes; with amendment (Rept. No. 1396). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON: Committee on the Public Lands. H.R. 8779. A bill to authorize the Secretary of Agriculture to adjust claims to so-called "Olmstead lands" in the State of North Carolina; without amendment (Rept. No. 1398). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 9147. A bill to eliminate certain lands from the Craters of the Moon National Monument, Idaho; without amendment (Rept. No. 1399). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 9148. A bill to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountains National Park, and for other purposes; with amendment (Rept. No. 1400). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 9152. A bill to authorize the transfer of the Otter Cliffs Radio Station on Mount Desert Island in the State of Maine as an addition to the Acadia National Park, and for other purposes; without amendment (Rept. No. 1401). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 9153. A bill to amend an act entitled "An act to provide for the exercise of sole and exclusive jurisdiction by the United States over the Hawaii National Park in the Territory of Hawaii, and for other purposes", approved April 19, 1930 (46 Stat. 227); without amendment (Rept. No. 1402). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 9312. A bill to increase the statutory limit of expenditure for repairs or changes to naval vessels; without amendment (Rept. No. 1403). Referred to the Committee of the Whole House on the state of the Union.

Mr. MONAGHAN of Montana: Committee on Interstate and Foreign Commerce. House Concurrent Resolution 32. Concurrent resolution authorizing and directing the Federal Trade Commission to investigate conditions with respect to the sale and distribution of milk and other dairy products in the United States; without amendment (Rept. No. 1404). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H.R. 7667. A bill to provide for the measurement of vessels using the Panama Canal, and for other purposes; without amendment (Rept. No. 1405). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHRISTIANSON: Committee on Indian Affairs. H.R. 8541. A bill to provide for the enrollment of members of the Menominee Indian Tribe of the State of Wisconsin; with amendment (Rept. No. 1406). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 1640. A bill to authorize the Secretary of the Interior to pay $500 for expenses of Sac and Fox business committee; with amendment (Rept. No. 1407). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 8017. A bill to provide for expenses of the Crow Indian Tribal Council and authorized delegates of the tribe; without amendment (Rept. No. 1409). Referred to the Committee of the Whole House on the state of the Union.

Mr. COFFIN: Committee on Military Affairs. S. 2046. An act to provide relief for disbursing officers of the Army in certain cases; without amendment (Rept. No. 1411). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. House Concurrent Resolution 37. Concurrent resolution providing for a joint session of the two Houses of Congress for appropriate exercises in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette; without amendment (Rept. No. 1412). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Joint Resolution 265. Joint resolution providing for the preparation and completion of plans for a comprehensive observance of the one hundred and fiftieth anniversary of the formulation of the Constitution of the United States; without amendment (Rept. No. 1413). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROBINSON: Committee on the Public Lands. H.R. 7970. A bill to authorize the Secretary of the Interior to quitclaim to Jameson Cotting and Anita Cotting, his wife, their heirs and assigns, a certain strip of land containing approximately 3.05 acres in Fairfax County, State of Virginia, in exchange for an equal area to be conveyed to the United States of America; without amendment (Rept. No. 1397). Referred to the Committee of the Whole House.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 4750. A bill authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for services rendered the Crow Tribe of Indians; without amendment (Rept. No. 1408). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. H.R. 1123. A bill for the relief of Arthur Van Gestel, alias Arthur Goodsell; without amendment (Rept. No. 1410). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 9335) granting an increase of pension to Missouri E. Griffith, and the same was referred to the Committee on Invalid Pensions

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LOZIER: A bill (H.R. 9391) to provide for a census of unemployment, employment, and occupations to be taken as of November 12, 1934, and for other purposes; to the Committee on the Census.

By Mr. MUSSELWHITE: A bill (H.R. 9392) to reclassify terminal railway post offices; to the Committee on the Post Office and Post Roads.

By Mr. RAMSAY: A bill (H.R. 9393) to equalize the purchasing power of the American dollar, when the same comes in competition with inflated foreign moneys, and to fix duties on imports; to the Committee on Ways and Means.

By Mr. BURKE of Nebraska: A bill (H.R. 9394) to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. WEIDEMAN: A bill (H.R. 9395) to provide compensation for disability or death resulting from injury to employees in certain employments in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. WOODRUFF: A bill (H.R. 9396) to amend subdivision (a) of section 400 of the Revenue Act of 1926, relating to taxes on cigars and cigarettes; to the Committee on Ways and Means.

By Mr. DIMOND: A bill (H.R. 9397) to authorize the incorporated town of Seward, Alaska, to construct and install an electric-light and power plant, and for such purposes to issue bonds in any sum not exceeding $60,000; to the Committee on the Territories.

By Mr. MOREHEAD: A bill (H.R. 9398) authorizing the Brownville Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. TURNER: A bill (H.R. 9399) to provide for the acquisition and remodeling of a building to be used as the Dickson (Tenn.), post office; to the Committee on Public Buildings and Grounds.

By Mr. PATMAN: A bill (H.R. 9400) to exempt from taxation certain property of the American Legion in the District of Columbia; to the Committee on the District of Columbia.

By Mr. DOUTRICH: A bill (H.R. 9401) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Middletown, Dauphin County, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. DIMOND: A bill (H.R. 9402) to authorize the incorporated town of Fairbanks, Alaska, to undertake certain municipal public works, including construction, reconstruction, and extension of sidewalks, construction, reconstruction, and extension of sewers, and construction of a combined city hall and fire-department building, and for such purposes to issue bonds in any sum not exceeding $50,000; to the Committee on the Territories.

By Mr. McCANDLESS: A bill (H.R. 9403) to enable the people of Hawaii to form a constitution and State government; to the Committee on the Territories.

By Mr. TARVER: A bill (H.R. 9404) to authorize the formation of a body corporate to insure the more effective diversification of prison industries, and for other purposes; to the Committee on the Judiciary.

By Mr. KNUTSON (by request): A bill (H.R. 9405) to revise the laws and regulations relating to pensions and other allowances for veterans and their dependents, and for other purposes; to the Committee on Pensions.

By Mrs. NORTON: A bill (H.R. 9406) to regulate the election of delegates representing the District of Columbia to national political conventions; to the Committee on the District of Columbia.

By Mr. HOWARD (by departmental request): A bill (H.R. 9407) to amend the act of March 27, 1928, and section 4 of the act of May 31, 1933, enacted to safeguard the interests and welfare of Indians of the Taos Pueblo, N.Mex., in certain lands within the Carson National Forest; to the Committee on Indian Affairs.

By Mr. McCORMACK (by request): A bill (H.R. 9408) to correct the status of transferred members of the Fleet Naval Reserve placed on the retired list; to the Committee on Naval Affairs.

By Mr. BERLIN: A bill (H.R. 9409) to amend the act entitled "An act relating to the liability of common carriers by railroad to their employees in certain cases", approved April 22, 1908; to the Committee on Interstate and Foreign Commerce.

By Mr. GRIFFIN: A bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes; to the Committee on Appropriations.

By Mr. COX: Resolution (H.Res. 364) to create a select committee to investigate the administration of the code of fair competition of the petroleum industry, and for other purposes; to the Committee on Rules.

By Mr. DRIVER: Resolution (H.Res. 365) for the consideration of H.R. 8781, a bill to increase employment by authorizing an appropriation to provide emergency construction of public highways and related projects, and for other purposes; to the Committee on Rules.

By Mr. O'CONNOR: Resolution (H.Res. 366) for the consideration of H.R. 8057, a bill to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes; to the Committee on Rules.

By Mr. CANNON of Wisconsin: Resolution (H.Res. 367) to appoint a special committee to make investigations concerning the manufacture and sale of arms and other war munitions; to the Committee on Rules.

By Mrs. NORTON: Resolution (H.Res. 368) for the consideration of S. 3404, a bill authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H.R. 9411) for the relief of James T. Moore; to the Committee on Military Affairs.

By Mr. BROWN of Michigan: A bill (H.R. 9412) granting a pension to Florence L. Collins; to the Committee on Invalid Pensions.

By Mr. CHURCH: A bill (H.R. 9413) granting retired pay to Percy C. Church; to the Committee on Military Affairs.

By Mr. EDMISTON: A bill (H.R. 9414) for the relief of Clarence G. Stonestreet; to the Committee on Military Affairs.

By Mr. ELLENBOGEN: A bill (H.R. 9415) for the relief of Timothy J. Sexton; to the Committee on Naval Affairs.

By Mr. HEALEY: A bill (H.R. 9416) for the relief of Mary E. Lord; to the Committee on Claims.

Also, a bill (H.R. 9417) to authorize the presentation to Frank E. Abbott of a Distinguished Service Cross; to the Committee on Naval Affairs.

By Mr. LANZETTA: A bill (H.R. 9418) for the relief of Edith Jordan; to the Committee on Claims.

By Mrs. ROGERS of Massachusetts: A bill (H.R. 9419) for the relief of Joseph Edward Richards; to the Committee on Military Affairs.

Also, a bill (H.R. 9420) for the relief of Eugene Michael Doran; to the Committee on Naval Affairs.

By Mr. RUFFIN: A bill (H.R. 9421) for the relief of Marie Louise Belanger; to the Committee on Claims.

Also, a bill (H.R. 9422) granting a pension to Jemima Woolery; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9423) for the relief of Stella D. Wickersham; to the Committee on Claims.

By Mr. SCRUGHAM: A bill (H.R. 9424) to authorize the Secretary of the Treasury to convey to the Young Men's Christian Association of Reno, Nev., a portion of the old post-office site in said city; to the Committee on Public Buildings and Grounds.

By Mr. SOMERS of New York: A bill (H.R. 9425) for the relief of George Church; to the Committee on Claims.

Also, a bill (H.R. 9426) granting a pension to Henrietta Zeno; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4355. By Mr. BOYLAN: Resolution adopted by the New York Typographical Union, No. 6, New York City, urging support for the amendment to section 301 of the Radio Act (S. 2910); to the Committee on Merchant Marine, Radio, and Fisheries.

4356. By Mr. BROWN of Michigan: Petition of depositors of the Leonidas Bank, Leonidas, Mich., containing approximately 50 signatures, urging the passage of the Brown bill (H.R. 9175) to provide relief to depositors in closed banks; to the Committee on Banking and Currency.

4357. Also, petition of citizens of the village of Climax, Kalamazoo County, Mich., containing approximately 100 signatures, urging the passage by Congress of House bill 9175, a bill by Mr. BROWN of Michigan to provide relief to depositors in closed banks, or the passage of the McLeod bill as reported with amendments by the House Banking and Currency Committee; to the Committee on Rules.

4358. Also, petition of citizens of the village of Scotts, Kalamazoo County, Mich., containing 50 signatures, urging the passage by Congress of House bill 9175, a bill by Mr. BROWN of Michigan to provide relief to depositors in closed banks, or the passage of the McLeod bill as reported with amendments by the House Banking and Currency Committee; to the Committee on Rules.

4359. By Mr. BRUNNER: Resolution of Council No. 120, Sons and Daughters of Liberty, South Ozone Park, N.Y., urging Congress to defeat the efforts being made by political leaders and exploiters of labor to defeat the spirit of restricted immigration; to the Committee on Immigration and Naturalization.

4360. Also, petition of Champlain Council, No. 441, Knights of Columbus, Elmhurst, Long Island, N.Y., favoring the proposed amendments to section 301 of Senate bill 2910, sponsored by Rev. Father Harney; to the Committee on Merchant Marine, Radio, and Fisheries.

4361. Also, petition of St. Teresa's Holy Name Society, Woodside, Long Island, N.Y., supporting the amendment to section 30k of Senate bill 2910, in behalf of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

4362. By Mr. FORD: Resolution by committee of 11 accredited representatives of municipalities in Los Angeles County, urging immediate resumption of a program comparable to the Civil Works Administration program, and particularly urging that funds be allocated to Los Angeles County in an amount not less than that expended on the Civil Works Administration program at its peak; that all incomplete Civil Works Administration projects shall be resumed immediately and carried to completion as approved, and that the Federal Government pay for materials, insurance, equipment, and supervision as called for in the approved Civil Works Administration applications for these projects; that the Federal Government arrange to pay for materials, equipment, insurance, and supervision on new projects; and that the administration and control of the emergency relief program in this county shall be handled by the United States Army engineers; to the Committee on Appropriations.

4363. Also, resolution adopted by Marine Engineers' Beneficial Association, No. 97, urging support of Wagner-Connery bill; to the Committee on Labor.

4364. By Mr. FOSS: Resolution of the General Court of the Commonwealth of Massachusetts, favoring the making of direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

4365. By Mr. HAINES: Resolution signed by members of Branch 1363, Ladies Catholic Benevolent Association, of York, Pa., approving amendment to section 301 of Senate bill 2910, and going on record as approving the valiant struggle of the non-profit-making associations conducting radio stations to preserve their ideals of serving in the public interest, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

4366. Also, resolution from Lily of the Valley Council, No. 79, Sons and Daughters of Liberty, of Waynesboro, Pa., in reference to restriction of immigration; to the Committee on Immigration and Naturalization.

4367. By Mr. HIGGINS: Resolution of the Ladies Catholic Benevolent Association, Branch No. 681, New London, Conn., favoring an amendment to section 301 of Senate bill 2910, a bill providing for the unification of the radio, telephone, and telegraph systems of the United States, in behalf of Radio Station WLWL, of New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

4368. By Mr. HILDEBRANDT: Resolutions of members of the Immaculate Conception Catholic Church, of Winner, S.Dak., and the Winner Council, No. 2703, Knights of Columbus Lodge, of Winner, respectively, urging support of

the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4369. Also, resolution of the Women's Society of the White Temple Baptist Church, of Mitchell, S.Dak., urging support of House bill no. 6097, for supervision of motion pictures, known as the "Patman bill", and House Resolution No. 144; to the Committee on Interstate and Foreign Commerce.

4370. Also, resolutions of citizens of the city of Miller, Hand County; Volin, Armour, Mitchell, Huron, Watertown, and Sioux Falls, S.Dak.; urging support of House bill 6097, known as the "Patman bill", for supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

4371. By Mr. JOHNSON of Minnesota: Resolution by the Lions Club, Brainerd, Minn., urging the passage of House bill 8100, amending the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

4372. Also, resolution by the Brainerd Chamber of Commerce, urging the passage of House bill 8100, to amend the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

4373. Also, resolution by the Hibbing Chamber of Commerce, protesting against the Post Office Department's order to furlough employees; to the Committee on the Post Office and Post Roads.

4374. By Mr. JOHNSON of Texas: Memorial of L. W. Hartsfield, president of Hillsboro Junior College, Hillsboro, Tex., favoring House bill 8956; to the Committee on Banking and Currency.

4375. By Mr. KRAMER: Resolution adopted by the Veterans of Foreign Wars, Post No. 2970, on April 2, 1934, recommending that adequate protection be kept at Arlington Cemetery showcase in the future, 24 hours a day, every day of the year, to protect against further thefts of medals that cannot be replaced, and that guards for said duty be furnished from the United States Army stationed at a fort in the vicinity; to the Committee on the Judiciary.

4376. By Mr. LINDSAY: Petition of the Recovery Democratic organization, fifteenth assembly district, Brooklyn, N.Y., urging support of section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4377. Also, petition of the Currency and Credit League of the United States of America, Chicago, Ill., urging Congress to take necessary steps to remonetize silver without delay; to the Committee on Coinage, Weights, and Measures.

4378. Also, petition of Linford S. Stiles, Kensington Great Neck, N.Y., concerning the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

4379. Also, petition of the Fur Wholesalers Association of America, New York City, concerning tax on furs; to the Committee on Ways and Means.

4380. Also, petition of the Brown & Ferraro Cooperage Co., Inc., Brooklyn, N.Y., urging defeat of House bill 8782; to the Committee on Agriculture.

4381. Also, telegram from Robert Allyn and others, Brooklyn, N.Y., favoring the Thomson bill; to the Committee on Military Affairs.

4382. Also, petition of The Crusaders, Inc., New York City, urging defeat of the Johnson bill to amend section 24 of the Judicial Code without the House committee amendment; to the Committee on the Judiciary.

4383. By Mrs. ROGERS of Massachusetts: Petition of the Opportunity Club of the North Congregational Church, of Cambridge, Mass., requesting Congress to investigate the whole Communist movement in the United States; to the Committee on the Judiciary.

4384. By Mr. RUDD: Petition of The Crusaders, Inc., New York City, opposing the Johnson Senate bill and favoring the House committee amendment; to the Committee on the Judiciary.

4385. Also, petition of the Currency and Credit League of the United States of America, Chicago, Ill., favoring legislation to remonetize silver; to the Committee on Coinage, Weights, and Measures.

4386. By Mr. WOLCOTT: Memorial of the Council of the Village of Ecorse, Mich., urging enactment of the McLeod bill (H.R. 8479) providing for the pay-off of depositors in closed banks; to the Committee on Banking and Currency.

SENATE

TUESDAY, MAY 1, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day Monday, April 30, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H.R. 3845) to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916.

PURCHASE OF VEHICLES FROM EMERGENCY RECOVERY FUNDS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, reporting in response to Senate Resolution 217, agreed to April 25, 1934, relative to purchases of passenger-carrying vehicles out of emergency recovery funds, which, with the accompanying papers, was ordered to lie on the table.

SACHS MERCANTILE CO., INC., *v.* THE UNITED STATES

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims, transmitting, pursuant to order of the court, a certified copy of the special findings of fact, conclusion of law, and opinion of the court, filed February 5, 1934, in the case of the *Sachs Mercantile Co., Inc.*, v. *the United States*, Congressional, No. 17638, which was referred to the court on January 28, 1929, by resolution of the Senate, under the act of March 3, 1911, known as the Judicial Code, which, with the accompanying paper, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

Mr. CAPPER presented the petition of Local Union No. 397, Brotherhood of Painters, Decorators, and Paperhangers, of Hutchinson, Kans., praying for the passage of the so-called "Wagner-Connery bill", being the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented the petition of Local Union No. 19367, Federal Labor Union, of Hutchinson, Kans., praying for the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which was referred to the Committee on Finance.

He also presented memorials of sundry citizens of Hutchinson, Salina, and Wichita, Kans., remonstrating against the passage of the so-called "Fletcher-Rayburn bill", providing for the regulation of stock exchanges, which were ordered to lie on the table.

Mr. WALSH presented resolutions of Bricklayers, Masons, and Plasterers International Union, No. 11, of Massachusetts, of Fall River, and the National Woolsorters' Association of the United States, Lawrence, in the State of Massachusetts, favoring the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which were referred to the Committee on Finance.

He also presented resolutions adopted by members of the parishes of St. John, of Millers Falls, and St. Patrick, of

Northfield, and the Renovation Associates of the Parish of Our Lady of the Assumption, of Boston, all in the State of Massachusetts, favoring the amendment of proposed radio legislation so as to provide adequate broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

INTERNAL-REVENUE TAX ON LIQUOR

Mr. WALSH. Mr. President, I present a letter in the nature of a petition from the chairman of the Alcoholic Beverages Control Commission of the Commonwealth of Massachusetts, which I ask may be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS,
THE ALCOHOLIC BEVERAGES CONTROL COMMISSION,
Statehouse, Boston, April 28, 1934.

Hon. DAVID I. WALSH,
United States Senate, Washington, D.C.

DEAR SENATOR WALSH: The Massachusetts Alcoholic Beverages Control Commission recommends that the internal-revenue tax of $2 a gallon on liquor be reduced to $1.

Very truly yours,

ALCOHOLIC BEVERAGES CONTROL COMMISSION,
WM. P. HAYES, *Chairman.*

OLD-AGE PENSIONS

Mr. WALSH. I also present and ask that there be printed in full in the RECORD, and appropriately referred, a resolution adopted by the City Council of Revere, Mass.

There being no objection, the resolution was referred to to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CITY OF REVERE, MASS., *April 28, 1934.*

Hon. DAVID I. WALSH,
Senator, Washington, D.C.

DEAR SIR: At a regular meeting of the city council held on Monday, April 16, 1934, the following resolution was declared ordered, accepted, and adopted:

"The Revere City Council, in regular meeting assembled this 16th day of April 1934, wishes to record itself as endorsing the bill filed in Congress by Congressman WILLIAM P. CONNERY, Jr., which would allow a contribution of one third of the assistance given by any State which provided old-age pensions to persons 65 years old or over.

"While Massachusetts has a required age minimum of 70 years at the present time, and no assured plan which will provide the source of revenue for this outlay for pensions, the passage of the congressional act will lift a great burden of at least one third from the shoulders of poll-tax payers who are now paying $1 each year for this purpose.

"The reduction of the age limit from 70 to 65 will not add any greater burden on the taxpayer, since any prospective applicant for a pension at 65 is presumably unemployable and therefore probably being pauperized through welfare relief. The transfer of many persons over 65 years of age from the welfare rolls to the pensions rolls will cost no more in dollars and cents, but will, on the other hand, restore confidence to discouraged citizens, and create greater faith in the future of many employees who have no outlook beyond their present welfare allotments.

"*Resolved*, That a copy of this resolution be sent to Congressman CONNERY and Senators WALSH and COOLIDGE."

Returned in 10 days without signature, April 28, 1934.

A. A. C., *Mayor.*

Attest:

ALBERT J. BROWN, *City Clerk.*

AMENDMENT OF COMMUNICATIONS COMMISSION BILL

Mr. WALSH. I also present a telegram from George F. Booth, publisher of the Worcester (Mass.) Telegram and Gazette, protesting against the adoption of the so-called "Wagner-Hatfield amendment" to the Dill communications bill, which I ask may be treated in the nature of a petition, printed in the RECORD, and referred to the Committee on Interstate Commerce.

There being no objection, the telegram was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

WORCESTER, MASS., *April 30, 1934.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.:

The Wagner-Hatfield amendment, as we understand it, to the pending Dill Communications Commission bill seems to us very unfair and may be inimical to our radio station WTAG, in which we have invested a large sum of money, and which performs a distinct service to Worcester and central New England. If you are not already cognizant with the terms of this bill, will you give it some attention? It seems to me this bill is unfair to the radio industry as a whole.

GEORGE F. BOOTH,
Publisher Worcester Telegram and Gazette.

REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on the Judiciary, to which was referred the joint resolution (S.J.Res. 67) directing the Comptroller General to adjust the account between the United States and the State of Connecticut, reported it without amendment and submitted a report (No. 861) thereon.

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (S. 3248) for the relief of J. B. Walker, reported it without amendment.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the joint resolution (S.J.Res. 103) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Eloy Alfaro and Jaime Eduardo Alfaro, citizens of Ecuador, reported it without amendment and submitted a report (No. 862) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2980) to modify the effect of certain Chippewa Indian treaties on areas in Minnesota, reported it with an amendment and submitted a report (No. 863) thereon.

Mr. COPELAND, from the Committee on Immigration, submitted a report (No. 865) to accompany the bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes, heretofore reported from that committee without amendment.

Mr. SHIPSTEAD, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S.J.Res. 102) authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920 as per a certain contract authorized by the President, reported it without amendment and submitted a report (No. 864) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S.J.Res. 100) authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp, reported it without amendment and submitted a report (No. 869) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3484) relating to the sale of cotton held for producers by the 1933 cotton producers' pool, reported it without amendment and submitted a report (No. 870) thereon.

Mr. FRAZIER (for Mr. WHEELER), from the Committee on Indian Affairs, to which was referred the bill (S. 2426) to provide funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., reported it with an amendment and submitted a report (No. 866) thereon.

He also (for Mr. WHEELER), from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1710. An act to authorize appropriations for the completion of the public high school at Frazer, Mont. (Rept. No. 867); and

S. 2893. An act to provide funds for cooperation with School District No. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children (Rept. No. 868).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Utah:

A bill (S. 3499) for the relief of Michael Ilitz; to the Committee on Military Affairs.

(Mr. VANDENBERG introduced Senate bill no. 3500, which appears under a separate heading.)

By Mr. BANKHEAD:

A bill (S. 3501) to regulate the sale of seed inoculants, soil inoculants, inoculated fertilizers, and analagous biological products in the District of Columbia, to regulate interstate traffic in said articles, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. McNARY:

A bill (S. 3502) authorizing the Oregon-Washington Bridge Commission to construct, maintain, and operate a toll bridge across the Columbia River at or near Astoria, Oreg.; to the Committee on Commerce.

By Mr. DILL:

A bill (S. 3503) to provide a preliminary examination of Chehalis River and its tributaries in the State of Washington with a view to the control of its floods;

A bill (S. 3504) to provide a preliminary examination of the Lewis River and its tributaries in the State of Washington with a view to the control of its floods;

A bill (S. 3505) to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters;

A bill (S. 3506) granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington; and

A bill (S. 3507) to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington with a view to the control of its floods; to the Committee on Commerce.

By Mr. HEBERT:

A bill (S. 3508) granting a pension to George W. Olney; to the Committee on Pensions.

By Mr. ERICKSON:

A bill (S. 3509) to provide for the erection of a public historical museum in the Custer Battlefield National Cemetery, Mont.; to the Committee on Public Buildings and Grounds.

By Mr. COUZENS:

A bill (S. 3510) to amend title III of the National Prohibition Act, as amended and supplemented (relating to industrial alcohol), with respect to the issuance of tax-free alcohol to clinics; to the Committee on Finance.

By Mr. NEELY:

A bill (S. 3511) for the relief of Gill I. Wilson and Mrs. Gill I. Wilson; to the Committee on Finance.

By Mr. POPE:

A bill (S. 3512) authorizing certain changes in the contract for the payment of construction costs of the Minidoka irrigation project in Idaho; to the Committee on Irrigation and Reclamation.

By Mr. McKELLAR:

A bill (S. 3513) granting to the Attorney General the power to appoint referees in bankruptcy; to the Committee on the Judiciary.

By Mr. LEWIS:

A joint resolution (S.J.Res. 112) to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes; to the Committee on Finance.

COINAGE OF 3-CENT PIECES

Mr. VANDENBERG. Mr. President, at the annual convention last week of the American Newspaper Publishers' Association in New York resolutions were adopted urging the coinage of a 3-cent coin. The resolutions pointed out that an intermediate coin is desirable between the 1-cent piece and the nickel. I quote one sentence from the resolutions of the American Newspaper Publishers' Association as follows:

> Millions of daily newspapers are now being sold for 3 cents, and a 3-cent coin would simplify the purchase of newspapers and be a convenience to the buying public.

It might also be remarked that we now have the 3-cent postage stamp.

I ask unanimous consent to introduce a bill to provide for the coinage of a 3-cent piece composed of copper and nickel, and I ask that the bill may be printed in the RECORD.

There being no objection, the bill (S. 3500) authorizing the coinage of a 3-cent nickel piece, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 3515 of the Revised Statutes, as amended, is amended to read as follows:

"SEC. 3515. The minor coins of the United States shall be a 5-cent piece, a 3-cent piece, and a 1-cent piece. The alloy for the 5- and 3-cent pieces shall be of copper and nickel, to be composed of three fourths copper and one fourth nickel. The alloy of the 1-cent piece shall be 95 percent of copper and 5 percent of tin and zinc, in such proportions as shall be determined by the Director of the Mint. The weight of the piece of 5 cents shall be 77.16 grains troy; of the 3-cent piece, 30 grains; and of the 1-cent piece, 48 grains."

SEC. 2. Section 3517 of the Revised Statutes, as amended, is amended to read as follows:

"SEC. 3517. Upon the coins there shall be the following devices and legends: Upon one side there shall be an impression emblematic of liberty, with an inscription of the word 'Liberty', and the year of the coinage, and upon the reverse shall be the figure or representation of an eagle, with the inscriptions 'United States of America' and 'E Pluribus Unum', and a designation of the value of the coin; but on the dime, 5-, 3-, and 1-cent piece the figure of the eagle shall be omitted."

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reynolds
Ashurst	Couzens	Keyes	Robinson, Ark.
Austin	Cutting	King	Robinson, Ind.
Bachman	Davis	La Follette	Russell
Bailey	Dickinson	Lewis	Schall
Bankhead	Dieterich	Logan	Sheppard
Barbour	Dill	Lonergan	Shipstead
Barkley	Duffy	Long	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Gibson	Metcalf	Thompson
Bulow	Glass	Murphy	Townsend
Byrd	Goldsborough	Neely	Tydings
Byrnes	Gore	Norbeck	Vandenberg
Capper	Hale	Norris	Van Nuys
Caraway	Harrison	Nye	Wagner
Carey	Hatch	O'Mahoney	Walcott
Clark	Hatfield	Overton	Walsh
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	
Copeland	Johnson	Pope	

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED], the Senator from Ohio [Mr. FESS], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

Mr. LEWIS. I announce the absence of the Senator from California [Mr. MCADOO], occasioned by illness, the absence of the Senator from Montana [Mr. WHEELER] on account of official business, and the absence of the Senator from Florida [Mr. TRAMMELL], who is necessarily detained from the Senate.

The PRESIDENT pro tempore. Ninety Senators having answered to their names, a quorum is present.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on April 27, 1934, the President approved and signed the act (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

SUPREME COURT DECISION IN ILLINOIS BELL TELEPHONE CASE

Mr. DILL. Mr. President, I ask unanimous consent to have inserted in the RECORD the decision of the Supreme Court of the United States in the Illinois Bell Telephone Co. case. The principles of law announced in this decision are so far-reaching that I think it should be printed in the RECORD.

There being no objection, the decision of the Supreme Court was ordered to be printed in the RECORD, as follows:

SUPREME COURT OF THE UNITED STATES

(Nos. 440 and 548. October term, 1933)

BENJAMIN F. LINDHEIMER AND OTHERS, CONSTITUTING THE ILLINOIS COMMERCE COMMISSION OF THE STATE OF ILLINOIS; OTTO KERNER, ATTORNEY GENERAL OF THE STATE OF ILLINOIS; AND THE CITY OF CHICAGO, APPELLANTS, *v.* ILLINOIS BELL TELEPHONE CO. ILLINOIS BELL TELEPHONE CO., APPELLANT, *v.* BENJAMIN F. LINDHEIMER AND OTHERS, CONSTITUTING THE ILLINOIS COMMERCE COMMISSION OF THE STATE OF ILLINOIS; OTTO KERNER, ATTORNEY GENERAL OF THE STATE OF ILLINOIS; AND THE CITY OF CHICAGO. APPEALS FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF ILLINOIS

Mr. Chief Justice Hughes delivered the opinion of the Court:

This case comes here for the second time. It presents the question of the validity under the fourteenth amendment of rates prescribed by the Illinois Commerce Commission for telephone service in the city of Chicago. The commission's order, made on August 16, 1923, to be effective October 1, 1923, reduced rates applicable to a large part of the intrastate service of the appellee, Illinois Bell Telephone Co.[1] In this suit, brought by that company in September 1923, an interlocutory injunction was granted upon the condition that if the injunction were dissolved the company should refund the amounts charged in excess of the challenged rates. We affirmed that order (269 U.S. 531). The final hearing was not had until April 1929—a delay found to be attributable to the city of Chicago. On that hearing the district court, composed of three judges, entered a final decree making the injunction permanent (38 F. (2d) 77). We reversed that decree and remanded the case for further proceedings (*Smith* v. *Illinois Bell Telephone Co.*, 282 U.S. 133). Further evidence was then taken and the district court made new findings and entered a final decree which permanently restrained the enforcement of the commission's order and released the company from obligation to refund the moneys which had been collected pending the suit (3 F.Supp. 595). The State authorities and the city bring this direct appeal (Jud. Code, sec. 266). The company brings a cross appeal to review the findings below, insisting that its property has been undervalued and that substantial amounts of its operating expenses have been disallowed.

No. 440. The appeal of the State officers and the city of Chicago: On the former appeal it appeared that no distinction had been made by the commission or by the district court between the intrastate and the interstate property and business of the company. We found that separation was essential to the appropriate recognition of the competent governmental authority in each field of regulation. Accordingly we directed that as to the value of the property employed in the intrastate business in Chicago and as to the amounts of revenue and expenses incident to that business, separately considered, there should be specific findings. And as a rate order which is confiscatory when made may cease to be confiscatory, and one which is valid when made may become confiscatory at a later period, we held that there should be appropriate findings for each of the years since the date of the Commission's order (282 U.S., pp. 149, 162). On the further hearing that difficult task was so well performed that no question is now raised as to the allocation of property to the intrastate and interstate services, respectively, in the Chicago area, the allocation being made on the basis of use.[2] Nor is there dispute with respect to the separation of expenses. Appellants object to the separation of revenues, insisting that certain revenues were improperly assigned to the interstate instead of the intrastate business.[3]

Considering the fact that 99 percent of the stock of appellee is owned by the American Telephone & Telegraph Co., which also owns substantially the same proportion of the stock of the Western Electric Co., we directed that there should be further examination of the purchases made by appellee from the Western Electric Co. and of the payments made by appellee to the American Co. As it appeared that the Western Electric Co., through the organization and control of the American Co., was virtually the manufacturing department for the Bell system, we directed specific findings to be made as to the net earnings of the Western Electric Co. in that department, and as to the extent to which, if at all, such profit figured in the estimates upon which the charge of confiscation was predicated. We also held that there should be specific findings with regard to the cost to the American Co. of the services which it rendered to appellee and the reasonable amount which should be allocated in that respect to the operating expenses of appellee's intrastate business (id., pp. 153, 157). The district court entered into an exhaustive examination of these questions and made detailed findings. The court found that the equipment and supplies furnished by the Western Electric Co. had been sold to appellee at fair and reasonable prices, and that the earnings of the Western Electric Co. on its investment allocated to the business done with appellee, and its profits on sales had been fair and reasonable, with the exception of an advance in prices of 10.2 percent effective on November 1, 1930. That advance the court disapproved, and in determining the reasonable outlays to be allowed to appellee after that date, the court made a reduction of 10 percent from the prices charged by the Western Electric Co.[4] Appellee contests this reduction and appellants object to the amounts allowed.

The district court made specific findings as to the character of the services rendered by the American Co. under its license contracts with appellee and the amounts of the cost of these services which should be allocated to the operating expenses of the latter's intrastate business. In the years 1923 to 1928, inclusive, when the court found that the payments under the license contracts charged on appellee's books exceeded the cost as thus determined and allocated, only the cost was held to be chargeable to operating expenses, but in the years 1929 to 1931, inclusive, when the license payments as so charged were less than the cost, only the amount of the license payments was allowed as an operating expense.[5] Appellants raise many questions in opposition to these determinations of costs and allocations, while appellee contends that the costs as found were less than the true costs and that the full amounts paid under the license contracts should have been allowed.

The evidence with respect to the value of appellee's property employed in its intrastate business at Chicago is voluminous. The evidence shows the original or book cost of this property, the market value of land, and estimates of the cost of reproduction new of the other physical property constituting appellee's telephone plant. There was also evidence of the condition of the property, together with estimates of accrued depreciation. Appellants submitted no valuations since one made by the commission in 1923[6] but presented detailed criticisms of appellee's estimates. The district court found that the method adopted by appellee's witness in ascertaining the cost of reproduction new was reliable and that appellee's estimates were substantially correct. The court encountered difficulties in making its valuations for the years 1931 and 1932. It took notice of the general fall in values which had accompanied the depression in business. And for that reason, the court fixed values for 1931 and 1932 which in its opinion gave due consideration to the element of the present decline. The court found that the fair rate of depreciation to be applied to reproduction cost new was 16 percent for the years 1923 to 1928, inclusive, and 15 percent for the succeeding years; and that the amount to be added to reproduction cost new on account of going value was 8 percent of that cost. The court also made findings as to the appellee's working cash capital, the amounts invested in materials and supplies and in property in course of construction, and as to these three items there is no controversy.

The court's findings, for each year, of the fair value of appellee's property, used and useful in its intrastate business in the Chicago area, including working cash capital, materials and supplies, construction work in progress, and going value, taking the average amount for the year, and the court's findings as to the original or average book cost of the same property, but without going value, are as follows:

	Fair value	Book cost
1923	$124,200,000	$95,074,135
1924	136,500,000	105,291,980
1925	148,500,000	117,730,536
1926	151,500,000	130,857,355
1927	167,000,000	146,173,197
1928	173,000,000	159,622,212
1929	184,000,000	168,988,816
1930	187,120,000	178,157,620
1931	179,100,000	181,925,963
1932	166,500,000	181,925,963

Appellants contend that the findings as to fair value are excessive. Appellee insists that they are too low. In particular, appellee says that the property was undervalued through excessive deductions for existing depreciation. Appellee maintains that the evidence shows a maximum depreciation of 9 percent for the years 1923 to 1928 and of 8 percent thereafter, instead of the 16 percent and 15 percent deducted by the court.

In computing the net revenue from the intrastate business in Chicago the court made adjustments in operating expenses with respect to the payments to the Western Electric Co. and the Amer-

[1] The order reduced rates for four classes of coin-box service. Otherwise it kept in force the rates which were fixed by an order of December 20, 1920. The coin boxes are in private residences and places of business and are not public pay stations.

[2] It appears that in 1923 there was used in the intrastate service approximately 95 percent of appellee's total property in the Chicago area. This percentage progressively decreased in the succeeding years, and in 1931 was somewhat less than 91 percent.

[3] The amounts of net revenue thus involved, which appellants contend should not have been allocated (under the rates in suit) to the interstate service for the respective years, are as follows: 1923, $245,042; 1924, $262,398; 1925, $309,505; 1926, $317,915; 1927, $354,372; 1928, $427,655; 1929, $486,875; 1930, $472,469; 1931, $437,580.

[4] Appellee states that this effected a reduction in the operating expenses of appellee of $67,167 for the last 2 months of 1930, $332,470 for 1931, and an equal amount for 1932.

[5] The amounts of the license payments thus disallowed by the court, as being in excess of the cost of the service, for the years 1923 to 1928, inclusive, are as follows: 1923, $573,819; 1924, $631,549; 1925, $531,233; 1926, $432,704; 1927, $558,011; 1928, $31,553. The amounts by which the cost to the American Co. exceeded the license payments, for the years 1929 to 1931, are as follows: 1929, $206,253; 1930, $327,751; 1931, $234,104.

[6] See 38 F. (2d) p. 86; 282 U.S. pp. 144, 145.

ican Co., as above stated, and also reduced to some extent the annual charges for depreciation. By these adjustments the amount of the net revenue as found by the court largely exceeded that shown by appellee's books. For example, the amount available for return in the year 1923 under the existing rates appears to have been $5,347,533, according to appellee's books, while the amount found by the court to have been available for return in that year is $6,646,183. We shall presently refer to the comparison for the other years.

The court found that if the rates in suit had been effective appellee's net earnings on its intrastate business would have thereby been reduced to the extent of $1,541,668 for 1923 and by somewhat greater amounts in later years, except in 1931 and 1932. As thus estimated, the net revenue available for return from the intrastate business in Chicago under the rates in suit would have been as follows: 1923, $5,104,515; 1924, $5,932,959; 1925, $6,297,890; 1926, $6,402,128; 1927, $6,686,503; 1928, $6,914,459; 1929, $8,939,602; 1930, $8,492,385; 1931, $8,392,555; 1932, $6,750,000.

The court found that the fair rate of return on the average fair value of the intrastate property was 7½ percent for each of the years 1923 to 1927, inclusive; 7 percent for each of the years 1928, 1929, and 1930; 6½ percent for 1931; and 5½ percent for 1932. On the basis of these findings of fact the court concluded that the rates in suit were confiscatory at all times from the date of the commission's order.

1. The experience of the company under the existing rates: The effect of the decision below, and of the findings upon which it is based, strikingly appears if we put aside for the moment the rates in suit and consider that effect in relation to the existing rates under which the Illinois Co. has conducted its business since 1920. That is, if we compare the amounts available for return—the net intrastate income in Chicago under existing rates—as shown (1) by appellee's statement from its books and (2) by the court's adjustments, with (3) the amount of the net income which, under the findings of fair value, income, expenses, and rate of return, would be necessary to avoid confiscation. The following table—with columns correspondingly designated—gives the comparison: [7]

	First	Second	Third
1923	$5,347,533	$6,646,183	$9,315,000
1924	6,230,178	7,483,954	10,237,500
1925	6,650,718	7,880,451	11,137,500
1926	6,887,012	8,052,698	11,362,500
1927	6,877,089	8,363,580	12,525,000
1928	7,601,567	8,627,760	12,110,000
1929	9,490,091	10,679,602	12,880,000
1930	9,152,490	10,138,263	13,098,400
1931	8,494,616	9,826,299	11,641,500
1932		8,000,000	9,157,500

On this showing, the findings if accepted would compel the conclusion that when the commission's order was made in 1923, not only the new rates, but the existing rates as well were grossly confiscatory; that appellee was receiving under the existing rates, according to its books, a net return of $5,347,533 when it was entitled to nearly $4,000,000 more, or $9,315,000, to prevent its property from being confiscated. The table shows a similar situation in the succeeding years. Again, the inference would be irresistible that the existing rates were confiscatory when they were prescribed by the Public Utilities Commission of Illinois (the predecessor of the present commission) in December 1920, to be effective January 1, 1921. In the comprehensive disclosure of appellee's financial condition there is nothing to permit an inference of any radical change which would have made rates, compensatory in 1921, confiscatory in 1923.

But, instead of challenging the existing rates as constituting an invasion of constitutional right, appellee when summoned by the commission, in September 1921, in the proceeding which led to the order now under review, asserted that the existing rates were just and reasonable. In its answer to the commission, appellee alleged that its rates and charges heretofore approved and authorized by the aforesaid order of the Public Utilities Commission of Illinois, entered on the 20th day of December 1920, and now in full force and effect, are just and reasonable, and that the burden of proof is upon whomsoever avers, or seeks to show, that said rates and charges are unjust or unreasonable. And when this suit was brought in September 1923 to prevent the enforcement of the new rates, appellee did not seek to enjoin the existing rates.

The financial history of the Illinois Co. repels the suggestion that during all these years it was suffering from confiscatory rates. Its capital stock rose from $9,000,000 in 1901 to $70,000,000 in 1923, $80,000,000 in 1925, $110,000,000 in 1927, $130,000,000 in 1929, and $150,000,000 in 1930. Its funded debt, which was somewhat less than $50,000,000 in 1923, continued at about the same amount until 1930. During this period appellee paid the interest on its debt and 8-percent dividends on its stock. Its fixed-capital reserves,[8] which embraced the depreciation reserve presently to be mentioned, rose from $37,575,004 in 1923 to $63,966,748 in 1930, and to $69,242,667 in 1931. The company's surplus and undivided profits over and above these capital reserves increased from $5,600,326 in 1923 to $22,907,654 in 1930 and to $23,767,381 in 1931. Its fixed capital—that is, the book cost of total plant and general equipment—which was $145,984,084 at the end of 1923, increased to $288,381,090 at the end of 1930, and to $291,259,580 at the end of 1931.[9] We do not lose sight of the fact that this showing embraces the entire business of the Illinois Co., both interstate and intrastate. But it appears that the intrastate investment in the Chicago area approximated 60 percent of the entire investment of appellee in the State. The book cost of the plant in service and general equipment in intrastate business in Chicago increased from $95,582,266 at the end of 1923 to $174,160,314 at the end of 1930, and to $177,384,652 at the end of 1931.[10] "The gross additions" to the company's property in the Chicago area, the company states, "were spread fairly evenly over the period. The business expanded with great rapidity. The number of telephones in Chicago increased from 690,000 at the end of 1923 to 940,000 at the end of 1931, and was 987,000 at the peak in 1929." During the 9 years a greater amount of plant was added new to the property than was in service at the beginning of the term. The company informs us that the property was kept at a high and even standard of maintenance throughout the years involved, and was at all times capable of giving adequate telephone service abreast of the art. The property has been efficiently and economically operated and the company has enjoyed excellent credit.

This actual experience of the company is more convincing than tabulations of estimates. In the face of that experience, we are unable to conclude that the company has been operating under confiscatory intrastate rates. Yet, as we have said, the conclusion that the existing rates have been confiscatory—and grossly confiscatory—would be inescapable, if the findings below were accepted. In that event the company would not only be entitled to resist reduction through the rates in suit, but to demand, as a constitutional right, a large increase over the rates which have enabled it to operate with outstanding success. Elaborate calculations which are at war with realities are of no avail. The glaring incongruity between the effect of the findings below as to the amounts of return that must be available in order to avoid confiscation and the actual results of the company's business makes it impossible to accept those findings as a basis of decision.

2. The effect of the reduction through the rates in suit: The foregoing considerations limit our inquiry. It is not necessary to traverse the wide field of controversy to which we are invited and to review the host of contested points presented by counsel. In the view that the existing rates cannot be regarded as inadequate, the question is simply as to the effect of the reduction in net income by the rates in suit. The question is whether the company has established, with the clarity and definiteness befitting the cause, that this reduction would bring about confiscation (*Los Angeles Gas Co.* v. *Railroad Commission*, 289 U.S. 287, 304, 305). The amounts of the reduction for the respective years are not in dispute.[11] It would have been $1,541,668 for 1923, would have been greatest at $1,740,000 for 1929, and least at $1,270,000 for 1932.

Operating expenses: In determining the effect of these reductions and what amounts would still be available to the company for net return, we come to the questions raised by the company's charges to operating expenses. Charges to operating expenses may be as important as valuations of property. Thus excessive charges of $1,500,000 to operating expenses would be the equivalent of 6 percent on $25,000,000 in a rate base. In this instance, against the reductions which the rates in suit would have effected, are the considerable sums which would be added to the amounts available for return by the adjustments in operating expenses made by the district court.[12] These adjustments embraced overpayments found to have been made by the Illinois Co. in its transactions with the American Telegraph & Telephone Co. and the Western Electric Co. In 1923 the overpayment to the former company, treating its outlay or the cost of its service to its subsidiary as the measure of the operating expense, was found to be $573,819; the average of the annual overpayments, as found for the years 1923 to 1927, inclusive, amounted to $545,443.[13] It should be noted that on the same basis of adjustment there would have been an increase (averaging $256,036) in operating expenses for the years 1929 to 1931, when the cost of the service exceeded the license payments.[14] The court below found overpayments to the Western Electric Co.

[7] Column (1) gives the net intrastate income in Chicago, as shown by the company from its books; column (2) the amount as adjusted by the district court; and column (3) the amount required by the court's findings.

[8] The fixed-capital reserves are the depreciation reserve and the reserve for amortization of intangible capital. The latter reserve ranged from $182,041.50, in the year 1923, to $274,086.36 in 1930, and to $289,018.77 in 1931.

[9] This is according to the company's plant and general equipment accounts for the Chicago and State areas.

[10] The book cost of the plant in service and general equipment for the Chicago area, including both interstate and intrastate business, rose from $100,040,051 at the end of 1923 to $191,286,165 at the end of 1930 and to $195,422,113 at the end of 1931.

[11] The amounts of the reduction in intrastate income in Chicago, if the rates in suit had been effective, as shown by the company and found by the district court, are as follows: 1923, $1,541,668; 1924, $1,550,995; 1925, $1,582,561; 1926, $1,650,570; 1927, $1,677,077; 1928, $1,713,301; 1929, $1,740,000; 1930, $1,645,878; 1931, $1,433,744; 1932, $1,270,000.

[12] See comparison of the amounts of net return as shown by the company with the amounts as adjusted by the district court, in table, supra, p. 6.

[13] Supra, p. 4, note 5.

[14] Id.

of $332,470 in 1931 and 1932, respectively.[15] There are numerous contentions presented by each of the parties in relation to these adjustments—by appellants to decrease, and by appellee to increase, the amounts of expense allowed—but we shall not undertake to pass upon them in view of the determinative nature, for the present purpose, of the remaining question as to the sums which the company has annually charged to operating expenses for depreciation.

Annual allowances for depreciation: The commission, in the order under review, concluded that the depreciation reserve (amounting, at the end of 1922, for the Chicago property, interstate and intrastate, to about $26,000,000) had been built up by annual additions that were in excess of the amounts required. The commission provided for a combined maintenance and replacement allowance which it considered sufficient to protect the investment in the property and to permit the company to accrue a reserve in the anticipation of property retirements. On the first hearing the district court considered that the effect of that ruling was to reduce the amount charged for depreciation to the operating expenses in 1923 to the extent of about $1,800,000.[16] The company did not comply with the commission's requirement, but continued its own method of computing the annual allowances. We adverted to this question on the former appeal. We said that the recognition of the ownership of the property represented by the depreciation reserve did not justify the continuance of excessive charges to operating expenses. We thought that the experience of the Illinois Co., together with a careful analysis of the results shown under comparable conditions by other companies which are part of the Bell system, should afford a sound basis for judgment as to the amount which in fairness both to public and private interest should be allowed as an annual charge (282 U.S., pp. 157–159). The district court, in making its findings, stated that it had considered the data to which we referred, but we are not advised as to the precise method of its calculations.[17] The annual amounts allowed by the court for depreciation, as compared with those which appellee charged on its books to operating expenses,[18] are as follows:

	Court's allowances	Book charges
1923	$4,000,000	$4,222,000
1924	4,250,000	4,470,000
1925	4,750,000	5,048,000
1926	5,400,000	5,767,000
1927	6,000,000	6,335,000
1928	6,650,000	7,009,000
1929	7,000,000	7,436,000
1930	7,200,000	7,865,000
1931	7,400,000	8,133,000

Broadly speaking, depreciation is the loss, not restored by current maintenance, which is due to all the factors causing the ultimate retirement of the property. These factors embrace wear and tear, decay, inadequacy, and obsolescence.[19] Annual depreciation is the loss which takes place in a year. In determining reasonable rates for supplying public service it is proper to include in the operating expenses—that is, in the cost of producing the service—an allowance for consumption of capital in order to maintain the integrity of the investment in the service rendered.[20] The amount necessary to be provided annually for this purpose is the subject of estimate and computation. In this instance the company has used the straight-line method of computation, a method approved by the Interstate Commerce Commission. (177 I.C.C., pp. 408, 413.) By this method the annual depreciation charge is obtained by dividing the estimated service value by the number of years of estimated service life. The method is designed to spread evenly over the service life of the property the loss which is realized when the property is ultimately retired from service. According to the principle of this accounting practice, the loss is computed upon the actual cost of the property as entered upon the books less the expected salvage, and the amount charged each year is one year's pro rata share of the total amount.[21] Because of the many different classes of plant, some with long and some with short lives, some having large salvage and others little salvage or no salvage, and because of the large number of units of a class, the company employs averages—that is, average service life, average salvage of poles, of telephones, etc.

While property remains in the plant, the estimated depreciation rate is applied to the book cost and the resulting amounts are charged currently as expenses of operation. The same amounts are credited to the account for depreciation reserve, the "Reserve for accrued depreciation." When property is retired, its cost is taken out of the capital accounts, and its cost, less salvage, is taken out of the depreciation-reserve account. According to the practice of the company, the depreciation reserve is not held as a separate fund but is invested in plant and equipment. As the allowances for depreciation, credited to the depreciation-reserve account, are charged to operating expenses, the depreciation reserve invested in the property thus represents, at a given time, the amount of the investment which has been made out of the proceeds of telephone rates for the ostensible purpose of replacing capital consumed. If the predictions of service life were entirely accurate and retirements were made when and as these predictions were precisely fulfilled, the depreciation reserve would represent the consumption of capital, on a cost basis, according to the method which spreads that loss over the respective service periods. But if the amounts charged to operating expenses and credited to the account for depreciation reserve are excessive, to that extent subscribers for the telephone service are required to provide, in effect, capital contributions, not to make good losses incurred by the utility in the service rendered and thus to keep its investment unimpaired, but to secure additional plant and equipment upon which the utility expects a return.

Confiscation being the issue, the company has the burden of making a convincing showing that the amounts it has charged to operating expenses for depreciation have not been excessive. That burden is not sustained by proof that its general accounting system has been correct. The calculations are mathematical, but the predictions underlying them are essentially matters of opinion.[22] They proceed from studies of the behavior of large groups of items. These studies are beset with a host of perplexing problems. Their determination involves the examination of many variable elements and opportunities for excessive allowances, even under a correct system of accounting, are always present. The necessity of checking the results is not questioned. The predictions must meet the controlling test of experience.

In this instance the evidence of expert computations of the amounts required for annual allowances does not stand alone. In striking contrast is the proof of the actual condition of the plant as maintained—proof which the company strongly emphasizes as complete and indisputable in its sharp criticism of the amount of accrued depreciation found by the district court in valuing the property. The company insists that the existing depreciation in the property, physical and functional, does not exceed 9 percent in the years 1923 to 1928 and 8 perecent thereafter. The existing depreciation as thus asserted by the company, and the amounts it shows as the depreciation reserve allocated to the intrastate business in Chicago (taking in each case the average amounts per year), are as follows:

Year	Existing depreciation	Depreciation reserve [1]
1923	$11,992,000	$26,797,000
1924	12,865,000	29,316,000
1925	13,775,000	32,155,000
1926	14,621,000	35,572,000
1927	15,360,000	39,352,000
1928	16,241,000	42,769,000
1929	15,300,000	44,515,000
1930	15,863,000	45,829,000
1931	15,828,000	48,362,000

[1] The company obtains these average amounts from the total Chicago depreciation reserve at the end of each year, multiplied by the percentage found to be applicable to the intrastate business, with a deduction of one half of the increase during the year in order to obtain the average. The balance in the depreciation reserve for the entire Chicago property, interstate and intrastate, increased from $4,384,828 at the end of 1911 to $29,306,122 at the end of 1923.

[15] Supra, p. 3, note 4.

[16] 38 F. (2d), pp. 86, 87.

[17] 3 F. Supp., p. 605.

[18] The company's charges on its books were based on original cost. The company claims considerably larger amounts as the result of recomputations for each class of property according to its replacement value new.

[19] Depreciation, as defined by the Interstate Commerce Commission, "is the loss in service value not restored by current maintenance and incurred in connection with the consumption or prospective retirement of property in the course of service from causes against which the carrier is not protected by insurance, which are known to be in current operation, and whose effect can be forecast with a reasonable approach to accuracy" (17 I.C.C., p. 422).

[20] See *Knoxville* v. *Water Company*, 212 U.S. 1, 13, 14; *Kansas City Southern Railway* v. *United States*, 231 U.S. 423, 448; *Denver* v. *Denver Union Water Co.*, 246 U.S., 178, 191; *Southwestern Bell Telephone Co.* v. *Public Service Commission*, 262 U.S. 276, 278; *Georgia Railway & Power Co.* v. *Railroad Commission*, 262 U.S. 625, 633; *United Railways* v. *West*, 280 U.S. 234, 253, 260; *Smith* v. *Illinois Bell Telephone Co.*, 282 U.S. 133, 158; *Clark's Ferry Bridge Co.* v. *Public Service Commission* (Feb. 5, 1934), 291 U.S. —.

[21] See 177 I.C.C., pp. 451, et seq.

[22] In the exposition in evidence, to which the company's counsel refers in their argument, of the straight-line depreciation practice of the companies in the Bell system, it is said: "The proper interpretation of the data regarding plant life and salvage obtainable from accounts, records, and statistics is of equal importance with the integrity of the data themselves. It would seem that we should have first: Investigations of past service life and salvage through sound accounting and statistical methods; second, investigations of the conditions surrounding the employment of such plant in the past and of the extent to which such conditions still prevail; third, the best possible forecast of conditions looming in the future which should exert a modifying influence upon either life or salvage. And then the active judgment which fuses the experience of the past, so far as it is still pertinent, and the expectation for the future, so far as it is presently pertinent, into a just and reasonable determination of the current rate of depreciation for the time being."

In explanation of this large difference, the company urges that the depreciation reserve in a given year does not purport to measure the actual depreciation at that time; that there is no regularity in the development of depreciation; that it does not proceed in accordance with any fixed rule; that as to a very large part of the property there is no way of predicting the extent to which there will be impairment in a particular year. Many different causes operating differently at different times with respect to different sorts of property produce the ultimate loss against which protection is sought. As the accruals to the depreciation reserve are the result of calculations which are designed evenly to distribute the loss over estimated service life, the accounting reserve will ordinarily be in excess of the actual depreciation. Further, there are the special conditions of a growing plant—there are new plant groups in operation on which depreciation is accruing but which are not yet represented, or are but slightly represented, in the retirement losses. Where, as in this instance, there has been a rapid growth, retirements at one point of time will relate for the most part to the smaller preceding plant, while the depreciation reserve account is currently building up to meet the increased eventual retirement liability of the enlarged plant.

Giving full weight to these considerations, we are not persuaded that they are adequate to explain the great disparity which the evidence reveals. As the company's counsel say: "The reserve balance and the actual depreciation at any time can be compared only after examining the property to ascertain its condition; the depreciation, physical and functional, thus found can be measured in dollars and the amount compared with the reserve." Here we are dealing not simply with a particular year but with a period of many years—a fairly long range of experience—and with careful and detailed examinations made both at the beginning and near the end of that period. The showing of the condition of the property, and of the way in which it has been maintained, puts the matter in a strong light. In substance, the company tells us: The property in Chicago is a modern Bell-system plant. Through the process of current maintenance, worn, damaged, or otherwise defective parts were being constantly removed before their impairment affected the telephone service. The factors of inadequacy and obsolescence were continuously anticipated by the company so that the telephone service might not be impaired, and no depreciation of that character was ever present in the plant, except to the slight extent that obsolete items of plant were found, as stated by the company's witnesses.

One of these witnesses testified that, in his examination of the plant to determine existing depreciation, he understood that anything that was obsolete or inadequate was to be depreciated accordingly. We are told by the company that in that investigation "condition new was assumed to be free from defects or impairment of any kind—that is, perfect, or 100 percent condition—and the thing as it stood in actual use in the plant was compard with the same thing new. All existing depreciation, both physical and functional, was reduced to a percentage and subtracted from 100 percent. The service measured up to the standards of the telephone art at all times. The plant capable of giving such service was not functionally deficient in any practical sense. This is not to say that parts of the plant did not from time to time become inadequate or obsolete, but that the company continuously anticipates and forestalls inadequacy and obsolescence. Before a thing becomes inadequate or obsolete it is removed from the plant. But little variation was found in the percentage of existing depreciation during the years 1923 to 1931.[23] The company points out that the commission found, in its order of 1923, that the property was then in at least 90 percent condition. The weighted total or overall condition, the company shows, is 91 percent for the years 1923–28 and 92 percent for subsequent years.

This condition, kept at a nearly constant level, directs attention to the amounts expended for current maintenance. In the process of current maintenance, new parts are installed to replace old parts in units of property not retired. Such substitutions or repairs are separate from the amounts which figure in the depreciation reserve. The distinction between expenses for current maintenance and depreciation is theoretically clear. Depreciation is defined as the expense occasioned by the using up of physical property employed as fixed capital; current maintenance, as the expense occasioned in keeping the physical property in the condition required for continued use during its service life. But it is evident that the distinction is a difficult one to observe in practice with scientific precision, and that outlays for maintenance charged to current expenses may involve many substitutions of new for old parts which tend to keep down accrued depreciation. The amounts charged by the company to current maintenance year by year, the amounts credited to the depreciation reserve, and the total of the two sets of charges to operating expenses for the intrastate property in Chicago are as follows:

Year	Current maintenance	Depreciation	Total
1923	$5,643,623	$4,222,000	$9,865,623
1924	6,043,737	4,470,000	10,513,737
1925	6,563,193	5,048,000	11,611,193
1926	7,714,364	5,767,000	13,481,364
1927	8,849,559	6,335,000	15,184,559
1928	9,941,143	7,009,000	16,950,143
1929	10,671,576	7,436,000	18,107,576
1930	11,372,858	7,865,000	19,237,858
1931	10,842,053	8,133,000	18,975,053

These aggregate amounts range from over 30 percent to nearly 40 percent of the total amounts charged by the company to operating expenses.[24]

In the light of the evidence as to the expenditures for current maintenance and the proved condition of the property—in the face of the disparity between the actual extent of depreciation, as ascertained according to the comprehensive standards used by the company's witnesses and the amount of the depreciation reserve—it cannot be said that the company has established that the reserve merely represents the consumption of capital in the service rendered. Rather, it appears that the depreciation reserve to a large extent represents provision for capital additions, over and above the amount required to cover capital consumption. This excess in the balance of the reserve account has been built up by excessive annual allowances for depreciation charged to operating expenses.

In answer to appellants' criticism, the company suggests that an adjustment might be made by giving credit in favor of the telephone users in an amount equal to 3½ percent upon the difference between the depreciation reserve and the amount deducted from the valuation for existing depreciation. The suggestion is beside the point. The point is as to the necessity for the annual charges for depreciation, as made or claimed by the company, in order to avoid confiscation through the rates in suit. On that point the company has the burden of proof. We find that this burden has not been sustained. Nor is the result changed by figuring the allowances at the somewhat reduced amounts fixed by the court below.[25]

We find this point to be a critical one. The questionable amounts annually charged to operating expenses for depreciation are large enough to destroy any basis for holding that it has been convincingly shown that the reduction in income through the rates in suit would produce confiscation.

The case has long been pending and should be brought to an end. The company has had abundant opportunity to establish its contentions. In seeking to do so, the company has submitted elaborate estimates and computations, but these have overshot the mark. Proving too much, they fail of the intended effect. It is not the function of the court to attempt to construct out of this voluminous record independent calculations to invalidate the challenged rates. It is enough that the rates have been established by competent authority and that their invalidity has not been satisfactorily proved.

The decree below is reversed, and the cause is remanded with direction to dissolve the interlocutory injunction, to provide for the refunding, in accordance with the terms of that injunction and of the bonds given pursuant thereto, of the amounts charged by the company in excess of the rates in suit, and to dismiss the bill of complaint.

No. 548. The appeal of the company: The company was successful in the district court and has no right of appeal from the decree in its favor. The company is not entitled to prosecute such an appeal for the purpose of procuring a review of the findings of the court below with respect to the value of the company's property or the other findings of which it complains. Its contentions in these respects have been considered in connection with the appeal of the State authorities and the city. The appeal of the company is dismissed (*New York Telephone Co.* v. *Maltbie*, 291 U.S. —, Feb. 19, 1934). Decree in no. 440 reversed. Appeal in no. 548 dismissed.

MOTHER'S DAY STAMP—ADDRESS BY POSTMASTER GENERAL FARLEY

Mr. McKELLAR. Mr. President, tomorrow motherhood, the most sacred of all our worldly associations, is to be

[23] Referring to the period 1923 to 1931, and to the company's exhibit, the company's counsel state that the percentage of depreciation in the various classes of plant did not vary materially during the period, with the exception of three classes, namely, central-office equipment, private-branch exchanges and booths and special fittings. In the case of central-office equipment there were large installations of new equipment in 1929, which had the effect of raising the percent condition for the entire class from 92 percent for prior years to 93 percent for 1929 and subsequent years. In the case of private-branch exchanges the percentage condition improved gradually from 88 percent in 1923 to 94 percent in 1930, due to the large proportion of new installations and correspondingly large retirements of the old. In the case of booths and special fittings, the percentage condition gradually improved from 78 percent in 1923 to 85 percent at the end of the period, in this case also because of abnormally large changes of booths at pay stations. These are the changes which in the main account for the fact that the overall condition of the plant rose from 91 percent for the years 1923–28 to 92 percent thereafter.

[24] The total amounts charged by the company for operating expenses in the intrastate business at Chicago appear to be as follows: 1923, $31,550,286; 1924, $33,275,574; 1925, $35,649,160; 1926, $38,893,042; 1927, $42,142,649; 1928, $45,704,899; 1929, $48,489,647; 1930, $49,319,993; 1931, $47,904,196.

[25] See supra p. 11.

honored by the Government by the issuance of a stamp by the Post Office Department. The picture on the stamp is a replica of Whistler's "Portrait of My Mother."

President Wilson 20 years ago established Mother's Day by formal proclamation; and the issuance of this stamp dedicated to motherhood is the outgrowth of the recognition given by our late President, Woodrow Wilson.

I present for the RECORD an address broadcast yesterday by Hon. James A. Farley, Postmaster General, in which he pays a beautiful tribute to the sacredness of motherhood. I ask that it be printed in full in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

In memory and in honor of the mothers of America the Post Office Department will, on May 2, of this year, for the first time in all history, place on sale at Washington, the Capital of the Nation, a new postage stamp dedicated to motherhood.

In size, approximately the same as the special-delivery stamp, with which everyone is familiar, it will be a substitute, until the printings are exhausted, for the ordinary 3-cent stamp.

It is purple in color—an exquisite example of the engraver's art—and bears as a central motif the figure of mother, inspired by the likeness appearing on the world-famous painting, Portrait of My Mother, by that most distinguished of American painters, James Abbott McNeill Whistler.

Twenty years ago, on May 12, Woodrow Wilson, then President of the United States, by formal proclamation, established Mother's Day as a national occasion of tribute to motherhood. Tonight I feel grateful that I have been privileged as Postmaster General to be the official instrument by which the post-office system of the United States, the greatest and most far-flung single business in all the world, indeed, in all history, has issued the order paying this tribute to the mothers of America.

I take a deeper satisfaction, if that were possible, in the fact that President Franklin D. Roosevelt, following in the footsteps of his illustrious predecessor, Woodrow Wilson, has given evidence of his complete devotion to this comprehensive sentiment of obligation, respect, and love for motherhood, which we all feel, by himself selecting the design.

When it was decided to issue this stamp, to do this honor to the women whose heartstrings have vibrated for each and all of us, I turned to the President for advice and instruction. Upon his suggestion the Whistler painting, now ranked among the most notable artistic achievements of all time, provides the central figure of the design.

It is a source of pride to me that of all the postal systems of the world ours is the first to do this honor to the supreme mission of womanhood and that an American painter should have been the author of the pictorial ideal which is the central theme of the stamp.

Not without significance is the fact that this portrait has long been given an honored place in the Louvre at Paris.

Greatest, perhaps, of all the art galleries of the world, it has held forth to the admiration of the sons and daughters of all nations a portrait of an American mother by an American son.

So great is the interest attracted by this wonderful painting that it has been brought to this country where it has been exhibited in some of the art galleries of our larger cities. It is at present being displayed in the Museum of Fine Arts at Boston.

It inspires one to recall that here, on this soil, were born the woman and the son to whom all the world now does honor.

And who shall say which the world shall honor most, the mother or the son? The mother whose suffering, whose devotion, whose patient care made possible the character and genius of the son, or the boy whose adherence to the tenets of maternal training, whose loyalty and gratitude for his mother's sacrifice, found their supreme expression in a work that takes its place among the greatest artistic works of human genius.

That mother, whose portrait on the new stamp will, in a few days, enter millions of homes here and abroad, was an American mother. She was filled with the same emotions, the same hopes, the same aspirations that throb in the hearts of every mother in all this land.

There is no son, there is no daughter anywhere in all the United States, indeed in all this world, who cannot rely on the same deep love that nurtured the great Whistler.

Mother love, the love of the mother for the child and of the child for the mother, is the very core of our civilization. This is the source of loyalty. This is the source of the spirit of sacrifice. This is the source of the spirit of cooperation; and it is loyalty, sacrifice, and cooperation that have made America great.

I am happy that it has fallen to my lot to participate in this tribute to motherhood, a tribute that must of necessity include the family. Brothers and sisters, and father, all gather around the hearthstone on which mother is enshrined, and the hearthstone is the center of the family.

There in the home are performed the homely duties and developed the homely ties—observe the words, "the homely duties and the homely ties"—which unite every family, and which, uniting the family, in turn unite the city, the State, and the Nation.

It is not the luxuries of life, nor yet the personal triumphs that build the family, the State, and the Nation, but the sacrifices one for another and all for the common good. In that direction mother points the way.

I think it particularly appropriate that at this time, when, throughout the Nation, we have the opportunity of sounding the depths of sacrifice and cooperation, the occasion of honoring motherhood should be presented. Certainly there never was a time in all the history of the American people when we needed more to take to heart the lessons that motherhood teaches.

In every hamlet throughout this land tonight there are mothers whose every thought at this very moment is for the welfare, not of themselves but of their children. Under the roof-tree of every home is the chair of the mother whose heart beats now or in the past was unselfishly throbbing for the sons and daughters who, in their time, were to raise the families of the future.

We will celebrate Mother's Day, Sunday, May 13. May I suggest that it would be most appropriate and a manifestation of proper sentiment if every man and woman and boy and girl who is so fortunate as to have a living mother, would write that mother a special Mother's Day letter and place upon the envelop one of the new stamps. If possible, the letter should be so timed that it will be received on Mother's Day.

I know that there is not a mother in America whose heart would not thrill with such a remembrance. These special letters, adorned with the special stamp, will be kept among the real treasures of the mothers receiving them.

The first sheets of these new stamps were run through the presses of the Bureau of Engraving and Printing several days ago and the ceremonies incident to the first printing were most impressive.

Mrs. Roosevelt, the wife of our beloved President, herself typifying the finest in American motherhood, was the honor guest. It was my privilege to present her with the first sheet of stamps to come from the presses; and in doing so, I said to her:

"Mrs. Roosevelt, it is one of the great pleasures of my life to take a part in this ceremony incident to the first press run of the new postage stamp in tribute to the motherhood of America. What we are and what we expect to be is all due to mother, our best friend, to whom we may ever turn in time of trial or adversity for comfort and benediction."

In her brief response, Mrs. Roosevelt said: "I receive these stamps with a great deal of pleasure, and I am sure that this mothers' stamp will be one of the most popular issues we have had for a long time. This is a most beautiful stamp and I am sure that the mothers of America are most appreciative of the great honor that has been conferred upon them through the issuance of this stamp by the Post Office Department."

In approving the idea for a mothers' stamp and in selecting Whistler's masterpiece as the principal feature of its design, the President undoubtedly had in mind his own lovely and noble mother from whom he has received many of the qualities of mind and heart which have made him the great and beloved leader of the American people. Her tender devotion to him and his revered devotion to her are a constant inspiration to other mothers and other sons.

Provisions for 200,000,000 of the new stamps was made in the initial printing order. They will be placed on first-day sale at the philatelic agency at Washington May 2 and on the following day will be on sale at the post offices throughout the country.

Fortunate, indeed, is he who may tonight turn to his mother and pay her the tribute of devotion which we all feel but too infrequently express. He can tell her that he will repay her for all her sacrifice and care by similar devotion to the common cause of all humanity.

To him, however, who finds an empty chair on the hearthstone there must come the realization of opportunities that have been lost to give expression to what every heart feels.

To such I say, it is not for the present but for the future that your mother lived. It was not for the present but for the future that the mothers of the past have lived. It was not for personal and selfish good that they lived but for the welfare of their children. So, following their example, we of this generation, sons and daughters of America, secure in the knowledge of what they have done, may by similar devotion and sacrifice make easier the path of those who are to follow.

To the mothers of America, those who have gone before, those who now serve, and those who are to come, the Nation through the medium of this simple postage stamp offers its pledge of undivided loyalty and love.

RETAIL PRICE AND COST-OF-LIVING INDEXES

Mr. SHIPSTEAD. Mr. President, in the issue of the Railroad Trainman for April 1934 there is a very interesting and illuminating article on "Retail Price and Cost of Living Indexes." The retail-price and cost-of-living indexes are interesting because they have been used as the basis for the establishment of what is called a living wage. It is further interesting because Mr. Ethelbert Stewart, the author of the article, shows that the theory of a living wage originated in England at the time England emerged out of feudalism, when the laborers after feudalism had been granted a living wage based on the theory that if the wage of the laborer could be kept low enough or on the basis of his necessities of life, the overlord or the employer could have his

labor cheaper than under slavery, because it was thought the free laborer or individual laborer could maintain himself cheaper than prior thereto when the underlords had maintained them in groups. Because of the rule used now to determine cost of living indexes, Mr. Stewart shows how absurd are the figures based upon that rule. I ask unanimous consent that his article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Railroad Trainman, April 1934]

The retail-price and cost-of-living indexes as carried by the United States Bureau of Labor Statistics have to do, so far as that Bureau is concerned, only with the relation of living costs to wage rates. The origin of this idea, that is of its expression in economic literature, dates back to the days when England was emerging from feudalism and beginning to manufacture for export trade. It was believed that the lower the wages paid, the more export business could be secured. Besides, the laborers of the world had so recently come out from under slavery, a feudal form of slavery at least, it was believed that the individual could maintain himself on less proportionately than the overlord could maintain his laborers in groups; hence wages should be the least amount that would enable the laborer to subsist, and, if married, to rear another laborer to take his place when he was too old to work or was dead. This cold-blooded doctrine was written into our economic literature and is there yet.

The Bureau of Labor Statistics began the collection of retail prices of various foodstuffs, in a small way, a good many years ago; likewise, in a small way, it began collecting cost-of-living schedules or family budgets. Some of this work was done in 1901, retail prices even earlier. In 1918, at the request of the Shipping Board, the Bureau of Labor Statistics undertook a really wide-spread investigation into the cost of living in the principal shipbuilding centers. There is no doubt but that the Shipping Board intended and expected to prove that wages were too high and out of all proportion to cost of living, just as the original doctrine and theory were that a free laborer, having his mind on his own individual interests, could keep himself cheaper free than his master could keep him as a slave, and that if wages could be kept down to actual cost of living, free labor would be cheaper than slavery. But no matter what actuated the Shipping Board, the request was made, President Wilson allocated money from his defense fund to pay the cost, and the work was begun. So far as the Bureau of Labor Statistics was concerned, it was not worrying about economic doctrines or wage theories; it went to work at a statistical problem and its work was honestly, fairly, squarely, and efficiently done. The figures were not only honestly secured but tabulated, classified, and presented, and, so far as the cost of living can be statistically shown, this report represented conditions as they were in 1918 as nearly as is humanly possible by the statistical method.

The method of doing the work is briefly this: Trained agents of the Bureau visited personally 12,096 families in 92 varied localities and secured from the wife and other members of the family a detailed report upon a printed schedule furnished the agent by the Bureau, as to the quantity, quality, and cost of each thing purchased during the year. While on the face of it, it seems absurd that any housewife would know what she bought and what she paid for such a vast variety of things over a definite period of time, nevertheless it is true that a trained agent will get mighty close to the facts. The costs of the big items, like rent, coal, etc., are, of course, easy enough; and when it comes to the smaller matters, the quantities used are the great source of memory in determining cost. For instance, no tactful agent would ask a woman, "How much sugar did you buy in 1918 and how much did it cost you?" The agent asks, "How do you buy sugar?" and the answer comes "In 5-pound bags." "How long will a 5-pound bag last you?" "Ten days." "How about fruit season?" "Well, I only used 10 pounds, 2 bags of sugar, on fruits last year." The quantity of sugar used is thus mighty closely determined, and the price is not only fairly well remembered by the housewife but is checked up month by month by other agents from adjoining stores. Item by item the trained agent thus goes through the schedule with the housewife, who frequently refers to such "store books" as she may have. It is astonishing how well the ordinarily intelligent housewife knows where her money goes. When these schedules are all tabulated, it is found that the average family used 146 pounds of sugar in 1918; bought 397 loaves of white bread; 691 pounds of Irish potatoes, and so on through the long, long list. These quantities then become the weights or measures of the relative importance of things in household expenditures. An increase of 1 cent on a loaf of bread means an increase in the cost of living of $3.97 per year per family; an increase of 1 cent a pound in the retail price of potatoes means an increase of $6.91 in the cost of living, provided always that the quantity used was the same as it was in 1918. The total average expenditure for the 12,096 families was $1,434.37, and this became the index base, or 100. This was subdivided into six groups—food, clothing, rent, fuel and light, furniture and furnishings, and miscellaneous—and the average total for each group was the base, or 100, for that group. Thus, the total average expenditure for food by the 12,096 families was $548.51, and this is the base of the index, or 100. Retail prices were secured back to 1913, and applied to these quantities used in 1918 to give a 1913=100 base, because the Shipping Board wanted to get back to a pre-war cost of living. As a matter of fact, no 1913=100 base was ever established on a survey made during that year. The 1918 survey did not include any expenditure for automobiles, radios, victrolas, electric sweepers, and other electric household appliances, for the reason that the workers' families were not using those things in those days. Much that was considered good enough then would not be classed as even comfortable now. Nevertheless, the fact remains that we have had no survey, no record of standards, no "weights" since 1918.

These groups were further classified by percentages that each one was of the whole; that is to say, taking the number of families as a whole, and the expenditure for food was 38.2 percent of the total expenditure, clothing 16.6 percent, rent 13 percent, fuel and light, 5.2 percent, furniture and furnishings, 5.1 percent, miscellaneous, 21.3 percent. The lower the income, the greater the percentage of expenditure for food and the lower the percentage for miscellaneous. Take the groups of families with incomes less than $900, and 44.1 percent of their total expenditure was for food and 17.8 for miscellaneous; while the group of families with incomes between $2,100 and $2,500 spent 34.6 percent for food and 24.3 for miscellaneous. Miscellanea included street-car fare, doctors' bills, daily papers, books, movies, and whatever of luxuries the family may have had.

Then the Bureau of Labor Statistics collects monthly prices on 43 articles of foodstuffs, not from all the 92 localities from which family budgets were secured in 1918 but from 52 of the principal cities of the country. The actual prices printed are the true prices of the month; the index, however, is a 1913 base, and the weighting to determine the effect of food-price changes on cost of living is on the weights of 1918. Once in 6 months—that is, in June and December—agents are sent out to get retail prices on the other items and groups of items, such as rent, clothing, furniture and furnishings, etc. These are not secured from the families but from the local merchants. The articles upon which prices are sought are the identical articles described in the schedules of 1918. On this subject the Bureau of Labor Statistics itself says (Bulletin 326, p. 15): "Prices of clothing, furniture, etc., are secured through the personal visits of agents, for two reasons: The articles in these groups are not standardized to the extent that articles of food are, neither can they be described so definitely as to be readily identified at all times. Besides this, the grade or quality, as well as the style of clothing, furniture, etc., is constantly changing and substitutions have to be made. It is absolutely essential to secure correct results that when such substitutions or changes must be made, the articles substituted must be as nearly as possible of the same quality or grade as the original article." That is the article described and priced in the family budget of 1918. I am not criticizing this as a statistical method; I am simply trying to show how utterly absurd, to use no stronger word, it is to use such "cost of living" in 1918 as a rule for adjusting wages in 1934. By the very methods described, it is impossible for the Bureau of Labor Statistics figures to show any improvement in standards of living, unless the articles used in 1918 are so utterly out of date that any possible substituted article would be an improvement.

To change the base from 1913 to 1926 makes the picture a little more understandable as to the figures themselves; but it must not be forgotten that however you shift the price base, the standard of living is that of 1918; no other family survey has been made to form a weighting to which to apply the price. Shifting the base to 1926 and taking a few cities notable as railway centers—Atlanta, Ga., for instance, on a 1926 base of 100, had a cost of living index of 74.2 in December 1933, all items considered; Chicago, an index of 72.1; Denver, 76.8; Kansas City, Mo., 77.2; New York City, 79.3; while for the United States as a whole it was 77.1. In the meantime, as against this decrease in cost of living (on a 1918 basis), the earnings of 57 percent of railroad men have been decreased 40 percent; nearly 50 percent have been entirely detached from pay rolls by furloughs. The whole national income since 1926 has dropped 46 percent, while wages and the smaller salaries have been cut 56 percent, and unemployment rose from 1,669,000 in 1926 to 12,000,000 in 1934. The whole system has been so shot to pieces since 1918 that it is absurd to talk about adjusting wages in 1934 on any figures of cost of living now in the possession of the Bureau of Labor Statistics, or anybody else.

Prices on identical things today, applied to the consumption figures or "weights" even of a year ago, are, in some instances, perfectly absurd. This applies particularly to fuel and to clothing. To illustrate by an actual personal case, in my home during February 1933 I had a contract price of 8½ cents per gallon for oil; my oil bill was $18.18; in February 1934 I had a contract price of 8¼ cents per gallon and my bill was $50.69. By any possible application of the Bureau of Labor Statistics methods, my cost of living for fuel was less in 1934 than in 1933, because the price was less. February 1933 was a mild, warm month; February 1934, the coldest ever known in the District of Columbia. The "consumption figures" of "weights" just did not match, that's all.

The latest figures of the Bureau of Labor Statistics show a general increase in cost of living in all its branches, except rent. The general rise for the United States, as a whole, was 5.2 percent in December 1933 as against June 1933; in Atlanta, Ga., it was 5.2 percent; in Baltimore, 6 percent; Birmingham, 5.6; Buffalo, 4.8; Chicago, 3.8; Cincinnati, 4.1; Cleveland, 3.9; Denver, 3; Detroit, 6.4; Indianapolis, 4.8; Kansas City, Mo., 2.5; Minneapolis, 5.2; New

Orleans, 5.1; New York, 4.9; Norfolk, 8; Philadelphia, 6.2; Pittsburgh, 4.5; Richmond, 6.5; St. Louis, 3.7; San Francisco, 4.9; and so on.

Last month the question of the wholesale-commodity price index was discussed, because, since it is to be made the basis of the content and volume of circulation of money, it seemed important that everybody should understand exactly what it means; likewise, since the cost of living index is still very much with us as a gage and a regulator of wage rates, since the railroads in 1934 insist upon using it as a basis for wage changes, and since Congress and the President in 1934 (A.D., mind you) insist on it as a basis for Government pay, everybody ought to know what it is and what it is worth as a wage argument.

SUBSISTENCE HOMESTEAD PROJECT, REEDSVILLE, W.VA.

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD an article which appeared in last Sunday's issue of the Washington Star, written by Grace Hendrick Eustis, concerning the Reedsville, W.Va., communistic project financed by Government funds. The article is accompanied by two photographs, one showing a girl weaving at the Morgantown, W.Va., commune, and I quote the caption of the other: "Bedroom furniture made by the unemployed miners at the Reedsville, W.Va., home-subsistence project."

From the article I quote the following:

The furniture, copied from designs brought to the project by Miss Nancy Cook, who runs the Vall-Kill Furniture Shop at Hyde Park for Mrs. Roosevelt, is made of pine and poplar, highly polished and waxed.

How does this fit in with Mrs. Roosevelt's and Secretary Ickes' statements that this was not a furniture factory but a plant to manufacture post-office boxes, as a "measuring rod on their cost"? Can it be possible that the author of this article is misinformed? Should she have seen Mrs. Roosevelt or Secretary Ickes before taking these pictures? Certainly her statement and the statements of Mrs. Roosevelt and Secretary Ickes are at odds. My information, gathered from articles I have read and conversations I have heard, coincides with this article from the Star. I call the article to the attention of Mrs. Roosevelt and Secretary Ickes.

Since Miss Nancy Cook runs Mrs. Roosevelt's furniture factory, why does she not autograph the furniture, she being the artist and designer? Why is Mrs. Roosevelt's autograph used?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star of Apr. 29, 1934]

By Grace Hendrick Eustis

The most striking parts of the exhibition of work done under the subsistence homestead projects, being shown at the Department of Commerce, are two completely furnished rooms. All the articles therein are made by the unemployed miners and their wives in the Reedsville, W.Va., experimental community of the division of subsistence homesteads.

The furniture, copied from designs brought to this project by Miss Nancy Cook, who runs the Vall-Kill furniture shop at Hyde Park for Mrs. Roosevelt, is made of pine and poplar, highly polished and waxed. There are gate-leg tables, chests of drawers, corner cabinets, Welsh cupboards, cribs for babies, double-decker beds for children, double beds for adults, and different varieties of chairs. They are hand made and strongly made by the men of the community. They possess considerable elegance.

WOMEN TAUGHT TO WEAVE

The women have been taught to weave. On the looms they have made carpets, coverlets for beds and chairs from cotton thread, blankets and material for dresses from wool. They have been instructed in the art of weaving by Mr. and Mrs. Shipley Brown. These two kindly people have left their home in Pennsylvania and are going to homestead in Reedsville with the miners so that they may teach them to work the looms and become, if possible, self-sustaining. The Society of Friends, who have long been working among the destitute miners, asked Mr. and Mrs. Brown if they would do this. True to their faith, they went unhesitatingly.

The loom is shown in one of the furnished rooms by Miss Elizabeth Elonies, of Annetsville, W.Va. She is working on a carpet. Mrs. Brown is exhibiting a knitting machine that can make a pair of socks in half an hour and a little girl's dress, both jumper and skirt, in 3½ hours. Enough wool to make the socks costs 9 cents, wool for the dress is 62 cents.

These two productions, the furniture making and the weaving, form the industry for the Reedsville project. Orders may be given for the furniture. The money made will go into developing the Reedsville Experimental Community.

$25,000,000 APPROPRIATED

The way these subsistence homesteads operate and their objective can be explained most simply by a description of Reedsville, which is approaching the starting point of its rehabilitation. Last July, under the National Recovery Act, $25,000,000 was appropriated for the subsistence homesteads. Thirty-five projects have been announced to date, extending from coast to coast and from Minnesota to Texas. The division of subsistence homesteads, which was established in the Department of the Interior under the direction of M. L. Wilson, hopes to create 50 projects. Each project gets its allocation of funds from the Washington division. Reedsville was given approximately $600,000. Their double objective is to take families off Federal or State relief pay rolls, make them self-supporting by creating an industry for them, if there is no nearby industry where they can work and to settle them on plots of land ranging from 1 to 5 acres where they can raise enough vegetables, fruit, poultry, possibly hogs and a cow to feed themselves.

1,000 FAMILIES APPLIED

Miss Virginia Wheatley, of Danville, Va., who has spent the winter in Reedsville, helping to start and organize this project, explained how the wheels were set in motion. After the number of families who could be taken care of in extent of land by the limitation of the allocation and the architectural planning of the project had been established, the weeding-out of applicants began. In Reedsville, for instance, where 125 families could be placed, 1,000 applied. The specifications for the families were that the age limit of the man must be between 25 and 30, that there must be at least 2 children and that the man must know something about farming. Both a physical and an oral examination were given, the first to prove that there was no tuberculosis and the second to find out how much the man knew about farming. He was asked such questions as, when would he feed sheep, how would he plant peas, where would he look for lice on chickens. The next step was a visit to the man's wife. She was asked whether she wanted to live on a small farm and whether she could do the canning. Finally the children were interviewed.

If it was ascertained that the whole family wanted to live in this way and they all passed the physical test, then the man started in working on the construction of his house and the making of the furniture and his wife began to learn how to weave and knit.

HOUSES MAY BE ENLARGED

Featured in this exhibition are the architectural plans for the houses and the community center at Reedsville. The architect is Eric Gugler, of New York. He has worked out an ingenious plan whereby the houses are attractive and can be added to, as a man's family increases, or he makes more money and wants to spread out, with very little expense. The original house has two rooms. The cost is $1,200. Two more rooms can be attached for $600 more, and still 2 more, making a 6-room house, may be added for $400. This makes a total expenditure of $2,200.

The community center is where the industrial life of the community will take place. Here will be the carpentry shop, the forge, and the looms. Plans are being made for community orchards and a sawmill.

On the same board on which Eric Gugler's houses are shown is a plan for a 2-acre homestead plot with gardens. Two thirds of an acre are devoted to an orchard with apple, pear, and peach trees. One fourth of an acre is for a rotating vegetable garden, one eighth of an acre for late corn, and other eighth for late potatoes. One half an acre is devoted to space for the home, a movable poultry house, and flower garden. Finally there is half an acre for the regular garden, in which can be grown sweet-potatoes, corn, cucumbers, melons, squash, okra, spinach, tomatoes, cabbages, peas, beans, radishes, onions, eggplant, parsnips, carrots, and asparagus.

It is claimed by the Department of the Interior that "1½ acres of good land is sufficient to produce all the vegetables, potatoes, and small fruits for the use of a family of five throughout the year."

MUNICIPAL DEBT READJUSTMENT

The Senate resumed the consideration of the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. FLETCHER. Mr. President, I do not propose to consume much time in discussing the pending bill. I should like to see it passed as early as possible so the question may be finally decided. It has occasioned a great deal of anxiety and interest throughout the whole country. It is a very important measure.

The able presentation of the case yesterday by the Senator from West Virginia [Mr. NEELY], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Nevada [Mr. MCCARRAN] makes it unnecessary for me to dwell at any great length on the principles involved and the need for the legislation. I shall endeavor not to repeat the argu-

ments which they so well and clearly and forcefully presented.

It is a matter not concerned entirely with 1 State or 2 or 3 States. It involves 42 States. A list of those States was furnished yesterday, and I shall not repeat it. There are 42 States deeply concerned in the measure. They must have aid in some form. It is believed this is the only form in which it can be adequately afforded. There must be some means of relieving the various communities in the 42 States from distress, from hopelessness; to restore, if possible, the vitality, the life, and the hope of the various communities involved.

The question involved is really a simple one. Of course, when we exhaust all other argument, the favorite reference to constitutionality of the measure is heard. I do not claim to be a constitutional lawyer or an expert on the Constitution. I practiced law about 30 years, and I did not quit because I had to. I think I know something of the Constitution and something of the law. In my opinion, for whatever it may be worth, the measure is constitutional. The fact that it is something new, that there is no precedent for it, is no argument against it. If it were not new, if there were plenty of precedents on the statute books, we probably would not need the legislation. I look upon the measure as a sign of growth; not something founded on ancient precedents, from which we can never get loose, but something that is evolving and growing; something that is found necessary to meet conditions as they arise, to meet circumstances and situations as they develop.

A few years ago I was at Fort Myer attending an airplane exhibition. The Wright brothers were there. I witnessed the launching of their plane. After some considerable difficulty they were able to push it off and get it into the air. I think it flew about 100 or 200 yards. I looked upon the airplane as a splendid idea, but thought it simply meant the development of a toy without any possibility of being useful for any particular purpose. That was the first venture of the Wright brothers in the airplane field. Today we see airplanes flying over the oceans, flying around the world, passing over the Andes, at a speed of nearly 200 miles an hour, carrying passengers, express, and mail across the continents. There is no limit to their development. It might have been argued that there was no precedent for that sort of thing, that it was not reasonable and not practical, and, therefore, we should not attempt it. The fact is the law must meet conditions as they arise. The law is growing and developing. The legalistic idea that it must be based entirely upon precedent ought to be discarded.

The question of constitutionality is one which, after all, can be settled only by the courts. Eventually the measure may come before the courts, and in testing its constitutionality the decision of the courts will settle the question. But in the meantime we believe there is provision in the Constitution for this kind of legislation. It is well thought out, well advised, well considered, and absolutely necessary to relieve conditions in many important communities of the country. The people cannot pay the taxes. They are in need of a little extension of time in order to reach some compromise, some adjustment, some composition which they are ordinarily willing to make. There are a few Shylocks who stand out and refuse to cooperate, demanding their pound of flesh and preventing settlements and adjustments which would ordinarily and reasonably follow. There must be some way of compelling, by decree of court, proper and reasonable and fair adjustment of the debt question.

I have in my hand a very able argument by Louis C. Ward on the Sumners bill for the relief and adjustment of debts of taxing districts. He sums up the situation in these words:

> It is necessary, workable, moral, constitutional, and well-studied legislation.

I shall not discuss the pamphlet nor Mr. Ward's argument in detail. Anyone can obtain a copy of the argument. In my judgment, he meets clearly and conclusively all the objections and criticisms which have been made to the bill. I should like to refer to one or two paragraphs in his argument, very briefly, in which he rather well sums up the situation. For instance, at page 41 of the pamphlet, he says:

> An intellectual critic argues: "If there is anything the Federal Government has not touched it is the municipality." The whole point to the legislation is that no power except the Federal Government can solve the problem because, written into our fundamental law, there is the power of Congress to pass a bankruptcy law. Precluded by the same Constitution is the power of the State to impair the obligations of a contract.

He concludes with this statement:

> Debt is the subject matter of the Sumners bill. An impoverished nation prays for debt relief.
>
> The House has passed the Sumners bill.
>
> The Senate can complete the work of passing a humane law, thereby deciding that "a man is more precious than gold", and that the interest of millions of taxpayers is paramount to the interest of a few bondholders who hypocritically parade the widow and orphan and place upon the national altar a sacred sewer bond for our worship.
>
> The immediate passage of the bill will prevent chaos in municipal and legal governmental financing.

There will be a good many deserted villages in the country unless something of this kind can be done to relieve the situation and give vitality and hope to the various communities which are so deeply concerned. The people cannot escape their obligations. They have no desire to repudiate them. There is no inclination to escape the payment of their debts while they are able to pay them and where it is possible for them to pay. They are taxed, however, almost to the limit. In many instances resort has been made to the courts. Any bondholder can go into court and bring suit, where his obligation is in default, and obtain a mandamus to compel the authorities of the municipality, for instance, to levy an assessment. The authorities make the levy. The taxpayers cannot pay the tax. In one instance, as I said yesterday, an assessment was levied to the amount of 425 mills on the actual value of the property for 1 year. In other words, an assessment made as required by the court amounted to 42½ percent of the entire value of the property. That meant that in 2 years the city taxes alone, without regard to the State and county taxes, would amount to the entire value of the property.

In those circumstances, what are the taxpayers to do? They simply lose their property. They suspend all payments. The bondholder gets nothing; the community gets nothing; the property depreciates in value, has no sale, no chance to realize anywhere, and there is a total loss. Involved in all this are expenses, attorneys' fees, and what not.

This bill provides a way whereby 75 percent of the creditors of a city or town, community or tax district, can arrive at a voluntary agreement or plan for the settlement of the debt. It may possibly involve some reduction of principal. It may involve a reduction of interest. It will involve postponement of maturities; but these people themselves voluntarily come together and agree upon a plan, and the city organization or municipality is in position to carry it out. At present, however, because some minority bondholder, who perhaps has bought his bond at reduced price, is not willing to agree, the whole thing is held up. In one instance which was cited yesterday a man bought a $5,000 city bond for $450 and proceeded to mandamus the city to levy an assessment.

The claim is made that the passage of the bill means that the Federal courts will supersede the State courts. There is nothing in that contention. The Federal courts already have jurisdiction to issue orders compelling the assessment of taxes. A Federal court has jurisdiction to go even further than that. It can issue an injunction for the protection of bondholders. For instance, a municipality that could not get tax money decided that it would accept its own bonds in payment of taxes. A taxpayer holding a city bond, unable to pay his taxes in cash, offered the city its own bond in payment. That was quite a good scheme, as the debt of the city would be reduced by accepting its own bonds for taxes. The plan seemed to work very well, and was going on satisfactorily in the community; but an outside bondholder came in and said, "That is not fair. That is not

just to me. You cannot do that"; and he proceeded to obtain an injunction from a Federal court against the municipal authorities to restrain them from accepting their own bonds in payment of taxes.

So there is ample jurisdiction now, so far as that is concerned, in the Federal courts to handle these matters. While this bill provides for a Federal court enforcing the bankruptcy laws under certain conditions, 51 percent of the creditors have to file a petition and agree upon a plan in order to invoke the jurisdiction of the court. After that, 66⅔ percent of the creditors must agree, and then finally 75 percent of all the creditors must voluntarily agree upon the plan for settlement and adjustment of the debt; and in that case the court can put it into operation and effect.

Why is not that fair? Why is not that reasonable? What objection can there be to it except the notion that it is interfering in some way with contracts, or with the rights of individuals, or something of the kind? There is nothing to that argument. In my judgment this bill is absolutely fair and reasonable and just, and there is no question but that its enactment will accomplish a great deal of good.

I have before me an article printed in Today of February 24, 1934, entitled "Mortgaged Municipalities", by Frederick L. Bird. I ask that the article be inserted in the RECORD at the appropriate place.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(The article appears at the conclusion of Mr. FLETCHER'S remarks.)

Mr. FLETCHER. I shall not attempt to discuss the article, but I should like to refer to the two concluding paragraphs, as they seem so much in point.

Mr. Bird says:

> The great majority of bondholders are ready and willing to cooperate. Almost invariably municipalities are more than anxious to meet their obligations.

That is quite true. They want to meet their obligations.

> Large numbers of refunding plans have been worked out which are acceptable both to the municipalities involved and to the preponderance of their creditors. Yet in no important instance has it been possible to place such a plan fully in operation. The reason lies in the recalcitrance of small minorities of bondholders, often speculators who have bought up their holdings at low prices.
>
> To meet this situation and to avoid a repetition of the long years of expensive and destructive controversy which followed the disastrous flood of defaults in the 1870's, a bill was passed in the National House of Representative last June and is now pending in the Senate, which will make reasonable debt compromises possible. This bill, known both as the "Sumners bill" and the "Wilcox bill", provides, briefly, that a plan which has the approval of the municipality, of 75 percent of the creditors, and of the Federal district court, shall become binding upon the creditor minority.
>
> The passage of this bill should do more than any other single step to avoid years of expensive litigation and demoralizing confusion for our less fortunately situated municipalities. The great majority of local governments will have no need to resort to its aid, but it offers the most hopeful means of self-rehabilitation in those areas where the wreckage of the past must be cleared away.

The municipalities are not to blame for the situation, except as we may say that it was a great mistake in 1925, 1926, and on down to 1929, anyway, for us to suppose that everything was going to blossom according to our expectations and that the country was prosperous and getting more prosperous day after day. People were encouraged to go in debt on the installment plan. It was possible to buy anything from a toothpick to a locomotive on the installment basis; and people were buying, and urged to buy. They got into extravagant habits, and so did municipalities. They looked forward to continuous development and growth. They spent a large amount of money in paving, and in sidewalks, and in utility development, and in health programs, and all that sort of thing, schools and what not. They overbuilt. They contracted for expenditure of more money than they ought to have contracted for. That may have been a mistake of judgment. It was not dishonesty.

Then there came a turn in the tide of affairs and values went down. In October 1929 security values on the New York Stock Exchange shrank $29,000,000,000. In October 1930 they shrank $20,000,000,000 more. There was $49,000,000,000 of shrinkage in the value of securities. That affected everything, business everywhere, real estate, and everything else. Matters got so that the word "value" could not be identified with property at all. It was impossible to sell or dispose of it in any way; and so the values of real estate and other property in the various municipalities have dried up, though not through the fault of the municipalities.

Here is a city in which, when the bonds were issued, the taxable value of the property was $100,000,000. Today the value of that property is estimated at $17,000,000. It is due to no fault of the city; but there has been a shrinkage of values, and people cannot pay taxes on the basis of the old value.

So we must meet these conditions as best we can. There is no idea of repudiating debts, no idea of escaping obligations, but simply the suggestion that a court may, upon the application of a municipality, backed by its creditors to the amount of 75 percent, put into effect a compromise, a composition, an adjustment satisfactory to them, and effective so far as the municipality is concerned, restoring new life and new hope to the community, and bringing about a situation which is of immense importance to various communities and to the taxpayers generally as well as the creditors, for the benefit of the bondholders, and for the benefit of everybody concerned.

Why should not the court carry out a plan like that and not permit a minority holding securities for which perhaps they paid a very low price, purely as a matter of speculation, to prevent an adjustment of that kind?

I therefore wish to say, Mr. President—and with that I shall conclude—that I hope the Senate will adopt the substitute offered by the Senator from Nevada [Mr. MCCARRAN], and that the bill, as amended by the substitute, will be passed by the Senate.

(The article ordered printed at the conclusion of Mr. FLETCHER'S remarks is as follows:)

[From the Today of Feb. 24, 1934]

[Our cities are more than a billion dollars in default. What should be done about it?]

MORTGAGED MUNICIPALITIES

By Frederick L. Bird

One hundred and ninety-four thousand local governments in the United States began 1934 with a headache. In New York City it was a hangover from an 8-year spending spree; in most it was ceaseless worry about making both ends meet; in some it was a more painful financial malady that showed symptoms of becoming chronic.

Few, if any, American municipalities have escaped the financial ravages of 4 years of hard times. All have had the problem of how to reconcile declining revenues with increased costs of an emergency nature, and some have fallen so far short of an adequate solution as to become involved in financial confusion from which they may not be able to emerge for many years to come.

Sweeping headline references to our bankrupt cities, however, are a misleading attempt to generalize on the unfortunate predicament of a minority. So strong has become the obsession regarding the squandering of funds and the bungling of management by our municipal governments (thanks not so much to the limited validity of such beliefs as to the irrational assertions of those who apparently want the cost of public services conjured out of thin air) that there is a tendency to overlook the simple fact that our local government system, though somewhat the worse for wear, is still functioning.

Many municipalities, especially favored with capable, foresighted management, are as sound financially today as they were in 1929. The great majority have struggled through 4 years of declining fortunes with varying degrees of success. In many instances it has been at the expense of ruthless curtailment of budgets which has impaired essential functions and resulted in underpayment of personnel, or has involved such emergency devices as the use of scrip in payment of salaries and bills. In others it has been merely a case of muddling through.

Despite surprisingly zealous regard for the maintenance of municipal credit, in a period when private financial structures were tumbling on every hand, the casualties among local governments have been mounting and there are more to follow. With our entangled jungle of nearly 200,000 local areas of government, there is no means of knowing exactly how many have defaulted in payment on their debts. The most reliable estimates place the number at about 2,000. These places range in size from Detroit, Mich., to hundreds of rural counties, irrigation districts, school districts, and crossroads hamlets, and are scattered unevenly through most sections of the country. It is estimated also that of a total municipal indebtedness of $15,223,000,000, about $1,200,-

000,000, or 7.9 percent, is in default on principal or interest. Not since the panic of 1873, when probably one fifth of our municipal debt was in default, have our local governments encountered such a financial setback, and those were the days before the invention of budgets, borrowing limits, and other contrivances for the establishment of sound municipal finance.

Hundreds of municipalities, their budgets hopelessly out of balance, are bound to join the ranks of the defaulters in 1934 unless there is a rapid rise in ability and willingness to pay taxes, an increase in Federal and State aid, or the extension of easier credit whereby refunding bonds can be floated to pay off maturing obligations. While the devaluation of the dollar contemplates reduction of the load of public debt, it offers only uncertain value toward the meeting of municipal-debt obligations this year. The property valuations which make up the tax base have already been determined and the tax rates set. Hard-pressed cities, therefore, will have to place their immediate hopes on more dollars in the hands of their taxpayers and easier credit from bankers.

In attempting an analysis of the extent, severity, and causes of municipal financial ills, the most conspicuous characteristic is the uneven distribution of defaulting localities. Using as a basis for study the authoritative tabulation of 1,734 cities, counties, and districts in default compiled by the New York Bond Buyer, the fact stands out that in all New England there is a record of only four defaults. Moving down through the Atlantic States, New York has only 4, Pennsylvania 12, Virginia but 1, and Delaware and Maryland none. But looming up like a black spot on the map is New Jersey with 94. Other of the larger States with fewer than 10 are Kansas, Minnesota, Nebraska, Wisconsin, and West Virginia, the latter with a clean record under the State plan of centralized sinking fund administration.

At the other end of the list are five States which, with New Jersey, supply 58 percent of all the defaults. In Florida, where a solvent city is a rarity, there is a total of 324. North Carolina is a close second with 264. Ohio accounts for a generous share, 121; Texas is next in line with 105; and California follows close behind with 101, 74 defaulted irrigation districts being the major contributing factor. With the inclusion of the five remaining States showing 50 or more defaulted municipalities, Arkansas, Illinois, Kentucky, Michigan, and Tennessee, we have a concentration of 78 percent of the default list in 11 States with 38 percent of the country's population.

Here is a seemingly anomalous state of affairs. The uneven incidence of the depression affords a partial, but by no means complete, explanation. Bad laws, bad management, excessive borrowing, and short-sighted and sometimes vicious business and financial influences contribute an equally realistic interpretation.

Too much debt, to summarize the state of affairs succinctly, supplies the fundamental reason for the large majority of municipal defaults. Most frequently it is merely a case of too much debt to manage under present circumstances; but in some distressing instances it is a case of the accumulation of obligations which can never be fully met, unless by some improbable future turn in the wheel of fortune.

Notwithstanding the somewhat disconcerting increase in local debt it can hardly be asserted that $122 per capita—the national average—is beyond the average community's capacity to pay. The embarrassment lies rather in the unequal distribution, both in amount and in relation to wealth, and in the almost exclusive dependence upon the local general property tax for means of payment. Even a national-average debt is excessive for areas whose inhabitants never rise above the poverty level; and debt loads of twice the average are beyond the reasonable capacity to pay of any community, unless there are exceptional conditions of large, locally taxable wealth. Yet hundreds of such excessively burdened units exist, the bulk of them in default, with per capita debts twice, four times, and in extreme instances as high as eighty times the average figure.

The responsibility for the acquisition of these unwieldy debts rests by no means entirely with the local officials and citizens. Unfortunately, instead of being permitted to judge their own needs, they were preyed upon by powerful equipment interests and their satellite contractors who bedeviled or corrupted public officials or high pressured untutored publics into lavish and injudicious expenditures. Land speculators appropriated municipal borrowing power for their own promotional purposes; the extension of easy credit, with only the most perfunctory regard for the security involved, stimulated a veritable torrent of bond issues; and the failure of investors to apply even the most rudimentary criteria of safety facilitated the marketing of the most speculative municipal securities, so long as they bore the lure of tax exemption.

One choice example—a small mideastern community in default—will show why there is wreckage to be cleared after the storm. The realtors moved into this suburban area in the early 1920's, when its population numbered under a score; subdivided it by laying out several miles of cheaply surfaced streets and staking off building lots; induced purchasers by easy down payments and the promise to pay 3 years' taxes; and had it incorporated as a city. Maneuvering their own representatives into controlling official posts, they kept the tax rate down for the 3-year period, meanwhile using the city's public credit to finance extensive sewer and water systems and other physical requirements. At this point, the enterprise having proved a failure, they withdrew, neglecting thereafter to pay taxes on their still extensive holdings. Today, the somewhat confused inhabitants find themselves with a debt obligation of over $6,000 per capita and a total city income which covers less than half the interest requirements on the debt. Yet these bonds were marketed by highly regarded investment bankers and large quantities of them rest in the investment portfolios of institutional custodians of people's savings. Defaults of such stellar magnitude, fortunately enough, exist in only a limited number of areas outside of Florida; but the same characteristics, milder in degree, are complicating the financial difficulties of a large number of municipalities.

The use of public credit for land speculation, then, affords a veritable master key to understanding the heavy concentration of municipal defaults. Operating either exclusively, or in conjunction with other factors, it discloses the background, not merely of the Florida debacle, but of the financial collapse of hundreds of other local areas. Especially conspicuous has been the wholesale credit wrecking of Cleveland suburban communities, in one of which, for example, the realty interests primarily responsible are a million dollars in arrears in taxes and assessments. No less evident is the predicament of spectacularly promoted resort cities, particularly in North Carolina and in New Jersey. In Detroit and its metropolitan area, extravagant realty promotion played a prominent part in the undermining of public credit. In the West and South, drainage and irrigation districts are in default because of the inability of the farmers to meet the many debts incurred by the original promoters. Contributing to the financial weakness of local governments under such conditions are two depressing factors in addition to the burdensome public debt. Taxpaying capacity is diminished by the presence of an abnormal private mortgage debt, and abandoned subdivisions become a municipal liability, not only by driving down the assessed values on which taxes are based but by yielding insufficient tax revenues to pay their own public maintenance charges.

Especially vulnerable to business depressions, particularly in conjunction with high debt and a background of excessive realty inflation, are cities dominated by a single industry. When such an industry has overexpanded and is itself peculiarly susceptible to fluctuating demands, the financial stability of the cities dependent on it are doubly precarious. Detroit and its satellite automobile manufacturing cities; Akron, Ohio, with its rubber; Grand Rapids, Mich., as a furniture center; and Atlantic City, N.J., and Asheville, N.C., with their recreational "industries" are among the more important examples of places in default, partially because their sources of financial support have been more severely depleted than the average.

Contributing still further to the confusion regarding the status of municipal credit are the didn't-know-it-was-loaded casualties in civil divisions where the magnitude of the total local debt load went unrecognized until the crash came. The city debt, the school debt, the county debt, and the special district debt were all carried separately on the books of these independent but overlapping governments, and no one took the trouble to add the total which the same group of taxpayers had to carry. One hard-pressed suburban township, for example, felt full confidence in the moderation of its town debt of $217 per capita. But a belated investigation educed the alarming fact that its citizens were actually carrying a total local debt of $911 per capita. Most State-constituted legal borrowing limits have the same effect. They rarely take into account the duplication of local debts and sometimes permit deductions of a misleading nature. The State of New Jersey leads in this respect. Despite a nominal limitation of borrowing by cities to 7 percent of assessed valuation, the actual total local tax-supported debt in New Jersey municipalities of over 10,000 population averages in excess of 17 percent of assessed valuation and in some instances rises above 30 percent.

The underlying causes of default on municipal debt have been given particular attention with a view to showing the futility of overnight correction; but some of the more immediate influences are likewise not susceptible of swift elimination and call for constructive adjustments.

Decline in municipal revenues from year to year of the depression rendered fixed charges for debt service an ever-increasing proportion of the total, with a constantly dwindling margin for operating costs. In 1930 cities collected, on the average, 90 percent of their taxes; in 1933 they were struggling along on a bare 75 percent. The accumulated arrears constitute a largely realizable asset, often well in excess of defaulted bond principal and interest, but only slowly available unless recovery is unanticipatedly rapid and complete. The banking catastrophes of 1933 were the final straw for many municipalities, especially when an entire local banking system collapsed. Not only were public funds impounded, but the reserves of the taxpayers were thus depleted to the vanishing point. Again, irregularities in debt structure, with the unfortunate piling up of maturities at a time when revenues were showing an unforeseen decline, have frequently been a direct cause of default, even when the total debt was of very moderate proportions. Especially in Ohio, where strict requirements frequently call for retirement of 20 percent or more of a debt in a year, have defaults of this nature been prevalent.

Municipalities exist only incidentally as debt-paying entities. Their concern with credit and the maintenance of credit has to do with facilitating the socially and economically indispensable functions for which they have been evolved. The first objective of rehabilitation, therefore, is the conservation, or restoration, of municipal capacity to perform these functions on a plane compatible with a decent standard of civilized life. In the case of a bankrupt railroad or other private utility, this attitude is accepted without question, and it is fully as applicable to that vital group of public services which are embodied in our local governments. Even from the creditors' point of view, restored capacity to pay lies in maintaining the municipality as a going concern and in strengthening the morale of its taxpayers.

The great majority of bondholders are ready and willing to cooperate. Almost invariably municipalities are more than anxious to meet their obligations. Large numbers of refunding plans have been worked out which are acceptable both to the municipalities involved and to the preponderance of their creditors. Yet in no important instance has it been possible to place such a plan fully in operation. The reason lies in the recalcitrance of small minorities of bondholders, often speculators who have bought up their holdings at low prices.

To meet this situation and to avoid a repetition of the long years of expensive and destructive controversy which followed the disastrous flood of defaults in the 1870's, a bill was passed in the National House of Representatives last June, and is now pending in the Senate, which will make reasonable debt compromises possible. This bill, known both as the "Sumners bill" and the "Wilcox bill", provides, briefly, that a plan which has the approval of the municipality, of 75 percent of the creditors, and of the Federal District Court, shall become binding upon the creditor minority.

The passage of this bill should do more than any other single step to avoid years of expensive litigation and demoralizing confusion for our less fortunately situated municipalities. The great majority of local governments will have no need to resort to its aid, but it offers the most hopeful means of self-rehabilitation in those areas where the wreckage of the past must be cleared away.

Mr. HATFIELD obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDENT pro tempore. Does the Senator from West Virginia yield to the Senator from Arkansas?

Mr. HATFIELD. I yield.

Mr. ROBINSON of Arkansas. I desire to address the Senate on the pending bill briefly, and I should like to ask the Senator whether it would suit his convenience to postpone his address until after the pending bill shall have been acted upon.

Mr. HATFIELD. Mr. President, I do not know when that time will be. Does the Senator from Arkansas feel that the bill will be disposed of in the very near future?

Mr. ROBINSON of Arkansas. It is my impression that it may be passed within an hour; but, of course, I can give no assurance as to that.

Mr. HATFIELD. Very well. I shall accede to the request of the Senator.

Mr. ROBINSON of Arkansas. It is very kind of the Senator to do so.

Mr. NEELY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reynolds
Ashurst	Couzens	Keyes	Robinson, Ark.
Austin	Cutting	King	Robinson, Ind.
Bachman	Davis	La Follette	Russell
Bailey	Dickinson	Lewis	Schall
Bankhead	Dieterich	Logan	Sheppard
Barbour	Dill	Lonergan	Shipstead
Barkley	Duffy	Long	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Gibson	Metcalf	Thompson
Bulow	Glass	Murphy	Townsend
Byrd	Goldsborough	Neely	Tydings
Byrnes	Gore	Norbeck	Vandenberg
Capper	Hale	Norris	Van Nuys
Caraway	Harrison	Nye	Wagner
Carey	Hatch	O'Mahoney	Walcott
Clark	Hatfield	Overton	Walsh
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	
Copeland	Johnson	Pope	

Mr. LEWIS. I reannounce, for the reasons then given, the absences of Senators as previously announced. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Ninety Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, if I may have the attention of Senators, only a brief period will be required for the expression of some views concerning the pending bill which I feel prompted to present to the Senate.

The measure before us is of very great importance. It has encountered serious opposition from various sources. It receives the support of many citizens and organizations.

The circumstances which make necessary legislation similar to that contemplated by the bill before us may be very briefly reviewed. They were stated in admirable detail by the Senator from West Virginia [Mr. NEELY] yesterday and also by the Senator from Michigan [Mr. VANDENBERG], and other arguments, to which I may refer, were presented by the Senator from Nevada [Mr. MCCARRAN].

More than 2,000 municipalities are in default in the payment of their obligations. That of itself is a complete answer to the objection which has been made to this bill on the ground that the enactment of the proposed legislation would impair the credit of those public corporations. Their credit has already been impaired. They are unable to meet their debts as they mature.

No other plan than the one now presented to the Senate has been proposed for the composition of the difficulties of these public corporations, and it is not likely that any other plan will be proposed. So, that Senators should understand that if anything is to be done pertaining to the difficulties referred to, it must be done now, and in connection with this bill. In all probability the subject will not be renewed, either during the present session or during a future session of the Congress, as there is no other plan proposed or in contemplation.

Mr. President, there is another class of public corporations that would be affected by the proposed legislation. It includes irrigation, drainage, and levee districts, and other taxing units. Hundreds of these districts are in default, and the properties within the districts are being subjected to processes for the enforcement of the obligations.

In 31 States there are drainage districts having large securities outstanding, and in many of these States there are some districts which are in default, due to the depression, as I may say in general terms. An effort has been made to provide relief as to this class of public corporations by providing a public fund, through the Reconstruction Finance Corporation, of $50,000,000, which was recently supplemented by an additional fund of $50,000,000 to enable the Reconstruction Finance Corporation to make loans to these districts for the purpose of effectuating adjustments that may be made respecting the indebtedness of the districts. It has been found impossible to complete these loans because of the fact that minority holders of the obligations of the districts seek to place themselves in a position of great advantage by declining to accept any compromise as to their claims, and by insisting on their payment in full; and if no arrangement such as that proposed in this bill shall be made, thousands of citizens will be deprived of their property, thousands will be driven from their homes, and a great national calamity inevitably will result.

Let me ask Senators what better plan can be devised than the plan now under consideration? If a better plan can be proposed, if one is in contemplation, let it be brought forward. But are we to permit this condition to continue with no proposal or effort to relieve the sufferings and the distress of those who find themselves in the situation of having their properties so greatly depreciated in value that they are insufficient to meet the first liens that have been imposed upon them by improvement districts and by other public corporations?

I repeat the question: What is to be done about the matter? If nothing is to be done, then we must face the consequences and our responsibility for them.

I know that one of the principal grounds of opposition urged is that the enactment of the proposed legislation will impair the credit of the public corporations involved. I have already said that as to those corporations in default and unable to meet their obligations, their credit is already impaired, and it will not be further impaired by making the best arrangement possible for meeting their obligations, which is exactly what it is proposed shall be done under the terms of the pending bill.

In the next place, the credit of public corporations which are not insolvent will not, in the long run, be impaired in the slightest degree, but rather, their credit will also be im-

proved by the results of the application of the provisions of this bill.

A public corporation which is not insolvent and which is able to meet its obligations as they mature, will not be detrimentally affected in the long run as to its ability to make loans in the future, but the fact that a plan has been worked out which will enable insolvent public corporations of the classes embraced in this bill to discharge their responsibility fairly, will tend to strengthen the credit of public corporations, rather than to impair it.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. VANDENBERG. May I confirm the Senator's observation with the simple exhibit that the Executive Committee of the Conference of Mayors of the United States, consisting of chief executives of leading municipalities of the country, not one of which is in default, is unanimously praying the Senate to approve this legislation on the theory that it is essential, precisely as the Senator from Arkansas indicates, for the preservation of municipal-bond credit as a common and complete structure.

Mr. ROBINSON of Arkansas. I thank the Senator for his contribution.

I ask unanimous consent to have printed in the RECORD at this point data which have been supplied me respecting the situation of the drainage districts and their applications for loans. Legislation of this character must be enacted if the funds which have been made available for these districts are to be used, because they cannot be used so long as the minority bondholders are insisting upon the right to collect their claims as a whole, and refusing to enter into any composition or arrangement whatever for the adjustment of their obligations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The data referred to are as follows:

Drainage, levee, and irrigation division

State	Formal applications received for consideration			Loans approved by board of directors									
	Number of applications	Outstanding indebtedness	Loans applied for	Outstanding indebtedness	Loans approved	Number of loans	Reduction	Number of acres	Outstanding in debtedness per acre	Loans per acre	Reduction per acre	Ratio on bonds	Ratio over all
Alabama	1	$560,876.71	$200,000.00										
Arizona	9	8,997,315.59	4,068,655.28										
Arkansas	86	34,625,805.33	18,283,064.98	$18,488,511.06	$5,575,200.00	30	$12,913,311.06	1,462,718	$12.64	$3.81	$8.83	33.86	29.91
California	45	59,251,466.91	33,361,434.92	10,568,390.17	3,842,560.90	9	6,725,829.27	118,580	89.12	32.40	56.72	42.28	36.18
Colorado	19	3,597,950.33	2,508,000.00	1,812,648.91	860,841.35	5	951,807.56	133,899	13.54	6.43	7.11	52.85	47.04
Florida	29	13,834,483.80	6,729,292.58	1,908,219.81	790,600.00	9	1,117,619.81	88,391	21.59	8.94	12.65	42.58	40.88
Idaho	26	6,851,632.32	2,303,455.67	3,395,172.45	1,063,000.46	7	2,332,171.99	61,790	54.95	17.20	37.75	49.67	30.98
Illinois	31	6,264,390.15	4,082,441.50	3,523,033.68	1,407,225.13	13	2,115,808.55	231,013	15.25	6.09	9.16	46.76	39.40
Iowa	4	452,392.89	299,500.00	466,212.61	250,500.00	4	215,712.61	38,500	12.11	6.51	5.60	70.91	52.55
Kansas	1	95,000.00	95,000.00										
Kentucky	2	191,040.60	114,691.44										
Louisiana	23	6,837,493.50	3,610,682.00	1,269,295.50	695,550.00	5	573,745.50	149,982	8.46	4.64	3.82	56.41	54.04
Minnesota	1	425,100.00	425,100.00	409,100.00	302,500.00	1	106,600.00	26,750	15.30	11.31	3.99	73.33	73.33
Mississippi	50	9,594,955.46	4,595,251.16	6,102,303.07	2,109,650.00	16	3,992,653.07	590,073	10.34	3.58	6.75	41.99	34.13
Missouri	56	16,474,316.03	8,209,803.14	12,840,102.78	3,916,625.20	26	8,923,477.58	750,693	17.10	5.22	11.88	33.85	30.21
Montana	16	3,938,815.19	1,686,005.82	2,484,403.99	979,741.04	5	1,504,662.95	53,137	46.76	18.44	28.32	44.71	38.93
Nebraska	6	2,893,804.98	1,414,240.03	2,242,969.13	1,259,140.00	2	983,829.13	67,590	33.19	18.63	14.58	60.26	55.97
Nevada	3	968,627.00	908,393.00	922,822.00	427,933.00	2	494,889.00	125,963	7.32	3.40	3.92	48.95	45.99
New Mexico	8	2,125,986.88	1,052,879.00	892,627.02	380,307.76	5	512,319.26	57,853	15.43	6.57	8.86	66.36	41.87
New York	1	45,028.50	46,000.00										
North Carolina	1	61,400.00	30,700.00	61,440.00	38,000.00	1	23,440.00	7,711	7.97	4.93	3.04	64.91	60.22
Oregon	25	12,815,293.17	4,587,710.77	6,584,609.98	1,832,606.00	10	4,752,003.28	75,875	86.78	24.15	62.63	34.67	27.56
South Carolina	7	673,426.00	418,400.00	271,930.00	154,160.00	3	117,770.00	70,925	3.83	2.17	1.66	59.98	56.69
South Dakota	6	265,735.00	214,290.00	269,664.61	156,100.00	6	113,564.61	31,309	8.61	4.99	3.62	59.44	57.88
Tennessee	3	398,777.62	160,857.15										
Texas	62	29,295,139.74	15,087,200.47	14,617,629.95	6,563,383.93	14	8,054,246.02	568,951	39.62	17.79	21.83	49.55	44.70
Utah	10	1,918,828.00	877,725.00	102,000.00	51,000.00	1	51,000.00	4,772	21.38	10.69	10.69	50.50	49.01
Virginia	1	178,000.00	151,300.00	178,000.00	118,200.00	1	59,800.00	13,568	13.12	8.71	4.41	66.00	66.00
Washington	24	6,586,451.53	3,975,830.53	1,564,794.63	900,995.70	10	663,798.93	27,695	56.50	32.53	23.97	60.71	56.71
Wisconsin	1	34,534.00	32,800.00	34,528.00	22,000.00	1	12,528.00	540	63.94	40.74	23.20	67.07	63.71
Wyoming	25	2,671,433.90	2,333,958.60	33,000.00	27,400.00	1	5,600.00	9,953	3.32	2.75	.57	80.00	80.00
Formal	[1] 592	234,925,510.13	122,164,663.04	91,043,400.35	33,725,221.17	187	57,318,188.13	[2] 4,568,261	19.93	7.38	12.55	42.58	36.72
Preliminary	14	10,192,785.76	7,490,178.54										
Ineligible	14	2,363,794.27	2,192,768.00										
Withdrawn	5	395,187.22	327,460.00										
Total received	625	247,878,277.38	132,175,069.58										
Irrigation	[1] 219	122,220,618.96	63,238,393.21	42,567,205.38	17,506,410.84	64	25,060,794.54	1,061,763	40.09	16.49	23.60	47.85	40.85
Drainage	[1] 373	112,704,891.17	58,926,269.83	48,476,203.97	16,218,810.33	123	32,257,393.64	3,506,498	13.82	4.63	9.19	38.03	33.98

[1] Formal applications.

[2] Assessed acres.

Mr. ROBINSON of Arkansas. I pass from the subject of credit to the question of the validity or constitutionality of the proposed statute. I know that subject has already been ably presented by other Senators, and I shall content myself with a very brief discussion of this phase of the measure.

In the first place, the objection has been raised that this bill does not constitute an exercise of the power of Congress to provide uniform bankruptcy laws, and yet it is identical in principle with acts passed during the last Congress relating to railroads and relating to farmers and farm organizations, and based upon the very same constitutional power upon which those statutes were rested.

The Supreme Court has in numerous cases held that the power of Congress to enact bankruptcy legislation is not limited to the enactment of that character of laws which were in existence at the time of the adoption of the Constitution or prior thereto, but that the authority of the Congress over the subject of bankruptcy is plenary.

"Bankruptcy" has many definitions, one of the primary definitions of a bankrupt being "a person unable to pay."

"Insolvency" likewise has many definitions. One of the primary definitions of insolvency is "the state of a person who is unable to meet his obligations as they mature."

So it is not necessary that an act of bankruptcy, as the Constitution has been interpreted by the Supreme Court of the United States, must provide for a disposition or distribution of the bankrupt's property. It is sufficient, as stated by the Supreme Court of the United States in the case of *Canada Southern Railway Co.* v. *Gebhard and Another, Executors* (109 U.S. 527), that adjustments or arrangements for the settlement of the bankrupt's obligations shall be comprehended in the legislation.

It might be appropriate at this point to read from a brief filed with the committee in connection with this measure, a statement of the court in that opinion. I quote:

Hence it seems to be eminently proper that where the legislative power exists some statutory provision should be made for binding the minority in a reasonable way by the will of the majority; and unless, as is the case in the States of the United States, the passage of laws impairing the obligation of contracts is forbidden, we see no good reason why such provision may not be made in respect to existing as well as prospective obligations. The nature of securities of this class is such that the right of legislative supervision for the good of all, unless restrained by some constitutional prohibition, seems almost necessarily to form one of their ingredients, and when insolvency is threatened, and the interests of the public, as well as creditors, are imperiled by the financial embarrassments of the corporation, a reasonable "scheme of arrangement" may, in our opinion, as well as legalized as an ordinary "composition in bankruptcy." In fact, such "arrangement acts" are a species of bankrupt acts.

* * * * * * *

It is in entire harmony with the spirit of bankrupt laws, the binding force of which, upon those who are subject to the jurisdiction is recognized by all civilized nations. It is not in conflict with the Constitution of the United States, which, although prohibiting States from passing laws impairing the obligation of contracts, allows Congress "to establish * * * uniform laws on the subject of bankruptcy throughout the United States."

* * * * * * *

The confirmation and legalization of "a scheme of arrangement" under such circumstances is no more than is done in bankruptcy when a "composition" agreement with the bankrupt debtor, if assented to by the required majority of creditors, is made binding on the nonassessing minority. In no just sense do such governmental regulations deprive a person of his property without due process of law—

And so forth.

It is clear from that opinion that arrangements contemplated in this measure come within the legal definition of the term "bankrupt", and are, therefore, within the power of Congress to pass uniform laws concerning the subject of bankruptcy.

There has been presented an opinion from someone in the Department of Justice to the effect, as I understand, that the bill is valid insofar as cities and counties are concerned, but not valid as to drainage, irrigation, levee districts, and other taxing units of a similar character on the theory that the latter class are departments of the State government.

In my judgment, there is not the slightest foundation for the discrimination which has been made in the opinion referred to. A city is certainly as much a part of the State government as a school district or a drainage district or a levee district. As a matter of fact, the courts have made no such distinction. There are hundreds, perhaps, thousands of cases that have been decided by the Federal courts involved bond issues of counties, townships, school districts, irrigation districts, drainage districts, levee districts and other types of taxing units, and the attempted distinction between municipalities and cities, towns and villages, and quasi-public corporations, such as counties, townships, school districts, drainage, irrigation, and levee districts is, therefore, clearly, to my mind, unsound.

Mr. LOGAN. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Kentucky.

Mr. LOGAN. If the opinion to which the Senator refers is sound, then the districts mentioned need no legislation to enable them to go into the bankruptcy court. The distinction which is sought to be made is that the taxing districts and municipalities have a governmental capacity and also a business capacity of a private nature. That has been recognized by all the authorities. The maintaining of waterworks, for instance, is not a necessary governmental function by a city. In those cases where the functions performed are not necessarily governmental functions, if it be desired to classify them as private business, then there is no law needed to enable them to go into bankruptcy. But I agree fully with the Senator that there are no decisions of which I know that would justify the opinion which I heard mentioned by the Senator from Indiana [Mr. VAN NUYS] yesterday in his argument.

Mr. ROBINSON of Arkansas. And that is the opinion to which the Senator from Arkansas is now referring. There is absolutely no important distinction under the Constitution properly to be made, in my judgment, between that class of public corporations which the opinion held as coming within the power of Congress to enact bankruptcy laws and that other class which was held not to come within the same authority.

Mr. LOGAN. The fact is that none of them can exist without the authority of the State in some way.

Mr. ROBINSON of Arkansas. That is entirely true.

Mr. LOGAN. And one is just as much an arm of the State government as is the other.

Mr. ROBINSON of Arkansas. That is exactly true, in my judgment.

So I pass now from that phase of the subject to a conclusion with respect to the proposed legislation.

This bill is safeguarded, particularly as proposed by the so-called "McCarran amendment", to a degree that will make exceedingly difficult in some instances the application of the relief, but, at the same time, it is recognized that public corporations ought not to find it easy to enter into a process for the adjustment of their obligations. The McCarran amendment recognizes in a greater degree than does the original bill the necessity for imposing restrictions and safeguards.

Now I desire to call to the attention of the Senate just what must happen in order that one of these taxing units may have the benefit of the arrangement contemplated by the pending bill.

In the first place, the holders of 51 percent of the obligations of the district must concur with the district in a plan. When that has been done, the matter may be brought before the court. Before the plan can be confirmed the holders of 66⅔ percent of each class of obligations owed by the taxing unit must concur in the plan and the holders of 75 percent of the aggregate of the obligations must agree to the plan. That means that when a district is unable to meet its obligations, when certain facts required by the proposed statute to be found by the court shall have been ascertained, the holders of 75 percent of the obligations of the taxing unit may impose on the remaining 25 percent the necessity of abiding the decision of the court and of the 75 percent.

Mr. LOGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I yield to the Senator from Kentucky.

Mr. LOGAN. Is there any difference in that principle and the principle that governs in the consolidation of corporations and the sale of corporate property by corporations? Nearly all the States have found it necessary, in order to protect a majority against an obstreperous minority, to provide that the minority must be bound by the action of a majority, and usually it has been fixed at 75 percent. The action is binding on all of them if 75 percent of the stockholders or bondholders agree to it.

Mr. ROBINSON of Arkansas. There is no difference in morals; of course, there are legal differences, which the Senator readily can see.

If any adjustment is to be worked out, if any relief is to be afforded to the people residing in the territory covered by these various public corporations, this plan admittedly is a fair one. It is very carefully safeguarded. What must the court find before the plan is approved? I quote now from the so-called "McCarran amendment":

After hearing such objections as may be made to the plan, the judge shall confirm the plan if satisfied that (1)—

Now, listen to this—

it is fair, equitable, and for the best interests of the creditors, and does not discriminate unfairly in favor of any class of creditors.

That is the first requirement that must be determined by the court in passing upon the plan presented and approved, as I have already indicated. It must be "fair, equitable,

and for the best interests of the creditors", and it must not "discriminate unfairly in favor of any class of creditors."

(2) Complies with the provisions of subdivision (b) of this chapter.

And subdivision (b) is "a plan of readjustment within the meaning of the chapter" and—

Shall include provisions modifying or altering the rights of creditors generally, or of any class of them secured or unsecured, either through the issuance of new securities of any character or otherwise; and (2) may contain such other provisions and agreements, not inconsistent with this chapter, as the parties now desire.

It is lengthy, and I will not read all of subdivision (b).

(3) Has been accepted and approved as required by the provisions of subdivision (d) of this chapter.

That is, by 66⅔ of each class of every class of claims and by 75 percent of the claims in the aggregate.

(4) All amounts to be paid by the taxing district for services or expenses incident to the readjustment have been fully disclosed and are reasonable.

It even safeguards against excessive expenses and against waste of the funds of the bankrupt.

(5) The offer of the plan and its acceptance are in good faith; and (6) the taxing district is authorized by law, upon confirmation of the plan, to take all action necessary to carry out the plan. Before a plan is confirmed, changes and modifications may be made therein, with the approval of the judge after hearing upon notice to creditors, subject to the right of any creditor who shall previously have accepted the plan to withdraw his acceptance, within a period to be fixed by the judge and after such notice as the judge may direct, if, in the opinion of the judge, the change or modification will be materially adverse to the interest of such creditor, and if any creditor having such right of withdrawal shall not withdraw within such period, he shall be deemed to have accepted the plan as changed or modified: *Provided, however,* That the plan as changed or modified shall comply with all the provisions of this subdivision.

I have taken the pains to cite these provisions in order to show, since some method of adjustment is necessary on account of the circumstances which are described earlier in my remarks, and since this is the only plan presented, that this plan is amply and carefully safeguarded in the interest of the creditors. The rights of the municipality, or of the taxing unit, of course, are preserved, because the entire proceeding must be initiated and be carried forward with its approval.

I thank the Senate for the very attentive manner in which it has heard me.

Mr. NEELY. Mr. President, may I inquire if the amendment offered by the Senator from Florida has been adopted?

Mr. FLETCHER. I understood the amendment was adopted.

Mr. NEELY. May I inquire whether the amendment of the Senator from California [Mr. JOHNSON] has been adopted?

Mr. JOHNSON. No, Mr. President. I have merely a formal amendment, which I should like to have adopted. I send it to the desk and ask to have it read.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 3, line 7, it is proposed to strike out the period following the word "located" and to insert the following:

And for any such district having no officials of its own, the petition shall be filed by the municipality or political subdivision, the officials of which have power to contract on behalf of said district or to levy the special assessments within such district.

Mr. NEELY. Mr. President, that amendment is satisfactory to those who have the bill in charge, and I ask unanimous consent that it may be adopted.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. McNARY. Mr. President, it is not a question of the adoption of the amendment. The Senator has a right to ask that it be substituted for his own proposal. The adoption must come, of course, upon the vote of the Senate.

Mr. NEELY. I merely asked that the Johnson amendment be adopted to the proposed substitute amendment.

Mr. McNARY. I beg the Senator's pardon.

Mr. JOHNSON. Mr. President, the amendment is to the original bill, and, if the proposed substitute is to be adopted, I will have to insert it in the substitute as well.

Mr. NEELY. I thought the Senator from California was offering the amendment to the proposed substitute. May I suggest that he do that?

Mr. JOHNSON. I can do that. All that will be essential is to change the reference to the particular place where it should appear. The wording is the same; but in the proposed substitute it should be inserted after the word "located", in line 6, page 3. I offer the amendment to the proposed substitute and ask for its adoption.

The PRESIDENT pro tempore. The Senator from California offers an amendment to the amendment of the Senator from Nevada [Mr. McCARRAN], as amended, in the nature of a substitute. The amendment to the amendment will be stated.

The CHIEF CLERK. It is proposed to amend the amendment on page 3, line 6, by striking out the period following the word "located", and adding the following:

and for any such district having no officials of its own the petition shall be filed by the municipality or political subdivision, the officials of which have power to contract on behalf of said district or to levy the special assessments within such district.

Mr. NEELY. Mr. President, I ask unanimous consent that the action taken a moment ago in regard to the adoption of the amendment to the original bill be vacated and that the amendment now offered by the Senator from California be adopted as an amendment to the proposed substitute offered by the Senator from Nevada [Mr. McCARRAN].

The PRESIDENT pro tempore. Without objection, it is so ordered, and the amendment of the Senator from California to the amendment in the nature of a substitute offered by the Senator from Nevada, as amended, is agreed to.

Mr. NEELY. I now ask unanimous consent that the substitute offered by the Senator from Nevada [Mr. McCARRAN], as amended, may be adopted.

Mr. McNARY. Mr. President, that is hardly the right proposal. It is not a question of adoption of the substitute by unanimous consent. That must come on the final vote, upon which I shall insist upon a roll call. I understand the Senator from West Virginia wants to accept the substitute proposed by the Senator from Nevada instead of the bill as reported by himself.

Mr. NEELY. That is true.

Mr. McNARY. That is all right.

The PRESIDENT pro tempore. The Senator from West Virginia asks unanimous consent to be allowed to accept the pending substitute of the Senator from Nevada [Mr. McCARRAN], as amended, in lieu of the original text reported by himself in behalf of the committee. Is there objection? The Chair hears none. The question is on the engrossment of the amendment and the third reading of the bill.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Caraway	Fletcher	Keyes
Ashurst	Carey	Frazier	King
Austin	Clark	George	La Follette
Bachman	Connally	Gibson	Lewis
Bailey	Coolidge	Glass	Logan
Bankhead	Copeland	Goldsborough	Lonergan
Barbour	Costigan	Gore	Long
Black	Couzens	Hale	McCarran
Borah	Cutting	Harrison	McGill
Brown	Davis	Hatch	McKellar
Bulkley	Dieterich	Hatfield	McNary
Byrd	Dill	Hayden	Neely
Byrnes	Duffy	Johnson	Norris
Capper	Erickson	Kean	Nye

O'Mahoney	Robinson, Ind.	Stephens	Wagner
Overton	Russell	Thomas, Okla.	Walcott
Patterson	Schall	Thomas, Utah	Walsh
Pittman	Sheppard	Townsend	White
Pope	Shipstead	Tydings	
Reynolds	Smith	Vandenberg	
Robinson, Ark.	Steiwer	Van Nuys	

Mr. LEWIS. I reannounce the absence of certain Senators for the reasons heretofore set forth, and ask that the announcement apply to the present roll call.

The PRESIDENT pro tempore. Eighty-one Senators having answered to their names, a quorum is present. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill as amended was read the third time.

The PRESIDENT pro tempore. The question is, Shall the bill pass?

Mr. VANDENBERG. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CUTTING (when his name was called). On this question I have a pair with the Senator from South Dakota [Mr. BULOW]. Not knowing how he would vote, I withhold my vote.

Mr. KING (when his name was called). I have a pair with the senior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote.

Mr. LA FOLLETTE (when his name was called). I have a general pair for the day with the junior Senator from Iowa [Mr. MURPHY], who is unavoidably absent. I am not informed how he would vote on this question, and I, therefore, withhold my vote.

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Florida [Mr. TRAMMELL] and will vote. I vote "yea."

Mr. SHIPSTEAD (when his named was called). On this question I am paired with the Senator from Colorado [Mr. COSTIGAN]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. TYDINGS (when his name was called). Has the senior Senator from Rhode Island [Mr. METCALF] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. TYDINGS. I have a general pair with the Senator from Rhode Island, but as he would vote in the same way that I shall vote, I feel at liberty to vote. I vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO], who is necessarily absent on account of illness. I transfer my pair with him to the Senator from Delaware [Mr. HASTINGS] and will vote. I vote "nay."

The roll call was concluded.

Mr. GLASS. I have a general pair with the Senator from Ohio [Mr. FESS], who is necessarily absent from the Senate. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. LEWIS (after having voted in the affirmative). I am informed that my pair with the Senator from Rhode Island [Mr. HEBERT] is still existing; and, as the Senator from Rhode Island has not voted, I beg to withdraw my vote and rest upon the pair until I am released. Were I at liberty to vote I should vote as my vote has already been cast.

I desire to announce that the Senator from Kentucky [Mr. BARKLEY] has a general pair with the Senator from Iowa [Mr. DICKINSON].

I also desire to announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Washington [Mr. BONE], the Senator from South Dakota [Mr. BULOW], the Senator from Colorado [Mr. COSTIGAN], the Senator from Iowa [Mr. MURPHY], the Senator from Utah [Mr. THOMAS], the Senator from Nebraska [Mr. THOMPSON], the Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate on official business.

Mr. McNARY. The Senators from Rhode Island [Mr. METCALF and Mr. HEBERT] and the Senator from Iowa [Mr. DICKINSON] are detained on official business. If present, both the Senators from Rhode Island, the Senator from Iowa, and the Senator from Delaware [Mr. HASTINGS] would vote "nay."

The Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. HASTINGS], and the Senator from Ohio [Mr. FESS] have been necessarily called out of the city. The pairs of all these Senators have been announced.

The result was announced—yeas 45, nays 28, as follows:

YEAS—45

Adams	Coolidge	Hatch	Pope
Ashurst	Copeland	Hayden	Reynolds
Austin	Couzens	Johnson	Robinson, Ark.
Bachman	Dieterich	Kean	Sheppard
Bailey	Dill	Logan	Smith
Bankhead	Duffy	McCarran	Steiwer
Barbour	Erickson	McKellar	Stephens
Black	Fletcher	McNary	Vandenberg
Bulkley	Frazier	Neely	Wagner
Byrnes	George	Norris	
Caraway	Gibson	Nye	
Connally	Harrison	Pittman	

NAYS—28

Borah	Goldsborough	McGill	Thomas, Okla.
Brown	Gore	O'Mahoney	Townsend
Byrd	Hale	Overton	Tydings
Capper	Hatfield	Patterson	Van Nuys
Carey	Keyes	Robinson, Ind.	Walcott
Clark	Lonergan	Russell	Walsh
Davis	Long	Schall	White

NOT VOTING—23

Barkley	Fess	Lewis	Shipstead
Bone	Glass	McAdoo	Thomas, Utah
Bulow	Hastings	Metcalf	Thompson
Costigan	Hebert	Murphy	Trammell
Cutting	King	Norbeck	Wheeler
Dickinson	La Follette	Reed	

So the bill was passed.

Mr. NEELY. I move that the Senate insist on its amendment to the bill, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. NEELY, Mr. McCARRAN, and Mr. AUSTIN conferees on the part of the Senate.

CORPORATE REORGANIZATIONS

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of House bill 5884, to amend an act entitled "An act to establish a uniform system of bankruptcy", and so forth.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which had been reported from the Committee on the Judiciary with amendments.

RECIPROCAL TARIFF AGREEMENTS

Mr. HATFIELD. Mr. President, as the representative of a sovereign State, the continued existence of which is dependent upon the success of its industries, I must protest against the placing of plenary tariff power in the hands of any one man or any one group. West Virginia is dependent for its success on the maintenance in America of conditions which will make possible the use of the products of the industries and mineral resources of the State.

The utterances before the Finance Committee of Secretary of Agriculture Wallace, Secretary of State Hull, and other representatives of the administration, coupled with the contents of the report of the Tariff Commission to the Senate in response to Senate Resolution 325, indicate very strongly that tariff protection is essential to the continued success of the people of the State I have the honor in part to represent, and without such protection they would be greatly jeopardized.

Some of the officials who came into office with the present administration have continually contended that Congress

should only legislate on those problems submitted by the administration, and having for their purpose our recovery from the depression.

While Congress has been scolded from time to time and told that matters of recovery must come first, we find that it is not recovery, but so-called "reform legislation" we are asked to act upon.

Indeed, there are strong indications that the reform program submitted by the administration is delaying recovery in this country to such an extent that we are falling far behind other leading countries in our efforts to recover from the world-wide, war-caused depression.

Congress, as a whole, has agreed that relief must be provided and is of first importance. Administration spokesmen direct our attention to the need for haste and the need to permit of quick action with what they term "emergency problems."

Mr. President, the question of proper tariff protection originated in the First Congress of the United States, and it has been ever present with us since that date.

The question of the tariff is sometimes connected with that of an emergency, but tariff revision downward can never be connected with either recovery or reform.

Mr. President, as a representative of a sovereign State, West Virginia, with a full realization of the deplorable conditions existing throughout our land, with millions of our people unable to secure employment, with millions of our people dependent upon public or private charity for their existence, I wish to protest against diverting the attention of Congress at this time to a question of tariff revision and other so-called "reform measures", when our utmost energies should be exerted for the relief of our people.

Instead of instilling confidence in the minds of those running industries, those employed in industries, and the farmers, who are dependent for the sale of their products upon the 50,000,000 of workers of our country, we find the administration raising the red flag of fear, and it is my purpose today to direct attention to the number of industries which will be faced with increasing turmoil should plenary powers in tariff making be granted to the President.

Mr. President, the people of West Virginia believe in constitutional government, and they have the conviction that the Constitution provides for three specific branches of the Government.

The request of the President for plenary and complete power in dealing with tariff rates and reciprocal treaties without any reference to the legislative branch of Congress justifies the criticism of those who allege that the present Government is fast degenerating into a dictatorship.

Surely it cannot be contended that any central control here in Washington can know or understand the needs of the individual man and the individual industry in all of the districts of the 48 States of the Union as well as the Senators and Representatives who are elected to represent them.

It cannot be seriously contended that any such centralization of power in Washington can render to the people of our country and all of our States the substantial justice which the Senators and Representatives from those States will demand for their people.

Before dwelling upon the fallacious attitude set forth in the proposed reciprocal tariff treaty measure, let us consider the whole picture.

First. The entire basis of the argument of its proponents for this measure is a false premise. Great stress is laid on the reduction of our exports from five billions of dollars in 1929 to $1,600,000,000 in 1932. However, the proponents of the legislation proposed are not fair enough to admit that 50 percent of this loss in foreign trade is due to the loss in the price obtained in 1932 as compared with that of 1929.

I ask that there be incorporated as a part of my remarks at this point a statement showing the value of the dollar as it applies in the purchase of these commodities over these different periods, to support the contention I make respecting the value of these products, comparing the values of one period with those of another.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Wholesale price index, as given by the Department of Labor

1913	69
1917	117
1918	131
1919	138
1920	154
1926	100
1929	95
1930	86
1931	73
1932	70
1933	66

Mr. HATFIELD. Mr. President, in the United States there are 125,000,000 people, speaking the same language, enjoying a standard of civilization probably higher than that of the inhabitants of almost any other country on earth, and enjoying a higher standard of social welfare than that of any other nation in the world.

Here we have the wealthiest, the most complete economic machine the world has ever known.

Here we enjoy a greater opportunity for prosperity in our own markets than exists in all the rest of the world put together.

Here one half of the world's business is conducted. The entire trading world seeks to penetrate and exploit our market here, where, despite the complaint of those who criticize our supposedly high-tariff wall, two thirds of our imports are on the free list, and the average rate paid on imports into our country in 1932 was 17.9 percent as compared with 17.4 percent for free-trade England. Incidentally, England collects something near double the tariff duties that are collected by our own Government on imports from foreign countries.

There is little or no complaint in England similar to that which is heard here in the United States because of the tariff that is paid by the consumer in England as compared with the tariff paid by the consumer in the United States.

The English have learned of the advisability, yes, the Nation's profit, in providing employment for their workers.

In 1917 we gave our best in the way of promises for future manhood to further the progress of democracy among the nations of the earth.

As a nation of peace-loving people in the year of 1917 we were embroiled in the greatest conflict in the history of the world. At that time we had a nation debt of $1,225,000,000, as compared with a debt calculated in 1921 to be over $26,000,000,000. That is part of the price we paid for participating in this unnecessary conflict, which was conceived, fostered, and prosecuted for imperialism and territorial possessions.

Our national debt today is between twenty-six and twenty-seven billion dollars, with allotments and commitments amounting to $10,000,000,000 more, or a total of approximately $37,000,000,000. This will mean a yearly interest rate of well over a billion dollars. And the responsibilities to our veterans are not yet determined.

An average of more than 90 percent of all we produce is consumed in the home market by our own people, yet some would open our home market to foreign labor products, notwithstanding current history records the fact that in Europe labor is paid from one fourth to one third the wages paid to industrial workers in America, while the Asiastic wage is not greater than 0.1 of the wages paid to the workers in America.

Mr. President, there appeared in the Evening Public Ledger, of Philadelphia, on Tuesday, April 24, a very interesting communication dealing with this very subject as it applies to that empire in the Orient, Japan. I ask that it be included as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JAPANESE COMPETITION

To the EDITOR OF THE EVENING LEDGER.

SIR: Realizing your interest in behalf of industry and labor, might I bring to your attention the following?

The increasing trade of Japan with South America and the United States, the vast amount of manufactured goods she is able to export has brought out the fact that weavers in Japan earn $1.33 per week working long hours, and girls earn about 50 cents per week. In Pennsylvania, especially Philadelphia, weavers of chenille and rag rugs earn $20.50 to about $30, and many of the employees in other work make good wages; many girls earn from $15 to $28 per week.

The rag and chenille rug mills are almost at a standstill. Many industries are facing ruin and thousands of employees are facing starvation. Is it fair to ruin American industries and throw out of employment American labor?

Your interest and cooperation are asked. Some 300 mills and 25,000 employees in cotton mills are at stake.

ROBERT L. SINCLAIR.

PHILADELPHIA.

Mr. HATFIELD. Mr. President, while we are standing on the brink of bankruptcy, with repudiation already indulged in, we are asked to set up a reciprocal tariff scheme to deal with bankrupt nations of Europe and of South America, as well as to enter into reciprocal relations with that well developed little nation in the Orient which is claiming our home and foreign markets; and industries here which once enjoyed these foreign and home markets may soon be confronted with the danger of elimination.

I ask unanimous consent that there be printed in the RECORD at the conclusion of my remarks, as proof of the statement I have just made, a statement showing the great progress Japan has made in the last few years in the development of all kinds of industries, especially the one industry which is paramount to all other industries, one we did not enjoy for a period of a hundred years, namely, the chemical industry. Japan, France, England, and Germany do not permit the importation of foreign-made chemicals.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HATFIELD. Mr. President, few American citizens realize the astounding progress made by Japan as an industrial nation. Within a few years she has become not only well nigh self-contained but today is occupying a commanding position in the export markets of the world in the export of many products. The advantage of Japan as a low-cost producer, with pitiful wages compared with those of any other industrial nation, hardly needs further mention. I will take only one example.

Japan today occupies the first place among all the nations of the world as an exporter of manufactured cotton goods, formerly held by Great Britain. Quick to realize the fundamental place of the chemical industry in national welfare as a key to national defense and as a necessity in a rising position in the export markets of the world, Japan, through government aid, has a chemical industry today which is rapidly achieving a position in the export markets of the Eastern Hemisphere. Her capital investment in the chemical industry as of December 1932 is reported by the Department of Commerce to be 510,839,040 yen, with the total number of companies 1,451.

Exports are increasing of industrial chemicals, fertilizers, dyes, paints, medicinals, and a host of miscellaneous chemical products. Production is well established in the heavy chemical field in such basic products as acids, alkalis, salts, carbide; and Japan today has a large and rapidly expanding dye and synthetic organic chemical industry which ties up directly with research and production of medicinals for her peace-time requirements and export markets, as well as a large capacity for the production of high explosives and munitions.

These are facts which should be considered with deliberate care, as they typify the transformation of a backward nation to a forward looking, aggressive, industrial nation stepping out, demanding and taking over export markets. Perhaps no better example could be taken than the progress in the production of pyroxylin-celluloid and rayon. No industrial chemical nation, including Germany, can compete with Japan's pyroxylin articles. It is entirely clear that Japan will soon be one of the world's dominant factors in the export of rayon, due to her tremendous advantage in low labor costs.

It will, I believe, be of unusual interest to the Members of the Senate and the citizens of our country generally to review Special Circular 383, of the Department of Commerce of the United States, entitled "Japan's Chemical Industry in 1933", so I have asked permission to include this report on Japan's chemical industry at the conclusion of my remarks.

It seems to me both presumptuous and wholly un-American that despite the constitutional limitations on treaty making the President should give serious consideration to entering into treaties with foreign nations, which treaties can only mean further suffering and privation for our millions of farmers and industrial workers. I venture this conclusion largely upon a report of the Tariff Commission in response to Senate Resolution 325.

We are asked to place a large part of the taxing power in the hands of some unknown agency to be designated by the President.

We are asked further to surrender to foreign nations, as the State Department has already surrendered to Colombia, the right of the Congress of the United States to levy import duties on certain commodities.

We are asked, as representatives of sovereign States, to delegate to an unknown group the power of life and death over the employment opportunities and continued welfare of American labor, American agriculture, and American industry.

It is only in recent months that the question has been raised of inefficient industries. We heard that discussed in the contest on the floor of the Senate over rates in the tariff bill which became a law in 1930, but only in a brief way, without any support being given to the statements made by those who preferred lower rates to the rates finally adopted by a majority of this body. Members of the House Ways and Means Committee, and members of the Senate Finance Committee, I understand, have appealed in vain for some definition of what industries might be characterized as inefficient.

Mr. President, at last, from the administrative spokesman of agriculture, we have received a definition of that which, in his opinion—and I assume he reflects the opinion of the administration—that formula by which we can ascertain those American industries, which, in the opinion of the "brain trust" are inefficient and marked for slaughter.

It is my understanding, Mr. President, that Secretary Wallace contends that a tariff of 100 percent of itself suggests, according to his definition of ability to meet foreign competition, that an industry needing such protection is inefficient.

Further, I understand that Secretary Wallace contends that the tariff on any commodity which is on an export basis—that is, those products of which we export more than we import—is but a paper tariff and is of no consequential benefit to the American industry so protected.

I presume it will interest some Members of the Senate to read a compilation of those industries which, according to the formula of Secretary Wallace, are inefficient or protected by paper tariffs.

Of course, with such a reasoning in control, the present tariff rates on those commodities will be reduced the full 50 percent if the authority sought by the President in the pending measure is granted by this body.

Mr. President, there are possibly three commodities of the many produced in our country which can meet world competition without any tariff.

One is cotton, the exports of which were 25 percent greater in 1932 than they were in 1929.

Automobiles constitute another. We export only 5 percent of our total production but are able to meet world competition, due to mass production, which is made possible by the purchasing power of our own people, who ordinarily purchase 95 percent of the automobiles manufactured.

Third, heavy machinery and office supplies, such as typewriters, addressing machines, and so forth. The ability to meet foreign competition is due principally to the fact that some 90 percent or more of such products are sold in the

American market and, through tremendous demand on the part of our own people, the mass production of such articles alone makes possible their competition in world markets.

The basic commodity, that commodity and the producers of which the Congress is allegedly seeking to benefit through the granting of this extraordinary power to the President, is dependent for some 95 percent of its income, other than cotton, on the purchasing power of the industrial workers of our country.

Were the President permitted by the Senate, and were he able to negotiate reciprocal trade treaties with foreign nations so that the products of American soil, American mines, and American factories could meet world competition without present tariff protection, that could only be done through the reduction of the standard of living ordinarily enjoyed by Americans to those standards so prevalent in Europe, Asia, and South America.

Is it possible that those who are advising the President, and who contend that they wish to help American farmers, are ignorant of the developments of American chemistry?

Surely, college professors and economists who lecture on the knowledge contained in scientific books are conversant with the fact that modern chemistry is now able to take whale oil, or coconuts and other tropical products, and deliver to the American consumers the same nutritive value, the same body builders, the same blood builders as are obtained from the milk, cream, butter, and cheese which are now produced by American dairies, and do so at less than 5 percent of the cost of production of the food products by the American dairies.

At a future date I shall undertake to discuss in great detail the important developments of chemical progress as they apply to the cotton farmers, which will demonstrate completely that if we revolutionize our industrial fabric it must be done in the interest of the American producer and American consumer, and not having uppermost in mind those who live in other parts of the world, where food products, due to favorable natural environments, are largely developed and ripened with little mental or physical effort on the part of those who garner these products and ship them into competition in our home market with American products, where real labor and toil must be exerted from sun-up to sun-down on the American farm.

The present situation suggests a development which may not be unlike the case of the production of indigo. In former days indigo, a vegetable product, utilized thousands and thousands of acres of land to take care of the demands of the consumer, whereas now the synthetic product has eliminated the need for the natural cultivation of indigo.

Indeed, it is not unlike another case wherein thousands of acres of the farmers' land were devoted to the purpose of yielding a sufficient amount of madder dye to meet the demands of the consumer, but now synthetic dyes can and have been developed through the unfolding and unravelling of chemical equations. The same can be said of the development recently projected by a distinguished chemist by which slash pine, through certain chemical treatments resulting in the formation of cellulose, can be transformed into newsprint, writing paper, and other basic and byproducts that are furnished by the cotton farmer. Synthetic chemical products will soon be a formidable competitor of the American farmer unless the production of chemical products shall be adjusted along with the development of the production of food products in such manner that chemical, industrial, and farm production will go hand in hand in the future.

I merely refer to these facts in passing, as it is my purpose to deal more fully with them at a later date. It is my purpose, Mr. President, to give attention to these new products which have been made possible by chemical revelation in industry, and of which we were deprived for a period almost as old as the Nation itself and only taken advantage of after the costly price in the way of experience we paid during the great World War due to this lack of chemical development.

My purpose today is to review the Tariff Commission's report and point out the fallacy and the pitfalls which must necessarily come if the purpose of the reciprocal tariff trading experiment is carried out.

The Senate resolution and the response made by the Tariff Commission can be taken, in my judgment, Mr. President, as an indication of the basis upon which readjustment of tariff rates will come, and in every instance, Mr. President, it will mean a reduction in the way of tariff protection to the industries wherever they are found in any section of this country.

It seems to me that most any fairly well-trained mind could write in advance the obituary of this experimentation. It is only one among others which are admitted by the administration to be experimental.

The administration is responsible for the regimentation of the individual man, as well as the industries of this land, and the ultimate effect that this reciprocal tariff effort will have on American labor and industry, as a result of the power which Congress proposes to grant to the experimenters of this administration, can only be harmful. When this transfer is completed the entire destiny of the American people will be in their control, directly in contradiction to every principle which has made this Nation great.

It is for these reasons, Mr. President, I propose to review the report of the Tariff Commission given in response to Senate Resolution 325, so that the American people may know the story, for I am deeply concerned with the welfare of everyone in the 48 States of the Union, and especially with the 1,750,000 people of West Virginia, the State I have the honor to represent in part here in the Senate.

This action is not one that was thought out for the purpose of helping to promote the success of American labor, agriculture, or industry. This action is predicated upon a resolution presented to the Senate of the United States by the Senator from Colorado [Mr. COSTIGAN], who prevailed upon the Senate on January 28, 1933, to direct the United States Tariff Commission and other Government bodies to make a report to the Senate relative to the imports of those dutiable articles more or less noncompetitive with domestic products and with respect to which foreign countries possess advantages, dutiable articles of which the imports are less than 5 percent of domestic production, articles on which the tariff rates exceed 50 percent ad valorem, articles of which imports have substantially decreased, dutiable articles of which the imports have increased since 1929, articles produced in the United States with advantages which were factors in causing them to be exported in substantial quantities, exports which have decreased in quantity or value since 1929, and information on the extent of resulting unemployment.

Mr. President, the recommendation now before the Senate Finance Committee is but a continuation of subtle efforts made by and on behalf of those who are opposed to the policy of protection for American industries, and who, realizing the impossibility of having their wishes concurred in by a majority of Congress or a majority of the American public, resort to such devices as we will soon have before us—the reciprocal tariff bill.

It is interesting to note that some 10 reciprocal trade treaties were entered into on the part of the United States with foreign governments under the Dingley law, and none of such treaties was ever ratified by the Senate. The people of the United States, to assure themselves of the protection which was necessary to them while those treaties were under consideration, maintained a substantial Republican majority in the Senate of the United States who believed in the principles of protection and in the development of industry in America.

Mr. President, it is not my intention to deal with the constitutional phase of this subject; that I will leave in the hands of those in the Senate well versed in the law and in much better position than am I to discuss the constitutional and legal questions involved.

As farming is the basic industry upon which we are all dependent, it is advisable that we start with the articles

produced on the American farm which come within the classification of "inefficient" industries.

The first article on the list, Mr. President, is cane and beet sugar.

As to the intention of the administration with respect to sugar, there is hardly any Member of the Senate who is not familiar with the policy of those in charge of the Department of Agriculture, which is the elimination of the production of cane and beet sugar in the United States.

The expert for the Department of Agriculture, no less a person than the Secretary of Agriculture himself, has publicly stated that the production of sugar in the United States should be abandoned and has advised that we become dependent upon Cuba and other countries for our sugar.

How different that position, Mr. President, from the position taken by Germany and by practically every European nation that is determined to be self-sufficient, self-furnishing to their own people, so that in any critical period that may come to them they will not have to depend upon some other country for support.

Incidentally, it might be mentioned at this time that Wall Street bankers have invested many million dollars in Cuban sugar plantations not for the benefit of the American people but solely for the enrichment of themselves. Naturally, if we are to become dependent upon Cuba for the sugar which we must necessarily consume, we will insure substantial profits, to say the least, to the Wall Street bankers who have a way of getting such legislative results as they find are helpful to their financial interests. I do not have any fault to find with the banker as such, but I do have fault to find, and a very grevious one, when any group takes the position that we should not be self-sufficient or, at least, in a position to protect ourselves against prices increased beyond reason which we may be forced to pay for some basic commodity essential to the welfare of every American home.

In substance the comment of the Tariff Commission in its findings on sugar are—and I quote—as follows:

Cuba has special advantages in the production of cane sugar by reason of her soil and climate. The climate permits a long-growing season, and the soil yields more crops from one planting than are obtained in the cane-sugar area of continental United States. Furthermore, there is sufficiently large amount of land available in Cuba so that an extensive form of cultivation is possible.

The Tariff Commission might have added that the labor costs in Cuba are very small and, despite conditions sometimes referred to as harmful in America, there is no restriction in Cuba against child labor or any other near-slave labor.

Mr. BORAH. Mr. President, do I understand the quotation the Senator has just cited is from the Tariff Commission or from the National City Bank?

Mr. HATFIELD. It might have been from the National City Bank, but in reality it comes from the Tariff Commission. Where the Tariff Commission procured this information, the Senator is in about the same position, from the standpoint of analogy to determine, as am I, if we are to believe the statements of Mr. O'Brien, Chairman of the Tariff Commission, regarding the careless way the Commission deals with the confidence of the Senate.

The next item I find is leaf tobacco for cigar wrappers. I note the comment of the Tariff Commission, which, in part, is as follows:

Since 1880 Sumatra and Java have been the world's principal source of high-grade cigar wrapper, being favored by possession of rich soil and tropical climate adapted to growing leaf of requisite color, burn, flavor, texture, and size. Abundance of cheap labor, Javanese and Chinese, is important because of necessity of heavy expenditures of hand labor in growing and grading leaf. Large Dutch companies have combined to introduce economies of large-scale operation, to standardize grades, and to enforce monopolistic policies. Imports are supplementary to most of the domestic cigar tobacco but competitive with domestic wrapper leaf grown at high cost under artificial shade in Connecticut Valley and Georgia-Florida area.

I direct the Senate's attention to the fact, Mr. President, that reference is made in many comments on the part of the Tariff Commission to the existence in foreign countries of cheap labor.

It is my understanding that the Chinese and Javanese labor used in the production of Sumatra tobacco is indentured labor. The Tariff Commission's findings indicate that the Sumatra wrapper is the product of the Dutch monopoly. Yet this monopolistic product is to be favored by the administration. Such action would be in harmony with the present trend of the administration in encouraging big-business monopolies by the suspension of the Sherman antitrust laws.

Leaf tobacco for cigarettes: The Tariff Commission's comment, in part, reads as follows:

Soil and climatic conditions in Near East countries especially adapted to production of small-leaved aromatic types imported. Harvesting by picking individual leaves requires large expenditure of hand labor.

Mr. President, this subject was thoroughly discussed and threshed out during the consideration of the tariff bill in this Hall in 1930, when a majority of this body dealt with these imports in a way that protected, at least in part, the opportunities of the American farmer in the production of American tobacco.

The Tariff Commission might well have added that hand labor in the Near East is cheaper than any labor available to the American farmer in this country.

The next item is eggs in the shell, whole egg yolks, and egg albumen, dried. The Tariff Commission indicates that China supplies 94 percent of the eggs imported and practically the entire domestic consumption of whole egg yolks and egg albumen, dried.

Mr. President, is it any wonder that the dairy interest of this country, large producers of eggs, find themselves in an embarrassing position when they are forced to compete with the products of the Chinese farmers?

The next item on the list is fish, dried and unsalted, and I note that the principal source of imports is Japan.

I want to read a telegram from the Westgate Sea Products Co. It is dated February 3, 1933, addressed to me, and is as follows:

During 1932 Japan exported to United States approximately 200,000 cases canned tuna, an increase of 558 percent. Information on hand shows Japan has potential supply to pack far more tuna than is consumed in United States and plans to more than double exports to this country during present year. Japan used very little canned tuna. Practically their entire market is this country. California fishing industry has about $50,000,000 invested, employing 25,000.

Mr. President, complaints came from the great State of Washington, from California, and other western-coast States in 1932 and 1933; indeed, representatives from those States came to the Congress of the United States and appealed to the Congress for relief, but no relief was afforded.

Another item I note is oil cake and oil-cake meal, and the principal source of imports is China. The comment of the Tariff Commission, in part, is as follows:

Soil, climatic, and labor conditions have so favored production of soybeans in Manchuria that the world's most important soybean industry has been established there. Crushers have available the cheapest supply of beans and are favored by low ocean freight to our west coast, which is a deficiency area for protein feeds.

The report of the Tariff Commission indicates that the American farmers are substantial producers of soybeans, but, naturally, they cannot get a fair price for their product when they are forced to compete with the cheap labor conditions of China.

The next item is orange and lemon peel, of which Florida and California produce substantially the same material. The comment of the Tariff Commission is, in part, as follows:

Italy has an advantage not only of an established industry but an adequate supply of hand labor for the preparation and grading.

They did not add, as they might have, that this adequate supply of hand labor is also cheap labor.

Another item is tomatoes, a product produced on the farms of America in almost every State, and chiefly in Florida, Texas, and West Virginia.

The next item is long-staple cotton, a commodity which the Republican Party succeeded in placing upon the dutiable list, at the instance and suggestion of the distinguished Senator from the great State of Mississippi [Mr. STEPHENS], with a duty which it was hoped would make it possible for the cotton planters of Mississippi, Texas, Arizona, and California, to produce at a profit in competition with the cheap cost of production of Egypt and the Sudan, where sufficient long-staple cotton can be produced to supply all the demands of every nook and corner of the world.

The Tariff Commission's comment on long-staple cotton, in part, is as follows:

Egypt and Sudan can supply the present world demand for this staple length. The relatively less expensive hand labor in Egypt also makes possible more careful ginning, mixing, and baling.

Another item worth mentioning and of special interest to New York, New Jersey, Delaware, Maryland, Virginia, and some other States, is common brick. During the period 1926 to 1928 the domestic industry, especially in New York and the New England States, were suffering from the importation of the cheap-labor-produced bricks of Belgium, which were landed along the Atlantic seaboard at prices which were less than American costs of production. Of course, it can well be said that Belgium, in this case, and other countries and China in other cases, possess an advantage, in that they have cheap hand labor and low freight rates.

Another item of interest to the people of Alabama is that of graphite, or plumbago, the imports of which come principally from Madagascar. The comment of the Tariff Commission on this article may be of some interest to Members of the Senate, not alone as it affects graphite but as it may affect interests which are consequential in their home States. The comment, in part, is as follows:

Nineteen hundred and twenty-nine imports were the greatest since 1923. The Alabama producers of flake make strong efforts to compete with Madagascar, and there are indications that the use of the oil-flotation process of concentration may strengthen their efforts. Transportation costs from Alabama to the large New York market are nearly twice the freight charges from Madagascar.

The next item is that of prisms and glass chandeliers, a commodity of interest to the people of my State, Pennsylvania, Ohio, and Illinois. The comment of the Tariff Commission, in part, is indicative of why foreign producers of these articles control our market. I quote:

Production requires considerable amount of hand labor. Foreign producers have the advantage of a long-established industry, articles for the most part being produced by workers in their homes.

The next item is illuminating glassware, the imports of which come principally from Czechoslovakia and Germany. The comment of the Tariff Commission on this commodity is similar to that on prisms and glass chandeliers.

May I digress to remark that the glass industry of West Virginia is among the greatest industries we have there. Fifty percent of all the window glass produced in America is produced within the confines of the State of West Virginia. Many other glass industries of very great importance can only hope to continue in a profitable way and pay a standard of wage which is worthy of the hire of toilers in those industries by being protected against the cheap products that are shipped into this country from Europe and Asia.

The next item I note is that of marble, the imports of which come principally from Italy and Belgium. I have reason to believe that there is an abundance of marble in our own country; but, due to the fact that the producers of this marble pay labor a comparatively high wage, when the competition they must face is considered, the comment of the Tariff Commission on marble might be of interest to those who seek the development of foreign industries at the expense of American industry, farming, and labor. The comment, in part, is as follows:

The Italian industry has available an abundance of experienced quarry labor at relatively low wages.

Manganese ore, a product of interest to many Senators, is also on the list of industries to be sacrificed. The comment of the Tariff Commission is, in part, as follows:

Deposits in Russia, India, Brazil, and on the Gold Coast of Africa are far richer and more extensive than those in the United States. Any of the first three named countries could probably supply the world's needs.

Mr. President, in case of a need of manganese for national defense, would there be an opportunity for us to secure manganese from either Russia, India, or Brazil? The Tariff Commission failed to comment on the fact that the principal reason for the lack of production of manganese in the United States is the fact that the labor costs in Russia, India, and Brazil are so much lower than similar labor costs in America that American mines for the most part have had to shut down.

Another essential metal is that of tungsten ore and concentrates, and I note the Tariff Commission comment is that—

Deposits in China are of much higher grade than in the United States. Bolivia and Burma are minor sources of high-grade ore.

I do not quite fathom why the Tariff Commission, in fairness to itself and to the Senate, fails in this case, as in so many others, to note that the real advantage possessed in the Asiatic countries over labor costs of our own country is that the wages paid to the labor of the Orient would not be tolerated by labor in our own country.

The next item is that of woven wire cloth, and the comment of the Tariff Commission, of interest to those dependent upon this industry in our own country, is in part as follows:

Fineness and extreme uniformity of mesh require weaving the finer meshes on hand looms, giving European producers an advantage on account of high proportion of labor used and availability of small-shop methods.

Another item is that of watch movements and watch parts. The comment of the Tariff Commission is in part as follows:

Watchmaking is an important traditional industry in Switzerland, with abundant skilled labor, flexible, organized in small units, and supplying a world market with nearly all varieties of watches.

Such comment may be of interest to those representing the watch industry of New England, Illinois, and other States.

Mr. President, the Congress of the United States for years has sought to find a way to help the cotton planter. One way in which we can help the cotton planter is to make use of cotton in American mills. Another way to help both labor and cotton is to pay the American cotton farmer a bounty, so that we would have cheap textiles on the markets of this country that could be enjoyed by the group of our citizens who cannot well afford to buy them at present. Especially is this true at the present time, and especially does it apply to the hospitals of this land, which are on the brink of bankruptcy. The high prices of cotton and gauze and other cotton products essential to the administration of these institutions makes it almost prohibitive for them to take care of the demands of the unfortunate people who are brought to them daily for relief.

One of the items worth while mentioning in this list of industries is that of cotton-warp-knit fabric gloves. The Tariff Commission comment is as follows:

A Tariff Commission investigation in 1923 showed duty of about 122 percent ad valorem necessary to equalize costs.

Of course, that industry would go out without any discussion, according to Mr. Wallace's theory, were he in control of the administration of the tariff as it applies to this industry.

The Tariff Commission continues:

The long-established German industry has the advantage of cheap labor, highly skilled in the technique of knitting and finishing such gloves. The best grades of domestic circular-knit gloves

are comparable with the lowest grade of imported warp-knit fabric gloves.

It might be noted in this comment of the Tariff Commission that Germany has the advantage of cheap labor.

Mr. President, among the commodities added by the Senate amendments to the list of basic commodities under the Agricultural Adjustment Act, were flax and hemp. It is to be assumed that flax and hemp are produced in sufficient quantities in our own country to warrant some assistance being given domestic producers, or we would not have voted them basic crops.

The comment of the Tariff Commission may be of interest to Senators representing flax- and hemp-growing districts:

This type of crop does not appeal to the American farmer. It has not been produced in the United States in appreciable quantities, and domestic production is, furthermore, not comparable as to quality with imported fiber.

The Tariff Commission's comment on hemp is of interest:

Domestic production of hemp fiber in recent years has not been substantial in relation to imports, and had almost entirely disappeared in 1932.

Mr. President, for a number of years Senators, representing especially the Western States, and those sincerely interested in the development of American industry, have sought to help by legislation, where possible, the American wool grower. The comment of the Tariff Commission on carpet wool, camel's hair, and other wool not finer than 40s is interesting. I quote:

The competition with domestic wool is, therefore, in part indirect. Imports of all other wools, not finer than 40s, compete directly with domestic wools of like grade. Dutiable camel's hair competes directly with cashmere, alpaca, vicuna, and similar hair. Being used in specialty fabrics, the competition between camel's hair and domestic wool is in part indirect.

If this bill becomes a law we shall be buying imported instead of home products.

Another item I note is that of toy games, and so forth, imported principally from Germany and Japan; and the Tariff Commission comment indicates the interest which the Tariff Commission experts may have in developing employment opportunities for American labor. I quote:

Hand labor, required for making these toy games, etc., is readily available in Germany and Japan.

An item of interest to some Senators is the manufacture of lace. The comment of the Tariff Commission, in part, is:

Chinese laces are made with cheap labor, and are competitive with some of the products of the American machine-made lace industry.

Further on, the Tariff Commission's comment reads:

The principal foreign advantages are the length of time the industry has been established and the available highly skilled workers.

Mr. President, if we were to proceed upon this principle in the development of our industry as it pertains to the lace manufacturer, we would never be self-sufficient.

Mr. President, many Members of the Senate are especially interested in the maintenance of a market in America for hides and skins of American cattle. Apparently this industry also is marked for slaughter. The beef-packing trusts will not suffer, as it is my understanding that the hides and skins now imported from Argentina and Brazil are the property of the Chicago beef-packing industry. The comment of the Tariff Commission on hides and skins may be of interest to some Members of the Senate. I quote:

Cattle hides and calf and kip skins are byproducts of the meat-packing industry. Domestic slaughter is not sufficient to supply the demands in grades and qualities required by domestic tanners. Heavy leather tanners are dependent on Argentina for "Frigorifico" hides, which are similar to domestic packer native steer hides. Argentina has a large meat-packing industry, with a surplus of high-quality hides which is more than sufficient to supply the tanners in that country.

The items I have just referred to are those listed by the Tariff Commission as no. 9 in their report to the Senate on Senate Resolution 325, and found in Senate Document No. 180 of the second session of the Seventy-second Congress.

Mr. President, list no. 2 of the report to which I have just referred comprises a list of articles of which imports represent less than 5 percent of domestic production.

The contention of our free-trade friends during the consideration of the present tariff law was that those commodities of which we import less than 5 percent of the domestic production should be left on the free list. Assuming this to be true, I am going to show that if the power and authority sought by the Chief Executive in the pending reciprocal trade treaty bill is granted, such commodities as I shall now refer to will be among those sacrificed in favor of some other and more-favored articles or commodities.

The first item I find on this list of agricultural products and provisions is that of live cattle. Upon presentation of the Senator from Texas [Mr. CONNALLY] in an effort to help the live-cattle producers of America, the Congress has voted to make live cattle a basic commodity, and grant to them certain privileges and financial benefits in order that the live-cattle producers of this country might have an opportunity to continue to prosper. Yet, Mr. President, the policy of the administration, as set forth in the resolution presented by the Senator from Colorado [Mr. COSTIGAN], would warrant the belief that this industry is to be sacrificed without a hearing, and without the Senator from Texas and others representing States dependent upon the live-cattle industry having an opportunity to protest, as the importations of live cattle represent less than 1 percent of domestic production.

Mr. President, other items which I note in this list are those of tallow, oleo oil, and stearin. In each case the imports of tallow and oleo oil are listed by the Tariff Commission as less than 1 percent, while the imports of oleo stearin are listed at 4 percent.

Incidentally, Mr. President, our exports of oleo oil and oleo stearin are many times more than the value or volume of our imports. Yet in an honest effort to assist the American farmer, especially the dairy interest, the House voted an excise tax of 5 cents per pound on these commodities, and the Senate voted an excise tax of 3 cents per pound on them. Are we to suppose that the action of the Congress in voting these excise taxes is an idle gesture, or is it really intended to benefit the American farmer?

The principal sources of importations of tallow, oleo oil, and oleo stearin are Canada and Argentina. Is it to be expected, if the authority sought is granted, that in the reciprocal tariff treaties which will be made with those countries Canada or Argentina will agree to enter into reciprocal trade relations with a continuation not only of the excise tax of either 3 cents or 5 cents per pound, but also the present duties, ranging from 10 percent to 22 percent?

Mr. President, another item of interest to almost every Member of the Senate interested in developing and maintaining American industries and the prosperity of the American farmer and industrial worker is that of lard and lard substitutes. Under the present Tariff Act, the equivalent ad valorem on lard and lard substitutes runs from 11 percent to 46 percent, according to the report of the Tariff Commission. Our imports of lard and lard substitutes are inconsequential. Our exports of lard are in the hundreds of millions. Yet, Mr. President, if the producers of edible and inedible oils are to receive the protection which the Congress of the United States has voted to them, it is essential that we maintain a duty on lard and lard substitutes.

Mr. President, if there is to be any established policy or principle laid down to carry out the authority which the Chief Executive seeks in the reciprocal tariff measure now pending, the duties now imposed on imports of lard and lard substitutes would necessarily be reduced the full 50 percent.

Another item of considerable interest to the Senators of the New England States, New York, Pennsylvania, New Jersey, Ohio, Illinois, Indiana, and Wisconsin, is that of whole milk and cream. The comment of the Tariff Commission

on both these articles is rather similar, and I quote it in part, as follows:

The domestic production estimated in the table is for the New England States, New York, Pennsylvania, and New Jersey for all uses. The domestic production of whole milk for the entire United States was over 11,000,000,000 gallons in both 1929 and 1931. Imports increased until 1926, when they reached 7,386,000 gallons. Rate of duty changed from 2½ cents to 3¾ cents per gallon by presidential proclamation effective June 13, 1929.

Incidentally, the ratio of cream imports to total domestic production is less than 1 percent. The principal source of imports is Canada. I might suggest to the Senators of the New England States, and of New York, Pennsylvania, New Jersey, Ohio, Illinois, Indiana, and Wisconsin, that the dairy interests of their States, dependent for a market, as they are upon the employment of industrial workers, would find competition from Canada a factor which would soon impoverish many of the residents of those States.

Another dairy product which concerns the dairy interests, especially of the States I have mentioned, as well as of the States on the Atlantic, Gulf, and Pacific coasts, is butter.

According to the Tariff Commission report for 1932, the equivalent ad valorem duty on imports, which come principally from New Zealand, Canada, and Denmark, was 66 percent. The importations of butter are less than 1 percent, and we export approximately the same amount. Yet, Mr. President, unless this duty of 14 cents per pound, on butter imported from New Zealand, Canada, and Denmark is maintained, many American dairy farmers will find farming a further liability, rather than an asset.

Mr. President, only a few weeks ago the Senate of the United States, upon the presentation of the senior Senator from South Dakota [Mr. FRAZIER], passed a bill making barley a basic commodity, and entitling the producers of barley to the benefit of a processing tax, to be levied by the Secretary of Agriculture for their benefit. The report of the Tariff Commission indicates that our imports of barley and barley malt come principally from Canada and Czechoslovakia, and the importations represent less than 1 percent of domestic production.

Incidentally, despite the fact that barley carried an equivalent ad valorem duty for 1931 of 60 percent, the imports are listed at 187,000 bushels, while our exports for the same period amounted to 7,850,000 bushels. So I am quite sure that the senior Senator from North Dakota will be very much concerned as to what will happen to the processing tax, as well as the protection to barley, which is produced in the section of the country which he represents.

Another item of interest to many Senators is that of corn. Our principal source of imports is Argentina. Our imports for 1932, despite the equivalent ad valorem duty of 57 percent, were 185,000 bushels, while our exports are listed at 7,786,000 bushels.

It is my understanding, Mr. President, that should the duty of 25 cents a bushel be eliminated, the producers of corn in Argentina could deliver their corn into the Atlantic, Pacific, and Gulf Coast States at a price which would impoverish the American producers of corn, this despite the fact that the Tariff Commission states that 70 percent of the world's corn supply is grown in this country.

Another item is that of lemons. The principal source of imports is Italy. The equivalent ad valorem duty, as given by the Tariff Commission, is in excess of 92 percent. Our imports for 1932 are listed as 7,000,000 pounds, while our exports were 16,000,000 pounds. Is it to be expected that Mussolini will enter into a reciprocal tariff treaty with the United States, permitting the products of California and Florida to retain a tariff of 92 percent against importations of lemons from Italy, the importations of which now represent less than 1 percent of domestic production?

Another item, Mr. President, I note in the Tariff Commission report is that of peanuts. Peanuts are also listed, by action of the Senate, as a basic commodity, and therefore considered by a majority of the Senate to be a commodity the American producers of which are entitled to be furnished funds from the Treasury of the United States.

The importations of peanuts come principally from Asia and Spain, and for 1932 were less than 1 percent of domestic production. The imports amounted to some 627,000 pounds, while our exports were in excess of 7,000,000 pounds. The equivalent ad valorem duty on shelled peanuts, which come mostly from the Asiatics and which represent less than 1 percent of domestic production, according to the Tariff Commission report, was 246 percent.

I am wondering what Secretary Wallace will do when he comes to deal with that farm product, which is produced so generally down in the good old State of Virginia, from a tariff point of view.

Another item of interest to the farm States is that of beans. This item comes within the category of those commodities the imports of which were less than 5 percent of domestic production. The principal source of imports was Mexico; the equivalent ad valorem duty was 84 percent.

Mr. President, with the repeal of the eighteenth amendment and legalization of the sale of beer, it was to be expected that the American producers of hops would find a market for their products in America. Our imports of hops come from Czechoslovakia and Germany. Imports represent some 4 percent of domestic production and paid an equivalent ad valorem duty for 1932 of 176 percent, despite the fact that our exports for 1931 and 1932 were more than double our imports. Is it to be expected that Czechoslovakia or Germany will enter into reciprocal trade relations and permit the American producers of hops to continue to receive the protection they now receive of an equivalent ad valorem duty of 176 percent?

Fruit juices, a product of those States interested in the production of lemons, oranges, and other citrus fruits, are now protected by a duty of some 84 percent. Our importations, which come mainly from the British West Indies, amount to less than 5 percent. Are we to sacrifice the tariff protection now accorded to the fruit producers of Florida, Texas, and California?

An item of special interest to Texas, as I understand it, is that of mohair products. The Tariff Commission report for 1932 shows that with an equivalent ad valorem duty of 58 percent, our imports were less than 1 percent; and the imports come principally from Turkey and South America. I am sure that if the authority sought by the Chief Executive is granted, an effort will be made to enter into a reciprocal trade treaty with Turkey. Is it possible that mohair producers in Texas, so ably represented in past years in tariff legislation by the present Vice President of the United States, will continue to hold the protection which they now have? That which is true of mohair is also true of wool.

Mr. President, many of the Southern States now secure employment for their workers in the rayon and rayon products mills of America. Our importations of rayon represent less than 1 percent of domestic production. The imports come principally from Germany, Italy, and the Netherlands. The equivalent ad valorem duty on imports runs from 50 percent to as high as 87 percent, despite the fact that the Tariff Commission's comment on yarns of rayon is as follows:

Domestic industry leads the world; output of the United States represents over 30 percent of world's annual rayon production.

Continuing, the Tariff Commission, referred to the depression year of 1932, said:

In latter half of 1932 industry operated at capacity with record demand. Imports, due to declining prices, are dutiable mainly at minimum rate of 45 cents per pound. Composition of imports same as domestic output.

Is is expected that Germany, Italy, and the Netherlands will enter into reciprocal trade treaties with the United States, and, if so, what will happen to the employment opportunities of the workers in the rayon mills of the Southern States?

An item of interest to Senators of many States is that of straw and felt hats. The principal source of importation of straw hats is Italy, despite the equivalent ad valorem

duty of more than 60 percent. The Tariff Commission states that our imports in 1931 were less than 5 percent of domestic production. Our principal source of importation of fur-felt hats is Italy, France, Belgium, and Czechoslovakia.

The Tariff Commission states that in spite of the duty of 60 percent, our imports in 1931 represented less than 2 percent of domestic production. Is it possible that we shall soon all be wearing straw and fur-felt hats produced by foreign labor?

An item of interest to Senators from many States is that of boots and shoes. Our imports come mainly from Czechoslovakia, and represent less than 3 percent of domestic production. Yet it is my understanding that this importation of less than 3 percent but a few years ago demoralized the shoe industry of this country and deprived many shoe workers of employment opportunities, as the product of their labor could not be sold at prices which competed with the product of the workers of Czechoslovakia. When we take into consideration the differential in wages paid to those men in Europe as compared with the wages paid to the toilers here in America, we can understand the condition when we know that the machinery which operates in the Czechoslovakian shoe industry is the same modern machine that operates in America, and that a thousand pairs of shoes can be ordered by some buyer of an American store one evening and in 24 hours the order is filled and on its way to America.

Mr. President, the examples which I have cited will indicate to any Senator interested in the welfare of our Nation as a whole, and in the various elements within our country, the fallacy and the dangers confronting us, if the Senate should see fit to evade its responsibilities in treaty making and turn these legislative powers over to the Chief Executive and his advisers.

Mr. President, I want to make the observation that when the Congress of the United States turns this responsibility over to the President of the United States it will take more than a majority of votes in the Congress to relieve him of the responsibility if he cares to oppose such action.

No American industry can carry out the request of Congress for the shortening of hours or the increasing of wages, or even the retention of those now employed, faced with the conditions as they would be were such legislation enacted, with the possible influx of foreign products at prices which are less than American cost-of-production.

When the distinguished Senator from Alabama presented his 6-hour day law in the Senate for the industrial workers of this country, Mr. President, I suggested to him that if he would accept an amendment which would protect the work opportunities of the American laboring man, that when goods came to our ports from Europe and from Asia that like provisions would be required in their production before they could be sold in the markets of this country, I would have no hesitancy in supporting his bill, but he declined to accept that amendment and the majority of the Senate refused to adopt it. It is only in that way, Mr. President, that hours can be reduced, wages can be increased, and the American toiler can be enabled still to enjoy employment opportunities here in America if he is brought into competition with the European and the Asiatic.

Mr. President, the passage of this bill is a repudiation of the promises made to the American people by the Chief Executive and by those in control of Congress that the expenditures of vast millions of dollars for employment of American workers would assist in eliminating the present depression.

Mr. President, the passage of this bill makes insecure the holdings of every owner of a Government bond, every life-insurance policy, and every savings-bank depositor in that it will do more to throttle the success of American industry than any other legislation up to the present conceived by the theorists and economists who seemingly are directing the destinies of our Nation at this time.

Such unrestricted power, amounting to the power of life or death for American manufacturing, mining, and farming industries, is typical of the power which those surrounding and advising the Chief Executive seek through legislation.

When this legislation is granted, Mr. President, may I ask what is left for the Congress to do? Why not pass a blanket appropriation bill for the remainder of the time that this administration is to control the destinies of the country, and permit Congress to abdicate and surrender its functions, and its Members to take up whatever vocation the individual Congressman had before he came to these bodies and relieve the taxpayers of this country of that much of a burden in the way of taxes.

The passage of this bill, it is admitted by even the administration leaders, will give to the President of the United States dictatorial power such as is not enjoyed by the Emperor of Japan, Mussolini, Hitler, or Stalin over industry and labor.

The carrying out of the measure, based as it is only upon secret diplomacy, is turning the calendar back to the methods of the dark ages. It will be turning back the calendar, Mr. President, for the Senate of the United States has refused to deal with problems pertaining to the people of this country behind closed doors.

I feel confident in saying that the vast majority of the American people are opposed to secret diplomacy and secret treaties, and if given an opportunity, would insist that international negotiations be carried on in the open.

It is admitted by the proponents of this measure that the Chief Executive, to whom they wish to give this dictatorial power, will have to depend upon advisers and subordinates to make effective the purposes of this proposed legislation. As a practical matter, from an American standpoint, no mandate has yet been given by the American people in our entire history which permitted the vesting in any one man the power sought in this bill.

The contention is raised that the President alone was elected by all the people, and this argument is set forth as to why this power should be conferred on the President. Yet those who present this argument admit that the President has not the time nor the facilities to undertake this task and must be dependent upon the activities and the influence of his advisers and subordinates.

May I ask, Is it contended that the present Chief Executive, still human, is infallible and all-wise?

Why, Mr. President, he is made of that same bone and sinew, brain and blood that the average citizen is made of, and no citizen ordinarily would want this great power left to him to direct the destinies of 125,000,000 people.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. ROBINSON of Indiana. I was very much interested in the Senator's statement a moment ago with reference to secret diplomacy, to transferring treaty-making power to the President to be exercised only in secret. The Senator is aware of what I understand to be the fact, that Mr. Sayre, who is credited with having written this bill, with being its author, came before the committee and was asked what industries would be affected and what agreements would be made with foreign countries with reference to the lowering of tariffs on the assumption that it might somehow or other injure some of the industries in this country.

Mr. Sayre, Assistant Secretary of State in the present administration, at that time replied that he was not at liberty to mention the approaches that had been made to this Government by foreign governments. That he thought it was not politic to answer a question of that kind; that it probably did not concern the American people, anyhow, to know just what foreign governments were proposing in the way of trade agreements with this country. Is the Senator familiar with what transpired in the committee at that time?

Mr. HATFIELD. Mr. President, the distinguished Senator from Indiana states accurately the question which was propounded to the distinguished Assistant Secretary of State, and he also is correct in his conclusion about the re-

sponse given by the distinguished Assistant Secretary of State.

I may say to the Senator that I called Mr. Sayre by phone and asked him if he would tell me what were the products referred to in the treaty which had been agreed to between the United States and Colombia, and he said that it was still a secret, and in my judgment it will remain a secret as to the exchanges of goods that have been agreed upon until this bill becomes a law.

I insert as a part of my remarks the letter I received from Assistant Secretary of State, Mr. Sayre, and the enclosure, which speaks for itself. This treaty as signed precludes the Congress of the United States from placing any excise tax on any commodity covered by this treaty.

WASHINGTON, *April 28, 1934.*

The Honorable HENRY D. HATFIELD,
United States Senate.

MY DEAR SENATOR HATFIELD: I am sending you herewith by special messenger, as you requested, a copy of the press release concerning the pending treaty with Colombia.

Sincerely yours,

FRANCIS B. SAYRE.

Joint statement by the Acting Secretary of State and the Minister of Colombia

DEPARTMENT OF STATE,
December 15, 1933.

The Acting Secretary of State and the Minister of Colombia today signed a reciprocal trade agreement. The agreement will come into force after the necessary legislative action shall have been taken in the United States and Colombia. The minimum term of the agreement is 2 years from the date of its coming into force.

On the part of the United States the agreement provides that certain specified products of Colombia shall continue to be exempt from import duties, Federal excise taxes, and prohibitions on importation, and also that State excise taxes affecting interstate or foreign commerce, insofar as they are subject to statutory control by the Federal Government, shall not exceed the maximum tax at present levied by any State.

The agreement provides that Colombia on its part will reduce its customs duties on specified products from the United States and will refrain from increasing them on certain other specified products. As regards the products listed in the agreement Colombia makes commitments with respect to internal taxes and prohibitions similar to those made by the United States.

This agreement, which is of mutual benefit to the two countries, furnishes a practical example of the policy of "neighborliness" in the American continents, and it is hoped may lead to other bilateral agreements of a similar nature having as their object the restoration and improvement of trade relations.

Then, Mr. President, it will not be necessary for the President of the United States or for the Secretary of State or the Assistant Secretary of State to ask the Senate of the United States to approve this reciprocal treaty which has already been signed and at the present time remains the secret of the President and the Secretary of State and the Assistant Secretary of State here at Washington.

I have a response, Mr. President, from the Assistant Secretary. All the information he was willing to give a United States Senator as to the extent of the agreement or treaty, if you please, which has been entered into between Colombia and the United States, was what he gave to the press on December 15, 1933.

Mr. ROBINSON of Indiana. Mr. President, then, referring again to the secrecy connected with this treaty making, it would necessarily follow, would it not, may I ask the very able Senator from West Virginia, who has studied this question very thoroughly, that no industry in this country would know if it was to be destroyed or not until it read about it in the newspapers, until it had read that it had been guillotined?

Mr. HATFIELD. That is absolutely correct. The owners of an industry can only surmise or conceive intuitively what is going to happen to that industry by some remark or some admission made either by the Secretary of State or the Secretary of Agriculture. The Secretary of Agriculture, when asked by the distinguished Senator from Pennsylvania [Mr. REED] as to what he considered was necessary in the way of tariffs and whether he would consider an industry which in order to exist in America necessarily had to have a 100-percent tariff rate to be an efficient industry, said "no." So the average industry owner and the average citizen of America who are interested in the continuation of the industries of American cannot know when the fatal blow will come because of a reduction of tariff rates.

Mr. ROBINSON of Indiana. That would mean that neither the Senate nor the House, either legislative body, could inquire into it until after the damage was done. It would mean, too, Mr. President—I think the Senator will agree with me—that an industry employing thousands of men and women might be destroyed merely by a secret treaty entered into by the President of the United States, resulting in the throwing out of employment of untold thousands and the destruction of the industry, and none of those interested would know anything about it until they read it had been done in the press. Is not that true?

Mr. HATFIELD. Mr. President, the distinguished Senator from Indiana [Mr. ROBINSON] is entirely correct.

Mr. President, in discussing the question of the power, this supreme power, that is being asked by the present administration, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a statement made by that distinguished American, that distinguished educator, that distinguished President of the United States from March 4, 1913, to March 4, 1921, the late President Wilson, in support of my contentions respecting dictatorship.

The PRESIDING OFFICER. Without objection, permission is granted.

The matter referred to is as follows:

In 1912 Woodrow Wilson said:

"The history of liberty is a history of the limitation of governmental power not the increase of it. When we resist, therefore, the concentration of power we are resisting the processes of death, because concentration of power is what always precedes the destruction of human liberties."

Mr. HATFIELD. Mr. President, a mistake on the part of his advisers, for which the Chief Executive is, of course, responsible, may result in depriving thousands of workers of employment, just as the distinguished Senator from Indiana pointed out a few moments ago, and in depriving thousands of farmers of markets and thousands of investors of their life savings. Yet, Mr. President, should this happen, the Senate would not be blameless, as it is only through our lack of courage and our evasion of the responsibility vested in us that such mistakes can be made possible. I contend that we are justified in judging the capacity of Presidential advisers by the actions of the advisers of the present Chief Executive in other governmental affairs during the past year. We are all familiar with the air-mail fiasco, and the stubborn insistence that an impractical plan be carried on by means of one scheme after another, rather than a frank admission of error. We are all liable to error and mistake; if we were otherwise, we would not be human; but there is no question that at least 12 men, patriotic in their service and devotion to their flag, were sent to an untimely grave by this error, this mistake, which was a part of the game of politics, pure and simple, and which the record made here on the floor of the Senate by the distinguished and able senior Senator from Vermont [Mr. AUSTIN] so well develops and so well explains.

We are all familiar with the admitted experimentation now being made in industry, labor, and agriculture. There are but few who will contend that these experiments have proven successful insofar as helping the American Nation and assisting our people to recover from the depression are concerned. The few who say this legislation has been successful are those in control of big business, who have guaranteed profits and have been permitted to exploit the consumers, our farmers and wage workers, with but little resistance on the part of the Government.

I wish to make this observation, Mr. President, that in the very near future those who have profited by the suspension of the Sherman antitrust law and who are profiting today by returns on their investments and in the sale of their products in the markets of this and other countries will soon reap the whirlwind by tax burdens which will take

from them every pittance they are enjoying at the present time and even more for the purpose of furnishing the young experimenters sufficient funds to continue their exploitation.

There is nothing in the platform of the Democratic Party of 1932 nor in the interpretations of that platform on the part of its candidates for office which can be construed as a mandate from the American people to turn the American Nation over to the control of a small group of youthful theorists and economists.

There was no indication during the election of 1932 that the American people expected to find that the officers elected would permit of the Russianization of American business and the regimentation of labor and the farmer on the basis of collectivism.

I had the pleasure, Mr. President, on May 30, 1933, of pointing out the direful possibilities which would result under the National Industrial Recovery Act and later, on June 10, 1933, to my observations on this same legislation. I then expressed my views of that measure, and I have not changed my mind down to this hour. Although I have received criticism within and without my party and from the press throughout the country, I still stand firm, because the principles found in the National Industrial Recovery Act are not compatible with the principles that have made our Nation great and placed its people in such a position that they are envied by every other nation on the face of the earth because of their success not only in intellectual development but in chemical and industrial development as well.

Should the Senate of the United States debase itself by evading its responsibilities of treaty making and pass this measure, the making of reciprocal tariff treaties will be placed in the hands of the commercial policy committee which today, so I understand, consists of the following economists and college professors.

This list comprises Francis Sayre, chairman, Assistant Secretary of State; John Dickinson, Assistant Secretary of Commerce and late college professor; W. L. Thorpe, of the Department of Commerce, late a college professor and one who is looked upon by many Members of the Senate as a political opportunist in that he seeks and obtains high office in a Democratic administration even though he is listed as an active Republican worker; Rexford G. Tugwell, Under Secretary-to-be of Agriculture, whose persuasive influence at the White House is conceded by all. Tugwell was also a college professor and is the author of several books which seek to prove to the American people the benefits of communism, even though suggested in different language.

Then there are Oscar B. Ryder, of the Tariff Commission, an economist with well-known free-trade leanings; R. L. O'Brien, Chairman of the Tariff Commission, former school teacher and famous for his attempts to follow every political will-o'-the-wisp in tariff making—a veritable chameleon; and Thomas Walker Page, Vice Chairman of the Tariff Commission, for many years a college professor. Page is probably the best versed, the most intelligent, and the only one of the committee who is more interested in America, his own country, than in the success of foreign countries, but nevertheless a free-trader. Mr. Page is honest in his conclusions, honest in his convictions, regarding the principle of free trade as it should be applied to the American people. We could all understand his principles and his policy if the standards of Europe and China and Japan were brought to a parity with the standards which we demand here under the American flag.

I have no criticism to make of the character of these men. I have no criticism of the professional standing of these men, but their backgrounds are almost entirely restricted to lives of academic theory, inspiring no confidence that they can or do represent the views of American labor, the American farmer, American mining, or American business interests involved in the numerous decisions which are to be handled in secrecy.

Criticism was made on the floor of the Senate in 1929 and 1930 by the proponents of this measure opposing and restricting the flexible provisions of the present tariff act. The Republican Party, in supporting the flexible provisions of the tariff act, insisted on public hearings by the Tariff Commission and a study by experts of the Tariff Commission before such findings could be transmitted to the President for action. The President could not act until after such findings had been made by the Tariff Commission and referred to him.

The Congress in intrusting to the Tariff Commission the responsibility for making an honest investigation of the reasonableness of tariff rates had confidence in the honesty of purpose, the integrity and courage of those comprising the Commission. Had the Senate not had this confidence it would not have confirmed the men.

Personally, I still believe Senators were justified in their confidence. However, the recent utterances of the Chairman of the Commission warrant, I believe, either the Finance Committee or the Senate itself making it possible for the other members of the Tariff Commission to admit or deny the accuracy of the statements uttered by the Chairman of the Tariff Commission.

I have the honor to know at least one of the members of the Tariff Commission, the Honorable John Lee Coulter. He lived in West Virginia for a few years. We revered and esteemed him and admired his ability and his service. He served as dean of the department of agriculture of the great State university of our State. He could have become president of the university, but, because of other responsibilities which he was desirous of assuming, and, because of his ambition to travel in Europe and Asia, he declined the opportunity to become president of the State university. He has served as president of another outstanding educational institution of the country. No one can convince me that a man of that type, a man of his education and learning, would lend himself to anything that might be deemed a violation of the confidence evidenced by the Senate of the United States in confirming his nomination. I can make the same statement from the indirect knowledge I possess of him, with reference to one of the other gentlemen who has been suggested, Mr. Thomas Walker Page.

Either the Tariff Commission should continue as an honest, fearless, and independent body or it should be abolished forthwith. I do not believe that the President of the United States, either the present incumbent or the one who passed into history on March 4, 1933, would want to interfere with the duties of a Tariff Commission such as the Congress set up in the legislation of 1930. Having served as chief executive of one of the States of the Union, having the responsibility of the Governor's office and the responsibility of appointing commissions to fix rates for public-service corporations, it never occurred to me to discuss with such men their responsibility for fixing rates. To have done so would have been to ask them to violate their oath of office.

Under the proposed reciprocal tariff legislation there are to be no public hearings, no findings of fact by any governmental agency, and this commercial policy committee, or such other agency as may be designated to take its place, will make treaties as they alone see fit to make.

From time to time administration spokesmen and the college professors who are promoting the possible enactment of this legislation have spoken of inefficient industries, uneconomical industries, and have indicated in their speeches that in the agreements to be made with foreign nations only the inefficient American producer will be eliminated. They seek to find a market in foreign nations for our surplus farm products through the elimination, by way of increased imports, of what they term "our inefficient industries."

The newspapers of Monday, April 30, make reference to the supposed conversion of former Secretary of State Stimson to the policy of free trade and reciprocal trade treaties. This was to be expected. I could have told anyone in advance of the statement made by Mr. Stimson that he was not only a free-trader but that he was also an internationalist. It was known that he seldom, if ever, gave his wholehearted support to protective tariff rates while he was Secretary of State. Certainly he opposed the excise tax which protected the American coal miner, and the excise tax

which protected the American oil producer; and I know from information I possess that he objected to that kind of protection.

To some this announcement of Mr. Stimson may be news; but I wish to call the attention of those who are conversant with what was happening as long ago as 1928 to a statement made by the Honorable Matthew Woll, vice president of the American Federation of Labor, one of America's greatest men, in my judgment, whose principles, as he presents them frequently in the public forum, are sound American doctrine and safe to follow for the reason that he always has uppermost in mind the welfare of the rank and file of the citizenship. Mr. Woll, in a radio address, only last week, opposed the granting of authorization to the President to enter into reciprocal trade treaties with foreign nations without ratification by the Senate. He said, in part:

> These are precisely the same arguments as have been used for years by all those who see the solution of our economic problem, not in the increase of American mass purchasing power, but in plunging into the mad and illusory race for foreign markets. In this connection the language of Secretary Wallace and Secretary Hull does not differ a hair's-breadth from that of former President Hoover. It will be recalled that at his Newark labor speech in the campaign of 1928 Mr. Hoover offered increased exports as the solution of the unemployment problem, and that 4 years later Mr. Roosevelt responded to this speech, ridiculing Mr. Hoover's belief in markets which did not exist. Yet here are Secretary Wallace and Secretary Hull reasserting and championing the Hoover doctrine.

No doubt they are echoing the convictions or the reformation of the present Chief Executive.

It seems to me that the prestige sought by the advocates of this grant of power to the President through the proposed conversion of Mr. Stimson should have but little weight with the Senate of the United States.

What are the industries proposed to be made the subject of these reciprocal agreements?

So far we have learned that sugar, wool, lace, chemicals, fine textiles, and pottery are on the list of industries marked for slaughter.

In my section alone the pottery and china industry employs in normal times 17,000 skilled workers. Is it possible that the greatest china and pottery industry in America is to be eliminated? It will be if Mr. Wallace's principles are applied, in case the Senate of the United States passes this reciprocal tariff treaty bill.

Mordecai Ezekiel, economic adviser to the Secretary of Agriculture, in an article published in Today of April 21, 1934, openly admits that with authorization granted to the President to enter into reciprocal trade treaties with foreign nations it may be necessary for seven or eight millions of industrial workers to find employment in other industries.

Mr. President, take a man 45 or 50 years of age who has been connected from the beginning of his working life up to his present age with the pottery industry, the steel industry, or employed elsewhere in the mechanical world: How in justice and equity and under the responsibilities he has assumed to his family can he be reeducated and retrained so that he will become an efficient workman in some new industry about which he knows nothing?

Will such conditions help to restore domestic recovery? The answer is obvious.

Mr. President, I understand that the Secretary of Agriculture appeared before the Senate Finance Committee and contended that any American industry which required protection in the form of a tariff rate of 100 percent or more was inefficient or could easily be eliminated without great harm to our country.

For the information of the Senate, I have hastily compiled a list of some of the foreign products which the Tariff Commission indicates in its report to the Senate, in response to Senate Resolution 325, paid a customs duty in 1931 or 1932 in excess of 90 percent.

I feel confident that Members of the Senate who seemingly have overlooked the fact that we still have a representative form of government will be interested in looking over the list to which I refer, and which I ask to have printed as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. The list is as follows:

Foreign products which paid a duty in 1931 or 1932 in excess of 90 percent

Product	Percentage	Percentage that these imports are of domestic production
Ethyl alcohol	114.3	Less than 1 percent.
Barium chloride	130	Do.
Caffeiene	209.2	Do.
Flavoring extracts	126.7	Less than 5 percent.
Magnesium chloride	95.7	Less than 17 percent.
Linseed oil	97.7	Less than 1 percent.
Toilet waters	118.4	Do.
Cosmetics and toilet preparations	99.6	Do.
Phosphorus oxchloride	93.8	Less than 10 percent.
Varnishes	90	Less than 5 percent.
Sodium nitrite	118.6	Less than 1 percent.
Tungsten	142	Less than 3 percent.
Shoe-machine needles	100	Less than 1 percent.
Pocket cutlery	100.9	Less than 2 percent.
Scissors and shears	131.3	Less than 4 percent.
Pliers and pruners	110.4	Less than 5 percent.
Pistol and revolvers and parts	98.9	Less than 1 percent.
Clock and clock movements	107	Do.
Clock-work mechanism	98.3	Less than 2 percent.
Gold leaf	92.4	Less than 5 percent.
Spring clothespins	138.1	Less than 1 percent.
Lamb	117	Do.
Mutton and goat meat	102.5	Do.
Oleomargarine and butter substitutes	91.4	Do.
Frozen eggs	119.6	Do.
Whole eggs	106.8	Do.
Egg albumen	96.5	Do.
Egg yolks	119.6	Do.
Cleaned rice	102.5	Do.
Wheat	83.9	Do.
Maraschino cherries	113.4	Do.
Lemons	92.2	Do.
Almonds	89	Do.
Peanuts:		
Not shelled	194.2	Do.
Shelled	246.9	Do.
Soybeans	103	Do.
Alfalfa seeds	94.2	Do.
Red-clover seed	107.3	Do.
Dried beans	107.8	Do.
Onions	146.9	Less than 2 percent.
Potatoes	95.3	Less than 1 percent.
Cabbage	191.2	Do.
Celery	138.4	Do.
Cucumbers	113.8	Do.
Squash	108.5	Do.
Hops	176.1	Less than 4 percent.
Cotton rags	108.3	Less than 1 percent.
Jute yarns	144.4	Do.
Woven woolen fabrics	92.8	Less than 5 percent.
Woven felts	99.9	Do.
Woolen blankets	90	Less than 1 percent.
Wool felt hats	92.6	Do.
Rayon pile fabrics	111.3	Do.
Manufactures of rayon	91.2	Do.
Straw hats	90.1	Less than 2 percent.
Pearl-shell buttons	136.3	Less than 1 percent.
Matches	100	Do.
Match splints	300	Do.
Machine-made lace	90	Do.
Woven braids	90	Do.
Embroidered silk-knit goods	90	Less than 5 percent.
Embroidered wool-knit outerwear	90	Less than 1 percent.
Phonograph needles	133.2	Do.
Fountain pens	90.1	Do.
Cigar and cigarette holders	117.1	Do.
Chemical mixtures and salts	109.4	Do.
Barium carbonate, precipitated	161.4	Less than 25 percent.
Casein mixtures	140.7	
Potato starch	147.6	
Whiting	170.5	
Epsom salts	127.6	Less than 15 percent.
Oxalic acid	118	Do.
Soybean oil	126	Less than 1 percent.
Citric acid	115.8	Do.
Theobromine	110.2	Do.
Pumice stone	234.2	Do.
Floorspar	118.6	Do.
Caustic calcined magnesite	113	Do.
Decorated chinaware	93.4	Less than 22 percent; based on volume.
Plain chinaware	110.1	22 percent; based on volume.
Razors and parts	233.3	Less than 35 percent.
Iron and steel scrap with dutiable alloy	219	Less than 1 percent.
Base-metal watchcases	100	Do.
Clock parts, assembled	108.2	Do.
Watch parts, assembled	163.9	Do.
Lead content of lead pig	107.6	Do.
Cigar-wrapper tobacco	184.2	Less than 30 percent.
Scrap tobacco from Cuba	122.6	Less than 10 percent.
Cigarettes	120.8	Less than 0.1 of 1 percent.
Lupulin	378.9	Less than 1 percent.
Avacados	322	Do.
Split peas	138.2	Do.
Lima beans	106.4	Do.
Dried beans	107.8	Do.
Tomatoes	120.8	Less than 10 percent.
Celery	138.4	Less than 1 percent.
Squash	135.6	Do.
Winter vetch seed	116	Less than 50 percent.
Pimentos	108.9	Less than 25 percent.
Shelled walnuts	90.9	Less than 50 percent.

Foreign products which paid a duty in 1931 or 1932 in excess of 90 percent—Continued

Product	Percentage	Percentage that these imports are of domestic production
Flaxseed	99.5	Less than 40 percent.
Top woolen waste	175.5	Less than 1 percent.
Wool felt hat bodies	116.5	Do.
Woven woolen fabric	113.3	Do.
Wool blankets	94.8	Do.
Woven belts, machine clothing	99.9	Do.
Wool noils	105.6	Do.
Rayon bedspreads	101	Do.
Rayon cards	118	Do.
Thermostatic bottles	223.4	Less than 5 percent.
Toothbrush handles	144.1	

Mr. HATFIELD. Mr. President, it may be of interest to Senators who have given serious consideration to evading the responsibilities undertaken by them when they took the oath of office as Members of this body to glance over a list of articles or commodities which we have every reason to believe, should the President be authorized to enter into and conclude reciprocal trade treaties with foreign nations, will be eliminated from America.

These products, in the production of which many workers are employed, and which play a more or less prominent part in the make-up of our country, have been found by the United States Tariff Commission, in response to Senate Resolution 325, to be articles or commodities on which duties are levied, and which are more or less noncompetitive.

I ask that this list of articles and commodities be printed as part of my remarks, together with another list dealing with similar products.

The PRESIDING OFFICER. Without objection, it is so ordered.

The lists referred to are as follows:

ARTICLES AND COMMODITIES IMPORTED FROM FOREIGN COUNTRIES WHICH THE TARIFF COMMISSION REPORTS ARE NONCOMPETITIVE, OR IN WHICH FOREIGN NATIONS POSSESS ADVANTAGES

Carbon dioxide; lactic acid; ichthyol; ammonium perchlorate; argols, tartars, and wine lees; intermediates; dyes, stains, and colors; medicinals; photographic chemicals; flavors and perfume materials; cobalt oxide; casein compounds, galalith, etc.; digitalis; cutch extract, mangrove extract; agar-agar; menthol; seal oil; olive oil, edible; sunflower-seed oil, alizarin assistant, Turkey-red oil, sulphonated oil soaps; essential and distilled oils; perfume material; perfumery, including cologne; toilet waters; cosmetics and toilet preparations; floral or flower waters; high-grade artists' colors; mineral-earth pigments; acetylene black; ochers; siennas; umbers; potassium chlorate; potassium perchlorate; potassium ferricyanide; potassium bicarbonate; potassium ferrocyanide; potassium nitrate, or saltpeter, refined; soap, castile; strontium nitrate; titanium potassium oxalate; venice turpentine; bath brick; pumice stone; talc, steatite, or soapstone and French chalk; china and porcelain table and kitchen articles.

PARTIAL LIST OF COMMODITIES PROTECTED BY PAPER TARIFFS, AND ACCORDING TO THE FORMULA SET FORTH FOR THE ADMINISTRATION BY SECRETARY OF AGRICULTURE WALLACE, UPON WHICH TARIFF RATES SHOULD BE REDUCED OR ELIMINATED

Boric acid; acetone and ethyl methylketone; wood alcohol, hydrogen dioxide; aluminous cake; blackings, stains, and polishes; calcium carbide; chalk, cubes, blocks; dyes, stains, colors; collodion; pyroxylin; vegetable drugs; extracts for dyeing, coloring, etc.; formalin; printing inks; ink and ink powders; lime, citrate of; cottonseed oil; soybean oil; peppermint oil; toilet waters containing alcohol; cosmetics and toilet preparations; lampblack; white lead; toilet soap, perfumed; refined borax; sodium carbonate, sodium phosphate; sodium silicate; cornstarch; dextrine, n.s.p.f.; tin compounds; spirits of turpentine; rosin, raw; wood-tar oil; petroleum, crude; lubricating oils; kerosene oil; bricks; illuminating glass articles; plate glass; spectacles and eye glasses; monumental sandstone, etc., rough; roofing slate; iron and steel scrap; wrought iron; steel ingots; steel or iron plates; alloy steel bars; sheets of iron or steel; galvanized sheets, tin plates; iron and steel wire rods; covered wire and cable; copper wire, n.s.p.f.; brass wire; bronze and other wire; wire fencing; woven-wire cloth; antifriction bearings; cast-iron pipe; iron and steel tubes; transmission chains; iron and steel chains; cut nails, spikes; wire nails, spikes; wood screws; printing plates; harness hardware; electrical machinery; metal-cutting tools; safety-razor handles; safety-razor blades; surgical instruments; scientific instruments; files, rasps, etc.; pistols and revolvers; clocks and clock movements; clockwork mechanism; motorcycles and parts, motor boats; printing presses; metal-working-machine tools; knitting machine; textile machinery; machines and parts; nickel silver; copper tubes; padlocks; new type; zinc metal; anthracite coal; coke; plywood; wood furniture; corn sirup; manufactures of tobacco; cigarettes; tallow; oleo oil; olea stearin; swine; pork, pickled, etc.; pork, flesh; meats, fresh, frozen, etc.; beef or veal, cured, etc.; milk, sweetened, evaporated; whole milk, dried; malted milk; butter, dead poultry; eggs in shell; honey; salmon, fresh; barley; lemons; grapefruit; prunes; peanuts, not shelled; peanuts, shelled; alfalfa seed; red clover seed; timothy seed, dried beans; canned peas; onions; fine papers; wrapping paper; blotting paper; playing cards; container board; asbestos manufactures; agate buttons; cartridges and shells; sole leather; goat and kid upper leather; incandescent mantles; candles, pencils, fountain pens; corn; oats; rice, cleaned; rye; wheat; oil cake; linseed oil cake; cottonseed oil cake; apples; edible berries; vinegar; grapes; canned asparagus; chocolate, sweetened; coco butter; cotton, from 1⅛ to 1⅜; cotton yarns; countable cotton cloth; coated cotton cloth; terry woven fabrics; cotton blankets; cotton sheets and pillow cases; botton belting; cotton hosiery; cotton knitwear; jute yarns; crin vegetal; jute woven fabrics; table damask, other than cotton; floor oilcloth; wool rags; Japan straw matting; cashmere, etc.; silk ribbons; silk hosiery; silk wearing apparel; rayon pile woven fabrics; rayon knit apparel.

Mr. HATFIELD. Mr. President, I regret exceedingly having been compelled to take so much of the time of the Senate in the concluding period of the session of Congress. I try to be a patriot. I try to be responsive to my country's call. I am here for service. Had I not thought, and were there not convictions in my heart and soul that the proposed legislation is incompatible with the best interests of the greatest number under the American flag, I should not have made these observations upon this occasion.

EXHIBIT 1

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington.

(Special Circular No. 383—Chemical Division)

THE JAPANESE CHEMICAL INDUSTRY IN 1933

Assistant Trade Commissioner Donald W. Smith, Tokyo

The increased industrial activity, the export boom, and increased purchase of materials that could be utilized for military purposes made the year 1933 a prosperous one for the Japanese chemical industry. The increased output of rayon, paper, glassware, and iron and steel products stimulated the demand for industrial chemicals. The artificial fertilizer industry profited from the increased farm income during the first half of 1933 and the general advance in fertilizer prices. Dyestuffs manufacturers operated their plants at full capacity to meet the requirements of the cotton textile and rayon industries. The continuation of Japan's building boom and the construction activities of the Government aided paint manufacturers. A general improvement was noted in the prices of the leading crude drug exports, owing to the depreciation of the yen.

Japan's total foreign trade in chemicals was valued at 230,810,000 yen during 1933, an increase of 53,371,000 yen over the figure for 1932. Chemical imports increased by 18 percent in value while exports gained 66 percent.

The year was also one of great expansion for the Japanese chemical industry. Inspired by the desire for economic self-sufficiency in certain chemicals, new companies were organized to manufacture the items for which Japan has depended on foreign countries in the past, and the capacities of existing plants were extended to meet the increasing domestic requirements. There is apparently a strong desire to build up a chemical industry which will be independent of foreign nations in the event of a national emergency. The majority of the new chemical companies organized during the past year, however, were formed with a view to manufacturing items which can be made in Japan and for which there is a ready market. The Japanese chemical industry is well organized and is well equipped. As long as the domestic demand continues strong, Japanese chemical manufacturers will concentrate chiefly on meeting the requirements of their home market. Unfavorable conditions in Japan, affecting the domestic demand, however, would almost certainly result in a more determined effort on the part of Japanese chemical manufacturers to sell their products in world markets.

FOREIGN TRADE IN CHEMICALS, 1933

Considerable gains were noted in the value of both Japan's imports and exports of chemicals during 1933, the former indicating that the country is still far from being self-sufficient in certain items. Imports amounted to 155,298,000 yen compared with 131,881,000 yen during 1932. Exports increased to 75,520,000 yen from 45,566,000 yen. The increased imports were due chiefly to the improvement in the demand for fertilizers and fertilizer materials, and to the heavy demand for the crude chemicals required by the domestic industrial chemical industry.

The details of the value of Japan's foreign trade in chemicals follow:

Imports and exports of chemicals and allied products by groups

Group	Imports		Exports	
	1932	1933	1932	1933
	Yen	Yen	Yen	Yen
Industrial chemical and allied products	46,370,000	50,715,000	18,488,000	33,440,000
Dyes, paints, and similar products	16,636,000	16,542,000	4,766,000	9,439,000
Fertilizers	61,993,000	81,875,000	3,250,000	7,474,000
Toilet preparations, drugs, medicines	6,882,000	6,166,000	2,082,000	3,748,000
Crude drugs, insecticides, and agar-agar			16,980,000	21,419,000
Total	131,881,000	155,298,000	45,566,000	75,520,000

INVESTMENT IN THE CHEMICAL INDUSTRY

At the end of 1932 the total capital investment in chemical and allied industries in Japan was 1,012,497 yen, or 7.2 percent of the total investment in all industrial corporations employing over five workmen. This figure, however, includes the capital invested in companies making rayon, oils and fats, rubber goods, paper, and celluloid products which are not covered in this report. The capital investment of the companies making the items covered in this report, including industrial chemicals, dyestuffs, medical chemicals and medicines, paints and pigments, soaps and toilet preparations, matches, artificial fertilizers, and other chemicals, amounted to 510,839,040 yen, divided as follows:

Capital investment in Japanese chemical industry as of December 1932 [1]

Class of chemicals	Number of companies	Paid-up capital
		Yen
Industrial chemicals	201	71,107,066
Artificial fertilizers	173	230,072,789
Medicinal chemicals and prepared medicines	473	91,111,625
Dyestuffs	16	9,065,000
Paints and pigments	158	22,794,550
Soap and toilet preparations	212	31,553,600
Matches	33	6,235,600
Other chemicals	185	48,908,810
Total	1,451	510,839,040

[1] From Department of Commerce and Industry's Annual Report on Corporations

More new capital was invested in the chemical industry during 1933 than in any other industry, according to the published figures of the Bank of Japan. Thirty-three new companies with an aggregate capital of 102,920,000 yen were organized during the year, and eight companies increased their capital by 66,950,000 yen, making a total of 169,870,000 yen in new capital invested in the industry during the year compared with the total of 368,119,000 yen new capital invested in all industries during 1933. The figures given above, however, include the capital investment of newly formed rayon companies, and probably not more than one third of the total amount of new capital invested during 1933 was for the purpose of organizing companies to manufacture the chemical products covered in this report.

INDUSTRIAL CHEMICALS

Japanese production of industrial chemicals was stimulated during 1933 by the activity in the rayon, paper, glass, fertilizer, and other industries. The output of rayon, foreign-style paper, plate glass, and chemical fertilizers reached new high-record levels during the year, thereby creating an unprecedented demand for such items as caustic soda, sulphuric acid, nitric acid, and soda ash. The military replenishment program also brought about a heavy demand for explosives and materials for the production of explosives.

In 1931, the latest year for which details are available, the value of the industrial chemical output in Japan amounted to 113,547,701 yen. Owing to the increased output during the last 2 years and the advance in quotations on industrial chemicals, it is estimated that the value of the production of this class of chemicals in Japan during 1933 was at least 200,000,000 yen, and probably very much higher.

The only industrial chemical items for which official 1933 production figures are available are caustic soda, bleaching powder, soda ash, and sulphur.

Japanese production of certain industrial chemicals

[Metric tons]

Item	1931	1932	1933
Caustic soda	44,782	71,326	106,641
Bleaching powder	[1] 36,578	[1] 42,684	[1] 58,827
Soda ash	93,243	129,798	[2] 180,676
Sulphur	55,235	77,085	104,055

[1] Represents production of members of Bleaching Powder Manufacturers' Association only. Total Japanese output is about double the amount shown in the above table.

[2] Figures shown are for 11 months only, January to November.

SULPHURIC ACID

Sulphuric-acid production was stimulated during 1933 by the increased output of superphosphates, sulphate of ammonia, iron and steel products, and explosives. The annual production capacity of sulphuric-acid plants at the beginning of 1933 was 2,513,000 metric tons at 50° B. This was increased during the year to approximately 2,600,000 metric tons at 50° B. Production during 1933 was estimated by a leading producer at 1,980,000 metric tons, or 76 percent of capacity, while during 1932 it was 1,656,000 metric tons, or 65 percent of capacity, according to a Japanese chemical journal. Of the 1933 output, 640,000 metric tons were used in the manufacture of superphosphates, 840,000 tons for ammonium sulphate, and 500,000 tons in other industries.

The Japanese supply of sulphuric acid of 50° B. is produced by 35 companies in 54 plants, the equipment including 115 lead chambers and 37 towers. Fuming sulphuric acid is made in 7 plants, including 3 Army arsenals, the annual capacity being estimated at 31,500 metric tons (as of 25 percent SO_3). The country has an adequate supply of raw materials for this important item in domestic pyrites.

CAUSTIC SODA

The activity in Japan's textile, paper, and soap industries, and the remarkable expansion of the rayon industry have greatly increased the demand for caustic soda during the past 2 years. Japanese consumption of caustic soda in 1933 was estimated at approximately 100,000 metric tons, of which about 40,000 tons was consumed in the manufacture of rayon. The production capacity is about 160,000 metric tons, and actual production during 1933 was approximately 107,000 tons. The Caustic Soda Manufacturers' Association allowed its members to produce at only 55 percent of capacity during 1933. The most important Japanese manufacturer, Nihon Soda Industry Co., is not a member of the association, and it produced at almost full capacity, or about 65,000 metric tons.

There was an increasing tendency during 1933 for Japanese soda-ash manufacturers to convert soda ash into caustic soda. Several of the larger companies have announced their intention of increasing their output of caustic during 1934 by this method, in anticipation of the further expansion of the rayon industry. Although Japan is practically self-sufficient in the matter of caustic soda, it is still necessary to import some crude caustic soda for domestic manufacturers, but the increased amount of caustic soda produced from soda ash has reduced the imports of crude caustic soda from 41,612 metric tons in 1931 to only 12,527 tons in 1933.

SODA ASH

The domestic production of soda ash in 1933 showed an increase of over 100 percent over the 1931 output, owing to the increased manufacture of caustic soda from this product and the heavy demand from the Japanese glass industry.

Production of 200,000 metric tons of soda ash during 1933 represented the capacity output of the industry, but increases in the production capacity of existing companies are being planned for 1934. The import of 46,461 metric tons of soda ash and natural soda in 1933 was probably chiefly natural soda.

The domesic soda-ash industry has been aided to a considerable extent by the Japanese Government through the granting of subsidies to manufacturers. The 1932 and 1933 budgets of the Department of Commerce and Industry contained the sums of 470,410 yen and 50,129 yen, respectively, for the encouragement of the soda-ash industry in Japan.

SODIUM CHLORIDE (SALT)

The consumption of industrial salt in Japan in 1933 was over 800,000 metric tons, or almost double that for the previous year, owing to the increased production of alkalies. Although the country has become practically self-sufficient in alkali, the domestic industry is entirely dependent on foreign countries for its supply of industrial salt. During 1933 imports of salt amounted to 887,237 metric tons, of which 140,000 tons came from Kwantung Leased Territory, 120,000 tons from China, 35,000 tons from Manchuria, and the rest from African countries. The dependence of Japan's chemical industry on foreign countries for a supply of salt has caused some concern to the Government, and efforts are being made to interest Japanese industrialists in exploiting the salt fields in Manchuria. It appears probable that a special company will be organized to exploit the Manchurian salt deposits and that the capital will be furnished by Japanese chemical concerns.

SULPHUR

The output of 104,055 metric tons of sulphur in Japan in 1933 was the highest output recorded since the World War records of 1916 and 1917. Compared with the previous year, the 1933 output shows a gain of 26,970 metric tons, or 35 percent. The heavy output during the past year was stimulated by home and export demands. Exports of sulphur, which amounted to only 14,188 metric tons in 1931, increased to 26,000 tons in 1932 and to 32,127 tons during 1933. Details of the destination of Japan's exports of sulphur during 1933 are not yet available, but in the previous year most of the sulphur exported from Japan was shipped to Australia and New Zealand.

Pyrites statistics are not available.

METHANOL

The increasing demand for methanol for the production of formaldehyde and for use as solvents in the paint and dyestuffs

industries led to the development of a synthetic methanol industry during 1933. The sharp rise in imports of methanol, from 2,200 tons in 1931 to over 4,000 tons during 1932 and 1933, attracted the interest of Japanese industrialists, and three companies were formed during the year to supply the country's needs of this item by synthetic methods. Two companies with a combined annual output of 3,000 metric tons were in operation at the end of the year, and a third company, with an annual production capacity of 1,500 metric tons will be in operation before the summer of 1934.

CALCIUM CARBIDE

Production of calcium carbide during 1933 as reported by the Carbide Sales Association amounted to 227,000 metric tons, while the demand during the year reached 223,944 tons. The calcium carbide output during 1933 showed only a slight increase over the 1932 production but compared with the 1931 production, a gain of 33 percent was registered. Details of the consumption of calcium carbide in Japan during 1933, as reported by the Carbide Sales Association, follow:

CONSUMPTION OF CALCIUM CARBIDE IN JAPAN, 1933

		Metric tons
Consumed by manufacturers		154,970
(a) For production of cyanamide	79,970	
(b) For production of sulphate of ammonia by cyanamide process	75,000	
Sold in market		65,048
Exported		8,926
Total consumption, 1933		228,944

Since the formation of the Carbide Sales Association in June 1931 the market has been more effectively controlled and prices have advanced.

OTHER INDUSTRIAL CHEMICALS

The value of production of compressed gases, including oxygen, hydrogen, ammonia gas, carbon dioxide, and chlorine during 1931 was 32,749,339 yen, or 29 percent of the total value of all industrial chemical items. It is probable that during 1933 the value of the production of compressed gases rose to 50,000,000 yen.

Nitric acid and acetic acid are also important items produced by Japan's chemical industry, the country being on an export basis. The consumption of glycerin has risen sharply during the past few years, and the domestic production stimulated, the 1933 output being estimated at approximately 7,000 metric tons.

IMPORTS

Imports of industrial chemicals into Japan during 1933 were valued at 50,714,484 yen, compared with 46,369,675 yen during 1932.

The following table shows the details of imports of industrial chemicals into Japan by volume and value during 1932 and 1933:

Japanese imports of industrial chemicals

Item	1932		1933	
	Metric tons	Yen	Metric tons	Yen
Ammonium chloride	1,808	269,694	1,377	276,078
Boric acid	996	311,536	197	94,923
Borate of soda	8,895	1,020,476	8,015	1,064,115
Casein	2,563	701,812	3,576	1,567,042
Calcium acetate	11	164,102	9	161,389
Carbolic acid	104	82,706	218	244,539
Caustic soda, crude	28,185	3,865,364	12,477	1,994,008
Coal-tar distillates	2,939	783,991	6,817	2,644,613
Chemical products derived from coal-tar distillates		3,848,074		4,621,679
Cyanides of soda and potash	454	316,312	357	287,633
Explosives:				
Dynamite	604	651,416	108	156,343
Other		4,057,446		3,216,674
Formalin	120	38,638	255	133,201
Glue	556	306,900	512	287,833
Glycerin	2,981	1,422,211	1,126	639,072
Gum arabic	729	272,046	816	432,158
Gums (other)	2,318	789,642	2,446	1,008,668
Methanol	4,149	2,244,042	4,228	2,617,805
Naphthalene	3,068	346,709	3,572	625,971
Potassium bichromate	105	53,346	159	96,110
Reducing agents	282	148,440	304	208,407
Rosin	20,957	2,291,673	22,093	2,993,619
Shellac	1,550	1,107,335	1,897	1,664,668
Soda ash and natural soda	46,433	2,519,722	46,447	3,269,748
Sodium bichromate	162	55,115	140	66,113
Other chemicals		18,701,927		20,342,070
Total		46,369,675		50,714,484

EXPORTS

Heavy gains were registered during 1933 in the exports of acetic acid, calcium carbide, chlorate of potash, explosives, matches, sulphur, and sulphide of soda, while the volume of arsenious acid, iodide of potash, and iodine exported was considerably below the 1932 figures.

The volume and value of the exports of industrial chemicals from Japan during 1932 and 1933 follow:

Japanese exports of industrial chemicals

Item	1932		1933	
	Metric tons	Yen	Metric tons	Yen
Acetic acid	146	66,332	807	425,614
Arsenious acid	2,224	359,330	1,332	268,302
Bleaching powder	2,858	261,134	3,391	486,730
Calcium carbide	6,475	549,617	8,925	946,539
Chlorate of potash	273	123,202	453	269,240
Explosives	100	113,159	372	1,088,844
Glue	1,003	509,351	947	500,361
Iodide of potash	61	842,999	43	678,610
Iodine	42	603,676	28	442,144
Matches	2,762	938,434	9,706	3,248,599
Nitric acid	2,103	413,866	2,644	530,575
Sulphur	25,997	1,435,489	32,114	2,430,842
Sulphuric acid	4,031	337,284	4,720	419,341
Sulphide of soda	4,989	491,673	6,278	593,109
Other industrial chemicals		7,300,629		14,581,115
Total	53,060	14,816,933	71,765	27,359,316

FERTILIZERS

There was a definite improvement in the Japanese fertilizer trade during 1933. Although agricultural conditions were most unfavorable at the close of the year, owing to declining silk prices and an overproduction of the country's most important crop—rice—high prices were obtained for the spring and summer cocoon crops, and farm income—at least during the first half of the year—was estimated at approximately 12 percent higher than during the same period of the previous year. The favorable factors affecting the demand for fertilizers during the first half of the year were reflected by increased domestic production of the leading artificial fertilizers and a general advance in fertilizer prices. The outlook for the coming year is not promising, as the present level of farm prices is so low that fertilizer purchases must, of necessity, be reduced to a minimum. The high productive capacity of the arable land in Japan has been made possible only by the intensive application of fertilizers, however, and there is a definite limit to which farmers may reduce their purchases of fertilizers.

PRODUCTION

The average annual value of fertilizer production in Japan proper during the 5-year period—1928–32—was 169,927,472 yen. The 1932 output was valued at 157,989,246 yen, and the estimated value of the 1933 production in Japan proper was probably in the neighborhood of 200,000,000 yen. The production of mineral fertilizers, including sulphate of ammonia, cyanamide, and superphosphates, during 1932 was valued at 81,798,323 yen. The following table, compiled from the Statistical Abstract of the Ministry of Agriculture and Forestry, 1931–32, shows the value of fertilizer production by classes during 1931 and 1932:

Fertilizer production, Japan proper, 1931–32

Class of fertilizer	1931	1932
	Yen	*Yen*
Animal	13,092,247	19,678,439
Vegetable	24,083,335	25,805,816
Mineral	61,557,154	81,798,323
Mixed	25,910,288	30,658,833
Miscellaneous	83,651	47,835
Total	124,726,675	157,989,246

The output of superphosphates during 1933 amounted to 1,127,977 metric tons, compared with 1,037,730 tons during 1932, while sulphate of ammonia production increased to 713,746 tons from 684,887 tons.

PRICES

Quotations of the leading fertilizers were higher during 1933 than during the previous year. Domestic sulphate of ammonia in sacks averaged 94.13 yen per metric ton during 1933, compared with 72.80 yen in 1932. Imported sulphate of ammonia, in bulk, advanced from 71.45 yen during 1932 to 93.12 yen in 1933. The increase in sulphate of ammonia prices was largely due to the effective price control by the Sulphate of Ammonia Distribution Guild. Cyanamide quotations advanced from 0.134 yen per unit of 1 percent to 0.150 yen. Bean-cake prices also showed a slight gain, the average quotation during 1933 being 3.52 yen per 100 kin (1 kin equals 1.32 pounds), compared with 3.37 yen per 100 kin during 1932. During the latter part of 1933 quotations on Chilean nitrates were below sulphate of ammonia quotations. Only one other important fertilizer showed a decline in price during 1933, namely, superphosphate. Prices which had averaged 1.10 yen per sack of 7½ kwan (19.5 percent) during 1932, averaged only 1.03 yen per sack during 1933.

IMPORTS

The total imports of fertilizers and fertilizer materials into Japan during 1933 amounted to 1,615,354 metric tons valued at 81,875,482 yen, compared with 1,527,781 tons valued at 61,993,416 yen in 1932.

Japanese imports of fertilizers and fertilizer materials

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Metric tons	*Yen*	*Metric tons*	*Yen*
Nitrate of soda, crude	23,766	2,049,282	34,915	3,858,059
Chloride of potash, crude	14,186	1,825,349	33,724	5,009,091
Sulphate of potash, crude	18,705	2,110,939	23,389	3,986,646
Sulphate of ammonia, crude	118,782	7,035,354	108,492	9,420,832
Phosphate rock	559,642	11,097,459	703,967	15,374,392
Bone dust	32,075	3,165,420	24,136	1,764,896
Bean cake	629,658	28,470,869	539,802	33,635,289
Rapeseed residue	69,713	3,855,416	44,192	2,590,912
Cottonseed residue	21,727	1,329,461	65,815	3,829,692
Other oil residue	22,384	943,577	19,457	1,124,650
Fish-guano	1,995	163,525	2,030	162,007
Other fertilizers	15,148	946,765	15,435	1,119,016
Total	1,527,781	61,993,416	1,615,354	81,875,482

Details concerning the countries of origin of Japan's fertilizer imports during 1933 are not yet available, but during the first half of the year the following fertilizers were imported from the United States:

Japanese imports of fertilizers from the United States, January–June 1933

Item	Quantity	Value
	Metric tons	*Yen*
Nitrate of soda, crude	9,139	983,019
Chloride of potash, crude	8,862	1,582,536
Phosphate rock	73,751	1,424,545
Animal bone	194	62,388
Other	8	50
Total	91,954	4,052,538

EXPORTS

Japanese exports of fertilizers almost doubled in quantity and more than doubled in value during 1933 compared with the previous year. Total exports during 1933 amounted to 31,234 metric tons of artificial fertilizers and 52,634 tons of other fertilizers, compared with 25,300 tons of artificial fertilizers and 18,659 tons of other fertilizers during 1932.

Details showing the countries to which this fertilizer was shipped are not yet available. It is believed, however, that most of the artificial fertilizer exported during 1933 was sulphate of ammonia and that the majority was shipped to the United States.

DYESTUFFS

Since the World War Japanese dyestuffs manufacturers have been encouraged and aided by the Government in building up an industry which would make the country independent of foreign nations in the matter of dyestuffs. The Government aid to the domestic industry has been in three forms: Protective tariff, a commercial treaty with Germany, and subsidies to the leading manufacturers. In 1933 the leading manufacturers claimed that they were able to produce all of the 283 colors included in the Government program of self-sufficiency in dyestuffs.

The protective tariffs need no explanation, except that further increases would no doubt be made if necessary to give additional protection to the domestic industry. The commercial treaty made with Germany in 1928 covering dyestuffs provides that certain dyes and intermediates may be imported only with the consent of the Japanese Government. The subsidies to manufacturers have been in the nature of direct cash grants from funds appropriated for the Department of Commerce and Industry. During the past 5 years the total subsidies have amounted to approximately 5,000,000 yen, the 1933–34 budget providing for subsidies amounting to 1,101,291 yen. The largest subsidies during recent years have been granted to the manufacturers of artificial indigo, 1,571,811 yen having been appropriated during the fiscal years 1932–33 and 1933–34 for this item. It is reported that no further subsidies will be granted to dyestuffs manufacturers.

The increasing importance of the woolen-goods industry in Japan is receiving the serious attention of the leading dyestuffs manufacturers, and they have announced that during 1934 they will concentrate on the production of dyes for this industry.

PRODUCTION

It is conservatively estimated that the production of synthetic dyestuffs in Japan during 1933 increased by approximately 40 percent in volume over the output during 1932. The increased production of cotton textiles and rayon during 1933 probably increased the demand for dyestuffs by at least one third. On the basis of the visible supply and demand for dyestuffs during the years 1931 and 1932, it is estimated that the production of dyestuffs in Japan during 1933 amounted to 19,800,000 kilos and that the consumption was approximately 14,700,000 kilos. Imports of synthetic dyestuffs fell from 1,975,870 kilos during 1932 to 972,150 kilos during 1933, while exports increased from 4,521,231 to 6,083,849 kilos. The following table shows the visible supply and demand for dyestuffs in Japan during 1931 and 1932 and the estimated supply and demand during 1933:

Japanese supply of synthetic dyestuffs

[Kilos]

	1931	1932	1933
Imports	1,997,802	1,975,870	972,150
Production	9,659,380	13,849,000	19,804,000
Total supply	11,657,182	15,824,870	20,776,150
Exports	2,011,752	4,521,231	6,083,000
Total available for consumption	9,645,430	11,303,641	14,693,150

As sulphur dyes have accounted for approximately 80 percent of the total output of all synthetic dyes made in Japan during the past few years, and the exports of sulphur dyes for about 90 percent of the total exports of all dyes, it is believed that a better idea of the supply and demand for synthetic dyestuffs in Japan during the past 3 years may be obtained from the following table, which does not include sulphur colors:

Japanese supply of synthetic dyestuffs, exclusive of sulphur dyes

[Kilos]

	1931	1932	1933
Imports	1,900,000	1,888,648	902,622
Production	1,552,485	4,651,870	7,690,288
Total supply	3,452,485	6,440,518	8,592,910
Exports	[1] 201,175	[1] 452,123	[1] 608,384
Total available for consumption	3,251,310	5,988,395	7,984,526

[1] Estimated.

It will be noted from the above table that during 1933 there was an estimated increase in production of synthetic dyestuffs, excluding sulphur dyes, of approximately 65 percent, which more or less agrees with the estimates of 1933 production made by the leading manufacturers.

The only official figures available on dyestuffs production during 1933 are on aniline and indigo. According to the monthly production report of the Department of Commerce and Industry, the output of aniline for the first 11 months of 1933 amounted to 2,713,173 kilos, valued at 2,780,064 yen, compared with 2,184,457 kilos, valued at 1,572,609 yen, during the same period of 1932. Indigo output during the first half of 1933 amounted to 247,098 kilos, valued at 1,045,225 yen, while that for the entire year 1932 totaled 164,643 kilos, valued at 630,331 yen. The domestic production of indigo during 1933 almost entirely displaced foreign imports of this item, the imports during the year amounting to less than 10,000 kilos.

IMPORTS

The decline in the volume of imports of synthetic dyestuffs during 1933 from that in the previous year indicates the progress made by Japanese dyestuffs manufacturers over the past 2 years. Domestic producers have, however, been aided by the depreciation of the yen, which has made the price of foreign dyestuffs prohibitive since the embargo on the export of gold in December 1931. A rise in the value of the yen would almost certainly mean an increase in imports of certain dyestuffs, despite the development of the domestic industry, as it is believed that there are many dyes required by Japanese textile and rayon manufacturers which can be produced more economically abroad than in Japan.

There were no changes in the relative positions of the three leading suppliers of dyestuffs to Japan during 1933, the order in relative importance being Germany, Switzerland, and the United States. The value of imports of synthetic dyes from Germany, however, increased from 52 percent of the total during 1932 to 62 percent of the total during 1933, the Swiss share dropped from 22 percent of the total to 15 percent, and that of the United States dropped from 13 percent to 11 percent.

The details of imports of synthetic dyestuffs, by kinds, into Japan during 1932 and 1933 follow:

Japanese imports of synthetic dyestuffs

Kind	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	*Yen*	*Kilos*	*Yen*
Acid colors	321,474	1,587,716	177,013	1,366,047
Basic colors	166,477	1,425,462	111,175	1,284,751
Direct cotton colors	385,725	1,802,914	294,049	1,990,758
Indigo, artificial	284,282	1,425,434	9,711	33,909
Mordant and acid-mordant colors	294,555	1,311,010	222,463	1,363,845
Sulphide colors	87,222	336,110	70,131	433,198
Vat colors	113,780	1,017,100	72,770	1,431,506
Other colors	32,340	160,692	24,177	156,205
Total	1,775,867	9,066,438	971,489	8,060,218

EXPORTS

Exports of coal-tar dyes during 1933 amounted to 6,116,249 kilos, valued at 2,895,974 yen, compared with 4,521,231 kilos valued at 1,522,648 yen in 1932.

PAINTS, PIGMENTS, COATINGS, AND FILLING MATTER

The Japanese paint industry has prospered during the past 2 years owing to the construction activity in Japan proper and to the growing demand in other Asiatic countries for Japanese paints. The following estimates of the annual output of paints and pigments in Japan were taken from the Japanese newspapers, the Osaka Mainichi and Tokyo Nichi Nichi.

JAPANESE PAINT AND PIGMENT PRODUCTION

	Kilos
Paints:	
Enamels	6,000,000
Other paints	20,000,000
Varnishes	10,000,000
Pigments:	
Zinc oxide	13,000,000
Red lead	7,000,000
Lithopone	2,000,000
Barytes	2,000,000

According to one of the leading manufacturers of paint in Tokio, the 1933 output of ships-bottom paint was approximately 2,000,000 kilos and the output of white lead about 1,500,000 kilos.

IMPORTS

Japan is almost entirely independent of other countries in the matter of paints, imports being limited to small quantities of anticorrosive paints from England. Imports of carbon black, however, are important, increasing from 2,437,260 kilos in 1932 to 3,766,260 kilos in 1933. These figures do not include imports from Taiwan which have recently become important, the exports from that country to Japan during the first 11 months of 1933 amounting to 1,200,658 kilos, according to a recent report from American Consul John B. Ketchem.

The total imports of paints, pigments, coatings, and filling matters into Japan during 1932 and 1933 follow:

Japanese imports of paints, pigments, coatings, and filling matters

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	Yen	Kilos	Yen
Carbon black	2,437,080	1,001,645	3,776,260	1,431,506
Lacquer	1,256,940	2,043,913	1,463,400	2,695,877
Paints:				
Ships-bottom	94,752	87,736	86,757	153,133
Other	----------	132,938	----------	129,395
Other dyes and pigments	----------	3,025,490	----------	3,170,622
Other coating and filling matters	----------	660,767	----------	531,134

EXPORTS

The following table shows the total exports of paints, pigments, coatings, and filling matters from Japan during 1932 and 1933:

Japanese exports of paints, pigments, coatings, and filling matters

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	Yen	Kilos	Yen
Metal powders	56,889	68,630	92,070	117,485
Paints	1,985,391	750,192	3,967,991	1,829,919
Red lead	2,462,237	552,289	1,732,351	433,698

TOILET PREPARATIONS, DRUGS, SOAPS, AND PATENT MEDICINES—IMPORTS

Japan's imports of toilet preparations, drugs, soaps, and patent medicines consist chiefly of botanicals which are not obtainable in this country and certain medicines and toilet preparations for the consumption of the foreign population and wealthier Japanese.

Japanese imports of toilet preparations, drugs, soaps, and medicines

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	Yen	Kilos	Yen
Acetyle-salicylic acid	121,160	499,340	39,991	186,593
Alcoholic medicinal preparations	[1] 48,126	311,501	[1] 27,086	290,649
Antipyrine	47,005	289,066	18,000	282,926
Aromatic chemicals	14,658	97,827	5,680	73,070
Chinchona bark	212,184	277,029	211,723	320,547
Licorice	1,774,980	506,995	2,039,160	671,740
Milk sugar	331,077	207,283	255,690	198,792
Quinine	10,334	343,599	11,127	582,641
Perfumed waters	24,666	248,399	18,167	340,409
Pyramidon	57,915	758,803	18,400	520,667
Salicylic acid	85,452	123,675	107,685	181,022
Tooth powders and prepared perfumeries	----------	379,708	----------	318,825
Other compounds of drugs and medicines	----------	2,946,005	----------	2,397,049

[1] Liters.

EXPORTS

Japanese exports of toilet preparations and medicines increased sharply during 1933 as compared with the previous year. Although exporters were aided to a considerable extent by the depreciation of the yen during the past year, it is believed that the volume of trade secured in dentifrices and toilet preparations during 1933 is only a beginning, and that exports of these items will become greater as Japanese merchants learn the requirements of the Asiatic markets. The exports of medicines are believed to be chiefly Japanese remedies for Japanese subjects residing abroad. The following table shows the details of exports of toilet preparations, prepared perfumeries, soaps, and patent medicines during 1932 and 1933. The exports of crude drugs will be covered in a separate section.

Japanese exports of toilet preparations and prepared patent medicines

Item		1932		1933	
		Quantity	Value	Quantity	Value
			Yen		Yen
Prepared medicines		----------	746,355	----------	1,272,998
Perfumed water and hair oil	dozen	121,287	249,419	269,853	480,329
Prepared perfumeries:					
Tooth powders and pastes	kilos	210,097	300,375	405,440	502,511
Toilet preparations	do	134,788	198,274	405,201	561,310
Other	do	284,733	325,282	423,343	411,979
Toilet cream	do	188,372	262,318	447,284	516,046

CRUDE DRUGS, INSECTICIDES, AND AGAR-AGAR

EXPORTS

The value of Japan's exports of crude drugs, including camphor and menthol, insecticides, including pyrethrum flowers and agar-agar, increased in value from 16,979,919 yen during 1932 to 21,419,416 yen in 1933. Increases were noted in the volume of exports of camphor and menthol, owing partly to heavier shipments of these items to the United States. The United States, Japan's best customer for pyrethrum flowers, purchased about 18 percent less in volume during 1933 than during the previous year, but the average value rose from 83.50 yen per 100 kilos to 124.80 yen per 100 kilos. Shipments to the United States of Japanese agar-agar during 1933 increased almost 40 percent in volume over the previous year.

Japan's exports of the leading crude drugs, insecticides, and agar-agar during 1932 and 1933 follow:

Japanese exports of crude drugs, insecticides, and agar-agar

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	Yen	Kilos	Yen
Agar-agar	1,282,440	3,165,540	1,311,780	3,198,956
Camphor	1,409,520	3,541,042	1,656,240	4,445,108
Camphor oil	1,124,640	618,631	821,940	484,893
Ginseng	8,906	36,034	18,760	80,347
Insect powder	545,880	320,288	548,880	761,496
Joss stock for insectifuge	741,993	562,377	776,163	656,883
Menthol crystal	257,043	3,689,621	318,500	5,283,983
Menthol cane	----------	94,068	----------	157,811
Pyrethrum flowers	5,680,680	4,752,298	5,088,480	6,349,939

WAGE CONDITIONS IN THE DISTRICT OF COLUMBIA

Mr. ROBINSON of Indiana. Mr. President, I desire to invite the attention of the Senate to some developments in connection with the labor situation here in Washington, particularly in connection with the Federal building program.

Some of the charges which are being made would indicate that the situation here is appalling. There ought, of course, to be the fullest investigation. I understand that a resolution is pending in the House of Representatives—I do not know that it has been adopted yet—looking toward such an examination and investigation of the facts. If the House does not go through with the investigation, the Senate should take it up.

Last Friday there appeared in the Washington Herald an article with the headline, "$500,000 Wage Racket in U.S. Work Charged."

Then there is this very startling opening paragraph:

Employment of labor on some of the $100,000,000 Federal building projects in the District of Columbia is in the hands of racketeers.

More than $500,000 already has been illegally diverted from wages and pockets by crooked contractors.

If $500,000 has been diverted from wages, that means it is being taken from American laboring men and women and

their children; and how such a condition as that could be permitted to go on in the Capital City of the Nation is beyond understanding.

Some of these charges would seem to be almost incredible, and yet they have been given the widest currency. Therefore, I repeat that, of course, they should be thoroughly investigated.

I continue reading:

Hundreds of employees have been forced to accept ownership stock in lieu of wages.

Dummy corporations have been chartered in the form of subcontractors who force workmen to accept smaller pay, thus illegally increasing the profits of the original contractor.

Workmen who threatened to expose these practices by contractors have been told they would be fired and blacklisted by other contractors unless they continued to work for wages offered them.

All artifices of clever legal minds have been used to divert public funds from the purses of the poor laborer for which the building program was originally devised by Congress.

I have been informed—I do not know whether it is entirely true or not—that where wages of $11 a day were paid to some of those engaged in the building trades, they were forced to give back as much as $8 of the $11 to the contractors, leaving the worker himself with only $3 of the original $11; and yet these contractors are bold enough to carry on nefarious schemes of this kind right in the shadow of the White House and of the dome of the Nation's Capitol.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. ROBINSON of Indiana. I do.

Mr. BORAH. How was that information secured?

Mr. ROBINSON of Indiana. The information I have given, excepting the last item, is taken literally from this publication in the Washington Herald of last Friday.

Mr. BORAH. I was wondering how the Herald got the information. It seems to me if they have the information, if it is in somebody's possession, it ought to be acted upon.

Mr. ROBINSON of Indiana. I am not sure how the Herald obtained the information.

Mr. BORAH. In other words if they know that these statements are facts, they must know who the guilty parties are, and who the parties to the transaction are, and it would be easy to proceed against them. The Herald, I apprehend, would be glad to give the facts to the Government.

Mr. ROBINSON of Indiana. Even so, Mr. President, the Senator will admit that everybody's business is nobody's business. Somebody ought to investigate it and go into it, and then see that indictments are drawn against those who are discovered to be culpable.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. HAYDEN in the chair). Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I will state that the senior Senator from New York [Mr. COPELAND], who has been very active in ferreting out this malpractice, introduced a bill, which came before the Committee on the Judiciary, which I think was reported unanimously, looking to action so that there might be something done in an effective way to prohibit that practice. I am not familiar with whether or not it is against the law now, but the Senator from New York introduced a bill to break up the practice. It seemed that he had heard of the practice in advance of the publicity given to it, and had taken the precaution of introducing a bill to try to break it up.

Mr. ROBINSON of Indiana. In connection with the observation of the Senator from Idaho, I may say that it makes no difference where the Washington Herald gets the information, the fact is that the information now has come to us as they have given it to us. It is not enough for the Senate of the United States to state that there is nothing we can do as long as the information may be in the files of a newspaper. It is now up to the Senate, it seems to me, and to the people's representatives, to investigate these charges, to see whether or not there is any truth in them. That is the point I make.

Mr. BORAH. It may be true that there should be an investigation, but I was wondering why, if the facts are already available, why the authorities have not acted.

Mr. ROBINSON of Indiana. Mr. President, that is precisely the reason why I am bringing this matter now to the attention of the Senate, hoping that some action will be forced through additional publicity.

Mr. ROBINSON of Arkansas. Mr. President, as stated by the Senator from Louisiana, the committee of which the Senator from New York [Mr. COPELAND] is chairman made an investigation of this subject, and found that in many localities the practice was being pursued of paying laborers liberal compensation, and then taking back a part of the compensation. Thereupon, the committee reported a bill, which passed the Senate unanimously, but, on account of some complaint which was filed, and the fear that it might have a broader effect than was intended, a motion was made by the Senator from Indiana, I think, to recall the bill from the House of Representatives. At my suggestion no action was taken on the motion to recall the bill from the House, and it was stated that conferences were being held with a view to working out some amendment. It is for that reason that express legislation penalizing such conduct has not already become law.

Unquestionably the practice is to be condemned not only as immoral, but as one of the very worst forms of racketeering. The point I am making is that there does not appear to be any necessity for further investigation. What is needed is legislation strengthening the arm of the Federal authorities so that this form of racketeering may be promptly and effectively punished.

Mr. ROBINSON of Indiana. Mr. President, if the Senator is referring to the two bills which, at the request of American labor, I moved to have reconsidered, I doubt whether they would go to this question at all. I do not think they have any reference to any such thing as that to which I am calling the attention of the Senate. If these charges be true, there is plenty of law on the statute books to reach the culprits without any additional legislation. I certainly hope that American workers cannot be forced to yield up their wages at the most flagrant demand of these racketeering contractors. Are we to understand that they have no remedy, unless the Senate and the House should sometime in the future enact a law giving them a remedy? I think the remedy is on the books now.

Mr. LONG. Mr. President, I do not understand that there is any question, from what we have heard from the committee investigating the subject, and others investigating it, that the charges are fairly well substantiated. As I understand it, there was a clause in the contracts that the contractors were to pay the wage earners $11 a day. That was the basis upon which they secured their contracts. I understand that they went to the extent of reducing the wages down to around $8 a day, sometimes by compelling refunds. The Senator from New York, as I understand it—and he had a rather full committee meeting—introduced a bill, which was reported by the committee, and I had understood it passed the Senate.

Mr. ROBINSON of Indiana. Right along that line, permit me to read a very plain statement made by the press.

Since 1928, $2,000,000 belonging to the workers has been taken from their pay envelops and put in the purses of the contractors, many of them outsiders, in this city alone, it is believed. No estimate has been made as to how much this will amount to all over the country.

Although administration officials have shown indifference to the pleas of labor to put an end to what is described as the largest job racket in the history of the country, the United States Treasury has already forced half a dozen local contractors to disgorge $15,000 and give it back to the rightful owners—the workmen.

That statement is made plainly.

Mr. BORAH. Mr. President, in asking my questions, I am not asking them in criticism of anybody, but it is within the power of the Government which has permitted these contracts to be executed upon a certain basis, upon the payment of a certain amount, when it ascertains that that is not

being done, to call the contractors in, give them a hearing and, if the contracts are being violated, the Government has a perfect right to terminate the contracts.

Mr. ROBINSON of Indiana. Precisely, and that is why I am trying to emphasize on the floor of the Senate the conditions which seem to exist.

I do not care to go into the matter any further, except that I think this article ought to go into the RECORD, and I ask especially that the Senator from New York [Mr. COPELAND], whom I know has been investigating matters of this kind, take note of the article. I shall personally bring it to his attention.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. I have no hesitancy in saying that anyone, whether he be an official or merely a private citizen, who gives support to any such practice as that brought to the attention of the Senate by the Senator from Indiana, is deserving of condemnation, and of punishment, insofar as the law authorizes it.

Mr. ROBINSON of Indiana. Mr. President, I ask unanimous consent to have the article printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald]

FIVE HUNDRED THOUSAND DOLLAR WAGE RACKET IN UNITED STATES WORK CHARGED—MCFADDEN DEMANDS INQUIRY INTO ALLEGED GRAFT OF CONTRACTORS ON BUILDINGS HERE

Employment of labor on some of the $100,000,000 Federal building projects in the District of Columbia is in the hands of racketeers.

More than $500,000 already has been illegally diverted from wages and pocketed by crooked contractors.

These and other charges, some of them so sensational as to be unbelievable, are behind the resolution offered on the floor of the House late yesterday afternoon by Representative MCFADDEN (R.), of Pennsylvania.

DUMMY CORPORATIONS

MCFADDEN demands an immediate investigation of the activities of all contractors engaged in Federal construction work in the District of Columbia.

Based on material furnished by the Washington Herald and revealed for the first time by the Herald today, MCFADDEN says he is ready to prove scores of violations of the Bacon-Davis Act and asks the appointment of a committee of five for an immediate investigation.

Among the other charges which will be made are:

Hundreds of employees have been forced to accept ownership stock in lieu of wages.

Dummy corporations have been chartered in the form of subcontractors who force workmen to accept smaller pay, thus illegally increasing the profits of the original contractor.

WORKMEN THREATENED

Workmen who threatened to expose these practices by contractors have been told they would be fired and blacklisted by other contractors unless they continued to work for wages offered them.

All artifices of clever legal minds have been used to divert public funds from the purses of the poor laborer for which the building program was originally devised by Congress.

Since 1928, $2,000,000 belonging to the workers has been taken from their pay envelops and put in the purses of the contractors, many of them outsiders, in this city alone, it is believed. No estimate has been made as to how much this will amount to all over the country.

SOME PLUNDER RETURNED

Although administration officials have shown indifference to the pleas of labor to put an end to what is described as the largest job racket in the history of the country, the United States Treasury has already forced half a dozen local contractors to disgorge $15,000 and give it back to the rightful owners—the workmen.

Secret hearings have been held at star chamber proceedings to "protect" the contractors, although a number of the offenders have been put out of business. The Herald will disclose the proceedings of these hearings exclusively, in future articles.

Three portfolios of sensational evidence, in the form of photostats of canceled checks and affidavits were shown to Representative MCFADDEN by Albert Caya, business agent of the Carpenters' District Council, and J. B. Lagasa, both acting for 3,000 joiners and carpenters in this area.

OVER LONG PERIOD

MCFADDEN was shocked when confronted with the weight of evidence gathered by Caya and Lagasa for the past 2 years that, after introducing his resolution on the floor of the House, he declared:

"I have offered this resolution for an immediate investigation into the conduct of Federal building projects in the District because of information of apparently unquestionable veracity which has been conveyed to me.

"Evidence is available that wage rates prevailing in Washington have been ignored in violation of the law; that wages due have not been paid, and that workers who have asked for their money have been threatened with discharge.

"The requested investigation is not in any way partisan. I am informed these practices began in the last administration. The Herald has evidence to show that diversion of funds from workers' pay envelopes, occurred in both past and present administrations. A situation so deplorable should be dealt with without any thought of politics."

M'FADDEN'S REQUEST

The McFadden resolution, which was offered to the Committee on Rules and ordered to be printed, reads as follows:

"*Resolved*, That the Speaker is authorized and directed to appoint a select committee to be composed of 5 members of the House, 1 of whom he shall designate as chairman. The committee is authorized and directed to investigate the activities of general contractors engaged in Federal construction work in the District of Columbia, particularly with reference to the withholding of the pay, or any portion of the pay due workmen employed by them on such work in violation of Public Act No. 798, approved March 3, 1931 (46 Stat. 1494), known as the "Bacon-Davis Act." The committee shall, as soon as practicable, but not later than the termination of the present Congress, report to the House the results of its investigation, together with such recommendations for legislation, as it deems advisable.

"SEC. 2. For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia, or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take such testimony, to have such printing and binding done and to make such expenditures as it deems necessary."

WAGE PROTECTION LAW

The Bacon-Davis Act, passed under the Hoover administration, provided that in the case of every contract for a public-works project of more than $5,000 the prevailing rate of wages in the vicinity of the construction must be paid.

In a subsequent Executive order President Hoover laid down the following stipulation:

"It is expressly understood and agreed that the aforesaid wages shall be paid unconditionally in full not less often than once a week and in lawful money of the United States, to the full amount accrued to each individual at time of payment and without subsequent deduction or rebate on any account."

HUNGRY MEN VICTIMS

MCFADDEN stated that he will demand that immediate action be taken by the House to carry the investigation to the limit and to put a stop to racketeering on Federal projects. He added:

"Various questionable devices have been used to avoid payment of wages due. That these devices were unfair is evidenced by the fact that when complaint has been made by organized labor officials, employing contractors have been forced to make full restoration.

"Such practices defeat the aims under which funds for these projects were appropriated by Congress and allotted by the Executive. Graft which extorts toll from hungry men and their families is an exposition of greed and depravity which cannot be tolerated."

Mr. ROBINSON of Arkansas subsequently said: Mr. President, some moments ago the Senator from Indiana [Mr. ROBINSON], who is not now in the Chamber, made a brief statement and had printed in the RECORD an article published in the Washington Herald relating to racketeering in the matter of employment on public building contracts in the city of Washington. During the course of the colloquy which occurred at that time I took occasion to condemn the practice to which the Senator from Indiana referred, and stated that a bill on the subject, reported by the senior Senator from New York [Mr. COPELAND] from the special committee of which he is chairman, after having passed the Senate, was recalled or that a motion to reconsider the vote by which the bill was passed was entered by the Senator from Indiana. I have since investigated the RECORD and find that the latter statement was incorrect.

The bill applicable to the subject matter to which the Senator from Indiana referred is the bill (S. 3041) to effectuate the purpose of certain statutes concerning rates of pay for labor by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes. That bill passed the Senate on April

26 and is now awaiting consideration in the House of Representatives. The bill is aimed directly at such nefarious practices as were referred to by the Senator from Indiana in his statement. I ask that a copy of the bill introduced by the Senator from New York [Mr. COPELAND], to which I have just referred, may be printed as a part of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That whoever shall induce any person employed in the construction, prosecution, or completion of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, or in the repair thereof to give up any part of the compensation to which he is entitled under his contract of employment, by force intimidation, threat of procuring dismissal from such employment, or by any other manner whatsoever, shall be fined not more than $5,000, or imprisoned not more than 5 years, or both.

SEC. 2. To aid in the enforcement of the above section, the Secretary of the Treasury and the Secretary of the Interior jointly shall make reasonable regulations for contractors or subcontractors on any such building or work, including a provision that each contractor and subcontractor shall furnish weekly a sworn affidavit with respect to the wages paid each employee during the preceding week.

Mr. COPELAND. Mr. President, I should like to say a word about this matter if I may.

I have observed the articles in the various publications in Washington about the so-called "kick-back." It will be recalled that the other day when the bill was before the Senate I explained that our committee had held hearings. We had, as a matter of fact, extensive hearings on this very subject. It is one of the vilest practices of which I ever heard. I suppose every one is to blame for it, because the laborers themselves in their anxiety to get jobs—and we cannot blame them for that in these days—have indicated a willingness to make a rebate. The story was told our committee that they would actually bid against each other for the jobs by putting matches in their hatbands. Two matches in a hatband meant that particular man was willing to turn back $2 a day, three matches meant $3 a day, and even $4 a day. I am frank to say that I am satisfied that a tremendous scandal may be uncovered regarding this particular practice.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Arkansas?

Mr. COPELAND. Certainly.

Mr. ROBINSON of Arkansas. During the course of the colloquy to which I referred a moment ago while I had the floor, it did not appear whether there are existing Federal statutes under which prosecutions may be instituted against contractors indulging in the very objectionable practice referred to.

Mr. COPELAND. It was the opinion of our committee, after receiving testimony from competent persons, that there are not at the present time statutes which will reach this particular evil. The bill which the Senator just placed in the RECORD provides that the Secretary of the Treasury and the Secretary of the Interior, who have charge of public works, shall jointly make regulations requiring contractors and subcontractors to furnish every week a sworn affidavit as to the amount of money actually paid, not alone in toto, but to each individual employee, so that there shall be some way of reaching the subcontractor or contractor or other person who is taking money from the pockets of the laborers. To my mind, the bill which has just been referred to is a very important bill. It will do much good, we hope, in correcting this vile evil.

The other day when I was speaking, I read a letter from Mr. William Green, president of the American Federation of Labor. He called attention to the condition and endorsed the bill. He said it was a corrective measure which should be put into effect, and I hope it will soon receive favorable attention at the other end of the Capitol and become a law.

Mr. ROBINSON of Arkansas. Mr. President, in order that the RECORD may be complete, in my remarks in the colloquy with the Senator from Indiana reference was made to two bills which had passed the Senate, and respecting which the Senator from Indiana had made motions for reconsideration. The two bills referred to were Senate bill 2248, to protect trade and commerce against interference by violence, threats, coercion, or intimidation; and Senate bill 2249, applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise. The Senator from Indiana did not move to recall or to reconsider Senate bill 3041, which is the measure applicable to racketeering in employment, and which, as I have already stated, passed this body on the 26th of April.

ABOLISHMENT OF OFFICE OF ALIEN PROPERTY CUSTODIAN

The PRESIDING OFFICER (Mr. REYNOLDS in the chair) laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am transmitting herewith an Executive order providing for the abolishment of the office of the Alien Property Custodian and the transfer of its functions to the Department of Justice.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 1, 1934.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes; that the House receded from its disagreement to the amendment of the Senate numbered 1 to the said bill, and concurred therein, with an amendment, in which it requested the concurrence of the Senate, and that the House insisted upon its disagreement to the amendment of the Senate numbered 13 to the bill.

REPLENISHMENT OF CONTINGENT FUND OF THE SENATE

Mr. BYRNES. Mr. President, I ask unanimous consent for the immediate consideration of the concurrent resolution which I send to the desk.

The PRESIDING OFFICER. The concurrent resolution will be read.

The legislative clerk read the concurrent resolution (S.Con. Res. No. 14), as follows:

Whereas H.R. 8617, the Legislative Branch Appropriation Act, 1935, passed by the House on March 22, 1934, contains a provision on page 9, beginning in line 12 and extending down to and including a part of line 17, as follows:

"For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, $144,455"; and

Whereas the Senate adopted an amendment (no. 21) to the foregoing provision, as follows: On page 9, line 17, strike out "$144,455" and insert "$268,955, of which $150,000 shall be for the fiscal year 1934"; and

Whereas the conferees, in their report on the said bill, which was adopted by both Houses, recommended that the House recede from its disagreement to the said amendment and agree to the same, said amendment therefore not being subject to further amendment; and

Whereas the joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes, passed by the House on April 26, 1934, was amended by the Senate by inserting on page 1, after line 6, certain language, of which the following is a part:

"SENATE

"For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1934, $150,000"; and

Whereas the foregoing amendment is a duplication of the appropriation of $150,000 for the fiscal year 1934, as contained in the Legislative Branch Appropriation Act, 1935: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That in the event the Senate amendment to the foregoing joint resolution (H.J.Res. 332) is agreed to by the House of Repre-

sentatives and the existing differences of the two Houses on certain amendments of the Senate to the bill H.R. 8617, the Legislative Branch Appropriation Bill, 1935, are adjusted, the Clerk of the House of Representatives be, and he is hereby authorized and directed, in the enrollment of the said bill H.R. 8617, to insert, in lieu of the language contained in said Senate amendment no. 21, the following: "$118,955."

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

Mr. McNARY. Mr. President, will not the Senator from South Carolina accompany the resolution with a short explanation of the reasons for it and what it purports to do?

Mr. BYRNES. I shall be glad to do so.

The legislative bill authorized an appropriation for the contingent fund of the Senate not only for the fiscal year 1935 but an amount for the fiscal year 1934, with which to pay a number of employees who have been engaged in connection with the so-called "stock-exchange investigation", the air-mail investigation, and some other investigations ordered by the Senate.

A partial report on the legislative appropriation bill was agreed upon by the conferees. That partial report included the amount necessary to replenish the contingent fund. The legislative appropriation bill, however, remains in dispute between the two Houses. Within the last few days a joint resolution has come to the Senate from the House of Representatives carrying an appropriation for the contingent fund of the House. Because there is no money in the contingent fund of the Senate, and certain employees are now embarrassed as a result of that deficiency, the Senate Appropriations Committee suggested an amendment to that joint resolution, which amendment was adopted by the Senate providing an appropriation for the contingent fund of the Senate for the remainder of the present fiscal year. Therefore, the necessary amount is provided not only in the joint resolution but also in the partial conference report on the legislative appropriation bill. This concurrent resolution is designed to correct that situation and to authorize the engrossing clerk of the House, in case the joint resolution shall be finally passed, to eliminate from the partial report on the legislative bill the amount which was heretofore agreed upon by the conferees on the part of the two Houses.

Mr. McNARY. Mr. President, the difficulty I experience is that a few days ago, at the instance of the able Senator from Tennessee [Mr. McKELLAR], the contingent fund was replenished by means of an appropriate joint resolution. What relation has the concurrent resolution now offered to the joint resolution which the Senator from Tennessee had passed on Friday last?

Mr. BYRNES. That joint resolution makes necessary the concurrent resolution now before the Senate, for the reason that the appropriation which was made possible by the amendment of the Senator from Tennessee was added to the joint resolution which originated in the House and provided only an appropriation for the contingent fund of the House. If the joint resolution shall be passed, as it will be within the next few days, then there will remain in the partial conference report on the legislative appropriation bill an amount for the same purpose. The conferees on the part of the House desire the concurrent resolution in order to straighten out that situation and make sure that there will not be a duplication of the appropriation.

Mr. McNARY. Very well. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, the senior Senator from Nevada [Mr. PITTMAN] has given notice from time to time of his desire to have the Senate proceed to the consideration of certain treaties on the Executive Calendar. In order that opportunity may be afforded, I shall move that the Senate proceed to the consideration of executive business.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. McNARY. I am quite in accord with the request of the Senator from Arkansas. However, I should like to have an understanding at this point, in view of the absence of the Senator from Delaware [Mr. HASTINGS], that the unfinished business be not proceeded with until tomorrow.

Mr. ROBINSON of Arkansas. Very well. In all probability the consideration of the treaties will require the remainder of the afternoon, and I think it would be impracticable to proceed today with the bill which is the unfinished business.

Mr. McNARY. That is satisfactory.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. REYNOLDS in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations in the Marine Corps which were referred to the Committee on Naval Affairs.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. BLACK, from the Committee on the Judiciary, reported favorably the nomination of Guy C. Reeve, of Florida, to be United States marshal, southern district of Florida, to succeed Charles N. Hildreth, Jr., resigned.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

THOMAS D. SAMFORD

Mr. BLACK. From the Committee on the Judiciary, I report back favorably the nomination of Thomas D. Samford, of Alabama, to be United States attorney for the middle district of Alabama; and, because of the peculiar circumstances, I ask for the immediate consideration of the nomination. It will lead to no debate. The district attorney died last week. The grand jury was in session at the time of his death. There is a vacancy in the office; and for that reason I desire to ask immediate consideration of this nomination, which has been unanimously reported by the committee.

The PRESIDING OFFICER. The nomination will be read.

The legislative clerk read the nomination of Thomas D. Samford, of Alabama, to be United States attorney, middle district of Alabama, to succeed Arthur B. Chilton, deceased.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? Without objection, the nomination is confirmed.

Mr. BLACK. I ask that the President be notified.

The PRESIDING OFFICER. Without objection, the President will be notified.

If there are no further reports of committees, the calendar is in order.

INTERNATIONAL INSTITUTE OF AGRICULTURE AT ROME

The Senate as in Committee of the Whole, proceeded to consider Executive C, Seventy-third Congress, second session, a protocol, signed at Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome, which was read the second time, as follows:

PROTOCOL RELATIVE TO THE INTERNATIONAL CONVENTION OF SEPTEMBER–JUNE 1905

The undersigned, duly authorized by their respective Governments, have agreed as follows:

Paragraphs 3 and 4 of article 10 of the International Convention of June 7, 1905, for the creation of the International Agricultural Institute, shall be replaced by the following text:

"The amount of the contribution shall be fixed each year as follows: The number of the units of subscription is multiplied by the number of countries in each group. The total thus calculated gives the number of units by which the total expenditure authorized by the General Assembly shall be divided, reckoned in the currency of Italy, where the Institute has its headquarters, and after deducting the receipts other than the contributions of the States. The quotient gives the amount of the unit of subscription.

"In no case shall the contribution corresponding to each unit of subscription exceed the sum of 4,000 gold francs as a maximum.

"Contributions paid after the close of the financial year shall be deducted from the expenditure of the following year."

The present Protocol shall take effect on January 1, 1927.

ROME, *April 21, 1926.*

Germany:
[L.S.] C. VON NEURATH

Argentina:
[L.S.] CARLOS BREBBIA

Austria:
[L.S.] LOTHAIRE (Subject to ratification)

Belgium:
[L.S.] OSCAR BOLLE

Belgian Congo:
[L.S.] P. DEVUYST

Brazil:
[L.S.] OSCAR DE TEFFÉ

Bulgaria:
[L.S.] G. RADEFF

Chile:
[L.S.] E. VILLEGAS

Denmark:
[L.S.] HARALD ROGER SCAVONIUS

Egypt:
[L.S.] M. EL GAZAERLY

Ecuador:
[L.S.] LUIS ANTONIO PANAHERRERA

Spain:
[L.S.] E. C. CONTE DE LA VINAZA

Esthonia:
[L.S.] A. JURGENSON

Finland:
[L.S.] ROLF THESLEFF

France:
[L.S.] RENÉ BESNARD
[L.S.] A. MESSÉ

French West Africa:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Algeria:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Indo-China:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Madagascar:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Morocco (French portion):
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Tunis Regency:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Great Britain and Northern Ireland:
[L.S.] RONALD GRAHAM

Australia:
[L.S.] RONALD GRAHAM

Canada:
[L.S.] RONALD GRAHAM

British-Indian Empire:
[L.S.] RONALD GRAHAM

Subject to the reservation indicated below:

Irish Free State:
[L.S.] RONALD GRAHAM

New Zealand:
[L.S.] RONALD GRAHAM

Union of South Africa:
[L.S.] I. S. SMIT

Greece:
[L.S.] N. MAVROUDIS

Hungary:
[L.S.] MARFFY MAUTUANO

Italy:
[L.S.] BENITO MUSSOLINI

Erytrea:
[L.S.] BENITO MUSSOLINI

Cirenaica:
[L.S.] BENITO MUSSOLINI

Italian Somaliland:
[L.S.] BENITO MUSSOLINI

Tripolitania:
[L.S.] BENITO MUSSOLINI

Japan:
[L.S.] M. MATSUDA

Latvia:
[L.S.] P. LEYA

Lithuania:
[L.S.] VOLDEMARIS CARNCKIS

Luxembourg:
[L.S.] P. DE VUYEST

Mexico:
[L.S.] MAMEL Y. DE NIGRI

Norway:
[L.S.] OVE C. L. VANGENSTEN

Netherlands:
[L.S.] A. VAN DER GOES

Dutch East Indies:
[L.S.] A. VAN DER GOES

Peru:
[L.S.] C. CISNEROS Y. RAVGADA

Persia:
[L.S.] F. PAKREVAN

Poland:
[L.S.] S. PRZEZDZIECKI

Portugal:.
[L.S.] HENRIQUE FRINDADE COELHO

Rumania: With the specification that Rumania adheres to the Contribution of States in the second category.
[L.S.] N. M. VLADESCO

Sweden:
[L.S.] BILDO

Switzerland:
[L.S.] WAGNERE

Czechoslovakia:
[L.S.] MILOS CERMAK

I hereby declare that my signature is given for India on the understanding that Gouvernment of India accept the new method of fixing the contribution of the State acceding to the International Institute of Agriculture at Rome and agree to the amendments to paragraphs 3 and 4 of article 10 of the Convention of June 7th, 1905, subject to the reservation that if in any year their liability as a member of Group II under the new system exceeds eleven thousand rupees per annum in terms of Indian currency, they reserve to themselves the liberty of withdrawing to a lower group.

RONALD GRAHAM.

Mr. PITTMAN. Mr. President, in proceeding with the consideration of this protocol, in the first place, I wish to have the message from the President and the letter of the Secretary of State read from the desk.

The PRESIDING OFFICER. Without objection, the clerk will read.

The Chief Clerk read as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to adherence thereto by the Government of the United States, I transmit herewith a protocol, signed at

Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome. I agree with the view of the Secretary of State, expressed in the accompanying report, that this Government should pay its full pro rata share of the expenses of the Institute and I trust that the Senate will view the matter in the same light and will authorize me to state the adherence of this Government to the protocol.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 19, 1934.*

The PRESIDENT:

On April 21, 1926, there was signed for governments members of the International Institute of Agriculture at Rome, a protocol substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, by which the Institute was created. Although this Government was a party to the convention of 1905 and had actively supported the Institute from the time of its foundation, and although no objection was perceived to the provisions of the protocol, it was not signed on behalf of this Government. In 1926 difficulties had arisen between this Government and the Institute which eventually led to the withdrawal of the American member of the Permanent Committee and to a cessation of active American participation in the work of the Institute. During the period of nonparticipation, this Government refused to pay its contribution in accordance with the terms of the protocol, but continued to make the annual payment of 120,000 French francs in accordance with the obligations assumed under the convention.

The difficulties between this Government and the Institute were eventually removed by negotiation. During the present fiscal year the United States has made a contribution of 192,000 gold francs in accordance with the provisions of the protocol, and on August 14, 1933, we resumed our full collaboration with the Institute by the appointment of an American member of the Permanent Committee. It would, therefore, appear to be wise and equitable that the obligations of the Government of the United States toward the support of the Institute should henceforth be fixed and paid on the same basis as are those of the other member governments.

To this end the undersigned, the Secretary of State, has the honor to lay the protocol before the President, and to recommend that, if his judgment approve thereof, it be transmitted to the Senate with a request that the Senate give its advice and consent to adherence thereto by the United States.

This recommendation is concurred in by the Secretary of Agriculture, who has stated to me in writing that it would be desirable to follow this procedure.

Respectfully submitted.

CORDELL HULL.

DEPARTMENT OF STATE,
Washington, February 16, 1934.

Mr. PITTMAN. Mr. President, the Institute of Agriculture at Rome was established many years ago. It was really originated by a citizen of California, who took great interest in the development of agriculture. As is stated in the letter, there was some dispute over our contributions to the Institute. The real dispute arose over the difference in the exchange rate of the dollar and the Italian lira. The exchange was first placed on the basis of the franc; and then, as all the expenses were incurred in Italy, there was a difference in the exchange rate between the lira and the franc. It amounted practically to only a few dollars. As we have now paid up in accordance with all the rules applying to the other governments, and the protocol has been reported unanimously by the committee, I do not think any further explanation is needed; and I ask for a vote.

Mr. FLETCHER. Mr. President, I remember the time the Institute was established. I remember especially the activities of Mr. David Lubin in connection with it. I understood that at that time the King of Italy had, at his own expense, constructed a magnificent building in Rome, called the "Temple of Agriculture", for the holding of the sessions of this International Institute. Is that building still maintained?

Mr. PITTMAN. It is still maintained. It houses the Institute. We dropped out of the Institute for a year on account of the difference between the exchange rates, but we are now back in it, and the Senate is asked to ratify the protocol providing the method of paying our contribution.

Mr. FLETCHER. I think the Institute a very excellent institution, and I shall be very glad to vote for the ratification of the treaty.

The PRESIDING OFFICER. If there be no amendment, the protocol will be reported to the Senate.

The protocol was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive C, Seventy-third Congress, second session, a protocol, signed at Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two thirds of the Senators present concurring therein, the resolution is agreed to, and the protocol is ratified.

INTERNATIONAL TELECOMMUNICATION AND RADIO REGULATIONS

The Senate, as in Committee of the Whole, proceeded to consider Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932, which was read the second time, as follows:

[Translation]

INTERNATIONAL TELECOMMUNICATION CONVENTION

An international telecommunication convention concluded among the governments of the countries listed hereinafter:

Union of South Africa; Germany; Republic of Argentina; Commonwealth of Australia; Austria; Belgium; Bolivia; Brazil; Canada; Chile; China; Vatican City State; Republic of Colombia; French Colonies, protectorates and territories under French mandate; Portuguese Colonies; Swiss Confederation; Belgian Congo; Costa Rica; Cuba; Curacao and Surinam; Cirenaica; Denmark; Free City of Danzig; Dominican Republic; Egypt; Republic of El Salvador; Ecuador; Eritrea; Spain; United States of America; Empire of Ethiopia; Finland; France; United Kingdom of Great Britain and Northern Ireland; Greece; Guatemala; Republic of Honduras; Hungary; Italian Islands of the Aegean Sea; British India; Dutch East Indies; Irish Free State; Iceland; Italy; Japan, Chosen, Taiwan, Karafuto, Kwantung Leased Territory and the South Sea Islands under Japanese mandate; Latvia; Liberia; Lithuania; Luxemburg; Morocco; Mexico; Nicaragua; Norway; New Zealand; Republic of Panama; Netherlands; Peru; Persia; Poland; Portugal; Rumania; Italian Somaliland; Sweden; Syria and Lebanon; Czechoslovakia; Tripolitania; Tunisia; Turkey; Union of Soviet Socialist Republics; Uruguay; Venezuela; Yugoslavia.

The undersigned, plenipotentiaries of the governments listed above, having met in conference at Madrid, have, in common agreement and subject to ratification, concluded the following Convention:

CHAPTER I

ORGANIZATION AND FUNCTIONING OF THE UNION

ARTICLE 1

Constitution of the Union

§ 1. The countries, parties to the present Convention, form the International Telecommunication Union which

shall replace the Telegraph Union and which shall be governed by the following provisions.

§ 2. The terms used in this Convention are defined in the annex to the present document.

ARTICLE 2

Regulations

§ 1. The provisions of the present Convention shall be completed by the following Regulations:

the Telegraph Regulations,
the Telephone Regulations,
the Radio Regulations (General Regulations and Additional Regulations),

which shall bind only the contracting governments which have undertaken to apply them, and solely as regards governments which have taken the same obligation.

§ 2. Only the signatories to the Convention or the adherents to this document shall be permitted to sign the Regulations or to adhere thereto. The signing of at least one of the sets of Regulations shall be obligatory upon the signatories of the Convention. Similarly, adherence to at least one of the sets of Regulations shall be obligatory upon the adherents to the Convention. However, the Additional Radio Regulations may not be the subject of signature or adherence except when the General Radio Regulations have been signed or adhered to.

§ 3. The provisions of the present Convention shall bind the contracting governments only with respect to the services governed by the Regulations to which these governments are parties.

ARTICLE 3

Adherence of Governments to the Convention

§ 1. The government of a country, in the name of which the present Convention has not been signed, may adhere to it at any time. Such adherence must cover at least one of the sets of annexed Regulations, subject to the application of § 2 of article 2 above.

§ 2. The act of adherence of a government shall be deposited in the archives of the government which received the conference of plenipotentiaries that has drawn up the present Convention. The government with which the act of adherence has been deposited shall communicate it to all the other contracting governments through diplomatic channels.

§ 3. Adherence shall carry with it as a matter of right, all the obligations and all the advantages stipulated by the present Convention; it shall, in addition, entail the obligations and advantages stipulated by the particular Regulations which the adhering governments undertake to apply.

ARTICLE 4

Adherence of Governments to the Regulations

The government of a country signatory or adherent to the present Convention may at any time adhere to one or more of the sets of Regulations which it has not undertaken to observe, taking into account the provisions of article 2, § 2. Such adherence shall be notified to the Bureau of the Union which shall inform the other governments concerned thereof.

ARTICLE 5

Adherence to the Convention and to the Regulations by Colonies, Protectorates, Overseas Territories, or Territories under Sovereignty, Authority, or Mandate of the Contracting Governments

§ 1. Any contracting government may, at the time of its signature, its ratification, its adherence, or later, declare that its acceptance of the present Convention is valid for the whole or a group or a single one of its colonies, protectorates, overseas territories, or territories under sovereignty, authority, or mandate.

§ 2. The whole or a group or a single one of these colonies, protectorates, overseas territories, or territories under sovereignty, authority, or mandate may, respectively, at any time, be the subject of a separate adherence.

§ 3. The present Convention shall not apply to colonies, protectorates, overseas territories, or territories under sovereignty, authority, or mandate of a contracting government, unless statement to this effect is made by virtue of § 1 of the present article, or a separate adherence is made by virtue of § 2 above.

§ 4. The declarations of adherence, made by virtue of § 1 and § 2 of this article, shall be communicated through diplomatic channels to the government of the country on the territory of which was held the conference of plenipotentiaries, at which the present Convention was drawn up, and a copy thereof shall be transmitted by this government to each of the other contracting governments.

§ 5. The provisions of §§ 1 and 3 of this article shall also apply either to the acceptance of one or more of the sets of Regulations, or to the adherence to one or more of the sets of Regulations, within the terms of the provisions contained in article 2, § 2. Such acceptance or adherence shall be notified in conformity with the provisions of article 4.

§ 6. The provisions of the preceding paragraphs shall not apply to the colonies, protectorates, overseas territories, or territories under sovereignty, authority, or mandate which appear in the preamble of the present Convention.

ARTICLE 6

Ratification of the Convention

§ 1. The present Convention must be ratified by the signatory governments and the ratifications thereof must be deposited, as soon as possible, through diplomatic channels, in the archives of the government of the country which received the conference of plenipotentiaries that has drawn up the present Convention; this same government shall, through diplomatic channels, notify the other signatory and adhering governments of the ratifications, as soon as they are received.

§ 2. In case one or more of the signatory governments would not ratify the Convention, the latter shall none the less be valid for the governments which shall have ratified it.

ARTICLE 7

Approval of the Regulations

§ 1. The governments must, as soon as possible, submit their decision concerning the approval of the Regulations drawn up by the Conference. This approval shall be reported to the Bureau of the Union which shall inform the members of the Union accordingly.

§ 2. In case one or several of the governments concerned would not report such an approval, the new regulatory provisions shall none the less be valid for the governments which shall have approved them.

ARTICLE 8

Abrogation of Conventions and of Regulations Prior to the Present Convention

The present Convention and the Regulations annexed thereto shall abrogate and replace, in the relations between the contracting governments, the International Telegraph Conventions of Paris (1865), Vienna (1868), Rome (1872), and St. Petersburg (1875), and the Regulations annexed thereto, as well as the International Radiotelegraph Conventions of Berlin (1906), London (1912), and Washington (1927), and the Regulations annexed thereto.

ARTICLE 9

Execution of the Convention and of the Regulations

§ 1. The contracting governments undertake to apply the provisions of the present Convention and of the Regulations accepted by them, in all the offices and in all the telecommunication stations established or operated by them, and which are open to the international service of public correspondence, to the broadcasting service, or to the special services governed by the Regulations.

§ 2. Moreover, they agree to take the steps necessary to enforce the provisions of the present Convention and of the Regulations which they accept, upon the private operating agencies recognized by them and upon the other operating agencies duly authorized to establish and operate telecommunications of the international service whether or not open to public correspondence.

ARTICLE 10

Denunciation of the Convention by the Governments

§ 1. Each contracting government shall have the right to denounce the present Convention by a notification, addressed, through diplomatic channels, to the government of the country in which was held the conference of plenipotentiaries that has drawn up the present Convention, and

announced by these governments to all the other contracting governments, likewise through diplomatic channels.

§ 2. This denunciation shall take effect at the expiration of the period of 1 year, beginning with the day on which the notification was received by the government of the country in which the last conference of plenipotentiaries was held. This effect shall apply only to the author of the denunciation; the Convention shall remain in force for the other contracting governments.

ARTICLE 11

Denunciation of the Regulations by the Governments

§ 1. Each government shall have the right to terminate the obligation which it has undertaken to apply one of the sets of Regulations, by notifying its decision to the Bureau of the Union which shall inform thereof the other governments concerned. Such notification shall take effect at the expiration of the period of one year, beginning with the day on which it was received by the Bureau of the Union. This effect shall apply only to the author of the denunciation; the Regulations in question shall remain in force for the other governments.

§ 2. The provision of § 1 above shall not annul the obligation for the contracting governments to enforce at least one of the sets of Regulations, covered by article 2 of this Convention, taking into account the reservation contained in § 2 of the said article.

ARTICLE 12

Denunciation of the Convention and of the Regulations by Colonies, Protectorates, Overseas Territories, or Territories under Sovereignty, Authority, or Mandate of the Contracting Governments

§ 1. The application of the present Convention to a territory, by virtue of the provisions of § 1 or § 2 of article 5, may terminate at any time.

§ 2. The declarations of denunciation provided for in § 1 above shall be notified and announced according to the conditions stated in § 1 of article 10; they shall take effect according to the provisions of § 2 of the latter article.

§ 3. The application of one or more of the sets of Regulations to a territory, by virtue of the provisions of § 5 of article 5, may terminate at any time.

§ 4. The declarations of denunciation provided for in § 3 above shall be notified and announced in accordance with the provisions of § 1 of article 11 and shall take effect under the conditions set forth in the said paragraph.

ARTICLE 13

Special Arrangements

The contracting governments reserve the right, for themselves, for the private operating agencies recognized by them, and for other operating agencies duly authorized to that effect, to conclude special arrangements on service matters which do not concern the governments in general. However, such arrangements must remain within the terms of the Convention and of the Regulations annexed thereto, as regards interference which their application might be likely to cause with the services of other countries.

ARTICLE 14

Relations with Noncontracting Governments

§ 1. Each of the contracting governments reserves the right, for itself and for the private operating agencies which it recognizes, to determine the conditions under which it will admit telecommunications exchanged with a country which has not adhered to the present Convention or to the Regulations which contain the provisions relative to the telecommunications involved.

§ 2. If a telecommunication originating in a nonadhering country is accepted by an adhering country, it must be transmitted and, so far as it uses the channels of a country adhering to the Convention and to the respective Regulations, the mandatory provisions of the Convention and of the Regulations in question, as well as the normal rates, shall be applicable to it.

ARTICLE 15

Arbitration

§ 1. In case of disagreement between two or more contracting governments concerning the execution of either the present Convention or the Regulations contemplated in article 2, the dispute, if it is not settled through diplomatic channels, shall be submitted to arbitration at the request of any one of the governments in disagreement.

§ 2. Unless the parties in disagreement agree to adopt a procedure already established by treaties concluded between them for the settlement of international disputes, or the procedure provided for in § 7 of this article, arbitrators shall be appointed in the following manner:

§ 3. (1) The parties shall decide, after mutual agreement, whether the arbitration is to be intrusted to individuals or to governments or administrations; failing an agreement on this matter, governments shall be resorted to.

(2) In case the arbitration is to be intrusted to individuals, the arbitrators must not be of the same nationality as any one of the parties concerned in the dispute.

(3) In case the arbitration is to be intrusted to governments or administrations, the latter must be chosen from among the parties adhering to the agreement, the application of which caused the dispute.

§ 4. The party appealing to arbitration shall be considered as the plaintiff. This party shall designate an arbitrator and notify the opposing party thereof. The defendant must then appoint a second arbitrator, within 2 months after the receipt of plaintiff's notification.

§ 5. If more than two parties are involved, each group of plaintiffs or of defendants shall appoint an arbitrator, observing the same procedure as in § 4.

§ 6. The two arbitrators thus appointed shall agree in designating an umpire who, if the arbitrators are individuals and not governments or administrations, must not be of the same nationality as either of them or either of the parties involved. Failing an agreement of the arbitrators as to the choice of the umpire, each arbitrator shall propose an umpire in no way concerned in the dispute. Lots shall then be drawn between the umpires proposed. The drawing of lots shall be done by the Bureau of the Union.

§ 7. Finally, the parties in dispute shall have the right to have their disagreement settled by a single arbitrator. In this case, either they shall agree on the choice of the arbitrator, or the latter shall be designated in conformity with the method indicated in § 6.

§ 8. The arbitrators shall be free to decide on the procedure to be followed.

§ 9. Each party shall bear the expense it shall have incurred in the investigation of the dispute. The cost of the arbitration shall be apportioned equally among the parties involved.

ARTICLE 16

International Consulting Committees

§ 1. Consulting committees may be formed for the purpose of studying questions relating to the telecommunication services.

§ 2. The number, composition, duties, and functioning of these committees are defined in the Regulations annexed to the present Convention.

ARTICLE 17

Bureau of the Union

§ 1. A central office, called the Bureau of the International Telecommunication Union, shall function under the conditions stated hereinafter:

§ 2. (1) In addition to the work and operations provided for by the various other articles of the Convention and of the Regulations, the Bureau of the Union shall be charged with:

(a) work preparatory to and following conferences, in which it shall be represented in an advisory capacity;

(b) providing, in cooperation with the organizing administration involved, the secretariat of conferences of the Union, as well as, when so requested or when so provided for by the Regulations annexed to the present Convention, the secretariat of meetings of committees appointed by the Union or placed under the auspices of the latter;

(c) issuing such publications as will be found generally useful between two conferences.

(2) On the basis of the documents put at its disposal and of the information which it may gather, it shall publish periodically a journal of information and documentation concerning telecommunications.

(3) It must also, at all times, hold itself at the disposal of the contracting governments to furnish them with such opinions and information as they may need on questions concerning international telecommunications, and which it is in a better position to have or to obtain than these governments.

(4) It shall prepare an annual report on its activities, which shall be communicated to all members of the Union. The operating account shall be submitted, for examination and approval, to the plenipotentiary or administrative conferences provided for in article 18 of the present Convention.

§ 3. (1) The general expenses of the Bureau of the Union must not exceed, per year, the amounts specified in the Regulations annexed to the present Convention. These general expenses shall not include:

(a) the expenses pertaining to the work of plenipotentiary or administrative conferences,

(b) the expenses pertaining to the work of duly created committees.

(2) The expenses pertaining to the plenipotentiary and administrative conferences shall be borne by all the governments participating therein, in proportion to the contribution which they pay for the operation of the Bureau of the Union, in accordance with the provisions of the following subparagraph (3).

The expenses pertaining to the meetings of the committees regularly created shall be borne in accordance with the provisions of the Regulations annexed to the present Convention.

(3) The receipts and expenses of the Bureau of the Union must be carried in two separate accounts, one for the telegraph and telephone services, the other for the radio service. The expenses pertaining to each of these two divisions shall be borne by the governments adhering to the corresponding Regulations. For the apportioning of these expenses, the adhering governments shall be divided into six classes, each contributing at the rate of a certain number of units, namely:

1st class: 25 units
2d class: 20 units
3d class: 15 units
4th class: 10 units
5th class: 5 units
6th class: 3 units

(4) Each government shall inform the Bureau of the Union, directly or through its administration, of the class in which its country is to be placed. This classification shall be communicated to the members of the Union.

(5) The amounts advanced by the government supervising the Bureau of the Union must be refunded by the debtor governments with the briefest possible delay, and, at the latest, at the end of the fourth month following the month during which the account was rendered. After this period, the amounts due shall bear interest, accruing to the creditor government, at the rate of six percent (6%) per annum, counting from the date of expiration of the above-mentioned period.

§ 4. The Bureau of the Union shall be placed under the high supervision of the Government of the Swiss Confederation which shall regulate its organization, supervise its finances, make the necessary advances, and audit the annual accounts.

CHAPTER II

CONFERENCES

ARTICLE 18

Conferences of Plenipotentiaries and Administrative Conferences

§ 1. The provisions of the present Convention shall be subject to revision by conferences of plenipotentiaries of the contracting governments.

§ 2. Revision of the Convention shall be undertaken when it has been so decided by a preceding conference of plenipotentiaries, or when at least twenty contracting governments have so stated their desire to the government of the country in which the Bureau of the Union is located.

§ 3. The provisions of the Regulations annexed to this Convention shall be subject to revision by administrative conferences of delegates from the contracting governments which have approved the Regulations to be revised, each conference itself determining the place and time for the following meeting.

§ 4. Each administrative conference may permit the participation, in an advisory capacity, of private operating agencies recognized by the respective contracting governments.

ARTICLE 19

Change of Date of a Conference

§ 1. The time set for the meeting of a conference of plenipotentiaries or of an administrative conference may be advanced or postponed if request to this effect is made by at least ten of the contracting governments to the government of the country in which the Bureau of the Union is located, and if such proposal is agreed to by the majority of the contracting governments which shall have forwarded their opinion within the time indicated.

§ 2. The conference shall then be held in the country originally designated, if the government of that country consents. Otherwise, the contracting governments shall be consulted through the government of the country in which the Bureau of the Union is located.

ARTICLE 20

Internal Regulations of the Conferences

§ 1. Before any other deliberation, each conference shall establish Internal Regulations containing the rules according to which the debates and the work shall be organized and conducted.

§ 2. For this purpose, the conference shall take as a basis the Internal Regulations of the preceding conference, which it may modify if deemed advisable.

ARTICLE 21

Language

§1. The language used in drafting the acts of the conferences and for all the documents of the Union, shall be French.

§2. (1) In the discussions of conferences, the French and English languages shall be permitted.

(2) Speeches made in French shall immediately be translated into English, and vice versa, by official interpreters of the Bureau of the Union.

(3) Other languages may also be used in the discussions of the conferences, on condition that the delegates using them provide for the translation of their own speeches into French or into English.

(4) Likewise these delegates may, if they so desire, have speeches in French or in English translated into their own language.

CHAPTER III

GENERAL PROVISIONS

ARTICLE 22

Telecommunication as a Public Service

The contracting governments recognize the right of the public to correspond by means of the international service of public correspondence. The service, the charges, the guarantees shall be the same for all senders, without any priority or preference whatsoever not provided for by the Convention or the Regulations annexed thereto.

ARTICLE 23

Responsibility

The contracting governments declare that they accept no responsibility in regard to the users of the international telecommunication service.

ARTICLE 24

Secrecy of Telecommunications

§ 1. The contracting governments agree to take all the measures possible, compatible with the system of telecommunications used, with a view to insuring the secrecy of international correspondence.

§ 2. However, they reserve the right to communicate international correspondence to the proper authorities, in order to insure either the application of their internal legislation, or the execution of international conventions, to which the governments concerned are parties.

ARTICLE 25

Constitution, Operation, and Protection of the Telecommunication Installations and Channels

§ 1. The contracting governments, in agreement with the other contracting governments concerned, shall establish, under the best technical conditions, the channels and installations necessary to carry on the rapid and uninterrupted exchange of telecommunications in the international service.

§ 2. So far as possible, these channels and installations must be operated by the best methods and procedures which the practice of the service shall have made known; they must be maintained constantly in operating condition and kept abreast of scientific and technical progress.

§ 3. The contracting governments shall insure the protection of these channels and installations within the limits of their respective action.

§ 4. Unless other conditions are laid down by special arrangements, each contracting government shall, at its own expense, establish and maintain the sections of international conductors included within the limits of the territory of its country.

§ 5. In the countries where certain telecommunication services are operated by private operating agencies recognized by the governments, the above-mentioned obligations shall be undertaken by the private operating agencies.

ARTICLE 26

Stoppage of Telecommunications

§ 1. The contracting governments reserve the right to stop the transmission of any private telegram or radiotelegram which might appear dangerous to the safety of the state or contrary to the laws of the country, to public order, or to decency, provided that they immediately notify the office of origin of the stoppage of the said communication or of any part thereof, except when it might appear dangerous to the safety of the state to issue such notice.

§ 2. The contracting governments likewise reserve the right to interrupt any private telephone communication which might appear dangerous to the safety of the state or contrary to the laws of the country, to public order, or to decency.

ARTICLE 27

Suspension of Service

Each contracting government reserves the right to suspend the service of international telecommunication for an indefinite time if it deems necessary, either generally or only as regards certain connections and/or certain classes of communications, provided that it immediately so advise each of the other contracting governments, through the intermediary of the Bureau of the Union.

ARTICLE 28

Investigation of Violations

The contracting governments undertake to inform each other concerning violations of the provisions of the present Convention and of the Regulations which they accept, in order to facilitate the action to be taken.

ARTICLE 29

Charges and Franking Privileges

The provisions relating to the charges for telecommunications and the various cases in which the latter enjoy franking privileges are laid down in the Regulations annexed to the present Convention.

ARTICLE 30

Priority of Transmission for Government telegrams and radiotelegrams

In transmission, government telegrams and radiotelegrams shall enjoy priority over other telegrams and radiotelegrams, except in the case when the sender expressly waives such right of priority.

ARTICLE 31

Secret Language

§ 1. Government telegrams and radiotelegrams as well as service telegrams and radiotelegrams, in all relations, may be written in secret language.

§ 2. Private telegrams and radiotelegrams may be sent in secret language between all the countries, except those which previously, through the intermediary of the Bureau of the Union, have announced that they do not permit such language for these categories of messages.

§ 3. Contracting governments which do not permit private telegrams and radiotelegrams in secret language from or to their own territory must permit them to pass in transit, except in the case of suspension of service provided for in article 27.

ARTICLE 32

Monetary Unit

The monetary unit used in the composition of international telecommunication rates and in setting up the international accounts shall be the gold franc of 100 centimes, weighing 10/31 of a gram, and of a fineness of 0.900.

ARTICLE 33

Rendering of Accounts

The contracting governments must account to one another for the charges collected by their respective services.

CHAPTER IV

SPECIAL PROVISIONS FOR RADIO

ARTICLE 34

Intercommunication

§ 1. Stations carrying on radio communications in the mobile service shall be bound, within the scope of their normal operation, to exchange radio communications with one another irrespective of the radio system they have adopted.

§ 2. In order not to hinder scientific progress, however, the provisions of the preceding paragraph shall not prevent the use of a radio system incapable of communicating with other systems provided that this inability is due to the specific nature of the system and that it is not the result of devices adopted solely for the purpose of preventing intercommunication.

ARTICLE 35

Interference

§ 1. All stations, regardless of their purpose, must, so far as possible, be established and operated in such a manner as not to interfere with the radio services or communications of either the other contracting governments, or the private operating agencies recognized by these contracting governments and of other duly authorized operating agencies which carry on radio-communication service.

§ 2. Each contracting government which does not operate the radio facilities itself undertakes to require the private operating agencies recognized by it and the other operating agencies duly authorized for this purpose, to observe the provisions of § 1 above.

ARTICLE 36

Distress Calls and Messages

Stations participating in the mobile service shall be obliged to accept, with absolute priority, distress calls and messages regardless of their origin, to reply in the same manner to such messages, and immediately to take such action in regard thereto as they may require.

ARTICLE 37

False or Deceptive Distress Signals—Irregular Use of Call Signals

The contracting governments agree to take the steps required to prevent the transmission or the putting into circulation of false or deceptive distress signals or distress calls, and the use, by a station, of call signals which have not been regularly assigned to it.

ARTICLE 38

Limited Service

Notwithstanding the provisions of § 1 of article 34, a station may be assigned to a limited international telecommunication service, determined by the purpose of such telecommunication or by other circumstances independent of the system.

ARTICLE 39

Installations of National Defense Services

§ 1. The contracting governments retain their full freedom in regard to radio installations not covered by article 9 and, particularly, the military stations of land, maritime, or air forces.

§ 2. (1) However, these installations and stations must, so far as possible, comply with the regulatory provisions concerning aid to be rendered in case of distress and measures to be taken to avoid interference. They must also, to the extent possible, comply with the regulatory provisions concerning the types of waves and the frequencies to be used, according to the nature of the service performed by the said services.

(2) Moreover, when these installations and stations exchange public correspondence or engage in the special services governed by the Regulations annexed to the present Convention, they must, in general, comply with the regulatory provisions for the conduct of such services.

CHAPTER V

FINAL PROVISIONS

ARTICLE 40

Effective Date of the Convention

The present Convention shall become effective on the first day of January, nineteen hundred and thirty-four.

In witness whereof the respective plenipotentiaries have signed the Convention in a single copy which shall remain deposited in the archives of the Government of Spain and one copy of which shall be forwarded to each government.

Done at Madrid, December 9, 1932.

Signed by the duly accredited representatives of the following countries:

South Africa; Germany; Argentina; Commonwealth of Australia; Austria; Belgium; Bolivia; Brazil; Canada; Chile; China; Vatican City State; Republic of Colombia; French Colonies, protectorates, and territories under French mandate; Portuguese Colonies; Swiss Confederation; Belgian Congo; Costa Rica; Cuba; Curaçao and Surinam; Cirenaica; Denmark; Free City of Danzig; Dominican Republic; Egypt; Republic of El Salvador; Ecuador; Eritrea; Spain; United States of America; Empire of Ethiopia; Finland; France; United Kingdom of Great Britain and Northern Ireland; Greece; Guatemala; Republic of Honduras; Hungary; Italian Islands of the Aegean Sea; British India; Dutch East Indies; Irish Free State; Iceland; Italy; Japan; Chosen, Taiwan, Karafuto, Kwantung Leased Territory and the South Sea Islands under Japanese mandate; Latvia; Liberia; Lithuania; Luxemburg; Morocco; Mexico; Nicaragua; Norway; New Zealand; Republic of Panama; Netherlands; Peru; Persia; Poland; Portugal; Rumania; Italian Somaliland; Sweden; Syria and Lebanon; Czechoslovakia; Tripolitania; Tunisia; Turkey; Union of Soviet Socialist Republics; Uruguay; Venezuela; Yugoslavia.

ANNEX

(See article 1, § 2)

DEFINITION OF TERMS USED IN THE INTERNATIONAL TELECOMMUNICATION CONVENTION

Telecommunication: Any telegraph or telephone communication of signs, signals, writings, images, and sounds of any nature, by wire, radio, or other systems or processes of electric or visual (semaphore) signaling.

Radio communication: Any telecommunication by means of Hertzian waves.

Radiotelegram: Telegram originating in or intended for a mobile station, transmitted on all or part of its route over the radio-communication channels of the mobile service.

Government telegrams and radiotelegrams: Those emanating from:

(a) the head of a government;

(b) a minister, member of a government;

(c) the head of a colony, protectorate, overseas territory, or territory under sovereignty, authority, or mandate of the contracting governments;

(d) commanders in chief of land, naval, or air military forces;

(e) diplomatic or consular officers of the contracting governments;

(f) the secretary general of the League of Nations,

as well as the replies to such messages.

Service telegrams and radiotelegrams: Those emanating from the telecommunication administrations of the contracting governments, or from any private operating agency recognized by one of these governments, and which refer to international telecommunications, or to matters of public interest determined by agreement among the said administrations.

Private telegrams and radiotelegrams: Those other than a service or government telegram and radiotelegram.

Public correspondence: Any telecommunication which the offices and stations, by reason of their being at the disposal of the public, must accept for transmission.

Private operating agency: Any individual, company, or corporation, other than a governmental institution or agency, which is recognized by the government concerned and operates telecommunication installation for the purpose of exchanging public correspondence.

Administration: A government administration.

Public service: A service for the use of the public in general.

International service: A telecommunication service between offices or stations subject to different countries, or between stations of the mobile service except when the latter are of the same nationality and are within the limits of the country to which they belong. An internal or national telecommunication service which is likely to cause interference with other services beyond the limits of the country in which it operates, shall be considered as an international service from the standpoint of interference.

Limited service: A service which can be used only by specified persons or for special purposes.

Mobile service: A radio-communication service carried on between mobile and land stations and by mobile stations communicating among themselves, special services being excluded.

[Translation]

GENERAL RADIO REGULATIONS, ANNEXED TO THE INTERNATIONAL TELECOMMUNICATION CONVENTION

ARTICLE 1

Definitions

[1] The following definitions shall supplement those contained in the Convention:

[2] Fixed station: A station not capable of being moved, and communicating by radio with one or more stations established in the same manner.

[3] Land station: A station not capable of being moved, carrying on a mobile service.

[4] Coast station: A land station carrying on a service with ship stations. This may be a fixed station assigned also to communication with ship stations; in this case, it shall be considered as a coast station only for the duration of its service with ship stations.

[5] Aeronautical station: A land station carrying on a service with aircraft stations. This may be a fixed station assigned also to communication with aircraft stations; in this case, it shall be considered as an aeronautical station only for the duration of its service with aircraft stations.

[6] Mobile station: A station capable of being moved and which ordinarily does move.

[7] On-board station: A station on board either a ship which is not permanently moored, or an aircraft.

[8] Ship station: A station on board a ship which is not permanently moored.

[9] Aircraft station: A station on board any aerial vehicle.

[10] Radiobeacon station: A special station the emissions of which are intended to enable an on-board station to determine its bearing or a direction with reference to the radiobeacon station, and in some cases also the distance which separates it from the latter.

[11] Radio direction-finding station: A station equipped with special apparatus for determining the direction of the emissions of other stations.
[12] Telephone broadcasting station: A station carrying on a telephone broadcasting service.
[13] Visual broadcasting station: A station carrying on a visual broadcasting service.
[14] Amateur station: A station used by an amateur, that is, by a duly authorized person interested in radio technique solely with a personal aim and without pecuniary interest.
[15] Private experimental station: A private station intended for experiments looking to the development of radio technique or science.
[15a] Private radio station: A private station, not open to public correspondence, which is authorized solely to exchange with other private radio stations communications concerning the private business of the license holder or holders.
[16] Frequency assigned to a station: The frequency assigned to a station is the frequency occupying the center of the frequency band in which the station is authorized to work. In general, this frequency is that of the carrier wave.
[17] Frequency band of an emission: The frequency band of an emission is the frequency band actually occupied by this emission for the type of transmission and for the signaling speed used.
[18] Frequency tolerance: The frequency tolerance is the maximum permissible separation between the frequency assigned to a station and the actual frequency of emission.
[19] Power of a radio transmitter: The power of a radio transmitter shall be the power supplied to the antenna.
[20] In the case of a modulated wave transmitter, the power in the antenna shall be represented by two numbers, one indicating the value of the carrier-wave power supplied to the antenna and the other indicating the actual maximum rate of modulation used.
[21] Telegraphy: Telecommunication by any system of telegraph signaling. The word "telegram" also covers "radiotelegram", except when the text expressly precludes such a meaning.
[22] Telephony: Telecommunication by any system of telephone signaling.
[23] General network of telecommunication channels: The whole of the existing telecommunication channels open to public service, with the exception of the radio channels of the mobile service.
[24] Aeronautical service: A radio service carried on between aircraft stations and land stations and by aircraft stations communicating among themselves. This term shall also apply to fixed and special radio services intended to insure the safety of aerial navigation.
[25] Fixed service: A service carrying on radio communication of any kind between fixed points, with the exception of the broadcasting services and special services.
[26] Special service: A telecommunication service carried on especially for the needs of a specific service of general interest and not open to public correspondence, such as: a service of radiobeacons, radio direction finding, time signals, regular meteorological bulletins, notices to navigators, press messages addressed to all, medical notices (medical consultation by radio), standard frequencies, emissions for scientific purposes, etc.
[27] Telephone broadcasting service: A service carrying on the broadcasting of radiotelephone emissions primarily intended to be received by the general public.
[28] Visual broadcasting service: A service carrying on the broadcasting of visual images, either fixed or moving, primarily intended to be received by the general public.

ARTICLE 2

Secrecy of Radio Communications

[29] The administrations agree to take the necessary measures to prohibit and prevent:
[30] (a) the unauthorized interception of radio communications not intended for the general use of the public;
[31] (b) the divulging of the contents or of the mere existence, the publication or use, without authorization, of radio communications which may have been intercepted intentionally or otherwise.

ARTICLE 3

License

[32] § 1. (1) No transmitting station may be established or operated by any person or by any enterprise whatever without a special license issued by the government of the country to which the station in question is subject.
[33] (2) Mobile stations having their port of registry in a colony, a territory under sovereignty or mandate, an overseas territory, or a protectorate, may be considered as being subject to the authority of this colony, these territories, or this protectorate, so far as concerns the granting of licenses.
[34] § 2. The holder of a license shall be bound to preserve the secrecy of telecommunications, as provided for in article 24 of the Convention. In addition, the license must state that it is prohibited to receive radio correspondence other than that which the station is authorized to receive, and that, in case such correspondence is received involuntarily, it must neither be reproduced nor communicated to third persons, nor used for any purpose whatever, and that the very existence thereof must not be revealed.
[35] § 3. In order to facilitate the verification of licenses issued to mobile stations, it is recommended that there be added, when necessary, to the text drafted in the national language, a translation of this text into a language in general use in international relations.
[36] § 4. The government issuing the license to a mobile station shall mention therein the category to which this station belongs from the standpoint of international public correspondence.

ARTICLE 4

Choice of Apparatus

[37] § 1. The choice of radio apparatus and devices to be used in a station shall be unrestricted, provided that the waves emitted satisfy the provisions of the present Regulations.
[38] § 2. However, within limits compatible with economic requirements, the choice of transmitting, receiving, and measuring apparatus must be guided by the most recent technical progress as shown, notably, in the Opinions of the C.C.I.R.

ARTICLE 5

Classification of Emissions

[39] § 1. Emissions shall be divided into two classes:

A. Continuous waves,

B. Damped waves,

defined as follows:
[40] Class A: Waves the successive oscillations of which are identical under fixed conditions.
[41] Class B: Waves composed of successive series of oscillations the amplitude of which, after attaining a maximum, decreases gradually.
[42] § 2. The following types of waves are derived from Class A waves:
[43] Type A1: Continuous waves the amplitude or frequency of which varies under the effect of telegraph keying.
[44] Type A2: Continuous waves the amplitude or frequency of which varies according to a periodic audiofrequency law, combined with telegraph keying.
[45] Type A3: Continuous waves the amplitude or frequency of which varies according to a complex and variable audiofrequency law. An example of this type is radiotelephony.
[46] Type A4: Continuous waves the amplitude or frequency of which varies according to any law of frequencies greater than audible frequencies. An example of this type is television.
[47] § 3. The foregoing classification into waves of types A1, A2, A3, and A4 shall not prevent the use, under conditions fixed by the administrations concerned, of waves modulated or keyed by methods not included in the definitions of types A1, A2, A3, and A4.

[48] § 4. These definitions shall not relate to systems of transmitting apparatus.

[49] § 5. Waves shall be indicated first by their frequency in kilocycles per second (kc). Following this indication there shall be indicated, in parentheses, the approximate length in meters. In the present Regulations, the approximate value of the wave length in meters is the quotient of the number 300,000 divided by the frequency expressed in kilocycles per second.

ARTICLE 6

Quality of Emissions

[50] § 1. The waves emitted by a station must be kept on the authorized frequency as exactly as the state of the art permits, and their radiation must be as free as practically possible from all emissions not essential to the type of communication carried on.

[51] § 2. (1) The administrations shall, for the various cases of operation, determine the characteristics relative to the quality of the emissions, notably the accuracy and stability of frequency of the emitted wave, the level of harmonics, the width of the total frequency band occupied, etc., so that they will be in accord with technical progress.

[52] (2) The administrations agree to consider the tables (appendix 1: Table of Frequency Tolerances and of Instabilities; appendix 2: Table of Frequency Band Widths Occupied by the Emissions) as a guide indicating for the various cases, the limits to be observed to the extent possible.

[53] (3) Concerning the widths of frequency bands occupied by emissions, in practice the following conditions must be taken into account:

1. Width of the band as shown in appendix 2.
2. Variation of the frequency of the carrier wave.
3. Other technical conditions, such as the technical possibilities with regard to the form of filter circuit characteristics, both for transmitters and for receivers.

[54] § 3. (1) The administrations shall frequently check the waves emitted by the stations under their jurisdiction to determine whether or not they comply with the provisions of the present Regulations.

[55] (2) Effort shall be made to obtain international cooperation in this matter.

[56] § 4. In order to reduce interference in the frequency bands above 6,000 kc (wavelengths below 50 m), the use of directive antenna systems is recommended when such use is compatible with the nature of the service.

ARTICLE 7

Allocation and Use of Frequencies (Wavelengths) and of Types of Emission

[57] § 1. Subject to the provisions of subparagraph (5) of § 5 below, the administrations of the contracting countries may assign any frequency and any type of wave to any radio station under their jurisdiction on the sole condition that no interference with any service of another country will result therefrom.

[58] § 2. The administrations, however, agree to assign to stations which by their very nature are capable of causing serious international interference, frequencies and types of waves in conformity with the rules for allocation and use of waves, as set forth below.

[59] § 3. The administrations also agree to assign frequencies to these stations, according to the kind of service they perform, in conformity with the table of allocation of frequencies (see table below).

[60] § 4. In the case where bands of frequencies are assigned to a specific service, the stations of that service must use frequencies sufficiently separated from the limits of these bands so as not to produce harmful interference with the operation of stations belonging to services to which the frequency bands immediately adjoining have been assigned.

[61] § 5. (1) The frequencies assigned by administrations to all fixed, land, and broadcasting stations, as well as the upper limit of power contemplated, must be notified to the Bureau of the Union with a view to their publication, when the stations in question carry on a regular service and are capable of causing international interference. Frequencies on which a coast station receives in carrying on a particular service with ship stations using stabilized transmitters must also be notified to the Bureau of the Union with a view to their publication. Frequencies must be selected in such a way as to avoid, so far as possible, interfering with international services belonging to the contracting countries and operated by existing stations, of which the frequencies have already been notified to the Bureau of the Union. The aforesaid notification must be made in accordance with the provisions of article 15, § 1 (b) and appendix 6 before the frequency is put into service and sufficiently in advance thereof to allow administrations to take any action which they may deem necessary to insure the efficient operation of their services.

[62] (2) (a) However, when the frequency which an administration intends to assign to a station is outside the bands authorized by the present Regulations for the service involved, this administration shall, in a special report, make the notification mentioned in the preceding subparagraph at least 6 months before this frequency is put into service, and in urgent cases, at least 3 months before that date.

[63] (b) The notification procedure laid down above shall also be observed when an administration intends to increase or to authorize the increase of the power or a change in the conditions of radiation of a station already operating outside the authorized bands, even if the frequency used is to remain the same.

[64] (c) With regard to stations which, when the present Regulations go into force, are already operating outside the bands authorized therein, the frequency and the power used shall be notified immediately to the Bureau of the Union, with a view to their publication, if such a notification has not been made previously.

[65] (3) (a) The administrations concerned shall conclude agreements, when needed, for determining the waves to be assigned to the stations in question, as well as for laying down the conditions of use of the waves thus assigned.

[66] (b) The administrations of any region may, in accordance with article 13 of the Convention, conclude regional arrangements regarding the allocation either of frequency bands to the services of the participating countries, or of frequencies to stations of these countries, and concerning the conditions for the use of the waves so assigned. The provisions of § 1 and those of § 5 (1) and (2) shall also apply to any arrangement of this nature.

[67] (4) The administrations concerned shall conclude the necessary agreements to avoid interference and, when needed, shall, for this purpose, in conformity with the procedure which will be agreed among them in bilateral or regional agreements, call upon organs of expert investigation or of expert investigation and conciliation. If no agreement can be reached with regard to avoiding interference, the provisions of article 15 of the Convention can be applied.

[68] (5) (a) With regard to European broadcasting and subject to any right to which the extra-European administrations might be entitled by virtue of the present Regulations, the detailed provisions below, which can be abrogated or changed by agreement among the European administrations and which in no way change the provisions of subparagraph (2) above, shall be brought to bear in applying the principle laid down in § 1.

[69] (b) Failing a preliminary agreement between the administrations of the European contracting countries, the right contemplated in § 1 cannot, within the limits of the European region, be used for the purpose of carrying on a broadcasting service outside the bands authorized by the present Regulations on frequencies below 1,500 kc (wavelengths above 200 m).

[70] (c) An administration wishing to establish such a service or to obtain a change in the conditions laid down by a previous agreement with regard to such a service (frequency, power, geographic position, etc.) shall submit the request to the European administrations through the Bureau of the Union. Any administration which does not answer within 6 weeks after the receipt of the said communication shall be considered as having given its assent.

[71] (d) It is fully understood that such a preliminary agreement shall also be necessary whenever, in a European broadcasting station, operating outside the authorized frequency bands, a change is made in the characteristics previously reported to the Bureau of the Union, and when such change is capable of affecting the condition of international interference.

[72] § 6. (1) In principle, the power of broadcasting stations must not exceed the value necessary to insure economically an effective high-quality national service within the limits of the country considered.

[73] (2) In principle, the location of powerful broadcasting stations, and especially of those which operate near the limits of the frequency bands reserved to broadcasting, must be chosen in such a way as to avoid, so far as possible, interference caused to the broadcasting services of other countries or to other services operating on neighboring frequencies.

[74] § 7. The following table shows the allocation of frequencies (approximate wavelengths) to the various services.

Allocation of frequency bands between 10 and 60,000 kc (30,000 and 5 m)

Frequencies kc	Wave lengths m	SERVICES		
		General allocation	Regional agreements	
			European region*	Other regions
10–100	30,000–3,000	Fixed.		
100–110	3,000–2,727	(a) Fixed. (b) Mobile.		
110–125	2,727–2,400	Mobile.		
125–150 [1]	2,400–2,000	Maritime mobile (open to public correspondence exclusively).		
150–160	2,000–1,875	Mobile.		
160–285 [4]	1,875–1,053	----------	160–240 (1,875–1,250) Broadcasting [2]. 240–255 (1,250–1,176). (a) Services not open to public correspondence. (b) Broadcasting [2] [3] 255–265 (1,176–1,132). (a) Aeronautical. (b) Broadcasting [2] [3] 265–285 (1,132–1,053). Aeronautical.	160–194 (1,875–1,546). (a) Fixed. (b) Mobile. 194–285 (1,546–1,053). (a) Aeronautical. (b) Fixed; not open to public correspondence. (c) Mobile, except commercial ship stations.
285–290 [5]	1,053–1,034	----------	Aeronautical	Radiobeacon.
290–315 [5]	1,034–952	Radiobeacon.	Maritime radiobeacon.	
315–320 [5]	952–938	----------	Maritime radiobeacon.	Aeronautical.
320–325	938–923	----------	Aeronautical	(a) Aeronautical. (b) Mobile; not open to public correspondence.
325–345 [6]	923–870	Aeronautical.		
345–365	870–822	----------	Aeronautical	(a) Aeronautical (b) Mobile; not open to public correspondence.
365–385	822–779	(a) Radio direction finding. (b) Mobile, providing it does not interfere with radio direction finding. Coast stations using B waves excluded.		
385–400	779–750	----------	Services not open to public correspondence.	Mobile.
400–460	750–652	Mobile.		
460–485	652–619	Mobile A1 and A2 only.		
485–515 [7]	619–583	Mobile (distress, calling, etc.).		

[See footnotes at end of next column]

Allocation of frequency bands between 10 and 60,000 kc (30,000 and 5 m)—Continued

Frequencies kc	Wave lengths m	SERVICES		
		General allocation	Regional agreements	
			European region*	Other regions
515–550 [8]	583–545	Services not open to public correspondence, A1 and A2 only.		
550–1,500 [9]	545–200	(a) Broadcasting. (b) Wave of 1,364 kc. (220 m) A1, A2, and B for mobile services exclusively [10].		
1,500–1,715 [11] [14]	200–174.9	----------	1,500–1,530 (200–196.1). (a) Fixed. (b) Mobile, A1 and A2 only. 1,530–1,630 (196.1–184). Mobile A1, A2, A3. [12]	(a) Fixed. (b) Mobile.
1,500–1,715	200–174.9	----------	1,630–1,670 (184–179.6) Maritime mobile calling wave (A3 only). [13] 1,670–1,715 (179.6–174.9). Maritime mobile (A3 only).	
1,715–2,000	174.9–150	----------	1,715–1,925 (174.9–155.8). (a) Amateur. (b) Fixed. (c) Mobile. 1,925–2,000 (155.8–150). (a) Amateur. (b) Maritime mobile (A3 only)	(a) Amateur. (b) Fixed. (c) Mobile

[75] * *Definition of the European region:* The European region is limited on the north and west by the natural boundaries of Europe, on the east by the meridian 40° East of Greenwich and on the south by the parallel 30° North, so as to include the western part of the U.S.S.R. and the territories bordering on the Mediterranean, except the parts of Arabia and Hejaz which are included in this sector.

[76] [1] The wave of 143 kc (2,100 m) is the calling-wave of mobile stations using continuous long waves.

[77] [2] The European administrations shall arrange among themselves for placing in the band 240 to 265 kc (1,250 to 1,132 m) broadcasting stations which, by reason of their geographical position, will not interfere with services not open to public correspondence or with aeronautical services. Furthermore, these services shall be organized in such a way as not to interfere with the reception of the broadcasting stations thus chosen, within the limits of the national territories of these stations.

[78] [3] Services open to public correspondence shall not be admitted in the bands allocated to broadcasting, between 160 and 265 kc (1,875 and 1,132 m), even under the terms of article 7, § 1.

[79] [4] The frequency band 160 to 265 kc (1,875 to 1,132 m) shall also be assigned to Australia and New Zealand for broadcasting, as a regional allocation. The administrations of these two countries agree to place stations transmitting in this band in such a way as to avoid interfering with other services in other regions.

[80] [5] A band 30 kc wide, included within the limits of 285 to 320 kc (1,053 to 938 m) shall be allocated in each region to radiobeacon services. In the European region, this band shall be reserved solely for maritime radiobeacons.

[81] [6] The wave of 333 kc (900 m) is an international calling wave for the aeronautical services.

[82] [7] The wave of 500 kc (600 m) is the international calling and distress wave. The use of this wave is defined in articles 19, 22, and 30.

[83] [8] The European administrations shall arrange among themselves to place in the band 540 to 550 kc (556 to 545 m) broadcasting stations which, by reason of their geographical position, will interfere neither with mobile services in the band 485 to 515 kc (619 to 583 m), nor with services not open to public correspondence in the band 515 to 550 kc (583 to 545 m).

[84] Furthermore, services not open to public correspondence shall organize in such a way as not to interfere with the reception of broadcasting stations thus chosen within the limits of the national territories of these stations.

[85] [9] Mobile services may use the band 550 to 1,300 kc (545 to 230.8 m) on condition that they do not interfere with the services of a country which uses this same band exclusively for broadcasting.

[86] [10] On the frequency of 1,364 kc (220 m), type B waves shall be forbidden between 18:00 and 23:00 o'clock, local time, in all the regions where their use might interfere with broadcasting. However, in the region of North America, type A1 waves only shall be authorized during these hours.

[87] [11] The frequency 1,650 kc (182 m) is a calling wave for the mobile radiotelephone service with low-power ship stations. This calling wave shall not be obligatory, and the date on which it shall become obligatory for each country shall be determined by internal regulation.

[88] [12] In principle, this frequency band shall be reserved for telephone service with low-power ship stations. The countries of Europe whose ships do not use this type of communication shall avoid, so far as possible, the use of telegraphy in this band in regions near those where this telephone service is carried on.

[89] [14] Within Europe, the frequency bands 1,530 to 1,630 kc and 1,670 to 1,715 kc (196.1 to 184 m and 179.6 to 174.9 m) may be used by short-distance fixed services, provided they do not interfere with mobile services.

[90] [13] No traffic may be carried on in the band 1,630 to 1,670 kc (184 to 179.6 m).

[91] Calling on the wave of 1,650 kc (182 m) shall not be obligatory; each country shall determine, by internal regulation, when it shall become effective.

[92] NOTE.—A European conference, which is to take place before the going into effect of the present Regulations, may, as an exception, decide on annexing to its protocol some of the derogations which it may decide to make *in the regional bands* and which it may deem necessary to show therein. Such derogations will be in addition to those which are already provided for in the above table.

Allocation of frequency bands between 10 and 60,000 kc (30,000 and 5 m)—Continued

Frequencies kc	Wave lengths m	SERVICES General allocation
2,000-3,500	150-85.71	(a) Fixed. (b) Mobile.
3,500-4,000	85.71-75	(a) Amateur. (b) Fixed. (c) Mobile.
4,000-5,500	75-54.55	(a) Fixed. (b) Mobile.
5,500-5,700	54.55-52.63	Mobile.
5,700-6,000	52.63-50	Fixed.
6,000-6,150	50-48.78	Broadcasting.
6,150-6,675	48-78-44.94	Mobile.
6,675-7,000	44.94-42.86	Fixed.
7,000-7,300	42.86-41.10	Amateur.
7,300-8,200	41.10-36.59	Fixed.
8,200-8,550	36.59-35.09	Mobile.
8,550-8,900	35.09-33.71	(a) Fixed. (b) Mobile.
8,900-9,500	33.71-31.58	Fixed.
9,500-9,600	31.58-31.25	Broadcasting.
9,600-11,000	31.25-27.27	Fixed.
11,000-11,400	27.27-26.32	Mobile.
11,400-11,700	26.32-25.64	Fixed.
11,700-11,900	25.64-25.21	Broadcasting.
11,900-12,300	25.21-24.39	Fixed.
12,300-12,825	24.39-23.39	Mobile.
12,825-13,350	23.39-22.47	(a) Fixed. (b) Mobile.
13,350-14,000	22.47-21.43	Fixed.
14,000-14,400	21.43-20.83	Amateur.
14,400-15,100	20.83-19.87	Fixed.
15,100-15,350	19.87-19.54	Broadcasting.
15,350-16,400	19.54-18.29	Fixed.
16,400-17,100	18.29-17.54	Mobile.
17,100-17,750	17.54-16.90	(a) Fixed. (b) Mobile.
17,750-17,800	16.90-16.85	Broadcasting.
17,800-21,450	16.85-13.99	Fixed.
21,450-21,550	13.99-13.92	Broadcasting.
21,550-22,300	13.92-13.45	Mobile.
22,300-24,600	13.45-12.20	(a) Fixed. (b) Mobile.
24,600-25,600	12.20-11.72	Mobile.
25,600-26,600	11.72-11.28	Broadcasting.
26,600-28,000	11.28-10.71	Fixed.
28,000-30,000	10.71-10.00	(a) Amateur. (b) Experimental.
30,000-56,000	10.00-5.357	Not reserved.
56,000-60,000	5.357-5	(a) Amateur. (b) Experimental.

[93] § 8. (1) The use of type-B waves shall be forbidden on all frequencies, except the following:

375 kc (800 m)
410 kc (730 m)
425 kc (705 m)
454 kc (660 m)
500 kc (600 m)
1,364 kc (220 m)[1]

[1] See footnote (20) to the allocation table.

[94] (2) No new installation of transmitters of type-B waves may be made on ships or aircraft, except when these transmitters, working at full power, use less than 300 watts measured at the input of the audiofrequency supply transformer.

[95] (3) The use of type-B waves on all frequencies shall be forbidden, beginning January 1, 1940, except for transmitters meeting the power requirements stated in subparagraph (2) above.

[96] (4) No new installation of type-B-wave transmitters may be made in a land or fixed station. The waves of this type shall be forbidden in all land stations beginning January 1, 1935.

[97] (5) The administrations shall endeavor to abandon type-B waves, other than the 500-kc (600-m) wave, as soon as possible.

[98] § 9. The use of type-A1 waves only shall be authorized between 100 and 160 kc (3,000 and 1,875 m); the only exception to this rule shall be for type-A2 waves which may be used in the band 100 to 125 kc (3,000 to 2,400 m) for time signals exclusively.

[99] § 10. In the band 460 to 550 kc (652 to 545 m) no type of emission capable of rendering inoperative the distress, alarm, safety, or urgent signals sent on 500 kc (600 m) shall be authorized.

[100] § 11. (1) In the band 325 to 345 kc (923 to 870 m), no type of emission capable of rendering inoperative distress, safety, or urgent signals shall be authorized.

[101] (2) This rule shall not apply to regions in which special agreements provide otherwise.

[102] § 12. (1) In principle, any station carrying on a service between fixed points on a wave with a frequency below 110 kc (wavelengths above 2,727 m) must use only one frequency, chosen from the bands allocated to the said service (§ 7 above), for each of its transmitters capable of simultaneous operation.

[103] (2) A station shall not be permitted to use a frequency other than that allocated as stated above, for a service between fixed points.

[104] § 13. In principle, the stations shall use the same frequencies and the same types of emission for the transmission of messages by the unilateral method as for their normal service. Regional arrangements may, however, be made for the purpose of exempting the stations concerned from complying with this rule.

[105] § 14. A fixed station may, as secondary service, on its normal working frequency, make transmissions intended for mobile stations on the following conditions:

[106] (a) that the administrations concerned deem it necessary to use this exceptional working method;

[107] (b) that no increase in interference results therefrom.

[108] § 15. In order to facilitate the exchange of synoptic meteorological messages in the European regions, the frequencies of 41.6 kc and 89.5 kc (7,210 m and 3,352 m) shall be allocated to this service.

[109] § 16. To facilitate rapid transmission and distribution of information of value in the detection of crime and pursuit of criminals, a frequency between 37.5 and 100 kc (between 8,000 and 3,000 m) shall be reserved for this purpose by regional arrangements.

[110] § 17. Each administration may allocate to amateur stations frequency bands in accordance with the allocation table (§ 7 above).

[111] § 18. In order to decrease interference in the frequency bands above 4,000 kc (wavelengths below 75 m), used by the mobile service, and particularly in order to avoid interfering with the long-distance telephone communications of this service, the administrations agree to adopt the following rules, wherever possible, taking into account current engineering development:

[112] (1) (a) In the frequency bands above 5,500 kc (wavelengths below 54.55 m) allocated exclusively to the mobile service, the frequencies (wavelengths) which must be used by ship stations carrying on commercial service shall be on the low-frequency (longwave) side of the band, and

especially in the limits of the harmonic bands enumerated below:

5,500 to 5,550 kc (54.55 to 54.05 m)
6,170 to 6,250 kc (48.62 to 48.00 m)
8,230 to 8,330 kc (36.45 to 36.01 m)
11,000 to 11,100 kc (27.27 to 27.03 m)
12,340 to 12,500 kc (24.31 to 24.00 m)
16,460 to 16,660 kc (18.23 to 18.01 m)
22,000 to 22,200 kc (13.64 to 13.51 m)

[113] NOTE.—The frequency bands 4,115 to 4,165 kc (72.90 to 72.03 m) may also be used by the stations mentioned above [see also (2) (c) below].

[114] (b) However, any commercial ship station the emissions of which comply with the frequency tolerances required of land stations under § 2 (2) of article 6, may transmit on the same freqency as the coast station with which it communicates.

[115] (c) When a communication for which no special arrangement has been made must be established between a ship station, on one hand, and another ship station or a coast station, on the other hand, the mobile station shall use one of the following frequencies situated approximately in the middle of the bands:

4,140 kc (72.46 m)
5,520 kc (54.35 m)
6,210 kc (48.31 m)
8,280 kc (36.23 m)
11,040 kc (27.17 m)
12,420 kc (24.15 m)
16,560 kc (18.12 m)
22,080 kc (13.59 m)

[116] NOTE.—The administrations agree, in reporting the frequency of a coast station, to indicate on which one of the waves specified in subparagraph (1) (c) listening will be carried on.

[117] (2) (a) Ship stations carrying on commercial service shall use the shared bands above 4,000 kc (wavelengths below 75 m) only when their emissions comply with the frequency tolerances specified for land stations in § 2 (2) of article 6. In this case, the frequencies used must be chosen on the higher-frequency (shorter-wave) side of the shared band and, more especially, in the limits of the harmonic bands enumerated below:

4,400 to 4,450 kc (68.18 to 67.42 m)
8,800 to 8,900 kc (34.09 to 33.71 m)
13,200 to 13,350 kc (22.73 to 22.47 m)
17,600 to 17,750 kc (17.05 to 16.90m)
22,900 to 23,000 kc (13.10 to 13.04 m)

[118] (b) Frequencies chosen in the portion of the band reserved to mobile services from 6,600 to 6,675 kc (45.45 to 44.94 m), in harmonic relation with the preceding bands, may also be used.

[119] (c) The provisions of subparagraph (2) (a) shall not apply to the portion of the shared band between 4,115 and 4,165 kc (72.90 and 72.03 m) which may be used by any ship station carrying on a commercial service.

[120] (3) In selecting frequencies for new fixed and coast stations, the administrations shall avoid using the frequencies in the bands specified in subparagraphs (1) (a), (2) (a), (2) (b), and (2) (c).

[121] § 19. (1) It is recognized that the frequencies between 6,000 and 30,000 kc (50 and 10 m) are very efficient for long-distance communications.

[122] (2) The administrations shall make the greatest possible effort to reserve the frequencies of this band for this purpose, except when their use for short- or medium-distance communication is not likely to interfere with long-distance communications.

[123] § 20. In Europe, Africa, and Asia, low-power directional radiobeacons the range of which does not exceed about 50 km may use any frequency in the band 1,500 to 3,500 kc (200 to 85.71 m) except the guard band of 1,630 to 1,670 kc (184 to 180 m) subject to agreements with the countries whose services are likely to be interfered with.

ARTICLE 8

Amateur Stations and Private Experimental Stations

[124] § 1. The exchange of communications between amateur stations and between private experimental stations of different countries shall be forbidden if the administration of one of the interested countries has given notice of its opposition to this exchange.

[125] § 2. (1) When this exchange is permitted, the communications must be carried on in plain language and be limited to messages relating to experiments and to remarks of a private nature for which, by reason of their lack of importance, the use of the telegraph service could not enter into consideration. It shall be strictly forbidden for owners of amateur stations to transmit international communications emanating from third persons.

[126] (2) The foregoing provisions may be modified by special arrangements between the interested countries.

[127] § 3. In amateur stations or in private experimental stations, authorized to conduct transmissions, any person operating the apparatus on his own account or for third persons must have proved that he is able to transmit texts in Morse code signals and to read, by aural radiotelegraph reception, texts so transmitted. He can be replaced only by authorized persons possessing the same qualifications.

[128] § 4. Administrations shall take such measures as they judge necessary to verify, from a technical standpoint, the qualifications of any person operating the apparatus.

[129] § 5. (1) The maximum power which amateur stations and private experimental stations may use shall be fixed by the interested administrations, taking account of the technical qualifications of the operators and of the conditions under which the said stations must work.

[130] (2) All the general rules laid down in the Convention and in the present Regulations shall apply to amateur stations and to private experimental stations. In particular, the frequency of the wave emitted must be as constant and as free from harmonics as the state of the art permits.

[131] (3) In the course of their emissions, these stations must, at short intervals, transmit their call signals or, in the case of experimental stations not yet provided with call signals, their names.

ARTICLE 9

Conditions to be Observed by Mobile Stations

A. GENERAL

[132] § 1. (1) Mobile stations must be established in such a way as to conform, as regards frequencies and types of waves, to the general provisions forming the subject of article 7.

[133] (2) In addition, no new type-B-wave transmitter installation shall be made in mobile stations, except when these transmitters, working at full power, use less than 300 watts measured at the input of the audiofrequency supply transformer.

[134] (3) Finally, the use of type-B waves on all frequencies shall be forbidden, beginning with January 1, 1940, except for transmitters fulfilling the same conditions as above regarding power.

[135] § 2. The frequency of emission of mobile stations shall be verified as often as possible by the inspection service to which they are subject.

[136] § 3. Receiving apparatus must be such that the current which they induce into the antenna shall be as low as possible and shall not disturb neighboring stations.

[137] § 4. Transmitting and receiving sets of any mobile station must permit of making frequency changes as rapidly as possible. All installations must be such that, after the communication is established, the time necessary to change from transmission to reception and vice versa shall be as short as possible.

B. SHIP STATIONS

[138] § 5. (1) The transmitting apparatus used in ship stations working on type-A2 or -B waves in the authorized band between 365 and 515 kc (822 and 583 m) must be provided with devices making it possible conveniently and appreciably to reduce the power thereof.

[139] (2) This provision shall not apply to transmitters in which the power, as measured at full load, does not exceed 300 watts on the transmitting-tube plates (type-A2 emission) or at the input of the audiofrequency supply transformers (type-B emission).

[140] (3) All ship stations transmitting on frequencies in the band 100 to 160 kc (3,000 to 1,875 m) and on frequencies above 4,000 kc (wavelengths below 75 m) must be equipped with a wave meter having a precision at least equal to 5/1000, or with an equivalent device.

[141] § 6. Any station installed on board a ship, compulsorily provided with radio apparatus as a result of an international agreement, must be able to transmit and to receive on the wave of 500 kc (600 m), type-A2 or -B and, in addition, on at least one other type-A2 or -B wave, in the authorized band between 365 and 485 kc (822 and 619 m).

[142] § 7. (1) In addition to the waves mentioned above, ship stations equipped to transmit type-A1, -A2, or -A3 waves may use the waves authorized in article 7.

[143] (2) The use of type-B waves shall be prohibited on all frequencies, except the following ones:

375 kc (800 m)
410 kc (730 m)
425 kc (705 m)
454 kc (660 m)
500 kc (600 m)
1,364 kc (220 m)[1]

[144] § 8. All the ship station apparatus installed for the transmission of type-A1 waves in the authorized band between 100 and 160 kc (3,000 and 1,875 m) must permit of using at least two frequencies, selected in this band, in addition to the frequency of 143 kc (2,100 m).

[145] § 9. (1) All stations on board ships compulsorily provided with radiotelegraph apparatus must be capable of receiving the wave of 500 kc (600 m) and, in addition, all the waves necessary to the operation of the service which they carry on.

[146] (2) These stations must be capable of receiving types A1 and A2 waves on the same frequencies easily and efficiently.

C. AIRCRAFT STATIONS

[147] § 10. (1) (a) Any station installed on board an aircraft flying over a maritime route, and compulsorily provided with radio apparatus as the result of an international agreement, must be capable of transmitting and receiving on the wave of 500 kc (600 m), type A2 or B.

[148] (b) As regards the restriction in the use of type-B waves, see B, § 7 (2) above.

[149] (2) (a) Any aircraft station must be capable of transmitting and receiving the wave of 333 kc (900 m), type A2 or A3.

[150] (b) This rule shall not apply to aircraft stations flying over regions where local agreements providing otherwise are in force.

ARTICLE 10

Operators' Certificates

A. GENERAL PROVISIONS

[151] § 1. (1) The service of every mobile radiotelegraph or radiotelephone station must be performed by a radiotelegraph operator holding a certificate issued by the government to which the station is subject. However, in mobile stations equipped with a low-power radio installation [power of the carrier wave in the antenna not exceeding 100 watts, except in the case of regional agreements provided for in § 7 (4)], and when this installation is used for telephony only, the service may be carried on by an operator holding a radiotelephone operator's certificate.

[152] (2) In case of absolute unavailability of the operator in the course of a crossing, flight, or voyage, the master or the person responsible for the mobile station may authorize, but only temporarily, an operator holding a certificate issued by another contracting government to carry on the radio service. When it becomes necessary to employ, as temporary operator, a person not holding an adequate certificate, this service must be limited to emergencies. In any case, the operator or the above-mentioned person must be replaced as soon as possible by an operator holding the certificate prescribed in § 1 (1) above.

[153] § 2. Each administration shall take the necessary measure to place operators under the obligation of observing the secrecy of correspondence and to prevent, to the greatest possible extent, the fraudulent use of these certificates.

[154] § 3. (1) There shall be two classes of certificates and a special certificate for radiotelegraph operators and two certificates for radiotelephone operators (general and limited).

[155] (2) The qualifications to be required for obtaining these certificates are contained in the following paragraphs; they shall be the minimum requirements.

[156] (3) Each government shall be free to fix the number of examinations deemed necessary to obtain the said certificates.

[157] (4) The holder of a first-class radiotelegraph operator's certificate, as well as the holder of a second-class radiotelegraph operator's certificate provided with a general radiotelephone operator's certificate may perform radiotelephone service on any mobile station. In the latter case, both the second-class radiotelegraph and radiotelephone operator's certificates can be combined.

B. FIRST-CLASS RADIOTELEGRAPH OPERATOR'S CERTIFICATE

[158] § 4. The first-class certificate shall be issued to operators who have shown that they possess the professional and technical qualifications enumerated below:

[159] (a) Knowledge of the general principles of electricity and of the theory of radiotelegraphy and radiotelephony, as well as the knowledge of the adjustment and of the practical operation of the types of apparatus used in the mobile service.

[160] (b) The theoretical and practical knowledge of the operation of the accessory apparatus, such as motor-generator sets, storage batteries, etc., used in the operation and adjustment of the apparatus specified in subparagraph (a).

[161] (c) The practical knowledge necessary to make, with the means on board, the repairs of damage which may have occurred to the apparatus during a voyage.

[162] (d) Ability to transmit correctly and to receive correctly by ear code groups (mixtures of letters, figures, and punctuation marks) at a speed of 20 (twenty) groups per minute, and of text in plain language, at a speed of 25 (twenty-five) words per minute. Each code group must contain 5 characters, each figure or punctuation mark counting as 2 characters. The average word of the text in plain language should contain 5 characters.

[163] (e) Ability to perform correct telephone transmission and correct telephone reception.

[164] (f) Detailed knowledge of the Regulations applying to the exchange of radio communications, knowledge of documents relative to charges for radio communications, knowledge of the radiotelegraph part of the Convention for the Safety of Life at Sea, and, in the case of aerial navigation, knowledge of the special provisions regulating the radio service of aerial navigation. In that case, the certificate shall stipulate that the holder has successfully passed the examinations dealing with these provisions.

[165] (g) Knowledge of the general geography of the world, particularly the principal navigation lines (maritime or aerial, according to the class of certificate) and the most important telecommunication channels.

C. SECOND-CLASS RADIOTELEGRAPH OPERATOR'S CERTIFICATE

[166] § 5. The second-class certificate shall be issued to operators who have shown that they possess the professional and technical qualifications enumerated below:

[167] (a) Elementary theoretical and practical knowledge of electricity and radiotelegraphy, as well as knowledge of the adjustment and practical operation of the types of apparatus used in the radiotelegraph mobile service.

[1] See note (m) to the frequency allocation table.

[168] (b) Elementary theoretical and practical knowledge of the operation of accessory apparatus, such as motor-generator sets, storage batteries, etc., used in the operation and adjustment of the apparatus mentioned in (a).
[169] (c) Practical knowledge sufficient for making minor repairs in case of damage to the apparatus.
[170] (d) Ability to transmit correctly and to receive correctly by ear code groups (mixtures of letters, figures, and punctuation marks) at a speed of 16 (sixteen) groups per minute. Each code group must contain 5 characters, each figure or punctuation mark counting as 2 characters.
[171] (e) Knowledge of the Regulations applying to the exchange of radio communications, knowledge of documents relative to charges for radio communications, knowledge of the radiotelegraph part of the Convention for the Safety of Life at Sea, and, in the case of aerial navigation, knowledge of the special provisions regulating the radio service of aerial navigation. In that case the certificate shall stipulate that the holder has successfully passed the examinations dealing with these provisions.
[172] (f) Knowledge of the general geography of the world, particularly the principal lines of navigation (maritime or aerial, according to the class of certificate) and the most important telecommunication channels.

D. SPECIAL RADIOTELEGRAPH OPERATOR'S CERTIFICATE

[173] § 6. (1) (a) The radiotelegraph service of ships, aircraft, and of all other vehicles for which a radiotelegraph installation is not required by international agreements may be carried on by operators holding a special radiotelegraph operator's certificate. This certificate shall be issued to operators capable of performing radio communications at the sending and receiving speed required for obtaining a second-class radiotelegraph operator's certificate.
[174] (b) It shall devolve upon each interested government to determine the other requirements for obtaining this certificate.
[175] (2) As an exception, the Government of New Zealand shall be permitted provisionally to issue a special certificate, for the granting of which it shall fix the requirements, to operators of small ships of its nationality which do not sail far from the coast of that country and which engage in the international service of public correspondence and in the general work of mobile stations only to a limited extent.

E. RADIOTELEPHONE OPERATOR'S CERTIFICATES

[176] § 7. (1) The general radiotelephone operator's certificate shall be issued to operators who have shown that they possess the professional knowledge and ability described below [see also § 3(4)]:
[177] (a) Practical knowledge of radiotelephony, especially with a view to avoiding interference.
[178] (b) Knowledge of the adjustment and operation of radiotelephone apparatus.
[179] (c) Ability to transmit and receive correctly by telephone.
[180] (d) Knowledge of the Regulations applying to the exchange of radiotelephone communications and of that part of the Radio Regulations which relates to safety of human life.
[181] (2) For the radiotelephone stations in which the power of the carrier wave in the antenna does not exceed 50 watts, each government concerned shall be permitted to determine the conditions for obtaining its own radiotelephone operator's certificate (limited radiotelephone operator's certificate).
[182] (3) A radiotelephone operator's certificate must show whether it is a general or limited certificate.
[183] (4) In order to cover special needs, regional agreements may determine the conditions to be fulfilled in order to obtain a radiotelephone operator's certificate, intended for use in radiotelephone stations fulfilling certain technical conditions and certain operating conditions. These conditions and agreements shall be stated in the papers issued to these operators. Such agreements shall be accepted provided the international services be not interfered with.
[184] (5) Radiotelephone operator's certificates already delivered to operators and complying with the conditions laid down in the General Regulations of Washington (1927) shall remain in force and be considered as general radiotelephone operator's certificates.

F. PROFESSIONAL GRADES

[185] § 8. (1) Before becoming chief operator in a station on board a ship of the first category (art. 23, § 3) a first-class operator must have had at least 1 year's experience as operator on board a ship or in a coast station.
[186] (2) In order to become chief operator in a station on board a ship of the second category (art. 23, § 3), a first-class operator must have had at least 6 months' experience as operator on board a ship or in a coast station.
[187] (3) (a) Operators holding a second-class certificate shall be authorized to embark as chief operators on ships of which the station belongs to the third category (art. 23 § 3).
[188] (b) After having shown 6 months' service on board a ship, they may embark as chief operators on ships of which the station belongs to the second category.
[189] (4) The government issuing a certificate can authorize an operator to perform service on board an aircraft only after this operator has fulfilled other conditions (for example: accomplished a certain number of flying hours in the aerial mobile service, etc.)

ARTICLE 11

Authority of the Master

[190] § 1. The radio service of a mobile station shall be placed under the supreme authority of the master or the person responsible for the ship, aircraft, or any other vehicle carrying the mobile station.
[191] § 2. The master or responsible person as well as any persons who may have knowledge of the text or simply the existence of radiotelegrams, or of any information acquired by means of the radio service, shall be bound by the obligation to observe and insure the secrecy of the correspondence.

ARTICLE 12

Inspection of Stations

[192] § 1. (1) The competent governments or administrations of countries where a mobile station calls, may demand the production of the license. The operator of the mobile station or the person responsible for the station must submit to this verification. The license must be kept in such a way that it may be furnished without delay. However, the production of the license may be replaced by a permanent posting in the station, of a copy of the license certified by the authority which has granted it.
[193] (2) When the license cannot be produced or when manifest irregularities are detected, the governments or administrations may proceed to the inspection of radio installations in order to be assured that they satisfy the requirements of the present Regulations.
[194] (3) Moreover, the inspectors shall have the right to demand the production of the operators' certificates although no proof of professional qualifications may be demanded.
[195] § 2. (1) When a government or an administration has found it necessary to resort to the measures provided for in § 1 above, or when it has not been possible to produce the operators' certificates, it shall be necessary immediately to inform thereof the government or the administration to which the mobile station in question is subject. In addition, the procedure specified in article 13 shall be followed should necessity arise.
[196] (2) The official of the government or of the administration which has inspected the station must, before leaving the latter, communicate his findings to the commander or to the responsible person (art. 11) or to their substitute.
[197] § 3. As regards the technical and operating conditions which mobile stations holding a license must satisfy in the international radio-communication service, the contracting governments shall bind themselves not to impose upon foreign stations which are temporarily located in their territorial waters, or which may stop temporarily in their territory, conditions more stringent than those which are provided for in the present Regulations. These provisions shall in no way affect the provisions which, coming within the scope of international agreements relative to maritime

or air navigation, are not determined in the present Regulations.

ARTICLE 13

Reporting of Violations

[198] § 1. Violations of the Convention or the Radio Regulations shall be reported by the stations detecting them to their administration by means of statements conforming to the model shown in appendix 3.

[199] § 2. In case of serious violations committed by a station, representations must be made to the administration of the country to which this station is subject.

[200] § 3. If an administration has knowledge of a violation of the Convention or of the Regulations, by a station which it has authorized, it shall ascertain the facts, determine the responsibility, and take the necessary action.

ARTICLE 14

Call Signals

[201] § 1. (1) All stations open to the international service of public correspondence, as well as private experimental stations, amateur stations, and private radio-communication stations, must have call signals from the international series assigned to each country in the following table. In this table, the first letter or the first two letters of the call signals show the nationality of the stations.

[202] (2) When a fixed station in the international service uses more than one frequency, each frequency shall be designated by a separate call signal used for that frequency only.

[203] *Table of allocation of call letters*

Country	Call signals
Chile	CAA-CEZ
Canada	CFA-CKZ
Cuba	CLA-CMZ
Morocco	CNA-CNZ
Cuba	COA-COZ
Bolivia	CPA-CPZ
Portuguese colonies	CQA-CRZ
Portugal	CSA-CUZ
Uruguay	CVA-CXZ
Canada	CYA-CZZ
Germany	D
Spain	EAA-EHZ
Irish Free State	EIA-EIZ
Republic of Liberia	ELA-ELZ
Persia	EPA-EQZ
Estonia	ESA-ESZ
Ethiopia	ETA-ETZ
Sarre Territory	FZA-FZZ
France and colonies and protectorates	F
Great Britain	G
Hungary	HAA-HAZ
Swiss Confederation	HBA-HBZ
Ecuador	HCA-HCZ
Republic of Haiti	HHA-HHZ
Dominican Republic	HIA-HIZ
Republic of Colombia	HJA-HKZ
Republic of Panama	HPA-HPZ
Republic of Honduras	HRA-HRZ
Siam	HSA-HSZ
Vatican City-State	HVA-HVZ
Hedjas	HZA-HZZ
Italy and colonies	I
Japan	J
United States of America	K
Norway	LAA-LNZ
Republic of Argentina	LOA-LWZ
Luxembourg	LXZ-LXZ
Lithuania	LYA-LYZ
Bulgaria	LZA-LZZ
Great Britain	M
United States of America	N
Peru	OAA-OCZ
Austria	OEA-OEZ
Finland	OFA-OHZ
Czechoslovakia	OKA-OKZ
Belgium and colonies	ONA-OTZ
Denmark	OUA-OZZ
Netherlands	PAA-PIZ
Curacao	PJA-PJZ
Dutch East Indies	PKA-POZ
Brazil	PPA-PYZ
Surinam	PZA-PZZ
(Abbreviations)	Q
Union of Socialist Soviet Republics	R
Sweden	SAA-SMZ
Poland	SOA-SRZ
Egypt	STA-SUZ
Greece	SVA-SZZ
Turkey	TAA-TCZ
Iceland	TFA-TFZ
Guatemala	TGA-TGZ
Costa Rica	TIA-TIZ
France and colonies and protectorates	TKA-TZZ
Union of Socialist Soviet Republics	U
Canada	VAA-VGZ

[203] *Table of allocation of call letters*—Continued

Country	Call signals
Australian Commonwealth	VHA-VMZ
Newfoundland	VOA-VOZ
British colonies and protectorates	VPA-VSZ
British India	VTA-VWZ
Canada	VXA-VYZ
United States of America	W
Mexico	XAA-XFZ
China	XGA-XUZ
British India	XYA-XZZ
Afghanistan	YAA-YAZ
Dutch East Indies	YBA-YHZ
Iraq	YIA-YIZ
New Hebrides	YJA-YJZ
Latvia	YLA-YLZ
Free City of Danzig	YMA-YMZ
Nicaragua	YNA-YNZ
Rumania	YOA-YRZ
Republic of El Salvador	YSA-YSZ
Yugoslavia	YTA-YUZ
Venezuela	YVA-YWZ
Albania	ZAA-ZAZ
British colonies and protectorates	ZBA-ZJZ
New Zealand	ZKA-ZMZ
Paraguay	ZPA-ZPZ
Union of South Africa	ZSA-ZUZ

[204] § 2. Call signals shall consist of:

[205] (a) three letters, in the case of land stations;

[206] (b) three letters, or three letters followed by a single figure (other than 0 or 1), in the case of fixed stations;

[207] (c) four letters, in the case of ship stations;

[208] (d) five letters, in the case of aircraft stations;

[209] (e) five letters preceded and followed by the Morse code signal corresponding to "underlined" (. . _ _ . _), in the case of stations or aircraft carrying matter having to do with the functioning of the League of Nations;

[210] (f) four letters followed by a single figure (other than 0 or 1), in the case of other mobile stations;

[211] (g) one or two letters and a single figure (other than 0 or 1) followed by a group of not more than three letters, in the case of private experimental stations, amateur stations, and private radio-communication stations; however, the prohibition against the use of the figures 0 and 1 shall not apply to amateur stations.

[212] § 3. (1) In the aeronautical radio service, after communication has been established by means of the complete call signal [see § 2, (d) and (e)], the aircraft station may use an abbreviated call signal composed:

[213] (a) in radiotelegraphy, of the first and last letters of the complete 5-letter call signal;

[214] (b) in radiotelephony, of all or part of the name of the owner of the aircraft (company or individual) followed by the last two letters of the registration mark.

[215] (2) In the case of an aircraft performing a service which concerns the functioning of the League of Nations, the words "Société des Nations" shall replace the name of the owner of the aircraft.

[216] § 4. (1) The 26 letters of the alphabet, as well as the figures, in the cases provided for in § 2, may be used to form call signals; accented letters shall be excluded.

[217] (2) However, the following letter combinations may not be used for call signals:

[218] (a) combinations beginning with A or B, these two letters being reserved for the geographical part of the International Code of Signals;

[219] (b) combinations used in the International Code of Signals, second part;

[220] (c) combinations which might be confused with distress signals or with other signals of a similar character;

[221] (d) combinations reserved for the abbreviations to be used in the radio service.

[222] § 5. (1) Each country shall choose call signals for its stations from the international series which is allocated to it and shall notify the Bureau of the Union of the call signals which it has assigned to its stations.

[223] (2) The Bureau of the Union shall see that the same call signal is not allocated more than once and that those call signals which might be confused with distress signals, or with other signals of a similar character, are not allocated.

ARTICLE 18

Service Documents

[224] § 1. The Bureau of the Union shall prepare and publish the following service documents:

[225] (a) The nomenclatures of all the land, mobile, and fixed stations having a call signal from the international series, whether or not open to public correspondense; the nomenclatures of the stations operating special services, broadcasting, and radio communications between fixed points.

[226] (b) The frequency list. This list shall give all the frequencies assigned to stations intended to carry on a regular service and which are capable of causing international interference.

[227] (c) A nomenclature of the telegraph offices and land stations open to international service.

[228] (d) A chart of coast stations open to public correspondence.

[229] (e) A table and a chart to be annexed to the nomenclature of coast and ship stations indicating the zones and hours of service of ships of which the stations belong to the second category (see appendices 4 and 5).

[230] (f) An alphabetical list of the call signals of the stations mentioned under (a) and provided with a call signal of the international series. This list shall be arranged without considering nationality. It shall be preceded by the call-signal-allocation table appearing in article 14.

[231] (g) General radio statistics.

[232] § 2. (1) The nomenclatures of stations [§ 1 (a)] shall be published in separate volumes as follows:

I. Nomenclature of Coast and Ship Stations.
II. Nomenclature of Aeronautical and Aircraft Stations.
III. Nomenclature of Stations Operating Special Services.
IV. Nomenclature of Fixed Stations (Index to the List of Frequencies for Fixed Stations in Service).
V. Nomenclature of Broadcasting Stations.

[223] (2) In the nomenclatures I, II, and III, each class of stations shall occupy a special section.

[234] § 3. The form for the different nomenclatures and for the frequency list is given in appendix 6. Detailed information concerning the preparation of these documents shall be given in the prefaces, in the headings of columns, and in the notes of the said documents.

[235] § 4. Once a month, by means of forms similar to those given in appendix 6, the administrations shall notify the Bureau of the Union of the additions, changes, and deletions to be made in the above-mentioned documents.

[236] § 5. (1) The nomenclature of coast and ship stations as well as the nomenclature of aeronautical and aircraft stations shall be reedited every 6 months without supplements between the two reeditions. As regards the nomenclature of stations operating special services and the nomenclature of broadcasting stations, the Bureau of the Union shall decide upon the intervals at which they must be reedited.

[237] (2) A recapitulative supplement shall be published every 3 months for the nomenclature of stations operating special services, and every 6 months for the nomenclature of broadcasting stations.

[238] (3) The frequency list and the nomenclature of fixed stations constituting an index to the frequency list, for fixed stations in service, shall be reedited separately each year. They shall be kept up to date by means of monthly supplements also edited separately.

[239] § 6. (1) The names of coast and aeronautical stations shall be followed respectively by the words RADIO and AERADIO.

[240] (2) The names of radio direction finding and of radio-beacon stations shall be followed respectively by the words GONIO and PHARE.

[241] § 7. Appendix 7 contains the symbols used in the documents to indicate the nature and the scope of the service of stations.

[242] § 8. The service documents with which mobile stations must be provided are listed in appendix 8.

ARTICLE 19

General Radiotelegraph Procedure in the Mobile Service[1][2]

[243] § 1. (1) In the mobile service, the following detailed procedure shall be obligatory except in the case of distress call or traffic to which the provisions of article 22 shall apply.

[244] (2) For the exchange of radio communications, stations of the mobile service shall use the abbreviations given in appendix 9.

[245] § 2. (1) Before transmitting, any station must make sure that it will not produce harmful interference with the transmissions being made within its range; if such interference is likely, the station shall await the first stop in the transmission which it may disturb.

[246] (2) If however, even after taking these precautions, the emissions of this station should cause interference with a radio transmission already in progress, the following rules shall be applied:

[247] (a) In the communication zone of a land station open to the public correspondence service or of any aeronautical station, the station whose emission produces the interference must cease transmitting at the first request of the above-mentioned land or aeronautical station.

[248] (b) In the case where a radio transmission already in progress between two ships happens to be interfered with by an emission from another ship, the latter must cease transmitting at the first request of either of the other two.

[249] (c) The station requesting this cessation must indicate the approximate length of the wait imposed upon the station whose emission it is suspending.

[250] § 3. Radiotelegrams of all kinds transmitted by ship stations shall be numbered in daily series, assigning number 1 to the first radiotelegram transmitted each day to each land station separately.

[251] § 4. CALLING A STATION AND SIGNALS PREPARATORY TO TRAFFIC

[252] (1) *Method of calling*

The call shall consist of the following:
not more than three times the call signal of the station called;
the word DE;
not more than three times the call signal of the calling station.

[253] (2) *Wave to be used for the call and for preparatory signals*

To make the call as well as to transmit preparatory signals the calling station shall use the wave on which the station called is listening.

[254] (3) *Indication of the wave to be used for the traffic*

[255] The call, as indicated in subparagraph (1) above, must be followed by the regulatory abbreviation indicating the frequency and/or the type of wave which the calling station proposes to use to transmit its traffic.

[256] When, as an exception to this rule, the call is not followed by the indication of the wave to be used for the traffic:

[257] (a) if the calling station is a land station:

it shall mean that this station proposes to use its normal working-wave, as indicated in the nomenclature, for the traffic.

[258] (b) if the calling station is a mobile station:

it shall mean that the wave to be used for the traffic is to be chosen by the station called.

[259] (4) *Indication, when required, of the number of telegrams or of transmission by series*

[260] When the calling station has more than one telegram to transmit to the station called, the preceding preparatory signals shall be followed by the regulatory abbreviation and by the figure specifying the number of these telegrams.

[261] Furthermore, when the calling station wishes to transmit these telegrams in series, it shall so indicate by

[1] This procedure shall be applicable to short waves so far as possible.

[2] The provisions of §§ 2 and 8 shall be applicable to radiotelephone transmissions of the mobile service.

adding the regulatory abbreviation requesting the consent of the station called.

[262] § 8. REPLY TO CALLS AND SIGNALS PREPARATORY TO TRAFFIC

[263] (1) *Method of reply to calls*

The reply to calls shall consist of the following:

not more than three times the call signal of the calling station;

the word DE;

the call signal of the station called.

[264] (2) *Wave for reply*

[265] To transmit the reply to calls and to preparatory signals, the station called shall use the wave on which the calling station must listen.

[266] As an exception to this rule, when a mobile station calls a coast station on the wave 143 kc (2,100 m), the coast station shall transmit the reply to the calls on its normal working-wave of the bands between 100 and 160 kc (3,000 and 1,875 m), as indicated in the nomenclature.

[267] (3) *Understanding as to the wave to be used for the traffic*

[268] A. If the station called has an understanding with the calling station, it shall transmit:

(a) the reply to the call;

(b) the regulatory abbreviation indicating that from that time on it is listening on the frequency and/or the type of wave announced by the calling station;

(c) in some cases, the indications mentioned in subparagraph (4);

(d) the letter K, if the station called is ready to receive the traffic of the calling station;

(e) in certain cases, if it is useful, the regulatory abbreviation and the figure indicating the strength of the signals received. (See appendix 10.)

[269] B. If the station has no preliminary understanding, or if it must choose the wave to be used for the traffic, it shall transmit:

(a) the reply to the call;

(b) the regulatory abbreviation indicating the frequency and/or the type of wave requested;[2]

(c) in some cases, the indications mentioned in subparagraph (4).

[270] When an agreement is reached on the wave which the calling station must use for its traffic, the station called shall transmit the letter K after the indications contained in its reply.

[271] (4) *Reply to the request for transmission by series*

[272] The station called, replying to a calling station which has asked to transmit its telegrams in series [§ 4 (4)], shall indicate, by means of the regulatory abbreviation, whether it refuses or accepts and, in the latter case, if need be, shall specify the number of radiotelegrams which it is ready to receive in one series.

[273] (5) *Difficulties in reception*

[274] (a) If the station called is prevented from receiving, it shall reply to the call as indicated in subparagraph (3) above, but it shall replace the letter K by the signal . — . . . (wait), followed by a number indicating in minutes the probable duration of the wait. If this probable duration exceeds 10 minutes (5 minutes in the aeronautical mobile service), a reason must be given therefor.

[275] (b) When a station receives a call without being certain that this call is intended for it, it must not reply before the call has been repeated and understood. When, on the other hand, a station receives a call which is intended for it, but is doubtful about the call signal of the calling station, it must reply immediately, using the regulatory abbreviation instead of the call signal of the latter station.

[276] § 6. ROUTING OF TRAFFIC

[277] (1) *Traffic wave*

[278] (a) Each station of the mobile service shall transmit its traffic by using, in principle, one of its working-waves, as they are indicated in the nomenclature for the band in which the call was made.

[279] (b) Outside of its normal working-wave which is printed in boldface type in the nomenclature, each station may use additional waves of the same band, in accordance with the provisions of article 19 § 1 (10).

[280] (c) The use of calling waves for traffic shall be governed by article 19.

[281] (2) *Long radiotelegrams*

[282] (a) In principle, any radiotelegram containing more than 100 words shall be considered as forming a series or shall end a series in progress.

[283] (b) As a general rule, long radiotelegrams, both in plain language and in code or cipher language, shall be transmitted in sections, each section containing 50 words in case of plain language, and 20 words or groups in the case of code or cipher.

[284] (c) At the end of each section the signal . . — — . . (?) meaning "have you received the radiotelegram correctly up to this point?" shall be transmitted. If the section has been correctly received, the receiving station shall reply by the letter K and the transmission of the radiotelegram shall be continued.

[285] (3) *Suspension of traffic*

When a station of the mobile service transmits on a working wave of a land station and thus causes interference with the said land station, it must suspend its work at the request of the latter.

[286] §7. END OF TRAFFIC AND OF WORK

[287] (1) *Signal for the end of transmission*

[288] (a) The transmission of a radiotelegram shall be ended by the signal . — . — . (end of transmission), followed by the call signal of the transmitting station and the letter K.

[289] (b) In the case of transmission by series, the end of each radiotelegram shall be indicated by the signal . — . — . and the end of the series by the call signal of the transmitting station and the letter K.

[290] (2) *Acknowledgment of receipt*

[291] (a) The acknowledgment of receipt of a radiotelegram shall be given by transmitting the letter R, followed by the number of the radiotelegram; this acknowledgment of receipt shall be preceded by the following formula: call signal of the station which has transmitted, word DE, call signal of the station which has received.

[292] (b) The acknowledgment of receipt of a series of radiotelegrams shall be given by transmitting the letter R followed by the number of the last radiotelegram received. This acknowledgment of receipt shall be preceded by the above formula.

[293] (c) The acknowledgment of receipt shall be made by the receiving station on the same wave as for the reply to the call [see § 5 (2) above].

[294] (3) *End of work*

[295] (a) The end of work between two stations shall be indicated by each of them by means of the signal . . . — . — (end of work), followed by its own call signal.

[296] (b) For these signals the sending station shall continue to use the traffic wave and the receiving station the wave for the reply to the call.

[297] (c) The signal . . . — . — (end of work) shall also be used when the transmission of radiotelegrams of general information, meteorological information, and general safety warnings is ended and the transmission ends in the long-distance radio-communication service with deferred acknowledgment of receipt or without acknowledgement of receipt.

[298] § 8. DURATION OF WORK

[299] (1) (a) In no case, in the maritime mobile service, must the work on 500 kc (600 m) exceed 10 minutes.

[300] (b) In no case, in the aerial mobile service, must the work on 333 kc (900 m) exceed 5 minutes.

[301] (2) On frequencies other than those of 500 kc (600

[2] In the case where the choice of the wave to be used for the traffic falls to the station called, and if, in exceptional cases, the latter station does not give the corresponding indication, the traffic shall take place on the wave used for the call.

m) and 333 kc (900 m) the duration of the periods of work shall be determined;

[302] (a) between a land station and a mobile station, by the land station,

[303] (b) between mobile stations, by the receiving station.

[304] § 9. TESTS

When it is necessary to make test signals, either for the adjustment of a transmitter before transmitting the call, or for the adjustment of a receiver, these signals must not last more than 10 seconds, and they must be composed of a series of V's followed by the call signal of the station transmitting for the tests.

ARTICLE 17

General call "to all"

[305] § 1. Two types of call signals "to all" shall be recognized:

1. the CQ call followed by the letter K (see §§ 2 and 3);
2. the CQ call not followed by the letter K (see § 4).

[306] § 2. Stations desiring to enter into communication with stations of the mobile service, without however, knowing the names of the mobile stations within their range, can use the inquiry signal CQ, in place of the call signal of the station called, in the calling formula, this formula being followed by the letter K (general call to all mobile stations, with request for reply).

[307] § 3. In regions where traffic is heavy, the use of the CQ call followed by the letter K shall be forbidden, except in combination with urgent signals.

[308] § 4. The CQ call not followed by the letter K (general call to all stations without request for reply) shall be used before transmission of information of all kinds intended to be read or used by anyone who can receive it.

ARTICLE 18

Calling

[309] § 1. (1) As a general rule, it shall devolve upon the mobile station to establish communication with the land station. It may call the land station for this purpose only after having arrived within the range of the latter.

[310] (2) However, a land station having traffic for a mobile station which has not indicated its presence may call the latter if it has reason to assume that the said mobile station is within its range and is listening.

[311] § 2. (1) Furthermore, land stations may transmit their calls in the form of "lists of calls" consisting of the call signals of all mobile stations for which they have traffic on hand, at definite intervals, at least 2 hours apart, which have been established by agreements between the governments concerned. Land stations which transmit their calls on the wave of 500 kc (600 m) shall transmit them in the form of "lists of calls", in alphabetical order, to include only the call signals of mobile stations for which they have traffic on hand and which are within their range. To their own call signal they shall add the abbreviations to indicate the working-wave they wish to use in the transmission. Land stations which use continuous waves outside of the band of 365 to 515 kc (822 to 583 m) shall transmit the call signals in the order which is most convenient for them.

[312] (2) The time at which land stations transmit their lists of calls, as well as the frequencies and types of waves which they use for this purpose must be indicated in the nomenclature.

[313] (3) Mobile stations which, during this transmission, hear their call signal, must answer as soon as they can, following, so far as possible, the order in which they were called.

[314] (4) When the traffic cannot be disposed of immediately, the land station shall inform each mobile station concerned of the probable time at which the work can begin, as well as the frequency and the type of wave which will be used in the work with it, if this is necessary.

[315] § 3. When a land station receives calls from several mobile stations at practically the same time, it shall decide as to the order in which these stations may transmit their traffic to it, its decision being based only on the necessity for permitting each calling station to exchange with it the greatest possible number of radiotelegrams.

[316] § 4. (1) When communication is first established with a land station, every mobile station, if it deems it advisable on account of possible confusion, can transmit its name spelled out as it appears in the nomenclature.

[317] (2) The land station can, by means of the abbreviation PTR, request the mobile station to give it the following information:

(a) approximate distance in nautical miles and bearing with reference to the land station, or else the position indicated by latitude and longitude;

(b) next port of call.

[318] (3) The information covered by subparagraph (2) shall be furnished by authorization of the commander or the person responsible for the vehicle carrying the mobile station and only in case it is requested by the land station.

[319] § 5. In communications between land stations and mobile stations, the mobile station shall comply with the instructions given by the land station, in all questions relative to the order and the time of transmission, to the choice of frequency (wave length) and/or of the type of wave and to the suspension of work. This provision shall not apply to cases of distress.

[320] § 6. In communications between mobile stations, and except for cases of distress, the station called shall control the work as indicated in § 5 above.

[321] § 7. (1) When a station called does not answer a call sent three times, at intervals of 2 minutes, the call must cease and it may be resumed only 15 minutes later (5 minutes for aeronautical mobile service). The calling station, before resuming the call, must make certain that the station called is not in communication with another station at that time.

[322] (2) The call may be repeated at shorter intervals if there is no danger that it will interfere with communications in progress.

[323] § 8. When the name and the address of the operating agency of a mobile station are not shown in the nomenclature or are no longer in accord with the data given therein, it shall devolve upon the mobile station, as a matter of routine, to furnish the land station to which it sends traffic with all the necessary information in this connection, using for this purpose the appropriate abbreviations.

ARTICLE 19

Use of Waves in the Mobile Service

[324] § 1. (1) In the bands included between 365 and 515 kc (822 and 583 m), the only type-B waves permissible shall be the following: 375, 410, 425, 454, and 500 kc (800, 730, 705, 660, and 600 m).

[325] (2) The general calling-wave which must be used by all ship stations and by all coast stations working in radiotelegraphy in the authorized bands between 365 and 515 kc (822 and 583 m), as well as by aircraft wishing to enter into communication with a coast station or a ship station, shall be the wave 500 kc (600 m) (A1, A2, or B).

[326] (3) The wave of 333 kc (900 m) shall be the international calling-wave for aerial services, except as indicated in article 9, §10 (2).

[327] (4) The wave of 143 kc (2,100 m) (Type-A1 only), shall be the international calling-wave for use in long-distance communications of the mobile service in the band 100 to 160 kc (3,000 to 1,875 m).

[328] (5) The wave of 500 kc (600 m) shall be the international distress wave; it shall be used for that purpose by ship stations and aircraft stations in requesting help from the maritime services. It may be used in a general way only for calls and replies as well as for distress traffic, urgent and safety messages, and signals.

[329] (6) However, on condition that the distress, urgent, safety, calling, and reply signals are not interfered with, the wave of 500 kc (600 m) may be used:

[330] (a) in the regions of heavy traffic for the transmission of a single short radiotelegram; [1]

[1] The regions of heavy traffic are indicated in the nomenclature of coast stations. These regions consist of the service areas of the coast stations indicated as not accepting traffic on 500 kc (600 m).

[331] (b) in other regions, for other purposes, but with discretion.

[332] (7) Besides the wave of 500 kc (600 m), the use of waves of all types between 485 and 515 kc (620 and 583 m) shall be forbidden.

[333] (8) Except for the wave of 143 kc (2,100 m) the use of any wave between 140 and 146 kc (2,143 and 2,055 m) shall be forbidden.

[334] (9) Coast and ship stations working within the authorized band between 365 and 515 kc (822 and 583 m) must be able to use at least one wave besides that of 500 kc (600 m); when an additional wave is printed in heavy type in the nomenclature, this is the normal working-wave of the station. The additional waves thus chosen for coast stations may or may not be the same as those of ship stations. In any case, the working-waves of coast stations must be chosen in such a way as to avoid interference with neighboring stations.

[335] (10) Besides their normal working-waves, printed in heavy type in the nomenclature, land and on-board stations may use, in the authorized bands, supplementary waves which shall be mentioned in the nomenclature in ordinary print. However, the band of frequencies from 365 to 385 kc (822 to 779 m) shall be reserved to the radio direction-finding service; it can be used by the mobile service, for radiotelegraph correspondence, only subject to the conditions set forth in article 7.

[336] (11) (a) The wave for the reply to a call transmitted on the general calling-wave [see § 1 (2)] shall be the wave of 500 kc (600 m), the same as that for calling.

[337] (b) The wave for the reply to a call, for aircraft stations and aeronautical stations working in the band 315 to 365 kc (952 to 822 m) shall be the wave of 333 kc (900 m), the same as that for calling.

[338] (c) The wave for the reply to a call transmitted on the international calling-wave of 143 kc (2,100 m) [see § 1 (4)] shall be:

the wave of 143 kc (2,100 m) for a mobile station;

the normal working-wave, for a coast station.

[339] § 2. (1) In order to increase safety of life at sea (ships), and over the sea (aircraft), all the stations of the maritime mobile service which normally listen on the waves of the authorized bands between 365 and 515 kc (822 and 583 m) must, during their working hours, make the necessary provisions to insure the watch on the distress wave [500 kc (600 m)] twice per hour, for 3 minutes, beginning at x:15 and at x:45 o'clock, Greenwich mean time.

[340] (2) During the intervals indicated above, outside the transmissions mentioned in article 22 (§§ 22 to 28):

[341] A. Transmissions must cease in the bands of 460 to 550 kc (652 to 545 m);

[342] B. Outside these bands:

(a) transmissions of type B waves shall be forbidden;

(b) other transmissions of the mobile service stations may continue; stations of the maritime mobile service may listen to these transmissions on the express condition that these stations shall first insure the watch on the distress wave, as provided for in subparagraph (1) of this paragraph.

[343] § 3. Since calls in the authorized bands between 365 and 515 kc (822 and 583 m) and from 315 to 365 kc (952 to 822 m) are normally made on the international calling-waves [§ 1 (2) and (3) above], mobile service stations open to the service of public correspondence and using waves from these bands for their work must, during their hours of watch, remain on watch on the calling-wave of their service. These stations, while observing the provisions of article 19, § 2 (1) and (2) and § 4 D, are authorized to abandon this watch only when they are engaged in a communication on other waves.

[344] § 4. The following rules must be followed in the operation of stations of the mobile service using type-A1 waves in the band 100 to 160 kc (3,000 to 1,875 m):

[345] A. (a) Any coast station carrying on a communication on one of these waves must listen on the wave of 143 kc (2,100 m), unless otherwise indicated in the nomenclature.

[346] (b) The coast station shall transmit all its traffic on the wave or on the waves which are specifically assigned to it.

[347] (c) A coast station to which one or more waves within the band 125 to 150 kc (2,400 to 2,000 m) have been allocated, shall have a prior right to this or these waves.

[348] (d) Any other mobile service station transmitting public traffic on this or these waves and thereby causing interference with the said coast station must discontinue its work at the request of the latter.

[349] B. (a) When a mobile station wishes to establish communication on one of these waves with another station of the mobile service, it must use the wave of 143 kc (2,100 m), unless otherwise indicated in the nomenclature.

[350] (b) This wave, designated as a general calling-wave, must be used exclusively in the North Atlantic:

1. for making individual calls and answering these calls;

2. for transmitting signals preliminary to the transmission of traffic.

[351] C. A mobile station, after having established communication with another station of the mobile service on the general calling-wave of 143 kc (2,100 m) must, so far as possible, transmit its traffic on some other wave of the authorized bands, provided it does not interfere with the work in progress of another station.

[352] D. As a general rule, any mobile station equipped for service on type-A1 waves in the band 100 to 160 kc (3,000 to 1,875) and which is not engaged in a communication on another wave, must, in order to permit the exchange of traffic with other stations of the mobile service, return each hour to the wave of 143 kc (2,100 m) for 5 minutes beginning at x:35 o'clock Greenwich mean time, during the specified hours, according to the category to which the station in question belongs.

[353] E. (a) Land stations must, so far as possible, transmit calls in the form of call lists; in this case, the stations shall transmit their call lists at specified hours published in the nomenclature, on the wave or waves allocated to them, in the band 100 to 160 kc (3,000 to 1,875 m), but not on the wave of 143 kc (2,100 m).

[354] (b) Land stations may, however, call mobile stations individually at any other time, outside the hours fixed for the transmission of call lists, according to circumstances or according to the work which they have to perform.

[355] (c) The wave of 143 kc (2,100 m) may be used for individual calls and shall preferably be used for this purpose during the period indicated in § 4, D.

[356] § 5. Radio communications from aeronautical and aircraft stations shall, in principle, be exchanged in the following manner:

[357] 1. For aircraft stations:

(a) In radiotelephony (calling and working) for aircraft of which the crew does not include a radiotelegraph operator.

(b) In radiotelegraphy on continuous waves for aircraft of which the crew includes a radiotelegraph operator.

Calling: type-A2 waves.

Working: type-A1 waves (type A2 shall be permitted in the case of work on short waves).

[358] 2. For aeronautical stations:

(a) In radiotelephony (calling and working) when the station must communicate with an aircraft of which the crew does not include a radiotelegraph operator.

(b) In radiotelegraphy, when the station must communicate with an aircraft of which the crew includes a radiotelegraph operator.

Type-A1 waves (calling and working).

Type-A2 waves shall be permitted (calling and working) in the case of short waves.

ARTICLE 20

Interference

[359] § 1. (1) The exchange of unnecessary signals or messages shall be forbidden to all stations.

[360] (2) Tests and experiments shall be permitted in mobile stations if they do not interfere with the service of other stations. As for stations other than mobile stations, each

administration shall judge, before authorizing them, whether or not the proposed tests or experiments are likely to interfere with the service of other stations.

[361] § 2. It is recommended that traffic relating to public correspondence be transmitted on type-A1 waves rather than on type-A2 waves, and on type-2A waves rather than on type-B waves.

[362] § 3. All stations of the mobile service shall be required to exchange traffic with the minimum of radiated power necessary to insure good communication.

[363] § 4. Except in cases of distress, communications between on-board stations must not interfere with the work of land stations. When this work is thus interfered with, the on-board stations which cause it must stop transmitting or change wave, upon the first request of the land station concerned.

[364] § 5. Test and adjustment signals must be selected in such a way that there will result no confusion with a signal, an abbreviation, etc., having a particular meaning defined by these Regulations or by the International Code of Signals.

[365] § 6. (1) When it is necessary to transmit test or adjustment signals, and there is danger of interfering with the service of the adjoining land station, permission must be obtained from that land station before such transmissions are made.

[366] (2) Any station making transmissions for purposes of testing, adjusting, or experimenting, must transmit its call signal or, if need be, its name at frequent intervals in the course of these transmissions.

[367] § 7. The administration or enterprise which makes a complaint regarding interference must, to support and justify the complaint:

(a) specify the characteristics of the interference noted (frequency, variations in adjustment, call signal of the interfering station, etc.);

(b) state that the station interfered with actually uses the frequency assigned to it;

(c) state that it regularly uses receiving instruments of a type equivalent to the best used in the current practice of the service concerned.

[368] § 8. The administrations shall take the steps which they deem advisable and which are in keeping with their domestic legislation so that electrical apparatus capable of serious interference with an authorized radio service, will be used in such a manner as to avoid such interference.

ARTICLE 21

Emergency Installations

[369] § 1. The Convention for the Safety of Life at Sea shall determine which ships must be provided with emergency installations and shall define the conditions to be fulfilled by installations of this category.

[370] § 2. In the use of emergency installations, all the provisions of the present Regulations must be observed.

ARTICLE 22

Distress Traffic and Distress Signals—Alarm, Emergency, and Safety Signals

A. GENERAL

[371] § 1. No provision of these Regulations shall prevent a mobile station in distress from using any means available to it for drawing attention, signaling its position, and obtaining help.

[372] § 2. (1) When distress, emergency, or safety is involved, the telegraph transmission speed in general, must not exceed 16 words per minute.

[373] (2) The transmission speed for the alarm signal is indicated in § 21 (1).

B. WAVES TO BE USED IN CASE OF DISTRESS

[374] § 3. (1) *Ships.*—In case of distress, the wave to be used shall be the international distress wave, that is, 500 kc (600 m) (see art. 19); it must preferably be used in type A2 or B. Vessels which cannot transmit on the international distress wave shall use their normal calling-wave.

[375] (2) *Aircraft.*—Any aircraft in distress must transmit the distress call on the watching-wave of the fixed or mobile stations likely to help it: 500 kc (600 m) for stations of the maritime service, 333 kc (900 m) for stations of the aeronautical service [except as indicated in art. 9, § 10 (2)]. The waves to be used are type A2 or A3.

C. DISTRESS SIGNAL

[376] § 4. (1) In radiotelegraphy, the distress signal shall consist of the group . . . — — — . . .; in radiotelephony, the distress signal shall consist of the spoken expression MAYDAY (corresponding to the French pronunciation of the expression "m'aider").

[377] (2) These distress signals shall announce that the ship, aircraft, or any other vehicle which sends the distress signal is threatened by serious and imminent danger and requests immediate assistance.

D. DISTRESS CALL

[378] § 5. (1) The distress call, when sent in radiotelegraphy on 500 kc (600 m) shall, as a general rule, be immediately preceded by the alarm signal as the latter is defined in § 21 (1).

[379] (2) When circumstances permit, the transmission of the call shall be separated from the end of the alarm signal by a 2-minute silence.

[380] (3) The distress call shall include:

the distress signal transmitted three times.
the word DE, and
the call signal of the mobile station in distress transmitted three times.

[381] (4) This call shall have absolute priority over other transmissions. All stations hearing it must immediately cease all transmission capable of interfering with the distress traffic, and must listen on the wave used for the distress call. This call must not be sent to any particular station and does not require an acknowledgment of receipt.

E. DISTRESS MESSAGE

[382] § 6. (1) The distress call must be followed as soon as possible by the distress message. This message shall include the distress call followed by the name of the ship, aircraft, or the vehicle in distress, information regarding the position of the latter, the nature of the distress and the nature of the help requested, and any other further information which might facilitate this assistance.

[383] (2) When, after having sent its distress message, an aircraft is unable to signal its position, it shall endeavor to send its call signal long enough so that the radio direction-finding stations may determine its position.

[384] § 7. (1) As a general rule, a ship or aircraft at sea shall signal its position in latitude and longitude (Greenwich), using figures, for the degrees and minutes, accompanied by one of the words north or south and one of the words east or west. A period shall separate the degrees from the minutes. In some cases, the true bearings and the distance in nautical miles from some known geographical point may be given.

[385] (2) As a general rule, an aircraft flying over land shall signal its position by the name of the nearest locality, its approximate distance from this point, accompanied according to the case, by one of the words north, south, east, or west, or, in some cases, words indicating intermediate directions.

[386] § 8. The distress call and message shall be sent only by order of the master or person responsible for the ship, aircraft, or other vehicle carrying the mobile station.

[387] § 9. (1) The distress message must be repeated at intervals until an answer has been received, and especially during the periods of silence provided for in article 19, § 2.

[388] (2) The alarm signal may also be repeated, if necessary.

[389] (3) The intervals must, however, be sufficiently long so that stations preparing to reply may have time to put their transmitters in operation.

[390] (4) In case the on-board station in distress receives no answer to a distress message sent on the 500-kc (600-m) wave, the message may be repeated on any other available wave by means of which attention might be attracted.

[391] § 10. Furthermore, a mobile station which becomes aware that another mobile station is in distress, may transmit the distress message in either of the following cases:

[392] (a) when the station in distress is not itself in a position to transmit it;
[393] (b) when the master (or his relief) of the vessel, aircraft, or other vehicle carrying the station which intervenes, believes that further help is necessary.
[394] § 11. (1) Stations which receive a distress message from a mobile station which is unquestionably in their vicinity, must acknowledge receipt thereof at once (see §§ 18 and 19 below), taking care not to interfere with the transmission of the acknowledgment of receipt of the said message by other stations.
[395] (2) Stations which receive a distress message from a mobile station which unquestionably is not in their vicinity, must wait a short period of time before acknowledging receipt thereof, in order to make it possible for stations nearer to the mobile station in distress to answer and acknowledge receipt without interference.

F. DISTRESS TRAFFIC

[396] § 12. Distress traffic shall include all messages relative to immediate assistance needed by the mobile station in distress.
[397] § 13. Every distress traffic radiotelegram must include the distress signal transmitted at the beginning of the preamble.
[398] § 14. The control of distress traffic shall devolve upon the mobile station in distress or upon the mobile station which, by application of the provisions of § 10 (a), has sent the distress call. These stations may delegate the control of the distress traffic to another station.
[399] § 15. (1) When it considers it indispensable, any station of the mobile service in the proximity of the ship, aircraft, or vehicle in distress, may impose silence either to all the stations of the mobile service in the zone, or to any one station which may be causing interference with the distress traffic. In both cases, the regulatory abbreviation (QRT) shall be used, followed by the word DISTRESS; these indications shall be addressed "to all" stations or to one station only, as the case may be.
[400] (2) When the station in distress wishes to impose silence, it shall use the above-mentioned procedure, substituting the distress signal . . . — — — . . . or the word DISTRESS.
[401] § 16. (1) Any station hearing a distress call must conform to the provisions of § 5 (4).
[402] (2) Any station of the mobile service which becomes aware of distress traffic must listen to this traffic even if it is not taking part in it.
[403] (3) For the entire duration of distress traffic, it shall be prohibited for all stations which are aware of this traffic and which are not taking part in it:
[404] (a) to use the distress wave [500 kc (600 m)] or the wave on which the distress traffic is taking place;
[405] (b) to use type-B waves.
[406] (4) A station of the mobile service which, while following distress traffic of which it is aware, is able to continue its normal service, may do so, when the distress traffic is well established, under the following conditions:
[407] (a) the use of the waves specified in (3) shall be forbidden;
[408] (b) the use of type-A1 waves, with the exception of those which might interfere with the distress traffic, shall be permitted;
[409] (c) it shall be allowed to use type-A2 or -A3 waves only in the band or bands allocated to the mobile service and which do not include frequencies used for distress traffic [the band around 500 kc (600 m) extends from 385 to 550 kc (779 to 545 m)].
[410] § 17. When it is no longer necessary to observe silence, or when the distress traffic is ended, the station which has controlled this traffic shall send on the distress wave, and, where necessary, on the wave used for this distress traffic, a message addressed "to all", indicating that the distress traffic is ended. This message shall take the following form:

CQ call "to all" (three times),
the word DE,
call signal of the station transmitting the message,
distress signal,
time of filing of the message,
name and call signal of the mobile station which was in distress,
words "distress traffic ended".

G. ACKNOWLEDGMENT OF RECEIPT OF A DISTRESS MESSAGE

[411] § 18. The acknowledgment of receipt of a distress message shall be given in the following form:

call signal of the mobile station in distress (three times),
the word DE,
call signal of the station acknowledging receipt (three times,
group RRR,
distress signal.

[412] § 19. (1) Any mobile station acknowledging receipt of a distress message must, on the order of the master or his relief, give the following information as soon as possible, in the order indicated:

its name,
its position, in the form specified in § 7,
the maximum speed at which it is proceeding towards the ship (aircraft or other vehicle) in distress.

[413] (2) Before transmitting this message the station must make sure that it is not interfering with the emissions of other stations in a better position to render immediate assistance to the station in distress.

H. REPETITION OF A DISTRESS CALL OR MESSAGE

[414] § 20. (1) Any station of the mobile service which is not in a position to render assistance and which has heard a distress message for which acknowledgment of receipt has not immediately been given, must take all possible steps to attract the attention of stations of the mobile service which are in a position to furnish help.
[415] (2) For this purpose, with the permission of the authority responsible for the station, the distress call or distress message may be repeated; this repetition shall be made at full power, either on the distress wave or on one of the waves which may be used in case of distress (§ 3 of this article); at the same time all necessary steps shall be taken to inform the authorities whose assistance may be advantageous.
[416] (3) A station which repeats a distress call or a distress message shall transmit after it the word DE followed by its own call signal three times.

I. AUTOMATIC ALARM SIGNAL

[417] § 21. (1) The alarm signal shall consist of a series of 12 dashes sent in 1 minute, the duration of each dash being 4 seconds and the duration of the interval between 2 dashes, 1 second. It can be transmitted by hand or by means of an automatic instrument.

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[418] (2) The only purpose of this special signal is to set into operation the automatic apparatus used to give the alarm. It must only be used either to announce that a distress call or message is to follow, or to announce the transmission of an urgent cyclone warning; in the latter case it can only be used by coast stations duly authorized by their government.
[419] (3) In cases of distress, the use of the alarm signal is indicated in § 5 (1); in the case of urgent cyclone warnings, the emission of this warning must begin only 2 minutes after the end of the alarm signal.
[420] (4) The automatic instruments intended for the reception of the alarm signal must satisfy the following conditions:

1. they must be set into operation by the alarm signal even when numerous stations are working, and also when there is atmospheric interference;
2. they must not be made to operate by "atmospherics" or by powerful signals other than the alarm signal;
3. they must possess a sensitivity equal to that of a crystal-detector receiver connected to the same antenna;
4. they must give warning when their operation ceases to be normal.

[421] (5) Before an automatic alarm receiver may be approved for use on ships, the administration having jurisdiction must be satisfied by practical tests made under suitable conditions of interference, that the apparatus complies with the provisions of these Regulations.

[422] (6) The adoption of the type of alarm signal mentioned in (1) shall not prevent an administration from authorizing the use of an automatic instrument complying with the conditions set forth above and which would be operated by the distress signal . . . — — — . . .

J. URGENT SIGNAL

[423] § 22. (1) In radiotelegraphy, the urgent signal shall consist of the group XXX transmitted three times, with the letters of each group, as well as the consecutive groups well separated; it shall be sent before the call.

[424] (2) In radiotelephony the urgent signal shall consist of three transmissions of the expression PAN (corresponding to the French pronounciation of the word "panne"); it shall be transmitted before the call.[1]

[425] (3) The urgent signal shall indicate that the calling station has a very urgent message to transmit concerning the safety of a ship, an aircraft, or another vehicle, or concerning the safety of some person on board or sighted from on board.

[426] (4) In particular, an aircraft sending a message to indicate that it is in trouble and on the point of being forced to land (or to take to the sea), but that it is not in need of immediate help, shall send the urgent signal before its message.

[427] (5) The urgent signal sent by an aircraft and not followed by a message shall mean that the aircraft is forced to land (or to take to the sea), is not able to transmit a message, but is not in need of immediate help.

[428] (6) The urgent signal shall have priority over all other communications, except distress communications, and all mobile or land stations hearing it must take care not to interfere with the transmission of the message which follows the urgent signal.

[429] (7) In case the urgent signal is used by a mobile station, this signal must, as a general rule, be addressed to a definite station.

[430] § 23. When the urgent signal is used the messages which this signal precedes must, as a general rule, be written in plain language, except in the case of medical messages exchanged between ships or between a ship and a coast station.

[431] § 24. (1) Mobile stations hearing the urgent signal must listen for at least 3 minutes. After this interval, and if no urgent message has been heard, they may resume their normal service.

[432] (2) However, land and on-board stations which are in communication on waves other than that used for the transmission of the urgent signal and the call following it, may continue their normal work without interruption.

[433] § 25. (1) The urgent signal may be transmitted only with the authorization of the master or of the person responsible for the ship, aircraft, or any other vehicle carrying the mobile station.

[434] (2) In the case of a land station, the urgent signal may be transmitted only with the approval of the responsible authority.

K. SAFETY SIGNAL

[435] § 26. (1) In radiotelegraphy, the safety signal shall consist of the group TTT, transmitted three times, with the letters of each group, as well as the consecutive groups, well separated. This signal shall be followed by the word DE and three transmissions of the call signal of the station sending it. It announces that this station is about to transmit a message concerning the safety of navigation or giving important meteorological warnings.

[436] (2) In radiotelephony, the word SECURITY (corresponding to the French pronunciation of the word "sécurité") repeated three times, shall be used as the safety signal.

[437] § 27. The safety signal and the message which follows it shall be transmitted on the distress wave or on one of the waves which, in some instances, may be used in case of distress (see § 3 of this article.)

[438] § 28. (1) In the maritime mobile service, apart from messages transmitted according to a schedule, the safety signal must be transmitted toward the end of the first ensuing period of silence (art. 19, § 2), and the message shall be transmitted immediately after the period of silence; in the cases provided for in article 30, A, § 4 (3) and § 5 (1), B, § 7, the safety signal and the message which follows it must be transmitted with as little delay as possible, but must be repeated, as has just been indicated, at the first ensuing period of silence.

[439] (2) All stations hearing the safety signal must continue listening on the wave on which the safety signal has been sent until the message so announced has been completed; they must moreover keep silence on all waves likely to interfere with the message.

[440] (3) The foregoing rules shall be applicable to the aeronautical service so far as they are not in conflict with regional arrangements providing aerial navigation with at least equivalent protection.

ARTICLE 23

Working Hours of Stations of the Mobile Service

[441] § 1. In order to permit the application of the rules indicated below regarding the hours of watch, each wireless station must have an accurate clock and must take the necessary steps to see that it is correctly adjusted to Greenwich mean time.

A. LAND STATIONS

[442] § 2. (1) The service of land stations shall, so far as possible, be continuous (day and night). However, the duration of the service of certain land stations may be limited. Each administration or public enterprise duly authorized to this effect, shall determine the service hours of the land stations under its authority.

[443] (2) Land stations the service of which is not continuous may not close before having:

1. finished all operations called for by a distress call;

2. exchanged all radiotelegrams originating in or destined to the mobile stations which are within their range and have signaled their presence before the effective cessation of work.

[444] (3) The service of aeronautical stations shall be continuous during the entire period of flight in the sector or sectors of the course or courses for which the station in question carries on the radio service.

B. SHIP STATIONS

[445] § 3. (1) For the international service of public correspondence, ship stations shall be classified into three categories according to the internal regulations of the administration to which they are subject, as follows:

[446] stations of the first category: these stations shall carry on a continuous service;

[447] stations of the second category: these stations shall carry on a service of limited duration, as outlined in subparagraph (2) below;

[448] stations of the third category: these stations shall carry on a service of a more limited duration than that of the stations of the second category, or a service the duration of which is not determined by these Regulations.

[449] (2) (a) Ship stations classified in the second category must carry on their service at least during the period assigned to them in appendix 4. This period shall be mentioned in the license.

[450] (b) In the case of short crossings, they shall carry on the service during the hours determined by the administration to which they belong.

[451] (3) In certain cases, the service hours of stations on ships of the third category may be mentioned in the nomenclature.

[452] (4) As a general rule, when a coast station has traffic on hand for a station on a ship of the third category not having fixed listening hours and which is presumed to be

[1] In the aeronautical service, at present, the signal PAN is also used as the radiotelegraph urgent signal; in this case the three letters must be well separated in order that the letters AN will not be changed into the letter P.

within the range of the coast station, the latter shall call the ship station during the first half-hour of the first and third listening periods of ship stations of the second category carrying on an 8-hour service in accordance with the provisions of appendix 4.

[453] § 4. (1) The provisions of § 2 (2) of this article shall apply strictly to ship stations with regard to the distress service, and, so far as possible, in conformity with the spirit of the contents of item 2 of the said subparagraph.

[454] (2) It shall devolve upon each of the contracting governments to insure the efficiency of the service in the ship stations of its nationality by requiring in these stations the presence of the necessary number of operators, taking into account its internal regulations on the subject.

C. AIRCRAFT STATIONS

[455] § 5. For the international service of public correspondence, aircraft stations shall be classified into two categories according to the internal regulations of the administrations to which they are subject, as follows:

[456] stations of the first category: these stations shall carry on a continuous service;

[457] stations of the second category: these stations shall carry on a limited service of which the duration is not determined by these Regulations.

D. GENERAL PROVISIONS

[458] § 6. (1) A mobile station which has no fixed working-hours must advise the land station with which it is in communication of the closing and reopening hours of its service.

[459] (2) (a) Every mobile station the service of which is about to close, due to arrival, must so advise the nearest land station and, if necessary, the other land stations with which it generally communicates. It must not close until it has cleared all traffic on hand.

[460] (b) At the time of its departure, it must advise the aforesaid land station or stations of its reopening.

E. CLASS AND MINIMUM NUMBER OF OPERATORS

[461] § 7. With respect to the international service of public correspondence of mobile stations, the personnel of these stations must include at least:

[462] 1. for ship stations of the first category; an operator holding a first-class radiotelegraph operator's certificate;

[463] 2. for ship stations of the second category; an operator holding a first- or second-class radiotelegraph operator's certificate;

[464] 3. (a) for ship stations of the third category, except in the cases provided for in subparagraphs (b) and (c) below, an operator having successfully passed the examination for a second-class radiotelegraph operator's certificate;

[465] (b) for ship stations of which radiotelegraph equipment is not made compulsory by international agreements, an operator holding a special certificate covering the conditions contained in article 10, D, § 6 (1);

[466] (c) for ship stations equipped with a low-power radiotelephone installation, an operator holding a radiotelephone operator's certificate covering the conditions contained in article 10, E, § 7;

[467] 4. (a) for aircraft stations, except in the cases provided for in subparagraphs (b) and (c) below, an operator holding a first- or second-class radiotelegraph operator's certificate, according to provisions of an internal character laid down by the governments to which these stations are subject;

[468] (b) for stations on board aircraft for which radiotelegraph equipment is not made compulsory by international agreements, an operator holding a special certificate covering the conditions contained in article 10, D, § 6 (1);

[469] (c) for stations on board aircraft equipped with a low-power radiotelephone installation, an operator holding a radiotelephone operator's certificate covering the conditions contained in article 10, E, § 7.

ARTICLE 24

Order of Priority of Communications in the Mobile Service

[470] The order of priority of radio communications in the mobile service shall be as follows:

1. distress calls, distress messages, and distress traffic;
2. communications preceded by an urgent signal;
3. communications preceded by a safety signal;
4. communications relative to radio direction-finding bearings;
5. government radiotelegrams for which priority right has not been waived;
6. all other communications.

ARTICLE 25

Indication of the Station of Origin of Radiotelegrams

[471] § 1. When the name of a station, due to similarity of names, is followed by the call signal of that station, that signal shall be separated from the name of the station by a fraction bar. Example: Oregon/OZOC (and not Oregonozoc); Rose/DDOR (and not Roseddor).

[472] § 2. When reforwarding, over the communication channels of the general network, a radiotelegram received from a mobile station, the land station shall transmit, as the origin, the name of the mobile station where the radiotelegram originated, as that name is shown in the nomenclature, followed by the name of the said land station.

[473] § 3. If it deems advisable, the land station may complete the indication of the mobile station of origin by the word " ship ", or " aircraft ", or " dirigible " placed before the name of the said station of origin, for the purpose of avoiding any confusion with a telegraph office or a fixed station having the same name.

ARTICLE 26

Routing of Radiotelegrams

[474] § 1. (1) As a general rule, a mobile station using type -A2, -A3, or -B waves within the band 365 to 515 kc (822 to 583m) shall send its radiotelegrams to the nearest land station. In order to accelerate or facilitate the transmission of radiotelegrams, it may, however, transmit them to another mobile station. The latter shall treat radiotelegrams thus received like those filed in its own station. (See also art. 7 of the Additional Regulations.)

[475] (2) However, when the mobile station can choose among several land stations situated at approximately the same distance, it must give the preference to the station located on the territory of the country of destination or of normal transit of the radiotelegram. When the station chosen is not the nearest, the mobile station must cease working or change the type or frequency of emission upon the first request made by the land station of the service concerned which is actually the nearest, when this request is based upon the interference which the work in question causes to the latter.

[476] § 2. Mobile stations using either type -A1 waves or type-A2 or A3 waves, outside the band 365 to 515 kc (822 to 583 m) must, as a general rule, give preference to the land station located on the territory of the country of destination or of the country which it appears could most reasonably effect the transit of the radiotelegrams.

[477] § 3. If the sender of a radiotelegram filed in a mobile station has designated the land station to which he desires his radiotelegram sent, the mobile station must, in some cases, wait until the conditions specified in the preceding paragraphs are fulfilled, before making the transmission to the designated land station.

ARTICLE 27

Accounting for Radiotelegrams

A. ESTABLISHMENT OF ACCOUNTS

[478] § 1. In principle, land and on-board charges shall not enter into international telegraph accounts.

[479] § 2. Governments reserve the right to make different arrangements among themselves and with the private enterprises concerned, with a view to the adoption of other provisions for accounting, notably the adoption, so far as possible, of the system in which land and on-board charges follow radiotelegrams from country to country through the telegraph accounts.

[480] § 3. In the absence of a different arrangement, in accordance with the provisions of § 2 above, accounts for these charges shall be set up each month by the administra-

tions to which the land stations are subject and sent by them to the administrations concerned.

[481] § 4. Where the land stations are not operated by the administration of the country, the operating agency may be substituted for the administration of the country, so far as accounts are concerned.

[482] § 5. For radiotelegrams originating with on-board stations, the administration to which the land station is subject shall debit the administration to which the on-board station of origin is subject with the land charges, the charges pertaining to the course on the general system of telecommunication channels—hereinafter called telegraph charges—the total charges collected for prepaid replies, land and telegraph charges collected for collating, charges collected for delivery by special messenger, mail or air mail, and charges collected for copies of multiple telegrams. For transmission over telegraph-communication channels, radiotelegrams shall be handled, from the standpoint of accounts, in accordance with the Telegraph Regulations.

[483] § 6. For radiotelegrams addressed to a country situated beyond the one to which the land station is subject, the telegraph charges to be settled in conformity with the above provisions shall be those resulting either from rate tables pertaining to the international telegraph correspondence, or from special arrangements concluded among administrations of bordering countries and published by these administrations, and not the charges which might be collected by applying either minimum charges per telegram, or methods for rounding off prices per telegram in any way whatever.

[484] § 7. For radiotelegrams addressed to on-board stations, the administration to which the office of origin is subject, shall be debited directly by that to which the land station is subject, with the land and on-board charges plus the land and on-board charges applicable for collating, but only in the case where the radiotelegram has been transmitted to the on-board station. However, in the case covered in § 4, article 9 of the Additional Regulations, the administration to which the office of origin is subject shall be debited with the land charge by the administration to which the land station is subject. The administration to which the office of origin is subject shall always be debited from country to country, if necessary, through the telegraph accounts, and by the administration to which the land station is subject, with the total charges appertaining to prepaid replies and with the telegraph charge pertaining to collating. Regarding telegraph charges, charges concerning delivery by mail or air mail, and charges for copies of multiple telegrams, the normal telegraph procedure shall be adopted, with respect to telegraph accounts. The administration to which the land station is subject shall, so far as the radiotelegram has been transmitted, credit the administration to which the on-board station of destination is subject: (*a*) with the on-board charge; (*b*) if necessary, with the charges accruing to intermediate on-board stations, with the total amount collected for prepaid replies, with the on-board charge paid for collating, with the charges collected for copies of multiple telegrams, and with the charges collected for mail or air mail delivery.

[485] § 8. In the mobile service accounts, paid service notices and replies to radiotelegrams with prepaid reply shall be handled in every respect like other radiotelegrams.

[486] § 9. For radiotelegrams exchanged between on-board stations—

[487] (a) through the intermediary of a single land station:

The administration to which the land station is subject shall debit the one to which the on-board station of origin is subject: with the land charge, with the territorial telegraph charge, if any, and with the charge of the on-board station of destination. It shall credit the administration to which the on-board station of destination is subject with the on-board charge accruing to that station.

[488] (b) through the intermediary of two land stations:

The administration to which the first land station is subject shall debit the one to which the on-board station of origin is subject, with all the charges collected, deduction being made of the charges accruing to this on-board station. The administration to which the second land station is subject shall debit directly the administration to which the first land station is subject, with the charges pertaining to transmission to the mobile station of destination, but only where this transmission has been made.

[489] § 10. For radiotelegrams which are routed, at the sender's request, through one or two intermediary on-board stations, each of these shall debit the on-board station of destination, in the case of a radiotelegram addressed to an on-board station, or the on-board station of origin when the radiotelegram originates with an on-board station, with the on-board charge accruing to it for transit.

B. EXCHANGE, VERIFICATION, AND SETTLEMENT OF ACCOUNTS

[490] § 11. In principle, settlement of accounts pertaining to exchanges between on-board stations shall be made directly among the agencies operating these stations, the operating agency to which the station of origin is subject being debited by that to which the station of destination is subject.

[491] § 12. In principle, monthly accounts, serving as basis for the accounting of radiotelegrams, dealt with in this article, shall be set up, using so far as possible the model form shown in appendix 11, for each on-board station separately and according to the number of words per month in the radiotelegrams of the same origin and for the same destination, exchanged with the same land station. Accounts shall be sent within 3 months after the month to which they refer.

[492] § 13. Notice of acceptance of an account, or comments concerning it, shall be sent within 6 months from the date on which the latter is rendered.

[493] § 14. The periods mentioned in the two preceding paragraphs may exceed the time stipulated when exceptional difficulties arise in the postal transport of documents between land stations and the administrations to which they belong. Nevertheless, the closing and settlement of accounts presented more than 18 months after the date of the filing of the radiotelegrams, to which the accounts relate, may be refused by the debtor administration.

[494] § 15. In the absence of contrary arrangement, the following provisions shall be applicable to radiotelegraph accounts considered in the present article.

[495] § 16. (1) Monthly accounts shall be accepted without revision when the difference between the accounts prepared by the two administrations concerned does not exceed one percent (1%) of the account of the creditor administration, provided that the amount of this account be not greater than one hundred thousand francs (100,000 fr.); when the amount of the account drawn up by the creditor administration is greater than a hundred thousand francs (100,000 fr.), the difference must not exceed a total sum comprising:

1st. 1% of the first hundred thousand francs (100,000 fr.);

2d. 0.5% of the remainder of the amount of the account.

[496] However, if the difference does not exceed twenty-five francs (25 fr.), the discrepancy must be disregarded.

[497] (2) A revision once begun shall cease as soon as, following an exchange of comments between the two administrations concerned, the difference has been reduced to an amount not exceeding the maximum fixed by the first subparagraph of this paragraph.

[498] § 17. (1) Immediately after the acceptance of the accounts appertaining to the last month of a quarter, a quarterly account, setting forth the balance for the whole of the 3 months of the quarter, shall, in the absence of a contrary arrangement between the two administrations concerned, be prepared by the creditor administration and forwarded in duplicate to the debtor administration, which, after checking it, shall return one of the two copies endorsed with its acceptance.

[499] (2) Failing acceptance of one or the other of the monthly accounts of the same quarter before the expiration of the sixth month following the quarter to which the accounts refer, the quarterly account may, nevertheless, be

prepared by the creditor administration for a provisional settlement, which shall become obligatory for the debtor administration in the conditions set forth in § 18 below. Corrections subsequently found to be necessary shall be included in a subsequent quarterly settlement.

[500] § 18. The quarterly account must be verified and the amount thereof must be paid within 6 weeks from the date on which the debtor administration has received it. After this period, the sums due to one administration by another shall bear interest at the rate of 6 percent per annum, dating from the day following expiration of the said period of grace.

[501] § 19. (1) In the absence of a different agreement, the balance of the quarterly account shall be paid by the debtor administration to the creditor administration, in gold or by means of checks or sight drafts drawn up for an amount equivalent to the amount of the balance expressed in gold francs.

[502] (2) In case of payment by means of checks or drafts, these papers shall be drawn up in the currency of a country where the central issuing bank or another official issuing institution buys and sells gold or gold currency for the national currency at fixed rates determined by law or by virtue of an agreement with the government. If the currencies of several countries answer these conditions, it shall devolve upon the creditor administration to indicate the currency which it desires. Conversion shall be made at par of gold currency.

[503] (3) In the case where the currency of a creditor country does not comply with the conditions set forth above under (2), and if the two countries have an agreement on the subject, the checks or drafts may also be drawn up in the currency of the creditor country. In this case, the balance shall be converted at par of gold currency into the currency of a country complying with the above conditions. The resulting values shall then be converted into the currency of the debtor country, and from that into the currency of the creditor country, at the rate of exchange of the capital or of a place of commerce of the debtor country on the day of delivery of the purchasing order for the check or draft.

[504] § 20. Remittance charges shall be borne by the debtor administration.

[505] § 21. The originals of radiotelegrams and statements of accounts relating thereto shall be preserved until the settlement of the accounts to which they relate and in any case for at least 10 months, counting from the month following the filing of the radiotelegram, with all necessary precautions to maintain secrecy.

ARTICLE 28

Aeronautical Radio Service of Public Correspondence

[506] In the absence of special arrangements (art. 13 of the Convention) the provisions of the present Regulations concerning the procedure for the exchange of or accounting for radio communications shall be applicable, in a general way, to the areonautical radio service of public correspondence.

ARTICLE 29

Service of Low-power Mobile Radiotelephone Stations[1]

[507] § 1. The following provisions affect only the service of mobile radiotelephone stations, in which the carrier-wave power in the antenna does not exceed 100 watts [except by regional agreements provided for in art. 10, § 7 (4) of the present Regulations] within the band 1,530 to 2,000 kc (196.1 to 150 m).

[508] § 2. The service of such a station must be performed by an operator holding a radiotelephone operator's certificate. (Art. 10, § 7 of the present Regulations.)

[509] § 3. (1) In order to call coast stations, the call signal or the geographical name of the place, as it appears in the nomenclature of coast and ship stations, or in the nomenclature of stations operating special services, may be used as a radiotelephone call signal.

[510] (2) In order to call ship stations, either the name of the ship or a call signal conforming to the provisions of article 14 of the present Regulations may be used as a radiotelephone call signal.

[511] (3) In case the name and the nationality of the ship cannot be ascertained beyond doubt, the call signal or the name shall be preceded by the name of the owner.

[512] § 4. (1) The wave of 1,650 kc (182 m) is a calling wave for the radiotelephone mobile service. It may be used under the conditions stipulated in article 7, § 7 [table, notes (11) and (13)]. This rule shall not preclude the use of other frequencies which may be determined by the administrations for the radiotelephone service with coast or ship stations designated by them.

[513] (2) Coast and ship stations using the 1,650-kc (182-m) calling wave must have available at least one other wave in the band 1,530 to 2,000 kc (196.1 to 150 m). This second wave shall be printed in boldface type in the nomenclature of the stations, to indicate that it is the normal working wave of the station. The working waves of these stations must be selected in such a manner as to avoid interference with the other radio stations.

[514] (3) In addition to the normal working wave, coast and ship stations may use additional waves in the band mentioned. These waves shall be indicated in the nomenclature in ordinary type.

[515] § 5. (1) In case of distress, if it is not possible to use the general distress wave of 500 kc (600 m) for radiotelephony, the wave of 1,650 kc (182 m) may be used for distress call and traffic. The station may also use any other wave in order to attract attention, signal its position, and obtain help.

[516] (2) The radiotelephone distress signal shall consist of the spoken expression MAYDAY (corresponding to the French pronunciation of the expression "m'aider").

[517] § 6. The provisions concerning radiotelegraph service and, in particular, the provisions referring to interference, to the distress, urgent, and safety services, to the closing of services, and to calling (arts. 16, 20, 22, 23, and 18 of the present Regulations) shall, so far as it is practicable and reasonable, be applicable to the mobile radiotelephone service.

[518] § 7. The procedure given in appendix 12 to the present Regulations may be applied in the service of low-power mobile radiotelephone stations.

ARTICLE 30

Special Services

A. METEOROLOGY

[519] § 1. Meteorological messages shall include:

[520] (a) messages intended for meteorological services officially charged with making weather forecasts and with the protection of maritime and aerial navigation;

[521] (b) messages of these meteorological services intended especially:

1st, for mobile stations of the maritime service;
2d, for the protection of the aeronautical service;
3d, for the public.

[522] The information contained in these messages may be:

(1) observations at scheduled hours;
(2) notices of dangerous phenomena;
(3) forecasts and warnings;
(4) statements on the general meteorological situation.

[523] § 2. (1) The various national meteorological services shall arrange for the establishment of common transmission programs in such a way as to use the transmitters best located for such extensive areas as the latter can serve.

[524] (2) The meteorological observations contained in the classes (a) and (b), 1st and 2d above (§ 1) shall, in principle, be written in an international meteorological code, whether they are transmitted by mobile stations or intended for them.

[525] § 3. For weather-observation messages intended for an official meteorological service, advantage shall be taken of the facilities resulting from the assignment of exclusive waves to synoptic meteorology and to aeronautical meteorology, in conformity with the regional agreements estab-

[1] When the occasion arises, these provisions may be applied to aircraft stations.

lished by the services concerned for the use of these waves.

[526] § 4. (1) Meteorological messages intended especially for all mobile stations of the maritime service shall, in principle, be transmitted in accordance with a definite time schedule, and so far as possible, at hours when they may be received by those of the stations mentioned which have but one operator, the transmission speed being selected in such a way that the reading of the signals will be possible for an operator having only a second-class certificate.

[527] (2) During transmissions "to all" of meteorological messages intended for stations of the mobile service, all stations of this service whose transmissions might interfere with the reception of the messages in question must observe silence, in order to make it possible for all the stations desiring to receive the said messages.

[528] (3) Meteorological warning messages shall be transmitted immediately and must be repeated at the end of the first period of silence ensuing (see art. 19, § 2). These messages must be sent on the waves allocated to the maritime mobile service. Their transmission shall be preceded by the safety signal.

[529] (4) In addition to the regular information services provided for in the preceding subparagraphs, the administrations shall take the necessary steps so that, upon request, certain stations will be charged with communicating meteorological messages to stations of the mobile service.

[530] (5) The preceding rules shall be applicable to the aeronautical service so far as they do not conflict with more definite regional arrangements insuring at least equivalent protection to aerial navigation.

[531] § 5. (1) Messages emanating from mobile stations and containing information relative to the presence of tropical cyclones must be transmitted in as short a time as possible to the other neighboring mobile stations and to the competent authorities at the first point on the coast with which contact may be established. Their transmission shall be preceded by the safety signal.

[532] (2) Any mobile station may, for its own use, listen to the meteorological observations transmitted by other mobile stations even when they are addressed to a national meteorological service. The stations of the mobile service which transmit meteorological observations addressed to a national meteorological service shall not be required to repeat these observations; but the exchange, upon request, of information relating to weather conditions shall be authorized between mobile stations.

B. TIME SIGNALS—NOTICES TO NAVIGATORS

[533] § 6. The provisions of § 4 above shall be applicable to time signals and to notices to navigators, with the exception, as regards time signals, of the provisions contained in § 4 (3) of title A.

[534] § 7. Messages containing information relative to the presence of dangerous ice, dangerous wrecks, or of any other imminent danger to navigation, must be transmitted with as little delay as possible to the other neighboring mobile stations and to the competent authorities at the first point of the coast with which contact may be established. These transmissions must be preceded by the safety signal.

[535] § 8. When they deem it necessary, and on condition that the sender consents, the administrations may authorize their land stations to communicate to such maritime information agencies as they choose, and under conditions laid down by themselves, information concerning averages and disasters at sea or information of a general interest to navigation.

C. SERVICE OF RADIO DIRECTION-FINDING STATIONS

[536] § 9. The administrations to which radio direction-finding stations are subject accept no responsibility for the consequences of an inexact bearing.

[537] § 10. These administrations shall notify, for insertion in the nomenclature of stations carrying on special services, the characteristics of each radio direction-finding station, indicating for each one the sectors in which bearings are normally safe. Any change concerning this information must be published without delay; if the change is of a permanent nature, it must be communicated to the Bureau of the Union.

[538] § 11. (1) The normal radio direction-finding wave shall be the wave of 375 kc (800 m). In principle, all coastal radio direction-finding stations must be able to use it.[1] In addition, they must be able to take bearings from emissions made on 500 kc (600 m), particularly to locate distress, alarm, and urgent signals.

[539] (2) An aircraft station desiring to obtain its bearing must, in order to request same, call on the 333-kc (900-m) wave or on a wave assigned to the air route over which it is flying. Where an aircraft station, while in the vicinity of coast stations, calls them in order to obtain a bearing, it must use the watch frequency of these coast stations.

[540] § 12. The procedure to be followed in the radio direction-finding service is given in appendix 13.

D. RADIOBEACON SERVICE

[541] § 13. (1) When an administration deems it advisable, in the interests of maritime and aerial navigation, to organize a radiobeacon service, it may use for this purpose:

[542] (a) radiobeacons proper, established on land or on vessels permanently moored; the emissions of these radiobeacons may be either nondirectional or directional;

[543] (b) fixed stations, coast stations, or aeronautical stations designated to function also as radiobeacons, upon request of mobile stations.

[544] (2) Radiobeacons proper shall use the following waves:

[545] (a) In the European region, for the maritime radiobeacons, the waves of the band 290 to 320 kc (1,034 to 938 m) and, for the aeronautical radiobeacons the waves of the band 350 to 365 kc (857 to 822 m), as well as certain waves of the band 255 to 290 kc (1,176 to 1,034 m), selected by international aeronautical organizations.

[546] (b) In the other regions, for the maritime radiobeacons, the waves of the band 285 to 315 kc (1,053 to 952 m) and, for the aeronautical radiobeacons, the waves taken from the band 194 to 365 kc (1,546 to 822 m).

[547] (c) In addition, in Europe, Africa, Asia, the directional radiobeacons (maritime and aeronautical) may use the waves of the bands 1,500 to 1,630 kc (200 to 184 m) and 1,670 to 3,500 kc (179.6 to 85.71 m) under the conditions set forth in § 20 of article 7.

[548] (d) The use of type-B waves shall be prohibited for radiobeacons proper.

[549] (3) Other stations notified as radiobeacons shall use their normal frequency and their normal type of emission.

[550] § 14. Signals sent by radiobeacons must permit of exact and accurate observations; they must be chosen in such a way as to eliminate all doubt when the question arises of distinguishing among them two or more radiobeacons.

[551] § 15. The administrations which have organized a radiobeacon service accept no responsibility for the consequences of inexact bearings obtained by means of the radiobeacons of that service.

[552] § 16. (1) The administrations shall notify, for insertion in the nomenclature of stations operating special services, the characteristics of each radiobeacon proper, and of each station designated to operate as a radiobeacon, including, if necessary, indications of the sectors in which bearings are normally reliable.

[553] (2) Any modification or irregularity of operation occurring in the radiobeacon service must be published without delay; if the modification or irregularity of operation is of a permanent nature, it must be reported to the Bureau of the Union.

ARTICLE 31

International Radio Consulting Committee (C.C.I.R.)

[554] § 1. An International Radio Consulting Committee (C.C.I.R.) shall be charged with the study of technical radio questions and those of which the solution depends principally upon considerations of a technical character, which

[1] It is recognized that certain existing stations are not able to use this wave, but all new stations must be able to take bearings on 375 kc (800 m) and on 500 kc (600 m).

shall be submitted to it by the administrations and radio operating companies.

[555] § 2. (1) It shall be formed of experts of the administrations and radio operating companies or groups of radio operating companies recognized by their respective governments, which state their desire to participate in its work and undertake to contribute, in equal shares, to the common expenses of its meetings. The statement shall be addressed to the administration of the country in which the last administrative conference was held.

[556] (2) International organizations interested in radio studies, who shall have been designated by the last plenipotentiary or administrative conference, and who undertake to contribute to the expenses of the meetings, as indicated in the preceding subparagraph, shall also be admitted.

[557] (3) Each administration, company, group of companies, or international organization, shall defray the personal expenses of its own experts.

[558] § 3. In principle, the meetings of the C.C.I.R. shall take place every 5 years. However, a meeting which has been scheduled may be advanced or postponed by the administration calling it at the request of 10 participating administrations, if the number and nature of the questions to be studied warrant it.

[559] § 4. (1) The languages and method of voting used in the plenary assemblies, committees, and subcommittees, shall be those adopted by the last plenipotentiary or administrative conference.

[560] (2) However, when a country is not represented by an administration, the experts of the recognized operating companies of that country, in one body, and regardless of their number shall be entitled to one deliberative vote only.

[561] § 5. The Director of the Bureau of the Union, or his representative, and the representatives of the other International Consulting Committees, C.C.I.F. and C.C.I.T., shall have the right to take part in the meetings of the C.C.I.R. in an advisory capacity.

[562] § 6. The internal organization of the C.C.I.R. shall be governed by the provisions of appendix 14 to the present Regulations.

ARTICLE 32

Expenses of the Bureau of the Union

[563] § 1. The ordinary expenses of the Bureau of the Union for the radio service must not exceed the amount of 200,000 gold francs annually.

[564] § 2. However, if an extraordinary expense is incurred for printed matter or for various documents during a year, and the corresponding revenue is not collected during the same year, the Bureau shall be authorized, in this case only, to exceed the maximum credit provided for, with the understanding that the maximum credit for the following year shall be reduced by an amount equal to the above-mentioned excess.

[565] § 3. The sum of 200,000 gold francs may be modified later, with the consent of all the contracting parties.

ARTICLE 33

Effective Date of the General Regulations

[566] The present General Regulations shall go into effect on the 1st day of January, one thousand nine hundred and thirty-four.

[567] In witness whereof the respective plenipotentiaries have signed the present General Regulations in a single copy which shall remain deposited in the archives of the Spanish Government and a copy of which shall be forwarded to each government.

Done at Madrid, on December 9, 1932.

Signed by the duly accredited representatives of the following Governments:

Union of South Africa; Germany; Republic of Argentina; Commonwealth of Australia; Austria; Belgium; Bolivia; Brazil; Canada; Chile; China; Vatican City State; Republic of Colombia; French Colonies, protectorates and territories under French mandate; Portuguese Colonies; Swiss Confederation; Belgian Congo; Costa Rica; Cuba; Curaçao and Surinam; Cirenaica; Denmark; Free City of Danzig; Dominican Republic; Egypt; Republic of El Salvador; Ecuador; Eritrea; Spain; United States of America; Finland; France; United Kingdom of Great Britain and Northern Ireland; Greece; Guatemala; Republic of Honduras; Hungary; Italian Islands of the Aegean Sea; British India; Dutch East Indies; Irish Free State; Iceland; Italy; Chosen, Taiwan, Karafuto, Kwantung Leased Territory and the South Sea Islands under Japanese mandate; Latvia; Liberia; Lithuania; Morocco; Nicaragua; Norway; New Zealand; Republic of Panama; Netherlands; Peru; Poland; Portugal; Rumania; Italian Somaliland; Sweden; Syria and the Lebanon; Czechoslovakia; Tripolitania; Tunisia; Turkey; Union of Soviet Socialist Republics; Uruguay; Venezuela; Yugoslavia.

APPENDIX 1

TABLE OF FREQUENCY TOLERANCES AND OF INSTABILITIES

(See article 6)

1. The frequency tolerance is the maximum permissible separation between the frequency assigned to a station and the actual frequency of emission.

2. This separation results from the combination of three errors:

(a) the error of the radio frequency meter or of the frequency indicator used;

(b) the error made when the set is adjusted;

(c) the slow variations of the transmitter frequency.

3. In the frequency tolerance, modulation is not to be considered.

4. The instability of the frequency is the maximum permissible separation resulting from the error mentioned in the above (c) only.

Table of frequency tolerances and of instabilities

	Tolerances permissible immediately	Tolerances permissible for new transmitters only after 1933	Instabilities permissible immediately	Instabilities permissible for new transmitters only after 1933
A. From 10 to 550 kilocycles (30,000 to 545 m):	±	±	±	±
(a) Fixed stations ..... percent	0.1	0.1		
(b) Land stations ..... do	0.1	0.1		
(c) Mobile stations using specified frequencies ..... percent	[1] 0.5	[1] 0.5		
(d) Mobile stations using any wave within the band ..... percent			0.5	0.5
(e) Broadcasting ..... kilocycles	0.3	0.05		
B. From 550 to 1,500 kilocycles (545 to 200 m):				
(a) Broadcasting stations ..... kilocycles	0.3	0.05		
(b) Land stations ..... percent	0.1	0.1		
(c) Mobile stations using any wave within the band ..... percent			0.5	0.5
C. From 1,500 to 6,000 kilocycles (200 to 50 m):				
(a) Fixed stations ..... percent	0.05	0.03		
(b) Land stations ..... do	0.1	0.04		
(c) Mobile stations using specified frequencies ..... percent	0.1	0.1		
(d) Mobile stations using any wave within the band ..... kilocycles			5	3
(e) Low-power fixed and land stations (up to 250 watts-antenna) operating in the bands shared by fixed and mobile services ..... kilocycles	[2]	[2]	5	3
D. From 6,000 to 30,000 kc (50 to 10 m):				
(a) Fixed stations ..... percent	0.05	0.02		
(b) Land stations ..... do	.1	.04		
(c) Mobile stations using specified frequencies ..... percent	.1	[3] .1		
(d) Mobile stations using any wave within the band ..... percent			.1	.05
(e) Broadcasting stations ..... do	.03	.01		
(f) Low-power fixed and land stations (up to 250 watts-antenna) operating in the bands shared by fixed and mobile services ..... percent	[2]	[2]	.1	.05

[1] It is recognized that a great number of spark transmitters and simple self-oscillator transmitters exist in this service which are not able to meet these requirements.

[2] The permissible tolerances not being given, the administrations shall fix tolerances as low as possible.

[3] 0.04 percent for frequencies within shared bands.

NOTE.—The administrations shall endeavor to take advantage of technical progress to reduce gradually the frequency tolerances and the limits of instability.

APPENDIX 2

TABLE OF FREQUENCY-BAND WIDTHS OCCUPIED BY THE EMISSIONS

(See article 6)

Generally, the frequency bands actually used by the different types of transmission at the present state of the art are indicated below:

Type of transmission	Width of the band in cycles per second (including both sidebands)
Telegraphy, speed of 100 words per minute, Morse code (40 dots per second):	
On unmodulated continuous waves.	From 80 to 240 (corresponding to the fundamental keying frequency and to its third harmonic).
On modulated continuous waves.	Same figure as above, plus twice the modulation frequency.
Transmission of still pictures	Approximately the ratio between the number of picture elements [1] to be transmitted and the number of seconds necessary for the transmission. Example: 100,000 : 100 = 1,000.
Television	Approximately the product of the number of picture elements [1] in a single picture multiplied by the number of pictures transmitted per second. Example: 10,000 × 20 = 200,000.
Commercial radiotelephony	About 6,000.
High-quality radiotelephony, as, for instance, in broadcasting.	About 10,000 to 20,000.

[1] A cycle is composed of two elements, on black and one white; the modulation frequency therefore is one half of the number of elements transmitted per second.

APPENDIX 3

REPORT OF A VIOLATION OF THE TELECOMMUNICATION CONVENTION OR OF THE RADIO REGULATIONS

(See article 13)

Particulars concerning the station violating the Regulations

1. Name, if known (in printed letters) [*Note (a)*] _____
2. Call signal (in printed letters) _____
3. Nationality, if known _____
4. Wave used (kc or m) _____
5. System [*Note (b)*] _____

Particulars concerning station reporting the irregularity

6. Name (in printed letters) _____
7. Call signal (in printed letters) _____
8. Nationality _____
9. Approximate position [*Note (c)*] _____

Details of the irregularity

10. Name [*Note (d)*] of the station in communication with the station committing the violation _____
11. Call signal of the station in communication with the station committing the violation _____
12. Time [*Note (e)*] and date _____
13. Nature of the irregularity [*Note (f)*] _____

14. *Excerpts from ship log and other documents supporting the report* (to be continued on reverse side, if necessary). Time.

15. *Certificate.*

I certify that the foregoing report represents, to the best of my knowledge, a complete and accurate account of what took place.

Date: _____ 19____ (*) _____

INSTRUCTIONS FOR FILLING IN THE FORM

Note (a). Each report will refer only to one ship or one station. See Note d.

Note (b). Type A1, A2, A3, or B.

Note (c). Applicable to ships and aircraft only; must be expressed either in latitude and longitude (Greenwich) or by a true bearing and distance in nautical miles or in kilometers from some well-known place.

Note (d). If both communicating stations violate the regulations, a separate report shall be made for each one of these stations.

Note (e). Must be expressed by a group of four figures (0001 to 2400), Greenwich mean time. If the violation covers a considerable period of time, the hours must be shown in the margin of item no. 14.

Note (f). A separate report is required for each irregularity, unless the violations have obviously all been made by the same person and have occurred within short time. All reports must be forwarded in duplicate and when practicable, must be typewritten.

(Indelible pencil and carbon paper may be used.)

FOR THE USE OF THE ADMINISTRATION ONLY

1. Company controlling the installation of the station against which complaint is made _____
2. Name of the operator of the station held responsible for the violation of the Regulations _____
3. Action taken _____

(*) This report must be signed by the operator who called attention to the violation, and countersigned by the master of the ship or aircraft, or by the chief of the land station.

APPENDIX 4

HOURS OF SERVICE FOR SHIP STATIONS IN THE SECOND CATEGORY

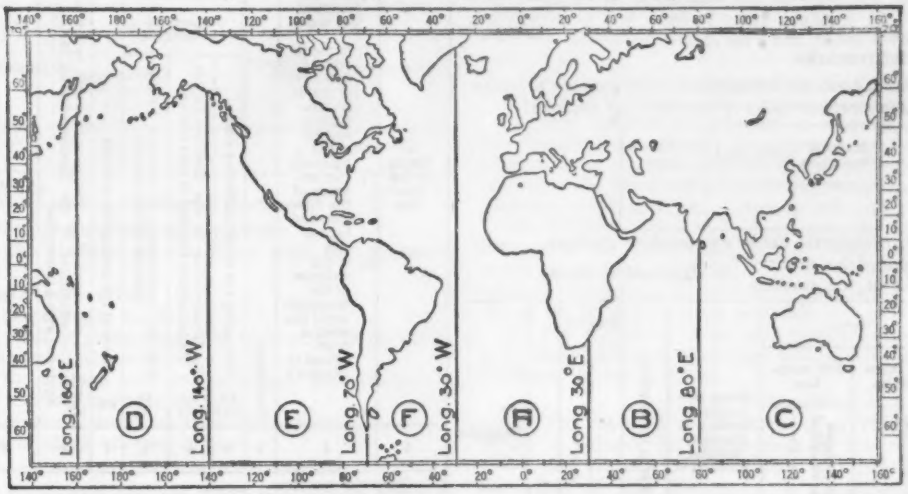
(See chart and map, appendix 5, also articles 15 and 23)

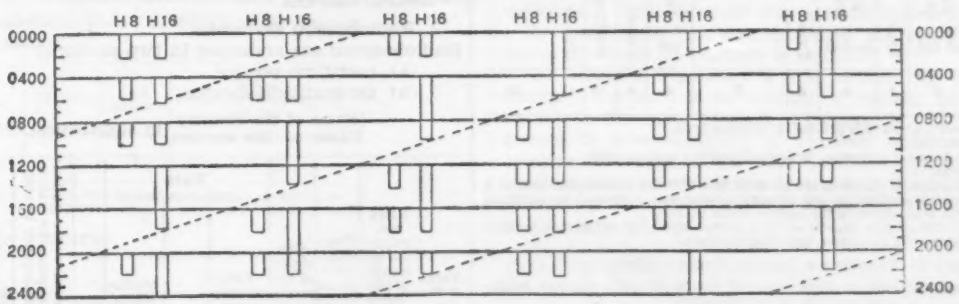
Zones	Western limits	Eastern limits	Hours of service (Greenwich mean time)	
			8 hours (H 8)	16 hours (H 16)
A Eastern Atlantic Ocean, Mediterranean, North Sea, Baltic	Meridian 30° W., coast of Greenland	Meridian 30° E., south of the coast of Africa, eastern limits of Mediterranean, of the Black Sea and of the Baltic, Meridian 30° E. north of Norway	*from to* 8 10 12 14 16 18 20 22 o'clock	*from to* 0 6 8 14 16 18 20 22 o'clock
B Western Indian Ocean, Eastern Arctic Ocean	Eastern limit of Zone A	Meridian 80° E., west coast of Ceylon to the Pont d'Adam, thence westward along the Indian coast	*from to* 4 6 8 10 12 14 16 18 o'clock	*from to* 0 2 4 10 12 14 16 18 20 24 o'clock
C Eastern Indian Ocean, China Sea, Western Pacific Ocean	Eastern limit of Zone B	Meridian 160° E.	*from to* 0 2 4 6 8 10 12 14 o'clock	*from to* 0 6 8 10 12 14 16 22 o'clock
D Central Pacific Ocean	Eastern limit of Zone C	Meridian 140° W.	*from to* 0 2 4 6 8 10 20 22 o'clock	*from to* 0 2 4 6 8 10 12 18 20 24 o'clock
E Eastern Pacific Ocean	Eastern limit of Zone D	Meridian 70° W., south of the American coast, west coast of America	*from to* 0 2 4 6 16 18 20 22 o'clock	*from to* 0 2 4 6 8 14 16 22 o'clock
F Western Atlantic Ocean and Gulf of Mexico	Meridian 70° W., south of the American coast, east coast of America	Meridian 30° W., coast of Greenland	*from to* 0 2 12 14 16 18 20 22 o'clock	*from to* 0 2 4 10 12 18 20 22 o'clock

APPENDIX 5

HOURS OF SERVICE FOR SHIP STATIONS IN THE SECOND CATEGORY

(See table in appendix 4, also articles 15 and 23)





Greenwich mean time.

APPENDIX 6

SERVICE DOCUMENTS

(See article 15)

VOLUME I. NOMENCLATURE OF COAST AND SHIP STATIONS

Part A. Alphabetical Index of Coast Stations

Name of the station	Call signal	See part B page
1	2	3

Part B. Descriptive List of Coast Stations

(Name of the country / Name of the stations in alphabetical order)

Name of the station	Call signal	Wave: Frequencies (wavelengths) [1] kc (m)	Wave: Type	Exact geographical location of the transmitting antenna [2]	Power in the antenna [3] kw	Service: Nature	Service: Working hours [4]	Charges [5] [6]	Remarks [7]
1	2	3	4	5	6	7	8	9	10

[1] The normal working-wave is printed in boldface type.
[2] Greenwich meridian.
[3] In the case of directive antennas, indicate directivity and azimuth.
[4] Greenwich mean time.
[5] The internal telegraph charge of the country to which the coast station belongs, and the charge applied by this country to telegrams addressed to adjoining countries are given in an annex to the present nomenclature.
[6] If the accounts for charges are settled by a private operating enterprise, indicate the name and address of this private operating enterprise.
[7] Special information concerning the calling hours for the transmission of call lists, etc.

Part C. Descriptive List of Ship Stations

The information relating to these stations is published in two or three lines in the following order:

First line

Call signal below which will appear the ship charge, followed by a reference to indicate the administration or private operating enterprise to which the accounts for charges must be addressed. In case of a change of address of the operating agency, a second reference after the charge will give the new address and the date on which the change will become effective.

Name of the ship, placed in alphabetical order without regard to nationality followed by the call signal in case of similarity of names; in this case, the name and call signal shall be separated by a fraction bar; next, the symbols ⁂, △, etc. When two or more ship stations of the same nationality have the same name, as well as in cases where statements of charges must be sent directly to the owner of the ship, mention shall be made, in a footnote, of the name of the shipping company or of the shipowner to which the ship belongs.

Power in the antenna in kilowatts.

Meter amperes, in parentheses.

In order to obtain the meter-ampere product, the real height of the antenna in meters, measured from the transmission line, is multiplied by the effective current in amperes at the base of the antenna.

Nature of the service.

Working hours shown as a service indication or note.

Hours shown otherwise than in the form of service indications must be given in Greenwich mean time.

Second line

(For charges, see first line)

Country to which the station is subject (abbreviated indication);

Types and
(frequencies wavelengths) of emission for which adjustments are made, the normal working-wave being printed in boldface type.

Third line

Notes and brief remarks.

VOLUME II. NOMENCLATURE OF AERONAUTICAL AND AIRCRAFT STATIONS

Part A. Alphabetical index of aeronautical stations

Name of the station	Call signal	See part B page
1	2	3

Part B. Descriptive list of aeronautical stations

(Name of the country / Name of the stations } in alphabetical order)

Name of the station	Call signal	Waves: For transmission: Frequencies [1] (wavelengths) kc (m)	Waves: For transmission: Type	Waves: For reception: Frequencies (wavelengths) kc (m)	Waves: For reception: Type	Exact geographical location of the transmitting antenna [3]	Power in the antenna [3] kw	Service: Nature	Service: Working hours [4]	Charges [5] [6]	Remarks
1	2	3	4	5	6	7	8	9	10	11	12

[1] The normal working-wave is printed in boldface type.
[2] Greenwich meridian.
[3] In the case of directive antennas, indicate directivity and azimuth.
[4] Greenwich mean time.
[5] The internal telegraph charge of the country to which the aeronautical station is subject and the charge applied by this country to telegrams addressed to adjoining countries are given in an annex to the present nomenclature.
[6] If the accounts for charges are settled by a private operating enterprise, indicate the name and address of this private operating enterprise

Part C. Descriptive List of Aircraft Stations

[Stations are arranged in alphabetical order of call signals without regard to nationality]

Call signal	Name of station or symbol of nationality and registration	Waves: Frequencies [1] (wavelengths) kc (m)	Waves: Type	Power in the antenna kw	Country	Nature of the service	Charges	Name and address of the administration or enterprise to which the accounts must be sent	Customary route (port of registry)	Type of aircraft and make	Remarks
1	2	3	4	5	6	7	8	9	10	11	12

[1] The normal working-wave is printed in boldface type.

VOLUME III.—NOMENCLATURE OF STATIONS CARRYING ON SPECIAL SERVICES

Part A. Alphabetical index of the stations

Name of station	Call signal	See part B page
1	2	3

Part B. Descriptive list of stations

1. Radio direction-finding stations.

(Name of country / Name of the station } in alphabetical order)

Name of the station	Exact geographical location [1] (a) of the receiving antenna of the direction-finding station (b) of the transmitting antenna of the direction-finding station (c) of the antenna of the transmitter of the station mentioned in column 8	Call signal	Wave types and frequencies (wavelengths): For calling the direction-finding station kc (m)	For transmitting to the direction-finding station signals required to take bearings kc (m)	For the transmission of bearings by the direction-finding station kc (m)	Power in the transmitter antenna kw	Name and call signal of the station with which communication must be established if the direction-finding station is not equipped with a transmitter	Charges	Remarks (a) Sectors of normally reliable bearing and references to national or international publication on navigational aid (b) Working hours, [2] etc.
1	2	3	4	5	6	7	8	9	10

[1] Greenwich meridian.
[2] Greenwich mean time.

2. Radiobeacon stations.

Radiobeacons are arranged in two sections:

(a) maritime service
(b) aeronautical service

(Name of the country / Name of the station } in alphabetical order)

Name of the station	Exact geographical location of the transmitting antenna of the radiobeacon [1]	Characteristic signal of the radiobeacon	Call signal of the radiobeacon, if any	Wave: Frequency (wavelength) kc (m)	Wave: Type	Wave: Modulation frequency, if any cycles	Normal range [2]	Name and call signal of the station to which a request for radiobeacon transmission may be sent	Calling wave frequency (wavelength) kc (m)	Remarks (a) Normally reliable sectors and references to national and international publications on navigational aids (b) Working hours [3] (c) Charges, etc.
1	2	3	4	5	6	7	8	9	10	11

[1] Greenwich meridian.
[2] The ranges are indicated in nautical miles for stations in the maritime service and in kilometers for stations in the aeronautical service.
[3] Greenwich mean time.

3. Stations sending time signals.

(Name of the country / Name of the station } in alphabetical order)

Name of the station	Call signal	Waves: Frequencies (wavelengths) kc (m)	Waves: Type	Hours of transmission [1]	Method [2]
1	2	3	4	5	6

[1] Greenwich mean time.
[2] General instructions concerning time signals.

4. Stations sending regular meteorological bulletins.

(Name of the country / Name of the station } in alphabetical order)

Name of station	Call signal	Waves		Hours of transmission [1]	Remarks [2]
		Frequencies (wavelengths) kc	Type		
1	2	3	4	5	6

[1] Greenwich mean time.
[2] General instructions concerning meteorological bulletins.

5. Stations sending notices to navigators.

(Names of the stations by countries with the necessary indications)

(a) Radiomaritime service.

(b) Aeronautical radio service.

6. Stations sending press messages addressed to all (CQ).

(Name of the country ----------)

(Name of the station with the necessary indications)

7. Stations sending medical notices.

8. Stations sending standard frequency trancissions.

9. (Stations of other classes, if any).

VOL. IV. NOMENCLATURE OF FIXED STATIONS

(Index to the Frequency List for Fixed Stations in Service)

Alphabetical Index of Stations Arranged:

(a) by stations

Station	Call signal [1]	Wave (frequency (wavelength) kc (m)
1	2	3

[1] The identifying call signal of each frequency must be shown opposite that frequency.

(b) by the countries

Station	Call signal [1]	Wave (frequency (wavelength) kc (m)	Remarks
1	2	3	4

[1] The identifying call signal of each frequency must be shown opposite that frequency.

VOLUME V. NOMENCLATURE OF BROADCASTING STATIONS

Part A. Alphabetical Index of Stations

Name of station	Call signal	See part B page
1	2	3

Part B. Descriptive List of Stations

(Name of the country / Name of the station } in alphabetical order)

Name of the station	Call signal	Frequencies (wavelengths) kc (m)	Exact geographical location of the transmitting antenna [1]	Power in the antenna kw	Name and address of the administration or enterprise making the transmission	Remarks
1	2	3	4	5	6	7

[1] Greenwich meridian.

FREQUENCY LIST

I. General

(a) With regard to fixed, land, and broadcasting stations, the administrations shall furnish the Bureau of the Union with a complete descriptive list of each frequency assigned to these stations (see art. 7, § 5).

(b) With regard to mobile stations, no complete descriptive list shall be furnished. Only the frequencies assigned to these stations in the bands reserved to them shall be indicated in the case of each country, for each category of stations separately (ship, aircraft, other vehicles).

Example:

5,525 kc (54.30 m) ship stations, United States of America
5,690 kc (52.72 m) aircraft stations, Brazil

(c) The frequencies assigned to stations carrying on special services as well as to amateur stations and private experimental stations shall be indicated collectively for each country and for each class of stations (example: 3,500 to 4,000 kc (85.71 to 75 m), amateur stations, Canada).

(d) In order to facilitate the use of the frequency list, the Bureau of the Union shall show on each page the frequency range of the allocation table which corresponds to the frequencies appearing on this page (example: 7,300 to 8,200 kc (41.10 to 36.59 m), fixed services).

(e) For technical terms and indications used in the list, it is recommended that the administrations refer to the Opinions of the C.C.I.R.

II. Notification

(a) The date of notification of a frequency, to be inserted in column 3a, is the date of the communication by which the Bureau of the Union was informed of the first allocation of this frequency to a station of the country indicated. The name of this station appears in column 5.

By country, in this list, is meant the country within the limits of which the station is installed.

(b) When a frequency is first notified for a station of a country, the date to be written in column 3b opposite this station is the same as that in column 3a. If the same frequency is later assigned to another station of the same country, the date of the first notification mentioned above shall be inserted in column 3a opposite the new station and, in column 3b, the date of the assignment of this frequency to this new station.

(c) If 2 years after the notification (column 3b) the station to which the notified frequency has been assigned is not operating on this frequency, the indications relating thereto shall be canceled, unless the administration concerned, which must be consulted by the Bureau of the Union 6 months before the expiration of the aforesaid period, has asked for their retention. In this case the dates of notification inserted in columns 3a and 3b shall remain.

Exact frequency in kilocycles	Approximate wavelength in meters	3		4	5	6	7		8	9	10	11	12	13	14
		Date of the first notification of the frequency for a station of this country	Date of the notification of this frequency for the station whose name appears in column 5	Call signal	Name and geographical location [1] of the station and name of the country to which this station is subject	Types of emission (A1, A2, A3, A4, B, Special)	Power in the antenna, kilowatts		Directivity of the antenna	Maximum frequency of modulation for the types of emission A2, A3, A4, and special [2]	Maximum normal speed of transmission in bands [3]	Nature of the service and countries with which communication is contemplated or established	Date of putting into service of the frequency by the station whose name appears in column 5 (date contemplated in parentheses) [4]	Administration or operating company	Remarks
		a	b				a	b							
1	2	3		4	5	6	7		8	9	10	11	12	13	14

[1] Greenwich meridian.
[2] The figure to be entered in column 9 must permit a determination of the width of the frequency band occupied by the transmission. No sign shall precede the figure when the transmission uses both sidebands. If the transmission uses only one sideband, this is indicated by placing before the figure the sign + (sideband of frequencies above the carrier frequency) or − (sideband of frequencies below the carrier frequency).
[3] The speed in bands for the International Morse Code is approximately equal to 0.8 × words per minute.
[4] The administrations shall notify without delay the Bureau of the Union of the putting into service of any frequency for which a competle descriptive list appears in the frequency list.

APPENDIX 7

SERVICE SYMBOLS

(See articles 15 and 19, § 1 (6) (*a*))

⁂	station on board a warship or a war aircraft
△	radio direction finder on board a mobile station
■	station classified among those located in a heavy traffic region for which traffic on 500 kc (600 m) is limited in accordance with article 19, § 1, (6), (*a*)
D 30°	directive antenna having maximum radiation in the direction of 30° (expressed in degrees from the true north, from 0 to 360 clockwise)
DR	directive antenna provided with a reflector
FA	aeronautical station
FC	coast station
FR	receiving station only, connected with the general network of telecommunication channels
FS	land station established solely for the safety of life
FX	station carrying on radio-communication service, between fixed points
H 24	station having a continuous day and night service
H 16	ship station of the second category carrying on 16 hours of service
H 8	ship station of the second category carrying on 8 hours of service
HJ	station open from sunrise to sunset (day service)
HX	station having no specific working hours
CO	station open to official correspondence exclusively
CP	station open to public correspondence
CR	station open to limited public correspondence
CV	station open exclusively to the correspondence of a private enterprise
RC	nondirectional radiobeacon
RD	directional radiobeacon
RG	radio direction-finding station
RT	rotating radiobeacon
RV	variable directional radiobeacon

APPENDIX 8

DOCUMENTS WITH WHICH MOBILE STATIONS MUST BE PROVIDED

(See articles 3, 10, 12, 15, and appendix 6)

A. "Ship stations" on board ships compulsorily equipped with a radiotelegraph installation:

1. The radio license.
2. The operator(s)' certificate.
3. Register (radio service log) in which shall be mentioned, at the time when they occur, service incidents of all kinds, as well as the communications exchanged with land stations or mobile stations and relating to reports of disaster, If the regulations on board permit, the position of the vehicle shall be indicated once a day in the said register.
4. Alphabetical list of the call signals.
5. The nomenclature of coast and ship stations.
6. Nomenclature of stations carrying on special services.
7. The Convention and Regulations annexed thereto.
8. The telegraph rates of the countries for which the station most frequently accepts radiotelegrams.

B. Other "ship stations":

The documents included under items 1 to 5 of part A.

C. "Aircraft stations":

1. The documents shown under items 1, 2, and 3 of part A.
2. The nomenclature of aeronautical and aircraft stations.
3. Such documents as the competent aeronautical organizations of the country concerned may deem necessary to the station for the carrying on of its service.

APPENDIX 9

LIST OF ABBREVIATIONS TO BE USED IN RADIO COMMUNICATIONS

(See article 16)

1. Q CODE

Abbreviations to be used in all services.[1][2]

Abbreviation	Question	Answer or statement
QRA	What is the name of your station?	The name of my station is ...
QRB	At what approximate distance are you from my station?	The approximate distance between our station is . . . nautical miles (*or* kilometers).
QRC	By what private operating enterprise (or government administration) are the accounts for charges of your station settled?	The accounts for charges of my station are settled by the . . . private operating enterprise (*or* by the government administration of . . .).
QRD	Where are you going and where do you come from?	I am going to . . . and I come from . . .
QRG	Will you tell me what my exact frequency (wave length) is in kilocycles (*or* meters)?	Your exact frequency (wave length) is . . . kilocycles (*or* . . . meters).
QRH	Does my frequency (wave length) vary?	Your frequency (wave length) varies.
QRI	Is the tone of my transmission regular?	The tone of your transmission varies.
QRJ	Are you receiving me badly? Are my signals weak?	I cannot receive you. Your signals are too weak.
QRK	Are you receiving me well? Are my signals good?	I am receiving you well. Your signals are good.
QRL	Are you busy?	I am busy (*or* I am busy with . . .). Please do not interfere.
QRM	Are you being interfered with?	I am being interfered with.
QRN	Are you troubled by static?	I am troubled by static.
QRO	Must I increase power?	Increase power.
QRP	Must I decrease power?	Decrease power.
QRQ	Must I transmit faster?	Transmit faster (. . . words per minute).
QRS	Must I transmit more slowly?	Transmit more slowly (. . . . words per minute).
QRT	Must I stop the transmission?	Stop the transmission.
QRU	Have you anything for me?	I have nothing for you.
QRV	Are you ready?	I am ready.
QRW	Must I advise . . . that you are calling him on . . . kilocycles (*or* . . . meters)?	Please advise . . . that I am calling him on . . . kilocycles (*or* . . . meters).
QRX	Must I wait? When will you call me again?	Wait (or wait until I have finished communicating with . . .). I shall call you again at . . . . o'clock (*or* immediately).
QRY	Which is my turn?	Your turn is number . . . (*or according to any other indication*).
QRZ	By whom am I being called?	You are being called by . . . .
QSA	What is the strength of my signals (*1 to 5*)?	The strength of your signals is (*1 to 5*).
QSB	Does the strength of my signals vary?	The strength of your signals varies.
QSD	Is my keying correct; are my signals distinct?	Your keying is incorrect; your signals are bad.
QSG	Must I transmit . . . telegrams (*or* one telegram) at a time?	Transmit . . . telegrams (*or* one telegram) at a time.
QSJ	What is the charge to be collected per word to . . . including my internal telegraph charge?	The charge to be collected per word to . . . is . . . francs, including my internal telegraph charge.
QSK	Must I continue the transmission of all my traffic; I can hear you between my signals?	Continue the transmission of all your0 traffic; I shall interrupt you if necessary.
QSL	Can you acknowledge receipt?	I am acknowledging receipt.
QSM	Must I repeat the last telegram which I transmitted to you?	Repeat the last telegram which you transmitted to me.
QSO	Can you communicate with . . . directly (*or* through . . .)?	I can communicate with . . . directly (*or* through . . .).
QSP	Will you relay to . . . free of charge?	I will relay to . . . free of charge.
QSR	Has the distress call received from . . . been attended to?	The distress call received from . . . has been attended to by . . .
QSU	Must I transmit (*or* answer) on . . . kilocycles (*or* . . . meters) and/or on waves of type A1, A2, A3, or B?	Transmit (*or* answer) on . . . kilocycles (*or* . . . meters) and/or on waves of type A1, A2, A3, *or* B.
QSV	Must I transmit a series of V's?	Transmit a series of V's.
QSW	Do you wish to transmit on . . . kilocycles (*or* . . . meters), and/or on waves of type A1, A2, A3, or B?	I am going to transmit (*or* I shall transmit) on . . . kilocycles (or . . . meters), and/or on waves of type A1, A2, A3, or B.
QSX	Will you listen to . . . (*call signal*) on . . . kilocycles (*or* . . . meters)?	I am listening to . . . (*call signal*) on . . . kilocycles (*or* . . . meters).
QSY	Must I shift to transmission on . . . kilocycles (*or* . . . meters), without changing the type of wave?	Shift to transmission on . . . kilocycles (*or* . . . meters without changing the type of wave, *or*
	or	
	Must I shift to transmission on another wave?	Shift to transmission on another wave.
QSZ	Must I transmit each word or group twice?	Transmit each word or group twice.
QTA	Must I cancel telegram no. . . . as if it had not been transmitted?	Cancel telegram no. . . . as if it had not been transmitted.
QTB	Do you agree with my word count?	I do not agree with your word count; I shall repeat the first letter of each word and the first figure of each number.
QTC	How many telegrams have you to transmit?	I have . . . telegrams for you (*or* for . . .).
QTE	What is my true bearing in relation to you? *or*	Your true bearing in relation to me is . . . degrees *or*
	What is my true bearing in relation to . . . (*call signal*)? *or*	Your true bearing in relation to . . . (*call signal*) is . . . degrees at . . . (time) *or*
	What is the true bearing of . . . (*call signal*) in relation to . . . (*call signal*)?	The true bearing of (*call signal*) in relation to . . . (*call signal*) is . . . degrees at . . . (*time*).
QTF	Will you give me the position of my station on the basis of bearings taken by the radio direction-finding stations which you control?	The position of your station on the basis of bearings taken by the radio direction-finding stations which I control is . . . latitude, . . . longitude.
QTG	Will you transmit your call signal during 50 seconds ending with a 10-second dash, on . . . kilocycles (*or* . . . meters) so that I may take your radio direction-finding bearings?	I will transmit my call signal during 50 seconds, ending with a 10-second dash, on . . . kilocycles (*or* . . . meters) so that you may take my radio direction-finding bearings.

Abbreviations to be used in all services—Continued

[See footnotes at end of table]

Abbreviations to be used in all services—Continued

Abbreviation	Question	Answer or statement
QTH	What is your position in latitude and in longitude (*or according to any other indication*)?	My position is . . . latitude, . . . longitude (*or according to any other indication.*)
QTI	What is your true course?	My true course is . . . degrees.
QTJ	What is your speed?	My speed is . . . knots (*or* . . . kilometers) per hour.
QTM	Transmit radio signals and submarine sound signals to enable me to determine my bearing and my distance.	I am transmitting radio signals and submarine sound signals to enable you to determine your bearing and your distance.
QTO	Have you left dock (*or* port)?	I have left dock (*or* port).
QTP	Are you going to enter dock (*or* port)?	I am going to enter dock (*or* port).
QTQ	Can you communicate with my station by the International Code of Signals?	I am going to communicate with your station by the International Code of Signals.
QTR	What is the exact time?	The exact time is . . .
QTU	What are the hours during which your station is open?	My station is open from . . . to . . .
QUA	Have you any news from . . . (*call signal of the mobile station*)?	This is the news from . . . (*call signal of the mobile station*).
QUB	Can you give me, in the following order, information concerning: visibility, height of clouds, ground wind at . . . (*place of observation*)?	This is the information requested: . . . . .
QUC	What is the last message you received from . . . (*call signal of the mobile station*)?	The last message I received from . . . (*call signal of the mobile station*) is . . .
QUD	Have you received the urgent signal transmitted by . . . (*call signal of the mobile station*)?	I have received the urgent signal transmitted by . . . (*call signal of the mobile station*) at . . . (*time*).
QUF	Have you received the distress signal sent by . . . (*call signal of the mobile station*)?	I have received the distress signal sent by . . . (*call signal of the mobile station*) at . . . (*time*).
QUG	Will you be forced to come down on water (*or* on land)?	I am forced to come down on water (*or* on land) at . . . (*place*).
QUH	Will you give me the present barometric pressure at sea level?	The present barometric pressure at sea level is . . . (*units*).
QUJ	Will you please indicate the proper course to steer towards you, with no wind?	The proper course to steer toward me, with no wind, is . . . degrees at . . . (*time*).

[1] Abbreviations take the form of questions when they are followed by a question mark.

[2] The series of signals QA, QB, QC, QD, QF, QG are reserved for the special code of the aeronautical service.

2. MISCELLANEOUS ABBREVIATIONS

Abbreviation	Meaning
C	Yes.
N	No.
P	Announcing private telegram in the mobile service (*to be used as a prefix*).
W	Word or words.
AA	All after . . . (*to be used after a question mark to request a repetition*).
AB	All before . . . (*to be used after a question mark to request a repetition*).
AL	All that has just been transmitted (*to be used after a question mark to request a repetition*).
BN	All between . . . (*to be used after a question mark to request a repetition*).
BQ	Answer to RQ.
CL	I am closing my station.
CS	Call signal (*to be used in requesting that call signal be given or repeated*).
DB	I cannot give you a bearing, you are not in the calibrated sector of this station.
DC	The minimum of your signal is suitable for the bearing.
DF	Your bearing at . . . (*time*) was . . . degrees, in the doubtful sector of this station, with a possible error of two degrees.
DG	Please advise me if you find an error in the bearing given
DI	Doubtful bearing due to the bad quality of your signal.
DJ	Doubtful bearing due to interference.
DL	Your bearing at . . . (*time*) was . . . degrees, in the uncertain sector of this station.
DO	Doubtful bearing. Request another bearing later, or at . . . (*time*).
DP	Beyond 50 miles, possible error of bearing can attain two degrees.
DS	Adjust your transmitter, your minimum signal is too broad.
DT	I cannot give you a bearing, your minimum signal is too broad.
DY	This is a two-way station, what is your approximate direction, in degrees, in relation to this station?
DZ	Your bearing is reciprocal (*to be used only by the control station of a group of radio direction-finding stations when addressing other stations of the same group*).
ER	Here . . . (*to be used before the name of the mobile station in the transmission of routing indications*).
GA	Resume transmission (*to be used more especially in the fixed service*).
JM	If I may transmit, make a series of dashes. To stop my transmission, make a series of dots [*not to be used on 500 kc (600 m)*].
MN	Minute *or* minutes (*to be used to indicate the duration of the waiting period*).
NW	I am resuming transmission (*to be used more especially in the fixed service*).
OK	We agree.
RQ	Announcing a request.
SA	Announcing the name of an aircraft station (*to be used in transmitting transit data*).
SF	Announcing the name of an aeronautical station.
SN	Announcing the name of a coast station.
SS	Announcing the name of a ship station (*to be used in transmitting transit data*).
TR	To announce sending of indications concerning a mobile station.
UA	Do we agree?
WA	Word after . . . (*to be used after a question mark to request a repetition*).
WB	Word before . . . (*to be used after a question mark to request a repetition*).

2. MISCELLANEOUS ABBREVIATIONS—continued

Abbreviation	Meaning
XS	Static.
YS	See your service notice.
ABV	Repeat (*or* I repeat) the figures in abbreviated form.
ADR	Address (*to be used after a question mark to request a repetition*).
CFM	Confirm (*or* I confirm).
COL	Collate (*or* I collate).
ITP	The punctuation counts.
MSG	Announcing a telegram concerning the service on board (*to be used as a prefix*).
NIL	I have nothing to transmit to you (*to be used after an abbreviation of code Q to show that the answer to the question asked is in the negative*).
PBL	Preamble (*to be used after a question mark to request a repetition*).
REF	Reference to . . . (*or* Refer to . . .).
RPT	Repeat (*or* I repeat) (*to be used in requesting or giving repetition of all or part of the traffic, the abbreviation to be followed by the corresponding indications*).
SIG	Signature (*to be used after a question mark to request a repetition*).
SVC	Announcing a service telegram concerning private traffic (*to be used as a prefix*).
TFC	Traffic.
TXT	Text (*to be used after a question mark to request a repetition*).

APPENDIX 10

SCALE USED TO EXPRESS STRENGTH OF SIGNALS

(See article 16)

1=scarcely perceptible; unreadable.
2=weak; readable now and then.
3=fairly good; readable, but with difficulty.
4=good; readable.
5=very good; perfectly readable.

APPENDIX 11

(See article 27)

Statement of radiotelegrams exchanged with mobile stations of_____ nationality.

Year _____

Month _____ Land Station _____

Origin	Destination	Number of radiotelegrams	Number of words	Administration (X)				Remarks
				5				
				Credits		Debits		Indicate by classes the number of special radiotelegrams and the number of words they contain
				gold francs	cts	gold francs	cts	
1	2	3	4					
S/S *Ile de France*	United States	5	90					1 urgent 13
	States 1st zone							
S/S *Paris*	Brazil	3	65					
S/S *Paris*	Japan	2	19					
S/S *France*	S/S *Espagne*	4	46					2 urgent 15

APPENDIX 12

PROCEDURE IN THE SERVICE OF LOW-POWER MOBILE RADIOTELEPHONE STATIONS

(See article 29)

§ 1. The following is given by way of example: [1]

1st. A calling:

Hello B, Hello B, A calling, A calling, radiotelegram for you, radiotelegram for you, over.

2d. B replying:

Hello A, Hello A, B replying, B replying, send your radiotelegram, send your radiotelegram, over.

3d. A replying:

Hello B, A replying, radiotelegram begins from . . . no. . . . number of words . . . date . . . time . . . address . . . text . . . signature . . .

transmission of radiotelegram ended, I repeat, radiotelegram begins, from . . . no. . . . number of words . . . date . . . time . . . address . . . text . . . signature . . .

radiotelegram ended, over.

[1] In the European telephone service the use of the word "Allo" shall be forbidden.

4th. B replying:

Hello A, B replying, your telegram begins from . . . no. . . . number of words . . . date . . . time . . . address . . . text . . . signature . . .,

your telegram ended, over.

5th. A replying:

Hello B, A replying, exact, exact, cutting off.

6th. A then cuts off the communication and the two stations resume their normal listening.

Remark: At the beginning of a communication, the calling formula shall be pronounced twice, both by the calling station and the station called. Once the communication is established, it shall be pronounced once only.

§ 2. Whenever the spelling of call letters, service abbreviations, and words is necessary, it shall be done according to the following table:

Figures to be indicated [1]	Letter to be spelled	Words to be used in spelling	Letter to be spelled	Words to be used in spelling
1	A	Amsterdam	N	New York
2	B	Baltimore	O	Oslo
3	C	Casablanca	P	Paris
4	D	Danemark	Q	Québec
5	E	Edison	R	Roma
6	F	Florida	S	Santiago
7	G	Gallipoli	T	Tripoli
8	H	Havana	U	Upsala
9	I	Italia	V	Valencia
0	J	Jérusalem	W	Washington
Comma	K	Kilogramme	X	Xanthippe
Fraction bar	L	Liverpool	Y	Yokohama
	M	Madagascar	Z	Zurich

[1] All transmissions of figures is begun and ended by the words "in figures" repeated twice.

§ 3. When the receiving station is certain that it has received the radiotelegram correctly, the repetition provided for in item 4 of § 1 shall not be necessary, unless it concerns a radiotelegram with collation. If repetition is waived, station B shall acknowledge receipt of the radiotelegram transmitted in the following manner:

Hello A, B replies, your radiotelegram well received, over.

APPENDIX 13

PROCEDURE TO OBTAIN RADIO DIRECTION-FINDING BEARINGS

(See article 30)

I. General Instructions

A. Before calling one or more radio direction-finding stations, the mobile station, in order to request its bearing, must refer to the nomenclature for:

1. The call signals of the stations to be called to obtain the radio direction-finding bearings desired.

2. The wave on which the radio direction-finding stations watch, and the wave or waves on which they take bearings.

3. The radio direction-finding stations which by means of special wire connections, may be grouped with the radio direction-finding station to be called.

B. The procedure to be followed by the mobile station depends on varying circumstances. Generally, the following must be taken into account:

1. If the radio direction-finding stations do not listen on the same wave, whether it be the wave on which bearings are taken or another wave, the bearings must be requested separately from each station or group of stations using a given wave.

2. If all the radio direction-finding stations concerned listen on the same wave, and if they are able to take bearings on a common wave—which may be a wave other than the listening wave—they must all be called together, in order that the bearings may be taken by all these stations at the same time, on one and the same transmission.

3. If several radio direction-finding stations are grouped by means of special wires, only one of them must be called, even if all are furnished with transmitting apparatus. In this case, the mobile stations must, however, if it is necessary, specify in the call by means of the call signals, the radio direction-finding stations whose bearings they wish to obtain.

II. Rules of Procedure

A. The mobile station shall call the radio direction-finding station or stations on the wave indicated in the nomenclature as being their watching-wave. It shall transmit the abbreviation QTE which means:

"I wish to know my radio direction-finding bearing with respect to the radio direction-finding station which I am calling."

or

"I wish to know my radio direction-finding bearing with respect to the station or stations whose call signals follow."

or

"I wish to know my radio direction-finding bearing with respect to the radio direction-finding stations grouped under your control,"

the necessary call signal or signals, and shall conclude by indicating, if necessary, the wave which it is going to use to have its bearing determined. It shall then await instructions.

B. The radio direction-finding station or stations called shall prepare to take the bearing; they shall, if necessary, notify the radio direction-finding stations with which they are connected. As soon as the radio direction-finding stations are ready, such of these stations as are provided with transmitters shall reply to the mobile station in the alphabetical order of their call signals, by giving their call signal followed by the letter K.

In the case of radio direction-finding stations which are grouped, the station called shall notify the other stations of the group and shall inform the mobile station as soon as the stations of the group are ready to take the bearing.

C. After having prepared its new transmitting wave, wherever this is required, the mobile station shall reply by sending its call signal sometimes combined with another signal, during a length of time sufficiently prolonged to take the bearing.

D. The radio direction-finding station or stations which are satisfied with the operation shall transmit the signal QTE ("Your true bearing with respect to me was . . . degrees"), preceded by the time of the observation and followed by a group of three figures (000 to 359), showing in degrees the true bearing of the mobile station with respect to the radio direction-finding station.

If a radio direction-finding station is not satisfied with the operation, it shall request the mobile station to repeat the transmission indicated under C.

E. As soon as the mobile station has received the result of the observation, it shall repeat the message to the radio direction-finding station, which shall then state that the repetition is correct or, when necessary, shall correct it by repeating the message. When the radio direction-finding station is certain that the mobile station has received the message correctly, it shall transmit the signal "end of work". This signal shall then be repeated by the mobile station, as an indication that the operation is completed.

F. The data concerning (a) the signal to be used to obtain the bearings; (b) the duration of the transmission to be made by the mobile station; and (c) the time used by the radio direction-finding station in question shall be given in the nomenclature.

APPENDIX 14

INTERNAL REGULATIONS OF THE INTERNATIONAL RADIO CONSULTING COMMITTEE (C.C.I.R.)

(See article 31)

ARTICLE 1

By "managing administration" shall be meant the administration in charge of organizing a meeting of the C.C.I.R. The managing administration shall start taking care of the work of the C.C.I.R. 5 months after the closing of the preceding meeting; its duties shall end 5 months after the closing of the meeting it has organized.

ARTICLE 2

The managing administration shall set the place and definite date of the meeting which it has charge of organizing.

At least 6 months before the aforesaid date, the managing administration shall address the invitation to this meeting to all the administrations of the International Telecommunication Union, and, through the latter, to the companies, groups of companies, and international radio organizations covered in article 31 of the General Radio Regulations.

ARTICLE 3

§ 1. The first meeting of the plenary assembly shall be opened by the managing administration. This assembly shall appoint the necessary committees and shall distribute to them the questions to be dealt with, in classes. It shall also appoint the president and the vice president of the C.C.I.R. and the chairman and the vice chairman or vice chairmen of each committee.

§ 2. The president of the C.C.I.R. shall conduct the plenary assemblies; in addition, he shall have the general supervision of the work of the meeting. The vice chairmen shall assist the chairmen and replace them in case of absence.

ARTICLE 4

The secretariat for the meeting of the C.C.I.R. shall be provided by the managing administration, with the collaboration of the Bureau of the Union.

ARTICLE 5

In principle, the minutes and reports shall give only the main points of the statements of the delegates. However, each delegate shall have the right to require the insertion into the minutes or report, of any statement he has made, either in summary or verbatim, on condition that he furnish the text thereof not later than the morning following the end of the meeting.

ARTICLE 6

§ 1. Any delegation which might, for serious reasons, be prevented from attending meetings, shall have the right to entrust its vote or votes to another delegation. However, a single delegation may not, under these circumstances, combine and use the votes of more than two delegations, including its own vote or votes.

§ 2. A proposal shall be adopted only if supported by an absolute majority of the votes cast; in case of a tie it shall fall. The minutes shall show the number of delegations which voted in favor of and of those who voted against the proposal.

§ 3. Voting shall be conducted either by raising the hands, or, at the request of a delegation, by roll call in the alphabetical order of the French names of the participating countries. In the latter case, the minutes shall indicate the delegations who voted in favor of and those who voted against the proposal.

ARTICLE 7

§ 1. The committees created by the plenary assembly may be divided into subcommittees and the subcommittees into sub-subcommittees.

§ 2. The chairmen of the committees shall propose the selection of the chairman of each subcommittee and sub-subcommittee for the ratification of the respective committee. The committees, subcommittees, and sub-subcommittees shall appoint their own reporters.

§ 3. The opinions expressed by the committees must be marked: "unanimously" if the opinion has been expressed by the voters unanimously, or: "by a majority" if the opinion was adopted by a majority.

ARTICLE 8

The Bureau of the Union shall take part in the various tasks of the C.C.I.R. for the purpose of centralizing and publishing general documents for the use of the administrations.

ARTICLE 9

§ 1. At the closing session of the plenary assembly, the president shall communicate the list of opinions and that of the questions left to be solved and of the new questions submitted by the committees.

§ 2. The president shall place on record the final adoption of the opinions expressed, if any. If there is occasion for voting at the plenary assembly, the formulas "unanimously" or "by a majority" shall apply to this vote.

§ 3. Unsolved and new questions shall be recorded by the president if the assembly is in favor of continuing their study. The latter shall then inquire as to what administrations wish to take charge of preparing proposals relating to these questions and what other administrations or radio operating enterprises are willing to collaborate in the work. On the basis of the replies, he shall prepare an official list of the questions to be included in the agenda of the following meeting, with the indication of the centralizing administrations and of the collaborating administrations and private radio operating enterprises. This list shall be included in the minutes of the meeting.

§ 4. In the same session of the plenary assembly, the C.C.I.R., upon the offer or with the consent of the interested delegation, shall designate the administration which is to call the following meeting and the approximate date of that meeting.[1]

ARTICLE 10

§ 1. After the meeting is closed, the preparation of questions submitted for study shall be entrusted to the administration designated to organize the next meeting (new managing administration). The unfinished business shall, on the contrary, be entrusted to the former managing administration, which shall be in charge of completing it, in collaboration with the Bureau of the Union.

§ 2. The former managing administration shall forward the documents to the new managing administration not later than five months after the closing of this meeting.

ARTICLE 11

After the end of a meeting, all other questions which the administrations and radio operating companies wish to submit to the committee shall be addressed to the new managing administration. This administration shall include these questions in the agenda of the next meeting. However, no question may be included in this agenda if it has not been forwarded to the managing administration at least six months before the date of the meeting.

ARTICLE 12

§ 1. All documents pertaining to a meeting, having been sent to the managing administration before this meeting, or submitted during the meeting, shall be printed and distributed by the Bureau of the Union in collaboration with the managing administration.

§ 2. When the study of a question has been entrusted to a centralizing administration, it shall devolve upon this administration to take the necessary steps toward undertaking the study of the question. The collaborating administrations and radio operating companies must send their report on this question directly to the centralizing administration, 6 months before the date of the C.C.I.R. meeting, in order that the said administration may consider same in its general report and in its proposals.

§ 3. However, the administrations and radio operating companies shall be free to send another copy of their report to the Bureau of the Union, if they wish these reports to be communicated immediately and separately to all the administrations and companies concerned by the said Bureau.

ARTICLE 13

The managing administration may correspond directly with the administrations and radio operating companies recognized as being capable of collaborating in the work of the committee. It shall send at least one copy of the documents to the Bureau of the Union.

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[1] Note of the B.I.: In its third plenary session, the Radiotelegraph Conference of Madrid decided that it would be permissible for the third meeting of the C.C.I.R. to make a study of the question as to whether or not it is advisable for this committee to meet at the same time and in the same place as the next administrative radiotelegraph conference. The recommendations of the C.C.I.R. on this point would have to be considered by the administration which will invite the next conference and by the other administrations of the Union which will decide to follow this recommendation, if the occasion arises.

The procedure to be followed after the third meeting of the C.C.I.R. is shown in the minutes of the fourth plenary session of the Radiotelegraph Conference of Madrid.

[Translation]

FINAL PROTOCOL TO THE GENERAL RADIO REGULATIONS ANNEXED TO THE INTERNATIONAL TELECOMMUNICATION CONVENTION

At the time of signing the General Radio Regulations annexed to the International Telecommunication Convention, the undersigned plenipotentiaries take note of the following statements:

I

The plenipotentiaries of Germany state formally that their Government reserves the right to continue using the waves of 105 kc (2,857 m) and 117.5 kc (2,553 m) for some special press services carried on by radiotelephony.

II

The plenipotentiaries of the Dutch East Indies state formally that their Government reserves the right of not permitting the mobile stations of its country to apply the provisions of the last two sentences of article 26, § 1 (1) of the General Regulations concerning the retransmission of radiotelegrams through a mobile station for the sole purpose of hastening or facilitating transmission, instead of transmitting them to the nearest land station.

III

The plenipotentiaries of the Union of Soviet Socialist Republics state formally that their Government reserves the right to use the following frequency bands for the services listed below:

150 to	285 kc	(2,000 to 1,053 m)	broadcasting
285 to	315 kc	(1,053 to 952 m)	radiobeacons
315 to	340 kc	(952 to 882 m)	aeronautical services and radio direction finding
340 to	420 kc	(882 to 714 m)	broadcasting
515 to	550 kc	(583 to 545 m)	aeronautical services
9,600 to	9,700 kc	(31.25 to 30.93 m)	broadcasting
11,700 to	11,900 kc	(25.64 to 25.21 m)	fixed services
12,100 to	12,300 kc	(24.79 to 24.39 m)	broadcasting
15,350 to	15,450 kc	(19.54 to 19.42 m)	broadcasting
17,800 to	17,850 kc	(16.85 to 16.81 m)	broadcasting
21,550 to	21,750 kc	(13.92 to 13.79 m)	broadcasting

IV

With reference to the statement made in this protocol by the plenipotentiaries of the Union of Soviet Socialist Republics concerning the use of certain frequency bands, the plenipotentiaries of China state formally that their Government reserves the right to take any steps which might become necessary with a view to protecting their radio communications against any interference which might be caused by the putting into execution of the said reservations of the Government of the Union of Soviet Socialist Republics.

V

The plenipotentiary of Hungary states formally that owing to the reservations of the Union of Soviet Socialist Republics concerning article 7 of the General Radio Regulations (allocations and use of frequencies), his Government reserves the right of not enforcing the provisions of § 5 (2) of the said article in the case where the emissions from the stations installed by the Union of Soviet Socialist Republics in application of its reservation, would interfere seriously with the emissions of the Hungarian stations.

VI

Referring to the statement made in this protocol by the plenipotentiaries of the Union of Soviet Socialist Republics concerning the use of certain frequency bands, the plenipotentiaries of Japan state formally that their Government reserves the right, for Japan, Chosen, Taiwan, Karafuto, the Kwantung Leased Territory and the South Sea Islands under Japanese mandate, to take any steps which might become necessary with a view to protecting their radio communications against any interference which might be caused by the putting into execution of the said reservations of the Government of the Union of Soviet Socialist Republics.

VII

The plenipotentiaries of Poland and of Rumania, in view of the reservations already made in connection with the use of certain frequency bands, state formally that in the case where no satisfactory regional (European conference) or special arrangement would be brought about, each of their Governments reserves the right to make any necessary derogations in regard to the use, for the aeronautical services, of certain frequencies outside the bands assigned by article 7 of the General Radio Regulations, in agreement with the adjoining countries interested, and particularly not to await the period of time provided for in § 5 (2) of this article, for the protection of the fundamental needs of these services against any interference which might be caused by the putting into execution of the above-mentioned reservations.

In witness whereof the plenipotentiaries listed below have drawn up this protocol and have signed it in one copy which shall remain in the archives of the Government of Spain and of which one copy shall be forwarded to each government signatory of the said protocol.

Done at Madrid, December 9, 1932.

[Here follow signatures. The countries which signed the final protocol are the same as those which signed the General Radio Regulations (see ante, pp. 226–242). For Poland, however, only Messrs. Kowalski and Krulisz signed.]

Mr. PITTMAN. Mr. President, I should like to have the message of the President read, and also the letter of the Secretary of State.

The PRESIDING OFFICER. The message of the President and the letter of the Secretary of State will be read.

The legislative clerk read as follows:

THE WHITE HOUSE,
January 27, 1934.

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to their ratification, I transmit herewith an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

The attention of the Senate is invited to the accompanying report of the Secretary of State and the copies therewith enclosed of those portions of the report of the American delegation to the Madrid conference which explain the radio provisions of the convention and the radio regulations.

FRANKLIN D. ROOSEVELT.

DEPARTMENT OF STATE,
Washington, January 26, 1934.

THE PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President with a view to their transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol noting reservations made by certain countries, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932. A translation into English accompanies each document.

Connected with the convention also as annexes are regulations relating to telegraphy and telephony, but these were not signed by the delegates of the United States and are not furnished for submission to the Senate. The convention and the radio regulations abrogate and replace as among the parties thereto the Washington Radio Convention and Regulations of November 25, 1927.

While, in addition to provisions relating to radio, the present convention contains provisions applicable as well to telegraphy and telephony, it is stipulated in article 2 of the convention that a government is bound by the provisions of the convention only with respect to the service or services the regulations concerning which it has accepted. As the delegation of the United States did not sign the telegraph or telephone regulations, the Government of the United States will have obligations under the convention only with respect to radio. There is no fundamental change from the position of the United States in regard to the other two subjects.

There are enclosed for the information of the Senate copies of those portions of the report of the delegation of the United States to the conference which are in explanation of the articles of the convention and the radio regulations. As

stated by the delegates the Madrid convention introduces no new principles into the policy of the United States with respect to international electrical communication.

Respectfully submitted.

CORDELL HULL.

Mr. PITTMAN. Mr. President, this matter has been under consideration since 1925. About that time there was held in Washington an international convention dealing largely with the same subject. However, there were certain regulations provided by that convention, dealing particularly with telegraphic communication, which were opposed in the United States. First, permanent committees were appointed to work out the problems. At the meetings articles of convention were worked out, which were then taken up at Madrid. At Madrid the convention now under consideration was adopted.

I may say that by this convention it is intended to regulate the three forms of communication—the telegraph, cables, and wireless. The convention has been very carefully worked out for the purpose of preventing interference in the various countries, and facilitating communications and deliveries as between connecting companies. It has also dealt with the bands or wavelengths so as to overcome any conflict as between different nationalities.

I may further say that only one thing was brought up before the committee that caused the committee to hesitate with respect to this treaty, and that was the protest by the amateur broadcasters. They felt they were discriminated against. They were heard, however, in the matter, and those who were inclined to support them very frankly came to the conclusion that under this treaty the amateurs received protection such as they did not have before, and their supporters thereupon withdrew their objection to the treaty. Their protest was based on the ground that at the present time amateur broadcasters, who have accomplished so much for the science, are allowed in most places to send messages to a third person. We have made no objection to that in this country, but in most places in Europe radio broadcasting is owned and controlled by the government, and they do not desire the competition by amateurs in the absence of regulations governing it and in the absence of provision for licensing. On the other hand, without this treaty, which does allocate or set aside so many bands or cycles for the use of the amateur broadcaster, they would have no protection whatever in the use of radio, but might be stopped in any country whose government saw fit to stop them.

So I feel that the only protest that arose has been absolutely satisfied, so far as the committee is concerned. I may say that the committee brought before them a number of experts of the Government who explained this matter in detail and completely. I think that there can be no objection to the treaty.

Mr. WHITE. Mr. President, because of the fact that at one time I expected to be a member of the delegation which negotiated the pending treaty, and because of the further fact that I attended many sessions of those engaged in the preparation of the United States proposals presented to the Conference which drafted the treaty, perhaps, it is not inappropriate for me to say a word at this time in behalf of its ratification.

The treaty in some respects represents a very great advance over international regulation of communications. Until this treaty was negotiated, although wire and radio communication had been coming technically closer and closer together through the years, there had been separate agreements dealing with the two forms of communication—a wire convention, to which the United States had never been a party, and a radio convention to which the United States had been a party since 1912, I believe. In the pending convention both forms of communication are dealt with. I may say that the plan of this convention responds to the thought and purpose and to the proposal of the United States Government and of the delegates of the United States at this international gathering.

The convention is composed, first of all, of provisions which deal only with the general principles relating to communications. It next has an annex embodying general regulations which seek to amplify and make effective the general principles contained in the convention. Then there is a second annex dealing with what in this country our communications companies are disposed to regard as managerial or operating functions. Such authorities are all grouped in this annex to which the United States is not a party, the United States adhering only to the terms of the convention and to the general regulations.

I am fully persuaded that the delegates who represented the United States at this conference dealt with the subject matter with intelligence and with the utmost regard for the interests of the United States. I think we may safely ratify what they, under the guidance of our State Department, have worked out; and I concur in the hope of the Senator from Nevada [Mr. PITTMAN] that the treaty may have the approval of this body.

Mr. DILL. Mr. President, I merely wish to say a word about the treaty. I had early in the session a considerable number of complaints from amateur radio operators and organizations of amateurs interested in radio, but the Senator from Nevada has explained that the hearings entirely satisfied these amateur radio complainants, as I understand.

Mr. PITTMAN. Mr. President, I cannot go so far, probably, as to say that it satisfied all of them, but those on the committee who were looking after their interests and caused the hearing to be had advised them that they thought the treaty afforded to them more protection than they ever previously had.

Mr. DILL. I may say that since the hearings I have had no further complaint, so that I take it that they are satisfied.

Mr. PITTMAN. I think they are.

Mr. DILL. Aside from that, I have had no objection, and I think, as the Senator from Maine has said, there is much to be said in favor of this convention.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator from Maine.

Mr. WHITE. I, too, have had representations from amateurs with respect to this treaty. I recall that in 1927 the amateurs were greatly disturbed at that time as to the provision to be made for them in the then pending radio treaty. The delegates from the United States then did everything possible in behalf of the amateurs of this country. I also feel sure that our delegation did everything possible for them at this Madrid Convention. I am fully persuaded, Mr. President, that if it were not for the provisions inserted herein in their behalf, the amateurs of the world and the amateurs of America would have, so far as international correspondence goes, a very much more difficult time than they now face under the terms of this treaty. In other words, I think, as does the Senator from Nevada, that this is a shield and a protection to them in their international interests.

Mr. DILL. That shield and that protection, however, come largely from foreign countries rather than from the Government of our own country. I think that the governments of foreign countries have been more unfriendly to amateurs, probably, than has our own Government.

Mr. WHITE. I think the Senator is quite right, and when I refer to a "shield and a protection" I mean that the United States has secured from foreign countries concessions in behalf of amateurs which could not be had except under the terms of this treaty.

Mr. DILL. I feel that with the continued development, the enlarged development, in fact, of the use of the short wave the amateur's claim becomes even more worthy of consideration than when the number of frequencies available were fewer than they now are. Personally, I am strongly in favor of the ratification of the treaty.

The PRESIDING OFFICER. If there be no amendment, the convention will be reported to the Senate.

The convention was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read:

The Chief Clerk read as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two thirds of the Senators present concurring therein, the resolution is agreed to and the convention is ratified.

THE CALENDAR

The PRESIDING OFFICER. The calendar is in order.

PUBLIC UTILITIES COMMISSION, DISTRICT OF COLUMBIA

The legislative clerk read the nomination of William A. Roberts to be additional counsel, to be known as the "people's counsel", Public Utilities Commission, District of Columbia.

Mr. ROBINSON of Arkansas. Mr. President, that nomination should go over upon the request of the Senator from Nevada [Mr. McCARRAN].

The PRESIDING OFFICER. The nomination will be passed over.

COLLECTOR OF INTERNAL REVENUE, LOUISIANA

The legislative clerk read the nomination of Daniel D. Moore to be collector of internal revenue, district of Louisiana.

Mr. ROBINSON of Arkansas. That nomination should go over.

The PRESIDING OFFICER. The nomination will be passed over.

THE JUDICIARY

The legislative clerk read the nomination of Alexander Murchie to be United States attorney, district of New Hampshire.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Lon Warner to be United States marshal, district of Kansas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered, and the nominations are confirmed en bloc. That concludes the calendar.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate resume legislative session.

The motion was agreed to; and the Senate resumed legislative session.

FEDERAL RESERVE LOANS TO INDUSTRIES

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senator from Virginia [Mr. GLASS] desires to proceed with a measure; and, in the absence of the Senator from Delaware [Mr. HASTINGS], who is interested in the bill which is the unfinished business, it might be well to do that at this time, with the approval of the Senator from Indiana [Mr. VAN NUYS], who has charge of the unfinished business.

Mr. GLASS. Mr. President, I should like to have the Senate take up the banking bill unanimously reported some days ago from the Committee on Banking and Currency. It is Senate bill 3487, to authorize direct loans by Federal Reserve banks to going industries and commercial enterprises.

It will be recalled that some time ago it was proposed to establish within the Federal Reserve System an intermediate bank system, to be composed of 12 intermediate banks. That proposal was abandoned when some of us pointed out that it would involve a very cumbersome and very expensive overhead operation; and there was substituted for it this bill to authorize the Federal Reserve banks to make direct loans to going industries to the extent of the surplus of the Federal Reserve banks after they shall have paid into the insurance-deposit fund the assessment exacted of them. That would mean approximately $142,000,000. In addition to that, it is proposed to appropriate from the Treasury, out of the increment which resulted from taking from the Federal Reserve banks $2,800,000,000 of their gold, a similar sum of approximately $140,000,000, making a total fund of nearly $300,000,000 which may be loaned directly by Federal Reserve banks to going industries to replenish their capital or to expend their activities.

Mr. McNARY. Mr. President, will the Senator yield for an inquiry?

Mr. GLASS. Yes; I will.

Mr. McNARY. I was absent from the Chamber when the able Senator from Virginia made his request. What is his desire at this time?

Mr. GLASS. If it is the desire to adjourn now, I should like to make this bill the unfinished business.

Mr. McNARY. Mr. President, there is before the Senate now, as the unfinished business, the corporate reorganization bill. Does the Senator seek unanimous consent to take up for immediate consideration the bill to which he has referred?

Mr. GLASS. I was thinking of asking to have the bill considered as soon as possible. It is a very simple bill. Anybody can understand it with a few minutes of explanation.

Mr. McNARY. I certainly should not be faithful to my trust if I should permit unanimous consent to be given for the consideration of such an important bill as this at half past 4, with only a dozen or 15 Members present.

Mr. GLASS. Very well, then; I withdraw the request. The bill will not be any less important when I shall renew the request than it is now.

CORPORATE REORGANIZATIONS

The Senate resumed the consideration of the bill (H.R. 5384) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. VAN NUYS. Mr. President, I desire at this time to make a very brief statement and outline of the nature of the pending measure, being House bill 5384. The Senator from Delaware [Mr. HASTINGS] has spent much time on the bill and has prepared a number of amendments to it. In his absence, I prefer tonight not to proceed further than I have indicated. The Senator from Delaware will be here in the morning.

The bill grants to corporations the same type of relief that was granted by the Seventy-second Congress to farmers, individuals, and railroads. The older Members of the body will remember that legislation. Three sections were added to the bankruptcy law giving to farmers, railroads, and individuals relief under certain conditions.

This bill follows in a general way the provisions of those amendments of the Seventy-second Congress. The mechanics naturally differs somewhat as applied to a corporation and to farmers or other individual persons; but the purposes of the bill and the mechanics are pretty much like those of the former piece of legislation.

The pending bill provides that any corporation may file a petition in a court of bankruptcy stating the jurisdictional facts, the nature of the business, describing the assets, the liabilities, the capital stock, and so forth, the facts showing the need for the relief demanded, and containing the allegation that the corporation is either insolvent or unable to meet its debts as they mature. Upon the filing of this petition the court, if it shall approve the filing of the petition, shall take charge of the property of the debtor wherever situate, and shall have the same powers as a receiver in an equity receivership proceeding in a United States court.

The bill provides that three or more creditors who hold provable claims in an aggregate of $1,000 or more may also file a petition accompanied by a plan, and in the case of the debtor corporation itself.

It further provides that three or more creditors holding provable claims of $1,000 or more, or stockholders holding 5 percent in number of all shares of stock of any class, may answer and controvert the allegations set forth in the petition.

The bill, then, at length specifies what the plan accompanying the petition must set forth. It is mandatory in most respects. It shall include provisions modifying or altering the rights of creditors generally; it may include provisions modifying or altering the rights of stockholders generally; and it shall provide for stockholders who do not join in the petition or approve the plan in order that the value of their equity may be thoroughly protected by the court. The plan shall also set out the means by which it shall be accomplished, by transfer or sale of property, appraisal and payment in cash of claims, or by the issuance of new securities, and the payment of claims with such new securities.

The measure is very comprehensive in setting up the plan and the means by which it shall be accomplished. It shall provide for the transfer of property, consolidation or merger with another corporation, retention of the property by the debtor, distribution of assets to the creditors, modification of liens, extensions of maturity dates of securities, amendment of the charter, and so forth. These provisions are all contained in the railroad legislation to which I have just referred.

After the petition shall have been approved, if it shall be approved by the court, the court may temporarily leave the debtor in charge of the assets or may appoint a trustee. In either event the court shall give 30 days' notice by 2 weeks' publication of a hearing on the petition, on the merits of which all claimants and creditors shall be fully notified, and shall be given their day in court to object or offer amendments to or suggest alterations in the plan.

The court shall also require schedules or other information to be filed by the debtor corporation showing the conduct of the debtor's affairs and the fairness of the proposed plan. It may require a list of all known bondholders and stockholders, together with their holdings and their post-office addresses, to be put into the hands of the different claimants and to be open to inspection by any creditor.

The court is empowered to fix the time when all these matters shall be heard, giving full opportunity to answer, either by intervening petition or otherwise, to anyone whose claims would be materially affected by a new merger or consolidation, or whatever the new plan may provide.

I think the bill is thoroughly well protected on the question of notice to all parties interested.

If the plan shall not be accepted within a reasonable time, the court may extend for not exceeding 6 months the time within which the plan must be approved by two thirds of the creditors of each class of claims and a majority of the stockholders.

The plan cannot be confirmed or the matter closed until it has been approved in writing by 66⅔ percent of the creditors and 50 percent of the stockholders.

If the corporation be an intrastate utility, subject to a regulatory board or commission, there must be the written approval and acceptance of that commission before the court can confirm the plan.

If it is interstate in character, all the regulatory boards and commissions in the various States where the property of the corporation is located must be notified and be given opportunity to object or to be heard on the merits of the plan.

If, after the hearings, and the statement of objections, modifications, or changes in the plan the court finally confirms the plan, if the court finds the plan to be fair, equitable, and feasible, accepted by the stockholders and creditors as I have described, two thirds of the creditors and one half of the stockholders, and finds that the interested regulatory commission has approved the plan, and that all sums of money to be paid by the debtor or other corporation for services are reasonable and fair, and that all proceedings have been in good faith, the court may then, finally, by decretal order, close the proceedings.

These, in general, are the outstanding provisions and conditions of the bill. I say it is a just bill, offering to corporations what farmers and individuals and railroads were given by enactment in the Seventy-second Congress.

There are two or three extra sections of the bill not necessarily connected with the plan of reorganization, one applying to the farmers, amending the section granting relief to individuals. By the old statute, they had to have a majority of the creditors agree on the plan. This new section provides that if it is impossible to obtain a majority of the creditors, the individual may submit a plan for the extension of his indebtedness, and not in composition of his indebtedness.

Section 3 is one which may or may not provoke some discussion tomorrow. It provides that, in the event a receiver shall be appointed by a district court, no one person, or firm, or bank, or corporation, shall be appointed so as to have a monopoly of the receiverships under that particular court. That is not connected particularly with the plan of reorganization, but has been put on as an amendment.

Section 4 is practically a reenactment of the old law, but adds to debts which are provable two additional classes of claims, one the awards of industrial commissions, the other damages awarded for breach of executory contracts, such as, for instance, future rents.

Section 5 is practically a reiteration of the old law, with some minor changes, which are not of importance.

Section 6 gives free postage to the conciliation commissioner appointed under the farmer's relief act.

Section 7 provides that where a railroad has invoked the jurisdiction of the court of bankruptcy, under the act of March 3, 1933, the filing of such petition shall not be cause for removal to the district court of any suits pending in the State or local courts at the time of the appointment of a receiver or trustee for the railroad.

This, in general, Mr. President, is the bill as it is presented. It passed the House at the last session. The committee has recommended a few amendments. The Senator from Delaware [Mr. HASTINGS] will offer on his own behalf several more amendments.

We held no public hearings on the bill, but we have given it serious and conscientious attention, and I am of opinion that after the amendments shall have been disposed of, the bill should be passed, and that it will be a very helpful instrument for the rehabilitation of many corporate bodies and industrial institutions in this time of depression.

With the consent of the Senator from Arkansas, I ask that further consideration of the bill go over until tomorrow, when the Senator from Delaware can be present.

Mr. ROBINSON of Arkansas. That course is entirely agreeable to me.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to, and (at 4 o'clock and 45 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, May 2, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 1 (legislative day of Apr. 26), 1934

PROMOTIONS IN THE NAVY

MARINE CORPS

Lt. Col. Frederick A. Barker to be a colonel in the Marine Corps from the 1st day of March 1934.

Maj. Clarke H. Wells to be a lieutenant colonel in the Marine Corps from the 1st day of May 1934.

Capt. William W. Ashurst to be a major in the Marine Corps from the 1st day of May 1934.

First Lt. Ralph D. Leach to be a captain in the Marine Corps from the 1st day of May 1934.

First Lt. George W. McHenry to be a captain in the Marine Corps from the 1st day of May 1934.

Second Lt. Mercade A. Cramer to be a first lieutenant in the Marine Corps from the 1st day of May 1934.

Q.M. Clerk James M. Fontain to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 19th day of February 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 1 (legislative day of Apr. 26), 1934

UNITED STATES ATTORNEYS

Thomas D. Samford to be United States attorney, middle district of Alabama.

Alexander Murchie to be United States attorney, district of New Hampshire.

UNITED STATES MARSHAL

Lon Warner to be United States marshal, district of Kansas.

POSTMASTERS

COLORADO

Walter E. Rogers, Berthoud.
Michel A. Vogt, Burlington.
Effie B. Jackson, Littleton.

CONNECTICUT

Michael J. Cook, Ansonia.
Forrest G. Thatcher, East Hampton.
Thomas H. Hillery, Hazardville.
Ralph W. Bull, Kent.
John Welsh, Killingly.
Edward J. Minnix, Milldale.
Durward E. Granniss, New Preston.
Nellie A. Byrnes, Pomfret.
George Forster, Rockville.
Arthur J. Caisse, South Willington.
William J. Farnan, Stonington.
Catherine S. Barnett, Suffield.
John J. Burns, Waterford.

FLORIDA

Albert E. Lounds, Crescent City.
Cecil C. Stinson, De Funiak Springs.
Hugh McCormick, Eau Gallie.
Abraham C. Fiske, Rockledge.

INDIANA

James R. Kelley, Lebanon.
Charles A. Good, Monterey.
Pauline M. Rierden, Montezuma.

KANSAS

Sophia Kesselring, Atwood.
John C. Cox, Augusta.
Charles Ward Smull, Bird City.
Alvin M. Johnson, Canton.
Sam C. Scott, Conway Springs.
Harry B. Clay, Douglass.
Laurence A. Daniels, Ellsworth.
Robert Focht, Eureka.
Henry A. Mason, Gypsum.
David E. Walsh, Herndon.
William A. B. Murray, Holyrood.
Michael A. Frey, Junction City.
Lafranier M. Herrington, Kanopolis.
Loraine Champlin, Long Island.
Elizabeth Mansfield, Lucas.
Myrtle D. Fesler, Palco.
Charles E. Slaymaker, Peabody.
Robert R. Morgan, Rexford.
Walter S. English, Scandia.
Henry Christensen, Tescott.
James L. Morrissey, Woodston.

KENTUCKY

William E. Ferguson, Albany.
Walter B. Carvell, Allensville.
Nora Dixon McGee, Burkesville.
Lou E. Holder, Calhoun.
Susan R. Hill, Carrollton.
George W. Mothershead, Earlington.
Osceola C. Lucas, Florence.
Richard L. Frymire, Irvington.
Mary H. Vaughan, Jenkins.
Joseph C. Pell, Lewisport.
Grace Williams, Lothair.
James T. Phipps, Morganfield.
James M. Caudill, Neon.
William A. Eimer, Newport.
George Pinson, Jr., Pikeville.
Mason E. Burton, Somerset.
John B. Lafferty, Wheelwright.
Watson G. Holbrook, Whitesburg.

MICHIGAN

Leonard J. McGraw, Engadine.
Elizabeth J. Shannon, Powers.
Charles J. Schmidlin, Rockland.

MISSISSIPPI

David W. Colbert, Columbia.
Ellen J. Hederman, Jackson.
John T. Dawson, Summit.
Beall A. Brock, West.

MONTANA

Charles Cigliana, Anaconda.
Walter J. McManus, Augusta.
Clifford Dawson, Boulder.
Frank X. Monaghan, Butte.
Godfrey Johnson, Ronan.

NEBRASKA

Harry C. Furse, Alma.
Alma E. Farley, Bancroft.
Walter Nowka, Glenvil.
Harold C. Menck, Grand Island.
Aileen L. Coker, Hershey.
Harry H. Ellis, Holdrege.
Julius F. Gausman, Hubbell.

OHIO

A. Harley Bolon, Bethesda.
Helen Shilts, Mount Victory.
Lewis T. Williams, New Waterford.
Hark F. Williams, Pleasant City.
Cyril S. Hendershot, Quaker City.
Robert J. Hickin, Rittman.
Dorothy M. Lane, Stockport.
Sara J. Bell, Waterford.

SOUTH CAROLINA

Joseph H. Chitty, Denmark.
Bertie Lee B. Wilson, Neeses.
Olin J. Salley, Salley.
Robert A. Gray, Taylors.
Wilbur E. Williams, Wagener.
Reuben V. Lanford, Woodruff.

UTAH

Isaac A. Smoot, Salt Lake City.

VERMONT

Earle J. Rogers, Cabot.
Rutherford D. Pfenning, Forest Dale.
Patrick J. Candon, Pittsford.
Wayland N. Hamel, Plainfield.
Mabel R. Armstrong, Rupert.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 1, 1934

The House met at 12 o'clock noon.

The Reverend Chester Burge Emerson, D.D., dean of Trinity Cathedral, Cleveland, Ohio, offered the following prayer:

Almighty God, whose power is infinite, whose purpose is timeless, and whose peace is eternal, be mindful of us who strain at our limitations and fret in our dispeace. If Thou dost mark a sparrow's fall, wilt Thou not heed a nation's need? Guide our leaders and guard our destiny. Some-

thing more than human wisdom is needed at this time. We humbly ask for it. Something more than human strength is demanded. Help them to endure as seeing Thee, who art invisible. Keep them from fuming while the world burns. Give them good sense and good will. Where experience is lacking let them be slow with experiment. Help them to see the country, and see it whole, lest serving the few they do disservice to the many. Above all assist them to walk worthy of the high calling to which they are called, to legislate for this people without fear or favor, without partisanship or prejudice, but with probity and patience, to the end that prosperity may be restored and peace maintained at home and abroad. In Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE WHEELER-HOWARD BILL

Mr. HOWARD. Mr. Speaker, this is the day of new deals, and one of the best new deals, in my view, is presented in H.R. 7902, now pending before the House. Without further reference thereto I desire now to give a better reference, and, Mr. Speaker, I ask unanimous consent to proceed for 1 minute and the Clerk read a letter on the subject from the President of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Clerk read as follows:

THE WHITE HOUSE,
Washington April 28, 1934.

MY DEAR MR. HOWARD: The Wheeler-Howard bill embodies the basic and broad principles of the administration for a new standard of dealing between the Federal Government and its Indian wards.

It is, in the main, a measure of justice that is long overdue. We can and should, without further delay, extend to the Indian the fundamental rights of political liberty and local self-government and the opportunities of education and economic assistance that they require in order to attain a wholesome American life. This but the obligation of honor of a powerful nation toward a people living among us and dependent upon our protection.

Certainly the continuance of autocratic rule by a Federal department over the lives of more than 200,000 citizens of this Nation is incompatible with American ideals of liberty. It also is destructive of the character and self-respect of a great race.

The continued application of the allotment laws, under which Indian wards have lost more than two thirds of their reservation lands, while the costs of Federal administration of these lands have steadily mounted, must be terminated.

Indians throughout the country have been stirred to a new hope. They say they stand at the end of the old trail. Certainly the figures of impoverishment and disease point to their impending extinction as a race unless basic changes in their conditions of life are effected.

I do not think such changes can be devised and carried out without the active cooperation of the Indians themselves.

The Wheeler-Howard bill offers the basis for such cooperation. It allows the Indian people to take an active and responsible part in the solution of their own problems.

I hope the principles enunciated by the Wheeler-Howard bill will be approved by the present session of the Congress.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

HON. EDGAR HOWARD,
House of Representatives.

PHILIPPINE INDEPENDENCE

Mr. McDUFFIE. Mr. Speaker, on yesterday the Legislature of the Philippine Islands unanimously accepted the Independence Act recently passed by this Congress. Today the distinguished Commissioner, Mr. GUEVARA, who has played so important a part in bringing about that legislation, desires to address the House for 15 minutes, and I ask unanimous consent that he may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a message of the Governor General of the Philippine Islands to the Philippine Legislature at the special session assembled yesterday, April 30, 1934; and I also ask unanimous consent to have printed in the RECORD, following my remarks on the Jones-Costigan sugar bill, the letter I addressed to the President of the United States dated April 30, the radiogram of the Governor General of the Philippine Islands sent to the War Department, released April 25, and the memorandum of April 27 sent to the President and the Secretaries of War and Agriculture on the same question, by former Senator Harry B. Hawes, in representation of the Philippine Sugar Association.

The SPEAKER. Is there objection to the request of the Resident Commissioner from the Philippine Islands?

There was no objection.

Mr. GUEVARA. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, following my remarks on the Jones-Costigan sugar bill, I include the letter I addressed to the President of the United States, dated April 30, the radiogram of the Governor General of the Philippine Islands sent to the War Department, released April 25, and the memorandum of April 27 sent to the President and the Secretaries of War and Agriculture on the same question by former Senator Harry B. Hawes in representation of the Philippine Sugar Association.

Mr. Speaker, yesterday the Philippine Legislature, called at a special session, accepted the Tydings-McDuffie Independence Act.

Under this act, the Congress of the United States has prescribed certain steps in the 10-year period following the establishment of the Philippine Commonwealth for the readjustment of our economic life prior to granting of independence. During this transition period, our imports of sugar, coconut oil, and cordage to this country will be limited at specified quantities.

I take this opportunity, Mr. Speaker, to speak at this time on the subject of Philippine sugar imports into the United States. Congress has recently passed the sugar control bill, known as the Jones-Costigan bill, which is now before the President awaiting his signature. During the consideration of this legislation we have neither made any captious objections nor obstructed the efforts of the administration in its plan at sugar stabilization. But, Mr. Speaker, the Jones-Costigan bill, as passed by Congress, contains two provisions which may prove to be disastrous to the sugar industry in my country and may undermine the financial structure of our government.

One of these two provisions is that which makes the enforcement of the quotas retroactive to January 1, 1934. Under this provision we will have this year a surplus of 319,000 short tons, with the President's quota of 1,037,000 short tons for the Philippine Islands, and next year we will have a total surplus of 682,000 short tons. Unless this large surplus is absorbed it would cause considerable hardships to our farmers and would throw out of employment thousands of laborers, thereby precipitating social unrest.

So, Mr. Speaker, by the time we will inaugurate our new government under the Independence Act, our main industry, from which our government derives a considerable portion of its revenue, will have been paralyzed, and we will be faced with a serious social problem, at the same time that our government will find itself financially handicapped and unable to meet its increased obligations. I am sure no true American would want to plunge my country into such a situation. At this juncture I desire to insert in the RECORD the radiogram on this subject from His Excellency, Hon. Frank Murphy, Governor General of the Philippine Islands, to the Secretary of War.

The other provision of the Jones-Costigan bill, to which I referred, is that one providing for the fixing of quotas by the Secretary of Agriculture. In his message to Congress, President Roosevelt recommended a quota of 1,037,000 short tons for the Philippine Islands. As our crop, just harvested and which practically has already been marketed in the United States, amounts to 1,400,000 short tons, we will thus bear, under the President's quota, a cut of 363,000 short tons. This reduction, Mr. Speaker, is twice larger than that for any of the sugar areas, as may be seen from the following figures:

	Estimated production for United States market 1933–34 [1]	Quotas proposed by the President	Decrease	Percent of decrease
	Short tons	*Short tons*	*Short tons*	
United States beet	1,750,000	[2] 1,550,000	200,000	11.4
Hawaii	1,025,000	935,000	90,000	8.8
Puerto Rico	925,000	821,000	104,000	11.1
Philippines	1,400,000	1,037,000	363,000	25.9
Cuba	2,240,000	1,944,000	296,000	13.2

[1] As given by Dr. John L. Coulter, U.S. Tariff Commission, during consideration of marketing agreement, June 1933.
[2] Increased by 100,000 tons from President's quota.

In spite of this heavy loss to our sugar producers, in our earnest desire to cooperate and assist in the administration's plan for improving the situation in the sugar industry we have accepted the President's quota of 1,037,000 short tons for the Philippine Islands. We have taken this as a basis for a practical limitation program in the Philippines. This program of restriction of sugar production is now in course of enforcement.

It can be readily seen, Mr. Speaker, that unless there is a limitation of production in the Philippine Islands there will be accumulated there a surplus of over 1,000,000 tons in the next 3 years. This will have a very depressing effect upon the price of sugar the world over, and will therefore bring to naught the administration's plan at sugar stabilization.

In the name of the 2,000,000 people in my country directly dependent upon the sugar industry, I therefore appeal for the maintenance of the quota of 1,037,000 short tons for the Philippine Islands, as recommended by the President, and its just enforcement, so that it would not be retroactive to the sugar that we have already shipped and sold to the United States.

APRIL 30, 1934.

The PRESIDENT,
The White House,
(Through the Secretary of War),
Washington, D.C.

DEAR MR. PRESIDENT: The Jones-Costigan sugar bill has excited spirited protests from Puerto Rico, Hawaii, and Cuba. The Philippines is comparatively silent, overwhelmed by the impending blow on her sugar industry by both the Jones-Costigan measure and the Tydings-McDuffie Independence Act.

Puerto Rico declares that her people are naturalized American citizens and deserve to be treated as such, and that in deciding on her sugar quota only one destructive hurricane in every 30 years should be taken into account.

Hawaii pleads that being a political integral part of the United States she is entitled to a definite quota in the bill on an equal and identical basis as the continental sugar-producing sections.

Cuba, through her multitude of sympathizers, is presented to the world as economically prostrate and revolution-ridden because of her inability to sell more sugar in the United States.

We of the Philippines are at the moment in the throes of a great political excitement. We are accepting the Tydings-McDuffie Act—taking the initial step leading to our separation from the United States.

Mr. President, the acceptance of that act marks the beginning of the winding up or liquidation process of our sugar industry as well as our other tariff-protected industries. We shall be going out of business, closing shop and getting bankrupt. We don't want to do this, but we are forced into it.

By all the principles that are American and humanitarian, the Philippines is entitled in this critical juncture to more than a perfunctory sympathetic treatment at the hands of the American Government.

The Puerto Rican hurricane is a gentle zephyr in its effects in comparison with the man-made political hurricane which is due to hit our sugar industry when we lose the American tariff protection.

Hawaii is going to have her Filipino labor, which is the mainstay of her sugar industry, although under the Tydings-McDuffie Act Filipino laborers over a quota of 50 will be barred from continental United States. Thus while Hawaii is pleading for equal treatment she is enjoying a special privilege. There is as much demand for Filipino labor in the lettuce fields of California as in the sugar plantation of Hawaii.

Impoverished Cuba has still $15 per capita monetary circulation, while the Philippines has less than $4 per capita. These two figures gain greater significance when it is considered that in education, in living standard, and in life's outlook disinterested observers declare that the Filipino people occupy a higher level than the bulk of the Cuban population.

Mr. President, with all our poverty we have not been a problem of law and order to America. We have not asked for special privileges. We have only tried to carry on under the benevolent auspices of the American Government, absorbing American ideas and ideals, learning the American language, and building our political and social institutions after the American pattern.

With mixed sadness and hope we are soon separating from the United States. Naturally our political separation requires our economic disentanglement from the American economic system. The process would be most difficult and devastating. It would shake and shatter the very foundation upon which we are expecting to erect the future Filipino nation.

I am asking you most earnestly, Mr. President, to let us down as gently as possible; to cushion our economic fall with some measure of help that is within your jurisdiction and that of the Secretary of Agriculture. Besides other considerations, the success of the Tydings-McDuffie Act may be jeopardized by an overstrain of economic calamities.

What the Philippine sugar industry wants and suggests are set forth succintly in a cablegram of Gov. Gen. Frank Murphy to the War Department, released to the press on April 25, and in the communication addressed to Your Excellency by the Philippine Sugar Association under date of April 27. I commend those two documents to your favorable consideration.

Faithfully yours,

PEDRO GUEVARA,
Resident Commissioner from the Philippines.

WAR DEPARTMENT

PROTESTS RECEIVED FROM THE GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS AGAINST THE TERMS OF THE JONES-COSTIGAN SUGAR BILL (H.R. 8861)

[Figures in long tons]

The following radiogram relative to the Jones-Costigan bill has been received in the War Department from the Governor General of the Philippine Islands:

"The retroactive character of the Jones-Costigan sugar bill, which establishes January 1, 1934, as commencement date for quota, will leave us a large surplus of 610,000 tons of sugar, or two thirds an entire year's quota under the bill. Following wire from Iloilo Commercial Association: 'The International Chamber of Commerce and the Philippine Chamber of Commerce unanimously passed resolution in joint session today to move earnestly and request your assistance in urging the deletion of the retroactive effect of the Jones-Costigan bill. Draw special attention retroactive effect highly prejudicial sugar industry, especially mill planters who rely upon outside financial assistance. Also emphasize anomalous situation arriving between producers who have disposed of their production vis-à-vis, those who have sugar yet to mill or mill in Bodega. Passage of bill in present condition must inevitably deprive hundreds of thousands of laborers and families of present livelihood thereby probably engendering social disorders. Can you secure expression of administration's ideas of treatment which will be accorded sugar in excess of quota arriving in States this calendar year if bill is passed? Present uncertainty is paralyzing all business."

The conditions are as follows:

1. In 1933–34 there were produced for export to the United States 1,250,000 long tons of which not over 40,000 long tons reached the United States before January 1, 1934, thus leaving 1,210,000 long tons of the old crop to be exported during calendar year 1934 against the probable quota of not over 925,000 long tons. The carry-over into calendar year 1935 would thus be 285,000 long tons with no accommodations for fractional shipment of the 1934–35 crop.

2. Pending enactment of quota bills in the United States, our best efforts at voluntary limitation cannot do more than hold the 1934–35 crop to approximately the 1933–34 level, or 1,250,000 long tons available for export to the United States. This means that we would enter the year 1935 with a carry-over of 285,000 long tons from the 1933–34 crop and would have available the entire 1,250,000 long tons of the 1934–35 crop, or a total of 1,535,000 long tons against the probable quota of 925,000 long tons, thus increasing the carry-over at the end of 1935 to 610,000 long tons with no accommodation for fractional shipment of the 1935–36 crop.

3. By this time legal limitations under the quota law should be in effect, and we could assume normal restriction of the 1935–36 crop to 925,000 long tons. But we would still carry into 1936 the accumulation surplus of 610,000 long tons, which could only be wiped out by reducing production of 1935–36 crop not to the presumed limitation of 925,000 long tons but to 315,000 long tons, or about one fourth of the present production and one third of the probable quota. A general allotment of so small a production to all centrals and all planters would be economically and commercially impracticable, and we should probably be forced to shut down entirely for one season, creating very serious financial and social difficulty during the first or second year of the Commonwealth. The alternatives would be to hold the 610,000 long-ton surplus over the market or dump it in the Orient or Europe, in either case depreciating world price.

The situation would be avoided if the Jones-Costigan bill were amended to eliminate its retroactive and run the quota years on a United States fiscal-year basis, beginning July 1, 1934. In this event the balance of 1933–34 crop could be disposed of before the quota became effective, and we would have only such standing surplus as would represent excess of the 1934–35 crop over the quota, or about 325,000 long tons, which might more easily be absorbed.

IN THE MATTER OF PHILIPPINE SUGAR

To the PRESIDENT, the SECRETARY OF AGRICULTURE, and the SECRETARY OF WAR:

THE PHILIPPINE SITUATION

On May 1 the Philippine Legislature will take the first step to accept the American offer of independence.

Under the provisions of this bill complete independence will not be granted for 10 years. The American flag will fly over the Philippines during that period and an American commissioner appointed by the President will supervise the financial policy of the Commonwealth, carrying with it during these 10 years the responsibility both for financial stability and the preservation of law and order.

Comparing this with our responsibility in Cuba, we find that the latter is limited under the Platte amendment to the maintenance of order.

There are in the Philippines 14,000,000 people; in Cuba 3,500,000.

The Philippines is the eighth best customer of the United States. Our manufactures and agricultural products are purchased there in greater amounts per capita than in India, China, and Japan, and exceed in volume the sales made to any Latin American country.

Any revolutionary or drastic upset of the present Philippine financial stability will be a violation of the implied promises contained in the Philippine independence offer and will very properly subject our country to criticism not only in the islands but throughout the Orient; in addition, it will endanger American investments in the islands, which Americans were urged to make, stimulated by efforts of our own Government.

Free-trade status for the islands was established by our Congress in 1909 over the official protest of the Philippine Legislature.

The independence law provides for a limitation of the free importation of Philippine sugar into the United States. This was fixed at the then high peak of 1931, when the bill was under consideration at 955,920 short tons.

This limitation, however, will not be in effect until the establishment of the Philippine Commonwealth. Prior to this there is no limitation on the amount of sugar that the Philippines can send to the United States free of duty.

Under the Independence Act there is no limitation on the quantity of Philippine sugar coming to the United States except that duties are imposed on all sugar in excess of the limitation of 955,920 short tons.

It can be readily seen that unless there is a limitation of production in the Philippine Islands there will be in the next 3 years an accumulated surplus there of over 1,000,000 short tons, which will have a very depressing effect not only upon the world market but also upon the American market and, therefore, will nullify all efforts toward sugar stabilization in the United States.

THE JONES-COSTIGAN ACT

The Jones-Costigan Act just passed by Congress contains two provisions in which the Philippine sugar industry is vitally concerned. These are—

(1) The retroactive effect of the bill to January 1, 1934, as to quotas; and

(2) The quota for the Philippine Islands to be assigned by the Secretary of Agriculture.

RETROACTIVE EFFECT

If through administrative action the bill should be made retroactive to January 1, 1934, on the quota for the Philippine Islands, it will leave the Philippines a surplus this year of 319,000 short tons. For the 2 years 1934 and 1935 there will have accumulated a surplus in the Philippine Islands of 682,000 short tons.

This may be seen from the following figures:

	Short tons
Available for export, 1933–34	1,400,000
Estimated arrival in United States before Jan. 1, 1934	44,000
Balance export to United States for 1934 out of crop 1933–34	1,356,000
Probable quota for Philippine Islands, 1934	1,037,000
Carry-over for 1935	319,000
Available for export, 1934–35 crop	1,400,000
Total available, 1935	1,719,000
Probable quota for 1935	1,037,000
Carry-over for 1936	682,000

It will thus be seen that when the Philippine Commonwealth begins to operate the Philippines will find their main industry in a paralyzed condition.

In order to adjust their production to the export limit to the United States under the quota law, the sugar centrals will have to produce for export only 355,000 short tons for the 1935–36 crop, or 25 percent of their normal production for export.

With this low rate of operation it is doubtful if any of the sugar centrals could continue to operate.

Hundreds of thousands of laborers would thus be thrown out of employment and millions of invested capital would be lost.

As the Philippine government derives a great portion of its revenue from the sugar industry, the government would be financially embarrassed at a time when it needs greater funds to meet its increased obligations under the independence law.

CONFUSION AND DISTRESS IN THE PHILIPPINES

Moreover, if the bill should be made retroactive to January 1 on the quota of the Philippine Islands, it would cause much confusion in the adjustment and allocation of the quotas among the various factories and the thousands of individual planters.

Unlike other sugar-producing areas, in the Philippines sugar production is in the hands of thousands of small farmers.

The 45 sugar factories in the Philippines, mostly owned by Filipinos and Americans, do not grow sugarcane, as they do not own the land on which sugarcane is grown.

Thousands of individual planters grow the sugarcane and deliver this cane to a single factory, which converts the cane into sugar.

Under this existing cooperative system of sugar production in the Philippine Islands, the sugar central receives from 40 to 45 percent of the sugar produced from the cane, and the planters get from 55 to 60 percent thereof.

As soon as the sugar is manufactured by the central, distribution takes place and the sugar planters, after receipt of their sugar, sell their share to sugar exporters.

Insofar as the 1933–34 crop is concerned, the sugar planters and centrals have not only already received their respective shares but have sold them to the various sugar exporters and received their money therefor.

The exporters have already marketed this sugar in the United States, most of which has already been paid for by buyers.

To make the quota for the Philippine Islands apply to the crop that is already harvested and sold in the United States would, therefore, be impossible without causing serious troubles in the Philippine Islands.

INDIVIDUAL ILLUSTRATION

In his conference with officials of the War Department and the Department of Agriculture before he left recently for the Philippines, the Honorable Rafael R. Alunan, president of the Philippine Sugar Association, pointed out the disastrous effect of making the quota date retroactive to January 1, 1934, upon individual planters in the Philippines, in the following illustration:

"A planter with a production for the 1933–34 crop of, say, 1,000 tons receives 600 tons for himself as his share and leaves with the central 400 tons. This planter has already sold his share to the various exporters, say, 200 to A, 200 to B, and 200 to C, for which he has already received payment and very likely spent the proceeds.

"If the Philippines is given a quota on the basis of the President's figure of 1,037,000 short tons, and such a quota becomes retroactive to January 1, 1934, this particular planter will have a quota for his past crop of say 400 tons. He has already exceeded his quota by 200 tons, which has already been disposed of.

"It would be utterly impossible to make him give up the money he has received for the 200 tons, representing the excess of his production over his quota, or to make any other party bear the loss for these 200 tons as a consequence of the retroactive effect of the bill."

The foregoing individual case is a typical example of what is going to happen in the Philippine Islands if the quota date of the bill should be made retroactive to January 1, 1934.

A retroactive application of the quota could not be enforced.

QUOTA ENFORCEMENT SHOULD COMMENCE JULY 1, 1934

We would, therefore, request that the effective date of the quota provisions of the bill be made to coincide with the crop-year instead of the calendar year; in other words, we propose that the enforcement of the quotas shall commence on July 1, 1934, and not on January 1, 1934.

In the marketing agreement signed by the producers last fall the marketing year was fixed to commence on July 1 in order to coincide with the harvesting periods of the various producing areas, which, according to Willett & Gray, are as follows:

United States beet, July to January; Louisiana, October to January; Florida, December to April; Hawaii, November to June; Puerto Rico, January to June; Philippine Islands, November to June; Virgin Islands, January to June; Cuba, December to June.

The fixing of July 1, 1934, as the commencement date for the enforcement of quotas would to a great extent minimize the difficulties and sacrifices that will be borne by the Philippine sugar producers under the sugar control law.

It takes from 45 to 60 days for a cargo of sugar from the Philippines to reach the Atlantic seaboard. For this reason, and because of the lack of adequate warehouse facilities, shipment of sugar from the islands has to be made immediately after the sugar has been placed in the bag at the factory, hence the heavy exportation of sugar during the grinding period, from November to June.

QUOTAS

The figure 955,920 short tons was the high peak in 1931, at the time the Hawes-Cutting bill placed its limitations.

In a 3 months' hearing on the marketing agreement it was agreed by all the sugar-producing areas that the Philippine quota should be 1,100,000 short tons. (This was protested at the time by the Philippine representatives.)

Since that time President Roosevelt, on February 8, placed the quota for the Philippine Islands at 1,037,000 short tons, and Governor General Murphy, the Philippine producers, and the Philippine Legislature first started to work on the theory of 1,100,000 short tons, and, since the President's message, on the theory of 1,037,000 short tons.

Neither of these quotas is considered equitable. The reason is obvious.

Of the principal areas supplying sugar to the United States, the Philippines bears the largest quantity and percentage of reduction under the President's quotas, as may be seen from the following figures:

	Estimated production for United States market 1933-34 [1]	Quotas proposed by the President	Decrease	Percent of decrease
	Short tons	*Short tons*	*Short tons*	
United States beet	1,750,000	[2] 1,550,000	200,000	11.4
Hawaii	1,025,000	935,000	90,000	8.8
Puerto Rico	925,000	821,000	104,000	11.1
Philippines	1,400,000	1,037,000	363,000	25.9
Cuba	2,240,000	1,944,000	296,000	13.2

[1] As given by Dr. John L. Coulter, U.S. Tariff Commission, during consideration of marketing agreement, June 1933.
[2] Increased by 100,000 tons from President's quota.

This table shows that the decrease in the Philippine quota has been over twice as great as that of any other area under the American flag and nearly 100 percent greater than the reduction in the Cuban quota.

We therefore respectfully urge that, as a great portion of the total revenue of the islands comes from sugar, and that as the quota cut is over twice that of any other area and almost 100 percent over that of Cuba, there should be no further cut on the Philippine quota given by the President of 1,037,000, which already will mean a curtailment of 363,000 tons annually.

Respectfully submitted.

PHILIPPINE SUGAR ASSOCIATION,
By HARRY B. HAWES,
United States Representative,
Representing 99 percent of Philippine sugar producers.

WASHINGTON, D.C., *April 27, 1934.*

Mr. GUEVARA. Mr. Speaker, 36 years ago the American Fleet, commanded by Admiral Dewey, entered Manila Bay flying the flag of liberty and of justice for all oppressed people in the world. A battle ensued with the Spanish armada which was the guard of the sovereignty of that Nation over the Philippines. The forces of freedom won, and the American flag was hoisted amidst the enthusiasm and blessings of the Filipino people.

Coincident, Mr. Speaker, with this glorious day of victory for the United States, the Philippine Legislature assembled in special session on May 1, 1934, accepted Public Act No. 127, Seventy-third Congress, commonly known as the "McDuffie-Tydings bill", enacted by Congress on March 24, 1934. This law was enacted in fulfillment of the pledge of this Nation to grant independence to the people of the Philippine Islands at the earliest practicable time. In view of this enactment and its acceptance by the Philippine Legislature, moral responsibilities and obligations on the part of both nations become increasingly apparent. At this juncture I wish to quote part of the message of the President of the United States to Congress on March 2, 1934, upon which the enactment of Public Act 127 was predicated:

May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves little short of a denial of independence itself. To change at this time the economic provisions of the previous law would reflect discredit on ourselves.

We are now confronted, Mr. Speaker, with a situation which must be faced honorably and loyally both by the United States and by the Philippines. I believe I am not mistaken in affirming that the postponement of the day of the granting of independence to the Philippine Islands was for the purpose of giving the inhabitants therein a reasonable period of time to adjust their economic life, which by the sovereign will of the United States has been linked to her economic system for the past 30 years.

If I correctly understand the policy and philosophy which inspired the formulation and adoption of Public Act 127, it is the avowed purpose of the United States to grant independence to the people of the Philippine Islands in order that they may be able to receive the blessings of that grant without regard to or consideration of any selfish interest. For this, I am sure, the Filipino people are grateful.

Mr. Speaker, Public Act 127 is now a solemn covenant between the United States and the Philippine Islands, and its terms must be observed without reservation by either party. The Filipino people, I am sure, are prepared to do their part in the observance of its terms. I think I am safe in saying that the United States also is sympathetically willing to do her part to make of the covenant a success, thus giving the now struggling world a practical example of the sanctity of national pledges. By so doing, this Nation will only be following the course that she herself has outlined since the inception of her occupation of the Philippines. It is well to call to memory the message of the American people to the Philippines, transmitted on April 4, 1899, by the first civil commission appointed by the President of the United States to the Philippines, and signed by Jacob Gould Schurman, George Dewey, Elwell S. Ottis, Charles Denby, and Dean C. Worcester, which in part says:

The Commission desire to assure the people of the Philippine Islands of the cordial good will and fraternal feeling which is entertained for them by His Excellency the President of the United States and by the American people. The aim and object of the American Government, apart from the fulfillment of the solemn obligations it has assumed toward the family of nations by the acceptance of sovereignty over the Philippine Islands, is the well-being, the prosperity, and the happiness of the Philippine people and their elevation and advancement to a position among the most civilized peoples of the world.

The message of President Roosevelt to Congress on March 2, 1934, to which I have referred is but a confirmation of that of the American people to the Philippines on April 4, 1899. The policy announced in that message was translated into reality by subsequent legislation enacted by the Congress of the United States which tended to fulfill her solemn obligations assumed toward the family of nations by the acceptance of sovereignty over the Philippine Islands and to promote the well-being, the prosperity, and the happiness of the Filipino people and their elevation and advancement to a position among the most civilized peoples of the world. The enactment of Public Act No. 127, Seventy-third Congress, leads the Filipinos to the goal of their aspirations and ambitions through the generous and kind assistance of the American people. This will undoubtedly add a new glorious chapter to America's immortal history.

By a rare quirk of fate, however, there has been some effort to thwart the humanitarian endeavors of the American people in their dealings with the Philippines. The enactment of the 1934 revenue bill by which an excise tax of 3 cents is levied on every pound of coconut oil entering the United States from the Philippines will be a reversal of the policy which inspired the formulation and adoption of Public Act 127. It offsets the benevolent and altruistic aims of the American people in their desire to create a new nation in the Far East. It amounts to a deviation from the complete fulfillment of the terms of the covenant as written in Public Act 127.

Surely it is improper to assume that just because the United States is powerful she will fail to observe the terms of the covenant, or that just because the Filipino people are weak they will have to make good their obligations in accordance with the covenant. The Filipinos will fulfill their moral and legal obligations flowing from the covenant because they are sincerely convinced that they are dealing with a Nation whose sense of justice and fair play is acknowledged the world over.

Mr. Speaker, it is with great reluctance that I am discussing this phase of the question today when the American and Filipino peoples should be indulging in the hopes of happier days for the Philippines. To the United States belongs the credit for the birth of a new nation in the Far East, and to the Philippines the satisfaction of being the recipient of the beneficent results of this altruism. Should anyone living under the American flag hinder the success of the American policy at this time when the international situation in the Far East appears gloomy and disturbing? Should he, indeed, do anything to obstruct the ultimate success of the American policy in the Philippines? These are

questions that call for patriotic consideration on the part of the American people. I realize the hardships and economic difficulties that are now assailing every nook and corner of this mighty Nation. If there were some concrete assurance that the sacrifice of the Filipino people would help to promote the prosperity of the United States, then the Filipinos may perhaps undergo that sacrifice. After due consideration, however, one merely reaches the inescapable conclusion that this will benefit neither the United States nor the Philippines. It will be prejudicial to both countries and peoples. Why, then, embark on an experiment whose prospective advantages to the American farmer are only imaginary?

I hope I am mistaken in my prediction as to the effect of the disintegration of the terms of Public Act 127. The revenue bill which amends the fundamentals of the economic provisions of the McDuffie-Tydings law will cause the economic penetration of the Philippines by some nation who will be more than willing to take advantage of the situation. Indirectly, it will justify the attempt to destroy the open-door policy successfully inaugurated and maintained by the United States in China. It will deprive the Filipino people of the equal opportunity to which they are entitled under the American flag by the terms and conditions of the solemn covenant just accepted by the Philippine Legislature. It will depress the American trade in the Philippines, for diminishing the purchasing power of its inhabitants will reduce their capacity to buy American goods. Also, when the Filipinos cannot export to the United States, as a consequence they cannot import from her. This is an elemental principle of trade.

It seems tragic that after the enactment of Public Act No. 127 steps should be taken to defeat its very aims and purposes. I refuse to believe that the American people as a whole are willing to sanction any policy which will have the effect of taking back with one hand what has just been given with the other. I know this to be true, for it is not the American spirit nor the characteristic of American traditions which have successfully stood the vicissitudes of years.

Out of my loyalty and gratitude to this country, I am compelled to mention some of these questions, for I feel myself duty bound to do my utmost to place on a high level America's honor and prestige, which have never successfully been challenged.

On behalf of the Filipino people, I wish to convey to the American people through their constitutional Representatives in Congress our profound gratitude for the enactment of the independence act. It will establish an everlasting friendship and a cordial understanding between the United States and the Philippines, and I hope it will be conducive to their mutual advantage. [Applause.]

The matter referred to above is as follows:

MESSAGE DELIVERED BY HON. FRANK MURPHY, GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS, ON APRIL 30, 1934, AT THE OPENING OF THE SPECIAL SESSION OF THE NINTH PHILIPPINE LEGISLATURE

Mr. President, Mr. Speaker, and gentlemen of the legislature, you have been assembled here today in special session to consider and take action on an act of Congress which object, according to its title, is to provide for the complete independence of the Philippine Islands and for the adoption of a constitution and a form of government.

Upon my arrival at Manila on June 15 last, speaking of the act then under discussion, I announced a purpose to leave the question of its acceptance to the free and uncontrolled determination of the Philippine people. That has been my undeviating policy, and still is.

This special meeting of the ninth legislature during its closing weeks has been summoned only because of a desire to provide time for adequate consideration and discussion of the measure that has been placed before you; and in the event of an affirmative decision thereon, to facilitate the proper and deliberate exercise and discharge of the very important rights, privileges, and duties created by that measure. It was also my concern and purpose to prevent or minimize the risk of involuntary noncompliance with its provisions and the unintentional forfeiture and lapse of the rights conferred through unexpected delay in the required legislative and administrative processes.

In submitting these matters to you, may I be permitted to voice the earnest hope of all true friends of Philippine liberty that the responsibility you are about to assume may be discharged with complete fidelity to the high moral principles and political ideals that have made this occasion possible and brought us to this eventful hour. In the event of affirmative action, your further deliberations and dispositions should be animated and guided by a clear and steady and united purpose to insure as far as possible a constitutional assembly that will be truly representative of all the people and worthy of matchless opportunity and grave responsibility with which it will be entrusted.

In the serious work that lies ahead, let no man think first of individual or partial advantage. It is not merely the success of a group or a party that is at stake. It is the happiness and well being of a whole people; it is a nation in the making. The fond hopes and aspirations of your countrymen, nurtured through the years, are now in your hands for good or ill. If it shall be your determination that these aspirations will be brought to desired fruition and fulfillment by acceptance of this act, there should be woven into the fabric of the new government the highest moral and spiritual qualities of the people, the wisdom and understanding and idealism of the best and bravest men and women of these islands. If the framework of government is to be strong and stable and serviceable, it must have able designs and competent builders, men and women of broad training and experience, endowed with human sympathy and lofty character, possessing the confidence of all the people and a clear understanding of their varied needs and problems. Such men and women are to be had, and it will be your duty to provide the best means of insuring their selection.

Tomorrow marks another anniversary of the memorable victory of the American naval forces in Manila Bay. That was an event of supreme significance in the promise it contained for the political future of the Filipino people. That promise has now been consummated in a manner that is probably without precedent in the colonial policies of great nations by a formal enactment that confirms in unmistakable fashion the noble and unselfish purposes of the American people in establishing their sovereignty over these islands. America has given proof to the world by practical demonstration that altruism may be not merely an ideal but a reality in the foreign policy of a great nation.

The recent and prevailing economic disturbance in the United States, far more serious than anything we have experienced here, has brought to the fore an apparent conflict of interest between certain economic groups in that country and the more important Philippine industries. This has given rise, perhaps quite naturally, to a certain degree of confusion and doubt with respect to the real motives that have inspired and made possible this action of the American Government. The coincidence of recent protective aims and measures with the initiation of the final steps in the brilliant and glorious program of Philippine development and deliberation should not be permitted to cloud our perspective. If economic factors have entered and played a part in the framing and adoption of the final act of liberation, this and the preparatory work that precedes it have been fundamentally conditioned and suspended and inspired by the political idealism and altruism of the American people. The eventual freedom and independence of the Philippines have been a definite ideal of our people for more than a generation. This, as I know and understand it, has been the real attitude of the great body of American citizens, who have had no other interests in this country and its people than to secure to them the same blessings of liberty and freedom, and equal rights and privileges, that they have inherited from their fathers.

In these troublous days since the World War, when other men and other nations have turned their minds away from the great principles of democracy and self-government, America has remained steadfast to those principles. She has that faith for herself and for others. The Philippines, if they choose to accept this measure, will eventually have achieved freedom and independence and the principal assurance of individual liberty and democracy provided therein, without bloodshed or burdensome expenditures; not through the working of selfish economic forces, as some believe, but because it is the profound conviction of the plain people of America that other people have the same moral right to these things that they once claimed and dearly won for themselves.

Whatever decision may be made, therefore, we gladly and properly make acknowledgment at this time and on this occasion of the high-minded purposes and sympathetic assistance of the men who have sponsored the cause of Philippine independence in the Halls of Congress, of the able efforts of Secretary of War Dern, and to President Roosevelt for his powerful and effective leadership at the final moment and his stanch support of Philippine interests generally. Honor is due also to those distinguished Americans of an earlier day, both civil and military, who have labored valiantly and whole-heartedly in making this country ready for the day when freedom should strike. And to those Filipino patriots who have fought and suffered and died to realize that which may now be attained, and to the representatives of the Philippine Government and this legislature who have given able and distinguished advocacy to their country's cause in the long negotiations that have been brought to the present stage of completion and success—whatever the future may hold, to them a grateful country will ever yield affectionate remembrance.

The ultimate decision on the question before us, as we all know, must be made by the Filipino people, when they pass on the work of a constitutional assembly convened in accordance with the law. Such a decision must be based on truth and understanding. It is preeminently a time for candor and tolerance, for frank and fair speech without fear or intimidation. It is equally a time for courage and faith—faith in self, faith in our fellow men, faith in country. In the days to come there should be no divisions or enmities based on differences of race or birth or creed or color. The country will have need of all loyal men and women who have ability and disposition to contribute, no matter how much or how

little, to her development and culture and greatness. A man's worth as citizen and neighbor should have no other test. More than ever before the realization must prevail that you are comrades dependent upon one another, irresistible when united as one people. With charity in our heart, with good will and tolerance for all, with serene confidence in the divine providence that insures our destiny, let us boldly choose our course and follow it with unwavering loyalty.

THE APPALLING SCHOOL SITUATION AND A PLEA FOR SPEED IN DEALING WITH THE EDUCATION PROBLEM OF THE NATION

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, it is regrettable that the Committee on Education in the House has not yet reported out a bill providing for Federal relief for schools. Some 25 or 30 splendid bills along this line have been introduced by individual Members, including my own bill—H.R. 7520 of January 31, 1934—which was one of the first introduced, but the committee has not yet passed one of these bills nor finished drafting one of their own. In my interviews with members of the Education Committee over this delay, I always get the same response, "We are making a thorough study of all the bills introduced for the relief of education and incorporating the best features of these into a committee bill which we will finish drafting as soon as we can call upon the President and ascertain his views in the matter."

COMMITTEE SHOULD SPEED BILL

This, I will agree, is proper procedure, but the millions of friends of education throughout the Nation are getting impatient over this continued delay which, it seems to me, is unnecessarily prolonged, in view of the fact that Congress is considering adjournment at no distant date.

EDUCATION ENTITLED TO SHARE IN NATIONAL RECOVERY PROGRAM

It is imperative that the Federal Government come at once to the rescue of the school children, the future citizenship of our country. The Federal Government has launched a series of important steps looking toward national recovery. Through the Reconstruction Finance Corporation it has extended billions of dollars of credit to banks, railroads, life-insurance companies, and other corporations; it has provided subsidies to shipping interests and for the transportation of mail; it has provided pensions and hospitalization for ex-service men; it has provided food and clothing for free distribution to needy people; and through the P.W.A., the C.W.A., and the F.E.R.A. it has given emergency employment to millions of unemployed people during the past winter; but despite the fact that education has shared in the effects of the general economic collapse, Congress has not yet enacted any important legislation to help the schools meet their pressing financial problems.

SCHOOLS OF NATION IN SERIOUS FINANCIAL CONDITION

The teaching profession has experienced serious financial reverses; schools are in need of equipment, which has been greatly curtailed during the recent depression, and many school children are suffering the loss of educational advantages, which it is our duty to help provide. Expenditures for schools throughout the Nation in 1933–34 have been estimated at $1,753,300,000, a reduction of nearly $200,000,000 below expenditures of the previous year and a reduction of more than $500,000,000 below the expenditures of 5 years ago. This reduction has occurred in spite of the fact that total enrollments at present are 675,000 greater than they were 5 years ago. In spite of the funds disbursed since October 1933 by the Federal Emergency Relief Administration for the relief of certain weak schools, it is reported that in January 1934 about 770 schools were closed, with no provision for the education of 175,000 children. In many communities where funds are exhausted the teachers continue to work without pay. Total teachers' salary arrears now exceed $55,000,000, while outstanding emergency school district warrants amount to over $70,000,000.

One city in every four has reduced its school term, and this year thousands of rural schools will operate for less than 6 months. Teachers' salaries have been cut until at least 1 in every 4 is receiving annual wages of less than $750 and about 85,000 teachers are receiving less than $450 per year.

OUTLOOK WORSE FOR 1934–35

Although the conditions described above constitute a grave problem, it seems inevitable that with increasing enrollment and added responsibilities, they will be even worse in the year 1934–35. School revenues are expected to show a somewhat further decline next year. It is estimated that the total amount of school revenue will be $1,554,300,000, a reduction of $200,000,000 since last year and a reduction of a half billion dollars since 1930.

The total amount of emergency Federal aid needed by the States for next year merely to keep schools open for a normal term is at least $118,615,000. Following is a table showing the estimated amount needed by the various State departments of education:

Estimates of the amount of emergency Federal aid needed by various States for 1934–35 merely to keep schools open for a normal term on a greatly restricted basis

Alabama	$2,500,000
Arizona	350,000
Arkansas	6,000,000
California	1,000,000
Colorado	125,000
Connecticut	None
Delaware	None
Florida	2,950,000
Georgia	3,000,000
Idaho	750,000
Idaho	[1]
Maryland	None
Iowa	1,250,000
Kansas	500,000
Kentucky	2,500,000
Louisiana	3,000,000
Maine	700,000
Maryland	None.
Massachusetts	None
Michigan	15,000,000
Minnesota	5,000,000
Mississippi	1,500,000
Missouri	5,000,000
Montana	800,000
Nebraska	2,300,000
Nevada	150,000
New Hampshire	None
New Jersey	10,000,000
New Mexico	3,000,000
New York	None
North Carolina	3,000,000
North Dakota	2,000,000
Ohio	13,000,000
Oklahoma	2,000,000
Oregon	1,500,000
Pennsylvania	5,000,000
Rhode Island	None.
South Carolina	490,000
South Dakota	1,000,000
Tennessee	5,000,000
Texas	2,000,000
Utah	$850,000
Vermont	400,000
Virginia	None
Washington	10,000,000
West Virginia	2,500,000
Wisconsin	1,000,000
Wyoming	1,500,000
Total	118,615,000

CONGRESS MUST ACT AT ONCE

The figures and estimates I have given you have been compiled by the National Education Association, a most reliable source, and they must be accepted as most nearly correct. It is clearly evident the school situation is an appalling one, which must be met before this Congress adjourns. The Federal Government has gone into almost every other field of service, why cannot it help the school children? I have spent 9 years in the teaching profession, and I continue to make a close study of school conditions. The situation in my own State, Oklahoma, is acute. The estimated need of our State for Federal aid for 1934–35, merely to keep schools open for a normal term, is $2,000,000. This great Government of ours surely cannot stand by and see its school system collapse. Congress must act and do it at once for the schools of the Nation will begin the next school term

[1] Estimate impossible.

in September of this year and Congress will not be in session again until next January. I am placing a copy of this speech in the hands of every member of the Committee on Education, and I plead with them to draft and report a bill at once so we can work for its passage.

AGRICULTURAL ADJUSTMENT ACT

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to withdraw the bill (H.R. 9179) to amend the Agricultural Adjustment Act, and for other purposes, which I introduced on April 17, 1934.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

COMMISSIONED OFFICERS OF THE MARINE CORPS

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following privileged report (No. 1417) for printing under the rule:

House Resolution 348

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 6803, a bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following further privileged report (No. 1418) for printing under the rule:

House Resolution 347

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9068, a bill to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

MEMORIAL AT OLD ST. LOUIS, MO.

Mr. BANKHEAD, from the Committee on Rules, submitted the following privileged report (No. 1419) for printing under the rule:

House Resolution 356

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 93. After general debate, which shall be confined to the joint resolution and shall continue not to exceed 30 minutes, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Library, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point, and to include therein a little statement by the President of the United States of about 100 words.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

THE GREATEST STEAL IN AMERICAN HISTORY

Mr. SHOEMAKER. Mr. Speaker, during the past few weeks I have been cooperating with Mr. E. W. Mason, intermediary officer, Progressive Party, congressional bloc, Washington, D.C., developing the facts in the greatest steal ever permitted by a legislative body in American history. I refer to the passage of the law which extended the rights of the Federal Reserve banks to borrow money on United States securities. The great unanswerable question is, Why do we keep on in this camouflage and financial policy of issuing tax-exempt interest-bearing securities when we know the law permits the colossal steal I wish to call attention to here?

The Federal Reserve banks now have about three billions of United States funds, drawing interest from 2⅞ to 4 percent.

The old law provides that upon the tender of the Federal Reserve bank, a private corporation, to the Federal Reserve agent, a United States Government official, of certain collateral and the cost of printing the bills—which is now 0.007 cent each—the Government shall coin and pay the Federal Reserve bank currency equal to the collateral tendered.

All the benefits, such as interest and premiums, go to the bank and not to the Government. The collateral is stored in the safety-deposit vault of the bank itself.

This bill specified that United States securities—bonds—may be used for a limited number of years.

It has been found that at 0.7 of a cent per bill the cost of an average $1,000 purchase is anywhere from 26 cents to 40 cents, according to the denomination ordered. A $5 bill and a $10,000 bill cost exactly the same, viz, $0.007. In the calculations I am to make here I shall figure on the basis of 30 cents per thousand dollars being the cost of the bills.

President Roosevelt wishes to float nine billions in bonds. Here is the possible workout:

FIRST OPERATION

Federal Reserve bank tenders the United States Government 1,000,000,000 of present owned bonds and $300,000 in currency and asks for a billion of new currency.

The Government deposits the bonds in the box at the bank. These bonds still pay interest to the bank. The $300,000 which pays for the cost of printing goes to the United States Treasury at Washington. The Treasury delivers to the bank $1,000,000,000 in new currency.

The bank takes the billion and returns it to the Government for a billion of new bonds drawing 2⅞-percent interest—Secretary Morgenthau's bargain rate announced in the papers.

The Government delivers the bonds to the bank. The bank now has a new billion. This new billion takes the place of the billion put up as collateral in the course of this first operation. Thus the bank has only spent $300,000 (the cost of printing the bills), and their interest on the new billion of bonds during the first year is $28,750,000, or a net advantage to the bank of $28,450,000 the first year and $28,750,000 each succeeding year until the bonds are paid. When one remembers that Civil War bonds are still outstanding—perhaps forming part of the billion of bonds tendered by the bank in this operation—one gathers an idea of the immensity of the steal.

SECOND OPERATION

The bank tenders the new billion of bonds to the Government and $300,000 in currency for a billion in new money. The Government deposits the bonds, still drawing interest to the bank, in the bank's own vault and sends the $300,000 to the Treasury to cover the cost of printing.

The Government delivers to the bank one billion in new currency.

The bank returns the billion to the Government for a billion of bonds. The Government delivers the bonds and the bank now has two new billions of bonds, with an annual interest income of $57,500,000 for an outlay of $600,000.

THIRD OPERATION

The bank tenders $300,000 and the billion of bonds from operation two to the Government for a billion of new currency.

The Government delivers the money.

The bank returns the money for a billion of bonds.

The Government delivers the bonds and the bank now has three billion of bonds at interest, at an investment of $900,000,000 and an annual interest income of $86,250,000. You will notice that the interest is greater than the new investment by nearly 10 times.

FOURTH OPERATION

Just the same as the preceding. The investment is increased to $1,200,000 and the annual interest is $115,000,000.

FIFTH OPERATION

Same as preceding. The investment is now $1,500,000, and the annual interest has slipped up to $143,750,000.

SIXTH OPERATION

Investment	$1,800,000
Annual interest	172,500,000

SEVENTH OPERATION

Investment	$2,100,000
Annual interest	201,250,000

EIGHTH OPERATION

Investment	$2,400,000
Annual interest	230,000,000

NINTH OPERATION

Investment	2,700,000
Annual interest	258,750,000

The ninth billion dollars in bonds is now free and clear and substitutes the original billion that was used as collateral in buying the first billion dollars of currency. The real cost of the interest privilege of $9,000,000,000 is but $2,700,000.

To recapitulate:

Total investment	$2,700,000.00
Daily interest	708,904.11
Yearly interest	258,750,000.00
Daily interest on $1	.26255
Yearly interest on $1	95.83

Usual yearly rate of interest, 6 percent; annual rate of interest on this investment of $2,700,000, 95.83 percent.

It will be seen that the banker makes a loan from the Government on his collateral (bonds), for an indefinite period, at 0.003 percent. When the farmer wishes to make a loan on his collateral (farm) he pays every year 0.045 percent. The laboring man pays every year 0.06 percent. In other words, the farmer pays 150 times as much in 1 year as the banker pays during the life of the currency, and the laborer pays 200 times as much in 1 year as the banker pays during the life of the currency.

The Frazier-Lemke bill would make the farmer pay only 50 times as much as the banker, or 0.015 percent.

You will notice that every dollar invested by the banker draws a yearly interest of $95.83, or a daily interest of $0.26255.

You will also notice that the extra tax burden the President is putting on the people is about $1,000,000 for every working day of the year for the interest on the $9,000,000,000 of bonds.

Further, the only difference between giving these $9,000,000,000 of printing-press money direct to the people instead of selling it to the bankers and buying it back again is that the bankers are paid by the Government $258,750,000 a year by the latter method. It is still printing-press money. I want to call your attention here to the difference between sound and unsound money. Sound money pays interest to the bankers. Unsound money pays them no interest.

A further point: We have seen the President's plans referred to as of socialistic origin and tendency. In the question of bonds—which are bondage—Norman Thomas, Socialist Party candidate for the Presidency, even called on the President and urged him to issue twelve billions of relief bonds instead of five billions then proposed. Senators CUTTING and LA FOLLETTE worked for days to get Roosevelt to issue more relief bonds—more bondage—but the President bravely (?) held down to only nine billions for the robbers, making a small daily dole for the impoverished bankers of $708,904.11.

Other profits, probably greater than the interest on the bonds tabulated above, are possible by the ability of the bankers to loan that credit money at high interest rates. Ten to fifteen billions or more could easily be juggled in a credit structure. Then there is the possibility of the bankers never having to repay the deposit itself; as, due to clearing-house custom, it is merely the clearing-house balances that have to be taken care of; in the long run, the deposits above equaling the withdrawals. The possibilities and figures in connection with this latter point are dazzling but are based on speculation only, and so I do not attempt here to give you even an estimate of them.

As a sample of this, note that any bill destroyed in circulation goes to the credit of the bankers.

The history of the Civil War, Cleveland panic, and Panama Canal bonds—now, due to refunding, known as "consols"—is that they have already cost the Government in interest much more than their face value. Presuming that history will repeat itself with the present and proposed bonds, it will eventually represent a profit to the bankers of over ten billions on an actual investment of $2,700,000. But if we suppose these bonds are only issued once—that is, not refunded but paid in full in 10 years—we have the following figures:

Interest (10 years)	$2,875,000,000
Only actual cost	2,700,000
Profit	2,873,300,000

This means a possible profit in 10 years of $1,064.07 on every dollar invested. That would be $10.64 on every single penny invested.

My brain reels as I write these figures, but they are true, though they seem absurd they are so startling. This law was an administration measure. The President personally called up Representative PATMAN and other Members of Congress, who were working conscientiously against the measure, and asked them to stop, promising them that he would later "hit the money changers between the eyes." The President gives them from $2,873,300,000 to about $18,000,000,000, and then says he proposes to hit them hard. By calling them names?

The President whole-heartedly goes back of the Federal Reserve bank in these words, which appear in the Federal Reserve Bulletin of February—a publication of a private corporation printed by the Public Printer—viz:

> It gives me pleasure at this time to express my appreciation of the splendid services that the Federal Reserve System has rendered in connection with our efforts to bring about recovery. It has been an institution of incalculable value throughout the 20 years of its existence; soon after its organization it was an important factor in enabling this country to aid in winning the war; and more recently it has given firm support to the Government's efforts in fighting the depression. It has stood loyally by the interest of the people by supplying them with a sound currency, by placing at the disposal of member banks a large volume of reserves available to finance recovery, by exerting a powerful influence toward the rehabilitation of the commercial banking structure, and by cooperating in every way with the Government's financial program.

Press dispatches indicate that the Treasury Department has effected a deal with the Morgan firm to float the bonds. Secretary Morgenthau announces a "bargain interest rate on the bonds of 2⅞ percent." The Washington Herald blazed in their issue of January 27, in big headlines, that the Morgan Co. are cooperating whole-heartedly with the administration in stabilizing our monetary system at $0.60 in international exchange. No stronger evidence could be had that the administration, or at least that part of it, are determined that the monetary policies of the Government are a part and parcel of the manipulation. It is not an experiment, and I wonder if when the President was penning the words, quoted above, in praise of 20 years of this gigantic lobby—if he thoroughly understood how his good intention and popular standing among the masses of the Nation were being used to further this diabolical scheme by men who are misleading him.

The forgotten international bankers have been taken care of to the tune of at least $2,875,300,000 in interest and possibly an ultimate final profit of $18,000,000,000 while they are being called "money changers" in a deprecating sense.

The big question now is, Shall we give a thousand dollars to the bankers for 30 cents and charge the farmers $45 for a like amount, $44.70 more than the bankers have to pay? Incidentally, the workers, who are not farmers, can obtain the same thousand for $60 or $59.70 more than a banker.

On February 28, 1934, this bill known as "Senate 2766" was reported from the committee, was unanimously agreed to by the full Banking and Currency Committee of the Senate, and reported on the floor to be unanimously passed without protest by the Senate. In the House, I am proud to say that among the 38 Members who voted against this measure, when it was passed on March 3, we find the 5 Farmer-Labor Members, including myself, who were aware of the dangers lurking in a bill of this kind, and could not bring ourselves to sell out the people of the United States in this subtle way.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE TAX BILL

Mr. SAMUEL B. HILL. Mr. Speaker, I call up the conference report on the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. TREADWAY. Mr. Speaker, before the report is read, may I ask the gentleman from Washington a question with reference to the time of debate on the conference report. Is there any disposition on the part of the majority side to extend the time beyond the usual 1 hour?

Mr. SAMUEL B. HILL. May I say to the gentleman from Massachusetts that it occurs to me that 1 hour will be ample time for the discussion of this report. In view of the fact that other business is pressing, I am loath to agree to an extension. I should like to accommodate the gentleman from Massachusetts, but I do not feel inclined to do so under the circumstances.

Mr. TREADWAY. The gentleman would like to do it, but does not feel he can?

Mr. SAMUEL B. HILL. That is correct.

Mr. TREADWAY. That is a very fair statement. I will have to accept the inevitable. It is a very short time to discuss so important a bill as this, but the gentleman has the authority, and I yield gracefully.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 23, 26, 29, 31, 33, 37, 39, 40, 41, 42, 54, 55, 56, 57, 74, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 93, 94, 95, 109, 109½, 110, 111, 113, 114, 122, 123, 144, 146, 167, 175, and 182.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 18, 20, 21, 22, 25, 27, 28, 30, 32, 34, 35, 36, 45, 47, 48, 49, 50, 51, 52, 53, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 75, 92, 96, 97, 98, 99, 100, 102, 103, 104, 105, 106, 107, 112, 115, 116, 117, 118, 119, 120, 121, 125, 126, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 152, 154, 155, 156, 157, 159, 160, 161, 162, 163, 164, 165, 166, 176, 178, 179, 180, 181, 183, and 184, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 4 percent of such excess.

"$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 percent in addition of such excess.

"$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 percent in addition of such excess.

"$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 percent in addition of such excess.

"$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 percent in addition of such excess.

"$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 percent in addition of such excess.

"$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 percent in addition of such excess.

"$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

"$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

"$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

"$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

"$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 21 percent in addition of such excess.

"$4,640 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 24 percent in addition of such excess.

"$6,080 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 percent in addition of such excess.

"$7,700 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 30 percent in addition of such excess.

"$9,500 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 33 percent in addition of such excess.

"$11,480 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 36 percent in addition of such tax.

"$13,640 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 39 percent in addition of such excess.

"$15,980 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 42 percent in addition of such excess.

"$18,500 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 45 percent in addition of such excess.

"$23,000 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 50 percent in addition of such excess.

"$28,000 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 52 percent in addition of such excess.

"$54,000 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 53 percent in addition of such excess.

"$80,000 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $300,000, 54 percent in addition of such excess.

"$134,500 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 55 percent in addition of such excess.

"$189,500 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 56 percent in addition of such excess.

"$245,500 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, 57 percent in addition of such excess.

"$388,000 upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, 58 percent in addition of such excess.

"$533,000 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000, 59 percent in addition of such excess."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title or prior income tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$14,000"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(a) Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926; and all returns made under this act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President.

"(b) Every person required to file an income return shall file with his return, upon a form prescribed by the Commissioner, a correct statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. In case of any failure to file with the return the statement required by this subsection, the collector shall prepare it from the return, and $5 shall be added to the tax. The amount so added to the tax shall be collected at the same time and in the same manner as amounts added under section 291. Such statements or copies thereof shall as soon as practicable be made available to public examination and inspection in such manner as the Commissioner, with the approval of the Secretary, may determine, in the office of the collector with which they are filed, for a period of not less than 3 years from the date they are required to be filed."

And the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment and, on page 51 of the House bill, line 26, before the semicolon, insert a period and the following: "Business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this paragraph"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: On page 18 of the Senate engrossed amendments, lines 14 and 15, strike out "increased by the amount of the dividend deduction allowed under section 23 (p)" and insert "computed without the allowance of the dividend deduction otherwise allowable"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"SEC. 141. Consolidated returns of railroad corporations.

"(a) Privilege to file consolidated returns: An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

"(b) Regulations: The Commissioner, with the approval of the Secretary, shall prescribe such regulations as he may deem necessary in order that the tax liability of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the pe iod of affiliation, may be determined, computed, assessed, collected, and adjusted in such manner as clearly to reflect the income and to prevent avoidance of tax liability.

"(c) Computation and payment of tax: In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the date on which such return is made; except that there shall be added to the rate of tax prescribed by section 13 (a) a rate of 2 percent, but the tax at such increased rate shall be considered as imposed by section 13 (a).

"(d) Definition of 'affiliated group': As used in this section an 'affiliated group' means one or more chains of corporations connected through stock ownership with a common parent corporation if—

"(1) At least 95 percent of the stock of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

"(2) The common parent corporation owns directly at least 95 percent of the stock of at least one of the other corporations; and

"(3) Each of the corporations is either (A) a corporation whose principal business is that of a common carrier by railroad or (B) a corporation the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad. For the purpose of determining whether the principal business of a corporation is that of a common carrier by railroad, if a common carrier by railroad has leased its railroad properties and such properties are operated as such by another common carrier by railroad, the business of receiving rents for such railroad properties shall be considered as the business of a common carrier by railroad.

"As used in this subsection (except in par. (3)) the term 'stock' does not include nonvoting stock which is limited and preferred as to dividends.

"(e) Foreign corporations: A foreign corporation shall not be deemed to be affiliated with any other corporation within the meaning of this section.

"(f) China Trade Act corporations: A corporation organized under the China Trade Act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of this section.

"(g) Corporations deriving income from possessions of United States: For the purposes of this section a corporation entitled to the benefits of section 251, by reason of receiving a large percentage of its income from possessions of the United States, shall be treated as a foreign corporation.

"(h) Subsidiary Formed to Comply With Foreign Law.—In the case of a domestic corporation owning or controlling, directly or indirectly, 100 percent of the capital stock (exclusive of directors' qualifying shares) of a corporation organized under the laws of a contiguous foreign country and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, such foreign corporation may, at the option of the domestic corporation, be treated for the purpose of this title as a domestic corporation.

"(i) Suspension of Running of Statute of Limitations.—If a notice under section 272 (a) in respect of a deficiency for any taxable year is mailed to a corporation, the suspension of the running of the statute of limitations, provided in section 277, shall apply in the case of corporations with which such corporation made a consolidated return for such taxable year.

"(j) Allocation of Income and Deductions.—For allocation of income and deductions of related trades or businesses, see section 45."

And the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(c) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income (or, in the case of a foreign life insurance company, against net income from sources within the United States) the amount received as interest upon obligations of the United States or of corporations organized under Act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3). In the case of a foreign life insurance company the credit shall not exceed an amount which bears the same ratio to the amount otherwise allowed as a credit as the reserve funds required by law and held by it at the end of the taxable year upon business transacted within the United States is of the reserve funds held by it at the end of the taxable year upon all business transacted"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(f) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income (or, in the case of a foreign corporation, against net income from sources within the United States) the amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3)."

And the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: On page 32 of the Senate engrossed amendments strike out all of the page after line 2 and insert in lieu thereof the following:

"(2) The term 'undistributed adjusted net income' means the adjusted net income minus the sum of:

"(A) 20 percent of the excess of the adjusted net income over the amount of dividends received from personal holding companies which are allowable as a deduction for the purposes of the tax imposed by section 13 or 204;

"(B) Amounts used or set aside to retire indebtedness incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness; and

"(C) Dividends paid during the taxable year.

"(3) The term 'adjusted net income' means the net income computed without the allowance of the dividend deduction otherwise allowable, but minus the sum of:

"(A) Federal income, war-profits, and excess-profits taxes paid or accrued, but not including the tax imposed by this section;

"(B) Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (o) for the purposes therein specified; and

"(C) Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117 (d)."

And the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 405. Estate tax rates:

"(a) Section 401 (b) of the Revenue Act of 1932 is amended to read as follows:

"'(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"'Upon net estates not in excess of $10,000, 1 percent.

"'$100 upon net estates of $10,000; and upon net estates in excess of $10,000 and not in excess of $20,000, 2 percent in addition of such excess.

"'$300 upon net estates of $20,000; and upon net estates in excess of $20,000 and not in excess of $30,000, 3 percent in addition of such excess.

"'$600 upon net estates of $30,000; and upon net estates in excess of $30,000 and not in excess of $40,000, 4 percent in addition of such excess.

"'$1,000 upon net estates of $40,000; and upon net estates in excess of $40,000 and not in excess of $50,000, 5 percent in addition of such excess.

"'$1,500 upon net estates of $50,000; and upon net estates in excess of $50,000 and not in excess of $70,000, 7 percent in addition of such excess.

"'$2,900 upon net estates of $70,000; and upon net estates in excess of $70,000 and not in excess of $100,000, 9 percent in addition of such excess.

"'$5,600 upon net estates of $100,000; and upon net estates in excess of $100,000 and not in excess of $200,000, 12 percent in addition of such excess.

"'$17,600 upon net estates of $200,000; and upon net estates in excess of $200,000 and not in excess of $400,000, 16 percent in addition of such excess.

"'$49,600 upon net estates of $400,000; and upon net estates in excess of $400,000 and not in excess of $600,000, 19 percent in addition of such excess.

"'$87,600 upon net estates of $600,000; and upon net estates in excess of $600,000 and not in excess of $800,000, 22 percent in addition of such excess.

"'$131,600 upon net estates of $800,000; and upon net estates in excess of $800,000 and not in excess of $1,000,000, 25 percent in addition of such excess.

"'$181,600 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 28 percent in addition of such excess.

"'321,600 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 31 percent in addition of such excess.

"'$476,600 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 34 percent in addition of such excess.

"'$646,600 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 37 percent in addition of such excess.

"'$831,600 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 40 percent in addition of such excess.

"'$1,031,600 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 43 percent in addition of such excess.

"'$1,246,600 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 46 percent in addition of such excess.

"'$1,476,600 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 48 percent in addition of such excess.

"'$1,716,600 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 50 percent in addition of such excess.

"'$2,216,600 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 52 percent in addition of such excess.

"'$2,736,600 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 54 percent in addition of such excess.

"'$3,276,600 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 56 percent in addition of such excess.

"'$3,836,600 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 58 percent in addition of such excess.

"'$4,416,600 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 60 percent in addition of such excess.'

"(b) The amendment made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act."

And the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 406. Nondeductibility of certain transfers:

"Section 303 (a) (3) and section 303 (b) (3) of the Revenue Act of 1926, as amended, are amended by inserting after 'individual', wherever appearing therein, a comma and the following: 'and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And the Senate agree to the same.

Amendment numbered 142: That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"The President is authorized to appoint, by and with the advice and consent of the Senate, an Assistant General Counsel for the Bureau of Internal Revenue and to fix his compensation at a rate not in excess of $10,000 per annum. The Secretary may appoint and fix the duties of such other Assistant General Counsel (not to exceed five) and such other officers and employees as he may deem necessary to assist the General Counsel in the performance of his duties. The Secretary may designate one of the Assistant General Counsel to act as the General Counsel during the absence of the General Counsel. The General Counsel, with the approval of the Secretary, is authorized to delegate to any Assistant General Counsel any authority, duty, or function which the General Counsel is authorized or required to exercise or perform. The Assistant General Counsel appointed by the Secretary may be appointed and compensated without regard to the provisions of the Classification Act of 1923, as amended, and the Civil Service laws and shall receive compensation at such rate (not in excess of $10,000 per annum) as may be fixed by the Secretary."

And the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"The Secretary of the Treasury is authorized (without regard to the Classification Act of 1923, as amended, and the civil-service laws) to appoint and fix the compensation of five assistants at rates of compensation of not to exceed $10,000 per annum, but the rates so fixed shall be subject to the reduction applicable to officers and employees of the Federal Government generally."

And the Senate agree to the same.

Amendment numbered 145: That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment and on page 194 of the House bill, line 5, after "officer", insert "or employee"; and the Senate agree to the same.

Amendment numbered 147: That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 516. Commissioner as party to suit:

"Section 907 of the Revenue Act of 1924, as amended, is amended by adding at the end thereof a new subdivision to read as follows:

"'(g) When the incumbent of the office of Commissioner changes, no substitution of the name of his successor shall be required in proceedings pending after the date of the enactment of the Revenue Act of 1934, before any appellate court reviewing the action of the Board.'"

And the Senate agree to the same.

Amendment numbered 148: That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 517. Nondeductibility of certain gifts:

"(a) Section 505 (a) (2) (B) and section 505 (b) (2) of the Revenue Act of 1932 are amended by inserting after 'individual' a comma and the following: 'and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation'.

"(b) Section 505 (b) (3) of the Revenue Act of 1932 is amended by inserting after 'animals' a comma and the following: 'no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And the Senate agree to the same.

Amendment numbered 149: That the House recede from its disagreement to the amendment of the Senate numbered 149, and agree to the same with an amendment as follows: On page 43 of the Senate engrossed amendments, line 11,

strike out "517" and insert 518; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: On page 44 of the Senate engrossed amendments, line 2, strike out "518" and insert 519; and the Senate agree to the same.

Amendment numbered 151: That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 520. Gift-tax rates: (a) The gift-tax schedule set forth in section 502 of the Revenue Act of 1932 is amended to read as follows:

"'Upon net gifts not in excess of $10,000, three fourths of 1 percent.

"'$75 upon net gifts of $10,000; and upon net gifts in excess of $10,000 and not in excess of $20,000, 1½ percent in addition of such excess.

"'$225 upon net gifts of $20,000; and upon net gifts in excess of $20,000 and not in excess of $30,000, 2¼ percent in addition of such excess.

"'$450 upon net gifts of $30,000; and upon net gifts in excess of $30,000 and not in excess of $40,000, 3 percent in addition of such excess.

"'$750 upon net gifts of $40,000; and upon net gifts in excess of $40,000 and not in excess of $50,000, 3¾ percent in addition of such excess.

"'$1,125 upon net gifts of $50,000; and upon net gifts in excess of $50,000 and not in excess of $70,000, 5¼ percent in addition of such excess.

"'$2,175 upon net gifts of $70,000; and upon net gifts in excess of $70,000 and not in excess of $100,000; 6¾ percent in addition of such excess.

"'$4,200 upon net gifts of $100,000; and upon net gifts in excess of $100,000 and not in excess of $200,000, 9 percent in addition of such excess.

"'$13,200 upon net gifts of $200,000; and upon net gifts in excess of $200,000 and not in excess of $400,000, 12 percent in addition of such excess.

"'$37,200 upon net gifts of $400,000; and upon net gifts in excess of $400,000 and not in excess of $600,000, 14¼ percent in addition of such excess.

"'$65,700 upon net gifts of $600,000; and upon net gifts in excess of $600,000 and not in excess of $800,000, 16½ percent in addition of such excess.

"'$98,700 upon net gifts of $800,000; and upon net gifts in excess of $800,000 and not in excess of $1,000,000, 18¾ percent in addition of such excess.

"'$136,200 upon net gifts of $1,000,000; and upon net gifts in excess of $1,000,000 and not in excess of $1,500,000, 21 percent in addition of such excess.

"'$241,200 upon net gifts of $1,500,000; and upon net gifts in excess of $1,500,000 and not in excess of $2,000,000, 23¼ percent in addition of such excess.

"'$357,450 upon net gifts of $2,000,000; and upon net gifts in excess of $2,000,000 and not in excess of $2,500,000, 25½ percent in addition of such excess.

"'$484,950 upon net gifts of $2,500,000; and upon net gifts in excess of $2,500,000 and not in excess of $3,000,000, 27¾ percent in addition of such excess.

"'623,700 upon net gifts of $3,000,000; and upon net gifts in excess of $3,000,000 and not in excess of $3,500,000, 30 percent in addition of such excess.

"'773,700 upon net gifts of $3,500,000; and upon net gifts in excess of $3,500,000, and not in excess of $4,000,000, 32¼ percent in addition of such excess.

"'$934,950 upon net gifts of $4,000,000; and upon net gifts in excess of $4,000,000 and not in excess of $4,500,000, 34½ percent in addition of such excess.

"'$1,107,450 upon net gifts of $4,500,000; and upon net gifts in excess of $4,500,000 and not in excess of $5,000,000, 36 percent in addition of such excess.

"'$1,287,450 upon net gifts of $5,000,000; and upon net gifts in excess of $5,000,000 and not in excess of $6,000,000, 37½ percent in addition of such excess.

"'$1,662,450 upon net gifts of $6,000,000; and upon net gifts in excess of $6,000,000 and not in excess of $7,000,000, 39 percent in addition of such excess.

"'$2,052,450 upon net gifts of $7,000,000; and upon net gifts in excess of $7,000,000 and not in excess of $8,000,000, 40½ percent in addition of such excess.

"'$2,457,450 upon net gifts of $8,000,000; and upon net gifts in excess of $8,000,000 and not in excess of $9,000,000, 42 percent in addition of such excess.

"'$2,877,450 upon net gifts of $9,000,000; and upon net gifts in excess of $9,000,000 and not in excess of $10,000,000, 43½ percent in addition of such excess.

"'$3,312,450 upon net gifts of $10,000,000; and upon net gifts in excess of $10,000,000, 45 percent in addition of such excess.'

"(b) The amendment made by subsection (a) of this section shall be applied in computing the tax for the calendar year 1935 and each calendar year thereafter (but not the tax for the calendar year 1934 or a previous calendar year), and such amendment shall be applied in all computations in respect of the calendar year 1934 and previous calendar years for the purpose of computing the tax for the calendar year 1935 or any calendar year thereafter."

And the Senate agree to the same.

Amendment numbered 153: That the House recede from its disagreement to the amendment of the Senate numbered 153, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the amendment of the Senate insert the following:

"Section 601 (c) of the Revenue Act of 1932 is amended by adding at the end thereof a new paragraph, as follows:

"'(8) Whale oil (except sperm oil), fish oil (except cod oil, cod-liver oil, and halibut-liver oil), marine animal oil, and any combination or mixture containing a substantial quantity of any one or more of such oils, 3 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles after the date of the enactment of the Revenue Act of 1934, and shall not be subject to the provisions of subsection (b) (4) of this section (prohibiting drawback) or section 629 (relating to expiration of taxes).'"

"SEC. 602½. Processing tax on certain oils.

"(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm-kernel oil, or sunflower oil, or of any combination or mixture containing a substantial quantity of any one or more of such oils with respect to any of which oils there has been no previous first domestic processing, a tax of 3 cents per pound, to be paid by the processor. There is hereby imposed (in addition to the tax imposed by the preceding sentence) a tax of 2 cents per pound, to be paid by the processor, upon the first domestic processing of coconut oil or of any combination or mixture containing a substantial quantity of coconut oil with respect to which oil there has been no previous first domestic processing, except that the tax imposed by this sentence shall not apply when it is established, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, that such coconut oil (whether or not contained in such a combination or mixture), (A) is wholly the production of the Philippine Islands or any other possession of the United States, or (B) was produced wholly from materials the growth or production of the Philippine Islands or any other possession of the United States, or (C) was brought into the United States on or before the 30th day after the date of the enactment of this act or produced from materials brought into the United States on or before the 30th day after the date of the enactment of this act, or (D) was purchased under a bona fide contract entered into prior to April 26, 1934, or produced from materials purchased under a bona fide contract entered into prior to April 26, 1934. All taxes collected under this section with respect to coconut oil wholly of Philippine production or produced from materials wholly of Philippine growth or production, shall be held as a separate fund and paid to the Treasury

of the Philippine Islands, but if at any time the Philippine Government provides by any law for any subsidy to be paid to the producers of copra, coconut oil, or allied products, no further payments to the Philippine Treasury shall be made under this subsection. For the purposes of this section the term 'first domestic processing' means the first use in the United States, in the manufacture or production of an article intended for sale, of the article with respect to which the tax is imposed, but does not include the use of palm oil in the manufacture of tin plate."

And the Senate agree to the same.

Amendment numbered 158: That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows: On page 51 of the Senate engrossed amendments, line 13, strike out "first day of the first calendar month" and insert "thirtieth day"; and on page 52 of the Senate engrossed amendments, lines 10 and 11, strike out "first day of the first calendar month" and insert "thirtieth day"; and the Senate agree to the same.

Amendment numbered 168: That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment as follows: On page 58 of the Senate engrossed amendments, line 12, strike out "606" and insert "607"; and the Senate agree to the same.

Amendment numbered 169: That the House recede from its disagreement to the amendment of the Senate numbered 169, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 2, strike out "607" and insert "608"; and the Senate agree to the same.

Amendment numbered 170: That the House recede from its disagreement to the amendment of the Senate numbered 170, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 8, strike out "608" and insert "609"; and the Senate agree to the same.

Amendment numbered 171: That the House recede from its disagreement to the amendment of the Senate numbered 171, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 14, strike out "609" and insert "610"; and the Senate agree to the same.

Amendment numbered 172: That the House recede from its disagreement to the amendment of the Senate numbered 172, and agree to the same with an amendment as follows: On page 60 of the Senate engrossed amendments, line 4, strike out "610" and insert "611"; and the Senate agree to the same.

Amendment numbered 173: That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 612. Stamp tax on sales of produce for future delivery:

"(a) Effective on the day following the enactment of this act subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, is amended by striking out '5 cents' wherever appearing in such subdivision and inserting in lieu thereof '3 cents.'

"(b) Section 726 (c) of the Revenue Act of 1932 is amended by striking out '5 cents' and inserting in lieu thereof '3 cents'; and the Senate agree to the same.

Amendment numbered 174: That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with an amendment as follows: On page 61 of the Senate engrossed amendments, line 2, strike out "612" and insert "613"; and the Senate agree to the same.

Amendment numbered 177: That the House recede from its disagreement to the amendment of the Senate numbered 177, and agree to the same with an amendment as follows: On page 66 of the Senate engrossed amendments, line 7, strike out "and (4)" and insert "(4) the excess of its income wholly exempt from the taxes imposed by title I over the amount disallowed as a deduction by section 24 (a) (5) of such title, and (5)"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1 and 13.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
JAMES COUZENS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 2: In the House bill the surtax rates commenced at 4 percent upon surtax net incomes of $4,000 and not in excess of $8,000 and increased progressively by brackets to 59 percent upon the portion of the surtax net income in excess of $1,000,000. The Senate amendment increases the surtax rates in all brackets up to and including the bracket of surtax net incomes of $26,000 to $32,000. Above this bracket the Senate amendment makes no rate changes. Under the Senate amendment the surtax rates commence at 5 percent upon surtax net incomes of $4,000 and not in excess of $6,000. The Senate amendment affects, however, the total surtaxes paid in the higher brackets on account of the cumulative nature of the surtax schedule. Under the House bill the total surtax on a surtax net income of $1,000,000 is $532,740, while under the Senate amendment the total surtax on the same amount of surtax net income is $533,240.

In respect to this Senate amendment, the House recedes with an amendment decreasing the surtax rates proposed by the Senate up to and including the bracket of surtax net incomes of $16,000 to $18,000. The rates proposed in these lower brackets add 1 percent to the House rates, except in the first bracket covering surtax net incomes of $4,000 to $6,000, in which case the rate is 4 percent as in the House bill.

The following table shows the differences between the surtax rates contained in the House bill, the Senate amendment, and the conference agreement:

Surtax rates

Portion of surtax net incomes from—	House bill	Senate amendment	Conference agreement
	Percent	*Percent*	*Percent*
$4,000 to $6,000	4	5	4
$6,000 to $8,000	4	7	5
$8,000 to $10,000	5	8	6
$10,000 to $12,000	6	9	7
$12,000 to $14,000	7	10	8
$14,000 to $16,000	8	11	9
$16,000 to $18,000	10	12	11
$18,000 to $20,000	12	13	13
$20,000 to $22,000	14	15	15
$22,000 to $26,000	16	17	17
$26,000 to $32,000	18	19	19
$32,000 to $38,000	21	21	21
$38,000 to $44,000	24	24	24
$44,000 to $50,000	27	27	27
$50,000 to $56,000	30	30	30
$56,000 to $62,000	33	33	33
$62,000 to $68,000	36	36	36
$68,000 to $74,000	39	39	39
$74,000 to $80,000	42	42	42
$80,000 to $90,000	45	45	45
$90,000 to $100,000	50	50	50
$100,000 to $150,000	52	52	52
$150,000 to $200,000	53	53	53
$200,000 to $300,000	54	54	54
$300,000 to $400,000	55	55	55
$400,000 to $500,000	56	56	56
$500,000 to $750,000	57	57	57
$750,000 to $1,000,000	58	58	58
Over $1,000,000	59	59	59

On amendments nos. 3, 4, 5, and 6: These make clerical changes in cross references; and the House recedes.

On amendment no. 7: This amendment is necessitated by amendments nos. 15 and 25; and the House recedes.

On amendment no. 8: This is a clerical change, and the House recedes.

On amendments nos. 9, 10, 11, and 12: These make clerical changes in cross references; and the House recedes.

On amendment no. 14: The House bill requires an annuitant to include in his gross income a portion of the annual receipts in an amount equal to 3 percent of the cost of the annuity. The Senate amendment excepts from the House change persons whose aggregate receipts from annuities in the year do not exceed $500, and makes some minor changes in phraseology. The House recedes with an amendment rejecting the $500 exception.

On amendments nos. 15 and 25: Under the House bill interest on obligations of the United States and of certain of its instrumentalities which under the acts authorizing their issue was exempt from normal tax but subject to surtax, was included in gross income in the case of an individual, but excluded in the case of a corporation. Senate amendment no. 15 includes all such interest in gross income in the case of corporations as well as individuals, and amendment no. 25 allows the amount thereof as a credit to corporations against net income for the purposes of the normal corporation tax. Thus the interest on such obligations remains in gross income and net income for the purpose of corporate surtaxes, such as sections 102 and 351 of the bill as passed by the Senate. The House recedes on both amendments.

On amendment no. 16: This is a clerical amendment; and the House recedes.

On amendment no. 17: Under existing law interest paid on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after Sept. 24, 1917, and originally subscribed for by the taxpayer) is not allowed as a deduction if the interest received on such obligations is wholly exempt from income taxes. The House bill also denies the deduction if the proceeds of such indebtedness were used to purchase or carry such obligations, regardless of the purpose of the taxpayer in incurring such indebtedness. The Senate amendment restores the provisions of existing law; and the House recedes.

On amendment no. 18: Under existing law a taxpayer is denied a deduction for interest paid or accrued on money borrowed to purchase an annuity. The House bill also denies the deduction if the money borrowed was actually used to purchase an annuity even though the indebtedness was not incurred for that purpose. The Senate amendment permits a deduction in both of such cases; and the House recedes.

On amendment no. 19: This amendment prohibits any deduction for contributions made to certain organizations, a substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation; and the House recedes with an amendment striking out the words " participation in partisan politics or is."

On amendment no. 20: The House bill disallows deductions allocable to tax-exempt income. The Senate amendment excepts from the House provision deductions allocable to tax-exempt interest; and the House recedes.

On amendment no. 21: The House bill disallowed deductions allocable to income wholly exempt to the taxpayer from the taxes imposed by title I. The Senate amendment makes the disallowance of the deduction depend on whether the income is wholly exempt from the taxes imposed by title I. The House recedes.

On amendment no. 22: Under the House bill no deduction is allowed for losses in the case of sales or exchanges of property between members of a family, or between a shareholder and a corporation in which such shareholder owns a majority of the voting stock. The Senate amendment makes a slight change with respect to transfers to a closely held corporation. Instead of making the test depend upon the ownership of a majority of the voting stock of such corporation, the standard is changed so that it depends upon the ownership of 50 percent in value of the outstanding stock. The House recedes.

On amendment no. 23: This amendment eliminates a cross-reference made unnecessary by amendment no. 77 eliminating the requirement of withholding of tax at the source in the case of tax-free covenant bonds; and the Senate recedes.

On amendment no. 24: This amendment increases the maximum earned net income allowed under the House bill from $8,000 to $20,000; and the House recedes with an amendment making the maximum $14,000.

On amendment no. 25: See amendment no. 15.

On amendment no. 26: This is a change in section number; and the Senate recedes.

On amendment no. 27: Under the House bill all items of income and deductions accrued up to the date of the death of the decedent were required to be reflected in the last return filed by the decedent, regardless of the fact that he may have kept his books on a cash basis. The Senate amendment makes a clarifying change to the effect that a credit of the accrued items, such as dividends and interest on partially tax-exempt securities, will also be permitted in such cases. The House recedes.

On amendment no. 28: This amendment makes it clear that where the profit on the sale or exchange of property is returned on the installment basis by spreading the profit over the period during which the installment obligations are satisfied or disposed of, such profit shall be taken into account under the brackets set forth in section 117 of the bill according to the period for which the original property sold was held rather than according to the period for which the installment obligations were held; and the House recedes.

On amendment no. 29: This amendment permits a taxpayer holding installment obligations on December 31, 1933 (which originally matured prior to January 1, 1934, but which were extended so as to mature after that date), the option of paying the tax on such installments when paid or otherwise disposed of at the 12½-percent capital-gain rate provided for in existing law. The Senate recedes.

On amendment no. 30: This is a clerical amendment; and the House recedes.

On amendment no. 31: This is a clerical amendment changing a section number; and the Senate recedes.

On amendment no. 32: This amendment is declaratory of existing law to the effect that the term " trade or business " includes the performance of the functions of a public office; and the House recedes.

On amendment no. 33: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 34: This is a clerical amendment made necessary by amendment no. 36; and the House recedes.

On amendment no. 35: This amendment permits a corporate return to be sworn to by the chief accounting officer in lieu of the treasurer or assistant treasurer; and the House recedes.

On amendment no. 36: This amendment eliminates a cross-reference; and the House recedes.

On amendment no. 37: This is a clerical change in section numbers in a cross-reference; and the Senate recedes.

On amendment no. 38: This amendment provides that income-tax returns shall be open to public examination and inspection under regulations promulgated by the Secretary and approved by the President. Under the House bill (which is the same as existing law) the returns are open to public inspection only to the extent provided for by rules and regulations promulgated by the President. Subsections (b) and (c) of this amendment restate existing law. The House recedes with an amendment restoring the language of the House bill and adding a paragraph to the effect that every person required to file an income return shall file therewith a statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. Such statements or copies thereof are to be available to public examination and inspection in the office of the collector where filed for at least 3 years.

On amendment no. 39: This amendment is a clerical change in a section number; and the Senate recedes.

On amendment no. 40: This amendment is made necessary by Senate amendment no. 77 eliminating withholding at the source in the case of tax-free covenant bonds. The Senate recedes.

On amendments nos. 41 and 42: These amendments make clerical changes in section numbers; and the Senate recedes.

On amendment no. 43: This amendment provides that certain organizations, a substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation, shall not be exempt from the income tax; and the House recedes with an amendment striking out the words "participation in partisan politics or is."

On amendment no. 44: This amendment provides that a farmers' cooperative marketing or purchasing association need only keep such records as will show the actual business done with nonmembers and the profits, if any, derived therefrom, and that exemption shall not be denied on the ground that the record of transactions between the association and nonmembers is not kept on ledger accounts. The amendment also provides that such an association shall be allowed to retain the profits, if any, derived from its business with nonmembers, subject to the right of any nonmember to use his share of such profits, if any, to qualify as a member of the association. Under the amendment, business done for the Federal Government or any of its agencies is not to be considered nonmember business. The House recedes with an amendment inserting in lieu of the matter proposed to be inserted by the Senate amendment a provision that business done for the United States or any of its agencies shall be disregarded in determining the right to exemption.

On amendments nos. 45 and 124: Amendment no. 45 strikes out the provision in the House bill providing for a tax on personal holding companies, and amendment no. 124 substitutes a surtax on personal holding companies for taxable years to which title I applies. The House bill proposed a tax of 35 percent on the undistributed adjusted net income of such companies. The Senate amendment proposes a surtax of 30 percent on the first $100,000 of such income plus 40 percent on the balance over $100,000. The House bill defined a personal holding company as a corporation 80 percent of whose gross income was derived from rents, royalties, dividends, interest, annuities and gains from the sale of stock or securities, and 50 percent in value of whose outstanding stock was owned by not more than five individuals. As used in the section, the term "royalty" is not intended to include overriding royalties received by an operating company. The House bill also exempted banks and insurance companies from the operation of this section. The Senate amendment omits the word "rents" from the House definition and changes the House exemption so that corporations exempt under section 101, banks or trust companies (a substantial part of whose business is the receipt of deposits) and life-insurance companies and surety companies shall be exempt from the operation of this section. The House bill provided for a deduction from adjusted net income in arriving at undistributed adjusted net income of 10 percent of the adjusted net income. The Senate amendment provides for a deduction of 20 percent of the excess of the adjusted net income over the amount of the dividend deduction allowed corporations for normal tax purposes.

The conference agreement changes this deduction to 20 percent of the excess of the adjusted net income over the amount of the dividends from personal holding companies which are allowable as a deduction for the purpose of the tax imposed by section 13 or 204. The Senate amendment provides for a further deduction from adjusted net income of a reasonable amount used or set aside to retire indebtedness incurred before January 1, 1934. Under the conference agreement the reasonableness of such amount is to be determined with reference to the size and terms of the indebtedness. The Senate amendment omits the provision of the House bill which provided for a deduction in arriving at the adjusted net income of the losses from sales or exchanges of capital assets disallowed as a deduction under section 117 (d). The conference agreement restores this provision of the House bill. The Senate amendment provides for a separate return for the purposes of this surtax on personal holding companies. All provisions of law in respect of the taxes imposed by title I are applicable to this return, except that the foreign-tax credit imposed by section 131 is not allowed. However, the deduction of foreign taxes under section 23 (c) is permitted for the purposes of the surtax even if for the purposes of the corporate tax imposed by title I a credit for such taxes is taken. The Senate amendment adds a provision permitting the corporation to avoid liability in respect of this surtax if all its shareholders include in their gross income their entire pro rata shares, whether distributed or not, of the adjusted net income of the corporation for the year. The House recedes on amendment no. 45. On amendment no. 124 the House recedes with the amendments described above as made by the conference agreement and with a further amendment defining adjusted net income to be net income computed without the allowance of the dividend deduction otherwise allowable minus certain taxes, contributions, and losses specified in the personal holding company section.

On amendment no. 46: This amendment strikes out the provision of the House bill providing for a tax on other corporations improperly accumulating surplus and substitutes a provision providing for a surtax on corporations improperly accumulating surplus. The House bill imposed a tax of 25 percent on the net income of the corporation. The Senate amendment provides for a surtax of 25 percent on so much of the adjusted net income of the corporation as is not in excess of $100,000, plus 35 percent on so much of the adjusted net income as is in excess of $100,000. The term "net income" for the purposes of the House provision was given a special definition. The "net income" as specifically defined in the House bill has the same legal effect as the "adjusted net income" defined in the Senate amendment. Both the tax proposed by the House bill and the surtax proposed by the Senate amendment are in addition to the corporation tax imposed in section 13. The Senate amendment adds to this provision a paragraph permitting the corporation to avoid liability in respect to the surtax if all of its shareholders include in their gross income their entire pro rata shares, whether distributed or not, of the "adjusted net income" of the corporation for the year. The Senate amendment also omits as surplusage the provision of the House bill as to computation, collection, and payment of tax. The House recedes with an amendment making a clarifying change.

On amendment no. 47: The House bill imposed upon citizens or subjects of a foreign country an additional income tax equal to 50 percent of the tax otherwise imposed, if the President finds and proclaims that such country subjects our citizens or corporations to discriminatory taxes. The Senate amendment, instead of imposing an additional tax, doubles the rate of normal and surtax of individuals, and the regular tax on corporations and insurance companies, with a limitation that the tax at such doubled rates shall not exceed 80 percent of the net income. The senate amendment also makes the section applicable in the case of extraterritorial as well as discriminatory taxes. The amendment also omits as surplusage the provisions of the House bill as to computation, collection, and payment of the tax. The House recedes.

On amendment no. 48: This amendment adds language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendments nos. 49, 50, 51, and 52: These amendments broaden the scope of a reorganization (as defined in the House bill) in connection with which exchanges of property may be made without the recognition of gain or loss. The amendments, in addition to making it clear that mergers and consolidations, as those terms are used in the reorganization definition, are confined to statutory mergers

and consolidations, add to the definition of reorganizations the acquisition by one corporation for all or part of its voting stock of (1) 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation, or (2) substantially all the properties of another corporation. To conform to this addition, the definition of "a party to a reorganization" is extended to include both corporations in the type of cases just mentioned. The House recedes.

On amendment no. 53: This amendment makes it clear that if the property of the decedent is sold by the executor or other representative of the estate of the decedent, the basis for computing gain or loss from such sale is the fair market value at the date of death. The House recedes.

On amendments nos. 54, 55, 56, and 57: These are clerical amendments made necessary by the Senate amendments relating to consolidated returns; and the Senate recedes.

On amendments nos. 58 and 59: These are clerical amendments; and the House recedes.

On amendment no. 60: This amendment provides that the election of the taxpayer as between percentage depletion for coal mines, metal mines, and sulphur mines and deposits, and depletion otherwise computed, shall be binding in future taxable years on holders of the property who would under section 113 compute their gain from its sale by using the basis of such taxpayer. The House recedes.

On amendment no. 61: This amendment adds language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendment no. 62: This amendment restores the provisions of existing law which exempt from taxation as ordinary dividends distributions of earnings or profits accumulated, or increase in value of property accrued, prior to March 1, 1913; and the House recedes.

On amendments nos. 63 and 64: These amendments add language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendment no. 65: The House bill provided that (except in the case of corporations) only 40 percent of the recognized gain or loss from the sale or exchange of a capital asset should be taken into account in computing net income if the asset had been held for more than 5 years. The Senate amendment provides for 30 percent if the asset has been held for more than 10 years. The House recedes.

On amendment no. 66: The House bill excluded from the definition of "capital assets" property held primarily for sale in the course of the taxpayer's trade or business. The Senate amendment confines the exclusion to property held primarily for sale to customers in the ordinary course of the taxpayer's trade or business, thus making it impossible to contend that a stock speculator trading on his own account is not subject to the provisions of section 117. The House recedes.

On amendment no. 67: This amendment assures that losses from sales or exchanges of capital assets (to the extent that they are taken into account and are otherwise deductible) shall be allowed in the amount of $2,000, or, if the taxpayer has gains as well as losses from that source, in the amount of $2,000 plus such gains. The House recedes.

On amendment no. 68: This amendment modifies the limitation on capital losses contained in the House bill in the case of incorporated banks and trust companies a substantial part of whose business is the receipt of deposits as follows: If evidences of indebtedness with interest coupons or in registered form issued by a corporation or by a government are sold at a loss, such loss, to the extent represented by the excess of the par or face value of the obligation over the selling price, shall be deductible without regard to the limitation on capital losses, and shall not be taken into consideration either directly or indirectly in applying the capital loss limitation with respect to other capital losses. The House recedes.

On amendment no. 69: This amendment will preclude the contention that gains or losses from short sales of property are not capital gains and losses. Under the House bill the property so sold was in all cases deemed to have been held for 1 year or less, while under this amendment the period for which the property was held will depend in each case upon the actual holding period of the property which is used by the seller to cover his obligation to deliver. The amendment omits the provision of the House bill relative to the treatment of sales or exchanges of privileges or options, since the theatment of such transactions is amply covered by the general provisions applying to capital gains and losses. Finally, under the amendment it is the gains or losses attributable to "the failure to exercise" privileges or options to buy or sell property and not all gains or losses attributable to such privileges or options which are to be treated, as a matter of law and without regard to varying circumstances, as gains or losses from sales or exchanges of capital assets held for 1 year or less. The House recedes.

On amendment no. 70: This amendment provides that dividends from foreign corporations (50 percent or more of the gross income of which was derived from sources within the United States) shall be treated for purposes of section 131, relating to foreign-tax credits, as income from sources without the United States; and the House recedes.

On amendments nos. 71 and 72: The House bill reduced the foreign-tax credit allowed under existing law by limiting the amount of the credit to the proportion of the tax which one half the net income from each foreign source bears to the total income. The Senate amendments restore the provisions of existing law. The House recedes.

On amendment no. 73: This amendment eliminates section 141 of the House bill, permitting the filing of consolidated returns. The House recedes with an amendment restoring the privilege of making a consolidated return (granted by sec. 141 of the House bill) to any affiliated group of corporations each of which is either (A) a corporation whose principal business is that of a common carrier by railroad or (B) a corporation the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad.

On amendment no. 74: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 75: This is a clerical change; and the House recedes.

On amendment no. 76: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 77: This amendment eliminates section 142 (a) of the House bill requiring withholding of tax at the source in the case of tax-free covenant bonds; and the Senate recedes.

On amendments nos. 78, 79, 80, 81, 82, and 83: These are clerical amendments made necessary by Senate amendment no. 77; and the Senate recedes.

On amendments nos. 84 and 85: These are clerical changes in section numbers; and the Senate recedes.

On amendment no. 86: This is an amendment made necessary by Senate amendment no. 77; and the Senate recedes.

On amendments nos. 87, 88, 89, 90, and 91: These are changes in section numbers; and the Senate recedes.

On amendment no. 92: This amendment provides that every corporation shall, in its return, submit a list of the names of all officers and employees to whom more than $15,000 was paid by the corporation during the taxable year by way of salary, commission, bonus, or other compensation for personal services rendered. The amendment also provides that the amounts paid to such individuals shall be reported, and that the Secretary of the Treasury shall submit an annual report to Congress showing the names of the individuals, the amount paid to each, and the name of the paying corporation. The House recedes.

On amendments nos. 93, 94, and 95: These amendments make clerical changes in section numbers; and the Senate recedes.

On amendments nos. 96 and 97: Under existing law, the income from a revocable trust is taxable to the grantor only where such grantor (or a person not having a substantial adverse interest in the trust) has the power within the taxable year to revest in the grantor title to any part of the

corpus of the trust. Under the terms of some trusts, the power to revoke cannot be exercised within the taxable year, except upon advance notice delivered to the trustee during the preceding taxable year. If this notice is not given within the preceding taxable year, the courts have held that the grantor is not required under existing law to include the trust income for the taxable year in his return. The Senate amendments require the income from trusts of this type to be reported by the grantor. The House recedes.

On amendments nos. 98, 99, 101, 102, 104, 105, 107, and 108: These amendments carry out in the case of insurance companies the same policy as do amendments nos. 15 and 25 in the case of other corporations. Interest excluded from gross income under section 22 (b) (4) but included in the gross income of an insurance company, is allowed as a deduction from gross income, while interest on partially exempt obligations is allowed as a credit against net income for the purpose of the tax imposed by sections 201 and 204, but not for purposes of surtax. The House recedes on amendments nos. 98, 99, 102, 104, 105, and 107, and recedes on amendments nos. 101 and 108 with amendments making corrections with respect to foreign corporations.

On amendment no. 100: This is a clerical change. The House recedes.

On amendments nos. 101 and 102: See amendment no. 98.

On amendment no. 103: This is a similar amendment to amendment no. 17. The House recedes.

On amendments nos. 104 and 105: See amendment no. 98.

On amendment no. 106: This is a clerical change. The House recedes.

On amendments nos. 107 and 108: See amendment no. 98.

On amendments nos. 109 and 109½: These amendments make changes in section numbers. The Senate recedes.

On amendments nos. 110 and 111: These are technical amendments made necessary by Senate amendment no. 73. The Senate recedes.

On amendment no. 112. This is a technical amendment made necessary by Senate amendment no. 25. The House recedes.

On amendment no. 113: This is a technical amendment made necessary by Senate amendment no. 73. The Senate recedes.

On amendment no. 114: This amendment mades a change in section number. The Senate recedes.

On amendment no. 115: This amendment provides that in computing the 90-day period for filing petitions with the Board of Tax Appeals, legal holidays in the District of Columbia shall not be counted as the ninetieth day. The House recedes.

On amendment no. 116: This is a clerical change. The House recedes.

On amendments nos. 117 and 121: The House bill provided that there should be no statute of limitations in case the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the gross income stated in the return. Amendment no. 121 strikes out this provision and amendment no. 117 substitutes a period of limitation of 5 years after the filing of the return. The House recedes.

On amendments nos. 118, 119, and 120: These amendments make changes in subsection letters. The House recedes.

On amendment no. 121: See amendment no. 117.

On amendments nos. 122 and 123: These amendments make changes in section numbers. The Senate recedes.

On amendment no. 124: See amendment no. 45.

On amendment no. 125: This amendment makes a clerical change. The House recedes.

On amendment no. 126: This amendment excludes from the gross estate for estate-tax purposes real estate situated outside the United States. The House recedes.

On amendment no. 127: This amendment increases the rates of the additional estate tax imposed by the Revenue Act of 1932 in the case of decedents dying after the date of the enactment of the proposed bill. The House bill did not change existing law in this respect. The rates of existing law begin at 1 percent on net estates not in excess of $10,000 and are graduated by brackets until the portion of a net estate in excess of $10,000,000 is taxed at 45 percent. Under the Senate amendment the rates begin at 1 percent on net estates not in excess of $20,000 and are graduated by brackets until the portion of the net estate in excess of $10,000,000 is taxed at 60 percent. The Senate amendment also reduces the specific exemption of $50,000 allowed by existing law to $40,000. The House recedes with amendments fixing the specific exemption at $50,000 as in existing law, making the first bracket $10,000 instead of $20,000, and making such minor changes in the Senate rate schedule as is necessary because of these two amendments. The following table gives a comparison of the tax under existing law, under the Senate amendment, and under the conference report on net estates of various sizes before the specific exemption is deducted.

[Exemption, present law, $50,000; exemption, Senate amendment, $40,000; exemption, conference report $50,000]

Comparison of estate taxes

Net estate before exemption	Tax		
	Present law	Senate amendment	Conference report
$50,000		$100	
$75,000	$450	550	$450
$100,000	1,500	1,600	1,500
$150,000	5,000	6,000	5,000
$200,000	9,500	12,000	11,000
$300,000	19,500	26,400	25,600
$500,000	42,500	60,200	59,100
$1,000,000	117,500	170,800	169,100
$2,000,000	315,500	463,400	461,100
$5,000,000	1,149,500	1,696,600	1,692,600
$10,000,000	3,094,500	4,392,600	4,387,600
$20,000,000	7,593,500	10,391,800	10,386,600
$50,000,000	21,093,500	28,391,800	28,386,600

On amendment no. 128: This amendment denies a deduction, for the purposes of computing the net estate subject to the estate tax, for contributions made to organizations, a substantial part of whose activities is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation; and the House recedes with an amendment striking out the words " participation in partisan politics or is ".

On amendment no. 129: This is a clerical change in a section heading; and the House recedes.

On amendment no. 130: This amendment makes this section of the bill, relating to the period for filing petitions with the Board of Tax Appeals, apply to gift and estate taxes, as well as the income tax imposed under prior acts; and the House recedes.

On amendments nos. 131 and 132: These amendments provide that a legal holiday in the District of Columbia shall not be counted as the ninetieth day in computing the period for filing petitions with the Board of Tax Appeals; and the House recedes.

On amendment no. 133: This amendment makes a technical correction. The House recedes.

On amendment no. 134: This amendment retains the substance of the House provision which authorized a credit or refund of overpayments of taxes paid under prior acts only when found by the Board of Tax Appeals to have been paid within 3 years before filing claim or petition, but rewrites the provision so that the period is 2 years in the case of income taxes and 3 years in the case of gift taxes. The House recedes.

On amendments nos. 135, 136, 137, and 138: These amendments make changes in subsection letters. The House recedes.

On amendments nos. 139 and 140: These are correcting clerical amendments. The House recedes.

On amendment no. 141: This amendment clarifies the House bill to make it plain (1) that, if the interest of the United States in the portion of the property to be discharged from the lien is without value, the collector may, if satisfactory to the Commissioner, release the lien without any

payment being made, and (2) that it is not the value of the taxpayer's equity in the property at the time of the discharge but rather the value of the interest of the United States at such time which controls the minimum amount of the payment to be made as a condition precedent to the discharge; and the House recedes.

On amendment no. 142: This amendment substitutes for the provision of the House bill which authorized the Secretary of the Treasury to appoint not to exceed six assistants general counsel in the Treasury a provision authorizing such appointment by the President by and with the advice and consent of the Senate. The amendment also subjects the delegation by the general counsel of his power to any such assistant general counsel to the approval of the Secretary. The House recedes with an amendment providing for the appointment by the President with Senate confirmation only in the case of the assistant general counsel for the Bureau of Internal Revenue and for appointment by the Secretary of the other assistant general counsel.

On amendment no. 143: This amendment substitutes for the House provision which authorized the Secretary of the Treasury to appoint 10 assistants in the Treasury, a provision authorizing appointment of 5 such assistants by the President by and with the advice and consent of the Senate. The House recedes with an amendment restoring the House provision but reducing the number of assistants to 5.

On amendment no. 144: This is a clerical change; and the Senate recedes.

On amendment no. 145: This amendment strikes out the provision of the House bill providing special additional penalties for failure to report income from illegally produced petroleum and providing awards for informers in such cases. The House recedes with an amendment restoring the matter stricken out but prohibiting employees of the United States from receiving rewards as informers.

On amendment no. 146: This is a clerical amendment changing a section number. The Senate recedes.

On amendment no. 147: This amendment provides that petitions filed with the Board of Tax Appeals shall be entitled "In re" followed by the name of the petitioner, and that no substitution of the name of a new commissioner shall be required in proceedings before any appellate court reviewing the action of the Board of Tax Appeals; and the House recedes with an amendment striking out the provision as to the title of petitions, and changing the section number.

On amendment no. 148: This amendment denies a deduction for the purpose of computing the net gifts subject to the gift tax for contributions made to organizations, a substantial part of whose activities is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation; and the House recedes with an amendment striking out the words "participation in partisan politics or is", and making a change in section number.

On amendment no. 149: This amendment limits the liability imposed by existing law upon any executor, administrator, assignee, or other person who pays debts of another or of an estate for which he acts before paying the claims of the United States against such estate or other person to the amount of the payment so made. The amendment applies only to payments made after June 6, 1932, and payments made on or before such date remain subject to existing law. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 150: Subsection (a) of this amendment amends the provisions of existing law which relate to venue of appeals from the Board of Tax Appeals to the Circuit Courts of Appeal or the Court of Appeals of the District of Columbia so as to provide for review in the circuit in which is located the collector's office in which the return was filed, or the Court of Appeals of the District of Columbia if no return was filed. It further specifically authorizes the Commissioner and the taxpayer to stipulate review by any Circuit Court of Appeals or to stipulate review by the Court of Appeals of the District.

The amendments explained above are applied to all decisions of the Board made on or after the date of the enactment of the act, but not to those rendered before such time, except that the provisions authorizing stipulation of court of review by the Commissioner and the taxpayer may be applied to decisions rendered prior to that time. The House recedes with an amendment changing the section number.

On amendment no. 151: This amendment increases the rates of the gift tax imposed by the Revenue Act of 1932 in the case of gifts made after December 31, 1934. The House bill did not change existing law in this respect. The rates of existing law begin at three fourths of 1 percent on net gifts not in excess of $10,000 and are graduated by brackets until the portion of the net gifts in excess of $10,000,000 is taxed at 33½ percent. Under the Senate amendment the rates begin at three fourths of 1 percent on net gifts not in excess of $20,000 and are graduated by brackets until the portion of the net gifts in excess of $10,000,000 is taxed at 45 percent. The Senate amendment also reduces the specific exemption of $50,000 allowed by existing law to $40,000. The Senate amendment applies the new schedule and exemption only to the taxation of gifts made in calendar years beginning with the calendar year 1935, but, since the gift tax is cumulative, in order to secure the fair result, it is obviously necessary to apply the new schedule and exemption in computing the tax for the years 1935 and following as if the new schedule and exemption had been in force since the time when the gift tax under the 1932 act went into effect. The House recedes with amendments fixing the specific exemption at $50,000 as in existing law, making the first bracket $10,000 instead of $20,000, and making such minor changes in the Senate rate schedule as are necessary because of these two amendments. The following table gives a comparison of the tax under existing law, under the Senate amendment, and under the conference report on net gifts of various sizes before the specific exemption is deducted:

Comparison of gift taxes

[Exemption, present law, $50,000; exemption, Senate amendment, $40,000; exemption, conference report, $50,000]

Net gifts before exemption	Tax		
	Present law	Senate bill	Conference report
$50,000		$75.00	
$75,000	$337.50	412.50	$337.50
$100,000	1,125.00	1,200.00	1,125.00
$150,000	3,825.00	4,500.00	4,200.00
$200,000	6,975.00	9,000.00	8,700.00
$300,000	14,625.00	19,800.00	19,200.00
$500,000	30,375.00	45,150.00	44,325.00
$1,000,000	95,775.00	128,100.00	126,825.00
$2,000,000	231,375.00	347,500.00	345,825.00
$5,000,000	849,375.00	1,272,450.00	1,269,450.00
$10,000,000	2,296,125.00	3,294,450.00	3,290,700.00
$20,000,000	5,646,375.00	7,793,850.00	7,789,950.00
$50,000,000	15,695,375.00	21,293,850.00	21,289,950.00

To illustrate the computation of the gift tax for calendar years beginning after December 31, 1934, assume that a taxpayer made gifts of $200,000 in 1932, $200,000 in 1933, $500,000 in 1934, and $150,000 in 1935. His gift tax for 1935 in this case would be computed as follows:

(1) Computation under clause (1) of section 502 of Revenue Act of 1932 (computed with schedule of rates and specific exemption provided in conference report) applying to aggregate of gifts made in years 1932 to 1935, inclusive

Total gifts (in 4 years)	$1,050,000
Specific exemption	50,000
Provisional tax (new rate schedule)	136,200
Net gifts	1,000,000

(2) Computation under clause (2) of section 502 of Revenue Act of 1932 (computed with schedule of rates and specific exemption provided in conference report) applying to aggregate of gifts made in years 1932 to 1934, inclusive

Total gifts (in 3 years prior to 1935)	$900,000
Specific exemption	50,000
Net gifts	850,000
Provisional tax (new rate schedule)	108,075

(3) Tax payable on 1935 gift

Provisional tax on aggregate of gifts for 4 years (see par. (1) above)	136,200
Provisional tax on aggregate of gifts for 3 years prior to 1935 (see par. (2) above)	108,075
1935 gift tax (under conference report)	28,125

On amendment no. 152: This amendment strikes out the provision of the House bill which repeals the tax imposed by section 615 of the Revenue Act of 1932 on the sale or use of unfermented fruit juices and substitutes therefor a provision which terminates the entire tax on soft drinks, etc., under that section. The House recedes.

On amendment no. 153: The House bill imposed a tax of 5 cents per pound on the first domestic processing (defined as the first use in commercial manufacture or production) of coconut oil, sesame oil, or combinations or mixtures brought into the United States in chief value of either or both such oils.

This amendment reduces the rate of tax to 3 cents per pound. It also adds palm oil, palm-kernel oil, sunflower oil, perilla oil, imported whale oil, imported fish oil (except cod and cod-liver oil), and imported marine-animal oil to the taxable oils and taxes combinations of the oils enumerated in the section and mixtures containing substantial quantities of any one or more of such oils. Palm oil used in the manufacture of tin plate is exempted from the tax. All taxes collected under the subsection on products of the Philippines are to be held as a separate fund and paid into the treasury of the Philippines, but this provision is to be inoperative if the Philippine government by any law provides for any subsidy to be paid to producers of copra, coconut oil, or allied products.

The House recedes with an amendment which (1) taxes the oils enumerated in the Senate amendment, except sperm oil, perilla oil, and halibut-liver oil; (2) taxes combinations or mixtures containing substantial quantities of taxable oils with respect to which there has been no previous first domestic processing; (3) retains the rate of 3 cents per pound on all the articles taxable, except that an additional tax of 2 cents (making a total of 5 cents) per pound is imposed on coconut oil (and combinations or mixtures containing substantial quantities of coconut oil) unless the oil is the product of the Philippines or other possessions or produced from materials from the Philippines or other possessions, or was in the United States on or before the 30th day after the enactment of the act or produced from materials in the United States on or before the same day, or was contracted for, or produced from materials contracted for, before April 26, 1934; (4) changes the point of imposition of the tax in the case of imported whale oil, imported fish oil, and imported marine-animal oil to the importation instead of the first domestic processing; and (5) provides for payment to the Philippine treasury of taxes collected on coconut oil, and mixtures containing coconut oil, of Philippine origin or produced from Philippine materials.

On amendment no. 154: This is a clerical amendment. The House recedes.

On amendment no. 155: This amendment is a clarifying amendment making certain that the credit or refund of the vegetable-oil tax applies only when the article into which the oil has gone is to be used by the State or political subdivision in the exercise of an essential governmental function. The House recedes.

On amendment no. 156: This amendment corrects a clerical error. The House recedes.

On amendment no. 157: This amendment makes the subsection of the vegetable-oil tax providing for covering collections therefrom into the Treasury of the United States consistent with the policy of covering the proceeds of such taxes on Philippine products into the Philippine treasury in certain circumstances. (See amendment no. 153.) The House recedes.

On amendment no. 158: The House bill amended sections 601 (c) (1) and 617 of the Revenue Act of 1932 in the following respects:

(1) Manufacturers and producers of gasoline or lubricating oil were required to register and give bond.

(2) The provisions for tax-free sales between manufacturers or producers and to dealers for resale to manufacturers or producers or for resale to States or political subdivisions thereof, were made inapplicable to gasoline and lubricating oil, and the provision for tax-free sales of benzol for non-motor-fuel uses was eliminated. Provision was made for credit of tax paid on gasoline or lubricating oil upon a showing that the gasoline or lubricating oil had been used in the manufacture or production of an article on which tax was paid under title IV of the Revenue Act of 1932, and for credit of tax paid on benzol sold and used for a non-motor-fuel use.

(3) The sentence imposing the gasoline tax was amended by the express inclusion of sales by the producer as well as by the importer or any producer.

(4) The definition of producer of gasoline was narrowed by the elimination of dealers selling exclusively to producers.

(5) The definition of gasoline was broadened to include all naphtha and to include all liquids prepared, advertised, offered for sale, or sold for use as, or used as, fuel for the propulsion of motor vehicles, motor boats, or airplanes, regardless of the chief use.

The Senate amendment completely rewrites the section with the following effect:

(1) The provisions for registration and bond are retained, with an added provision empowering the Commissioner to revoke the registration (and right to buy tax-free) of any manufacturer or producer guilty of tax evasion.

(2) Tax-free sales of gasoline and lubricating oil are continued as under the present law.

(3) The amendment making it clear that the tax applies to all sales by the producer is retained and a further amendment is made to subsection (b) to provide that any person who has purchased gasoline tax-free by virtue of the exemption of sales to a producer shall be regarded as the producer of such gasoline.

(4) The present definition of producer of gasoline is retained.

(5) The definition of gasoline in the House bill is liberalized by the exemption of any product (not commonly or commercially known or sold as gasoline) specifically sold for a non-motor-fuel use.

(6) A provision is added authorizing inspection of records, returns, etc., with respect to Federal gasoline or lubricating oil tax by State officers and the furnishing of information therefrom to such officers.

The House recedes with an amendment which makes the change in the definition of gasoline and the requirements of registration and bond effective 30 days after the enactment of the act instead of the first day of the next month.

On amendment no. 159: The House bill imposed a tax on the production of crude petroleum at the rate of one tenth of 1 cent a barrel, payable by stamp. This amendment rewrites the section to provide for imposition of the tax on sale by the producer, the tax to be withheld or collected by the purchaser and paid over by him to the United States. In cases where the producer himself removes the petroleum from the place of production or disposes of it otherwise than by sale, the producer is required to return and pay the tax. The provision for transferring the buden of the tax in the case of existing contracts has been eliminated. An exemption is inserted excepting crude petroleum produced from any well which is not capable of producing more than 5 barrels per day. The effective date is made the thirtieth day after the date of the enactment of this act. The House recedes.

On amendment no. 160: This amendment inserts a provision requiring persons handling, transporting, storing, or dealing in crude petroleum to make returns required by regulations. The House recedes.

On amendment no. 161: This amendment strikes out the provision of the House bill requiring the vendee under contracts existing on the date of enactment of the act to pay

the petroleum refining tax instead of the vendor. The House recedes.

On amendments nos. 162, 163, 164, and 165: These amendments make changes in subsection letters. The House recedes.

On amendment no. 166: This amendment postpones the effective date of the section imposing tax on refining of petroleum to the thirtieth day after the enactment of the act. The House recedes.

On amendment no. 167: This amendment strikes out the provision of the House bill which advances the date of expiration of the check tax from July 1 to January 1, 1935. The Senate recedes.

On amendment no. 168: This amendment impresses taxes collected or withheld with a trust in favor of the United States and makes applicable for the enforcement of the Government's claim the administrative provisions applying to the assessment, collection, and payment of taxes. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 169: This amendment exempts articles sold for less than $75 by the manufacturer, producer, or importer after the date of the enactment of the act from the tax under section 604 of the Revenue Act of 1932 on articles made of fur on the hide or pelt, or of which such fur is the component element of chief value. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 170: This amendment exempts articles sold for less than $25 by the manufacturer, producer, or importer after the date of the enactment of the act from the tax under section 605 of the Revenue Act of 1932 on jewelry and similar articles. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 171: This amendment amends the provisions of existing law taxing cigarettes so that it will be certain that long cigarettes which are capable of being cut into several standard cigarettes may not pay tax as single cigarettes, by inserting a provision taxing at the rate of $3 per thousand cigarettes of more than 6½ inches in length, counting each 2¾ inches or fraction thereof as a single cigarette. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 172: This amendment increases the existing excise tax on fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem from 2 cents per thousand to 5 cents per thousand. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 173: This amendment reduces the existing stamp tax on contracts for future delivery of produce from 5 cents per $100 of value to 1 cent per $100. There is no comparable provision in the House bill. The House recedes with an amendment making the rate 3 cents per $100, and changing the section number.

On amendment no. 174: This amendment inserts a provision terminating on June 30, 1934, the tax on the use of both foreign- and domestic-built boats. The House recedes with an amendment changing the section number.

On amendment no. 175: This amendment amends the existing law imposing internal-revenue taxes on distilled spirits by authorizing a rebate or refund of tax of 90 cents per gallon when the spirits are used in industry or the arts in making articles not fit for intoxicating beverage purposes. There is no comparable provision in the House bill. The Senate recedes.

On amendment no. 176: This amendment inserts a provision which exempts from the tax under section 613 of the Revenue Act of 1932 candy sold by the manufacturer, producer, or importer after the date of the enactment of the act. The House recedes.

On amendment no. 177: This amendment provides for a capital stock tax, quite similar to the capital-stock tax temporarily imposed by the National Industrial Recovery Act. The tax is an excise tax for the privilege of carrying on or doing business as a corporation for each year ending on June 30. Insurance companies and corporations exempt from income taxes are exempt from the capital-stock tax. The first year to which the tax applies is the year ending June 30, 1934, the tax applying only to corporations carrying on or doing business during such year on or after the date of the enactment of the pending bill. For the first year the tax is measured by the value of the capital stock as declared by the corporation as of the close of its last taxable year ending on before June 30, 1934. The value of the capital stock having been declared for the first year, such value may not be subsequently amended. A reasonable original declared value is assured by means of the excess-profits tax which is based on the relation of the net income of the corporation to such declared value. The rate of the capital-stock tax is $1 per thousand dollars of the declared value.

The basis for the capital stock tax for subsequent years ending June 30 is arrived at by making certain adjustments to the original declared value. The adjusted declared value of the capital stock of a corporation for subsequent years is the original declared value plus (1) the cash and fair market value of property paid in for stock or shares, (2) paid-in surplus and contributions to capital, (3) its net income, and (4) the amount of the dividend deduction allowable for income-tax purposes, and minus (A) the value of property distributed in liquidation to shareholders, (B) distributions of earnings or profits, and (C) the excess of the deductions allowable for income-tax purposes over its gross income. These adjustments are to be made for each income-tax taxable year included in the period from the date as of which the original declared value was declared to the close of the taxpayer's last income-tax taxable year ending at or prior to the close of the year for which the capital stock is imposed. Each of these adjustments is to be computed on the basis of what a separate income-tax return (whether or not such a return was filed) should have shown for each of the taxable years included in the period mentioned.

In the case of a foreign corporation the capital-stock tax is for the privilege of carrying on or doing business as a corporation in the United States and is measured by the adjusted declared value of the capital employed by it in the transaction of business in the United States.

The House recedes with an amendment providing for the addition to the declared value of tax-exempt income.

On amendment no. 178: This amendment provides for an excess-profits tax on every corporation for each income-tax taxable year ending after the close of the first year in respect of which it is taxable under the capital-stock tax imposed by the pending bill. The primary purpose of this tax is to induce corporations automatically to declare a fair value for their corporate stock for capital stock purposes. The rate is 5 percent on the portion of the net income (computed as for income-tax purposes) in excess of 12½ percent of the adjusted declared value of the stock of the corporation as of the close of the preceding income-tax taxable year. The House recedes.

On amendment no. 179: This amendment has the effect of terminating the capital stock tax and excess-profits tax imposed by the National Industrial Recovery Act as to certain periods with respect to which the pending bill imposes similar taxes. The House recedes.

On amendments nos. 180 and 181: These are clerical amendments; and the House recedes.

On amendment no. 182: This is a change in the section number; and the Senate recedes.

On amendments nos. 183 and 184: These are changes in section numbers; and the House recedes.

DISAGREEMENTS

The committee of conference have not agreed on the following amendments of the Senate:

On no. 1: Being the table of contents of the bill.

On no. 13: Providing an increase in the rate of tax for 1934.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

Mr. SAMUEL B. HILL. Mr. Speaker, in this revenue measure about 185 amendments were put on the House bill by the Senate. The conferees of the House and Senate have agreed upon all these amendments except Senate amendments nos. 1 and 13.

Amendment no. 1 is the table of contents and is purely more clerical.

Amendment no. 13 is the so-called "Couzens amendment", which imposes a 10-percent supertax upon the total normal and surtax which the individual taxpayer pays under the permanent tax set-up and is only for the year 1934. We are going to take up amendment no. 13 at a later time, but I simply wanted the House to understand that the supertax or the so-called "Couzens amendment" is not involved in the conference report. We will have separate discussion and separate consideration of amendment no. 13, which is in disagreement between the conferees of the House and the conferees of the Senate. So in voting upon the conference report you are not voting upon this provision seeking to impose this supertax of 10 percent.

As I have said, there were 185 amendments imposed on the House bill by the Senate. I may say that approximately 175 of these amendments are purely clerical or clarifying amendments that do not in any substantial way modify the provisions of the bill as it passed the House, and I feel that the Members of the House are not concerned with these clarifying and clerical amendments. There are a number of amendments, however, which are of concrete interest to you, and I shall briefly touch upon them.

The Senate amended the House bill as to surtaxes by imposing a greatly increased rate of surtax in the lower brackets. The House conferees refused to recede upon this amendment except upon the basis of a greatly reduced rate in lieu of the Senate rates.

The Senate amendment would have imposed upon the taxpayers an additional $28,000,000 over the House bill, through increased rates in the brackets from $10,000 to $25,000. The House conferees accepted the amendment with the modification that these rates be reduced more nearly to the level of the House rates, so that the lower brackets did not receive the shock of the increase and, as modified, will raise $9,000,000 additional to the House bill instead of $28,000,000.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. SAMUEL B. HILL. I yield.

Mr. SNELL. Between what brackets does this $9,000,000 additional come?

Mr. SAMUEL B. HILL. The gentleman is speaking of the Senate rates?

Mr. SNELL. I mean in the final agreement.

Mr. SAMUEL B. HILL. The rates agreed upon which would produce $9,000,000 additional will get that money in the brackets above $50,000.

Mr. SNELL. Has there not been an increase all the way down to $4,000 in the final agreement; that is, there is an increase over the House rates all the way from $4,000 up?

Mr. SAMUEL B. HILL. The House rate commenced at 4 percent on the first $4,000 and the agreed rate commences at 4 percent on $4,000 to $6,000, the same as the House rate; that is, the House rate was from $4,000 to $8,000 at 4 percent, and the agreed rate is 4 percent from $4,000 to $6,000.

Mr. SNELL. So that all the lower brackets pay an increased income tax under the agreed bill.

Mr. SAMUEL B. HILL. No. The agreed rates are slightly higher than the House rates, but 2 percent lower than the Senate rates in the lower brackets, but the taxes in the lower brackets are not increased thereby for the reason that the limitation for earned-income deduction was raised from $8,000 to $14,000.

Mr. SNELL. But more than was in the House bill and more than was in the previous law?

Mr. SAMUEL B. HILL. The conference report up to $9,000 increases the amount of money collected under the House rates by $1 only.

Mr. SNELL. By 1 percent?

Mr. SAMUEL B. HILL. One dollar.

Mr. SNELL. As I look at the report, it increases them a good deal more than that.

Mr. SAMUEL B. HILL. Under the House bill on a $9,000 net income of a married man, with no dependents, the tax would be $328, and under the rates agreed to in conference the tax would be $329.

Mr. SNELL. But as I look over the report which was published there is practically 1 percent increase from $6,000 to $18,000 or $20,000 of income.

Mr. SAMUEL B. HILL. The gentleman will bear in mind that we also raised the limit on earned income from $8,000 to $14,000; that is, we agreed upon a $14,000 limitation on earned income in lieu of the $8,000 that the House bill carried.

Mr. SNELL. That may be, but I had special reference to the increases on regular incomes. They were increased about 1 percent in the medium brackets.

Mr. SAMUEL B. HILL. But the amount of money paid is not increased.

Mr. SNELL. Of course, that would depend upon where the income came from or whether it was earned income or other income.

Mr. TREADWAY. Will the gentleman from Washington allow me to read from the prepared table in answer to the gentleman from New York?

Mr. SAMUEL B. HILL. Yes; but I hope the gentleman will not take up too much time.

Mr. TREADWAY. I have the table before me and from $8,000 to $9,000 the amount paid under the act of 1932 was $232.35, as passed by the House it was $232.24, as passed by the Senate it was $250.54, and under the conference agreement it is $231.44. Therefore the conference agreement is 0.39 percent less at the $9,000 bracket than the present law, and the increase comes above $9,000.

Mr. SAMUEL B. HILL. Yes; that is according to the composite table.

Mr. TREADWAY. Yes; the experience table of the Treasury.

Mr. SAMUEL B. HILL. That answers the gentleman's question, I think.

Mr. GOSS. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. GOSS. On page 16, I read this in the report:

> The rates proposed in these lower brackets add 1 percent to the House rates, except in the first bracket covering surtax net incomes of $4,000 to $6,000, in which case the rate is 4 percent as in the House bill.

Mr. SAMUEL B. HILL. That is true.

Now, Mr. Speaker, the conferees on the part of the House accepted the Senate amendment as to increase of estate taxes with an amendment that the exemption be raised from $40,000 to $50,000. In other words, we restored the $50,000 as it stands in existing law.

Then the rate of estate taxes was graduated up to the maximum of 60 percent after we reach the $10,000,000 mark.

The gift-tax rate follows the course of the estate tax and lifts the exemption for the gift tax to $50,000, restoring it from $40,000 as it was lowered by the Senate amendment. The gift-tax rate starts at three quarters of 1 percent and reaches a maximum of 45 percent above $10,000,000.

The next important item is consolidated returns. You will recollect that the House passed a bill providing for consolidated returns, and with the provision that in the case of affiliated groups making consolidated returns they would pay an additional 2 percent on the net income, or 15¾ percent on the net income instead of 13¾ percent. The

conferees agreed to the Senate amendment abolishing consolidated returns with the exception that affiliated railroad corporations are still permitted to file consolidated returns.

Mr. SNELL. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. SNELL. Can the gentleman tell us in a word why railroad corporations should have that advantage over other corporations? Is there any reason why a railroad corporation should be excepted any more than telegraph and telephone companies?

Mr. SAMUEL B. HILL. A number of States require railroad corporations operating through the State to incorporate within that State, and railroads are obliged to comply with the State law. In addition to that we have Federal regulation of railroad corporations. With this combined handicap of affiliated railroad corporations in making separate returns, the conferees felt they ought to be exempted from the provisions requiring separate returns.

Mr. SNELL. There are many small banks or branches all owned by the same corporation, and they are regulated by the Federal Government.

Mr. SAMUEL B. HILL. I will say that most of the ordinary business corporations can, if they want to do so, reincorporate so as to include all their branches under one corporation and make returns as one corporation.

Mr. SNELL. Not as I understand this bill. I really cannot see any great difference.

Mr. McFARLANE. Will the gentleman yield?

Mr. SAMUEL B. HILL. I will.

Mr. McFARLANE. Section (b)—I am wondering if that clearly abolishes or leaves it to the discretion of the Secretary of the Treasury?

Mr. SAMUEL B. HILL. It abolishes them except in affiliated groups of railroads.

Mr. BAILEY. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Texas.

Mr. BAILEY. The gentleman will remember that the original House bill provided for a tax on crude oil. Have the conferees agreed to retain that in the bill?

Mr. SAMUEL B. HILL. They agreed to keep it in, but it is modified to some extent.

Mr. BAILEY. The idea is still there.

Mr. SAMUEL B. HILL. Yes.

Mr. BAILEY. You have agreed to it in conference?

Mr. SAMUEL B. HILL. Yes. It was only a question of a tax.

Mr. BAILEY. And there is no way to get it out except to vote down the conference report?

Mr. SAMUEL B. HILL. That is correct.

Mr. HASTINGS. The conference report does not increase the tax over the House provision?

Mr. SAMUEL B. HILL. No; it is the same amount of tax, but we do exempt wells which do not have a capacity of more than 5 barrels a day.

Publicity in tax returns is another important item that was involved in the conference. As a result of the conference upon the question of the publicity of tax returns, the Senate amendment was stricken out and the present law left intact, with an addition to the present law agreed upon by the conferees; and I shall read the explanation of that contained in the statement, which is probably a little more lucid than the language of the act itself. I read from page 19 of the statement of the conferees:

> This amendment provides that income-tax returns shall be open to public examination and inspection under regulations promulgated by the Secretary and approved by the President. Under the House bill (which is the same as existing law) the returns are open to public inspection only to the extent provided for by rules and regulations promulgated by the President. Subsections (b) and (c) of this amendment restate existing law. The House recedes with an amendment restoring the language of the House bill and adding a paragraph to the effect that every person required to file an income return shall file therewith a statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. Such statements or copies thereof are to be available to public examination and inspection in the office of the collector where filed for at least 3 years.

That is an addition to existing law; and existing law, as the Members of the House know, provides not for full publicity of tax returns but does provide that certain committees of Congress may have access to tax returns for examination and for report thereon back to Congress. For instance, the Committee on Ways and Means of the House or the Committee on Finance of the Senate, or a special committee of the House appointed for that purpose, or a special committee of the Senate appointed for that purpose, or a joint committee of the House and Senate, may have access to these returns, so the conferees felt that contrary to general opinion there is very ample opportunity now for inspection of these returns. But in addition to that we provided as indicated here, and as I have read from the statement.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. SNELL. There is no provision in the present law where the public in general can go to these tax returns and get them and publish them in a newspaper, is there?

Mr. SAMUEL B. HILL. No.

Mr. SNELL. Or anything of the kind?

Mr. SAMUEL B. HILL. No.

Mr. SNELL. But this lays everything wide open to the sordid-minded people in any community to go and look up your tax return and publish it.

Mr. SAMUEL B. HILL. They get only the totals.

Mr. SNELL. And that is really all that they care for.

Mr. SAMUEL B. HILL. That is all they get.

Mr. SNELL. And that is all they care about. They want to know how much you earn in your business, and so forth.

Mr. SAMUEL B. HILL. They do not get how much you earn in your business.

Mr. SNELL. They get the total amount; and if you are a lawyer, that is where you earn your money.

Mr. SAMUEL B. HILL. You get the gross income made from earnings and investments and otherwise.

Mr. GOSS. They get the net income.

Mr. SNELL. And they can find out how much you have, and that is all the sordid-minded people want to know.

Mr. SAMUEL B. HILL. I do not yield for a speech. I appreciate the gentleman's attitude.

Mr. SNELL. In a word, will the gentleman tell us what argument the Senate used to convert the House conferees to their position?

Mr. SAMUEL B. HILL. The gentleman knows that the Senate had a wide-open publicity clause; and we thought we had gained quite an advantage for the protection of the things that the gentleman is standing for, when we got this particular amendment to the Senate amendment, and we believe we have given the people what they may be entitled to know, and yet have not jeopardized the rights and the interests of the taxpayer.

Mr. SNELL. If the gentleman has the idea that the public is entitled to know all of that, that is all right, but a great many people disagree with that idea.

Mr. SAMUEL B. HILL. The Senate had that idea.

Mr. SNELL. I know, but I asked the gentleman what argument was offered to convert the House conferees.

Mr. SAMUEL B. HILL. Oh, we converted the Senate; they did not convert us to anything.

Mr. SNELL. Oh, the House conferees have given in to the Senate in almost everything, and everybody knows it.

Mr. SAMUEL B. HILL. Mr. Speaker, as I have said, the supertax comes up under a separate vote, and I do not want anyone to get that confused with this conference report. The Senate did impose amendments repealing certain excise taxes, including taxes on soft drinks, on candies, on furs up to $75, and on jewelry up to $25, and the House conferees concurred in those amendments, so that they go out of the tax bill.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. BLOOM. Will the gentleman please return to amendment numbered 38. I read:

Such statements or copies thereof shall, as soon as practicable, be made available to public examination.

Does that mean that the statements filed and also the copies are for public examination, or just the copies of those few items?

Mr. SAMUEL B. HILL. The statements; yes.

Mr. BLOOM. That is the entire tax return?

Mr. SAMUEL B. HILL. No. This little statement that is in amendment numbered 38 is open to public inspection, but not the tax return.

Mr. BLOOM. If the gentleman will kindly read the language, he will see that it provides for both the statement and the copies.

Mr. SAMUEL B. HILL. If you want to buy a copy of it, certainly you have a right to; but you can see the original statement.

Mr. BLOOM. The gentleman is saying "yes" and "no" to my question.

Mr. SAMUEL B. HILL. The gentleman is not confusing the statement with the tax return, is he?

Mr. BLOOM. I am not confusing anything. I am taking the language of the amendment with reference to amendment numbered 38, as asked for by the gentleman from New York [Mr. SNELL]. This says the statement and also the copy.

Mr. McFARLANE. Or copy.

Mr. BLOOM. And/or.

Mr. SAMUEL B. HILL. It may be that under that language the Treasury Department, with the approval of the President, may make a regulation that they may have the copies only, but you can have one or the other. If you do not get the original, you get a copy.

Mr. BLOOM. Will the gentleman answer this question? Can he have both?

Mr. SAMUEL B. HILL. It says "or."

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COOPER of Tennessee. I think if the gentleman will examine this a little more carefully, he will reach the conclusion that this is a fair statement of the situation created by this provision, that there is to be filed a statement, with the man's income-tax return, giving the information provided in this provision.

Mr. BLOOM. I understand that.

Mr. COOPER of Tennessee. Now, the statement referred to is what the copy refers to further in this same provision. In other words, in simple application it amounts to this: A man files a statement with his income tax, giving six items—his name, the total gross income, the total deductions, net income, total credits against net income for purposes of normal tax.

Mr. BLOOM. That is a specified thing that you are supposed to get in that report—those six things.

Mr. COOPER of Tennessee. That is true.

Mr. BLOOM. Now, is it permissible that any person can go further than that and look at the income-tax return of the individual as well as this?

Mr. COOPER of Tennessee. No. That is the very reason for providing this.

Mr. BLOOM. Then do you not think this report should be changed?

Mr. COOPER of Tennessee. No. There is no necessity for that. In its simple application it means this: When a man's income-tax return is filed, a statement accompanies that, giving those six items. I assume in the administration of the provision, the Treasury Department will simply tear off that statement or detach it from his tax return and will hold those statements available for inspection in some given part of the Treasury Department, and it is entirely separate from his income-tax return.

Mr. BLOOM. The last 3 lines do not say that and do not mean that, because the last 3 lines say that the statement or reports are available.

Mr. COOPER of Tennessee. The statement is what is available, not the tax return at all.

Mr. BLOOM. It reads:

Such statement or copies thereof are to be available for examination and inspection in the office of the collector where filed for at least 3 years.

Mr. COOPER of Tennessee. That simply means that a copy of this statement may be available for this purpose.

Mr. SAMUEL B. HILL. Mr. Speaker, I cannot yield further on this, but I now yield to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Amendment 169 exempts $75 worth of furs. Amendment 170 exempts $25 worth of jewelry. Why the difference?

Mr. SAMUEL B. HILL. That is all they asked for, I presume. Up in the northern countries furs is a matter of necessity, whereas jewelry may not be so considered.

Now, Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a further statement explaining the conference report in detail.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SAMUEL B. HILL. Let me call the attention of the House to certain details in explanation of the conference report. The Senate added 185 amendments to the House bill. This is a smaller number of amendments than was made in the Senate in connection with the Revenue Act of 1932, when the Senate amendments numbered 270. This is also in spite of the fact that the revenue bill of 1934 resulted from a complete analysis and study of the income-tax law with the object of closing all possible loopholes to tax avoidance. Out of the 185 amendments made by the Senate, approximately 135 may be termed as "clerical, perfecting, or minor amendments." Of these minor amendments, the House receded on 87; the Senate receded on 41; and the House receded with an amendment in 7 cases. It is, of course, inevitable that in the case of perfecting amendments the House would make more recessions than the Senate. There are about 50 amendments made by the Senate which are of substantial character or have a bearing on the more important provisions of the bill. Mathematically speaking, the House receded on 18 of these 50 amendments, although in 8 cases out of these 18 amendments the Senate changes are merely perfecting amendments to important new provisions made by the House in respect to existing law. The Senate completely receded on 5 important amendments. With reference to 25 of the amendments of a substantial character, a compromise was reached, or, technically speaking, the House receded with an amendment. In the case of 2 amendments the conference report is in disagreement. I will now take up what I consider to be the substantial amendments in order and make a few brief remarks in regard to each.

Amendment no. 1: This amendment covers the changes in the table of contents in the first part of the bill. This amendment is reported in disagreement, inasmuch as it cannot be correctly stated until disposition is made of the other amendment (no. 13), which is also in disagreement and which covers the proposed 10 percent to be added to the income tax for the year 1934.

Amendment no. 2: The House conferees refused to accept this Senate amendment, which increased the surtax upon all taxpayers with net incomes up to and including $32,000. The Senate amendment would have imposed an additional tax burden of $28,000,000 upon taxpayers. We prevailed upon the Senate conferees to accept a compromise by which this tax burden is increased by only $9,000,000 over that contained in the House bill. Under the compromise the surtax rates proposed by the Senate are decreased in the case of net incomes up to and including $18,000. The rates

in these lower brackets add 1 percent to the House rates, except that rate on incomes between $4,000 and $6,000 remains at 4 percent, the rate in the House bill. An example will show the effect of the conference rates. In the case of a married man with no dependents and with an earned income of $16,000, the tax under existing law amounts to $1,140; under the House bill, $993; under the Senate bill, with the 10-percent increase, $1,326.60; under the Senate bill, without the 10-percent increase, $1,206; and under the conference compromise, $1,044.

Amendment no. 13: This amendment increases everybody's tax for 1934 by 10 percent. We refused to accept this amendment, and it is now in disagreement.

Amendment no. 14: We persuaded the Senate conferees to agree to the provision of the House bill taxing annuities. They agreed to waive their amendment exempting annuities of $500 or less.

Amendment no. 19: We also obtained a substantial concession on this amendment. The Senate denied a deduction for contributions made to certain organizations, a substantial part of the activities of which was participation in partisan politics or carrying on propaganda or otherwise attempting to influence legislation. We were afraid this prohibition was too broad, and we succeeded in getting the Senate conferees to eliminate organizations, a substantial part of the activities of which was participation in partisan politics. Similar concessions were made in amendments nos. 43, 128, and 148, relating to corporations exempt from the income tax and to the allowance of deductions for contributions in the case of estate and gift taxes.

Amendments nos. 17 and 20: These amendments restore existing law, which permits banks to deduct from their gross income interest paid on deposits invested in tax-exempt securities. Your conferees came to the conclusion that the House provision, which denied a deduction in such cases, might seriously hamper the marketing of Government securities and be exceedingly difficult to administer. For the same reason, we agreed to Senate amendment no. 20, which allows to banks and other taxpayers deductions allocable to tax-exempt interest.

Amendment no. 24: The House bill provided a maximum earned income of $8,000. The Senate bill increased this to $20,000. We succeeded in getting a compromise of $14,000 as the maximum earned income.

Amendment no. 29: The Senate conferees tried to get us to agree to this amendment which reduced the tax on the transfer of certain installment obligations. We refused, and the Senate conferees finally agreed to withdraw this amendment.

Amendment no. 38 (publicity): We reached a compromise on publicity of income-tax returns. Under the Senate amendment the President was required to open all income-tax returns for public inspection. This would lead to serious abuses, as it would disclose trade secrets and weaken the value of returns as evidence in litigation, and in addition cause the Treasury considerable administrative difficulties and expense. We got the Senate conferees to accept a compromise provision which requires each taxpayer to file with his return a statement showing (1) his name and address, (2) his total gross income, (3) his total deductions, (4) his net income, (5) his total credits against net income for the purpose of normal tax, and (6) his tax payable. This statement is to be made available for public inspection in the collector's office.

Amendment no. 44: This amendment provided that farmers' cooperative marketing or purchasing associations (1) need not keep ledger accounts of transactions with nonmembers and (2) that the nonmembers may purchase memberships with profit from nonmember business and (3) business done with the Federal Government or its agencies shall not be considered nonmember business. The Senate withdrew the first two points upon advice from the Treasury that they were already covered by existing law. On the third point, we got the Senate conferees to agree to put in a provision to the effect that business done with the United States or any of its agencies shall be disregarded in determining whether the association is entitled to exemption from income taxes.

Amendments nos. 45 and 124: The Senate also accepted our provisions levying additional taxes upon personal holding companies, with slight modifications. It was thought unfair to compel real-estate companies with heavy mortgage indebtedness to distribute earnings accumulated to meet this indebtedness. The Senate excepted "rents" from this provision. The Senate also permitted a deduction for a reasonable reserve for indebtedness incurred prior to January 1, 1934. We agreed to these and other minor changes made by the Senate.

Amendment no. 46: This amendment deals with the additional penalty imposed upon corporations which accumulate surplus to avoid the payment of surtax by their shareholders. With the exception of certain technical amendments, this provision is in the same form as the provision in the House bill. We agreed to these technical changes.

Amendment no. 62: We could not get the Senate conferees to accept the provisions of the House bill taxing dividends paid out of pre-March 1, 1913, surplus and were forced to accept this amendment, which continues the exemption which is allowed under existing law.

Amendments nos. 65 and 67: The Senate also accepted the provisions of the House bill, providing for the treatment of capital gains and losses, except that an additional bracket was added in the case of assets held for more than 10 years. In such cases only 30 percent of the gain or loss is taken into account, instead of 40 percent as provided in the House bill. The Senate also provided for the allowance of capital losses up to $2,000, even though the taxpayer had no capital gains against which to offset them. This took care of the small taxpayer whose only capital transaction was an occasional sale of property. We thought these changes were fair and agreed to the Senate amendments.

Amendment no. 68: We accepted the Senate amendment allowing banks to deduct losses on bonds sold below par against their ordinary income. This is another amendment which it was thought necessary to insure the marketing of Government securities, which are purchased for the most part by banks.

Amendments nos. 71 and 72: The Senate conferees refused to accept the provisions of the House bill which cut the foreign tax credit allowed by existing law in half. It was pointed out that to do this at this time would seriously interfere with the development of American trade abroad and that, under existing law, the credit cannot reduce the tax on American income but only upon foreign income which is subject to heavy taxation abroad. We were forced to agree to these amendments, which restored existing law.

Amendment no. 73 (consolidated returns): The Senate abolished consolidated returns. We persuaded the Senate conferees to agree to an amendment permitting railroads to file consolidated returns. It was felt that an exception ought to be made in the case of railroads, as they are forced to incorporate separately in each State and are under Federal supervision.

Amendment no. 77: We also got the Senate conferees to withdraw this amendment, which eliminated the requirement of withholding at the source in the case of tax-free covenant bonds.

Amendment no. 92: This amendment requires corporations to submit with their returns a list of the names of all officers and employees who receive more than $15,000 a year, and requires the Secretary of the Treasury to report such information annually to Congress. We thought this was a good way to help protect the minority stockholders and agreed to the amendment.

Amendment no. 96: It was found that many taxpayers were avoiding surtaxes by creating trusts in favor of their families which trusts could only be revoked by an advance notice given to the trustee prior to the beginning of the taxable year. This amendment closes up this loophole by taxing such income to the grantor of the trust. We thought

this a good way to stop this sort of tax avoidance and agreed to the amendment.

Amendments nos. 117 and 121: Under the House bill, if a taxpayer omits more than 25 percent of his gross income from his return, the statute of limitations on assessments will remain open indefinitely. It was pointed out that this might be unfair in the case of a taxpayer who makes an honest mistake. For instance, he might report the income in a wrong year or he might fail to report a dividend because he was advised by the officers of the corporation that it was paid out of capital. Accordingly, your conferees agreed to the Senate amendment providing for a 5-year statute in such cases.

Amendment no. 126: Your conferees agreed to this amendment exempting from the estate tax real estate located abroad. It was pointed out that it is an established international principle to tax real estate only in the country where situated.

Amendment no. 127 (estate tax): The Senate bill increased the estate-tax rates on an average about 40 percent, and decreased the exemption from $50,000 to $40,000. We agreed with the rate increase but got the $50,000 exemption of existing law restored.

Amendments nos. 142 and 143: These amendments relate to the provisions in the House bill providing for the creating of a general counsel for the Treasury Department, assistant general counsel, and assistants to the Secretary of the Treasury. The Senate agreed substantially to the House provision except that the assistant general counsel for the Bureau of Internal Revenue is to be confirmed by the Senate and the number of assistants to the Secretary was reduced from 10 to 5 upon the advice of the Secretary of the Treasury that 5 would be sufficient. We agreed to these Senate changes.

Amendment no. 145: The hot-oil provision of the House bill providing for payment of rewards to informers, which was stricken out by the Senate, was restored at our insistence.

Amendment no. 151 (gift tax): The Senate increased the gift tax rates so that they were three fourths of the estate-tax rates and reduced the exemption from $50,000 to $40,000. We accepted the increase in rates but had the exemption restored to $50,000.

Amendment no. 152: The House bill repealed the tax on unfermented fruit juices. This amendment repeals all the taxes on soft drinks, which now have to compete with beer and other liquors. We agreed to this amendment, which will cost us about $5,000,000.

Amendment no. 153: On coconut oil we reached a compromise. The House bill levied a tax of 5 cents per pound upon the first domestic processing of coconut and sesame oil. The Senate reduced the rate of tax to 3 cents a pound and added palm oil, palm-kernel oil, sunflower oil, perilla oil, imported whale oil, imported fish oil (except cod and cod-liver oil), and imported marine-animal oil. Palm oil used in the manufacture of tin plate was exempt and the taxes on such products from the Philippines were paid into the Philippine Treasury instead of that of the Federal Government unless the Philippine Government provided a subsidy to producers of copra, coconut oil, or allied products.

The compromise (1) taxes the oils enumerated in the Senate amendment, except sperm oil, perilla oil, and halibut-liver oil; (2) taxes combinations or mixtures containing substantial quantities of taxable oils with respect to which there has been no previous first domestic processing; (3) retains the rate of 3 cents per pound on all the articles taxable, except that an additional tax of 2 cents (making a total of 5 cents) per pound is imposed on coconut oil (and combinations or mixtures containing substantial quantities of coconut oil) unless the oil is the product of the Philippines or other possessions or produced from materials from the Philippines or other possessions, or was in the United States on or before the 30th day after the enactment of the act or produced from materials in the United States on or before the same day, or was contracted for, or produced from materials contracted for, before April 26, 1934; (4) changes the point of imposition of the tax in the case of imported whale oil, imported fish oil, and imported marine-animal oil to the importation instead of the first domestic processing; and (5) provides for payment to the Philippine treasury of taxes collected on coconut oil, and mixtures containing coconut oil, of Philippine origin or produced from Philippine materials.

Amendment no. 167: The Senate struck out the provision of the House bill eliminating the check tax as of January 1, 1935. At our insistence, the Senate conferees agreed to restore this provision of the House bill.

Amendments nos. 169 to 174: On the excise taxes, we agreed to the following changes made by the Senate:

First. Exempting from the fur tax articles sold for less than $75.

Second. Exempting from the jewelry tax articles sold for less than $25.

Third. Increasing the tax on colored matches from 2 cents to 5 cents per thousand.

Fourth. Taxing long cigarettes of more than 6½ inches in length by counting each 2¾ inches or fraction thereof as a single cigarette.

Fifth. Restoring the capital-stock tax and excess-profits tax which were enacted under the National Industrial Recovery Act.

Sixth. Repealed the tax on the use of boats, which was bringing in very little revenue and raised certain treaty objections.

Amendment no. 173: The Senate wanted to reduce the tax on contracts for future delivery of produce from 5 cents per $100 of value to 1 cent. We compromised on this by reducing the tax to 3 cents.

Amendment no. 175: The Senate tried to put in a provision taxing distilled spirits for industrial purposes. We finally succeeded in getting the Senate conferees to abandon this amendment because of the many administrative difficulties involved.

Amendment no. 176: We agreed to this amendment repealing the tax on candy. This will cost us only about $4,000,000.

In conclusion, I wish to submit, without reading, a statement showing the estimated additional revenue from the bill for the fiscal year 1935 and for a full year of operation:

Estimated yield of tax bill as agreed upon by conference committee exclusive of Couzens' 10-percent horizontal increase

	Fiscal year 1935	Full year of operation
INCREASES		
Capital-stock tax	$15,000,000	$95,000,000
Estate tax	5,000,000	90,000,000
Gift tax	3,000,000	6,000,000
Changes in income-tax rates	15,000,000	25,000,000
Capital gains and losses	18,000,000	30,000,000
Personal holding companies	12,000,000	20,000,000
Reorganization	5,000,000	10,000,000
Consolidated returns	20,000,000	35,000,000
Partnerships	3,000,000	5,000,000
Administrative changes, gasoline, oil, and process	18,000,000	18,000,000
Miscellaneous	12,000,000	20,000,000
Total	126,000,000	354,000,000
Administration of depreciation allowances	85,000,000	85,000,000
Grand total	211,000,000	439,000,000
DEDUCTIONS		
Bank-check tax	22,000,000	
Soft drinks	5,000,000	5,000,000
Furs	8,000,000	8,000,000
Jewelry	2,000,000	2,000,000
Produce futures	3,000,000	3,000,000
Candy	4,000,000	4,000,000
Total	44,000,000	22,000,000
Net total	167,000,000	417,000,000

Mr. Speaker, I reserve the remainder of my time.

Mr. BOYLAN. Will the gentleman yield for a question first?

Mr. SAMUEL B. HILL. I yield for a question.

Mr. BOYLAN. I should like to ask about amendment no. 153. The House receded and agreed to it with an

amendment. Then follows an amendment that, in my opinion, it would take a Philadelphia lawyer to interpret.

Mr. SAMUEL B. HILL. What amendment does the gentleman refer to?

Mr. BOYLAN. Amendment 153, relative to the oil tax. Can the gentleman tell us something about that? There is an involved amendment there.

Mr. SAMUEL B. HILL. Well, we put a 3-cent tax on coconut oil—that is, on the first processing of coconut oil—that comes from the Philippine Islands and other possessions of the American Government. We put a 5-cent processing tax on coconut oil that comes from countries outside of American possessions and the Philippine Islands.

Mr. BOYLAN. Well, you go farther. You pay back to the Philippine treasury——

Mr. SAMUEL B. HILL. We pay to the Philippines the revenues that we get from the processing tax on the coconut oil imported from the Philippine Islands.

Mr. BOYLAN. That seems to me to be a most peculiar kind of amendment.

Mr. SAMUEL B. HILL. That is a law similar to the excise tax on cigars which come from the Philippine Islands. For 30 years that has been the law.

Mr. BOYLAN. We act as a collecting agent for the Philippines, and then we pay it over to them. Is that the procedure?

Mr. SAMUEL B. HILL. That is true. We collect the money and pay it back to the Philippine Government.

Mr. BOYLAN. It seems to me it would be very much involved. I think it should be simplified.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. McDUFFIE. Does the gentleman not believe that under the 3-cent tax or the 5-cent tax there will be very little money paid into the Treasury as the result of this law?

Mr. SAMUEL B. HILL. That is probably true. That is the hope of the dairymen, I will say.

Mr. McDUFFIE. Does the gentleman realize that the Philippine Islands purchase more dairy products from our people than any other nation in the world. You are destroying their purchasing power.

Mr. SAMUEL B. HILL. I have no information on that.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. SHALLENBERGER. The committee has so drafted this amendment that the coconut oil produced in the Philippine Islands will have a decided advantage over oil from the rest of the world. In other words, we give them a 4-cent per pound preferential duty in this bill. So far as the Philippine Islands are concerned, they are taken care of.

Mr. McDUFFIE. What is it selling for now? Is it not less than 3 cents?

Mr. SHALLENBERGER. We know that coconut oil will be consumed in this country to a certain extent and the Philippine oil will have that market.

Mr. McDUFFIE. We do not know that. Japan may take over this soap industry. This means a tariff embargo in the guise of a tax.

Mr. SAMUEL B. HILL. Mr. Speaker, I reserve the balance of my time.

Mr. SHALLENBERGER. Our Government, through the A.A.A., is levying a processing tax on our farm products, hogs, cotton goods, and thereby on the oils that come in competition with imported oils from the Philippines. We return the tax collected on coconut oil and manufactured tobacco to the Philippine treasury. This oil tax is not adverse to the Philippine people, but like all our legislation touching those islands gives to them an especial benefit by guaranteeing to them a protected American market.

Mr. BOYLAN. Mr. Speaker, will the gentleman yield for a question with regard to the tax on coconut oil?

Mr. SAMUEL B. HILL. I yield for a brief question.

Mr. BOYLAN. Instead of collecting the tax and then paying it over to the Philippine government, would it not be far better to exempt Philippine oil from duty?

Mr. SAMUEL B. HILL. That is, of course, a controversial question which we cannot decide here. I might have my opinion and the gentleman might have his opinion.

Mr. BOYLAN. That is the effect of the amendment, is it not?

Mr. SAMUEL B. HILL. We could not in conference make such a change as the gentleman from New York suggests.

Mr. Speaker, I yield 10 minutes to the gentleman from New Jersey [Mr. BACHARACH].

Mr. TREADWAY. Mr. Speaker, before the gentleman from New Jersey begins, may we not have an understanding with regard to time? The gentleman has consumed 30 minutes. Are we to have 30 minutes on the minority side?

Mr. SAMUEL B. HILL. I have used 30 minutes.

Mr. TREADWAY. I understood that we were to have 30 minutes on the minority side.

Mr. McCORMACK. Mr. Speaker, if the gentleman will yield, why would it not be a better proposition to ask unanimous consent that time for consideration of the conference report be extended to 2 or 3 hours?

Mr. SNELL. We tried to do that earlier in the day, but were not successful.

Mr. TREADWAY. We had an agreement with regard to time. I did not understand that the gentleman from Washington wanted to control the entire half hour on this side. I expected, of course, to have yielded to the gentleman from New Jersey exactly the time the gentleman from Washington has yielded to him.

Mr. Speaker, may I ask the gentleman from Washington whether, after the gentleman from New Jersey concludes his statement, I shall have 20 minutes under my control?

Mr. SAMUEL B. HILL. No; but I will yield 20 minutes to the gentleman from Massachusetts [Mr. TREADWAY] to be used by him, or I will yield a total of 20 minutes to such gentlemen on his side of the House as the gentleman from Massachusetts may designate. Let the gentleman from New Jersey proceed. The gentleman knows I wish to be fair.

Mr. TREADWAY. Certainly, I realize that; but it was my understanding that we would have 30 minutes on this side under my control.

Mr. BACHARACH. Mr. Speaker, I must refuse to yield until I finish my statement.

I call attention to the fact that the Chairman of the Ways and Means Committee, prior to our conference, stated that the conferees proposed to stick by the bill as it passed the House.

It has been my privilege to serve a number of times as a member of the conference committee on revenue legislation, but this is the first time that I have refused to sign the report of the conferees.

I have taken this attitude because I am not in sympathy with the provisions of the act as it comes from the conference committee, for it represents practically a complete surrender to the Senate on the part of the House. This is evidenced by the fact that the House receded on some twenty-odd of the more important amendments made by the Senate, while the Senate receded in not more than a half dozen, compromising on about 10 or 12 others.

You will remember that a special subcommittee of the Ways and Means Committee was appointed in the last session for the purpose of making a special study of our revenue laws, with a view to plugging up the leaks, and so forth. This committee labored over a period of 8 or 9 months and made a report to the full committee when we met in December, making certain recommendations and suggestions to be incorporated in the new revenue act, many of which were written into the bill as passed by the House.

We were told, and the country was assured, that there was not to be any increase in taxes or any new taxes, but instead additional and sufficient revenue would be raised by plugging up the holes through which the rich and the wealthy taxpayers were escaping payment of their just taxes.

As far as I can see, the holes which our special committee told us were in our tax laws and should be plugged up are still in the act as it comes back to us from the Senate and the conference committee. Our taxes have been substan-

tially increased in many instances, and practically no attention has been paid to the recommendations of the Ways and Means Committee as embodied in the House bill.

The bill as adopted by the House, which inflicted no new taxes other than the import tax on coconut oil, would provide additional revenue estimated at $258,000,000 in a full year of operation. Under the act as agreed to in conference, the estimated revenue, exclusive of the so-called "Couzens amendment" for an additional 10-percent super income tax, will be $417,000,000, and the difference between these two amounts represents new and additional taxes added by the Senate and agreed to in conference.

If the Couzens amendment, upon which you will be given an opportunity to vote today, is accepted by the House, it will add an additional $55,000,000 to our tax burden, bringing the total estimated revenue under the new bill up to $472,000,000. We were told by the Senate conferees that this additional revenue to be raised by new taxes was made necessary by reason of the passage of the independent offices appropriation bill over the President's veto, increasing Government salaries and increasing compensation and pension payments to our war veterans. Let us just analyze this for a moment: The independent offices bill, as enacted into law, carries increases to veterans in the amount of $76,712,000 and for wages for Government employees $90,000,000, a total of $166,712,500.

To meet that increase in current expenditures, the distinguished body at the other end of the Capitol increase our Federal tax burden by $214,000,000 over and above the increase in revenue under the House bill.

As a matter of fact, the bill as adopted by the House already provided approximately $100,000,000 over and above the cost of increasing veterans' allowances and Government salaries, not considering the savings that will accrue to the Government, estimated at $125,000,000, by the adoption of the independent offices bill.

The bill passed by the Senate was not the handiwork of the Senate Finance Committee; it was written on the floor of the Senate and bears little or no resemblance to the bill reported to the Senate by the Finance Committee. You of the majority party cannot claim this as a Democratic bill, and I am sure that when its provisions become known to the taxpayers you will be glad to deny its parentage. The Republican members of the conference committee, with the exception of one, have refused to sign the conference report. We voted consistently against most of the Senate amendments. Your conferees have signed this report, and your party must accept the responsibility for this legislation by reason of the action of your conferees.

I do not know if anyone will have the temerity to get up here and advocate the acceptance of the Couzens amendment; if so, no doubt it will be pointed out to you that this supertax of 10 percent is only a temporary proposition and is good only for 1 year. I have been here going on 20 years and have seen a number of bills come in here with vicious legislation disguised as 1-year propositions, and the RECORD will bear me out when I say that there has been very little legislation placed on our statute books for 1 year that has not been continued from year to year thereafter. We have a sample of this right in this bill; the capital-stock tax carried in the Industrial Recovery Act was to be repealed with the repeal of prohibition. The House did not incorporate that tax in the House bill, but lo and behold, we find it put back in the bill by the Senate because it is an easy tax to collect. It is easy to write new taxes into a law, but it is quite a different thing to repeal them.

I have not the time to go into all the important amendments added by the Senate and agreed to in conference, but I want to touch on a few of them.

You have heard much about consolidated returns. The House bill continued the filing of consolidated returns but increased the penalty from 1 percent to 2 percent for that privilege. The Senate amendment prohibited the filing of such returns; the conference committee in effect accepted the Senate amendment, reserving the privilege of filing consolidated returns to railroads but to none other.

Why an exception should be made only in the case of railroads is a little beyond my comprehension. The Treasury officials, who are charged with the responsibility of administering the law, are in favor of continuing the filing of consolidated returns, and asked for no change in the law in this respect. I prefer to follow the advice of the tax experts of the Treasury Department in matters of this sort and, therefore, opposed both the Senate amendment and the conference compromise.

Publicity of tax returns: I am unalterably opposed to the Senate amendment and the conference compromise. In my opinion, there is absolutely no need of this new legislation. Under the present law the President has authority to open tax returns for inspection to such an extent as he may deem advisable, and Congress has authority to review tax returns at any time.

The compromise agreed to by the conferees, in my opinion, is as bad as the amendment itself. Under it every taxpayer must file with his return a little card showing the total amount of gross income, total deductions, net income, total credits against net income, income subject to normal tax, total tax before credits against tax, and the tax payable.

It is practically a duplication of one's tax return; we know that few people are able to make out their own tax returns and they will have as much difficulty in making out the little card which must be attached to the return.

If the taxpayer fails to make out the card, the Government will do it for him, to make sure that his neighbor will have an opportunity to snoop around and find out all about one's private affairs, and for this assistance the Government will charge the taxpayer $5. It is a ridiculous proposition on the face of it, and I predict that it will come back to plague its sponsors.

Under the agreement reached by the conferees the lower brackets of the income-tax schedule have been increased beyond necessity, while the rates in the upper brackets and the estate tax are practically confiscatory.

Just when the country is supposedly starting to get on its feet and we have the assurance of the Democratic administration that prosperity is not just around the corner, but has definitely arrived, a monkey wrench is thrown into the machinery by bringing out a tax bill that, in spite of the assurances given to the country that there would be no increase in Federal taxes, substantially increases the general tax burden by putting additional levies not alone upon business and industry but also upon the masses of thrifty individuals who were hoping for relief.

I realize that there is little possibility of having this conference report voted down, but I hope that the House, at least, will sustain the action of its conferees in refusing to accept the Couzens amendment.

I am taking the time of the House merely to point out the fact that the Republican members of conference, with the exception of one of the Senate conferees, refused to concur in the more important amendments made by the Senate to the House bill and vote against their acceptance.

We lay the responsibility for this bill as it goes to the President for signature upon the doorstep of the Democratic administration, where it properly belongs.

ITEMS IN REVENUE BILL ON WHICH THE HOUSE AND SENATE, RESPECTIVELY, RECEDED, AND THOSE WHICH WERE COMPROMISED

House receded: Capital-stock tax, excess-profits tax, estate tax, gift tax, tax on colored matches, abolition of consolidated returns (except as to railroads), capital gains and losses (additional bracket), exemption of dividends out of pre March 1, 1913, earnings, restoration of full credit for foreign taxes, termination of soft-drink tax, fur tax (exemption of articles up to $75), jewelry tax (exemption of articles up to $25), termination of boat tax, termination of candy tax, allowance of capital net loss up to $2,000, exemption of bond losses of banks from capital-loss limitation, enlargement of tax-free reorganization provisions, report to Congress on compensation of corporate officers and employees, personal holding companies (revision), administration of gasoline and lubricating-oil taxes, revision of provisions relating to tax on production of crude petroleum.

Senate receded: Expiration of check tax, reduction of tax on nonbeverage alcohol (leaving rate at $2), withholding in case of tax-free covenant bonds, proposed exemption from tax of annuity payments up to $500, awards to informers ("hot oil").

Compromised: Income-tax rates, earned-income credit, publicity of returns, tax on oils and fats, tax on sales of produce on exchange, General Counsel for Treasury, assistants in Treasury, nondeduction of contributions to propaganda organizations, exemption of farmers' cooperatives (extension).

Mr. McFARLANE. Will the gentleman yield?

Mr. BACHARACH. I yield to the gentleman from Texas.

Mr. McFARLANE. I want to get straightened out on some of the statements the gentleman made, especially as to the vote. That was on the consolidated returns?

Mr. BACHARACH. I could not say whether it was on the consolidated returns or not.

Mr. McFARLANE. I think it was. They refused to reconsider that vote by a vote of 58 to 18.

Mr. BACHARACH. I understand from my colleague from California that that statement is not quite correct, but it is immaterial. The point is that the Ways and Means subcommittee worked here for 8 or 9 months, and they might just as well have stayed home for the amount of good that was done over there. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that the time for the discussion of this conference report may be extended 30 minutes beyond the original 1 hour.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, I do not want to intrude on the gentleman's program here, but we asked for an extension of time and the gentleman declined our request before the session opened this morning and declined it during the session. I do not think it is fair now, after I have told the Republican Members that there was no time available, for the gentleman to come in with a last-minute request for an extension of time.

Mr. BEEDY. Mr. Speaker, I object.

Mr. SAMUEL B. HILL. How much time does the gentleman desire to be yielded?

Mr. TREADWAY. I presume I have all the rest of the time.

Mr. SAMUEL B. HILL. I yield the gentleman from Massachusetts [Mr. TREADWAY] 20 minutes.

Mr. TREADWAY. It is understood I may yield the 20 minutes to anyone I see fit?

Mr. SAMUEL B. HILL. It is not so understood.

Mr. TREADWAY. The gentleman is not willing that I should yield any part of the 20 minutes to Republican Members on this side?

Mr. SAMUEL B. HILL. I will yield to whomsoever the gentleman from Massachusetts designates.

Mr. TREADWAY. Will the gentleman yield 2 minutes to the gentleman from Wisconsin [Mr. FREAR]?

Mr. SAMUEL B. HILL. I yield 2 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Speaker, it seems to me that time ought to be controlled by the leader of the minority on this side. However, I thank the gentleman from Washington for giving me this brief time to make a statement.

We have had a publicity law covering tax returns in the State of Wisconsin for many years. The belief there has been that it enables the people as a whole to determine whether certain taxpayers were trying to avoid payment of their taxes either as to amount or as to their general character. That question has been asked here. I do not know what influenced the conferees or what influenced the Members of the Senate, but I do know that publicity has had no adverse effect in Wisconsin. We find in Wisconsin that it has not been hurtful but helpful in tax enforcement. I offered an amendment to that effect in committee, which was defeated when this bill was before our committee.

So far as Wisconsin is concerned, I believe it has been a good thing, and publicity prevents tax evasion. It is framed here so that the restriction will not be harmful, and I do not think it will expose the taxpayers to the danger suggested in the inquiry. Based on the experience of Wisconsin, it is a good amendment and rightfully retained by the conferees.

Mr. TREADWAY. Will the gentleman yield 4 minutes to the gentleman from New York [Mr. FISH]?

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I do not know what can be said in 4 minutes on a bill as important as this huge tax bill. However, I desire to make just a few observations.

The State of New York pays about 33 percent of the Federal income tax, therefore we will pay about 33 percent of this bill, which further increases the burden of taxation. I presume that we will pay a good deal more, because the higher brackets have been raised, most of which come from the State of New York, and it may well be that we will pay 50 percent of this particular bill, owing to the heavy increases in the higher brackets of both the income- and estate-tax payers.

The reason for the bill, of course, is the gigantic expenditures by the Federal Government. May I point out that since 1929 the rich income-tax payer, the fellow in the higher brackets, has almost disappeared, and yet we are endeavoring to tax him more in this bill. I predict we will not get very much in the way of returns. In 1929 there were 38,889 people in this country who had taxable incomes of $50,000 or more a year.

In 1932 this had been reduced to 7,431.

In 1929 there were 513 people who had incomes of over $1,000,000.

In 1932 there were 20 people in the United States who had incomes of over $1,000,000.

I am not opposing estate-tax legislation, because it is a fair and equitable tax and cannot be dodged. Death is inevitable for both rich and poor alike. When the rich die they cannot take their money with them, and that is one time when you can levy taxes upon them that no loophole or lawyer can prevent. But you cannot levy taxes in the highest brackets on the big income-tax payers, because they are naturally going into tax-exempt securities, and until you pass a tax-exempt security amendment the men of great wealth in this country will put their fortunes in such securities and thus avoid paying a 60-percent tax to the Federal Government and 15 or 20 percent more to local governments, such as municipalities, counties, towns, and so forth. This bill amounts to confiscation of wealth and is a virtual capital levy. Everybody realizes it, and the bill will not bring in the returns you expect.

Today is May Day and all over this country in the industrial cities the communists and the socialists and the ultra-radicals are denouncing our free institutions, both economic and political, and saying that everything is wrong and rotten and corrupt in America and that we are ruled by rich men and controlled by Wall Street.

I want to say in answer to this that there are very few rich men left today in the United States. I have just read the figures showing there are only 20 men who have a million-dollar income, whereas there were 513 in 1929. That indicates that the distribution of wealth has already been largely effected. When we get through with this legislation there will be none at all and our friends, the communists and the socialists, then will not have anything to talk about.

The main thing they say is wrong with America is that 57 rich men control the Congress and the Government and rule our industrial system. We know this is not a fact, but this being May Day I want to point out that we are increasing the taxes on the rich and we are also trying to pass a stock exchange bill, and when we do both of these things, then the communists and the socialists will not have anything left to talk about. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, will the gentleman from Washington yield 4 minutes to the gentleman from Massachusetts [Mr. McCORMACK]?

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I am very sorry I cannot agree with the report of the conferees in some respects.

I consider that in a depression, when we are trying to get private business back into its normal stride, it is very unwise to impose unnecessarily high tax burdens which, instead of assisting and inspiring business, will have a

deflationary effect. If there is any time when Congress should be careful about the imposition of taxes, it is during conditions such as exist now.

We are putting through legislation for the purpose of increasing the price level—some call it inflation—and at the same time we are passing a tax measure which is purely deflationary in its effect and in its character. This is an inconsistent position.

Reference has been made to the publicity feature involved in this measure. It is nothing but a snooping proposition. The American public does not want publicity on tax returns that will prove harmful in its nature. We had it in 1861, when the first income-tax law was passed to raise revenue to help bear the burdens of the Civil War, and it was repealed in 1862. Public opinion demanded its repeal. Congress passed it again in 1909, and again an aroused public opinion compelled its repeal in 1910. In 1924 an amendment providing for publicity, much milder than the provision proposed by the conferees, was passed, and either in 1925 or 1926 an aroused public opinion again compelled Congress to repeal such legislation. It was simply used by business competitors, by stock salesmen, and others in an abusive way.

There is one State in the Union that has publicity so far as State income-tax returns are concerned—the State of Wisconsin. Every other State in the Union has a provision against publicity, against the activities and enterprises of business men being ascertained by competitors, against the results of unnecessary, unwise, or pitiless publicity. It is absolutely unnecessary on tax returns made by our citizens.

I am opposed to it because it is destructive. There is nothing progressive about such legislation. It is destructive in its character and in its effects.

The repeal of consolidated returns with the exception of railroads is unjustifiable. If it is justifiable to permit consolidated returns with respect to railroads, it is perfectly justifiable, in my opinion, to permit same with reference to other corporations. This is no time to disturb the efforts of private business in its return to normalcy by such legislation.

I realize this privilege has been abused, but we should curb and regulate and control the abuse. We should not undertake to try to remove the abuse by completely eliminating the proper and legitimate use of anything, and that is what the Senate undertook to do when they put this amendment in the bill on the floor of the Senate, and what we are undertaking to do today.

The conferees have had a difficult task, but as I look this report over, it is practically on all major propositions a complete surrender on the part of the House conferees to the amendments that were put on in the Senate, not by the Senate Finance Committee, but written into the bill on the floor of the Senate.

This bill started out as a bill to eliminate tax evasions. The Senate changed it into a bill providing for new taxes, deflationary and harmful, and I hope that the features I have referred to, if the conference report is defeated, will be eliminated. I realize, of course, the difficulty of defeating the conference report and the probability that it will be agreed to, but I cannot restrain myself from expressing my views on at least these two important matters. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield the balance of the time to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, my colleague, the gentleman from Massachusetts [Mr. MCCORMACK], has made a good deal better speech in opposition to the conference report than I am capable of making, and I congratulate him on his remarks. He is absolutely correct in saying that the House yielded to the Senate all down the line on important amendments. It is a Senate floor measure and not a Finance Committee measure. The important items were included in the bill on the floor of the Senate. I think it is important to have this fact in mind when Members come to vote on the conference report.

To prove that statement, let me call your attention to a few figures. We were extremely liberal in the House, and the bill left the House with an estimated yield of $258,000,000. It went to the Finance Committee of the Senate, and when reported by the Finance Committee of the Senate it called for a yield of $330,000,000.

It went from the hands of the Finance Committee to the floor of the Senate, and when the Senate got through with it, with all these various obnoxious amendments, it called for a yield of $480,000,000.

It is true that the bill before you today is estimated to produce $417,000,000. You can calculate for yourselves whether the House Ways and Means conferees rewrote the bill increasing it $160,000,000 or whether the Senate Finance Committee rewrote the bill increasing it over $80,000,000, or whether the men in control of the Senate—and I could name them if parliamentary procedure permitted—wrote this bill.

It is therefore absurd to claim that the House conferees were successful in their support of the House measure. I can see but one reason for the adoption of the conference report. I naturally am not in the confidence of the administration. If the majority of the conferees have been informed that the administration wants that amount of money taken from the taxpayers of the country, I assume that it will be adopted. But if that sum should be collected, the country is entitled to know it as well as the three House conferees on the part of the majority.

The only real merit in the bill is the fact that if the administration wants it, of course it will be adopted.

There has been very little in the open about this bill. It was extremely difficult for the House subcommittee to secure any information whatever, but eventually we were provided with the services of a very efficient gentleman from the Treasury Department in the person of Professor Magill.

A very different procedure was followed by the administration in the preparation of this bill from that adopted in the preparation of the so-called "reciprocal tariff bill." When that bill was under consideration we were flooded with professorial, doctrinaire opinions of departmental assistants, who endeavored to enlighten us with the theoretical views they hold. But when practical information was wanted about the needs of the Treasury it was not at our command.

I know of no time in our history when reduction of taxes would be more desirable than now, when we are endeavoring to put new life into industry. For those who have interests in industry to be confronted with additional burdens of taxation can have but one result, namely, the destruction of initiative and incentive.

In confirmation of this I quote the following editorial from the Berkshire Evening Eagle, of Pittsfield, Mass.:

KILLING THE GOOSE

A declaration is made in Washington that the new revenue bill will lay an additional burden of $200,000,000 on business—an alarming prospect. Here is something definite and tangible to think about. Already it is staggering beneath its load. From one of the most important companies in the country comes a dividend check of 19 cents! Up to now it has been $5. This is the tax story told by a service company nearer home: 1928, $56,266; 1929, $59,648; 1930, $62,671; 1931, $84,974; 1932, $94,170; 1933, $98,567. Upward, upward, ever upward. We have much to fear from the ever-increasing cost of government. There will have to be a showdown and an answer one of these fine days. Business ought to be encouraged, not throttled.

At this point let me quote an extract from a letter which I received this morning from a taxpayer in Massachusetts as emphasizing the effect which this legislation is bound to have on our citizens:

My own wonder is that there has not been a unanimous refusal, concerted, to pay any more taxes anywhere at any time. Such a taxpayers' strike is inevitable either by design or actual inability to pay anything and live, or both. Personally I prefer the direct method of refusal before pauperism forces the indirect way. The enclosed editorial from this morning's Boston Herald says the same thing in better but not less direct words. Government spending must stop and quickly. * * *

No "brain trust" can work anything diametrically opposed to natural phenomena. Old Mother Nature will run her business, equalizing things in her own inimitable way, and no "brain trust" will swerve her one iota from her course, which has been made sufficiently plain through the ages past.

The editorial referred to above follows:

[From the Boston Herald of Apr. 30, 1934]

A VICIOUS POLICY

Business, trade, and commerce must be brought into Boston from the outside and even from far beyond its boundaries and beyond the State and country as well. A vicious policy of waste, extravagance, and high taxes has driven people and business not only to other cities and towns but outside the State. The nonresidents doing business here would be forced out by the imposition of an occupational tax on nonresidents to Boston's great loss. (Mayor Mansfield.)

His honor could have gone a great deal further without overstating the truth. He could have said that most of the taxes proposed in city hall, the statehouse, and the Capitol at Washington are plus propositions. That is, they do not usually offset other charges. They do not lighten the burden on real estate. They hit the poor as hard as the rich.

Our heavy State income tax, the poll tax which was utilized for a time to finance old-age pensions, the new revenue from liquor licenses, the gasoline taxes which were designed originally for highway building and improvement only—have these improved the condition of the wage earner who owns a home, or the corporation which has heavy realty holdings, or the merchants of Boston, or the thousands who are on their pay rolls?

The upward march of taxes is one answer. Increased borrowings are another. Default in payments of real estate taxes is another. Poverty appeals to Washington are another. Requests for a decrease in appraisals are another. The proposed occupation tax on non-Bostonians, which would add to the load which they are already carrying in their home communities, is still another. It is a grotesque suggestion. Unfortunately, ideas just as damaging have been put on the books. Once there, they usually remain. It is easy enough to legislate them on. It is almost impossible to get them off.

"Why, we Americans don't know what taxation is", say students of the problem and those who have been abroad. Well, we are learning. If the present trend continues, we shall go even beyond our foreign brethren. The figures issued recently by the national industrial conference board indicate this clearly enough. An article yesterday in the New York Times by P. W. Wilson, entitled "Our Tax Burden Nearly as Heavy as Britain's", makes the same point.

These records show that the ratio of taxation to national income has gone up in England from 23 to 25.7 percent; in Germany from 19.3 to 25.2 percent; in the United States, from 11 percent in 1926 to 20.3 percent in 1932. The new deal will accelerate the movement upward. "The comparisons", says Mr. Wilson, "upset important assumptions formerly taken for wranted. Britain is still the most heavily taxed country. But the difference in this respect between her and other countries, especially the United States, is not what it has been assumed to be. The United States on ratio to national income is almost as highly taxed as Germany and four fifths as highly taxed as Britain in 1931."

The remedy for the accumulating evil is discernible, but legislators fear to adopt it. They devise new exactions and authorize freak borrowings, but stubbornly refuse to economize to the extent necessary. What the mayor characterizes as a "vicious policy of waste and extravagance" continues in most places. Remove them, and improvement will be expedited. Go on with them, and the consequences will be disastrous.

Ultimately, taxpayers all over the country would strike in such numbers that the combined military forces of the Nation and the States would be powerless. That is the history of most popular uprisings. The motives which induced them are just as powerful under the new deal as ever before.

Mr. TREADWAY. The House bill was estimated to produce $258,000,000, which was several millions more than the administration asked for. The main object of the bill was to stop legal loopholes which had developed in the administration of the law. The Senate bill, which was the basis of the conference, goes far beyond these stopgaps and places an entirely unnecessary burden on the taxpayers. It is estimated to produce $480,000,000, or $222,000,000 more than the House bill. I see no reason for this tremendous tax levy when indications are pointing to business recovery.

Reference has been made to these various additions. I think they constitute ample reasons why the conference report should be voted down.

Another reason is the provision for publicity of returns. That has been tried under a previous law and found to be a dismal failure, and it was therefore repealed. There is no reason why every individual should see every other man's income-tax return unless it is for the purpose of blackmail or snooping around and getting information they are not entitled to. Congressional committees can secure them now. The Finance Committee of the Senate, the Ways and Means Committee of the House, or any authorized committee of Congress can have every tax return brought to their open door.

Now, the N.R.A. Act of last year had inserted in it a provision which I will read. Section 218 provides:

SEC. 218 (h) Section 55 of the Revenue Act of 1932 is amended by inserting before the period at the end thereof a semicolon and the following: "And all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President."

By what more authority do you want the right to see tax returns than to get your permission from the President of the United States?

Reference has been made to the fact that the State of Wisconsin has a provision in its income tax law for publicity of returns. In this connection I wish to point out that the Wisconsin State Tax Commission, in its annual report for 1930, severely criticized this provision. The report states:

There have been no instances where public inspection has brought forth unreported income, and as to its anticipated effect in producing more correct returns experience has shown that it has had the opposite effect.

* * * * * * *

A survey shows that public examination is almost wholly without any public motive or significance but that advantage is taken of it to serve purely private and personal interests.

Consolidated returns is another subject of great interest. What are the facts in connection with it? The House committee and the House and the Finance Committee of the Senate, everybody, up to the time the vote was taken on the floor of the Senate, favored consolidated returns. The Treasury Department included, but the Senate was allowed to take out consolidated returns, and all that was saved from the wreck finally in the conference was permission for the railroads to file consolidated returns. Is there any good reason why railroads should not take their position alongside of any public-service corporation that is regulated by the laws of the State or the Nation? Why should not public utilities be granted the same rights as the railroads are? The whole subject matter is so unfair that this report should be voted down on that ground also.

I agree with numerous changes that the conferees made in some of these nuisance taxes. If I had supposed that there was any such tremendous sum going to be added to this conference report, I should have favored taking off further taxes of that nature. They reach directly to the people, and the people find great fault with taxes of that nature. If we had supposed that any such thing as this was to be added to this bill in this conference, certainly there would have been proposals to remove others, but we were hamstrung within the limits of the conference, and we could not make those changes.

The only item of any large sum that the House conferees accepted freely and without any discussion whatever was that of the capital-stock and excess-profits taxes, which will raise $95,000,000. I consider that was a breach of good faith. The excess-profits tax and the capital-stock tax were put in the National Industrial Recovery Act last year to finance the $3,300,000,000 public-works program, and it was distinctly agreed and provided in the law that when the eighteenth amendment was repealed those taxes should go off. Yet the very first opportunity to put them back on, they go back on. They were temporary taxes, purely temporary, but they now become permanent; and that is an indication of the method that we can expect to see carried out all through these so-called "temporary emergency propositions" in all of the legislation which we have passed within the last year. You will find a demand to make these features permanent not only in the tax bill but in all the so-called "recovery acts", and this is a good illustration of it.

The income-tax schedule I personally approve, and was very glad to find that we could reach an agreement whereby the lower brackets were given fair and just treatment.

They are increased above what I should like to see up to $20,000, but that was part of the general program of fair advancement, and so we can continue through all of these items.

The estate tax has been referred to. When you get up to 60 percent in an estate tax, where there is necessarily not available cash to pay such a tax, it practically means confiscation. Possibly that is a fair way to distribute the wealth of the country, but nevertheless it does bear the element of confiscation. I hope the conference report will be voted down.

Never was there less information available to Congress or to the public. I assert that the people are beginning to wake up to the fact that we cannot run a government on faith or through evolution or experimentation. It must be done on the basis of sound business and financial judgment.

Such a bill as this will shatter faith, deprive industry of confidence, and lead to chaotic conditions. Bear in mind in voting for this conference report that this is not the total amount of internal-revenue tax. This is a brand-new tax on top of that contained in existing law.

If the Democratic Party wants to assume the responsibility for taking $417,000,000 more out of the pockets of our citizens for the sake of paying for extravagant experiments in government, that is their look-out. As one elected Representative responsible to the voters of his district, I refuse to do so.

I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TREADWAY. Now, let us examine a little into the details of the conference report. This measure was originally conceived as a bill to prevent avoidance of existing taxes. The Ways and Means Committee gave no thought to reporting out a general revenue bill. We advocated no new taxes but simply endeavored to get all that was coming to the Government under existing levies. As the bill comes back to the House from the conference, what do we find? We have what amounts to a general revenue revision. If the Ways and Means Committee had originally proposed a general revision, we no doubt would have given thought to the elimination of the existing nuisance taxes, if we had at the same time proposed increasing existing levies and imposing new ones. As it is, we have both.

INCOME TAXES

Under the House bill, we gave substantial relief to the smaller taxpayer having income from salaries and wages, and at the same time increased the tax somewhat on those having incomes from dividends and partially tax-exempt interest. The Senate felt that the smaller taxpayers were not entitled to the relief which we had given them and increased the tax in the lower and middle brackets. The conference rates are a compromise between the two views. Personally, I can see no justification for the increase over the House bill.

At this point I will include a table showing how the average taxpayer in each income bracket will be affected by the different schedules. This table is based upon the experience of the Treasury Department as regards the proportion of the net income of taxpayers in the various brackets, which is from salaries, wages, and so forth, and that which is from dividends and interest. Tables showing the tax applicable to earned incomes, or to income from dividends, do not present a true picture of the effect of the changes upon the average taxpayer.

The table is as follows:

Total normal tax and surtax after earned-income credit on average incomes as reported for 1932 by net incomes of $5,000 and over, under H.R. 7835 as passed by House and as passed by Senate (before 10-percent additional tax) and under proposal of Apr. 25, 1934, each as compared with total normal tax and surtax under 1932 act

Net-income classes (thousand dollars)	Normal tax and surtax				Percentage increase or decrease over 1932 act under H.R. 7835		
	1932 act	H.R. 7835					
		As passed by House	As passed by Senate (before 10-percent additional)	Conference agreement	As passed by House	As passed by Senate (before 10-percent additional)	Conference agreement
					Percent	*Percent*	*Percent*
5 to 6	$96.73	$75.93	$75.93	$75.93	−21.50	−21.50	−21.50
6 to 7	126.35	98.40	98.40	98.40	−22.12	−22.12	−22.12
7 to 8	174.70	169.28	177.99	169.28	−3.10	1.88	−3.10
8 to 9	232.35	232.24	250.54	231.44	−.05	7.85	−.39
9 to 10	292.15	298.64	343.48	304.52	2.22	17.57	4.23
10 to 11	354.02	364.46	440.64	380.52	2.95	24.47	7.49
11 to 12	423.19	440.10	543.68	463.16	4.00	28.47	9.44
12 to 13	485.81	510.32	641.86	541.10	5.05	32.12	11.38
13 to 14	564.79	597.36	757.02	635.38	5.77	34.04	12.50
14 to 15	643.00	679.30	865.40	724.00	5.65	34.59	12.60
15 to 20	886.97	946.48	1,212.65	1,019.47	6.71	36.72	14.94
20 to 25	1,470.65	1,591.88	1,943.60	1,715.60	8.24	32.16	16.66
25 to 30	2,175.92	2,453.24	2,854.52	2,626.52	12.74	31.19	20.71
30 to 40	3,300.73	3,781.26	4,261.19	4,023.19	14.56	28.80	21.89
40 to 50	5,329.36	6,155.96	6,627.96	6,399.96	15.51	24.37	20.09
50 to 60	7,492.21	8,720.28	9,192.28	8,964.28	16.39	22.69	19.65
60 to 70	10,350.38	11,998.10	12,470.10	12,242.10	15.92	20.48	18.28
70 to 80	13,728.79	15,713.88	16,185.88	15,957.88	14.46	17.90	16.24
80 to 90	17,407.04	19,804.57	20,276.57	20,048.57	13.77	16.48	15.18
90 to 100	21,061.06	23,903.44	24,375.44	24,047.44	12.91	15.15	14.07
100 to 150	32,827.48	36,346.38	36,818.38	36,590.38	10.72	12.16	11.46
150 to 200	54,841.96	60,255.83	60,727.83	60,499.83	9.87	10.73	10.32
200 to 250	77,668.78	84,562.98	85,034.98	84,806.98	8.88	9.48	9.19
250 to 300	99,680.49	104,627.96	105,099.96	104,871.96	5.28	5.76	5.53
300 to 400	133,041.94	144,467.49	144,939.49	144,711.49	8.59	8.94	8.77
400 to 500	177,267.69	190,473.11	190,945.11	190,717.11	7.45	7.72	7.59
500 to 750	237,127.95	256,406.32	256,878.32	256,650.32	8.13	8.33	8.23
750 to 1,000	344,873.82	366,995.57	367,467.57	367,239.57	6.41	6.55	6.49
1,000 to 1,500	591,108.91	637,298.22	637,770.22	637,542.22	7.81	7.89	7.86
1,500 to 2,000	568,523.33	614,424.32	614,924.32	614,684.32	8.07	8.16	8.12

ESTATE-TAX INCREASE

Mr. TREADWAY. The present estate tax imposes a maximum levy of 45 percent. This is increased to 60 percent under the conference agreement.

There are many who feel that the present estate tax is about as far as we ought to go in redistributing wealth through taxation. In many cases the property depreciates between the date of death, when the tax is imposed, and the time of distribution, and by the time the taxes are paid the heirs have very little left. Without some provision guaranteeing against virtual confiscation of estates, I cannot support the increased rates provided in the conference report.

CONSOLIDATED RETURNS

The conference agreement provides for the abolishment of consolidated returns except as to railroads. The House

bill provided for the continuation of the privilege of filing such returns but increased the penalty from 1 perecent to 2 percent. The Senate Finance Committee supported the House provision, but the entire section was stricken from the bill on the Senate floor.

The action of the conference committee in favoring the Senate action, except as it would affect the railroads, overrides the considered views of the Ways and Means Committee, the House of Representatives, the Senate Finance Committee, and the Treasury Department.

PUBLICITY OF RETURNS

The amendment relating to publicity of returns is also a Senate amendment which was inserted on the floor of that body, without consideration by the Finance Committee. The conference agreement is a modification of the Senate amendment and is intended to satisfy those who desire to snoop into their neighbor's affairs.

The Ways and Means Committee of the House, the Finance Committee of the Senate, and the Joint Committee on Taxation—all have the power under existing law to inspect income-tax returns, and there is absolutely no reason for throwing returns open to the inspection of persons who have no business with them.

DIVIDENDS OUT OF PRE-MARCH 1, 1913, EARNINGS

The House has several times included in revenue bills a provision removing the exemption in favor of dividends declared out of corporate earnings or profits accrued prior to March 1, 1913. The Senate has always eliminated the House provision, and the item has gone out of the bill in conference. There is absolutely no justification for the exemption, and the Supreme Court has upheld the power of Congress to tax such dividends. Therefore, I cannot agree with the majority conferees in yielding to the Senate on this provision.

FOREIGN-TAX CREDIT

The House bill reduced the credit for foreign taxes paid by citizens and domestic corporations doing business abroad to one half the present allowance. The Treasury Department, the State Department, and the Department of Commerce—all advocated the retention of the present law as a mean of encouraging our foreign trade. The conference agreement restores the full credit.

TAX ON CHECKS

Under existing law the tax on checks expires July 1, 1935, The House bill moved the expiration date up to January 1, but the Senate eliminated this provision. The conference agreement restores the earlier expiration date. This was one of the few items on which the Senate yielded.

I should have been glad to see this tax repealed at once, as it is one of the most objectionable of the nuisance taxes and doubtless has a tendency to discourage the use of checking accounts, thereby keeping money out of the banks.

TAXES ON SOFT DRINKS AND CANDY

The House bill repealed the tax on unfermented fruit juices, and the Senate struck out the entire soft-drinks tax, together with the tax on candy. The conference agreement retains both these Senate amendments, with which I am in hearty accord.

TAX ON JEWELRY

The conference agreement retains the Senate amendment exempting from the tax on jewelry all articles of jewelry (including clocks) sold by the manufacturer, producer, or importer for less than $25. While I should have been glad to see this tax repealed in its entirety, I am glad to support the Senate provision.

TAX ON FURS

The conference agreement also retains the Senate amendment exempting from the tax on furs all articles of which fur is the component material of chief value, sold by the manufacturer, producer, or importer for less than $75. This tax was particularly objectionable, because it applied to many low-priced garments which were simply trimmed with fur. As long as the fur on the garment was more valuable than any other component material, the article was subject to the tax. As most women's coats have some fur on them, the levy amounted to a tax on cheap clothing.

CONCLUSION

While I am in sympathy with many of the provisions of the bill, I am unable to vote for the adoption of the conference report. I have been a conferee in connection with a number of revenue bills, but this is the first time I have not signed a conference report. I realize that it is impossible to get a bill which is satisfactory to each of us, or which satisfies any one person in every particular, but the objectionable features of the present bill so far outweigh its good features that I cannot give it my support.

I voted for the bill as it was passed by the House, and I could even vote for the bill as it was reported to the Senate by the Finance Committee. The present bill, however, was written on the floor of the Senate by a handful of so-called "Progressives", and did not have consideration and study by either the Finance Committee or the Ways and Means Committee. If a general revenue bill is to be written, let it originate in the Ways and Means Committee in accordance with the constitutional injunction that all revenue bills must originate in the House of Representatives. Let the House have an opportunity to express itself directly upon the subject of new taxes.

Mr. SAMUEL B. HILL. Mr. Speaker, I move the previous question on the conference report.

Mr. McDUFFIE. Mr. Speaker, before the motion is put, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

Mr. SNELL. I reserve the right to object. On what subject?

Mr. McDUFFIE. Upon the conference report.

Mr. SNELL. I am sorry, but I shall have to object to that.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 81, noes 62.

Mr. SNELL. Mr. Speaker, I object to the vote upon the ground that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is not a quorum present. The roll call is automatic. The Doorkeeper will close the doors, and the Sergeant at Arms will notify absentees. The Clerk will call the roll.

The question was taken; and there were—yeas 253, nays 106, not voting 71, as follows:

[Roll No. 134]

YEAS—253

Adams	Carpenter, Kans.	Dockweiler	Green
Arens	Carpenter, Nebr.	Doughton	Greenway
Arnold	Cartwright	Dowell	Gregory
Ayers, Mont.	Castellow	Doxey	Griffin
Ayres, Kans.	Chapman	Drewry	Hancock, N.C.
Bailey	Chaves	Driver	Hart
Bankhead	Church	Duffey	Harter
Beiter	Clark, N.C.	Duncan, Mo.	Hastings
Berlin	Cochran, Mo.	Dunn	Healey
Biermann	Cochran, Pa.	Durgan, Ind.	Henney
Black	Colden	Eagle	Hildebrandt
Bland	Cole	Edmiston	Hill, Knute
Blanton	Collins, Miss.	Eicher	Hill, Samuel B.
Boehne	Colmer	Ellenbogen	Hoeppel
Boileau	Condon	Faddis	Hoidale
Boylan	Connery	Fernandez	Howard
Brennan	Cooper, Tenn.	Fiesinger	Hughes
Brooks	Cox	Fitzgibbons	Jacobsen
Brown, Ga.	Cravens	Fitzpatrick	James
Brown, Ky.	Cross, Tex.	Flannagan	Johnson, Minn.
Brown, Mich.	Crosser, Ohio	Fletcher	Johnson, Okla.
Buchanan	Cullen	Foulkes	Johnson, Tex.
Buck	Cummings	Frear	Johnson, W.Va.
Bulwinkle	Darden	Frey	Jones
Burch	Dear	Fuller	Kee
Burke, Nebr.	Deen	Fulmer	Keller
Byrns	Delaney	Gambrill	Kennedy, Md.
Cady	DeRouen	Gilchrist	Kenney
Caldwell	Dickinson	Gillespie	Kerr
Cannon, Mo.	Dies	Gillette	Kleberg
Cannon, Wis.	Dingell	Glover	Kloeb
Carden, Ky.	Disney	Goldsborough	Kniffin
Carmichael	Dobbins	Gray	Kvale

Lambeth	Miller	Rankin	Thomason
Lamneck	Milligan	Rayburn	Thurston
Lanham	Mitchell	Reilly	Truax
Larrabee	Monaghan, Mont.	Richards	Turner
Lea, Calif.	Montague	Robertson	Umstead
Lee, Mo.	Montet	Rogers, Okla.	Vinson, Ga.
Lehr	Moran	Romjue	Vinson, Ky.
Lemke	Morehead	Rudd	Wallgren
Lesinski	Mott	Ruffin	Warren
Lewis, Colo.	Murdock	Sabath	Wearin
Lewis, Md.	Musselwhite	Sanders	Weaver
Lindsay	Nesbit	Sandlin	Weideman
Lloyd	Norton	Scrugham	Werner
Lozier	O'Connell	Sears	West, Ohio
Ludlow	O'Malley	Secrest	West, Tex.
Lundeen	Oliver, N.Y.	Shallenberger	White
McCarthy	Owen	Shoemaker	Whittington
McFarlane	Palmisano	Sirovich	Wilcox
McGrath	Parker	Sisson	Willford
McGugin	Parks	Smith, Va.	Williams
McKeown	Parsons	Smith, Wash.	Wilson
McMillan	Patman	Snyder	Withrow
McReynolds	Peavey	Spence	Wolverton
Maloney, Conn.	Peterson	Steagall	Wood, Ga.
Maloney, La.	Pettengill	Strong, Tex.	Wood, Mo.
Mansfield	Peyser	Stubbs	Woodruff
Martin, Colo.	Pierce	Studley	Young
Martin, Oreg.	Polk	Tarver	Zioncheck
May	Ramsay	Taylor, Colo.	
Mead	Ramspeck	Terry, Ark.	
Meeks	Randolph	Thom	

NAYS—106

Adair	Eaton	Kocialkowski	Rogers, N.H.
Allen	Edmonds	Kopplemann	Schuetz
Andrew, Mass.	Englebright	Lansetta	Seger
Andrews, N.Y.	Evans	Lehlbach	Shannon
Bacharach	Fish	Luce	Sinclair
Bacon	Focht	McCormack	Snell
Bakewell	Ford	McDuffie	Somers, N.Y.
Beedy	Foss	McFadden	Stokes
Blanchard	Gavagan	McLean	Strong, Pa.
Bloom	Gifford	McLeod	Sutphin
Bolton	Goodwin	Mapes	Swick
Britten	Goss	Marshall	Taylor, Tenn.
Brunner	Granfield	Martin, Mass.	Terrell, Tex.
Carter, Wyo.	Haines	Merritt	Thomas
Chase	Hancock, N.Y.	Millard	Thompson, Ill.
Christianson	Harlan	Moynihan, Ill.	Tinkham
Claiborne	Hartley	O'Brien	Traeger
Clarke, N.Y.	Higgins	O'Connor	Treadway
Coffin	Hollister	Perkins	Utterback
Connolly	Holmes	Plumley	Walter
Cooper, Ohio	Hope	Powers	Welch
Crowther	Jenkins, Ohio	Ransley	Whitley
Culkin	Kahn	Reece	Wigglesworth
Darrow	Kelly, Ill.	Reed, N.Y.	Wolcott
De Priest	Kennedy, N.Y.	Rich	Wolfenden
Dirksen	Kinzer	Richardson	
Dondero	Knutson	Rogers, Mass.	

NOT VOTING—71

Abernethy	Corning	Huddleston	Schulte
Allgood	Crosby	Imhoff	Simpson
Auf der Heide	Crowe	Jeffers	Smith, W.Va.
Beam	Crump	Jenckes, Ind.	Stalker
Beck	Dickstein	Kelly, Pa.	Sullivan
Boland	Ditter	Kramer	Sumners, Tex.
Browning	Douglass	Kurtz	Swank
Brumm	Doutrich	Lambertson	Sweeney
Buckbee	Ellzey, Miss.	McClintic	Taber
Burke, Calif.	Eltse, Calif.	McSwain	Taylor, S.C.
Burnham	Farley	Marland	Thompson, Tex.
Busby	Gasque	Muldowney	Tobey
Carley, N.Y.	Greenwood	Oliver, Ala.	Turpin
Carter, Calif.	Griswold	Prall	Underwood
Cary	Guyer	Reid, Ill.	Wadsworth
Cavicchia	Hamilton	Robinson	Waldron
Celler	Hess	Sadowski	Woodrum
Collins, Calif.	Hill, Ala.	Schaefer	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Woodrum (for) with Mr. Hess (against).
Mr. Sullivan (for) with Mr. Ditter (against).
Mr. Farley (for) with Mr. Muldowney (against).
Mr. Celler (for) with Mr. Cavicchia (against).
Mrs. Jenckes of Indiana (for) with Mr. Doutrich (against).
Mr. Corning (for) with Mr. Wadsworth (against).
Mr. Crowe (for) with Mr. Brumm (against).
Mr. Kramer (for) with Mr. Taber (against).
Mr. Carley of New York (for) with Mr. Buckbee (against).
Mr. Swank (for) with Mr. Tobey (against).
Mr. Browning (for) with Mr. Waldron (against).
Mr. Prall (for) with Mr. Kurtz (against).
Mr. Gasque (for) with Mr. Turpin (against).

General pairs:

Mr. Dickstein with Mr. Beck.
Mr. Underwood with Mr. Guyer.
Mr. McSwain with Mr. Simpson.
Mr. Huddleston with Mr. Eltse of California.
Mr. McClintic with Mr. Lambertson.
Mr. Busby with Mr. Burnham.
Mr. Douglass with Mr. Kelly of Pennsylvania.
Mr. Greenwood with Mr. Stalker.
Mr. Sumners of Texas with Mr. Carter of California.
Mr. Oliver of Alabama with Mr. Reid of Illinois.
Mr. Auf der Heide with Mr. Collins of California.
Mr. Jeffers with Mr. Shoemaker.
Mr. Crosby with Mr. Marland.
Mr. Schulte with Mr. Schaefer.
Mr. Ellzey of Mississippi with Mr. Cary.
Mr. Sweeney with Mr. Hamilton.
Mr. Allgood with Mr. Imhof.
Mr. Smith of West Virginia with Mr. Thompson of Texas.
Mr. Griswold with Mr. Robinson.
Mr. Beam with Mr. Burke of California.
Mr. Crump with Mr. Sadowski.
Mr. Hill of Alabama with Mr. Taylor of South Carolina.
Mr. Abernethy with Mr. Boland.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

THE TAX BILL

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that Senate amendment no. 13 be now considered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

On page 2, line 13 of the bill, insert the following:

"SEC. 14. INCREASE OF TAX FOR 1934

"In the case of an individual the amount of tax payable for any taxable year beginning after December 31, 1933, and prior to January 1, 1935, shall be 10 percent greater than the amount of tax which would be payable if computed without regard to this section, but after the application of the credit for foreign taxes provided in section 131, and the credit for taxes withheld at the source provided in section 32."

Mr. SAMUEL B. HILL. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment no. 13.

Mr. O'MALLEY. Mr. Speaker, I offer a preferential motion. I move to recede and concur in the Senate amendment no. 13.

Mr. SAMUEL B. HILL. Mr. Speaker, this is the so-called "Couzens amendment." It imposes a tax of 10 percent upon the total amount of the normal and the surtax of a particular individual for the year 1934. In other words, after you have calculated your tax, both normal and surtax, under the rates as shall be established in the tax structure, you will then add 10 percent of that total amount to your tax for the year 1934. It applies only to individuals and not to corporations; and it applies to estates in trust.

The conferees of the House are in agreement in resisting this Senate amendment. We feel it was absolutely without warrant or justification. We have not been requested by the administration to levy the tax or to raise more revenues from a general tax revision bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. SAMUEL B. HILL. In just a moment. It imposes one of the greatest burdens upon the taxpayers that has ever been imposed either in war time or in peace time; and certainly now, when there is no such thing, generally speaking, as profiteering in business, when tax sources have almost dried up, I feel very strongly that we should not impose this additional burden upon the taxpayer.

I now yield to the gentleman from Wisconsin.

Mr. O'MALLEY. The gentleman stated that the administration had not made any indication that it wanted this additional 10 percent to carry on the expenses of recovery. The administration has not made any opposition to it, as far as I know, nor have I seen in the papers that the administration is opposed to a 10-percent emergency tax to help pay the cost of recovery.

Mr. SAMUEL B. HILL. Mr. Speaker, I hope the House will vote to support the motion to disagree to this Senate amendment.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. JOHNSON of Texas. Does this amendment apply to the small income tax as well as to the large income tax?

Mr. SAMUEL B. HILL. It applies to every individual taxpayer. It does not apply to corporations, but it applies to the individual taxpayer, small and large.

Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. McDUFFIE].

Mr. McDUFFIE. Mr. Speaker, I have not risen for the purpose of discussing the matter under immediate consideration but with the hope that I may call the attention of the House to the coconut-oil provision of the conference report which has just been adopted, in the hope that before this Congress adjourns some measure may be adopted that will at least relieve the Congress, the American people, and the President of the United States from the attitude of failing to keep faith with the Filipino people.

Some weeks ago the President of the United States and others in authority, both in this country and in the Philippine Islands, including all factions in the islands, entered into a solemn agreement which was finally enacted into law by the Congress, under which processes were laid down for the accomplishment of the independence of the Philippine Islands. This is a "consummation devoutly to be wished" both here and in the islands. Under the terms of that Act, importations from the islands are to remain as they are until the Commonwealth government is established, which will be done within 12 months. Automatically, upon the establishment of the Commonwealth government, the free importation of Philippine goods is curtailed 40 percent, and at the end of 5 years an export tax is applied on all Philippine products.

When the tax bill was under consideration in the Senate the President of the United States, moved by his solemn agreement with the Filipino people, suggested in a letter to Senator HARRISON, the Chairman of the Finance Committee of the Senate, that the tax on coconut oil would be a violation of the spirit of the Independence Act which had just been passed. May I read to you from the CONGRESSIONAL RECORD of April 10 at page 6317 the statement of Senator HARRISON at the time the letter to him from President Roosevelt was read to the Senate, and I should like also to quote the President's letter in this regard:

Senator HARRISON said:

> When this matter was before the Committee on Finance I voted against the amendment that is written in the bill because, even though my people are very much interested in cottonseed oil, and I had been appealed to to vote for it, I thought it was a violation of the Independence Act that we had passed for the Philippines; and I was fearful that it might invite a Presidential veto of a very important bill if we did not at least provide an exemption of the average importations from the Philippines of copra and coconut oil. So I talked to the President about this matter, and I received from him this letter, which I desire to read:
>
> "I am advised that H.R. 7835, the revenue bill, now under consideration before your committee, contains a provision imposing an excise tax on coconut oil.
>
> "Now that the Philippine independence bill has been approved, and insofar as the United States is concerned, represents definite commitments to the government and the people of the Philippine Islands, the provisions of section 6 will govern future trade relations with the Islands. Paragraph (b) of this section contemplates that there shall be no restriction placed upon Philippine coconut oil and copra coming into the United States until after the inauguration of the government of the Commonwealth of the Philippine Islands. It is my review that the imposition of an excise tax on coconut oil would be a violation of the spirit of this section of the independence act, and that such provision should be eliminated from the revenue bill.
>
> "May I respectfully suggest that your committee be advised of the language which I used in regard to the economic phase of the independence bill in my recent message to Congress."

From the letter of the President you can readily see the embarrassment that must come to the President, as well as to the legislative branch of the Government, by the passage of this act, which, even before the ink is hardly dry upon the Independence Act, and which, I take it, is at least in the nature of a contract entered into between this Government and our dependent peoples in the Far East, violates the letter and the spirit of our solemn agreement on the question of independence for the Filipino people.

Today, the first day of May in America, but yesterday, the first day of May over there, and on the thirty-sixth anniversary of Admiral Dewey's victory at Manila Bay, a new nation was born in the Orient. It so happened that some of us, marvelous as it may seem, heard over the radio at 10 o'clock last night the proceedings of the joint session of the Philippine Legislature as it unanimously accepted the Independence Act recently passed by Congress. This means, I am sure, since all major political factions of the islands are seemingly united in support of the act, that the first great step leading to ultimate and complete independence will be approved by the Filipino people and a constitution similar to ours will be set up for them within a year from this day. These 14,000,000 people, who have progressed as no other people of the Orient have done, due to American influence and the fine cooperation of the people of the islands, have set in motion the machinery that will soon permit them to take their place in the world as an independent nation. Congratulations are in order, both to our Nation and the Filipino people. They are a fine, progressive race who have demonstrated their ability to manage their own affairs and take their place in the great family of nations with all the responsibilities of a self-governing people.

How unfortunate it is that we, the guardians of these people, are seemingly misled by propaganda and such legislative farmers as Mr. Loomis, Mr. Gray, and other farm representatives into the belief that Philippine oil or coconut oil from the Philippine Islands vitally and seriously competes with farm products in this country. The limitations of this hour will not permit me to go into a detailed discussion of that competition. I call your attention to the facts set forth in the statement I shall insert in the RECORD. Many of our own people believe that it competes in an appreciable degree with cottonseed oil, but I have never found a man who knew to just what extent that competition extends. The producer in the livestock business or the raiser of a steer weighing 1,000 pounds would have, as a benefit of this bill, the value of that steer advanced only 5 cents. The joker in this bill is that there is no tax to be applied on tallow. The benefits, small as they are, if there be any for any American industry, to come from this tax which is an embargo tariff in the guise of an excise tax, will go to the packers and rendering plants of this country. Certainly I have no objection to the prosperity of any industry in America. Indeed, I long to see all industry make fair and reasonable returns, but I do object to taxing one bloc of people under the American flag for the exclusive benefit of another bloc under the same flag. Tallow has already increased in price as a result of this legislation. The rendering plants that make tallow from refuse of kitchens, restaurants, and so forth, are having much prosperity. Here today we are making a law that will add to the cost of the users of soap, curtailing the means of livelihood of 3,000,000 of people, small operators, and bring little to our Treasury.

The small amount of benefit accruing to the farmer from this bill is not commensurate with the great principle involved. Mr. Speaker, in the name of 14,000,000 dependent people—as many as there are in the Republic of Mexico—who are under our flag not of their own volition, who have free trade with us not of their own volition, who are wards, if you please, I protest against the tax on coconut oil. These people buy more dairy products from this country than any other nation in the world buys, yet we are today curtailing that buying power. These people buy much of our cotton, and they are our eighth best customer. Nearly 3,000,000 of these people will be unable, as a result of this legislation, to continue to buy the very things our farmers sell them. By the imposition of this tax you are destroying the second largest industry of these people; you are doing it in the face of a promise, or contract, which they in good faith have already carried through.

They have been benefited, it is true, by the influence of American ideals in the Orient. It should be said to our credit and theirs that no colonization in the world can compare with the colonization by the American people in the Philippine Islands. They have reached that status, socially and economically, where they can now take their place in the sun as a great nation. It is unfortunate, I say, that representatives of the American people, at both ends of the Capitol, have seen fit to impose this tax against

them immediately upon the passage of the bill initiating their complete independence. [Applause.]

Not only the President of the United States, but the Secretary of War, the Secretary of Agriculture, the Chief of the Bureau of Insular Affairs, the Governor General of the Philippine Islands have repeatedly urged against this tax. I wish to include under leave granted, as a part of these remarks the statement of the Secretary of War, made before the Senate Finance Committee, also other letters and statements.

STATEMENT OF HON. GEORGE H. DERN, SECRETARY OF WAR, BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE, RELATIVE TO THE REVENUE BILL (H.R. 7835), MARCH 16, 1934

Mr. Chairman, on February 15, 1934, I sent you a letter for the consideration of your committee which I presume has been made a part of the record of these hearings. In this letter I expressed briefly my views relative to the provision contained in section 602 of H.R. 7835 which imposes an excise tax of 5 cents per pound on coconut oil.

With the approval of the President, I now desire to supplement my statement contained in that letter, and to reiterate my recommendations that this provision be eliminated from the bill.

Our trade relations with the Philippine Islands are governed by provisions contained in successive tariff laws relating to this trade. Prior to 1909 there was a tariff of 75 percent on Philippine products entering the United States. The provision of the Treaty of Peace with Spain that permitted Spanish ships and goods free entry into the Islands for a period of 10 years was an obstacle to free trade. At the expiration of this 10-year period, however, free trade, with certain limitations or quotas on sugar, tobacco, and rice, was established under the Tariff Act of 1909.

The Tariff Act of 1913 removed all of the limitations imposed by the Tariff Act of 1909 and provided practically for free trade between the Islands and the United States. The provisions of the 1913 act are contained in subsequent tariff acts and have remained continuously in force as an apparently settled national policy in dealing with the Philippine Islands. Under that policy trade between the Philippine Islands and the United States has been greatly stimulated to the mutual advantage of both peoples.

The history of our occupation of the Philippine Islands during the past 35 years constitutes a brilliant chapter in the accomplishments of the United States. The administration of the islands under the United States has been of immeasurable benefit to the Filipino people. It presents to the world an entirely new philosophy in dealing with overseas dependencies. The great progress made in their general economic development has been largely due to the policy of free and unrestricted trade between the islands and the United States. This trade has been the principal means of developing the present standard of life in the islands above that of the surrounding areas. For example, according to the statement of a former Governor General of the Philippine Islands, "the standard of living of the Filipino laborer is at least 300 percent higher than that of his neighbor in China. It is much higher than that of any similar labor in the other surrounding countries like Java or Singapore."

The coconut industry is one of the vital factors of Philippine life. Coconut oil and copra from which the oil is made in the United States are products of the second industry of the Philippine Islands. Coconut oil produced in the Philippine Islands and coconut oil produced in the United States from Philippine copra constitute about 68 percent of the coconut oil consumed in the United States, the remainder being made from copra brought in from foreign countries duty free. The proposed excise tax, if collected in full on the amount of coconut oil received from the Philippine Islands in 1933, would amount to about $29,732,000, which is as much as the entire revenues received by the insular government for 10 months of the same year ($29,685,767). This would certainly be a heavy burden to place upon a single industry in any part of our country. The imposition of such a tax would not be in keeping with the policy which Congress up to now has uniformly followed in the enactment of legislation affecting the vital interests of the islands. The proposed tax will impose a burden on several million Filipinos far out of line with the benefits that may be expected to accrue to the people of the United States. It is contrary to the principle of reciprocal trade. I do not believe the situation in the United States demands undue sacrifices on the part of any of our overseas dependencies except insofar as the principle of fair and equal treatment to all areas under the American flag may demand sacrifices.

Due to the existence of free trade between the United States and the Philippine Islands, the bulk of the external trade of the islands is with the United States (total of about 72 percent). Over 81 percent (5-year average) of the Philippine exports are sent to the United States and about 63 percent of the external purchases of the Philippine Islands are made in the United States, thus showing a good reciprocal trade relationship.

The Philippine Islands stand first as purchasers of United States dairy products with which coconut oil is alleged to compete. Our dairy industry should not overlook this fact when it advocates an excise tax which presumably will adversely affect our export market for dairy products. The Philippines also stand first in the purchase of United States cotton textiles. Other items of importance are tobacco products, paper, rubber, iron and steel, electrical and sugar-mill machinery, automobiles, chemicals, drugs, books, etc. A complete list of the articles imported into the Philippine Islands from the United States would embrace almost the entire list of articles raised and produced in this country. All of these goods are admitted to the Philippine Islands free of duty while imports from other countries are forced to pay an average of approximately 20 percent ad valorem. I repeat that any restriction in the use of coconut oil in the United States would have a correspondingly adverse effect on Philippine purchases from the United States. Coconut oil ranks second in value of Philippine products sent to the United States.

On March 2 the President sent a message to Congress relative to Public, No. 311, Seventy-second Congress (Philippine Independence Act), which has again been introduced in the Congress with certain proposed amendments (S. 2935 and H.R. 8424). With reference to the economic provisions of that act the President said:

"To change, at this time, the economic provisions of the previous law would reflect discredit on ourselves."

Section 6 (a) thereof authorizes an annual quota of 200,000 tons of coconut oil to be shipped to the United States, and, of course, contemplates that this oil shall have free access to our markets except as provided in the act. Imposing an excise tax on this product of the Philippine Islands and on duty-free copra from foreign countries is equivalent to levying a tariff thereon. Such action would, in effect, change the agreement implied in section 6 (a) of Public, No. 311, Seventy-second Congress, to the detriment of the Filipino people. When accepted the terms of this act presumably become a sort of contract between the two countries, which should not be changed without mutual agreement. This fact would seem of itself to be a firm objection to placing an excise tax on coconut oil at this time.

A careful study of this subject leads to the following conclusions:

1. The following interests would thereby be adversely affected:

(a) Several million Filipinos who are dependent on this industry for a livelihood. Eight Provinces of the Philippine Islands depend almost exclusively on coconuts. Thirty out of the forty-nine Provinces of the islands would be crippled in their first or second industry. Obviously, the property-tax revenues of the Philippine government and of its subdivisions would be seriously affected, causing embarrassing fiscal problems. Schools would probably have to be closed and other public services discontinued or curtailed.

(b) The American shipping interests would suffer. The round trip of oil tankers carrying mineral and other oils to the Orient return loaded with cocomut oil, which makes these trips profitable. Other cargoes help to fill ships, resulting from purchases made in the United States from the proceeds of coconut oil and copra.

2. Whatever benefits might accrue to the United States from this tax would be at a burdensome cost to the Filipino people. Have we the moral right to try to build up one group of our producers by tearing down another group which also lives under the American flag?

3. In view of the declared purposes of this Government as regards Philippine independence, the Filipino people have the right to expect of us fair and considerate legislation that will enable them to work out the formula for the establishment of a free and independent government under which their economic, political, and social institutions as developed under American guidance shall have a reasonable chance to survive. We have the responsibility of helping them to work out this formula of independence. In the meantime the Filipinos are under American sovereignty and are entitled to fair trade relations. The enactment of this provision relative to coconut oil would be out of line with the policy which Congress has uniformly followed, namely, that of according fair and equal treatment to all areas under our flag.

I have here a number of radiograms received from the Governor General of the Philippine Islands which, if they have not already been included, I recommend be made a part of the record of these hearings.

In conclusion I desire to quote the following extracts from a radiogram (no. 57, Feb. 9, 1934) received from the Governor General of the Philippine Islands:

"The proposed tax is equal to 200 percent of the current price of the product and is more likely to destroy the Philippine coconut industry than to produce any substantial revenue. * * *

"Financially this means the bankruptcy of 8 important provinces mainly dependent on the coconut industry and the questionable success of 10 others. The resulting decline in revenues will imperil essential government services and interest payments on provincial bonds in the area affected. * * * Socially it will entail wide-spread distress and dissatisfaction among the people. It is suggested that any benefit that may accrue to domestic interests from such a measure cannot outweigh or equalize the wholesale harm and distress that it will cause here." * * *

In another message (No. 83, Feb. 24, 1934) the Governor General states:

"Intimate contact with the situation locally forces on me the conclusion that the unlimited application of the tax will provoke a near disaster in the economy of the Philippines."

Mr. McDUFFIE. We have tried for 30 years without success to use cottonseed oil in the making of soap. The only competition with cottonseed oil by coconut oil is its use in the manufacture of oleomargarine and some of the table oils. More than 70 percent of the coconut oil imported into America goes into the manufacture of the finer soaps and we have

been unable to find a successful substitute for coconut oil for this industry. Less than 19 percent of the coconut oil imported competes in edible products. As proof that coconut oil does not appreciably compete with cottonseed oil, figures of the Department of Commerce show that when cottonseed oil was selling at a cheaper price than coconut oil, the consumption of coconut oil greatly increased. Only 3 percent of the total oils and fats used in America is coconut oil; and yet if we believe the legislative farmers referred to, and on whose pay roll I know not, nor have I personally inquired, we are led to believe that the farmers of the country, especially the dairy farmers, are to be greatly benefited as a result of this tax.

The fact that the conferees have placed a 5-cent tax on coconut oil imported from all other countries, and a 3-cent tax on that imported from the Philippine Islands, was, of course, all the conferees could do. The House passed the 5-cent tax under a rule, as you recall, which permitted no amendments and we were not privileged to try to eliminate this item from the bill. The Senate made the tax 3 cents and provided also that all moneys collected from this tax would be returned to the Philippine government. Unfortunately there will be little money collected from a tax on coconut oil coming into America from the Philippine Islands. This oil sells for 3 cents a pound and less today, and, of course, it will find a market in other countries, probably Canada, and most likely Japan.

This tax is a blow to the manufacturers of soap in America. It is a blow to American labor engaged in those plants. In my judgment, I repeat, it is unjustified and unworthy of the American people, whose policy with the Philippine Islands has very properly been a generous and fair one. This provision of the bill, in my judgment, would fully justify the President in exercising his veto power in order that a great nation might live up to its pledged word. As Commissioner GUEVARA well said today, "With one hand we hand them independence, and with the other hand we strike a severe blow at their economic welfare." No nation in the world can regard this as fair treatment. This Congress should retrace its steps by a resolution in sofe form, either permitting the Agricultural Administration to levy a tax, if necessary, which it doubtless now has the power to do, or to give the President discretionary power in dealing with the tax, or provide the fair and just thing, which would be language that complies with section 6 of the independence act relative to importations from the Philippine Islands.

I should like to include here a letter written by Commissioner GUEVARA to the President which has my entire approval, and which I think fairly sets forth the effect of this bill, as well as the attitude of the Filipino people.

The letter follows:

APRIL 16, 1934.

The PRESIDENT,
The White House,
Washington, D.C.
(Through the Secretary of War.)

DEAR MR. PRESIDENT: Following my conference today with the Secretary of War on the excise tax on Philippine coconut oil, I am leaving this letter with him with the request that he be good enough to submit it to your distinguished consideration.

I desire to associate myself with Your Excellency, the Secretary of War and various Members of Congress in declaring that the excise tax in question is a violation of the terms, the spirit, and the plan of the Tydings-McDuffie Act, which the American Government has just offered the Filipino people as their new organic law, and as the covenant that shall govern the political and economic relations between the United States and the Philippines before complete Philippine independence is achieved.

If such violation is permitted to stand, I am afraid it would set a precedent for similar violations respecting other Philippine products, and that would simply mean inaugurating in the Philippines while still under the American Flag, the reign of poverty and penury, chaos and confusion, uncertainty and more uncertainty.

Philippine industries would be destroyed before they could even start an orderly readjustment, which in itself is a mighty difficult operation, from the present tariff-protected to the unprotected basis during the 10-year transition period contemplated in the Tydings-McDuffie Act.

Mr. President, as the CONGRESSIONAL RECORD will show, the coconut oil excise tax has been posed as a question of the American farmer versus the Filipino farmer, and Members of Congress were frank in saying that they were for the former. As the Philippines have no vote in Congress and not even a voice in the Senate, it was to be expected that a more judicial attitude would be taken on questions affecting the Philippines.

There are proofs overwhelming that between American agriculture and the Philippines there are infinitely more points of harmony and mutual benefit than competition and conflict. What is needed is a calm examination of their mutual interests.

In the debate in the Senate it was repeatedly stated that taxing the Philippine coconut oil is merely placing the Filipino copra producer on a comparable basis with the American farmer with respect to the processing tax under the A.A.A. May I point out the difference between the two cases by saying that the processing tax accrues directly to the American farmer while the coconut oil excise tax goes to the Philippine government, which, under the Norris amendment, is prohibited from subsidizing the coconut industry under penalty of forfeiting the tax.

The provision to give the tax that may be collected to the Philippine government does nothing but raise false hopes for more revenue. The rate of 5 cents a pound is equivalent to 130 percent ad valorem. The steep price increase would inevitably force the consumption of coconut oil in American industries to the very minimum. We have the word of the proponents of the tax that coconut oil is not indispensable except in certain industries which use perhaps less than 5 percent of the coconut oil now consumed.

The net effect of the tax would be to reduce the coconut oil and copra exports of the Philippines to the United States to a very small proportion of the present amounts and the corresponding increase of copra surplus in the Philippines for disposal at depressed prices in the markets of the world.

The Filipino copra producer would get less from his product than he is getting now, which is already near the starvation basis, and the Philippine government would not get the revenue, but instead would probably be the loser as its present substantial income from the sales' tax on copra and coconut oil suffers considerable diminution.

I am, therefore, urging you to take the necessary action not only to save a major industry in the Philippines but also to save the Tydings-McDuffie Act from virtual disintegration.

Faithfully yours,

PEDRO GUEVARA,
Resident Commissioner from the Philippine Islands.

Enclosure: New York Times Editorial, April 13, 1934.

Mr. McDUFFIE. I also set out below a letter from former Commissioner Quezon, now president of the Philippine Senate, to the Secretary of War.

WASHINGTON, D.C., *April 3, 1934.*

HON. GEORGE H. DERN,
Secretary of War, Washington, D.C.

MY DEAR MR. SECRETARY: It has come to my attention that there is talk of a compromise whereby the excise taxes in section 602 of the 1934 revenue bill would be placed in line, according to the proponents of the idea, with the Tydings-McDuffie bill, by allowing the importation into the United States excise tax free of 200,000 long tons of coconut oil from the Philippines, 100,000 of which will enter in the form of copra and the other 100,000 tons in the form of oil.

Let me point out that this would be a most serious violation of the terms of the Tydings-McDuffie bill. The Tydings-McDuffie bill provides for the duty-free entry into the United States of 200,000 long tons of coconut oil in the form of oil and there is no question of a limitation on the amount of copra which can be shipped from the Philippines to the United States. I desire, first, to point out that if there is any such compromise made the Filipino should be allowed to ship in such oil as he supplies the United States with in the form of coconut oil. In other words, the Philippine mills must be allowed to produce this oil, thereby providing employment for Philippine labor and giving the Filipino the profit and the Philippine government the revenue from taxation, which will accrue from crushing the oil in the islands.

If the bill is so altered that we must ship both copra and oil into the United States, then the amount of business which can be done by our oil mills in the Philippines will be so small that they will not be able to carry on. The total amount of oil which we could ship to the United States under the Tydings-McDuffie bill would be 448,000,000 pounds. If this be cut in half, we could then ship only 224,000,000 pounds of oil, whereas our Philippine mills actually shipped to the United States last year in the form of oil 316,000,000 pounds.

We cannot agree to any limitation of the amount of copra which we can ship from the Philippines. The bill provides no such limitation, and it would be suicide for the Philippine copra producers if the amount which they could ship were limited to a quantity necessary to supply 100,000 long tons of oil to the United States in the form of copra.

I cannot too strongly impress upon you that, so long as the Filipino is producing more than 200,000 long tons of coconut oil per annum, or more than enough copra to supply this amount of oil, there is no means whereby the price of coconut oil to the Filipino can be increased to the point whereby he can collect any increase in price of Philippine coconut oil, even if 200,000 tons of Philippine coconut oil were exempted from the excise tax. This would be because the Filipino would be in no position to exact a higher price for his oil from the American buyer than he would from the buyer in other international markets. Before he would be in a position to exact this higher price he would

have to cut down sufficient of his trees so that he would be producing only 200,000 long tons of coconut oil per annum; and we cannot do this, as the farmers in our copra-producing provinces have no other means of earning their livelihood.

Last year the Philippines shipped to the United States alone in the form of coconut oil and oil in the form of copra, 600,000,000 pounds of oil. In addition to this we sold 30 percent of our copra in international markets. It is our surplus above the 200,000 long tons, which would set the price of our oil, and on the basis of United States importations alone you can see that for 1933 we had a surplus of 112,000,000 pounds of oil, and to this we would be obliged to add the oil in the copra exported to Europe and other copra-crushing regions.

Very respectfully,

MANUEL L. QUEZON.

Also a cablegram from American Chamber of Commerce at Manila:

SIGNAL CORPS, UNITED STATES ARMY,
Manila, April 4, 1934.

NLT SECRETARY WAR,
Washington, D.C.:

We cannot emphasize too strongly our conviction that excise tax coconut oil and copra will result in serious economic difficulties here and will be reflected not only through Filipino distress and actual suffering but in all American trade and activities. We feel this tax is unfair to islands, and its projected advantages are far outweighed by serious consequences involved. We rely on sense of justice of the Senate to prevent this discriminatory legislation against American soil.

AMERICAN CHAMBER OF COMMERCE.

The Governor General, Frank Murphy, on April 10, cabled the Secretary of War as follows:

APRIL 10.

SECRETARY WAR,
Washington, D.C.:

Reference your 161. Press dispatches indicate serious attention being given to an amendment exempting from the proposed excise tax 520,000,000 pounds or 232,100 long tons of Philippine coconut oil and/or equivalent Philippine copra. This low exemption would create a distinctly difficult situation in the Philippines due to the fact that we exported to the United States in 1933 155,019 long tons of oil and 204,713 long tons of copra, which at the accepted rate of extraction of 65 percent is equivalent to 133,063 long tons of oil, giving a total in terms of oil of 288,082 long tons. From the foregoing it will be seen that there will be a forced reduction of about 20 percent. I suggest the following be considered by the Secretary of War and by others to whom he wishes to refer the matter: The Philippine government's position is taken in consonance with the Tydings-McDuffie Act, which the Philippine government interprets as containing an implied guaranty that the Philippines will not suffer for the period of the act any greater economic restriction than those therein imposed. In respect to the coconut industry the Tydings-McDuffie Act is interpreted as guaranteeing the duty-free admission into the United States of 200,000 long tons of Philippine coconut oil and no limitation whatsoever on Philippine copra. The modification of the economic terms of this act by means of excise or other taxes either directly or indirectly will be interpreted as an infringement of the implied guaranties and will cause a concussion of economic and political motives which is highly undesirable. I believe that this viewpoint of the situation cannot be too strongly emphasized.

MURPHY.

I also quote the following letter to Senator HARRISON from the Secretary of War:

MARCH 23, 1934.

Hon. PAT HARRISON, *Chairman*
Committee on Finance, United States Senate,
Washington, D.C.

DEAR SENATOR HARRISON: In connection with the proposed excise tax on coconut oil (sec. 602 of the revenue bill H.R. 7835), reference is made to the views of the Committee on Ways and Means as set forth in that committee's report to accompany H.R. 8687 entitled "A bill to amend the tariff act of 1930" (H.Rept. 1000, 73d Cong., 2d sess., Mar. 17, 1934). The following statement appearing on page 15, under Modern Procedure, would appear to be pertinent to the provisions of section 602 of H.R. 7835:

"Particular notice should be taken, moreover, of the fact that the President may seek from other countries promises that their excise duties shall not be such as to nullify the results of their promises to modify their tariff duties. * * *

"In order that the necessary reciprocity may be accorded, the President is empowered to promise that existing excise duties which affect imported goods will not be increased during the term of any particular agreement. It should be carefully noted, however, that the President is given no right to reduce or increase any excise duty."

Under the provisions of section 17 of the Philippine independence bill which has now passed both Houses the act will become effective when accepted by concurrent resolution of the Philippine Legislature or by a convention called for that purpose. Section 6 thereof will govern future trade relations between the Philippine Islands and the United States. The proposed excise tax on coconut oil will, therefore, immediately become an infringement of the implied agreement between the two countries.

I am bringing this to your attention in the hope that it may be possible for your committee to give further consideration to this subject with a view to eliminating from the revenue bill the provisions for an excise tax on coconut oil.

Very sincerely,

GEO. H. DERN, *Secretary of War.*

The New York Times said editorially of this provision of the tax bill:

The effect upon the Filipinos, if this breach of good faith is allowed to stand, will certainly be harmful. * * * Our Congress is indifferent to what may truthfully be called the "plighted word" of the United States Government.

The San Francisco Chronicle said of the plan to return to the Philippine government proceeds from the tax:

It does not in any way touch the evils that would flow from the levy. It would not save the Pacific coast coconut-oil-refining industry or the steamship lines between the islands and the United States or help the soap and cosmetic manufacturers that use coconut oil. Nor would it cure the injustice to the Philippines, which is its pretense, for it would do no good to the island coconut-oil producers put out of business. In the face of the opposition of the whole administration, from the President down, and of Secretary of Agriculture Wallace's considered statement that this prohibitive tax on coconut oil is not the answer to the dairyman's problem, the determination in Congress to jam this measure through becomes a very strange thing.

The South Bend Tribune had this to say:

From the Federal revenue viewpoint, there would be no material benefit in that taxation. The benefit promised to American agriculture is grossly exaggerated.

The New York Herald Tribune, in referring to the injustice of the act, said:

The iniquity of this act lies not only in its injustice, but in its cynicism. The ink is scarcely dry on the signature of the new independence bill, which specifically safeguards the Filipinos against the arbitrary closing of the American markets for Philippine products when the Senate passes this measure, which violates the basic principle underlying the independence bill. Its effect on the Filipino people may well be imagined. With one hand Congress offers independence in a form not desired by the Filipinos and with the other it destines them to ruin. The coconut industry has been built up on the American market, to which coconut oil has always had free entry.

I have quoted these statements, and let me say that there is no soap-manufacturing industry in my district, and most of my constituents are farmers, in an effort to call attention of the Congress and the country to the attitude in which we have placed ourselves, not only in the opinion of those of us in Congress who have given some thought and study to this problem, but it appears that many fair-minded citizens outside of the Congress believe that we are doing an un-American thing in an un-American way.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, as I pointed out a few minutes ago when we had the conference report before us, that it was the largest tax measure in the peace-time history of our country and that we were, very largely, soaking the rich, and that as a result, there being so few rich people left, we will not receive the returns anticipated.

I think it is only fair, however, in discussing tax measures to let the people back home know the truth, and that is that while we are trying to raise money by soaking the rich we are at the same time soaking the poor, and even the unemployed. We are actually helping to destroy productive industry and retarding recovery. I present as my main witness the speech of Franklin D. Roosevelt made at Pittsburgh on October 19, 1932:

Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and hence in hordes of the hungry tramping the streets and seeking jobs in vain. Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment. There is not an unemployed man, there is not a struggling farmer whose interest in this subject is not direct and vital. * * *

* * * If, like a spendthrift, it (the Government) throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruptcy. * * *

This statement was made by Franklin D. Roosevelt as a candidate for the Presidency; and he goes on to say:

I shall approach the problem of carrying out the plain precept of our party, which is to reduce the cost of the current Federal Government operations by 25 percent. Of course, that means a complete realignment of the unprecedented bureaucracy that has assembled in Washington in the past 4 years.

* * * Now, I am going to disclose to you a definite personal conclusion which I adopted the day after I was nominated in Chicago. Here it is: Before any man enters my Cabinet he must give me a twofold pledge of—

(1) Absolute loyalty to the Democratic platform and especially to its economy plank.

(2) Complete cooperation with me, looking to economy and reorganization in his Department.

I regard reduction in Federal spending as one of the most important issues of this campaign. In my opinion, it is the most direct and effective contribution that Government can make to business.

That, of course, was a campaign speech. After he was elected to office, however, the President of the United States, instead of reducing Federal expenditures increased the national debt by $10,000,000,000, and has established 37 new Commissions, and employed some 40,000 more officeholders. This administration has entered upon an orgy of waste and extravagance, and the spending of billions of dollars on socialistic experiments without any knowledge or apparent care where the money was coming from to pay the bills. The American taxpayers have already been bled white and most sources of revenue have been exhausted. The only tax left is a 2-percent sales tax, and that is inevitable, although it will not come anywhere near balancing the Budget. The only way to balance the Budget is to stop the huge congressional appropriations to plow under and destroy crops and the birth control of pigs and other unsound experiments. This is what Governor Ely, of Massachusetts, has to say with regard to solving the problem we are now discussing—the way to reduce taxes, to encourage business, to employ those who are unemployed. The Governor of Massachusetts, an outstanding Democrat, said, only a few days ago:

If a rather complete abandonment of the very expensive measures for recovery were announced to the American people tomorrow, we would shortly see a return to normal conditions.

I submit that the Governor of Massachusetts is a fairly reputable and competent witness to present to this House. My argument is simply that we are not going to accomplish anything by soaking the rich. We are just driving them into tax-exempt securities by such a program. Yesterday the distinguished gentleman from Missouri [Mr. DICKINSON] reported unfavorably a resolution from his committee in which I had asked that the names of all those who have over $100,000 in tax-exempt securities should be made known. That resolution was reported adversely by the Ways and Means Committee; but, I submit, that if you want some kind of constructive action, pass a resolution providing for a constitutional amendment before we adjourn doing away with tax-exempt securities. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I offered my preferential motion to recede and concur in the Senate amendment because I believe the American people cannot be fooled by political byplay on the tax question.

This Congress has obligated the American people to pay millions and millions of dollars for the recovery program. Any man or woman in this country who objects to paying 10 percent additional on his or her income tax for a year or two when they are fortunate enough in these times to have an income on which to pay a tax is not patriotically in support of the recovery program.

The political thing to do, of course, is to tell the voters back home in the coming campaign, "I spent all kinds of money for you; I gave you everything for which you asked, and then I refused to make sufficient provision for paying the bills."

It is the duty of the Congress to levy taxes in sufficient amount to pay not only the ordinary and necessary expenses of government but also the extraordinary and emergency expenses such as the cost of the depression and our legislative attempts to overcome it. Likewise, it is the duty of the Congress to be fair with the American people and not put them in the position of contracting debts and then refusing to raise the money to pay them. I believe that the people of this country want to pay for the things they get from government as they go along and not live beyond their means. Naturally, it is a nice thing to vote huge appropriations for C.W.A., P.W.A., A.A.A., and all other activities designed to give employment and take us out of the depression. It is a difficult thing in the face of a campaign, after 2 years of appropriation making, to turn around and render the bill, but the bill must be rendered and no fair-minded person, in my opinion, objects to paying a small additional tax for the benefits the recovery program has brought about so far.

Of course, the political thing to do is to vote for all appropriations and against all taxes, but that is not the practical, the honest, the courageous, or the fair thing to do if the American people hope to be kept a solvent Nation and the Budget is to be balanced and stay balanced.

Mr. TRUAX. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from Ohio for a question.

Mr. TRUAX. Does the gentleman realize that 95 percent of the people of this country pay no income tax? The gentleman from New York says that this is a plan to soak the rich. If so, 95 percent of the men on this side ought to vote for it and a good many on that side.

Mr. O'MALLEY. This question of soaking the rich is entirely aside from the question of taxing the people who have the income. If we do not tax the people who have money, who are we going to tax? Where are we to get the money? How are we going to pay our way as we go along? Are we going to adopt the honest policy of paying our way as we go, or are we going to continue to make political thunder out of tax bills by authorizing all sorts of expenditures on one hand but on the other hand tell the citizens of this Nation that these expenditures do not have to be met by taxes?

I cannot imagine anyone unwilling to contribute 10 percent additional on any income they are fortunate enough to be able to pay in the next 2 years in order to help the American people get back on their feet. I think every man in this Congress would be willing to do that part to help meet our national burden. If we want to go into a campaign and say that we prevented higher taxes, that would make a very nice campaign talk, but in the face of our huge expenditures we would be insincere and not accepting our constitutional duty to keep our country a solvent nation. I do not think we could go to the American people on that kind of an issue and get reelected, if it is reelection we are seeking by defeating this 10-percent emergency tax. If at any time this emergency tax provides too much revenue, the Congress meets again next January and it can be taken from the bill. If the revenues under the bill justify it, and the Director of the Budget so advises, this tax can be eliminated only 8 months or so from now. But in the meantime, with this emergency tax provision we are playing fair with the people and providing some of the means to pay our way as we go along and pay the interest on these billions of dollars of bonds that have been issued to bring about recovery and employment. I do not believe there is anyone in this country who is not willing to pay 10 percent added income tax when they have a job and an income sufficient to pay taxes on at all. If anyone is unwilling to do that much to continue our remarkable progress toward the day when every man is employed, then we are indeed a nation of selfish individuals.

If a man is fortunate enough, with 10,000,000 unemployed still walking the streets of this country, to have an income sufficiently large to pay $25 taxes to the Government under the ordinary rates of this bill, I cannot conceive of his objection to paying $2.50 additional for a year or two to help continue a program that will mean the eventual employment of these still jobless 10,000,000 of our fellow Ameri-

cans. Of course, 10-percent additional tax on a man who pays a tax of a million dollars is $100,000 more than he will pay if this amendment is defeated; but $100,000 additional taxes, if distributed in C.W.A. or P.W.A. work, would employ 100 heads of dependent families for 1 year at $1,000. This is twice as much wages as is enjoyed by 50 percent of even the workers now employed in this country, if statistics are worth anything.

Mr. BOYLAN. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from New York.

Mr. BOYLAN. The gentleman knows that the bill before us contains an increase of approximately 50 percent over the bill which passed the House.

Mr. O'MALLEY. I hope it will amount to a 50-percent increase in revenue when the taxes are finally collected, because if it does not we will certainly have a badly unbalanced Budget.

Mr. BOYLAN. Is that not enough, without adding another 10 percent? There is added 50 percent to the bill as it passed the House.

Mr. O'MALLEY. The gentleman does not object to contributing 10 percent additional to his taxes in order to pay for the various things which we have obligated the American people to pay for?

Mr. BOYLAN. The gentleman is contributing 50 percent in comparison to the bill passed by the House.

Mr. O'MALLEY. I cannot agree with the gentleman.

Mr. BOYLAN. If the gentleman will compare the bills, he will see that that is true.

Mr. O'MALLEY. The bill as passed by the House did not provide enough to pay for the ordinary expenses of running the Government.

Mr. BOYLAN. We had a very competent subcommittee of our Ways and Means Committee working on the matter, and they said it was sufficient.

Mr. O'MALLEY. We have a better bill now than when it left the House. As it originally came before us under the gag rule, it lowered taxes on incomes in which our own salaries are involved. This emergency tax would, of course, nullify in part that reduction.

Mr. BOYLAN. Does the gentleman think it is correct to write a revenue bill on the floor?

Mr. O'MALLEY. That is where it should be written—on the floor—if the intent and purpose of the Constitution giving the whole Congress the right to express itself on taxes is to be preserved without gag rules preventing all the Representatives of all the people expressing themselves directly on the vital proposition of taxation.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, of course, it is always unpopular to vote for a tax bill, but the taxes which are being levied in this bill are not being placed upon the American people today when we pass the bill. They are placed upon the shoulders of the American people when Congress, time without number, continued to pass appropriation bills without regard to how the money was to be obtained. It is very easy to pass appropriation bills because we can always find people who want money from the Treasury of the United States, but it is exceedingly difficult to pass a tax bill because we cannot find anyone who wants to pay taxes.

The Couzens amendment in the Senate puts an unbearable tax burden upon the American people, but forget not the fact it is not a starter of the tax burden that is going to be put upon the backs of the American people in order to pay off the debts which this Congress has already incurred. [Applause.] Talk about this being a high tax bill! The total amount of new revenue is $480,000,000, even with the Couzens amendment; yet this Congress has increased the expenditures of government more than $480,000,000 during this session, and when we came here the Government was running behind.

We hear much talk about the evil of tax-exempt securities. It is not the man or the woman who buys the tax-exempt securities who is responsible for the tax-exempt securities. It is the Congress that will make appropriations and then not provide the revenue with which to meet the appropriations. Congress is responsible for the tax-exempt securities. The tax-exempt securities in this country today are held by people who are not meeting their responsibility in government, and that is a responsibility that is upon the shoulders of every Member of Congress who has sat here and made appropriations without providing the revenue with which to meet them. Every dollar of deficit must of necessity mean a dollar of tax-exempt securities. Today somewhere between 25 and 30 percent of the property of this country is tax exempt, and the percentage is increasing day by day, because Congress insists upon making appropriations without providing the revenue with which to meet them. This bill does not meet all of our appropriations; however, it helps toward paying our way.

I am going to vote for this amendment, not because I like to but because it is on the way to a balanced Budget. With the appropriations already made, remember this, the day is never coming when America is going to collect enough money from the income tax to liquidate. The sales tax is already ordained and there is no way to escape it, because Congress has made appropriations and has not provided revenue with which to meet them.

England has balanced her budget and is on her way to prosperity, and this country will never be on its way to prosperity until America balances its Budget. The unemployed are never going to be put back to work until the Government of the United States is a solvent institution, and before that day comes some Congress is going to have the courage to pass a tax bill much greater than this one.

We should not turn down even the Couzens amendment, because it points the way, at least, to sound finance, and sound finance alone points the way to a return to prosperity in this country of yours and mine; and if this be not true, then all the wisdom of the ages has been repudiated overnight. [Applause.] I thank you.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland [Mr. LEWIS].

Mr. LEWIS of Maryland. Mr. Speaker, I do not rise with the thought that I have any special information to contribute to this discussion. Indeed, I am claiming your attention for only a moment to speak through the voice of duty on this occasion.

Let us not forget that we, more responsible than any other body under the flag for the success of our institutions, have duties to perform; and one of the duties—it ought not to be an unpleasant duty—is to match the revenue for payment with obligations we, ourselves, have contracted. Within a month a vote was taken in this body by which some $200,000,000 was added to the obligations of the Treasury. We promised to pay that much more to our former soldiers and to the servants of the Republic. If this Couzens amendment prevails, it can add not more than some $50,000,000 to the revenues in discharge of the duty we then imposed upon the Treasury. Are we going to discharge that duty?

Let us not forget a most important thing. This country is hanging now from a single thread, the thread of confidence, which still holds, in the credit of the Government of the United States. If that thread breaks, God only knows what may become of us.

This factor of confidence I know is an invisible one, like the blessed atmosphere that sustains our lives. It is invisible, yes, but it is factual and indispensable and anything we may do to build up that confidence will contribute to the restoration for which we are striving and praying. Meanwhile the duty we fail to discharge which weakens that confidence is but applying a sharp blade to the thread of Government credit which still sustains our hopes.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. LEWIS of Maryland. I do not have time. I thank the gentleman instead for his most courageous and timely address.

Now, with respect to the burden—let us speak sincerely about the burden—this alleged burden upon the small taxpayer. Take the case of a married couple in the United

States, with no children, having a net income of $3,000. Their tax under existing law is but $20 and in this conference report it is reduced to $8. In Great Britain the same couple would pay, not $8 or $20, but $318. The flag that flies over the Empire of Great Britain does not fly over a chancelry its House of Commons has consigned to the "red." Let that House of Commons be an example for this House of Commons this very day. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker, I was interested in the remarks made by the distinguished gentleman from Maryland when he spoke about the enormous debt burden hanging on the people of this country. This burden hangs most heavily on the man or the woman who has not income sufficient to pay Federal income taxes.

I can take you into 80 counties in my State of Ohio, and you cannot find a dozen men or women in those counties who have incomes of $3,000 a year. You probably noted the headlines in this afternoon's paper, the Wall Street brokers make $2,000,000,000 while the investors lose $65,000,000. This is the sword of Damocles that is hanging over our heads today. They did not pay taxes on that $2,000,000,000 which they made. J. P. Morgan did not pay his taxes, Kuhn-Loeb did not pay their taxes, nor did the Lamonts and the rest of the multimillionaire racketeers and pirates of Wall Street. I say to you if you go on much longer, if you leave this enormous debt load on the shoulders of the farmer whom we seek to relieve by the passage of the Frazier bill, if you leave this tremendous debt load on the shoulders of laboring men and of small business men who have their life savings tied up in closed banks, whom we seek to relieve with the McLeod bill, which is opposed in this House you will meet disaster. Whenever you get down to the crux of this problem and give the people the kind of money they formerly had and that they want now—silver—whenever you tax every fortune over $1,000,000, 95 percent and whenever you take a fortune like Richard Mellon's, who died with $200,000,000, and authorize the Government to take $190,000,000 of that fortune and leave $10,000,000 to his offspring who never earned a dollar of it, then you will be getting to the base of the tax problem of this great country of ours.

And when I hear gentlemen on this floor whose incomes I have no doubt run away up beyond $100,000 making complaints and crying about a little, lousy, measly increase of 10 percent on their enormous incomes, it reminds me of the time when I used to feed hogs on my farm—you always found a few who had longer snouts, more drive and push, guzzling all the swill in the trough. [Laughter.]

That is the situation of the aristocratic wealth in this country today. They oppose the Frazier-Lemke bill, they oppose the McLeod bill, they oppose all labor bills, and ask you to deliver hog-tied, gagged, and bound the 120,000,000 people to the tender mercies of the Wall Street crowd for all time to come.

That is not my idea of a tax bill. Who opposes this? Not the farmer, not the wage earners, but it is opposed by some insidious lobby down here trying to pull the teeth and clip the claws of the Fletcher-Rayburn stock bill. I want to compliment SAM RAYBURN for his courage and tenacity in framing the language of his bill so that it will pull the teeth and clip the wings of the Wall Street pirates. [Applause.]

That same group, my friends, are today opposing the petition to discharge the committee on the McLeod bill.

Personally I am a poor man wholly dependent upon my salary to keep my family and myself. I have always had to work for a living. Despite this, I am willing to pay the extra 10 percent that the Senate amendment will cost me, if by so doing I can relieve to that humble extent the tax burden that has crushed some poor devil to the ground. I am willing to pay my 10 percent if by so doing I can extract 10 percent more of the huge fortunes of the idle rich.

Back in 1870 Mr. Carlyle said there were only two classes of people—first, the idle holders of idle capital and, second, the struggling masses who create all of the wealth, and in the final analysis, pay all of the taxes. I belong to the struggling masses. I am not attempting to fool myself as to what class I belong to. I know what hardship is. I know what poverty is, and I know what it is to lie awake at night worrying and racking my brain how to pay interest, and how to meet notes of the money lenders and Shylocks the next day.

Therefore, in this fight, I am speaking for the struggling masses. I am championing the rights of the broken-down farmer, the unemployed wageworker, the bankrupted small business man, the veterans of the Spanish-American War, the veterans of the World War. I am speaking for the 8,000,000 or 10,000,000 men who are yet unemployed, and who must depend on Government doles or charity to support themselves and their families.

It is with extreme regret that I must add that at the present moment these struggling masses still lie stricken before the mailed fists of the money kings of Wall Street, of the big bank racketeers in your State and in my State, and of the most offensive, the most ruthless, the most indefensible of all, the international banking racketeers, who now seek to regain the special privilege and right to rob and plunder the masses which was lost to them by legislation passed by this Congress under the leadership, and upon the insistence of that great friend of the common people, President Franklin D. Roosevelt.

Today we are confronted in glaring headlines of the nawspapers by the astounding information that the stock brokers of Wall Street made $333,000,000, while the investing public, known to these buccaneers on the high seas of finance as "lambs" and "suckers", lost more than $65,000,000 from 1928–33, the same period during which the Wall Street brokers made gross profits of more than $2,000,000,000 on the stock exchange.

Gross receipts of some exchange houses during that period would include that effervescent boom years of 1925–29, and the tail-spin that followed totaled $2,153,218,671. Expenses were $1,262,007,668, leaving a net profit to the Wall Street dealers of $891,211,003. Deducting $102,838,240 in bad accounts, the actual net earnings were $788,372,763. If the $44,794,923 net profits of the odd-lot firms are added, the total would be $833,167,686.

All of these figures are given by that fearless and courageous investigator, Ferdinand Pecora.

During this period of debauchery of the public purse these Wall Street crooks spent $1,000,000 on what they called public relations. I would call it public bribes and hush money. This enormous amount of ill-gotten money was accumulated by the brokers through their commissions on the sale of stock. These amounted to nearly one billion five hundred and three million. Then like the Shylocks of old they collected usurious interest amounting to nearly $320,000,000.

In addition to that, New York Stock Exchange members operating as individuals obtained gross profits of $92,723,731. Their net profits were $72,885,461. These are some of the vulgar buzzards who have been lobbying for weeks against the Fletcher-Rayburn bill. They infest the National Capitol like a horde of Egyptian locusts. To be approached by one of these vampires is tantamount to an insult to your intelligence, integrity, and honesty. Personally, if one of them should approach me, instead of playing the Good Samaritan act and turning the other cheek to be smacked, I would make these smackers think they had been "smuck" with a Florida hurricane.

This crowd of modern John Silvers are still looking for more treasure, more loot, more plunder. They oppose this amendment to levy 10 percent more taxes on their stolen fortunes. They organized the National Economy League to rob the soldier, slander his memory, and debauch his widow and orphan. They oppose the soldiers' bonus. They oppose the McLeod bill, which proposes to pay off depositors in

closed banks. They oppose my bill which is based on the principles of the McLeod bill, but which limits pay-offs in full to $2,500 and includes all banks, including State banks and other member banks of the Federal Reserve System. This would be helping the common people, so they oppose it.

They confidently boast that there will be no inflation or expansion of the currency in this session of Congress. Hence they can go ahead with their legalized economic murder and slaughter of distressed farmers and unemployed workmen.

They are confiscating and stealing the homes of these worthy people at the rate of 3,000 each time the sun rises and sets. That is why they oppose all inflationary measures, and all measures that will plant money down at the grass roots of agricultural and industrial production. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Speaker, a parliamentary inquiry. The question is on receding and concurring in amendment no. 13 on the motion of the gentleman from Wisconsin.

The SPEAKER. That is right.

Mr. SAMUEL B. HILL. If that motion should be voted down, then the question would recur on my motion to insist on the disagreement.

The SPEAKER. That is correct.

Mr. SAMUEL B. HILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Wisconsin [Mr. O'MALLEY] to recede and concur.

The question was taken; and on a division (demanded by Mr. O'MALLEY) there were 45 ayes and 167 noes.

Mr. O'MALLEY. Mr. Speaker, I ask for the yeas and nays.

The question of ordering the yeas and nays was taken, and 32 Members arose.

The SPEAKER. Not a sufficient number, and the yeas and nays are refused.

So the motion of Mr. O'MALLEY was rejected.

Mr. SAMUEL B. HILL. Mr. Speaker, I move that the House insist on its disagreement to amendment no. 13, and on that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BOYLAN. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. BOYLAN. As I understand, the question recurs on the motion that the House insist on its disagreement to amendment 13.

The SPEAKER. That is correct.

Mr. O'MALLEY. And an "aye" vote is to insist upon the disagreement.

The SPEAKER. The gentleman is correct.

The question was taken; and there were—yeas 283, nays 77, not voting 70, as follows:

[Roll No. 135]

YEAS—283

Adair	Brown, Ga.	Coffin	Doughton
Adams	Brown, Mich.	Colden	Doxey
Allen	Brunner	Cole	Drewry
Andrew, Mass.	Buchanan	Collins, Miss.	Driver
Andrews, N.Y.	Buck	Colmer	Duffey
Arnold	Bulwinkle	Condon	Duncan, Mo.
Ayres, Kans.	Burnham	Connery	Durgan, Ind.
Bacharach	Byrns	Connolly	Eagle
Bacon	Cady	Cooper, Ohio	Eaton
Bailey	Caldwell	Cooper, Tenn.	Edmiston
Bakewell	Carden, Ky.	Cox	Edmonds
Bankhead	Carmichael	Cross, Tex.	Eicher
Beedy	Carpenter, Kans.	Crowther	Ellenbogen
Beiter	Carter, Calif.	Culkin	Ellzey, Miss.
Berlin	Carter, Wyo.	Cullen	Eltse, Calif.
Biermann	Cartwright	Cummings	Englebright
Black	Castellow	Darden	Evans
Blanchard	Chapman	Darrow	Faddis
Bland	Chase	Dear	Fernandes
Blanton	Chavez	Deen	Fiesinger
Bloom	Christianson	Delaney	Fish
Boehne	Church	De Priest	Fitzgibbons
Bolton	Claiborne	DeRouen	Fitzpatrick
Boylan	Clark, N.C.	Dies	Flannagan
Brennan	Clarke, N.Y.	Dirksen	Focht
Britten	Cochran, Mo.	Dobbins	Ford
Brooks	Cochran, Pa.	Dockweiler	Foss
Foulkes	Knutson	O'Connell	Spence
Frey	Kocialkowski	O'Connor	Steagall
Fuller	Koppiemann	Oliver, N.Y.	Stokes
Gambrill	Lamneck	Owen	Strong, Pa.
Gavagan	Lanham	Palmisano	Stubbs
Gifford	Lanzetta	Parker	Studley
Gillespie	Larrabee	Parks	Sumners, Tex.
Gillette	Lea, Calif.	Parsons	Sutphin
Glover	Lehlbach	Patman	Swick
Goldsborough	Lehr	Perkins	Tarver
Goodwin	Lewis, Colo.	Peterson	Taylor, Colo.
Goss	Lindsay	Pettengill	Terrell, Tex.
Granfield	Luce	Peyser	Terry, Ark.
Gregory	Ludlow	Plumley	Thom
Griffin	McCarthy	Powers	Thomas
Haines	McCormack	Ramsay	Thomason
Hancock, N.Y.	McDuffie	Ramspeck	Thompson, Ill.
Hancock, N.C.	McFadden	Randolph	Tinkham
Hart	McGrath	Rankin	Traeger
Harter	McKeown	Ransley	Treadway
Hartley	McLean	Rayburn	Umstead
Hastings	McLeod	Reece	Utterback
Healey	McReynolds	Reed, N.Y.	Vinson, Ga.
Higgins	Maloney, Conn.	Rich	Vinson, Ky.
Hill, Samuel B.	Maloney, La.	Richards	Walter
Hoeppel	Mansfield	Richardson	Warren
Holdale	Marshall	Robertson	Wearin
Hollister	Martin, Mass.	Robinson	Weaver
Holmes	Martin, Oreg.	Rogers, Mass.	Werner
Howard	May	Rogers, N.H.	West, Ohio
Jacobsen	Mead	Rudd	West, Tex.
Jenkins, Ohio	Meeks	Sabath	White
Johnson, Tex.	Merritt	Sanders	Whitley
Johnson, W.Va.	Millard	Sandlin	Whittington
Jones	Milligan	Schulte	Wigglesworth
Kahn	Montague	Sears	Wilcox
Kee	Montet	Seger	Willford
Kelly, Ill.	Moran	Shallenberger	Wilson
Kennedy, Md.	Morehead	Shannon	Wolcott
Kennedy, N.Y.	Moynihan, Ill.	Sisson	Wolfenden
Kenney	Musselwhite	Smith, Va.	Wolverton
Kinzer	Nesbit	Snell	Wood, Ga.
Kleberg	Norton	Snyder	Wood, Mo.
Kloeb	O'Brien	Somers, N.Y.	

NAYS—77

Arens	Greenway	McClintic	Secrest
Ayers, Mont.	Harlan	McFarlane	Shoemaker
Boileau	Henney	McGugin	Sinclair
Brown, Ky.	Hildebrandt	Mapes	Sirovich
Burke, Nebr.	Hill, Knute	Martin, Colo.	Smith, Wash.
Cannon, Mo.	Hope	Miller	Strong, Tex.
Cannon, Wis.	Hughes	Mitchell	Taylor, Tenn.
Carpenter, Nebr.	Imhoff	Monaghan, Mont.	Thurston
Cravens	James	Mott	Truax
Crosser, Ohio	Johnson, Minn.	Murdock	Turner
Dickinson	Johnson, Okla.	O'Malley	Wallgren
Dingell	Kniffin	Peavey	Weideman
Dondero	Kvale	Pierce	Williams
Dowell	Lambeth	Polk	Withrow
Dunn	Lee, Mo.	Reilly	Woodruff
Fletcher	Lemke	Rogers, Okla.	Young
Frear	Lesinski	Romjue	Zioncheck
Gilchrist	Lewis, Md.	Ruffin	
Gray	Lozier	Sadowski	
Green	Lundeen	Schuetz	

NOT VOTING—71

Abernethy	Crosby	Jeffers	Simpson
Allgood	Crowe	Jenckes, Ind.	Smith, W.Va.
Auf der Heide	Crump	Keller	Stalker
Beam	Dickstein	Kelly, Pa.	Sullivan
Beck	Disney	Kerr	Swank
Boland	Ditter	Kramer	Sweeney
Browning	Douglass	Kurtz	Taber
Brumm	Doutrich	Lambertson	Taylor, S.C.
Buckbee	Farley	Lloyd	Thompson, Tex.
Burch	Fulmer	McMillan	Tobey
Burke, Calif.	Gasque	McSwain	Turpin
Busby	Greenwood	Marland	Underwood
Carley, N.Y.	Griswold	Muldowney	Wadsworth
Cary	Guyer	Oliver, Ala.	Waldron
Cavicchia	Hamilton	Prall	Welch
Celler	Hess	Reid, Ill.	Woodrum
Collins, Calif.	Hill, Ala.	Schaefer	
Corning	Huddleston	Scrugham	

So the motion to further insist on the disagreement of the House to Senate amendment no. 13 was agreed to.

The Clerk announced the following pairs:

Additional general pairs:

Mr. Corning with Mr. Wadsworth.
Mr. Woodrum with Mr. Hess.
Mr. Sullivan with Mr. Ditter.
Mr. Farley with Mr. Muldowney.
Mr. Celler with Mr. Cavicchia.
Mrs. Jenckes of Indiana with Mr. Doutrich.
Mr. Crowe with Mr. Brumm.
Mr. Kramer with Mr. Taber.
Mr. Carley of New York with Mr. Buckbee.
Mr. Swank with Mr. Tobey.
Mr. Browning with Mr. Waldron.
Mr. Prall with Mr. Kurtz.
Mr. Gasque with Mr. Turpin.
Mr. Taylor of South Carolina with Mr. Beck.

Mr. Auf der Heide with Mr. Collins of California.
Mr. Douglass with Mr. Kelly of Pennsylvania.
Mr. Underwood with Mr. Guyer.
Mr. Montague with Mr. Lambertson.
Mr. McSwain with Mr. Simpson.
Mr. Oliver of Alabama with Mr. Reid of Illinois.
Mr. Greenwood with Mr. Stalker.
Mr. McMillan with Mr. Welch.
Mr. Burch with Mr. Scrugham.
Mr. Keller with Mr. Kerr.
Mr. Disney with Mr. Lloyd.
Mr. Fulmer with Mr. Schaefer.
Mr. Sweeney with Mr. Thompson of Texas.
Mr. Griswold with Mr. Marland.
Mr. Busby with Mr. Smith of West Virginia.
Mr. Abernethy with Mr. Allgood.
Mr. Jeffers with Mr. Beam.
Mr. Huddleston with Mr. Cary.
Mr. Dickstein with Mr. Hamilton.
Mr. Boland with Mr. Crosby.
Mr. Hill of Alabama with Mr. Burke of California.

Mr. DONDERO changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague from Oklahoma [Mr. SWANK] is unavoidably detained on account of illness.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 1, after line 5, strike out the table of contents as follows:

"TABLE OF CONTENTS

"TITLE I. INCOME TAX

"*Subtitle A. Introductory provisions*

"Section 1. Application of title.
"Section 2. Cross-references.
"Section 3. Classification of provisions.
"Section 4. Special classes of taxpayers.

"*Subtitle B. General provisions*

"Part I. Rates of tax

"Section 11. Normal tax on individuals.
"Section 12. Surtax on individuals.
"Section 13. Tax on corporations.

"Part II. Computation of net income

"Section 21. Net income.
"Section 22. Gross income.
"Section 23. Deductions from gross income.
"Section 24. Items not deductible.
"Section 25. Credits of individual against net income.

"Part III. Credits against tax

"Section 31. Taxes of foreign countries and possessions of United States.
"Section 32. Taxes withheld at source.
"Section 33. Credit for overpayments.

"Part IV. Accounting periods and methods of accounting

"Section 41. General rule.
"Section 42. Period in which items of gross income included.
"Section 43. Period for which deductions and credits taken.
"Section 44. Installment basis.
"Section 45. Allocation of income and deductions.
"Section 46. Change of accounting period.
"Section 47. Returns for a period of less than 12 months.
"Section 48. Definitions.

"Part V. Returns and payment of tax

"Section 51. Individual returns.
"Section 52. Corporation returns.
"Section 53. Time and place for filing returns.
"Section 54. Records and special returns.
"Section 55. Publicity of returns.
"Section 56. Payment of tax.
"Section 57. Examination of return and determination of tax.
"Section 58. Additions to tax and penalties.
"Section 59. Administrative proceedings.

"Part VI. Miscellaneous provisions

"Section 61. Laws made applicable.
"Section 62. Rules and regulations.
"Section 63. Taxes in lieu of taxes under 1932 act.
"Section 64. Short title.

"*Subtitle C. Supplemental provisions*

"Supplement A. Rates of tax

"Section 101. Exemptions from tax on corporations.
"Section 102. Tax on personal holding companies.
"Section 103. Tax on other corporations improperly accumulating surplus.
"Section 104. Tax on citizens and corporations of certain foreign countries.

"Supplement B. Computation of net income

"Section 111. Determination of amount of, and recognition of, gain or loss.
"Section 112. Recognition of gain or loss.
"Section 113. Adjusted basis for determining gain or loss.
"Section 114. Basis for depreciation and depletion.
"Section 115. Distributions by corporations.
"Section 116. Exclusions from gross income.
"Section 117. Capital gains and losses.
"Section 118. Loss from wash sales of stock or securities.
"Section 119. Income from sources within United States.
"Section 120. Unlimited deduction from charitable and other contributions.

"Supplement C. Credits against tax

"Section 131. Taxes of foreign countries and possessions of United States.

"Supplement D. Returns and payment of tax

"Section 141. Consolidated returns of corporations.
"Section 142. Fiduciary returns.
"Section 143. Withholding of tax at source.
"Section 144. Payment of corporation income tax at source.
"Section 145. Penalties.
"Section 146. Closing by Commissioner of taxable year.
"Section 147. Information at source.
"Section 148. Information by corporations.
"Section 149. Returns of brokers.
"Section 150. Collection of foreign items.

"Supplement E. Estates and trusts

"Section 161. Imposition of tax.
"Section 162. Net income.
"Section 163. Credits against net income.
"Section 164. Different taxable years.
"Section 165. Employees' trusts.
"Section 166. Revocable trusts.
"Section 167. Income for benefit of grantor.
"Section 168. Taxes of foreign countries and possessions of United States.

"Supplement F. Partnerships

"Section 181. Partnership not taxable.
"Section 182. Tax of partners.
"Section 183. Computation of partnership income.
"Section 184. Credits against net income.
"Section 185. Earned income.
"Section 186. Taxes of foreign countries and possessions of United States.
"Section 187. Partnership returns.
"Section 188. Different taxable years of partner and partnership.

"Supplement G. Insurance companies

"Section 201. Tax on life-insurance companies.
"Section 202. Gross income of life-insurance companies.
"Section 203. Net income of life-insurance companies.
"Section 204. Insurance companies other than life or mutual.
"Section 205. Taxes of foreign countries and possessions of United States.
"Section 206. Computation of gross income.
"Section 207. Mutual insurance companies other than life.

"Supplement H. Nonresident alien individuals

"Section 211. Gross income.
"Section 212. Deductions.
"Section 213. Credits against net income.
"Section 214. Allowance or deductions and credits.
"Section 215. Credits against tax.
"Section 216. Returns.
"Section 217. Payment of tax.

"Supplement I. Foreign corporations

"Section 231. Gross income.
"Section 232. Deductions.
"Section 233. Allowance of deductions and credits.
"Section 234. Credits against tax.
"Section 235. Returns.
"Section 236. Payment of tax.
"Section 237. Foreign insurance companies.
"Section 238. Affiliation.

"Supplement J. Possessions of the United States

"Section 251. Income from sources within possessions of United States.
"Section 252. Citizens of possessions of United States.

"Supplement K. China Trade Act corporations

"Section 261. Credit against net income.
"Section 262. Credits against the tax.
"Section 263. Affiliation.
"Section 264. Income of shareholders.

"Supplement L. Assessment and collection of deficiencies

"Section 271. Definition of deficiency.
"Section 272. Procedure in general.
"Section 273. Jeopardy assessments.
"Section 274. Bankruptcy and receiverships.
"Section 275. Period of limitation upon assessment and collection.
"Section 276. Same; exceptions.
"Section 277. Suspension of running of statute.

"Supplement M. Interest and additions to the tax

"Section 291. Failure to file return.
"Section 292. Interest on deficiencies.
"Section 293. Additions to the tax in case of deficiency.
"Section 294. Additions to the tax in case of nonpayment.

"Section 295. Time extended for payment of tax shown on return.
"Section 296. Time extended for payment of deficiency.
"Section 297. Interest in case of jeopardy assessments.
"Section 298. Bankruptcy and receiverships.
"Section 299. Removal of property or departure from United States.
"Supplement N. Claims against transferees and fiduciaries
"Section 311. Transferred assets.
"Section 312. Notice of fiduciary relationship.
"Supplement O. Overpayments
"Section 321. Overpayment of installment.
"Section 322. Refunds and credits.
"TITLE II. AMENDMENTS TO ESTATE TAX
"Section 401. Revocable trusts.
"Section 402. Prior taxed property.
"Section 403. Citizenship and residence of decedents.
"TITLE III. AMENDMENTS TO PRIOR ACTS AND MISCELLANEOUS
"Section 501. Period for petition to board under prior acts.
"Section 502. Recovery of amounts erroneously refunded.
"Section 503. Statute of limitations on suits for refund.
"Section 504. Overpayments found by the Board of Tax Appeals.
"Section 505. Bankruptcy and receiverships.
"Section 506. Retroactivity of regulations, rulings, etc.
"Section 507. Examination of books and witnesses.
"Section 508. Sale of personal property under distraint.
"Section 509. Discharge of liens.
"Section 510. Jeopardy assessments.
"Section 511. Gifts of property subject to power.
"Section 512. General counsel for the Treasury.
"Section 513. Assistants in the Treasury.
"Section 514. Penalties and awards to informers with respect to illegally produced petroleum.
"Section 515. Postal rates.
"TITLE IV. EXCISE TAXES
"Section 601. Fruit-juice tax.
"Section 602. Tax on certain oils.
"Section 603. Taxes on lubricating oil and gasoline.
"Section 604. Tax on production of crude petroleum.
"Section 605. Tax on refining of crude petroleum.
"Section 606. Termination of bank-check tax.
"TITLE V. GENERAL PROVISIONS
"Section 701. Definitions.
"Section 702. Separability clause.
"Section 703. Effective date of act."

and insert in lieu thereof the following:

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"Section 13. Tax on corporations.
"Section 14. Increase of tax for 1934.

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"TITLE V. CAPITAL-STOCK AND EXCESS-PROFITS TAXES

"Section 701. Capital-stock tax.
"Section 702. Excess-profits tax.
"Section 703. Capital stock tax and excess-profits tax imposed by National Industrial Recovery Act.

"TITLE VI. GENERAL PROVISIONS

"Section 801. Definitions.
"Section 802. Separability clause.
"Section 803. Effective date of act."

Mr. SAMUEL B. HILL. Mr. Speaker, this has to do solely with the table of contents and is made necessary by the action of the House with reference to the amendment just voted on.

I move that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur in the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert:

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Section 803. Effective date of act.

The SPEAKER. The question is on the motion of the gentleman from Washington to recede and concur with an amendment.

The motion was agreed to.

H.R. 7835—EXTENSION OF REMARKS

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks in the RECORD on the conference report and the amendments in disagreement.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I desire to state briefly my views in favor of Federal old-age pension and insurance legislation in this country. I deplore the fact that the United States has to share with China and India the national ignominy and disgrace of providing no system of pensions or insurance for its aged indigent citizens.

State old-age pension laws, fostered by a noble fraternal organization, the Fraternal Order of Eagles, are a right step toward a national system, the same as exists in all the other great civilized nations of the world.

OLD-AGE PENSIONS AND INSURANCE IN FOREIGN COUNTRIES

I desire to describe briefly the measures adopted in foreign countries to provide a competence for old age, together with data, where obtainable, of the actual operation of the various systems. The descriptive reports for these countries were prepared by the consular representatives of the United States Department of State in the several countries concerned, in accordance with an outline and a memorandum of instructions prepared by the Bureau of Labor Statistics. This study may therefore be regarded as substantially complete, except as regards the Soviet Union, for which country the Bureau has no first-hand information.

The data show that in 39 countries (exclusive of the Soviet Union) one or more systems of pensions or insurance for old age have been established. These countries are enumerated below.

Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, Cuba, Czechoslovakia, Denmark, France, Germany, Great Britain, Greece, Greenland, Guernsey (Isle of), Hungary, Iceland, Irish Free State, Italy, Japan, Lithuania (Memel Territory), Luxemburg, Netherlands, Newfoundland, New Zealand, Norway, Paraguay, Poland, Portugal, Rumania, South Africa (Union of), Spain, Sweden, Switzerland, Uruguay, Yugoslavia.

TYPES OF PLANS

The systems of old-age care are of three main types as regards contribution and benefit:

First. Voluntary insurance: In essence this is merely a system under which the Government sells annuities under more favorable rates than the private insurance companies.

Second. Compulsory insurance: Under this system contributions to a general insurance fund are made by two or all the three parties concerned—the State, the employers, and the employees. Usually, all three parties contribute, as in Great Britain, Germany, and in France. This fund is managed by public authority, and out of it determined benefits are paid to each employee under the system when he attains a certain age.

Third. Public pensions: Here the cost of the system is borne wholly by the public, and pensions are paid to citizens reaching a certain age, without other means of support, and without regard to whether they are or have been employed workers.

Of these three types of systems, the first, voluntary insurance, needs least comment. It has been introduced in only five countries (Canada, France, Italy, Netherlands, and Switzerland), and it has not succeeded, as a rule, in obtaining any large coverage.

As already indicated, the method of approach to the problem of old-age dependency is very different under compulsory insurance and under the public pension. The following points of difference may be emphasized as of particular importance: Under a public-pension system aid is given only in case of actual dependency, and then only in accordance with the need of the individual as established to the satisfaction of the administrative agency. The theory under the compulsory-insurance system is quite different. Under such a system the aim is to accumulate, for all working citizens, against their retirement from industry, an insurance fund which will support them in their old age. The old-age benefits thus received by a retired worker are therefore not dependent upon the degree of dependency or upon proof of need. On the other hand, this system provides only for persons who are or have been workers; it does not cover dependent persons who, for various reasons, may have reached old age without ever having had employment within the meaning of the law.

The compulsory-insurance principle has at present by far the greatest acceptance. In general, the public pension system is favored by the British dominions and the Scandinavian countries and dependencies (except Sweden). The compulsory-insurance system is now in force in the principal industrial countries of Europe, such as France, Germany, Great Britain, and Italy; of these, France and Great Britain also have a pension system.

COVERAGE OF SYSTEM

Not all the systems adopted are complete in their coverage. Thus, in Switzerland only certain cantons have adopted such systems, and in Brazil such legislation applies only to employees of public utilities. Also it is to be noted that in a few instances systems of different character and coverage are in effect in the same country.

In the great majority of countries, however (including the principal industrial countries of Europe, such as England, Germany, and France), the systems in effect cover either the whole population or the whole working population, subject to certain requirements of income, residence, and so forth.

Public old-age insurance or pensions are intended for and applied to the economically lowest groups of the population, principally wage earners and low-salaried employees but may include independent workers, including small employers, employing up to five or six workers. In order to determine these insurable or pensionable groups, the laws set certain economic limits on the basis of earnings, income, or value of property owned. These economic limits vary from country to country even more widely than the age limits.

However, a number of countries, having introduced a public compulsory-insurance system for the low-income groups of the population, have established a secondary, higher-income limit for voluntary insurance; that is, persons whose earnings or incomes are above the limit for compulsory insurance and below the secondary higher limit may come under the compulsory-insurance act if they so desire. Experience shows that these classes do, to some extent, take advantage of such a provision.

AGE LIMIT

There is no generally accepted age limit at which old-age pensions or benefits shall become payable. Not only does the age limit vary from country to country, but often within the same country different age limits are set for the sexes and for different occupational groups; in some insurance systems the age of retirement is dependent on years of service and amount of contributions made.

In general, it may be said that the age limits in European countries vary from 50 to 70 years, the prevailing limits being from 60 to 65 years. In the non-European countries the age limits, on the whole, appear to be somewhat lower than in Europe.

The age limit for women is in many cases fixed 5 years lower than for men.

For more hazardous occupations, such as transport and mining, often a lower age limit is set than for other less hazardous occupations.

In general, the lowest age limits occur under voluntary-insurance systems and the highest under straight-pension systems, while the compulsory-insurance systems occupy a middle position in this respect.

The recent legislative tendency in regard to the age limit seems to be toward flexibility, a certain amount of discretion being left to the administrative authorities to fix age standards within the upper and lower limits set by the law.

CONTRIBUTIONS AND BENEFITS

In case of compulsory insurance the contributions are made either as a certain percentage of wages or salaries or as a definite sum of money to be contributed either weekly or monthly. Public contributions to insurance funds are either proportioned to the contribution shares of the insured and their employers, or are in the form of grants representing definite sums of money either per insured or per beneficiary, or lump sums transferred periodically to the insurance fund.

Some foreign countries have resorted to special taxation and other special means of raising money for the benefit of the insurance or pension funds. The European countries, however, seem to avoid special taxation for public-insurance funds.

Old-age benefits or pensions are usually established at a point which will provide merely the bare necessaries of life or a minimum of comfortable subsistence. As this minimum varies from country to country, from time to time, and even as between economic groups in the same country, the amount of benefit or pensions paid in different countries and for different groups of persons in the same country varies greatly.

With a few exceptions, the benefits and pensions are considerably lower than the wages or salaries earned before old-age retirement. As a rule, in the case of insurance systems the amount of benefit is based upon the amount of contributions made in behalf of the insured, while the amount of contribution is based upon a certain percentage of wages or salary, or of income in the case of independent workers.

In order closely to relate earning ability with contributions, varying numbers of graded wage or income classes are often set up. As, however, minute classification complicates administrative work, there is a tendency either to decrease the wage classes to a smaller number or to do away with them entirely, leaving only the upper insurable or pensionable income limits.

In a number of European countries the ordinary or regular benefits or pensions are rather small, especially in view of the increasing cost of living and depreciation of money value, in post-war years. Various increases and additional benefits have therefore been introduced, usually termed "bonuses", "allowances", "supplementary benefits", "special grants", and so forth.

SURVIVORS' BENEFITS

Most of the old-age insurance or pension systems made provision for dependent survivors, such as widow or widower, orphans, parents, and so forth.

Usually the amount of the widow's benefit is one half of the benefit of her deceased husband.

Almost all insurance systems provide that the total benefit for survivors may not exceed the benefit of the deceased.

STATISTICS OF OPERATION

The table following shows, for each country for which data are available, the number of persons covered by the various systems, the number of beneficiaries, and the average benefit:

Extent of coverage and benefits of old-age pension and insurance systems in specified countries

Country and system	Population	Year to which figures apply	Number of persons covered by system	Number of beneficiaries		Average yearly old-age and invalidity benefit
				Insured	Survivors	
Argentina:						
Railway employees	10,904,022	1929	143,843	[1] 22,408	[2]	[1] $449
Bank employees		1929	9,205	[1] 410	[2]	[1] 291
Public-utility-company employees		1929	41,908	[2]	[2]	[2]
Australia: Pensions	5,495,734	1930	5,495,734	155,196		242
Austria: Salaried employees	6,575,283	1929	228,882	9,543	10,741	354
Brazil: Public-utility-company employees	40,272,650	[3]	140,435	6,930	3,867	366
Canada:						
Pensions	9,934,500	1931	[2]	57,930		200
Voluntary insurance		1930	10,183	[2]		[2]
Chile:						
Wage earners	4,364,395	1931	1,203,500	663	[2]	21
Salaried employees		1930	80,220			
Cuba:						
Maritime employees	3,607,919	1929	80,000	877		[2]
Railway employees		1931	45,000	2,569	787	[2]
Czechoslovakia:						
Salaried employees	14,523,186	1930	359,374	14,314	17,608	
Wage earners		1929	2,305,959	605	2,451	14
State railway employees		1929	132,838	62,773	[2]	93
Miners		1929	129,644	84,760	[2]	57
Denmark: Pensions	3,434,555	1929	3,434,555	99,461		160
France:						
Seamen	40,745,874	1930	170,000	59,800	7,500	129
Ship's cooks, stewards, etc.		1930	36,000	[2]	[2]	[2]
Voluntary insurance		1930	[2]	800,000	[2]	12
Railway employees		1928	446,000	170,000	[2]	166
Miners		1929	425,000	[2]	[2]	[2]
Noncontributory pensions		1929	566,000	[2]	[2]	[2]
General insurance scheme		1930	8,217,636			
Germany:						
Wage earners	62,348,782	1929	18,000,000	[3] 2,049,000	1,178,000	[1] 85
Salaried employees		1930	3,500,000	125,576	100,790	[1] 185
Bank employees		1930	66,067	[1] 11,042	[2]	[1] 190
Miners		1930	676,383	205,447	167,905	[4] 130 [7] 317
Great Britain:						
Noncontributory pensions	44,173,704	1930	[2]	1,373,331		113
Contributory insurance		1928	[5] 16,500,000	[5] 587,772	[2]	[5] 127
Greece: Wage earners and salaried employees	6,204,468	1927–28	191,925	22,676	[2]	[2]
Greenland: Eskimos' pensions	[9] 10,000	1929	[2]	500		27
Guernsey, Isle of: Pensions	40,529	[4]	[2]	500		78
Hungary: Wage earners and salaried employees	8,603,922	1929	[6] 609,471			
Irish Free State: Pensions	2,972,802	1928	[2]	[6] 114,709		107
Italy: Compulsory insurance	41,168,000	1929	5,500,000	174,588	11,284	33
Japan: Voluntary insurance	62,938,200	1928–29	178,036	[2]		[2]
Lithuania (Memel Territory): Compulsory insurance	141,645	1929	[5] 25,148	416	[2]	27
Luxemburg: Wage earners	285,524	1928	[10] 50,000	3,830	951	[1] 20
Netherlands:						
Compulsory insurance	7,625,938	1930	2,547,099	133,257	25,769	61
Voluntary insurance		1929	[5] 179,264	223,080		60
Newfoundland: Pensions	264,089	[4]	3,200	3,000		50
New Zealand: Pensions	1,407,165	1931	[2]	[5] 26,909		200
Paraguay: Railway employees	791,469	[4]	916	95	[2]	364
Poland:						
Salaried employees	30,212,962	1928	225,081	1,854	3,245	[1] 147
Manual workers (former German territory)		1928	926,000	70,066	45,909	[1] 19
Railroad workers (former German territory)		1928	86,586	5,211	9,080	[1] 36
Miners (former Austrian territory)		1928	11,325	3,687	927	[1] 20
Portugal: Wage earners and salaried employees	5,628,610	[4]	[11] 2,000,000			
South Africa, Union of: Pensions	6,933,652	1930	[4]	[12] 36,167 [13] 16,551		[12] 139 [13] 86
Spain: Compulsory insurance	22,760,854	1930	3,395,212			
Sweden: Compulsory insurance	6,120,080	1929	3,728,000	318,000	[2]	43
Switzerland:						
Canton of Neuchatel	[2]	1929	11,523	884	[2]	103
Canton of Vaud	[2]	1929	52,503	297		40
Canton of Glarus	[2]	1929	19,055	209		31
Canton of Appenzell a/Rh.	[2]	1928	38,604			
Uruguay:						
General system	1,850,129	1930	[4]	33,828		[14] 124 [15] 99
Public-service employees		1930	51,500	2,746	688	594
Bank employees		1929	1,787	71	33	[2]
Limited-liability-company employees		1930	157,900	215	51	1,141
Journalists		1930	4,100	11	3	428

[1] Includes those receiving survivors' benefits also.
[2] Included with insured.
[3] No data.
[4] "Present."
[5] Data are for 1930.
[6] Wage earners.
[7] Salaried employees.
[8] Under health insurance acts; figures for old-age insurance slightly less.
[9] Estimated Eskimo population.
[10] Under social insurance.
[11] Estimated.
[12] White.
[13] Colored.
[14] Natives or Uruguay.
[15] Foreign born.
[a] Includes 41,504 miners.
[b] Includes 2,650 blind.

NOTE.—Foregoing data quoted from Bulletin No. 561 of the United States Bureau of Labor Statistics.

Mr. Speaker and Members of the House, I hope that the day is not far distant when we will have a nationalized old-age pension and insurance system in America, so that no American citizen will ever be compelled to eat the bitter bread of charity or enter a charitable institution.

Mr. O'CONNOR. Mr. Speaker, today I reluctantly voted against the conference report on the tax bill. Almost invariably have I supported the action and judgment of our committees of the House, but in this instance I found it impossible to follow my usual course. Of course, a vote against the adoption of the conference report was not a vote against the tax bill as adopted in the House, or as finally adopted. I voted for the tax bill as it passed the House. A vote against the adoption of the conference report was merely a vote to send the bill back to conference for further consideration of the differences between the two Houses.

I was impelled to vote as I did for the reason that I believe that the House conferees were too liberal in yielding to certain amendments adopted on the floor of the Senate, and especially those pertaining to the elimination of consolidated returns, which elimination I understand the administration opposed, and the publicity of income-tax returns, and the tariff on coconut oil, and so forth.

While the bill itself as finally agreed upon in conference will compel the American people to pay practically twice as much in taxes as the administration or the House committee or the House itself felt was necessary at this time, I could have tolerated the increase as well as the increases in the inheritance taxes which I feel are somewhat unreasonable, if it were not for the amendment pertaining to the publicity of income-tax returns. I have heretofore voted against any such an un-American provision. The fact that the publication of how much our citizens pay in income taxes may give rise to blackmail, suckers' lists, or kidnapers' lists does not influence me as much as the firm conviction I have that such a public announcement violates the personal privacy of our citizens. Surely there must be some small right of privacy which should be retained for our citizens. While the Government is entitled to know how much we earn or receive as income, such information should not be public property of every Wall Street confidence man or every racketeer.

If it were only because of the amendment providing for the publicity of income-tax returns, I would feel amply justified in the action I took in voting against the adoption of the conference report in the hope that the conferees and the managers on the part of the Senate might reconsider this proposal and relieve our citizens from this gross un-American invasion of their private affairs.

EXTENSION OF REMARKS

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to extend the remarks I made today in the RECORD by including therein a letter from the President, written to Senator HARRISON, together with a radiogram from the Philippine Islands to the Secretary of War and communications from other people who have made a study of this problem.

The SPEAKER. Is there objection?

There was no objection.

THE COUZENS AMENDMENT

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks upon the tax bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, the main object of the income tax bill, according to its framers in the House, was the plugging of loopholes through which the wealthiest men of the country, the leaders of finance, wholly escaped Federal income taxation, and it is complained that the Senate amendments have diverted the bill from this main object and converted it into a new and heavy income-tax measure.

The term "loophole" in connection with the existing income tax law strikes me as a misnomer. The term "loophole" is defined to be a narrow aperture or opening. Its original use was a peephole through which to watch the maneuvers of the enemy and to fire through. This seems to me entirely too restrictive a term to apply to tax laws which enable the greatest fortunes in the country to entirely escape taxation. Even tunnels would not take in enough space to define such avenues of escape. Both loopholes and tunnels imply some structural bounds, something to find loopholes in or dig tunnels through.

Even though this bill had its inception in the disclosures before the Banking and Currency Committee of the Senate, that the 20 kings of finance composing the House of Morgan, and the kings of finance composing Kuhn-Loeb & Co., and other money magnates, pay no income taxes because the law does not require them to pay any, and was designed to plug up the so-called "loopholes" or block the fugitive tunnels, this situation is not the real test by which to determine the propriety or necessity of the Senate amendments, boosting the House provisions from $258,000,000 to $470,000,000.

The real test is whether the Government needs the money. If it does, it ought to be raised. The answer to the question whether the Government needs the money is an all-time record in the way of a national debt, amounting to $30,000,000,000 and projected to $32,000,000,000 within a year. This debt now draws interest in round numbers to the amount of $1,000,000,000 a year, and projected to twelve hundred and fifty million dollars a year. The question of balancing the Budget, which is stressed by many as the only road to recovery and prosperity, may be left out of such an account. Even with this added tax of $470,000,000, there is no likehood of balancing the Budget. One need not weary his brains with figures and calculations. One can just shut his eyes and know that the additional taxes laid in the Senate amendments will not be too much and will not be enough.

In order to lay the additional taxes over the provisions of the House bill the Senate made nearly 200 amendments. The House conferees accepted the great majority of these amendments and composed the differences on all the others which involved tax increases, except one. As to all these changes, therefore, it makes no difference at this stage of the game what the original idea of the bill was. At this time there is disagreement only on one change made by the Senate in the House bill, and against the acceptance of this change the House has recorded its will by a vote of 283 to 79 and has sent this item back to conference between the two Houses.

That, Mr. Speaker, is a pretty substantial expression of the will of the Houses. As one of the 79 who voted against sending this item back to conference, which was tantamount to a vote for the Senate amendment, I want to address myself briefly to the consideration of that amendment and the reasons impelling my vote.

I have found it a pretty good plan to think over these controversial points in a quiet hour, provided a Member of Congress can find any such time as a quiet hour. I have found it a pretty good plan to keep an ear to the argument as it develops instead of waiting for the appeal of the last man to address the jury. By this process I had decided even before the conference report came before the House that Senate amendment no. 13, known as the "Couzens amendment", which imposes for the year 1934 only an additional tax of 10 percent over and above the amount levied by the regular taxes in the bill, should be approved. Reduced to an illustrative figure, the man who has to pay $10 without this amendment will have to pay $11 with it. The regular amount of his payments will be increased just 10 percent for 1 year. This is estimated to produce an additional revenue of $55,000,000. The elimination of the amendment will cut the total from $470,000,000 to $415,000,000 in round numbers.

The author of the amendment, in presenting his amendment to the Senate, is quoted in the CONGRESSIONAL RECORD of April 11, at page 6401, as follows:

> The tax provided for in the amendment ranges from 80 cents additional tax on the man with an income of $3,000 a year up to $57,000 on the man who has an income of $1,000,000 a year.

This statement illustrates better than mine the small amount of this additional tax and the spread of it from the lowest to the highest bracket.

Representative DAVID A. LEWIS, of Maryland, a member of the Ways and Means Committee of the House, stated some significant facts during the debate. One of his statements was as follows:

Take the case of a married couple in the United States, with no children, having a net income of $3,000. Their tax under existing law is but $20, and in this conference report it is reduced to $8. In Great Britain the same couple would pay not $8, or $20, but $318.

It is small wonder that the British Government has balanced its budget.

However, Mr. Speaker, I am not pleading for high taxes. The considerations which move me are these: The income tax is conceded to be the fairest and most equitable form of taxation. The taxpayer pays only according to his ability. If he does not get the income, he does not pay the tax. This exempts 98 out of every 100 people. Only 2 percent of the people would pay any of this added 10 percent of tax. They would pay it because they had something which 98 percent of the people do not have, to wit, a taxable income. I sincerely hope that I shall have the good fortune to remain in the 2-percent class. At times I have fallen out of it, and the experience was much more painful than paying income taxes. My only financial misgiving is that the time may come when I will not have to pay an income tax.

On top of this, the Government needs the money. It needs it to pay principal and interest on $30,000,000,000 of tax-free, interest-bearing bonds. It needs it to pay $4,000,000,000 of current expenditures. It needs it not simply to attain a balancing of the Budget, but to preserve the credit of the Government of the United States.

Every monopoly of the United States has paid dividends throughout this historic, this unprecedented depression. The wealth of the United States has been reduced by half. The remaining half is mortgaged for more than it is worth. But every monopoly has paid and is still paying dividends. The recipients of these dividends, which are produced by all of the people and received by a few of them, can and should bear the additional burden of this much-needed taxation. Any man with a taxable income can and should do the same thing.

Mr. Speaker, I am not able to apprehend the reasoning of the House in rejecting this tax. I do not question its motives. I know the Members who voted to reject it are just as conscientious as those who voted for it. They fear the effects of the added burden. They are apprehensive that it will be resented. They fear that the man who puts his name on the roll call in favor of this added burden will have to pay for it with many votes at the polls. I do not concur in this view, and would not be governed by it if I did. There is no partisanship in the action of the House. A majority on both sides voted to reject the so-called "Couzens amendment."

Mr. Speaker, one final reason moves me. This amendment reflects the action of the progressive Members of both parties at the other end of the Capitol. Their action has been beneficially reflected in all the history-making legislation of the Seventy-third Congress. I find it impossible to escape the sympathies and reactions which bind me to this group. I consider progressivism the hope of America. Progressivism is blazing the trail for the new deal and the new day, if there is any such goal. I believe there is. If I did not believe this, I would fold up; my interest in national affairs would die for want of a faith on which to live.

RIVERS AND HARBORS

Mr. MANSFIELD. Mr. Speaker, yesterday General Markham, Chief of Engineers of the Army, delivered an informative address before the National Rivers and Harbors Congress. I ask unanimous consent to extend my remarks in the RECORD and to include that address.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Maj. Gen. E. M. Markham, Chief of Engineers, United States Army:

Mr. President and gentlemen, it is a privilege and an honor to talk to this membership of the National Rivers and Harbors Congress. I believe that the history of these congresses dates from the first convention held in Baltimore in 1901, and that since your reorganization in 1906, the influence has been of major proportions upon comprehensive and intelligent improvement of our most valuable and productive natural assets, our rivers and harbors.

As you know, the Corps of Engineers acts as the technical advisor of the Government in determining the possibilities of our waterways development and in planning their improvement. The Congress normally approves the plans, provides the funds, and is the directing authority. Associations such as yours represent important public interests in such improvements and in their manner of execution. Your responsibilities and our responsibilities are both heavy. It is therefore doubly fitting that we have this opportunity to meet, to discuss our problems, and to exchange our views.

Although the members of the National Rivers and Harbors Congress are doubtless acquainted with the procedure under which river, harbor, and flood-control projects are investigated, it seems pertinent to grasp this opportunity to point out again the careful and painstaking investigations and studies behind an adopted project. First, such a project must have the demonstrable conviction of local interests as to its desirability. Through their initiative, legislation by Congress must be secured authorizing the Corps of Engineers to conduct a preliminary examination and survey. The first or preliminary investigation is made by the district engineer assigned to the locality. His report is reviewed by the division engineer, and in turn by the older, more experienced members of the Board of Engineers for rivers and harbors. If the report on this preliminary examination is unfavorable, Congress is advised at once. If the aspects are favorable, the Board recommends a more detailed survey to include a determination of costs and potential transportation or other savings. Upon the approval of the Chief of Engineers, the local district engineer conducts such a detailed survey. His second report is reviewed by the division engineer and by the Board of Engineers and passed to the Chief of Engineers, who submits it with appropriate recommendations to the Secretary of War for transmission to Congress.

These reports are carefully studied by the Committee on Rivers and Harbors of the House of Representatives with hearings at which proponents and opponents are given full opportunity to present their views. The recommendations of the committee are included in a river and harbor bill presented to Congress for its action. There are no public projects today in the country, nor so far as known, in any country, which are given the extensive analysis and study which apply to these river-and-harbor improvements before their adoption as Federal projects; and while there may be individual cases which have not fully realized their expectations, by and large, for the sums disbursed and the results obtained, it is doubtful if any expenditures by the Federal Government give to the people of the United States as large a return, measurable in dollars and cents, as the improvements of our waterways for navigation and for flood control.

Prior to 1928, the annual appropriation for the maintenance and improvements of our rivers and harbors averaged from $40,000,000 to $50,000,000 and for flood control about $10,000,000. In the 5 years prior to the passage of the National Industrial Recovery Act, approximately $400,000,000 was expended on rivers and harbors, and $158,000,000 on flood control. The augmented program under the National Industrial Recovery Act, to the end, amongst other things, of ameliorating unemployment, has provided $250,000,000 for river-and-harbor improvements, which, with regular appropriations available to the Department, has resulted in a total of approximately $350,000,000 being available for obligation during this fiscal year. Of this sum about $256,000,000 has been allocated to improvements primarily in the interest of navigation; $73,000,000 has been allocated to flood-control projects. The funds cited have made possible the direct employment of over 60,000 persons and the indirect employment of something like 200,000.

Funds from the Administration of Public Works were received during the period from August 1, 1933, to the end of that year. A determined effort was made by the Corps of Engineers to expedite the preparation of plans and specifications so that work might be started without delay and maintained under vigorous prosecution. I am proud to report to you that at the present time practically this entire amount made available has been obligated, with work actively under way on all projects. This record, unprecedented, has been made possible only by the tireless and loyal efforts of a wide-spread organization of civilians and commissioned officers of Engineers, the very uncommon effort and loyalty of whom justifies the repeated public expression of my admiration and appreciation. The Department has also had the highly effective cooperation of the contractors who proceeded under many adverse conditions to start work promptly and to push it energetically. The speed with which this work was placed under way has not been at any expense of proper engineering study and design. The projects in execution have received the same careful attention in all engineering details that has characterized the work of the Department in the past. It ought to interest the public to know that this program is under way at an overhead expense of less than 4½ percent.

There are a total of 97 operations scattered throughout the United States now in execution under the supervision of the Engineer Department supported by allotments from the Administration of Public Works. A brief enumeration of the major projects will not be amiss, perhaps.

ATLANTIC COAST

On the Atlantic coast, 2 highway bridges and 1 railway bridge are under construction across the Cape Cod Canal to permit of widening to meet the increasing demands of navigation. In New York Harbor, 30-foot channels have been provided in Staten Island Sound, in Newark Bay, and in Jamaica Bay, and interior channels have been extended and facilities materially improved to accommodate the port's annual commerce of 170 million tons, valued at $10,000,000,000. The anchorage facilities at Boston have been enlarged. A 35-foot Delaware River channel to Philadelphia has been completed; this channel, at a depth of 25 feet, is under extension from Philadelphia to Trenton. The New Haven Harbor, James River, Charleston and Brunswick Harbors, the St. Johns River to Jacksonville, Fort Pierce Inlet and Miami Harbors, are all under improvement looking to better navigational facilities.

The major portion of the protected inland waterway route for small boats along the Atlantic coast is practically completed with work actively under way on the section from Cape Fear River to Charleston, S.C., and on the section from Jacksonville to Miami. Work has been started on the canalization of the Savannah River and of the Cape Fear River.

GULF COAST

On the Gulf coast, the 32-foot project for Mobile is essentially complete, and work is under way at Pensacola, Tampa, Gulfport, St. Andrews Bay, Brazos Island, Galveston, Houston Ship Channel, Texas City, Freeport Harbor, Port Aransas, and on the Sabine-Neches waterway. The Pensacola to Mobile Bay and New Orleans to Sabine River sections of the Gulf Intracoastal waterway have been completed and are open to navigation, with the new Harvey Locks opposite New Orleans providing a modern connection to the Mississippi River. Work is also under way on the Sabine River to Corpus Christi section of the Gulf Intracoastal. The flood control for the Lake Okeechobee region is a very important activity in this section on which material progress has been made in the past year.

PACIFIC COAST

On the Pacific coast improvements are in active progress at San Diego, Los Angeles, and Long Beach, San Francisco, Columbia River to Portland and Vancouver, Willapa River, Grays Harbor, Tacoma Harbor, Richmond Harbor, San Joaquin River, Wrangell Narrows, and on the great navigation and power dam at Booneville, Oreg. Flood control of the Sacramento River has been an important Federal project since 1910 and the Federal Government has already expended over $12,000,000 in its execution.

GREAT LAKES

On the Great Lakes increased depths have been secured, or contracted, at the important ports of Agate Bay, Duluth-Superior, Ashland, Marquette, Port Washington, Green Bay, Milwaukee, Calumet and Indiana Harbors, Lake St. Clair Channels, and at Toledo, Lorain, Sandusky, Cleveland, Ashtabula, Conneaut, Fairport, Huron, Buffalo, and Ogdensburg; the deepening and widening of connecting channels has been continued with the work completed, or well advanced, on the St. Mary's River, St. Clair River, Detroit River, and Niagara River.

INLAND WATERWAYS

The extension and improvement of our national waterway system has not been neglected in the Public Works program. The facilities on the Ohio River system, with its annual commerce of 30,000,000 tons, are under betterment by way of new locks and dams at Montgomery Island and Gallipolis, replacing six of the existing locks and dams; on the Kanawha, by the construction of two new locks and dams; and on the Green and Barren, the Allegheny, the Cumberland, and the Illinois waterway.

A large flood control and navigation storage reservoir is in construction on the Tygart River which will ameliorate the floods and increase low-water discharge of the Monongahela River. The upper Mississippi project has been greatly extended by completion of 3 locks and dams and of 13 other locks well under way. The 6-foot channel from the mouth of the Missouri River to Kansas City has been opened to navigation and is being rapidly extended to Sioux City. The construction of the huge storage reservoir at Fort Peck, Mont., designed to insure an adequate low-water supply for a channel 8 to 9 feet in depth is being pushed vigorously.

Important Territorial ports of Hawaii, Puerto Rico, and Alaska are likewise being improved under this program.

The brief summary above given comprises but major projects. In addition, there are a great number of lesser ones, in the sense that the expenditures involved are comparatively small, which will contribute materially toward increased transportation savings and better navigational conditions.

FLOOD CONTROL

Progress on the authorized flood-control projects on the Mississippi River and its tributaries, on the Sacramento River, and on Lake Okeechobee and the Caloosahatchee River has been substantially accelerated as part of the Public Works program. In addition, a flood-control project on the Winooski River, Vt., is in execution with personnel of the Civilian Conservation Corps, under the direction of the Engineer Department. As well, an extensive cooperative flood-control plan is being placed under way in the Muskingum Valley, Ohio, with a Federal contribution of $22,900,000. The first major allotment of funds received from the Administration of Public Works was $7,000,000 for the Mississippi flood-control plan, and within a week over 3,000 men were at work. Total allotments from the Public Works Administration combined with regularly appropriated funds have made an aggregate of approximately $70,000,000 available for this project during the present fiscal year and has enabled an extension of its protective value to thousands of lives and to property of tremendous value.

The Department has prepared and placed before the Administration of Public Works a list of projects which, if consummated, would complete all navigation and flood-control plans reported to Congress. The number of projects in this list total 184. Funds in the amount of $342,000,000 could be used advantageously for their prosecution during the next few years.

A study and analysis of the commercial statistics and costs of our harbor facilities show that our water commerce reached a maximum in 1929 of over 880 million tons. This commerce has, of course, been somewhat reduced during the years of economic depression. But there is no reason to doubt a resumption of our expanding water-borne transportation with the end of this depression period. Our commerce of 880 million tons was carried on waterways maintained by the Federal Government at a total cost of less than 3½ cents per ton. Our inland rivers, canals, and connecting channels showed a similar commerce in 1931 of over 677 million ton-miles, with maintenance charges of less than 3 mills per ton-mile. These figures, I believe, exhibit clearly the significance of our navigation waterways as related to the very commercial existence of the Nation. The Federal disbursements for maintenance of the system, as reflected in commercial tons, or ton-miles, of traffic, fully demonstrate the low cost to the Government, and the great benefit to the Nation, derived from its investment in the improvement of these facilities.

When I came to Washington last fall as Chief of Engineers, I was, of course, familiar with the River and Harbor Act of January 21, 1927, assigning to this Department the duty of making surveys in accordance with House Document No. 308, Sixty-ninth Congress, first session, with a view to the formulation of general plans for the most effective improvement of navigable streams of the United States and their tributaries for the purposes of navigation, the development of water power, the control of floods, and the needs of irrigation, since I had been in intimate contact with many of the field investigations. In addition, I knew of the many river-and-harbor investigations undertaken by the Department under congressional authorization. I had no conception, however, of the extent of the data derived from these sources and the amazing amount of detailed information available to the Department on the water resources of the country.

Two hundred streams have been investigated under the provisions of House Document No. 308.

The majority of these surveys have been reported to Congress. This information has been invaluable to the Engineer Department, and to the other Departments, in the formulation of the Public Works program, and with the additional data available from special investigations, represents perhaps the most comprehensive study of the natural water resources of a country ever undertaken. Federal projects totaling $99,000,000 have been adopted by the Administration of Public Works, founded on plans contained in these surveys, and the assembled data have materially aided that Administration in its study of possible proposals. Based upon the reports referred to, and with other data available to the Department, we have drawn up a comprehensive list of projects, 1,600 in number, with a total estimated construction cost of $8,000,000,000. The physical features of the projects and their value to the public interests affected are set forth in the reports of the engineering investigations. The financial arrangements and the authorization necessary for the initiation of construction work remain to be provided. For each project listed the ratio of cost to benefit, and the estimated land and damage costs, is indicated. Some of these projects do not appear to be so favorably situated at this time with respect to cost and benefits. But it is obvious that the relation between the costs and benefits is a changing function. For example, growth in population adds to the importance of flood-control works by increasing the damages from overflow and correspondingly the benefits of protection; irrigation installations, which may not be desirable at the moment, may become so by reason of increases in population or greater demands for additional agricultural lands; it may be advantageous for those now occupying worn-out lands to shift to more fertile fields which, by irrigation or otherwise, insure to the cultivator a larger margin of profit; water-power projects may be advisable or not, depending upon fluctuating demands; markets for power depend both upon the prospects of industry and population and upon the costs of power from other sources. Any of these factors may change at any time.

If power can be generated and delivered sufficiently cheap, the development of a market will be hastened. As the population of the United States expands, economical transportation will become more and more necessary, and the demand for improved navigation facilities will follow. If the past is a criterion of the future, prosecution of many of these projects will be urged at an earlier date than is now generally realized.

Engineering plans for many of the projects in question are given in exhaustive reports of the investigations and surveys to which reference is made, covering a period of 7 years. It should be manifest that complicated technical studies of this nature and magnitude could be effectively conducted only by a closely knit organization composed of personnel equipped with skill, judgment, and integrity, and supervised and controlled by a single directing

administrative head, in other words, an organization such as the Corps of Engineers.

The digestion of such a mass of detail as is involved in their engineering studies, and the acquirement of a ground knowledge of the characteristics of the myriad localities concerned, would demand many years of repeated effort and travel and calculation and cost. It is thought that the summation of the conclusions of the Army Engineer organization may be accepted as a reliable guide for the future development of the water resources and waterways of the country.

The actual annual rates at which expenditures should be made for the prosecution of the many projects studied by the Corps of Engineers should depend upon economic and employment conditions during different periods of time. These rates can be varied to meet the emergencies and fluctuating needs of such periods. would involve an annual construction cost of $160,000,000.

Please do not understand that I am recommending at this time the adoption of such a great number of projects as discussed. I merely desire to point out that the studies undertaken by the Engineer Department have been the means of preparing a list of such projects, specific in their elements and estimates, which may be regarded as appropriate for future selection and appropriation, and which might well be accepted as a guide for the comprehensive development over a period of years of our waterways in the combined interests of flood control, navigation, irrigation, and power.

In concluding I cannot express too strongly my conviction that the rivers and the harbors of the United States are among the Nation's greatest assets, and that their improvement by the Federal Government has been and will continue to be an unmixed blessing. The improvements that are needed and justified for navigation and for flood control by reason of the local and general benefits they will produce deserve your earnest attention and the attention of the public throughout the country.

I am grateful for the opportunity of addressing you and will hope that my remarks may be found to be helpful in the deliberations and conclusions of your convention.

NAZI PROPAGANDA

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, I am in receipt of a letter from the American headquarters of the Nazi organization, Friends of the New Germany, urging me to attend a mass meeting in Madison Square Garden, New York City, Thursday, May 17.

I shall not attend the gathering. I am, of course, firmly and unalterably opposed to nazi-ism and to any organization seeking to eulogize, defend, or excuse the evil doings of the vicious and oppressive government of Hitler. No more monstrous and barbarous regime has ruled a nation in modern times.

For the great mass of the German people—honest, thrifty, hard-working, and kindly folk possessing the sturdy virtues of a splendid race—I have deep respect. As a friend of the German people—and of the peoples of all lands—I am necessarily the bitter foe of the cruel and half-insane dictatorship today exercised over them by Hitler. I shall be glad indeed when they throw off the yoke of this outrageous tyranny.

The mass meeting of the Nazi organization in New York is but a part of the sinister, subtle, and scheming propaganda being conducted throughout the United States by Nazi agents. Both in military groups actually engaged in drills with arms and in groups using camouflaged names and pretending altruistic purposes, the Nazi-ists are seeking to build up a terroristic army in this country that can some day be used for the establishment of an American Hitlerism.

I have already called attention to the letters sent to Congressmen praising Dr. William A. Wirt, calling the "brain trust" too radical, and obviously the work of Nazi propagandists or of manipulators with similar objectives. These letters have come from Binghamton, Norwich, Cherry Valley, and other points in New York, from Benton Harbor, Detroit, and Niles in Michigan, and from cities and towns in other States.

We should be keenly on the alert against this insidious effort to mold the minds of people and to deceive them with cunning and specious misrepresentations, and we should watch with eagle eye the unscrupulous machinations of Hitlerites in America.

THE VINSON BILL AGAINST WAR

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, the peace policy does not satisfy those who revel in destruction and find pleasure in despair. It may not satisfy the fire-eater or the swashbuckler [laughter and applause], but it does satisfy those who worship at the altar of the god of peace. It does satisfy the mothers of the land; but, my friends, this policy does satisfy the mothers of the land at whose hearth and fireside no jingoistic war has placed an empty chair. It does satisfy the daughters of this land, from whom brag and bluster have sent no husband, no sweetheart, and no brother to the moldering dissolution of the grave. It does satisfy the fathers of this land and the sons of this land, who will fight for our flag and die for our flag when reason primes the rifle.

My colleagues, the peace policy does not satisfy these junkers; if we fight for every degree of injury, this means perpetual war, and this is the policy of these war junkers—deny it if you can. Their policy would allow the United States to keep the sword out of the scabbard as long as there remains an unrighted wrong or an unsatisfied hope between the rising and the setting of the sun. It would make America as dangerous to itself and to others, as destructive and uncontrollable as a raging maniac. They would give us a war abroad each time the fighting cock of the European weathervane shifted with the breeze. They would make America the cockpit of the world. It would mean the reversal of our traditional policy of government.

How long do you suppose we would be allowed to meddle in European affairs while denying Europe the right to meddle in American affairs? The policy of the war junkers is a dream. It never could be a possibility. Their claim is not even advanced in good faith; it is simply a demand for funds for war profits wrung from the aching hearts of the people. Rome in all her glory tried it; Portugal, once the policeman of the world, tried it; Spain tried it; and they all crashed to a devastating ruin under the system. We should profit by the experience of the ages and avoid ambitions whose reward is sorrow and whose crown is death.

In their greed and desperation for unholy profits they try to create an issue out of national honor. Surely this high emotion should not be twisted into gaining unholy profits for the war junkers and desolation and death for the unprotected masses. Where and from whom do these junkers receive their commissions as keepers and interpreters of the honor of this Nation? Who gave them a monopoly of the brain or the emotions of the human heart? What rights do they possess which nature has denied to other men?

They proceed on the theory that the noisiest man in the land is the best patriot in the land.

These Junkers, fearful within, blustering without—they whistle to keep up their courage and hope the world will read in their faces what is not in their hearts. The real warrior today is the man of peace, who neither whistles to deceive his neighbors nor flaunts his patriotism to win the Pharisee's crown of self-praise. When danger confronts this Nation and its citizenship is outraged, the man of the street, the toiler in the fields, the artisan in the shops, the man who shoulders his musket and marches away at his country's call will need no one to tell him, no one to show him where duty lies and manhood calls. The men who do the fighting will demand no slimy war contracts with unholy profits wrung from the desolation and misery of their fellow neighbors.

Compared with the blood-smeared pages of Europe our records are comparably clean. Stolen wealth does not fill our Treasury or ravished territory swell our domain. Our greatness has been built on the resources of nature and the toil of our people. The song of the reaper, not the dying shriek of the soldier—the mart of trade, not the crack of the rifle, has won us our place in the sun.

These men came from the ranks of democracy as silently as Putnam left his plow, and back to democracy they go as silently as the southern heroes whose horses Grant returned.

These self-seeking profiteers and war junkers talk of national honor as if by some divine commission they had been appointed to this high place. If this be national honor, then let us wreck the Public Treasury and bind all men in bondage and chain them to the chariot of Mars, the god of war. No, no, my friends; real honor and real dishonor can be felt, and are felt, by the lowliest toiler in the land as acutely and as accurately as by even a great lawyer or a Presidential candidate. It is an elemental instinct which knows without knowing why and which enables even the unschooled to know right from wrong, justice from injustice, principle from prejudice, and passion from reason. When the honor of our country is outraged the people will know it without any political leader or war junker telling them. When our country is assailed, the great mass of people who will have to do the fighting will not have to be called to war. They will call themselves to war. These profiteers who are constantly inciting our people to war to swell their own coffers—but who spend their own time safely removed from peril—in society saloons, in libraries, as swaggering devotees of fashion—who would fight our battles on the carpet of parlor trenches or in restaurants and clubs or amid the dangers of afternoon teas—are all in favor of huge appropriations for destruction of life; but the men who must fight where the cannon roars and the bullet sings and death stalks—their wives, their sons, and their daughters, and the mothers who gave them being, all know that "peace on earth, good will to man" is the path that leads to human happiness.

The last war set the world aflame and stopped the march of progress for a century. Would anyone have it so again, in order to flaunt our war strength and assert "virile Americanism"? Is this the much-talked-of "national honor"? Is this the prize for which we sacrificed our best youth and thrust sorrow into every home? Is this the glittering bauble for which we gave 12,000,000 human lives? Is this the thing that makes might right and repudiates the doctrines of the lowly Nazarene? Is this the "Sermon on the Mount"?

The passions of men die; the truth lives. The sublimest picture in history is that of a plain American citizen striving with the weapons of reason and humanity against the navies and armies of the contending nations and bringing them in accord with the principles of international law. The standard of peace and justice now floats in the air of freedom and is enshrined in the hearts of our people. The matchless craft of a real pacifist not only will avoid war but will also lead the world into the ways of universal peace. What is peace but the assertion of moral progress? From the smouldering ruins of a thousand cities, over the graves of millions of brave men, out of the blackness of battle smoke, the people of the earth recognize the dim outlines of the soul of America in the patient and humane wisdom of the Man of Peace.

Of what avail is the wealth of our beloved land if it must be consumed in the destructiveness of war? Of what profit the travail of human progress for 10,000 years, had not the influence of the schoolmaster and the Christian teacher been felt? Their achievements to elevate the minds of men are as naught if they are cast into the cruel maws of war. But the plain millions, of all creeds and nationalities, recognize in their efforts the imperishable glories of a Christian civilization. It glorifies the peasant and the king alike. The schoolmaster becomes the statesman; the minister becomes the emancipator; the emancipator, the pacificator of the world.

Thus do nations accomplish the destiny of democracy. The commanding fact of the modern age is the spread of intelligence. The schoolhouse has conquered ignorance. The printing press has transformed the purposes of man. Education has qualified him for a better existence. The Bible has made him a moralist. Men know now that the world is big enough to support the human family in peace and comfort. In America justice has made its greatest progress because all men have a part. War cannot stop this inevitable march. The best opinion of the best men, by the force of example and mutuality of interest, becomes the opinion of all men.

Out of the ruins and sufferings of the last great mistake will arise a temple of justice whose dome will be the blue vault of heaven; its illuminant, the eternal stars; its pillars, the everlasting hills; its ornaments, the woods and bountiful fields; its music, the rippling rills, the sound of the birds, the laughter of happy childhood; its diapason, the roar of industry; its votaries, the people of the earth; its creed, on which hang all the laws of the prophets, "Do unto thy neighbor as unto thyself." On the walls of the National Museum hangs a picture of the famous warriors who had struck terror into the heart of mankind at various periods of history. Alexander the Great is there, Caesar is there, Hannibal is there, Napoleon is there, and on each side of this sinister group lie in endless rows the sheeted dead of war.

A vision arises before my mental gaze, representing hands, myriads of hands, humanity's hands from the grave, hands stretching up toward the sky, gnarled hands of labor and withered hands of age, eager hands of youth and helpless hands of babes, rugged hands of men and delicate hands of women—hands of aspiration, stretching upward to the sky from divine inspiration toward happiness and peace.

These two pictures symbolize the question. One need not believe blindly in peace, but surely all Christian men and women must believe profoundly in it. The responsibility for war rests with government, but its penalties fall on untold millions of guiltless people. A practice which calls for wholesale killings of human beings must surely meet with the disapproval of Christian people. The individual and family loss cannot even be dreamed of. The flower of our manhood is seized and crushed and the physical and mental caliber of posterity thereby decreased. The best are selected for death or wounds, insanity, and crippling, and the next generation consists largely of children of the weaker. It is not only fiendishly cruel but hopelessly inefficient. Let the war junkers follow the lords of war, who ride among the corpses of mankind. Let the great heart of our church people follow the path of peace, which leads to the inspiration of humanity that aspires to higher things.

RIVER-AND-HARBOR DEVELOPMENT

Mr. FOULKES, Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, the announcement that the existing system of river-and-harbor development is likely to be abandoned at the suggestion of Secretaries Wallace, Ickes, Dern, and Perkins; that a new nationally coordinated system will probably be substituted; and that the Board of Army Engineers may be eliminated, with regional boards under a central authority, substituted, is a welcome one. I am heartily in favor of the proposal.

A board of scientific men, who are thoroughly familiar with river-and-harbor matters, flood control, and related topics, is needed to supervise these important matters.

Control of waterway development by a board of military chiefs with the militaristic caste of mind is undemocratic and unintelligent. The custom of letting generals and colonels govern river-and-harbor improvements and maintenance is a silly and an unjustifiable one. The war-makers have had too much to say about governmental affairs for a long time and it will be a commendable step in the right direction if they are required to surrender some of their power and take a back seat. What is required in this instance is a board with scientific and technical ability, not a group of men with jingoism and sabre-rattling uppermost in their minds.

River-and-harbor expansion has for years been a sort of "racket" in the hands of the men whose principal delight is international slaughter. The abolition of the Army Engineering Board, composed of aristocratic West Point

graduates and thinking more of the next war than of peacetime development of our waterways, is to be highly recommended.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On April 19, 1934:

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes.

On April 21, 1934:

H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

On April 23, 1934:

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of, levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes.

On April 26, 1934:

H.R. 8471. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

On April 30, 1934:

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended;

H.R. 7748. An act regulating procedure in criminal cases in the courts of the United States;

H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America;

H.R. 232. An act for the relief of Anna Marie Sanford;

H.R. 666. An act for the relief of Charles W. Dworack;

H.R. 1398. An act for the relief of Lewis E. Green;

H.R. 2512. An act for the relief of John Moore;

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.;

H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931;

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.;

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River;

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore;

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24; and

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H.J.Res. 332. Joint resolution to provide appropriations to meet urgent needs in certain public services, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

The message also announced that the Senate had agreed to a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 14. Concurrent resolution authorizing the Clerk of the House of Representatives, in the enrollment of H.R. 8617, the legislative appropriation bill, to make a correction in Senate amendment no. 21.

PERMANENT AND INDEFINITE APPROPRIATIONS

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes in order to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, it is not the intention, and never the practice, of the Committee on Appropriations to suddenly spring any bill of length and complexity on the House. Therefore I take this occasion to notify the House that a suspension of the rules will be moved on the bill, H.R. 9410, on next Monday. This is a bill on which a subcommittee of the Committee on Appropriations has put in 6 weeks very hard work, dealing with permanent and indefinite appropriations. That subcommittee consisted of Messrs. GRIFFIN, MCMILLAN, PARKS, CARY, GOSS, and WIGGLESWORTH. Never in my life have I known a subcommittee of the Committee on Appropriations to put in such painstaking and sincere work on any bill.

It develops there is no difference of opinion in that subcommittee about the salutary effect that will result in the passage of this bill. It was reported to the main Committee on Appropriations this morning. There was no difference in that committee. They heard the Comptroller General and others interested, and the Comptroller General unhesitatingly says that permanent, indefinite appropriations produce extravagance and uncertainty, and divest Congress of all control over appropriations or accounting as to how the money is expended, and whether its continued expenditure is on worth-while projects.

Therefore, I ask those interested to read the report, which is available, or to read such part of the hearings, as you desire, which are also available. If you will read only Mr. McCarl's testimony in whom we all have confidence, you will be convinced.

Mr. BLANTON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BLANTON. This bill stops 367 indefinite, permanent appropriations, does it not?

Mr. BUCHANAN. Correct; 367 of them; and some of them as old as 1799.

Mr. BLANTON. And by stopping this money from going out of the back door of the Treasury, where to nobody knows, and forcing all money to come through the front

door of the Treasury, with Congress investigating and passing on each sum, this bill will save this Government eventually millions of dollars each year. There ought not to be a vote against this bill. I heartily endorse all that my colleague from Texas [Mr. BUCHANAN] has said about it.

Mr. BACON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BACON. As ranking minority member of the Committee on Appropriations, I wish to endorse everything the gentleman from Texas [Mr. BUCHANAN] has just said.

Mr. BUCHANAN. I thank the gentleman.

SECURITIES EXCHANGE BILL OF 1934

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 9323, the securities exchange bill, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. LEA].

Mr. LEA of California. Mr. Chairman, this measure is a new venture in Federal regulation. I do not regard it as premature. I regard it as tardily recognizing conditions that make it the duty of the Federal Government to regulate such matters. The reason for this legislation, as I view it, is amply demonstrated by a history of our economic developments in the past 15 years. We have been passing through a new economic period in our country. Stock exchanges have become the market places of the Nation. A large portion of the wealth of the country represented by stock certificates and bonds finds its market in these stock exchanges. The list prices of the stock exchanges are published even in fourth-class newspapers of the Nation. All over the United States hundreds of thousands of American citizens read those papers. They hurriedly pass over the glaring headlines that may tell of the latest sensations, to read the news of the stock market. They are interested, because they are investors or speculators to an unusual degree. It is claimed that 10,000,000 people, citizens of this Republic, scattered to the remotest sections, are holders of shares, and interested in the market on the exchanges.

This bill, although it is called a bill to regulate national security exchanges, is much broader in its practical operation. In fact, the object of this measure is not merely to regulate the exchanges—that is only incidental to its purpose. The real purpose of this regulatory measure is to protect the investors of the United States against fraud and imprudent investments, and to give integrity to the securities by the sale of which American business must be financed.

The great abuses that have occurred through the use of the stock market in recent years is illustrative of the fact that power always carries with it susceptibility to abuse. The stock exchange is not a reprehensible organization in the business life of our country. It is not an unnecessary burden on the business of the Nation. It performs a very useful service. It is the outgrowth of the development of the economic forces of this country.

Above everything else, this is the corporate age of America. This is the age in which people have resorted to corporate investments as the most practical and in many respects the most desirable manner of carrying on the business of the United States.

It is estimated that about half the wealth of the United States is represented by the securities issued by corporations and by the wealth that is in the banks in the form of deposits. These security exchanges afford a liquid market that has no comparison in the past history of the world. A large percentage of the total wealth of America, as illustrated by the bonds and stocks of corporations, has a definite price on the exchanges today and every business day of the year. It may be a manufacturing plant in New Jersey, a sugar-production plant in Utah, or a gold mine in Alaska, but they are alike financed through a stock exchange in a distant city. Every day in the year, at least, at some cash price the securities of that corporation are salable. Every holder of these stocks and bonds knows that he can convert them into cash today at whatever may be the price on those exchanges.

A system which gives liquidity to a large proportion of the investments of the American people is a marvelous institution. I do not say this in praise; neither do I say it in condemnation of the exchange. I state the fact. We must properly appraise this function of the exchange in order to pass legislation to regulate and control, not for the purpose of destroying but for the purpose of protecting, for the constructive purpose of conserving the business of the United States. If this legislation is successful in carrying out the purpose for which it is designed, it will give greater stability, more credence, and greater integrity to the stocks listed on the exchanges of the country. They will be more valuable.

The stocks and bonds of the corporations and the bank accounts of this country constitute liquid assets and a convenient form of investment. Before the corporate phase of American business developed, the man with a few hundred or a few thousand dollars at his command was frequently at a loss to know what to do with it. The chances were he did not have sufficient money with which to go into business on his own account, or if he had sufficient money, did not have the business experience and perhaps not the time to manage a small business. In recent years, under quantity production, expanding trade and industries, the stock market has invited him to become a purchaser of its securities. The stock market furnished a convenient method of investing with the hope of security and a prospect of a fair or possibly a speculative return.

A problem that will more acutely develop, particularly if this bill functions as intended, will be the tendency of the stock markets to drain credits from local investments. I take it the best investment the citizen can make is a local investment. Where an individual invests his money in a local enterprise, he builds up his local community, adds to local labor employment and community progress, and does more for the country than by contributing to the financing of the great business organizations of the country with remote control. This was one of the great difficulties in 1929. The stock markets drained local credit throughout the United States and caused an unbalanced credit situation which weakened our stability from the financial standpoint. Our people were turning away from safe investments to the more enticing and uncertain rewards of speculation.

It is well to realize that today the vast wealth invested in stocks, bonds, corporate securities, and bank deposits represents nearly one half the wealth of the United States and involves the separation of ownership and control. At no other time in the history of the world has there been such a vast proportion of the wealth of a nation invested in undertakings where ownership and control were separated. We have had this remarkable situation in the United States. It means that those in control of our great corporations, those who issue and control these securities, those who sell these stocks and profit from their transfer, are not the people who primarily suffer from fraud or imprudent investments these stocks may represent. There is the greatest temptation that managements have ever had to be unfaithful to their trusts.

In the main, the men controlling these great corporations are not large owners of the stocks of the corporations they control. Too often they have yielded to the temptation to control these great business institutions to their own interests, and with a zeal out of proportion to the loyalty they have shown their stockholders. Thus in recent years we have seen the directors of corporations, without the knowledge of their stockholders, voting themselves vast bonuses out of all proportion to what legitimate management would justify. We have had revelations of salaries paid to direc-

tors and officers of great corporations which showed shameful mismanagement; which showed that the men in charge of some of these corporations were more concerned in managing its affairs for their own benefit than for the benefit of the stockholders. The history of the past few years has revealed that in a number of instances these unconscionable bonuses and unconscionable salaries exacted from the stockholders were continued notwithstanding the fact that dividends were cut, and notwithstanding the fact that in some cases the common-stock holders were deprived of any dividends. We have had the ugly picture of corporate officials juggling with the stocks of their own companies, preying on their own stockholders through inside information they obtained as trustees of the trust they violated.

One of the most serious phases of this indirect or remote control of capital by those who are not the owners is lack of contact. In the old days when the man in charge of a local corporation committed an offense, embezzled the company's money, or conducted the company's business in an unconscionable way, he was branded in the local community. He lost his prestige, and the victims of his mismanagement or fraud were known to the community. Their suffering was present and visible. At the present time, however, under remote stock transactions, the victims of mismanagement of a corporation are remote from those who inflict the injury, the associates of the perpetrator do not ostracize or upbraid him. The victims are unseen by those who inflict their injuries. This bill proposes to hold these wrongdoers to a higher degree of responsibility.

This measure, as I suggested, goes a good deal further than the regulation of stock exchanges. The purpose of the bill is not simply the regulation of stock exchanges. It proposes the protection of the investor against fraud, to give more integrity to securities listed on the exchanges. To accomplish these purposes we must follow the stock from its issuance to the hands of the purchasers. The question of the integrity of the management of the corporation is involved; the question of the prudence of the investment represented by the stock is involved.

We do not mean that the Federal Government will attempt to substitute its judgment for the judgment of the stockholder in the matter of determining the prudence of the investment. That is a problem which must be assumed by the investor and of which the Government does not try to relieve him; but it is the problem of the Federal Government under the theory of this bill to require that when the corporation registers its stock on an exchange it must make a full and complete revelation of all facts that legitimately affect its securities. The information which corporations are required to give by this bill do not materially differ from that required by the New York Stock Exchange at this time. I take it, the first substantial step toward securing effective regulation is to require a complete revelation of all material facts that an investor should know in order to invest his money properly.

When these market exchanges are open for the investors of the Nation the Government has a right to expect that the corporations whose stocks are listed there and offered to the public will give truthful information and make a full revelation of the facts tending to show the merits or the demerits of their stock. Without giving such information their stocks are not entitled to the credence which listing should carry.

When it comes to the exchanges themselves, this bill provides for their regulation. We recognize that an exchange is a private institution. It is run for the profit of its members. Yet it performs a useful function of value to the people of the United States. It aids business by giving a market and by giving liquidity to this vast portion of the wealth of our country. We require that the exchange shall register and give full information as to its set-up to the commission that will administer this law. We require that the exchanges shall agree to enforce compliance by their members of all the regulations and rules of the commission. They agree to submit to regulation themselves. They agree that the exchanges will, if necessary, change their rules with reference to membership or in reference to stocks and other matters, so as to conform to the requirements of the regulatory commission.

These exchanges must not be charged with all the sins that have occurred in connection with the sale of stock in recent years. If I undertook to try to fix the responsibility for the debacle that came to the stock market since 1929 I would not attempt to place my finger on the exchanges and blame them alone. I recognize the part they played in the matter, but I also recognize another man who is very largely responsible for the misfortunes of the country and the excessive stock speculation and debacle. That is Mr. American Citizen who wants to get something for nothing. He had a large part in the misfortunes of the American people in reference to the stock speculation.

However, that is no answer to the purposes of this bill. This bill cannot do everything. It does not attempt that, but it does attempt to perform a useful service, to insist on reliable information to the investor.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. LEA of California. These stock exchanges are the bottle necks through which these certificates flow after they are issued by the corporation and before they reach the ultimate investor. This furnishes an opportunity to control and regulate that may serve a useful purpose to the Nation.

We must first go to the corporation that issues the stock and look into the prudence and integrity of that corporation. Then we must go to the exchange where this stock is sold; then to the broker and the dealer who handle these stocks, and some of whom have been guilty of the manipulative practices of recent years. Then we must look into the question of the credit advanced and on which the stock is floated in the markets of the United States.

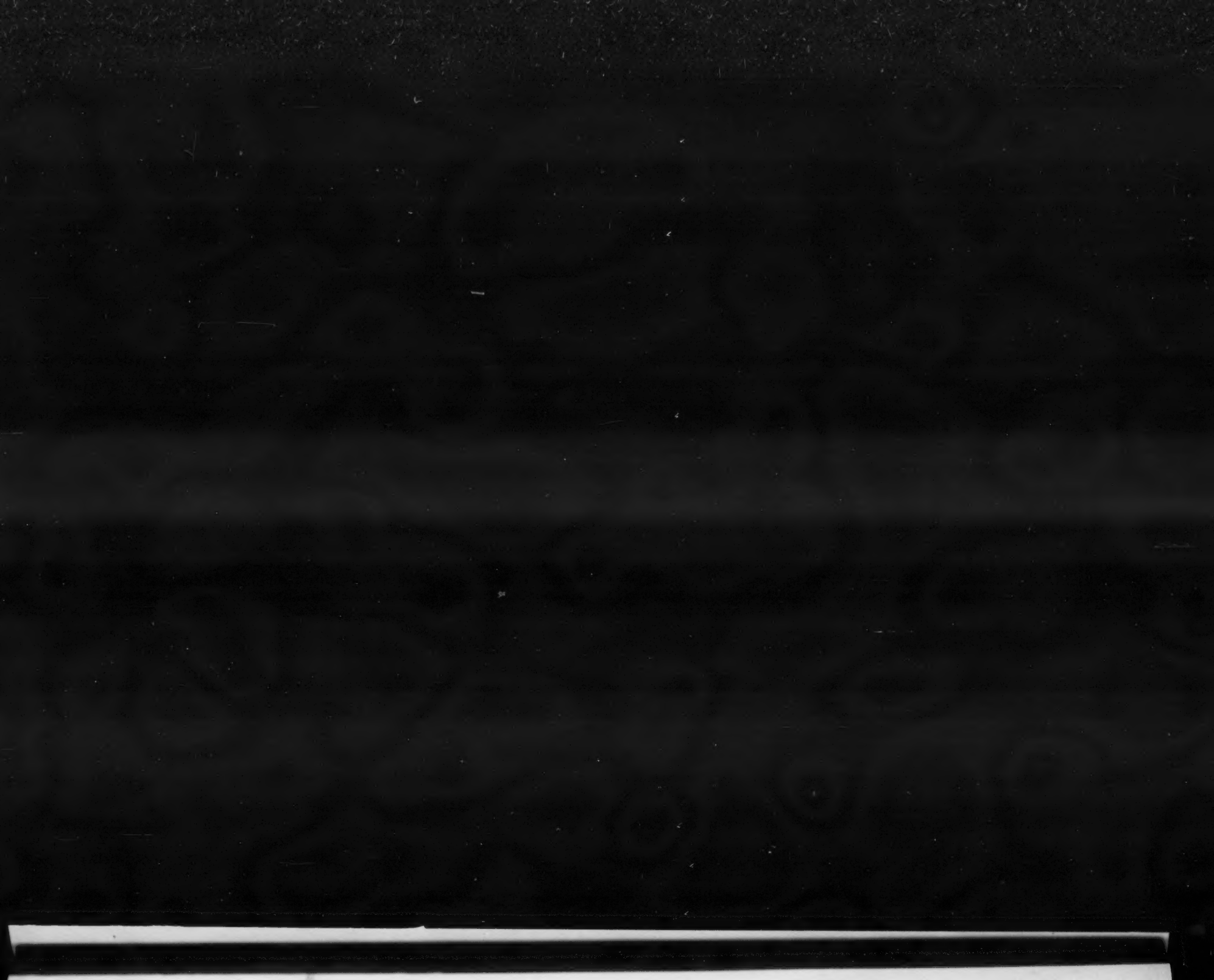
The Government in connection with every city assumes responsibility for its water supply. It assumes the responsibility to see that the water supply is clean, drinkable, and beneficial to the public. Here we have this great market supply of the Nation. In this bill the Federal Government attempts to assert its regulatory powers to keep as clean and trustworthy as possible this vast flow of stocks from the corporations to the investors and business life of the United States.

When we come to the question of the broker and the dealer, a good deal of controversy was involved as to what control should be established; whether or not these positions should be separated; whether or not we would permit a man to act in the capacity of both broker and dealer; whether or not we should permit floor trading or permit specialists to be on the floor; and other problems.

In attempting to deal with these questions I am candid to admit that the committee proposed to confer a large regulatory power on the regulatory commission.

There were two reasons for this: The first was that we recognized we are not experts and tried to act with a caution becoming our inexperience. Where in doubt as to what should be done, we thought better to resolve the doubt in favor of maintaining the present business practices than to establish some fixed rule that might prove unfortunate. In the second place, where we gave the regulatory commission the power, it would be a flexible power. If the commission finds a mistake has been made, it can readily change its rules to more favorable ones and thus accomplish the purposes of Congress.

The manipulative practices that have so stigmatized the stock market in recent years revolve largely around the broker and the dealer. This bill is severe in its denunciation and penalties for manipulative violations of the law. It not only prescribes criminal penalties for those who engage in these manipulative practices, but it also gives a civil suit in behalf of the man who is the victim of such practices. It is going to be dangerous for a man to engage in window dressing, fraudulent and deceptive methods for the purpose of defrauding investors. This bill proposes to punish persons guilty of fraudulent statements in reference to



stocks listed on these national exchanges where damage results.

There has been a great deal of controversy about the question of controlling credit as it is embodied in the margin sections of this bill. Restrained credit is not primarily for the benefit of the purchaser of the stock. It is not necessary from the standpoint of the broker. It is necessary for the business welfare of the Nation, for its vital need of credit protection.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 30 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, the subject matter of the bill (H.R. 9323) now under consideration presents more intricate and a greater variety of problems affecting the economic, financial, and individual welfare of our people than any legislation heretofore presented at this session of Congress.

PROPAGANDA

The wide-spread interest manifested throughout the country is not entirely due to propaganda alleged to have been instigated by opponents of the measure; although I can say that the propaganda against this bill has been more highly organized and more extensive than any I have ever previously experienced. However, the fact remains that beneath the deluge of inquiries and protests received by every Member of Congress there has been an apparent and unmistakable fear that in some way or other the proposed legislation would adversely affect the business enterprises of our Nation.

While it is true that the original bill did contain some provisions that might create an honest concern upon the part of thoughtful business men, yet, I am inclined to believe that statements, unwarranted in many instances, originating from prominent business men have had more to do with creating this psychology of fear than the actual provisions of the bill. [Applause.]

PROTECTION OF LEGITIMATE BUSINESS

I wish to assure the Members of the House that the Committee on Interstate and Foreign Commerce has not been insensible to the necessity of taking every precaution to preclude even the possibility of curing one evil by creating another or greater one. And, for the further assurance of the House permit me to say that in our consideration of the many vital questions or problems that we were called upon to decide there has been no division of thought along strictly party lines. The uppermost thought that has dominated our individual and collective decisions has been a desire to correct existing evils, or conditions that have proved harmful, without destroying, curtailing, or handicapping legitimate business.

And, in this connection, I wish to express my appreciation of the faithful and conscientious endeavor of our chairman [Mr. RAYBURN] to present to this House legislation on this important subject that would prove beneficial to the public interest. [Applause.] At all times he was fair, open-minded, and willing to give every opportunity to the members of the committee to present conflicting viewpoints. His attitude of fairness to the members of the committee and interested parties desiring to be heard, is still further emphasized by his request to the Rules Committee for an open rule whereby the membership of the House is likewise given the opportunity to express their viewpoint and offer amendments to the bill. It is a pleasure and a privilege to hold membership on a committee that is willing, under the leadership of its chairman, to submit its work on a matter as important as this to the House for approval in a manner that does not preclude the fullest expression of opinion. [Applause.] Similar procedure should likewise be adopted for the consideration of all important legislation. Such a course is in accord with the dignity and intelligence of the House.

PREVAILING CONDITIONS REQUIRE ACTION

The need for legislation of this character is apparent to everyone who has given thoughtful and unbiased consideration to the underlying causes and conditions that brought about or culminated in the stock market catastrophe of 1929, with its attendant destruction of business and individual distress.

In 1929, at the peak of the security market, the total value of stocks listed on the New York Stock Exchange alone, was nearly $89,000,000,000. In 1932, it had shrunk to less than $16,000,000,000. In those 3 years the average value per share of stock had declined from $89 to $12. Bonds listed on the exchange declined from $49,000,000,000 in September 1930 to $31,000,000,000 in April 1933. In addition to this enormous loss of value there must also be added the depreciation in value of stocks and bonds on other exchanges than the New York Stock Exchange, and the depreciation of all stocks, bonds, mortgages, real estate, and every class of securities throughout the country. It was the collapse of security values in 1929 and subsequent years that has resulted in the closing of nearly 6,000 banks in the United States, paralyzing business and bringing distress to millions of our people.

It may properly be said that the New York Stock Exchange was not the sole cause of these results, yet the fact remains that the practices prevailing on the exchange, prior to 1929, constituted a direct and contributing cause to the collapse of security values.

Wild and unrestrained speculation, made possible by highly organized pools and other manipulative practices, encouraged by false and misleading statements, influenced thousands of individuals to enter the stock market. They not only utilized their own savings, but borrowed large sums to finance their stock-market transactions. They had little, if any, information as to the real value of the stocks they traded in, and no knowledge of the intricacies of market practices. The vast majority were as innocent and gullible as lambs.

EXTENT OF STOCK-MARKET TRADING

As an indication of the extent to which stock-market speculation became a fascinating venture, it is only necessary to consider the rapidity and extent of increased trading in the years immediately preceding and including 1929.

In the 10 years before the World War the yearly transactions in stock on the New York Stock Exchange averaged about 155,000,000 shares. During this period the maximum day's trading was less than 3,000,000 shares. In 1925 the number of shares traded in had increased to 450,000,000, or approximately three times greater than the average for the pre-war decade. In 1929 the volume had reached the tremendous total of 1,125,000,000—an increase of 150 percent in 4 years and more than 700 percent over the pre-war period. During the busy days of 1929 the total number of shares bought and sold in 1 day reached as many as 16,000,000. In 1929, 1 day of such trading was equal to one third of the entire volume of trading for the year 1914. Or, expressed differently, 3 days of such trading in 1929 was equal in volume to the entire trading of the full year in 1914. And, astounding as it may seem, notwithstanding the experiences of the past, in the summer of 1933 there was a repetition of the orgy of speculation that characterized the year 1929, and in 1933, despite the depression, 654,000,000 shares were bought and sold on the New York Stock Exchange.

These contrasting figures indicate the constantly increasing public interest in stock-market transactions, and the necessity of controlling and regulating such exchanges to the end that the public interest shall be served and the investing public protected.

SPECULATIVE FINANCING

While unrestrained and unrestricted speculation played a large part in creating conditions that eventually contributed to the stock-market collapse of 1929, yet there is another condition closely identified with it that challenges our thoughtful consideration, namely, the extensive use of credit in financing stock-market transactions.

The report of the Committee on Interstate and Foreign Commerce presents a striking analysis of the situation and

the result that inevitably follows. Between 1922 and 1929 brokers' loans increased from one and one half billion to eight and one half billion dollars. Five billion dollars of this increase took place in 3 years, one and one half billion dollars in the last 3 months. In the crash of 1929 the same loans declined $3,000,000,000 in the first 10 days and $8,000,000,000 in the next 3 years. These figures alone will enable the economic historian of the future to describe the unhealthy prosperity of 1929 and the inevitable grief and suffering that followed in the succeeding years—grief and suffering that overwhelmed and carried away not merely the gains of speculative debauch, not merely the savings of those who had invested in securities, but eventually the savings of the frugal and thrifty who had deposited their funds in banking institutions, and finally destroyed the operating profits of every business in the country no matter how unrelated to stock exchanges.

To finance these stock transactions, and to provide funds for new security issues, of every conceivable kind and character, increased interest and other inducements were made that had the effect of drawing into this whirlpool of speculation the funds of local banks from the remotest parts of our country. These funds would otherwise have been utilized in financing local enterprises. When the bubble burst, the harmful effects were consequently felt in every locality throughout the land. The innocent suffered with the guilty. The individual who had deposited his or her life's savings in a bank, a building-and-loan association, or a home, felt the effect and suffered the loss, although he had never purchased a share of stock on any exchange. It is not necessary to pursue this thought any further to illustrate the necessity of preventing, as far as humanly possible, a recurrence of such conditions in the future.

FEDERAL REGULATION A NECESSITY

How, and by what means, can the public interest and the investing public be best served? Certainly, it cannot be by the abolition of exchanges. Their usefulness and necessity as a part of the highly organized economic and financial machinery of present-day business makes their continuation an absolute necessity. This fact is well and forcibly set forth in the summary of the research findings and recommendations of the stock market survey staff of the Twentieth Century Fund, wherein it is said:

> The security markets supply a means by which those who hold securities may exchange them for others or convert them into cash. The more effective the marketing processes become, the easier it is for owners of stocks and bonds to sell them. It is unnecessary to describe in detail the public as well as the private advantages of such a ready market. To clarify the picture, imagine the indescribable difficulties which would follow a condition in which the owner of high-grade stocks or bonds who wants to sell would meet the uncertainty and delay which faces the owner of real estate today if he is in need of ready cash. Such a situation would involve a complete revolution in banking and insurance, not to mention the financial affairs of millions of our people who hold securities.

If the stock market is to perform a useful as well as an essential service to the economic, financial, and business life of the Nation, it must be so conducted, by control or regulation in the public interest, as to insure a ready market for securities, with continuity of prices for securities as near as possible to the actual value.

To effect this purpose, the bill under consideration has four principal objectives, namely, (1) to establish Federal supervision over securities exchanges; (2) to prevent manipulation of security prices and to protect the public against unfair practices; (3) to prevent excessive fluctuations in security prices due to speculative influences; (4) to discourage and prevent the use of credit in the financing of excessive speculation in securities.

The necessity for Federal regulation and control of exchanges is made apparent by the inability of such exchanges, conducted as private institutions, to adequately control or eliminate the harmful practices that have grown up in dealing with securities, both within and outside of recognized exchanges. Furthermore, the business of buying and selling securities is largely interstate in character. Consequently, proper regulation and control must be found through Federal agencies rather than State.

PLAN OF REGULATION

The plan of regulation and control, set up under the provisions of this bill, makes it unlawful for any exchange to function as such or utilize any of the facilities of interstate commerce until it has first made application and received permission from the Federal authority set up for that purpose. And the granting of such right is further conditioned upon an agreement to comply, and to require its members to comply, with the provisions of this act and the rules and regulations set up thereunder by the Federal Commission. The penalties and actions provided are amply sufficient to require and insure strict compliance.

A question as to the right, power, or authority of Congress to legislate on the subject matter of the bill and in the manner proposed by the bill has been raised by eminent counsel. I am convinced, however, that the constitutionality of the method as well as the power of Congress to legislate for the purposes set forth in the bill has well been sustained by a brief submitted to the committee by Thomas C. Corcoran and Benjamin V. Cohen, who have also faithfully and ably assisted the committee in its consideration of the intricate problems directly and indirectly related to the subject matter of the proposed legislation. If it be true, as stated, that these young men are part of the so-called "brain trust", then I can testify that there has been no misnomer in so doing. [Applause.] They have each shown rare ability and fidelity in the performance of their duty and have rendered a most worth-while service in this important matter of legislation.

NO IMPROPER REGULATION OF BUSINESS

Aside from the constitutional feature, the next most important question that has been raised against the bill is that with respect to whether or not its provisions place an undue or improper burden upon legitimate business enterprises.

Whatever justification may have existed for this complaint as based upon the provisions of the original bill, there is no legitimate objection in the one now before this House. This bill requires no information to be given by issuers of securities traded in on a stock exchange other than what is essential and necessary to properly and fully inform the investing public as to the merits of the particular investment, and in no way, directly or indirectly, curtails or handicaps legitimate business in the fullest measure of management in the interest of its shareholders. It does preclude, however, the management of business enterprises from utilizing inside information to their own benefit without making such fact known to the shareholder. It, furthermore, seeks to make more difficult the use of official positions to self-perpetuate the controlling management, and thereby enables the individual stockholder in conjunction with others to have a more reasonable opportunity to change the management when occasion seems to justify. There is also a curtailment or restriction on the right to use surplus funds, by loans or otherwise, to finance or supply credit for stock-market speculation, and a requirement that full disclosure must be made of remuneration received by officers of the company, including any bonus.

Certainly there can be no proper complaint made to provisions such as these, the only purpose of which is to protect the investing public. Accurate knowledge of the financial condition of the security issuer and an assurance that full and true information is available to the small investor on the outsider as well as to the insider cannot help but produce a more ready and substantial market for securities.

MARGIN TRADING

Another feature of the bill that has met with considerable opposition is that which seeks to restrict or control margin trading as a speculative influence. It would be impossible to correct the evils incidental to stock-market operations without assuming jurisdiction to regulate or control margin trading. There is nothing more harmful to the maintenance of an orderly market or the continuity of price levels based upon actual investment value of securities than the upset-

ting influence of unrestrained or unrestricted speculation. Margin requirements have a direct relation to speculation. The amount of margin required can create or curtail speculation. No one denies it can be utilized either as an accelerator or a brake. Everyone, therefore, admits the necessity of providing some authority to regulate its use.

Some have held that this important function should remain in the hands of stock-exchange officials with some power given to the Federal regulatory body to supervise the stock exchange in its control of the matter. Others are of the opinion that the public interest demands that there shall be an entire separation of its control from private hands. I am of the opinion that the importance of the subject, as well as the difficulties to be otherwise encountered, require that a flexible power of control should be lodged in a Federal administrative authority with the fullest opportunity given to such authority, preferably the Federal Reserve bank, to raise or lower the margin requirements according as prevailing business conditions may seem to require and with due respect to different classes of securities and their earning possibilities. This latter method has been adopted by this bill except that it contains definitely fixed margin requirements as a declaration of congressional policy, but, in the final analysis, giving unrestricted discretionary authority to the Federal Reserve bank, because of its general supervision of the subject of bank credits, to raise or lower the margin requirements set forth in the bill. The Twentieth Century research staff had recommended to the committee the advisability of fixing margin requirements upon the basis of earnings of the security issuer. It was agreed that this method presented problems too intricate to be made a part of this bill at this time and required further study. In a former draft of this proposed legislation the Federal Reserve Board and associated agencies were directed to make such study and report the result of the same to the next session of Congress. I regret it was not made a part of this bill. However, the general direction to make reports annually by the agencies of government having to do with the administration of this act may be sufficient without specific direction to do so. I hope it may be so considered.

CONTROL OF STOCK-MARKET CREDIT

In order that the fullest control may be exercised at all times over loans and credits extended to stock-exchange members, brokers, and dealers for stock-market transactions, and thereby preclude undue or improper speculation, borrowing on registered securities—other than exempted securities—is determined by definite restrictions laid down by the provisions of the bill.

Furthermore, a broker is forbidden to commingle the securities of customers without their written consent; and in no event is he permitted to pledge customers' securities with those of persons who are not customers or under circumstances that will subject customers' securities to a lien in excess of the aggregate indebtedness of the customers. These provisions prevent a broker from risking the securities of his customer to finance his own speculative operations. The provisions of this section of the bill, together with the margin-requirement section, will prove a strong deterrent and preventive against unrestrained orgies of speculation in the future.

MANIPULATIVE PRACTICES

The need for regulation of stock exchanges and corporate securities having the benefit of the Nation-wide facilities afforded by such exchanges was revealed, if not already known, by the recent investigation conducted by the Senate Committee on Banking and Currency. Manipulative price-control methods were found to be practiced by corporate officers and others who utilized the stock-exchange facilities to advance their nefarious and unconscionable schemes.

The bill now under consideration recognizes and labels distinctly and unmistakably each and every such fraudulent and improper device heretofore used. In specific and plain language it makes unlawful (1) creating a false or misleading appearance of active trading in any security registered on the exchange; (2) to effect any transaction which involves no change in the beneficial ownership of such security; (3) to enter an order for the purchase or sale of a security with the knowledge that an order of substantially the same size, same price, and, at the same time has been or will be entered by or for the same or different parties; (4) to effect singly or jointly any transaction for raising or depressing the price of a security; (5) to induce the purchase or sale of any registered security by circulating the information that the price is likely to rise or fall because of market operations of any person conducted for the purpose of raising or depressing the price of such security; (6) to induce the purchase or sale of a security by knowingly making a false or misleading statement; (7) in contravention of prescribed rules and regulations to effect alone or jointly any transactions for the purpose of "pegging", "fixing", or stabilizing the price of a security, or any transaction to acquire any "put", "call", "straddle", or other option or privilege of buying or selling a security without being bound to do so, or, to endorse or guarantee any such. And, in addition to the declaration of criminal responsibility, there is also provided a civil liability in favor of any person injured by any such transaction. If anyone should desire to observe a real, genuine set of legislative teeth, he can do so by giving consideration to section 8 of this act.

There are many other important features of the bill which, if the time allotted had permitted, I would have discussed. Furthermore, the full and complete report, together with the exhaustive explanation of Mr. RAYBURN, chairman of the committee, make further detailed reference to the provisions of the bill unnecessary. While there may be some features with which I do not agree, yet a close study of the bill with an open mind will reveal that every care has been taken to adequately protect the public interest and give protection to the investor. Yet equal care has been taken to do no harm to legitimate business. Furthermore, I would like to assure employees of stock exchanges and those in other activities directly or indirectly incident thereto that whatever justification for fear of dismissal there may have been by reason of the provisions of the original bill, such does not exist in the present bill.

TYPE OF REGULATORY AUTHORITY

In conclusion, I wish to express my views with respect to the type of authority to be set up for the administration of the act. The bill provides that the authority for such administration shall be the Federal Trade Commission, and that the membership of the Commission shall be increased to 7 commissioners by the addition of 2 new commissioners, and that the Commission shall be divided into divisions of not less than 3 members each. The work of administering the provisions of this act and the Securities Act of 1933 to come under the jurisdiction of one of such divisions. There is much to commend this plan, inasmuch as the Federal Trade Commission already has exercised jurisdiction in industrial and other closely related subjects. However, I am of the opinion that as the administrative work to be pursued in the regulation and control of the exchanges and the jurisdiction to be exercised in the many matters related thereto require a high degree of technical skill and knowledge, that it would be more advantageous if the administration of the act should be placed in a Federal securities exchange commission to be composed of 5 members appointed by the President, by and with the advice and consent of the Senate, not more than 3 members to be of the same political party, such commission to take over also the administration of the Securities Act of 1933. In either case, however, as the Dickinson report to the President set forth, after its study of the general subject matter of stock-exchange control:

> The staff of the agency must be specifically fitted for their tasks and the Commissioners charged with the work must be men of unusual qualifications who must hold the respect of the country; and such an agency should give continuous representations to the views both of the investing public and of the exchanges in an endeavor to provide that no hasty or ill-advised regulations would be promulgated by inexperienced men.

CREATING NEW CONFIDENCE IN SECURITY MARKETS

It is my hope and expectation that a wise and judicious administration of the provisions of this act will create a new

confidence in the integrity of the security markets. The report of the Twentieth Century Survey and study, aptly states:

> If there were a justifiable belief that security markets actually were "free and open", that all buyers and sellers met on substantially equal terms, that the outsider was not victimized by the insider, that pool activities did not distort investment values, that brokers could be relied upon to give undivided loyalty toward their customers, that reckless speculation would not occur—if, in short, a new atmosphere of this sort could be created, the response would be a greater investment interest in securities and a consequent improvement in all phases of the security business.

It is needless to say that it has been the constant endeavor of the Committee on Interstate and Foreign Commerce, throughout its long and tedious consideration of this subject, to produce a bill that will recreate confidence by an assurance that past evils cannot and will not occur again in the security market. We believe this bill will accomplish that purpose. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 25 minutes to the gentleman from Connecticut [Mr. MALONEY].

Mr. MALONEY of Connecticut. Mr. Chairman, this bill has been declared the most important piece of legislation to be considered by this Congress. It has excited thousands of columns of newspaper space, made boom business for the Post Office Department and the telegraph companies, has seized the interest of the public as few pieces of legislation have done—and has worked certain interests to the point where it has been said they would spend millions to have it cast aside.

All this has naturally intensified the interest of the members of the Committee on Interstate and Foreign Commerce, which has been considering the bill. That interest and that sense of its importance has driven us to go over it time and again, line by line, paragraph by paragraph, and page by page. We have called on representatives of all interests to help us, defenders of high finance from Wall Street, conservative investment bankers from all parts of the country, industrialists, lawyers, commercial bankers, and Government servants filling high posts in the Federal Reserve Board and other departments. Because of its importance, we have never attempted to hurry and we have never used or felt the partisan whip. Whenever reasonable doubts have existed, we have called a halt to discuss at full length the problem involved. Time and again the bill has been redrafted to meet the directions of the committee for further changes. I think the committee can be proud of the dispassionate and devoted effort it has given to the formulation of the bill which has been reported out. The time all this has required has been justified by the improvement which the existing bill represents over the much more drastic measure originally introduced as a basis for suggestion and hearings.

But on the other hand the very conscientiousness with which the bill has been reworked by the committee has, paradoxically, been largely the cause of the uneasiness about its provisions which have been described as existing in certain parts of the country and, according to my colleague, Mr. MERRITT, particularly in my own New England. In the first place, the changes of sections and even the complete redrafts of the bill have been too many and have succeeded each other too quickly for the public to follow and distinguish between them. I am still receiving protests which I am sure are based not on the bill which the committee has reported to the House, but on the bill which was originally introduced nearly 10 weeks ago. In the second place, the intervening 10 weeks have afforded a golden opportunity for propagandists. With their great resources and many contacts the stock exchanges were able to gather their forces and take full advantage of the public confusion over the terms of the bill. We are unfortunate in that our very conscientiousness has made things more difficult.

Two things particularly impressed me in the long hearings. One was the seeming inability of the brokers and big business men to consider the broader point of view of the whole social structure, and to understand the degree to which their own prosperity is completely tied up with a sound stability in the economic system as a whole. They seemed to realize so little the degree to which the prosperity of each of them depends upon the common good, and that if we do not learn somehow to hang together, we shall soon again, as in 1929–32, hang separately. As Chairman RAYBURN stated in his speech before the House yesterday, fundamentally it is impossible to have a bill which will completely satisfy those interests. They really want no bill at all.

Another thing about the hearings that impressed me to a considerable extent was the absence of those who suffered most during the period of financial madness. We were endeavoring to perfect a measure that would remove the possibility of future frauds, that would protect the little banks, the small industries, the business men of America, and the hundreds of thousands of individuals who have periodically been caught in the vortex of the waters of juggled finance, and there were none of them at court. Their representatives were a few Government servants and these men were roundly suspected and damned for their efforts.

I came to the conclusion that some of them were beyond the opportunity to testify, that others among them were indifferent because their faith in a Congress to meet the challenge was very slight, and the rest because they had lost their pride, their spirit was crushed, and their courage gone.

Some of these absentees would be the people who would again suffer most if we could not evolve some way of preventing a repetition of that nightmare. Here we are endeavoring to perfect a measure to remove the possibility that soon again, as in the years before 1929, the operations of a comparatively few irresponsible financial monarchs and their camp followers—monarchs who would later abdicate into bankruptcy like Livermore or into oblivion like Kreuger, or to a far-away place like Insull, and leave the common folks to work out of the mess without their help—might ruin the little banks, the small industries, the average business man, and the thousands of investor-speculators who are periodically caught in and pay the price for speculative madnesses which political reactionaries fatalistically regard as regrettable but inevitable fluctuations in the economic cycle. Almost a hundred witnesses and hundreds more of highly paid lawyers and agents appeared and lobbied directly or indirectly for the cause of those who dwell in high financial places. Only five or six Government employees, and a few other people, appeared for the hundreds of thousands of the solid little fellows.

Of course, we were not alone the representatives of those who lost when the masts and funnels of finance were shot away. We had, however, felt the evidence that would have been theirs had they testified, as we lived in the terrible times ourselves, and the finding of this committee, as it is presented for your final judgment this week, was based upon a desire to be fair to those men who labor in the money marts, and just to those who make this great financial business possible. It became very clear to me that there was a particular duty upon us, hearing in substance only one side in this great debate. We were in a sense compelled to represent that great inarticulate mass and in a sense to be their advocate in weighing the testimony so pressed upon us by well-paid lawyers for the other side.

I think that this Congress, so likely to hear only the side of the articulate big man, should be careful that it adopts a bill fair not only to those who operate financial markets with other people's money, but to those millions whose self-stinting thrift, and possibly pathetic faith in the integrity of those operators and in the stability of those markets, makes great financial business possible. And I feel that the bill as reported by the committee is fair enough in that way, and is effective, and should be adopted now.

Yesterday I heard my colleague from Connecticut, Mr. MERRITT, plead with you not to enact this bill into law at this session, because it might interfere with business, even though only indirectly, and because reviving business confidence might be disturbed by the existence of that possibility magnified into a real fear by clever propaganda. I have for

Mr. MERRITT a feeling of affection and regard that goes far beyond the warm feeling of good will that men who are friends feel toward one another. I tremendously admire him for the sincerity of his convictions, even as I disagree with him.

I know, and I understand, and I share the concern of my Connecticut colleague as he aims to protect the typical Connecticut business man from actual Government domination or from any reasonable fear of that domination. But I do disagree with him on the existence of any fair basis for fear, and on the wisdom of postponing this legislation because unjustifiable fears have been created.

For myself I want to declare that I am whole-heartedly for this bill in its present form. I am for it because I am firmly convinced that industry will have a haven of safety behind its ramparts, because it will no longer allow the small banks scattered over the land to be the unknowing tools and victims of a small financial clique run wild, because it affords once more a better chance to the small business man on Main Street, and because it gives a greater measure of protection to the unschooled small investor in every hamlet in America.

Honest and sincere men will arise on the floor of this House before the close of this debate, as my colleague did yesterday, and plead with you not to permit the enactment of a law that will tie the hands of industry, retard the flow of credit, and slow up the wheels of progress. Many of them will be blessed with a greater gift of words than I possess, and I regard the abilities of some of them so highly that I am sure there will be a plausability in their argument. I urge you to watch for the concrete case of where the bill does harm.

Among those who will express fear, both in this House and elsewhere, are other men of noble character and high purpose from my own State. For some of them I have a high regard. The difference between us—and it is a wide difference—is our opinion concerning the responsibility of government. Theirs is that philosophy of government so clearly and so pitifully exemplified in the days just before the Seventy-third Congress. Theirs is that governmental view which expresses the thought that it is unwise to try things heretofore untried. They belong to the old order and the old guard. They are the political reactionaries.

I am not in sympathy with the view which attacks these men or attacks the Mellons and the Morgans. From the law they know and the view they have, I am certain that theirs is no less a noble purpose than that of other men. I do, however, join in the attack upon the manipulation of our system of government by men of high finance, and I do join in the attack upon every set-up, whether it be in Wall Street or Pittsburgh, which permits an abuse of power by men who have been given that power by the sweat of another man's brow.

I think I can show in a few minutes that there is no ground for the fear that this bill will interfere with the conduct of business corporations. But right now let me say that I have no faith in a business confidence that is so tender a plant that it cannot stand the sunshine of immediate curative legislation for admitted existing abuses. I do not believe that any business recovery like the one through which we are rapidly passing can be ruined by a sound piece of stabilizing legislation designed to keep that recovery from running away like the boom of last year. A confidence that comes from the real knowledge that crazy stock-exchange speculation cannot again upset the balance of things is the only kind of confidence on which business can really build. A nervous postponement of necessary adjustments until an inevitable "next year" is a basis on which nothing can be built except the hope that political accident may make it impossible to pass any bill next year. This bill does not offer us any simplified choice of reform or recovery. We are in a situation where without reform there can be no sound recovery.

I do not believe that a generation should fatalistically suffer its woes in the sackcloth and ashes of passive acceptance, fearing to do anything but wait for the operation of so-called "economic natural laws" to restore prosperity to the next generation. I do not believe in changing our form of Government. But I do believe that this generation has the intelligence and resource to grapple with our problems as boldly and concretely, and as experimentally if need be, as our constitutional fathers grappled with their problems 150 years ago. That is part of the reason why I have long advocated a governmental regulation of working hours, and an old-age pension system.

I consider that the truly dangerous radical in times like these, when all the plans of a generation are standing at the forks of the road, is the disbeliever in our power to control our own economic destiny. I cannot comprehend the feeling of those who fatalistically shake their heads face to face with our admitted problem, remark on human futility, and have no recommendation but that things be allowed to work themselves out. In a thousand years' view of human history it perhaps makes no difference to the philosopher that this generation in Meriden and in New Haven, Conn., 1934, are trapped in a burning structure, while the philosophers watch the flames burn out and reflect that in another 10 years the workings of the natural laws of economics will create prosperity for another generation. But it means everything to those people in Meriden and in New Haven in 1934 to try to take hold of the situation and do some things for themselves now.

I represent an even more highly industrialized constituency than does Mr. MERRITT. Mine is a constituency of moderate-sized closely owned business firms, managed by those who have had to make profits while paying the highest wage scales in the country, and employing clear-headed, sober, intelligent workingmen who have tried to invest intelligently. It is a constituency of democratic decentralized industrial units which has tried to live by its own self-reliant standards and which has had very little part in the speculation of the rest of the country. But it has learned—and it was a bitter lesson—that the completely national scale on which our business and finance is now organized leaves the native conservatism of any community rather helpless before the speculation of less conservative communities. My New England constituency will not only be unharmed by the passage of this bill but gains from it the protection of its habitual methods of doing business and of investing money to a greater extent than practically any other section of the country. The small New England business man, who always operated on a cautious, stable basis, can only gain by control of the stream of credit which has upset his careful plans, and profits, by alternately flushing his huge poorly managed competitors with stock-market funds to expand in the fever of a boom—and leaving his market glutted with productive facilities when the boom collapsed. And I am convinced that there has been a direct relationship between the flotation of huge mergers on the basis of too easy stock-market credit and the tendency toward monopolization of industry which has gone on in the past 10 years to the destruction of the democratic decentralization and diversification of small industry on which New England stability is based.

I think the New England investor likewise has everything to gain and nothing to lose. The provisions for adequate corporate reporting, the provisions by which credit controls will tend to make securities sell on an investment basis, and the provisions outlawing market manipulations give him the materials for a stable investment policy based on stable investment values which he has always sought. In the House committee the other day I heard general agreement that the New England securities market was the best and perhaps the only true investment market in the country—that securities were bought in New England for investment holding and not for speculative trading to a degree unequaled in any other section of the country. Not a little of that sort of investment demand comes from its carefully conservative banks, and from its magnificently operated insurance companies, which safeguard the humble estates men endeavor to create by real self-sacrifice. A bill that tends to stabilize securities markets for such insurance companies, banks, and other investors, that gives them

adequate corporation reports on which to base their judgments to buy and sell—that gives them assurances that the values reflected in these corporate reports will not be unpredicably upset by alternate booms and panics in the stock market—is a bill which will put at a premium the qualities on which New England's financial life is based. New England has less reason to be afraid of this bill than has any other section of the country.

The talk about the effect of this proposed legislation upon business usually starts with the statement that it is only right and proper to regulate the abuses on the stock exchanges, but that this legislation goes far beyond the stock exchanges and that under the guise of stock-exchange regulation it reaches out and affects industry of all kinds, both the large and small. It is interesting to know that this talk first came from the representatives of the great stock exchanges, who took it upon themselves, in the true spirit of benevolent philanthropy, to awaken industry to its great peril. While I have no doubt that this propaganda has caused genuine fear to be entertained by many business men, I am equally certain that when the business men of this country become acquainted with the actual provisions of the law, as distinguished from the stigma placed upon it by Wall Street lawyers and public-relations counsel, theirs will be a greatly changed opinion. Wall Street has done more to regiment and monopolize business than this bill could ever hope to.

It is the small industries of New England that carry on the best traditions of American business. It is these industries that sustain themselves by an economy of low-cost production and in the quality of their service, and not by monopoly based on banking control. If this legislation had any tendency to interfere with the self-reliant small industries I should be the first to oppose it and the last to accept it. The curb that this legislation puts upon the excessive flow of credit into the stock market will, in my judgment, be a great boon to these small industries. It will guarantee them adequate credit facilities when business is fully revived, because it will prevent money flowing from local banks into a vortex of speculation in a few metropolitan centers.

The small New England business man should note that under section 4 of the bill it is contemplated that the very small exchanges on which the securities of small, closely held New England corporations are often traded may, as exchanges, be exempted by the administrative commission from all or any of the provisions of the bill. The small business man should also note how carefully the bill, which is fundamentaly only concerned with the trading on the exchanges in the shares of companies which have a sufficiently wide distribution to be traded in on such exchanges and made the subject of abuses incident to such trading, provides that the administrative commission may exempt securities, the markets of which are predominantly intrastate in character. Because of the tremendous difference in circumstances, it was not possible to draw definite lines of classification with which to exclude small corporations. But it should be noted that even a listed security of a small corporation which fits the classification given could probably be exempted by the Commission from all or a large part of the bill, and securities not listed would not be within the scope of the bill at all, except for the purposes of the over-the-counter market section in section 14. The sections of which industry has been told it should be afraid are sections 11, 12, 13, 14, and 15.

The provisions of sections 11 and 12 have been so much discussed on the floor already that I shall not repeat the arguments made by the chairman and Mr. MAPES to show that they are in substance merely a standardization of minimum listing requirements on exchanges, analogous to requirements already made by exchanges and actually less burdensome to issuing corporations than the power now exercised by the New York Stock Exchange.

There have been attempts to make it appear that the control given to the Commission in this section 14 to regulate the over-the-counter markets is really aimed at small industry. Nothing could be further from the truth. The provision for the control of brokers and dealers in the over-the-counter market is not intended as a catch-all by which the Commission can dominate the affairs of unlisted companies. It is simply an absolutely necessary protection for the market on the exchanges which the bill seeks so much to improve. The necessity for that protection has been very clearly put in the report of the Twentieth Century Fund on "Stock-Market Control":

> The benefits that would accrue as the result of raising the standards of security exchanges might be nullified if the over-the-counter markets were left unregulated and uncontrolled. They are of vast proportions, and they would serve as a refuge for any business that might seek to escape the discipline of the exchanges; and the more exacting that discipline, the greater the temptation to escape from it. Over-the-counter markets offer facilities that are useful under certain conditions, but they should not be permitted to expand beyond their proper sphere and compete with the exchanges for business that, from the point of view of public interest, should be confined to the organized markets. This constitutes the sanction for Federal regulation of over-the-counter dealers and brokers. To leave the over-the-counter markets out of a regulatory system would be to destroy the effects of regulating the organized exchanges.

If one wants to put effective restraints upon excessive speculation on the exchanges, it is obviously necessary to guard against the same sort of excessive speculation on the unregulated markets. But those who tell you that the over-the-counter provisions of the bill will interfere directly or indirectly with the small industrial concern are either willfully misleading you or are ignorant of what the bill really does. The control of the Commission with respect to the over-the-counter markets may be exercised only over dealers or brokers who maintain a public market. The Commission has no power to cause any corporation to file any statement or to subject itself in any way to regulation. Even the dealer or broker is not subject to control if he does no more than to try to find a buyer for a person who wants to sell some shares or to find a seller for a person who wants to buy some shares. A dealer or broker creates or maintains an over-the-counter market as it is defined in the bill only if he stands ready both to buy and sell; that is, if he stands ready to quote you a price at which he will buy your shares as well as a price at which he will sell your shares.

Now, if a corporation is small, and has only a few stockholders, it has no concern to see its shares constantly traded in. If the corporation is of such a size that its stockholders demand a public market, then it should be ready to file the very reasonable information for its stockholders that is required of companies whose shares are registered. But even in the case of a large corporation there is no mandatory requirement in the bill that the corporation register its shares on an exchange or meet any requirement that the Commission may impose as a condition to permitting a broker or dealer to create or maintain a public market for its shares. And it is important to note that the over-the-counter provisions of the bill are so framed that the Commission may, but need not, require the filing of information by a corporation as a condition to permitting a dealer or broker to create or maintain a public market for its securities. The over-the-counter markets present so many variants that the bill wisely gives the Commission the broadest discretion, because it is impossible to foresee at the moment whether considerable regulation may be required if the threatened delisting by large publicly owned corporations should occur—which I for one do not anticipate. Certainly the corporation, large or small, with less than 100 security holders, would remain for all practical purposes unaffected by any over-the-counter regulations.

Under this bill a bank may lend any amount it deems proper upon an unlisted security and is not in this respect subject to any margin requirement. Under these circumstances the holder of an unlisted security need not fear being deprived of any legitimate credit facility.

Small, self-reliant industry, such as New England prides itself upon, has nothing to fear and much to gain from such provisions.

Everyone here knows that when you establish a flexible power in a law you are bound to give men power to do harm,

but our intention is to give men power to do good, and what reason is there to believe that the power would be abused? Recent history has taught men that those who have had a part in manipulation of the money marts have less of friendship for the folks and no greater love of their country than those now engaged in management of governmental affairs.

This bill is primarily designed to prevent a manipulation of securities—the kind of manipulation that threatened the lives of the insurance companies of America, and thereby the humble estates men endeavored to create by the sweat of the brow and real self-sacrifice. It would remove a chance at manipulation that not only threatened the banking system of the country but actually left many banks broken wreckage upon the rocks. It would forever forbid a manipulation that boiled a market to the point where it attracted credit away from the proper channels of industry into the uncertain paths of speculation.

While there were other contributing causes, none seems to deny that stock gambling, with its now known abuses, ruined many an industry and crippled or destroyed business establishments and working people.

Many of those who would thwart the aim of this bill, and quite sincerely in most instances, approach the situation with an unconscious selfishness that makes them victims of their own blindness. Among them are the men who are schooled in that class which believes in business monopoly. They would maintain a monarchy of business and sit upon its throne. I believe in a far-reaching democracy of business, and I would make more rigid the antitrust laws when the uncertainties of this depression permits that change. They believe in a cash-and-carry plan, and I am sufficiently old-fashioned to still have a regard for those little storekeepers who carried the burden of the neighbors in other dark days—those men who gave the groceries to the neighbor's youngster when he brought no more evidence of money to the store than a badly worn little brown book with a picture of a meat rack and a butcher on the cover.

Manipulation and misleading statements to be hereafter forbidden by law did not stop after crippling banks, insurance companies, industry, and investors.

It dulled the faith of conservative investors in the investment banking houses long engaged in the business of selling high-grade securities. Though the operators of these establishments kept their hands unsoiled they were smeared by the splashing in the muddy waters, and people in business, as well as those out of work, became afraid.

It cannot be that we have staggered through the wilderness for 4 years without having learned the need for the revision of the system. As we try to revive business by experiment it is our sacred responsibility to provide against a reoccurrence of what has happened in our generation.

Those who are loudest in their condemnation of this bill are those who look with scorn upon such social reforms and economic necessities as regulated working hours and old-age pensions. Their influence has been so effective up to now that they could build an opposition to legislation by people who would benefit from it.

Time will undoubtedly find flaws in this particular bill, as it almost always does, because the men of the committee which wrote the bill possess the customary frailties of human nature and finite minds.

This bill does no more than insist upon the truth, and it denies an opportunity to one class of investors that has heretofore been denied to others—or rather it gives the man on the outside a knowledge up to now reserved to himself by the man on the inside.

President Wilson, in 1919, recommended the enactment of a law to prevent the fraudulent methods of promoters by which our people are annually fleeced of many millions of hard-earned money. Prior to that time, or in 1907, President Roosevelt admonished the Congress that the Federal Government should supervise the issuance of securities of any combination doing an interstate business. We now have a President who observed greater abuses in this field than his illustrious predecessors had known, and he insisted that the law be written. His insistence is not my special reason for supporting this measure, for I have strayed from the administrative path when my convictions were in serious conflict with those of our great national leadership. I feebly helped lead the fight against the so-called "municipal bankruptcy bill" in the last session, and I could not bring myself to the conclusion of those who saw wisdom in the recent decision of this House on the tariff proposal. My mind fails to justify the silver opinion we expressed in this body, and I cannot enter the class of those men who yielded to the inflationary temptation of the much-discussed and widely advertised plan to make good for every bank loss of the panic period.

All of this is to emphasize that I am inspired by no socialistic notion or romantic dream. I regard myself as a liberal conservative. This is a conservative bill.

I urge you to pass it in its present form. [Applause.]

Mr. RAYBURN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 9323, had come to no resolution thereon.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—MINIMUM PAY FOR POSTAL SUBSTITUTES

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H.R. 7433, entitled "An act to provide minimum pay for postal substitutes." The bill is contrary to public policy in that it provides compensation to a certain class of employees regardless of the need for their services. It is discriminatory and establishes a precedent which, if followed, would undoubtedly lead to many abuses.

As a result of the depression, the postal business decreased to such an extent that the Department had no need for the services of thousands of its employees. By orderly processes, this surplus is being reduced without injustice to the personnel. During the period of declining business and with a surplus of regular employees, the Post Office Department had little or no need for the services of the substitutes, who are carried on the rolls for replacement purposes and to augment the regular forces in emergencies. However, at this time, the postal revenues are increasing and more work is being provided for the substitutes. Therefore, from a humanitarian standpoint, there appears to be no need for legislation of this character.

Aside from any consideration of conditions in the Postal Service with respect to its personnel, this appears to be a relief measure for a particular class of our citizens, and as such is clearly discriminatory.

This bill prohibits the Postmaster General from determining the needs of the Postal Service as to personnel in that it requires the Post Office Department to retain on its rolls all substitutes of record at this time. It fixes definitely the maximum number of substitutes that may be carried in certain groups, regardless of conditions, and is therefore not in the interest of good administration of the public business.

There is attached the Postmaster General's statement which sets forth in detail the objections to this bill.

My disapproval of this measure is not based on the consideration of the additional expenditures it would require but on the deeper consideration of public policy. I trust that the Congress will continue to cooperate with me in our common effort to establish and follow policies that will be best for all of our people.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 30, 1934.*

Mr. BYRNS. Mr. Speaker, I move that the bill and the message be referred to the Committee on the Post Office and Post Roads and ordered printed.

The motion was agreed to.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—ALIEN PROPERTY CUSTODIAN (H.DOC. NO. 337)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Expenditures in Executive Departments and ordered printed:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am transmitting herewith an Executive order providing for the abolishment of the Office of the Alien Property Custodian and the transfer of its functions to the Department of Justice.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 1, 1934.*

THE FRAZIER-LEMKE BILL

Mr. HART. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a short address delivered over the radio on the Frazier-Lemke bill by my colleague the gentleman from Michigan [Mr. MUSSELWHITE].

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HART. Mr. Speaker, I ask unanimous consent to have inserted in the RECORD an address by my colleague from Michigan [Mr. MUSSELWHITE] broadcast on the Frazier-Lemke bill, which is occupying the attention of farmers throughout the State of Michigan and the entire country.

The address is as follows:

My friends, I am happy to have this opportunity to address you briefly in support of the Frazier-Lemke bill for the relief of the beleaguered farmers of the Nation.

With other Members of the Congress I have signed the petition for discharge of the committee and presentation of the measure on the floor of the House. I am aware that violent opposition has been expressed against it by interests which have too long dominated the financial policies of this Government.

Farm-born myself, and representing an agricultural district, my interests have always been and still are with the Nation's producers. Throughout my whole lifetime I have seen them discriminated against in legislation. I am not a professional viewer-with-alarm. Far from it.

The achievements of this administration in its recovery program constitute a prideful chapter in American history. From the viewpoints of industry, finance, and general business our country is immeasurably better off than it was in March 1933, when the lowest depths of national and individual insolvency, misery, and despair were plumbed.

But what has been done for the farmer, most oppressed of all our citizenry? Oh, he has shared to some extent in the general recovery, but not proportionately to other classes. But, like the good soldier he is, he has stood by, hoping, praying, and toiling along, waiting for something to be done in his behalf.

To my mind, the Frazier-Lemke bill is the answer to his prayer. Lift the heavy yoke of mortgage and high-interest payments from the neck of the farmer and you will be amazed at the response, at the quickening of all business. Recovery should begin at the roots of production, not at its top branches. And the farm is the genesis of all productivity.

Relief of this distressing farm situation—actual, not theoretical relief—is the purpose of the Frazier-Lemke bill. I will not bore you with a long string of statistics. Others may if they wish. Tables of figures are as annoying to me as to anyone.

I assume that you have read the Frazier-Lemke bill and are familiar with its provisions. To summarize:

It provides that the United States Government shall refinance existing farm indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuance of bonds but by issuing Federal Reserve notes secured by first mortgages on farm lands. Could anything be fairer? There is no better security. I am credibly informed that if the Government will do this it will make a profit of better than $6,000,000,000 at 1½-percent interest in 47 years, the time required for amortization of the farm indebtedness.

It appears to me that this would be good business.

And under this provision the farmers of the Nation would have to pay $6,149,500,000 less interest in 47 years, while the Government makes its profit of upward of $6,000,000,000 and lessens the Federal tax burden in an equal amount.

Can you find any fault with that?

Under the present Farm Mortgage Act the farmer has to pay 4½-percent interest if he lives in a Federal Farm Loan Association district and 5 percent if he does not, and pay in addition 1 percent for administration, and on top of this buy stock in an amount equal to 5 percent of his loan, making 10½ or 11 percent for the first year and thereafter 4½ or 5 percent with 1 percent for amortization, making 5½ or 6 percent annually until paid. The high rate of interest is like a little Old Man of the Sea upon his shoulders. It is impossible to shake it off. The Frazier-Lemke bill takes into consideration the farmer's ability to pay.

I asked a moment ago who could find fault with this. I will answer my own question now. The beneficiaries of the system of issuing tax-exempt bonds bearing interest at 3½ percent, the money kings of Wall and Broad Streets, the international bankers who control the big fortunes of the country can and do object strenuously and piteously. And these moguls of high finance, the Morgans and the Kuhn-Loebs, and until recently the Insulls, through peculiar provisions of our present financial structure, finance their operations with money furnished them by the Government itself through the medium of a revolving fund, the ostensible aim of which is to maintain the national credit, on which all money value is based.

Abler speakers than I am will enlighten you further on this head. Issuance of Federal Reserve notes to take care of this situation would be classed by alarmists as "inflation", dread word in the sacrosanct circles of plutocracy. "Inflation" is a bogeyman held up whenever the security of the overprivileged is threatened as a scarecrow to drive out trespassers in the field of privilege.

What is money, anyway? It isn't gold in the raw, nor silver, nor currency, nor any other medium of exchange unless it is backed by the credit of the nation whose name it carries as the guaranty of its integrity. Federal Reserve notes bearing the endorsement of the United States are as much money as gold or silver or any other circulating medium. And they are as sound, as solid, as secure as Government bonds backed by the same surety as tax-exempt bonds, the rich man's resort from paying his just obligations to the government which extends him the privileges he enjoys.

Under the beneficient workings of the new deal industry, finance, and business have benefited vastly. The legislative pulmotor has revived and, to a large extent, restored them. But for the farmers, what? Disappointment and disillusionment. We are at the crossroads. The Frazier-Lemke bill points the way to a better, brighter day.

It is sound. It is sane. It has my support, unreservedly. Prosperity for the farmer spells prosperity for the Nation.

I thank you for your attention.

CONTINUANCE OF THE C.W.A.

Mr. SWICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD with reference to continuance of the C.W.A.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SWICK. Mr. Speaker, during the past week I have had the opportunity of investigating the conditions under which a great percentage of the laboring and white-collared men of my district are living, and frankly I marvel at the extreme patience which they have shown in the face of the months of unemployment they have undergone.

I have taken occasion twice on the floor of this House to call your attention to the necessity of providing at all costs adequate means whereby the unemployed men and women of this country may have an opportunity to earn the necessities of life.

I have urgently requested that we continue the C.W.A. under a program that would provide for a considerably larger number of men than before. Instead of heeding that suggestion, the C.W.A. was discontinued entirely and the Relief Works Division was set up in its stead, necessitating the reduction of working personnel more than 50 percent. This, of course, placed a much greater burden on the relief organizations. Under the R.W.D. great difficulty was experienced, in my district at least, in securing money with which to meet the pay roll. In fact, when the order was issued last week to discontinue all work in the county of Lawrence, Pa., they lacked $4,700 of having sufficient funds with which to pay the men for work they had done.

On yesterday the Governor of my State flew to Washington to insist that more relief be given that great Commonwealth. I appreciate very much the fight he is waging in behalf of the unemployed, and I have endeavored to help him by going personally before the relief agency and giving first-hand information of conditions in my district. I sincerely hope that out of these conferences may soon come the much-needed help to my people.

It was my privilege to attend a meeting of representatives of the 12,000 men who were registered for employment in that county last Friday night. Despite the fact that I have endeavored to keep in touch with the relief situation, I was doubly impressed with the earnestness and determination of those men who have organized for the purpose of bringing

their plight before you, in the hope that you will realize their situation and take the necessary steps to enable them to carry on as Americans should.

It seems the administration has determined to retract from its original principles of providing work for the unemployed and needy and return to the former system of relief orders. Gentlemen, the unemployed men of this country will no longer accept such treatment willingly. To adopt such a policy is inviting serious trouble. I cannot believe there is a Member of this House whose sympathies are not with the great body of men and women, who for months, yes, years, have been unable to earn their daily bread. We have responded each time our President has asked for the appropriation of millions to be loaned to business corporations in the hope that it would start up the wheels of industry and make it possible for workers to take up their labors where they left off months ago. I do not deny that we have accomplished something, but we still have millions of workers unemployed, and the prospects for their employment by industry at an early date are not bright.

I have placed in the hands of each member of the Pennsylvania delegation in this House and each of the Senators from Pennsylvania a copy of the following resolution, adopted by representatives of the 12,000 unemployed workers of Lawrence County. My colleagues, this is not a partisan matter; neither is it a local situation. It represents the plight of millions of unemployed men throughout the Nation. If the tone of the resolution sounds radical, it should be remembered it comes from the lips of men who are desperate. Many of them have worn the uniform of their country in time of war; most of them are responsible for the welfare and comfort of wives and babies. Place yourself in their position. They have suffered physically and mentally. They have displayed the utmost patience and courage. They are petitioning us, as citizens of the United States, under their rights as such. It is our duty to heed them and find a remedy for their troubles.

We have been advised by administration leaders at various times during this Congress that we were fighting an emergency equal to that of 1917 and 1918. No Member of this House has disputed that statement. I believe the present emergency is even worse than that. So long as there remains either Federal or private resources in this country we are derelict in our duty as Representatives if we permit the continuation of such deplorable conditions among our people. I, for one, am ready to go the limit in this matter, even to the extent of drafting private resources to bring about recovery.

I am convinced the laboring and middle classes of this great Nation have about reached the end of their patience, they demand immediate relief. Let us not invite trouble by forcing them to take matters in their own hand. Let us preserve America by protecting Americans from hunger and want. I am pleased to present the following petition and urge every Member of this House to give it serious consideration; consider the plight of the men who present it. It represents the true state of affairs. There can be no justification for hunger and misery in a land of plenty. Let us act with a determination that will prevent internal strife. If we do not try, we have failed to do our duty and should be replaced by men who will.

We the Cooperative Workers of America, Lawrence County Unit of Pennsylvania, are compelled to call your attention to our resolution of April 10, 1934, pertaining to the failure of the R.W.D. to properly function to meet our needs. The answer to that resolution has been to entirely suspend all R.W.D. operations in the State of Pennsylvania.

A comparison of facts and figures tends to show a brazen discrimination against this Commonwealth, and we must have some action to correct this condition at once. We note the State of Pennsylvania in 1933 paid 7.37 percent of all Federal taxes and received in return only 4.61 percent of emergency aid, while our neighbor State of Ohio, with like industrial conditions, paid 4.69 percent and received 7.70 percent of emergency aid. Do you attribute this condition to the difference in political affiliations of our elected national and State representatives? Don't you think it is highly important for our national security that our statesmen should cease using the welfare of millions of our citizens as a sacrifice on the altar of political greed?

Our humiliation and fear for the future compel us to make the following resolution:

Resolved, We, 12,000 R.W.D. and unemployed workers, do now most emphatically protest the shutting down of all R.W.D. projects and demand that immediate action be taken to provide work at living wages for all able-bodied workers and full and adequate relief for all families who are unable to work, until industry is willing or compelled to absorb them. The time of playing politics with human misery must end or disastrous results will follow.

THE COOPERATIVE WORKERS OF AMERICA,
JESSE C. DUFFORD, *President*.
DOYLE GLOSNER, *Secretary*,
New Castle, Pa.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert a short statement made by Dr. William A. Taylor, Chief of the Bureau of Plant Industry of the Department of Agriculture, before the Committee on Appropriations relative to the advisability of transferring the Botanic Garden to the Department of Agriculture.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. I am heartily in favor of granting the relief sought by Hon. George W. Hess, who for many years has been the able, efficient, courteous, and most valuable director of the Botanic Garden. He certainly deserves this little recognition at the hands of Congress. He has grown old in this service, and faithful, hard work for the Government has helped to impair his health.

Under the vigilant care and expert training of George W. Hess, I have watched this small Government institution grow abundantly from the small plant it once was to the magnificent Botanic Garden that it now is, than which there is none to be found more beautiful.

But I am not in favor of transferring this project to the Department of Agriculture. I want it kept under separate management. There is now very little, if any, duplication of overhead. And I firmly believe that any money saved would be at the expense of the value of the Botanic Garden.

CIRCULATION OF READING MATTER AMONG THE BLIND

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2922) to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto, and pass the same, a similar House bill being on the calendar.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is this agreeable to the minority members of the committee?

Mr. MEAD. I may say to the gentleman from Massachusetts that this bill was acted upon and reported by the House committee unanimously and is favored by the Department. The measure also passed the Senate unanimously, and I am simply substituting the Senate bill for the House bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904 (33 Stat. 313), the supplemental provision in section 1 of the Post Office Appropriation Act for 1913, approved August 24, 1912 (37 Stat. 551), and the joint resolution entitled "Joint resolution to provide for the free transmission through the mails of certain publications for the blind", approved June 7, 1924 (43 Stat. 668; U.S.C., title 39, ch. 8, sec. 331), be, and the same are hereby, amended to read as follows:

"Books, pamphlets, and other reading matter published either in raised characters, whether prepared by hand or printed, or in the form of sound-reproduction records for the use of the blind, in packages not exceeding 12 pounds in weight, and containing no advertising or other matter whatever, unsealed, and when sent by public institutions for the blind, or by any public libraries, as a loan to blind readers, or when returned by the latter to such institutions or public libraries; magazines, periodicals, and other regularly issued publications in such raised characters, whether prepared by hand or printed, or on sound-reproduction records (for the use of the blind), which contain no advertisements and for which no subscription fee is charged, shall be transmitted in the United States mails free of postage and under such regulations as the Postmaster General may prescribe.

"Volumes of the Holy Scriptures, or any part thereof, published either in raised characters, whether prepared by hand or printed, or in the form of sound reproduction records for the use of the blind, which do not contain advertisements (a) when furnished by an organization, institution, or association not conducted for private profit, to a blind person without charge, shall be transmitted in the United States mails free of postage; (b) when fur-

nished by an organization, institution, or association not conducted for private profit to a blind person at a price not greater than the cost price thereof, shall be transmitted in the United States mails at the postage rate of 1 cent for each pound or fraction thereof; under such regulations as the Postmaster General may prescribe.

"All letters written in point print or raised characters or on sound reproduction records used by the blind, when unsealed, shall be transmitted through the mails as third-class matter."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

SETTLEMENT OF THE RAILROAD CONTROVERSY

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and point out the significance of the settlement of the railroad controversy and include therein a brief memorandum of agreement.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, the country at large may not fully realize the important significance of the settlement of the railroad controversy. To realize the serious side of the question requires a knowledge of the problems involved, the attitude of the railroad executives, and the position taken by the administration.

The conflict which has been raging for months concerned the wages of employees employed on the railroads of the United States. The attitude taken by the railroad executives was in direct conflict with the position assumed by the representatives of labor. The railroads contended for a further reduction in the wage scale of the workers, while the railroad labor chiefs demanded the restoration of the pay cut which became effective in 1930.

The President of the United States and Joseph B. Eastman, the Coordinator of the Railroads, put forth every effort to bring about a settlement of the perplexing question. After a number of conferences, the President took a determined stand in support of a speedy and peaceful settlement of the controversy. He offered as a suggestion to be considered in connection with the settlement several important proposals:

First. The scaling down of the topheavy indebtedness of the railroads.

Second. An increase in employment opportunities for those who have been working part time or who have been furloughed by the railroads.

Third. The postponement for a period of 6 months of the wage question, during which time the roads were to improve their financial position and spread employment among the workers.

It was further recommended through the Coordinator of the Railroads, Joseph B. Eastman, that a conference between the railroad executives and the executives of the standard labor organizations be called at once to arrange for an equitable settlement of the controversy. Under these circumstances, with the railroad executives contending for a continuation of the wage cuts for a further 6 months' period, and emphasizing the President's attitude on that one particular question, they met in a round-table conference with the representatives of railroad labor and effected a settlement which meets with the approval of the President and the country.

It is another illustration of the matchless statesmanship of the representatives of the standard railroad labor organizations. It is likewise another illustration of the great need for bona fide unions that are truly representative of the employees. The settlement effected at the round-table conference between representatives of employee and employer in this instance proved to be a victory for the workers, who realize that the end of the wage cut is in sight. It strengthens the contention of the real friends of the National Recovery Act who have come to realize that only with strong independent unions is it possible to keep consuming power on a fair parity with productive capacity.

The genius of our day has solved the problem of mass production, but the influence and effectiveness of the labor organizations are necessary to solve the problem of mass distribution. The representatives of labor in this instance made a mighty contribution toward the solution of our present-day problems, for it not only presented the viewpoint of the worker and his demands, but it likewise presented a criticism of the financial structure of the railroads as effectively as a congressional investigation could have accomplished. The work of the N.R.A. would be simplified if that administration enjoyed the cooperation and support of free voluntary labor unions.

MEMORANDUM OF AGREEMENT

This agreement, entered into at Washington, D.C., between the undersigned Conference Committee of Managers and the Railway Labor Executives Association, witnesses that the parties have agreed as follows:

1. As hereinafter modified the agreement signed at Chicago, Ill., on January 31, 1932, as extended by agreements dated December 21, 1932, and June 21, 1933, in behalf of participating railroads and their employees, represented as therein set forth, and who are further represented in the making of this agreement by the respective parties hereto, is hereby extended as hereinafter set forth and upon the terms and conditions hereinafter stated.

2. Basic rates of pay, until changed upon notice as hereinafter provided, shall remain as under the agreement of January 31, 1932, as extended. Seven and one half percent shall be deducted from the pay check of each of the employees covered by this agreement for the period beginning on July 1, 1934, and ending on December 31, 1934, inclusive, and said deduction shall be reduced to 5 percent for the period beginning on January 1, 1935, and ending on March 31, 1935, inclusive, and no further deduction shall be made under this agreement thereafter.

3. No notices of changes in basic rates shall be served by any party upon any other party prior to May 1, 1935.

4. With respect to employees in the lower-paid brackets, the foregoing shall not be taken to prevent discussion and adjustment between individual carriers and organizations with respect to spreading employment, or of the matter of opportunity for increased earnings of part-time employees, but changes in basic rates shall in no event be involved.

5. If, as, and when, on or after May 1, 1935, notices of changes in basic rates shall be served by any of the organizations or carriers now represented by the Railway Labor Executives Association and the Conference Committee of Managers, it is understood that said association and said committee cannot bind any such organization or any such carrier in respect thereto, but they do recommend that in the event that general wage movements are inaugurated, the proceedings under such notices should be conducted nationally and pursuant to the Railway Labor Act.

6. Formal notices heretofore served by the participating railroads upon the participating organizations of employees for a 15-percent reduction in basic rates of pay shall be considered as withdrawn and further proceedings thereunder discontinued.

This agreement is signed at Washington, D.C., this 26th day of April 1934 in behalf of the participating railroads and their employees represented as hereinbefore set forth, as modified by supplements nos. 1 and 2 to appendix A and supplement no. 1 to appendix B and supplements nos. 1 and 2 to appendix C, said supplements being attached hereto and made a part hereof.

For the participating railroads:

H. A. Enochs, Wm. Jeffers, —. ————, W. J. Jenks, C. D. Mackay, Jno. G. Walton, J. T. Gillick, Conference Committee of Managers; —. —. ————, chairman Conference Committee of Managers.

For the participating organizations of employees:

A. Johnston, grand chief engineer Brotherhood of Locomotive Engineers; D. B. Robertson, president Brotherhood of Locomotive Firemen and Enginemen; J. A. Phillips, senior vice president Order of Railway Conductors of America; A. F. Whitney, president Brotherhood of Railroad Trainmen; T. C. Cashen, president Switchmen's Union of North America; E. J. Manion, president Order of Railroad Telegraphers; J. G. Luhrsen, president American Train Dispatchers' Association; Geo. Whorton, president International Association of Machinists; J. R. Franklin, president International Brotherhood of Boilermakers, Iron Ship Builders, and Helpers of America; Ray Harn, president International Brotherhood of Blacksmiths, Drop Forgers, and Helpers; John J. Hynes, president Sheet Metal Workers' International Association; C. J. McGloyers, vice president International Brotherhood of Electrical Workers; Martin Francis Ryan, president Brotherhood Railway Carmen of America; John F. McNamara, president International Brotherhood of Firemen and Oilers; F. H. Fijozdal, president Brotherhood of Maintenance of Way Employees; Geo. M. Harrison, president Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; D. W. Helt, president Brotherhood of Railroad Signalmen of America; W. S. Warfield, president Order of Sleeping Car Conductors; Fred C. Boyer, president National Organization Masters, Mates, and Pilots of America; C. M. ————, president National Marine Engineers' Beneficial Association; Joseph P. Ryan (by A. F. W.), president International Longshoremen's Association; A. F. Whitney, chairman Railway Labor Executive Association.

HENRY ELLENBOGEN

Mr. GAVAGAN, from the Committee on Elections No. 2, by direction of that committee, presented a report on the memorial matter of HENRY ELLENBOGEN, which was referred to the House Calendar and ordered printed.

THE HYDRAULIC EXPERIMENTAL STATION AT VICKSBURG, MISS.

Mr. WILSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered yesterday by me before the Twenty-ninth Annual Convention of the National Rivers and Harbors Congress.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The address follows:

While in the lower Mississippi Valley last December I made a special point of inspecting the waterways experimental station at Vicksburg. Officers in the Corps of Engineers have been engaged upon surveys and studies of the Mississippi River since 1820. At that time Congress appropriated funds for a survey of the Mississippi and Ohio Rivers. Lieutenants Bernard and Totten did the work and in 1822 submitted their report recommending dikes. Again, in 1850, Congress appropriated $50,000 for further surveys, which were performed by Captains Humphreys and Abbott and resulted in their famous Physics and Hydraulics of the Mississippi, which has long remained the most weighty treatise on the problems of the great Father of Waters. We people of Louisiana know that it was during the Presidential administration of Gen. Zachary Taylor, a planter of Louisiana, that the first Federal appropriations were made available for the improvement of the Mississippi.

Even before the War between the States, as well as after that crisis and the hard years following, it was recognized by the engineer officers stationed in our Southern States that the Mississippi River was a national problem too great for local interests to cope with and therefore only to be successfully solved by means of Federal aid. General Humphreys, who became Chief of Engineers after the war, realized this, as did the Army engineers on the first Mississippi River Commission, organized in 1879, and, indeed, ever since. These men have known our problem, have studied it through many floods, always seeking to know more about their task.

I have always been interested in this phase of our national rivers-and-harbors and flood-control work, and as a member of the House Committee on Flood Control I supported the Army engineers' desire to perfect their laboratory experiments down there in close contact with their actual river operations. I recognized the fact that the Mississippi River Commission, with its eminent Army engineer and equally long-experienced civilian membership, have for years been assembling and utilizing the most complete and most reliable fund of river engineering data in the world. The logical place to utilize this vast amount of scientific information in theoretical experiment and actual practice is, of course, right at the job itself. There the engineers in charge have not only at hand their own field assistants who know the Mississippi and its tributaries thoroughly, working in close and friendly cooperation with our levee board engineers, but they also were able to utilize the actual physical elements of river materials under the very climatic conditions which exercise such an important influence upon the work.

When in 1927–28 the Chief of Engineers sent an able group of his officers abroad to study European hydraulic laboratory practice under the direction of the then Col. Edward Murphy Markham, I awaited with keen interest the general's recommendation. It was, as could be expected, sound and logical. He said he wanted to conduct such theoretical experimental work right by the job itself, using the Mississippi's own materials. We gave him the necessary authority under the Flood Control Act of May 15, 1928.

How wise this decision has proven to be I had opportunity to verify this December. I spent an entire day with the district engineer at Vicksburg—first in the offices of the Mississippi River Commission, from which the great flood-control project is directed, then at the Waterways Experimental Station, seeing that splendid installation in efficient operation, and finally out on the old river itself where the experimental work is being further tested in full-sized operations in nature, under the direction of Gen. Harley B. Ferguson, president of the Mississippi River Commission.

Of course, I expected to find a smooth operating and competent headquarters under the Army engineers, who have direct charge of all of this work. Nor did I find it otherwise in spite of the great overload placed upon the division and district offices by the emergency program allotments from the President's recovery funds. The Army engineers seem to have an unlimited capacity for further work—the same cheerful willingness to accept added responsibility which always has characterized their response to our great flood emergencies. This is in accordance with their long training and unfailing record of public service both in peace and in war. I expected that I would find cheerful efficiency despite the overload, and I did. I have, of course, known these officers intimately for many years. With them we fought through the great floods of 1912–13, 1916, 1922, and 1927, as well as many intermediate emergencies during and since that time. It was the great catastrophe of 1927 which, as many of us recall, brought the Nation to a shocking realization of our problem.

The heavy loss of life and property, in spite of all that could be done, made it clear that the Federal Government must assume the cost of controlling its great river. Since the act of May 15, 1928, a great deal has been done, and the results are proving every day to be more than entirely justified. Vast reaches of the richest Delta lands—entire parishes in Louisiana and counties in Mississippi, Arkansas, Tennessee, and Missouri are enjoying more secure protection now than ever before, and their apprehension of the constant danger from recurring flood is greatly allayed. I have followed all of this steadily prosecuted flood-protection work authorized by the Flood Control Act of 1928. It is being accomplished well ahead of schedule as well as within the estimated costs. In practical field engineering I knew what the engineers were doing—and I wanted to know about the theory side.

Out at the Waterways Experimental Station I was indeed pleasantly surprised. It was hardly conceivable to me that so much could have been accomplished within so short a period of time. They have built a fine storage dam and reservoir there in a beautiful valley of a small tributary stream nestled in the Vicksburg hills, a complete laboratory building housing the most highly scientific equipment and have expanded the out-of-doors layout into an amazing development of working models.

Naturally I asked how so much could be achieved—a dozen working models of critical reaches in the Mississippi's tortuous course from St. Louis to its mouth—large models of backwater areas for the Arkansas, the White, the Atchafalaya, the Black, and the Red—tests to determine the effects of the river's scour and bank caving—and of scour in the river bed itself. Nor are the experiments confined to Mississippi River problems. In addition to these many and intricate questions of engineering theory and practice, I found that ideas were being tested for Ohio River locks and dams, for many of our ocean and lake harbors—any practical problem of an associated nature which confronts the Nation's engineer department at large.

The officer in charge of the experimental station is Lieut. Herbert D. Vogel, who received his appointment to West Point from the State of Michigan. Cadet Vogel during his 4 years at West Point proved his outstanding ability and established a splendid record. Out of that strenuous course of natural selection, Lieutenant Vogel was graduated an honor man near the head of his large class. For postgraduate work he was given his M.A. degree by the University of Michigan, then after a tour of field duty he completed the course at the Army Engineer School. After another period of field experience, he went to the University of California where he earned his C.E. degree, followed by a year in Germany where, in 1929, the Berliner Technische Hochachule awarded him the high honor of a doctor's degree in engineering. From this experience he went to the lower Mississippi Valley, and under his immediate and skillful direction has been built and developed the waterways experiment station at Vicksburg.

Now, I do not profess to be sufficiently expert to appreciate all these technical intricacies of engineering science. Nor does a visitor to the Vicksburg plant have to be a technician to grasp the significance of that work.

I asked Lieutenant Vogel to write up for me a summary of his waterways experiment station's results thus far. With characteristic punctuality and frank simplicity he has done so—explaining that he has covered the high spots only, his station having developed more than a hundred model experiments in the past 3 years. The illustrations accompanying his report afford a helpful visualization of the work the Army engineers are doing.

This experimental station at Vicksburg is now ready to render valuable, definite, and scientific service for the control for all purposes of all the waterways within the United States.

Gen. Edward M. Markham, with full knowledge based upon his investigations and studies abroad, testified before the Flood Control Committee on April 25, 1934, that the hydraulic experimental station at Vicksburg has no equal in any nation in the world.

In a comprehensive plan for flood control, improvement for navigation, power development, and land-use policies for all purposes, this station and the engineering force in charge affords an opportunity for a Nation-wide service.

INVESTIGATION OF WAGE AND LABOR CONDITIONS

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, as further evidence of an immediate investigation of wage and labor conditions on Government building jobs in the District of Columbia, I submit for your attention some documents furnished me by Mr. John Locher, executive of the Washington Building Trades Council. Mr. Speaker, I ask unanimous consent to extend my remarks at this point and include therein some documents setting forth in some detail the situation, and to include two or three affidavits.

Mr. O'CONNOR. Reserving the right to object, what is that about?

Mr. McFADDEN. The labor situation in the District.

Mr. O'CONNOR. From whom?

Mr. McFADDEN. Mr. John J. Verleger and James Gaskins.

Mr. O'CONNOR. Are they plumbers or bricklayers?

Mr. McFADDEN. Both, I think.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, the first of these documents is a sworn affidavit made by Mr. John J. Verleger, relating to the circumstances of his employment on construction work at Walter Reed Hospital. The affidavit reads as follows:

JULY 24, 1933.

I, the undersigned, do hereby make affidavit as to rates and hours worked on the nurses' home at the Walter Reed Hospital job, Washington, D.C. Also, conditions prevailing among other men.

July: First week, 5, 6, 7; second week, 8, 10, 12, 13; third week, 14, 15, 18, 19, 20.

On each of the above-mentioned dates I worked 7½ hours. The first week I drew $33.75, and returned one half, which amounted to $16.87½, and the second week I drew $45 and returned one half, which amounted to $22.50; the third week I drew $45, but refused to return any money.

I was told when I secured the job that my pay would be 75 cents an hour, but I would receive $1.50 an hour in the presence of the inspector, but would have to come back to the office and turn back to the firm one half of what I drew. This was told to me by Mr. Edward Maas, of the E. A. Maas Plumbing Co., who is the plumbing contractor on the above-mentioned job. I also find that some of the men on this job are working 37½ hours a week.

Morris Hayden, plumber, made 45 hours a week for 1 week to my knowledge. He worked July 7, 8, 10, 11, 12, and 13.

Henry Maas made 45 hours a week, for 1 week to my knowledge. He worked July 7, 8, 10, 11, 12, and 13.

The following men also worked on the job either as plumbers or helpers: William Shylager, Otts Wolslager, Al Rhinehart, and a man by the name of Weber.

I understand that specifications say that veterans must be given the preference. The following men are not veterans: William Shylager, Morris Hayden, and Otts Wolslager.

JOHN J. VERLEGER.

Subscribed and sworn to before me this 24th day of July 1933.

HARRY M. SHOCKETT, *Notary Public.*

My commission expires May 5, 1935.

This seems to be a very flagrant case of extortion by a contractor, involving a rebate of 50 percent of the wages to the contractor named in the affidavit. This goes beyond any question of violating the Bacon-Davis Act. Apparently a conspiracy existed to deceive the inspector employed by the Government.

Next I offer an affidavit signed by James Gaskin, in which it appears that even the low wages of laborers are not exempt from similar extortion. This affidavit reads as follows:

DISTRICT OF COLUMBIA, *ss:*

James Gaskin, being first duly sworn according to law, deposes and says that he is 26 years of age, and that he resides at 746 Lamont Street NW., in the city of Washington, D.C., and that his legal residence is 119 Lincoln Street, Hampton, Va.

Affiant further deposing says that he is a laborer, and as such was employed by the Blue Ridge Tile Co., subcontractors for the A. Lloyd Goode Construction Co., general contractors for the erection of the Paul Junior High School, located in the vicinity of Eighth and Peabody Streets NW., in the city of Washington, D.C.

Affiant further deposing says that he began work on, to wit, February 16, 1932, and is still employed on said job; that your affiant receives the sum of 40 cents per hour for an 8-hour day, but that after your affiant signs the pay roll for the said 40 cents per hour, the sum of 10 cents per hour is immediately deducted, and which sum your affiant is informed is returned to the general contractor.

Affiant further deposing says that this affidavit is made of his own free will and accord, without remuneration, and that all of the facts contained herein are true to the best of his knowledge and belief.

JAMES GASKIN.

Subscribed and sworn to before me this 1st day of April 1932.

HARRY S. GOLDSTEIN,
Notary Public, District of Columbia.

For the third piece of evidence I offer a copy of a telegram received at Durham, N.C., by Mr. B. L. Hershberger, as follows:

[Western Union telegram]

ASHEVILLE, N.C., *February 19, 1932.*

B. L. HERSHBERGER,
Care Western Union, Durham, N.C.:

Your telegram received. Have wired our superintendent, M. R. Michie, Paul Junior High School Building, Eighth and Peabody Streets, Washington, D.C., that you and Boswell will report to him on above-mentioned school building; wages per our agreement.

BLUE RIDGE TILE CO.

This telegram is an order for the recipient to report for work on a job in Washington, D.C. This is a clear case of importing labor into the District of Columbia. Let us see what happened to Mr. Hershberger on this job and what his agreement with Blue Ridge Tile Co. was.

I quote next an affidavit by Mr. Hershberger a few weeks after the date of the telegram. This affidavit reads:

DISTRICT OF COLUMBIA, ss:

B. L. Hershberger, being first duly sworn according to law, on oath deposes and says that he is 28 years of age; that he resides at 209 E Street NW., in the city of Washington, D.C., and that his legal residence is Durham, N.C.

Affiant further deposing says that he is a tile setter by trade, and as such was employed by the Blue Ridge Tile Co., subcontractors for the A. Lloyd Goode Construction Co., general contractors, for the erection of the Paul Junior High School, located in the vicinity of Eighth and Peabody Streets NW., in the city of Washington, D.C.

Your affiant further deposing says that he began work on, to-wit, February 22, 1932, and was laid off on March 31, 1932, and that your affiant received the sum of $1.50 per hour for an 8-hour day, but that your affiant, after signing the pay roll for the $1.50 rate per hour, was requested to return to the foreman 50 cents per hour, and which sum of money your affiant was informed was returned to the general contractor.

Your affiant further deposing says that at the beginning of the work your affiant was told by the foreman that he would collect the little change, meaning the 50 cents per hour, on Monday and that the return held good for every mechanic on the job. That your affiant did make the return of the 50 cents per hour to his foreman every Monday morning following pay day, and that your affiant was under the impression that if the same was not made he would be immediately laid off.

Affiant further deposing says that this affidavit is made of his own free will and accord, without remuneration, and that all of the facts contained herein are true to the best of his knowledge and belief.

B. L. HERSHBERGER.

Subscribed and sworn to before me this 1st day of April 1932.

HARRY S. GOLDSTEIN,
Notary Public, District of Columbia.

These exhibits are selected from scores of similar documents in the possession of Mr. Locher. I am told that other men in Washington hold similar documents and that they are all anxious to lay their evidence before a properly authorized committee of this House.

Mr. Speaker, an unspeakable situation exists. Every day that it is allowed to continue will add to the justified discontent and distrust of working people throughout the country. I hope that the Rules Committee will take prompt action to report out for passage either my resolution calling for an investigation of these conditions or some other resolution to similar effect.

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes, to comment upon a recent decision of the Supreme Court of the State of Mississippi.

The SPEAKER. Is there objection?

There was no objection.

Mr. McLEOD. Mr. Speaker and gentlemen of the House, I rise at this time to offer evidence of the sincerity and soundness of the advocates of bank depositors' pay-off legislation by calling the attention of the House to a State supreme court decision which was handed down yesterday in the State of Mississippi.

JACKSON, MISS., April 30.—The Mississippi Supreme Court held today that the St. Louis Federal Reserve Bank, if pleadings in a case were true, had shown fraud, in inducing the depositors of the First National Bank of Corinth to continue to do business with the bank when the Reserve institution knew it was insolvent.

The court's statement handed down in a divided 3-to-2 decision was made in reversing the case of the Reserve bank against B. C. Dilworth and others in connection with the collection of a note. A lower court had decided in favor of the bank.

The decision said it was alleged that while the First National Bank was insolvent and indebted to the Reserve bank, depositors started a run on it and the Reserve bank, knowing its condition, represented to the public that the bank was solvent, that the Reserve bank was behind the Corinth bank and that it reopened with depositors showing renewed confidence.

It was further alleged that the Federal Reserve bank then got all the securities of the First National to further secure its debts.

"The facts as pleaded show strongly fraud on the part of the Federal Reserve bank", the decision said.

Dilworth claimed he had an agreement with the First National Bank to apply any balance he might have when his note became due, against his indebtedness and that he had a substantial balance when the bank closed.

The court's decision said the pleadings showed Dilworth continued to do business at the bank not knowing it was insolvent.

Mr. BYRNS. Will the gentleman yield?

Mr. McLEOD. I yield.

Mr. BYRNS. Did that case go up on demurrer?

Mr. McLEOD. I do not know.

Mr. BYRNS. I infer that it is purely a decision on a demurrer filed with pleadings, and if so it does not settle anything. In other words, it was not a trial on its merits.

Mr. McLEOD. The Associated Press report did not show how the case got to the supreme court.

Mr. BYRNS. I take it from the decision itself which the gentleman has just read, the case was heard on a demurrer as to the sufficiency of the pleading in the lower court and not on the merits of the proposition, so that it does not decide anything as to the real liability of the bank or its action.

Mr. McLEOD. This might clear up the gentleman's question:

The court's statement handed in a divided 3-to-2 decision was made in reversing the case of the Reserve bank against B. C. Dilworth and others.

Mr. BYRNS. That may be true, but the lower court may have sustained the demurrer, and then an appeal was taken, and the supreme court, if I gather the decision correctly, held that the lower court was incorrect in sustaining the demurrer, and that the case should go to trial upon the merits, and the facts developed, so that I do not think the opinion which the gentleman has just read decided anything with reference to the liability or nonliability of the bank.

Mr. McLEOD. I will answer the gentleman by quoting the language of the court as it appears in the Associated Press report:

The facts as pleaded show strongly fraud on the part of the Reserve bank.

Mr. BYRNS. Those are the facts set up in the petition or the declaration or whatever it may be called in the State of Mississippi, but that is the statement of the complainant, and as the gentleman well knows a demurrer admits, for the sake of argument, the truth of the allegations contained in the bill, and the court was simply passing on the facts stated in the bill as being true, for the sake of argument, but does not determine anything as to the liability of the bank.

Mr. McLEOD. It says that these were the facts as established in reversing the lower court.

The SPEAKER. The time of the gentleman from Michigan has expired.

LEAVES OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DICKSTEIN, for the balance of the week, on account of death in his family.

To Mr. KRAMER, at the request of Mr. BYRNS, for the balance of the week, on account of official business.

To Mr. BURCH, for today, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916; and

H.R. 8389. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof.

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 326. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 43 minutes p.m.), the House adjourned until tomorrow, Wednesday, May 2, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

444. A letter from the Chairman of the Reconstruction Finance Corporation, transmitting a report of its activities and expenditures for January 1934, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case (H.Doc. No. 335); to the Committee on Banking and Currency and ordered to be printed.

445. A letter from the Comptroller General of the United States, transmitting report and recommendation to the Congress concerning the claim of the Moffat Coal Co. against the United States; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GRIFFIN: Committee on Appropriations. H.R. 9410. A bill providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes; with amendment (Rept. No. 1414). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on War Claims. S. 3272. A bill for the relief of the city of Baltimore; without amendment (Rept. No. 1416). Referred to the Committee of the Whole House on the State of the Union.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 348. Resolution for the consideration of H.R. 6803, a bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; with amendment (Rept. No. 1417). Referred to the House Calendar.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 347. Resolution for the consideration of H.R. 9068, a bill to provide for promotion by selection in the line of the Navy in grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy, and for other purposes; with amendment (Rept. No. 1418). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 356. Resolution for the consideration of Senate Joint Resolution 93; with amendment (Rept. No. 1419). Referred to the House Calendar.

Mr. WILSON: Committee on Flood Control. H.R. 8234. A bill to provide a preliminary examination of the Paint Rock River, in Jackson County, Ala., with a view to the control of its floods; without amendment (Rept. No. 1420). Referred to the Committee of the Whole House on the state of the Union.

Mr. TARVER: Committee on the Judiciary. H.R. 9404. A bill to authorize the formation of a body corporate to insure the more effective diversification of prison industries, and for other purposes; without amendment (Rept. No. 1421). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 5596. A bill to amend the act of March 3, 1885, entitled "An act providing for allotment of lands in severalty to the Indians residing upon the Umatilla Reservation, in the State of Oregon, and granting patents therefor, and for other purposes"; without amendment (Rept. No. 1422). Referred

to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 6927. A bill to add certain lands to the Upper Mississippi River Wild Life and Fish Refuge; without amendment (Rept. No. 1423). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7969. A bill to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.; without amendment (Rept. No. 1424). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8255. A bill for the relief of the rightful heirs of Wakicunzewin, an Indian; without amendment (Rept. No. 1425). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8808. A bill authorizing the exchange of the lands reserved for the Seminole Indians in Florida for other lands; without amendment (Rept. No. 1426). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on Indian Affairs. S. 1890. An act to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes; without amendment (Rept. No. 1427). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. S. 3170. An act to revise air-mail laws; with amendment (Rept. No. 1428). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 9394. A bill to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.; with amendment (Rept. No. 1429). Referred to the Committee of the Whole House on the state of the Union.

Mr. GAVAGAN: Committee on Elections No. 2: House Resolution 370. Resolution in the memorial matter of Henry Ellenbogen; without amendment (Rept. No. 1431). Referred to the House Calendar.

Mr. SWEENEY: Committee on the Post Office and Post Roads. H.R. 9392. A bill to reclassify terminal railway post offices; with amendment (Rept. No. 1430). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. YOUNG: Committee on War Claims. S. 3349. An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; without amendment (Rept. No. 1415). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 7999) to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

A bill (H.R. 8414) for the relief of Alvah B. Jenkins; Committee on World War Veterans' Legislation discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD (by departmental request): A bill (H.R. 9427) to authorize the leasing of unallotted Indian lands for mining purposes; to the Committee on Indian Affairs.

By Mr. LEA of California: A bill (H.R. 9428) to amend sections 116 and 22 of the Revenue Acts of 1928, 1932, and 1934; to the Committee on Ways and Means.

By Mr. AYERS of Montana: A bill (H.R. 9429) for the development of the livestock industry among the Indians of the Blackfeet Indian Reservation in Montana; to the Committee on Indian Affairs.

By Mr. SMITH of Washington: A bill (H.R. 9430) to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington, with a view to the control of its floods; to the Committee on Flood Control.

Also, a bill (H.R. 9431) to provide for a preliminary examination of Chehalis River and its tributaries in the State of Washington, with a view to the control of its floods; to the Committee on Flood Control.

Also, a bill (H.R. 9432) to provide a preliminary examination of Lewis River and its tributaries in the State of Washington, with a view to the control of its flood waters; to the Committee on Flood Control.

Also, a bill (H.R. 9433) to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters; to the Committee on Flood Control.

Also, a bill (H.R. 9434) granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. REILLY: A bill (H.R. 9435) to provide for the examination and survey of Fond du Lac Harbor and vicinity, Lake Winnebago, Wis.; to the Committee on Rivers and Harbors.

By Mr. MOTT: A bill (H.R. 9436) authorizing the Oregon-Washington Bridge Commission to construct, maintain, and operate a toll bridge across the Columbia River at or near Astoria, Oreg.; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 9437) to amend an act of Congress approved February 9, 1893, entitled "An act to establish a court of appeals for the District of Columbia, and for other purposes"; to the Committee on the Judiciary.

By Mr. DIMOND: A bill (H.R. 9438) to authorize the incorporated town of Seward, Alaska, to issue bonds in any sum not exceeding $60,000 for the purpose of constructing and installing an electric-light and power plant in the town of Seward, Alaska; to the Committee on the Territories.

By Mr. WHITE: A bill (H.R. 9439) to amend section 15 (d) of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. MEAD: A bill (H.R. 9440) to ratify certain leases with the Seneca Nation of Indians; to the Committee on Indian Affairs.

By Mr. VINSON of Kentucky: A bill (H.R. 9441) to reduce internal-revenue taxes on tobacco products; to the Committee on Ways and Means.

By Mr. MEAD: A bill (H.R. 9442) for the creation of a claims commission on relief for the Six Nations Confederacy; to the Committee on Indian Affairs.

By Mr. EVANS: A bill (H.R. 9443) to provide for the establishment of an agricultural experiment station in the Antelope Valley, Los Angeles County, Calif.; to the Committee on Agriculture.

By Mr. MITCHELL: A bill (H.R. 9444) to repeal the provision of law providing for the payment of a minimum of 3 months' salary to the widow of any deceased Member of Congress; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 9445) to repeal the provisions of law authorizing the payment of mileage or any amount in lieu of mileage to any Member of Congress or to any Delegate or Resident Commissioner to Congress; to the Committee on Expenditures in the Executive Departments.

By Mr. TARVER: Resolution (H.Res. 369) for the consideration of H.R. 9404; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAILEY (by request): A bill (H.R. 9446) authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles; to the Committee on Indian Affairs.

By Mr. BECK: A bill (H.R. 9447) for the relief of Helen Smith; to the Committee on Naval Affairs.

By Mr. COLLINS of Mississippi: A bill (H.R. 9448) for the relief of Hunter George Taft; to the Committee on Naval Affairs.

By Mr. DEAR: A bill (H.R. 9449) for the relief of Rebecca J. Lucas; to the Committee on Claims.

By Mr. DEROUEN: A bill (H.R. 9450) to authorize the St. Landry Bank & Trust Co., of Opelousas, La., to enter the Federal Reserve System; to the Committee on Banking and Currency.

By Mr. PETERSON: A bill (H.R. 9451) granting a pension to Robert F. Munday; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 9452) granting a pension to Flora Green; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9453) for the relief of Jesse Alue Human; to the Committee on Naval Affairs.

Also, a bill (H.R. 9454) for the relief of Charles Whitaker; to the Committee on Claims.

By Mr. THOMAS: A bill (H.R. 9455) for the relief of Charles H. Willett; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4387. By Mr. BLOOM: Petition of the members of New York Typographical Union, No. 6, favoring the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for labor unions, educational, religious, agricultural, and cooperative organizations, and all similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statutes a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4388. Also, petition of Local No. 1 of the Whitestone Association, urging the passage of the Wagner-Lewis bill and the Wagner-Connery bill; to the Committee on Labor.

4389. By Mr. FISH: Petition of 85 residents of Dutchess and Orange Counties, N.Y., opposing paragraph 4, section 5, title I, of the Labor Disputes Act, proposed by Senator ROBERT F. WAGNER, and to provisions of bill relating to rights of employees to organize for collective bargaining; to the Committee on Labor.

4390. By Mr. FITZPATRICK: Petition of the Catholic Daughters of America, Court Regina, No. 402, signed by Mrs. Mary Kemner, treasurer, urging the passage of the amendment to section 301 of Senate bill 2910, providing for the equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4391. Also, petition signed by Mr. Patrick J. Fogarty, president of the United Irish Organization of the South Bronx, New York City, N.Y., and a number of other residents of Bronx County, opposing the discontinuance or curtailment of the time allotted to programs over stations WARD, Brooklyn, N.Y., and WLWL, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

4392. By Mr. HAINES: Resolution of 250 members of Holy Name Society, 300 members of St. Joseph Beneficial, 150 members of Knights of Columbus, Council No. 871 and 60 members of Ladies Guild, of St. Joseph Parish, in the city of Hanover, Pa., in reference to amendment to Senate bill 2910, providing for the insurance of equity of opportunity for all organizations of a non-profit-making nature to broadcast by radio, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

4393. Also, resolution from Sodality of Blessed Virgin Mary, of St. Joseph's Parish of the city of Hanover, Pa., favoring amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for all organizations of a non-profit-making nature to broadcast by radio, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

4394. By Mr. JOHNSON of Minnesota: Resolution by the parish of the Holy Cross, Onamia, Minn., urging the freedom of licensing of radio, in support of Senate amendment providing for such regulation; to the Committee on Merchant Marine, Radio, and Fisheries.

4395. By Mr. KENNEY: Petition in the nature of a resolution of Rutherford Council, No. 129, representing the Sons and Daughters of Liberty, an organization composed of upward of 100,000 native-born American men and women, representing 26 States, Minnie D. Tait, secretary, urging upon you as a Representative of our great country, that you use your voice and vote to defeat the efforts being made by political leaders and exploiters of labor to defeat the spirit of restricted immigration; to the Committee on Immigration and Naturalization.

4396. Also, petition in the nature of a resolution of the Society for Constitutional Security, of Leonia, N.J., Mary P. Shelton, president, that the Society for Constitutional Security, a member of the American Coalition of Patriotic, Civic, and Fraternal Societies, oppose the membership of the United States in the World Court; to the Committee on Foreign Affairs.

4397. By Mr. LINDSAY: Petition of the building trades department, American Federation of Labor, Washington, D.C., concerning reemployment through home financing; to the Committee on Banking and Currency.

4398. Also, petition of Morris Soloman & Sons, Inc., Brooklyn, N.Y., opposing the Buck bill (H.R. 8782); to the Committee on Agriculture.

4399. By Mr. LUCE: Petition of the Constitutional Liberty League, Boston, Mass., expressing opposition to the Fletcher-Rayburn stock-exchange bill; to the Committee on Interstate and Foreign Commerce.

4400. By Mr. LUNDEEN: Petition of the Central Council of District Clubs, of St. Paul, Minn., urging the enactment of the President's recommendation that long-time credit be extended through Government banks to private individuals and institutions; to the Committee on Banking and Currency.

4401. Also, petition of the County Board of Becker County, Minn., urging the enactment of legislation removing the restrictions as fixed by the treaty of 1855 from all areas not included in actual Indian reservations; to the Committee on Indian Affairs.

4402. Also, petition of the Farmer-Labor Association of Minnesota, urging the enactment of legislation which will allow the construction of the 9-foot channel in the upper Mississippi River to proceed without interruption or delay; to the Committee on Flood Control.

4403. Also, petition of the Lutheran Minnesota Conference of the Lutheran Augustana Synod, urging the passage of old-age pensions and unemployment legislation; to the Committee on Labor.

4404. Also, petition of the Farmer-Labor Association of Minnesota, urging enactment of legislation of Senate bill 2625 and House bill 7399, restricting length of freight trains to 70 cars; to the Committee on Interstate and Foreign Commerce.

4405. Also, petition of the Farmer-Labor Association of Minnesota, urging enactment of legislation of Senate bill 2519 and House bill 7430, for a 6-hour day applicable to

railway workers; to the Committee on Interstate and Foreign Commerce.

4406. By Mr. O'CONNOR: Petition of the Senate, State of New York, in behalf of Radio Station WLWL, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

4407. Also, petition of the Senate, State of New York, favoring the adoption of the report of the President's Committee on Wild Life Restoration as a basis for legislation and Executive action designed to increase and protect the wild life of the Nation; to the Committee on Agriculture.

4408. By Mr. RUDD: Petition of the Workmen's Sick and Death Benefit Fund of the United States of America, Branch No. 103, Evergreen, Brooklyn, N.Y., favoring the passage of House bill 7598, the workers' unemployment and insurance act; to the Committee on Labor.

4409. Also, petition of the Building Trades Department, American Federation of Labor, favoring legislation immediately proposed by the administration through a medium of home financing in order to stimulate the building industry; to the Committee on Banking and Currency.

4410. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, opposing certain features of the revenue bill as reported by the conference committee; to the Committee on Ways and Means.

4411. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, opposing the passage of Senate bill 2693, providing for the regulation of national securities exchanges; to the Committee on Interstate and Foreign Commerce.

4412. By Mr. SMITH of Washington: Petition of approximately 1,800 residents of Lewis County, State of Washington, favoring support of the Townsend old-age revolving pension plan; to the Committee on Labor.

4413. By Mr. THOMAS: Petition of the Senate and Assembly of the New York State Legislature, requesting the adoption of the report of the President's Committee on Wild Life Restoration; to the Committee on Agriculture.

4414. Also, petition of the Senate and Assembly of the New York State Legislature, favoring support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4415. By the SPEAKER: Petition of the Territorial Central Committee, Democratic Party of Hawaii; to the Committee on the Territories.

4416. Also, petition of the employees of the Government Printing Office; to the Committee on Printing.

4417. Also, petition of the county of Maui, Territory of Hawaii; to the Committee on Public Buildings and Grounds.

4418. Also, petition of Walter M. Nelson; to the Committee on Agriculture.

4419. Also, petition of the Oklahoma City public schools; to the Committee on Interstate and Foreign Commerce.

4420. Also, petition of the city of Chelsea, Mass.; to the Committee on Banking and Currency.

4421. Also, petition of the South Carolina Federation of Textile Workers; to the Committee on Ways and Means.

4422. Also, petition of the Society for Constitutional Security, opposing House Joint Resolution 309; to the Committee on Immigration and Naturalization.

4423. Also, petition of the Society for Constitutional Security, opposing the entrance of the United States into the World Court; to the Committee on Foreign Affairs.

4424. Also, petition of Sacred Heart Parish, Bluefield, W.Va., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4425. Also, petition of the young ladies' section M.A.C.C.W., Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4426. Also, petition of St. John's Parish, Miller Falls, Mass., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4427. Also, petition of Great Neck Council, No. 2122, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4428. Also, petition of the Ancient Order of Hibernians in America, Newark, N.J., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4429. Also, petition of Bronx Council, No. 266, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4430. Also, petition of St. Anthony Court, No. 491, of Minneapolis, Minn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4431. Also, petition of Catholic Daughters of America, Court Sacramento, No. 172, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4432. Also, petition of the New York Typographical Union, No. 6, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4433. Also, petition of St. Elizabeth's Church, San Francisco, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4434. Also, petition of Holy Name Society of Kingsbridge, New York City, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4435. Also, petition of Michael J. Burke and others, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4436. Also, petition of Knights of Columbus, of Coeur d'Alene, Idaho, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4437. Also, petition of St. John the Baptist Church, Manayunk, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4438. Also, petition of St. Ann's Christian Mothers' Confraternity, Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4439. Also, petition of St. Mary's Parish, Georgetown, S.C., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4440. Also, petition of Sacred Heart Parish, Ness, Kans., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4441. Also, petition of the Church of the Sacred Heart, Yonkers, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4442. Also, petition of St. Joseph's Council, No. 2272, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4443. Also, petition of the St. Vincent de Paul Society of Punxsutawney, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4444. Also, petition of the St. Dominic's Parish of Benicia, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4445. Also, petition of Father Weirekamp Council, No. 678, C.B.L., Brooklyn, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4446. Also, petition of the Sacred Heart Church of North Collins, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

WEDNESDAY, MAY 2, 1934

(Legislative day of Thursday, Apr. 26, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day Tuesday, May 1, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Pittman
Ashurst	Costigan	Johnson	Pope
Austin	Couzens	Kean	Reynolds
Bachman	Cutting	Keyes	Robinson, Ark.
Bailey	Davis	King	Robinson, Ind.
Bankhead	Dickinson	La Follette	Russell
Barbour	Dieterich	Lewis	Schall
Barkley	Dill	Logan	Sheppard
Black	Duffy	Lonergan	Shipstead
Bone	Erickson	Long	Smith
Borah	Fletcher	McGill	Steiwer
Brown	Frazier	McKellar	Stephens
Bulkley	George	McNary	Thomas, Okla.
Bulow	Gibson	Metcalf	Thomas, Utah
Byrd	Glass	Murphy	Thompson
Byrnes	Gore	Neely	Townsend
Capper	Hale	Norbeck	Tydings
Caraway	Harrison	Norris	Vandenberg
Carey	Hastings	Nye	Van Nuys
Clark	Hatch	O'Mahoney	Wagner
Connally	Hatfield	Overton	Walsh
Coolidge	Hayden	Patterson	White

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. MCADOO] is detained from the Senate by illness, and that the Senator from Nevada [Mr. MCCARRAN], the Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are absent on official business.

Mr. HEBERT. I announce that the Senator from Connecticut [Mr. WALCOTT] is absent on account of a death in his family, and that the Senator from Pennsylvania [Mr. REED], the Senator from Ohio [Mr. FESS], the Senator from Maryland [Mr. GOLDSBOROUGH] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

INTERNAL REVENUE TAXATION CONFERENCE REPORT

Mr. HARRISON. I submit a conference report on House bill 7835, being the so-called "revenue bill." At the request of the Senator from Michigan [Mr. COUZENS] I shall not call it up today, but shall call it up tomorrow morning.

The report was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 23, 26, 29, 31, 33, 37, 39, 40, 41, 42, 54, 55, 56, 57, 74, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 93, 94, 95, 109, 109½, 110, 111, 113, 114, 122, 123, 144, 146, 167, 175, and 182.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 18, 20, 21, 22, 25, 27, 28, 30, 32, 34, 35, 36, 45, 47, 48, 49, 50, 51, 52, 53, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 75, 92, 96, 97, 98, 99, 100, 102, 103, 104, 105, 106, 107, 112, 115, 116, 117, 118, 119, 120, 121, 125, 126, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 152, 154, 155, 156, 157, 159, 160, 161, 162, 163, 164, 165, 166, 176, 178, 179, 180, 181, 183, and 184, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 4 percent of such excess.

"$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 percent in addition of such excess.

"$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 percent in addition of such excess.

"$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 percent in addition of such excess.

"$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 percent in addition of such excess.

"$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 percent in addition of such excess.

"$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 percent in addition of such excess.

"$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

"$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

"$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

"$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

"$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 21 percent in addition of such excess.

"$4,640 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 24 percent in addition of such excess.

"$6,080 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 percent in addition of such excess.

"$7,700 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 30 percent in addition of such excess.

"$9,500 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 33 percent in addition of such excess.

"$11,480 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 36 percent in addition of such excess.

"$13,640 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 39 percent in addition of such excess.

"$15,980 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 42 percent in addition of such excess.

"$18,500 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 45 percent in addition of such excess.

"$23,000 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 50 percent in addition of such excess.

"$28,000 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 52 percent in addition of such excess.

"$54,000 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 53 percent in addition of such excess.

"$80,500 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $300,000, 54 percent in addition of such excess.

"$134,500 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 55 percent in addition of such excess.

"$189,500 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 56 percent in addition of such excess.

"$245,500 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, 57 percent in addition of such excess.

"$388,000 upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, 58 percent in addition of such excess.

"$533,000 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000, 59 percent in addition of such excess."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title or prior income-tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: " and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation "; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " $14,000 "; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(a) Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926; and all returns made under this act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President.

"(b) Every person required to file an income return shall file with his return, upon a form prescribed by the Commissioner, a correct statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. In case of any failure to file with the return the statement required by this subsection, the collector shall prepare it from the return, and $5 shall be added to the tax. The amount so added to the tax shall be collected at the same time and in the same manner as amounts added under section 291. Such statements or copies thereof shall as soon as practicable be made available to public examination and inspection in such manner as the Commissioner, with the approval of the Secretary, may determine, in the office of the collector with which they are filed, for a period of not less than 3 years from the date they are required to be filed."

And the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: " and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation "; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment and, on page 51 of the House bill, line 26, before the semicolon, insert a period and the following: " Business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this paragraph "; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: On page 18 of the Senate engrossed amendments, lines 14 and 15, strike out " increased by the amount of the dividend deductions allowed under section 23 (p) " and insert " computed without the allowance of the dividend deduction otherwise allowable "; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

" SEC. 141. Consolidated returns of railroad corporations.

"(a) Privilege to file consolidated returns.—An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case of such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

"(b) Regulations.—The Commissioner, with the approval of the Secretary, shall prescribe such regulations as he may deem necessary in order that the tax liability of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, may be determined, computed, assessed, collected, and adjusted in such manner as clearly to reflect the income and to prevent avoidance of tax liability.

"(c) Computation and payment of tax.—In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not

inconsistent with this act) prescribed prior to the date on which such return is made; except that there shall be added to the rate of tax prescribed by section 13 (a) a rate of 2 percent, but the tax at such increased rate shall be considered as imposed by section 13 (a).

"(d) Definition of 'affiliated group.'—As used in this section an 'affiliated group' means one or more chains of corporations connected through stock ownership with a common parent corporation if—

"(1) At least 95 percent of the stock of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

"(2) The common parent corporation owns directly at least 95 percent of the stock of at least one of the other corporations; and

"(3) Each of the corporations is either (A) a corporation whose principal business is that of a common carrier by railroad or (B) a corporation, the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad. For the purpose of determining whether the principal business of a corporation is that of a common carrier by railroad, if a common carrier by railroad has leased its railroad properties and such properties are operated as such by another common carrier by railroad, the business of receiving rents for such railroad properties shall be considered as the business of a common carrier by railroad.

"As used in this subsection (except in paragraph (3)) the term 'stock' does not include nonvoting stock which is limited and preferred as to dividends.

"(e) Foreign corporations: A foreign corporation shall not be deemed to be affiliated with any other corporation within the meaning of this section.

"(f) China trade act corporations: A corporation organized under the China Trade Act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of this section.

"(g) Corporations deriving income from possessions of United States: For the purposes of this section a corporation entitled to the benefits of section 251, by reason of receiving a large percentage of its income from possessions of the United States, shall be treated as a foreign corporation.

"(h) Subsidiary formed to comply with foreign law: In the case of a domestic corporation owning or controlling, directly or indirectly, 100 percent of the capital stock (exclusive of directors' qualifying shares) of a corporation organized under the laws of a contiguous foreign country and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, such foreign corporation may, at the option of the domestic corporation, be treated for the purpose of this title as a domestic corporation.

"(i) Suspension of running of statute of limitations: If a notice under section 272 (a) in respect of a deficiency for any taxable year is mailed to a corporation, the suspension of the running of the statute of limitations, provided in section 277, shall apply in the case of corporations with which such corporation made a consolidated return for such taxable year.

"(j) Allocation of income and deductions: For allocation of income and deductions of related trades or businesses see section 45."

And the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income (or, in the case of a foreign life-insurance company against net income from sources within the United States) the amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3). In the case of a foreign life-insurance company the credit shall not exceed an amount which bears the same ratio to the amount otherwise allowed as a credit as the reserve funds required by law and held by it at the end of the taxable year upon business transacted within the United States is of the reserve funds held by it at the end of the taxable year upon all business transacted."

And the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(f) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income (or, in the case of a foreign corporation, against net income from sources within the United States) the amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3)."

And the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: On page 32 of the Senate engrossed amendments strike out all of the page after line 2 and insert in lieu thereof the following:

"(2) The term 'undistributed adjusted net income' means the adjusted net income minus the sum of:

"(A) Twenty percent of the excess of the adjusted net income over the amount of dividends received from personal holding companies which are allowable as a deduction for the purposes of the tax imposed by section 13 or 204;

"(B) Amounts used or set aside to retire indebtedness incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness; and

"(C) Dividends paid during the taxable year.

"(3) The term 'adjusted net income' means the net income computed without the allowance of the dividend deduction otherwise allowable, but minus the sum of:

"(A) Federal income, war-profits, and excess-profits taxes paid or accrued, but not including the tax imposed by this section;

"(B) Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (c) for the purposes therein specified; and

"(C) Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117 (d)."

And the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 405. Estate tax rates.

"(a) Section 401 (b) of the Revenue Act of 1932 is amended to read as follows:

"'(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"'Upon net estates not in excess of $10,000, 1 percent.

"'$100 upon net estates of $10,000; and upon net estates in excess of $10,000 and not in excess of $20,000, 2 percent in addition of such excess.

"'$300 upon net estates of $20,000; and upon net estates in excess of $20,000 and not in excess of $30,000, 3 percent in addition of such excess.

"'$600 upon net estates of $30,000; and upon net estates in excess of $30,000 and not in excess of $40,000, 4 percent in addition of such excess.

"'$1,000 upon net estates of $40,000; and upon net estates in excess of $40,000 and not in excess of $50,000, 5 percent in addition of such excess.

"'$1,500 upon net estates of $50,000; and upon net estates in excess of $50,000 and not in excess of $70,000, 7 percent in addition of such excess.

"'$2,900 upon net estates of $70,000; and upon net estates in excess of $70,000 and not in excess of $100,000, 9 percent in addition of such excess.

"'$5,600 upon net estates of $100,000; and upon net estates in excess of $100,000 and not in excess of $200,000, 12 percent in addition of such excess.

"'$17,600 upon net estates of $200,000; and upon net estates in excess of $200,000 and not in excess of $400,000, 16 percent in addition of such excess.

"'$49,600 upon net estates of $400,000; and upon net estates in excess of $400,000 and not in excess of $600,000, 19 percent in addition of such excess.

"'$87,600 upon net estates of $600,000; and upon net estates in excess of $600,000 and not in excess of $800,000, 22 percent in addition of such excess.

"'$131,600 upon net estates of $800,000; and upon net estates in excess of $800,000 and not in excess of $1,000,000, 25 percent in addition of such excess.

"'$181,600 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 28 percent in addition of such excess.

"'$321,600 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 31 percent in addition of such excess.

"'$476,000 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 34 percent in addition of such excess.

"'$646,600 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 37 percent in addition of such excess.

"'$831,600 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 40 percent in addition of such excess.

"'$1,031,600 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 43 percent in addition of such excess.

"'$1,246,600 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 46 percent in addition of such excess.

"'$1,476,600 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 48 percent in addition of such excess.

"'$1,716,600 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 50 percent in addition of such excess.

"'$2,216,600 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 52 percent in addition of such excess.

"'$2,736,600 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 54 percent in addition of such excess.

"'$3,276,600 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 56 percent in addition of such excess.

"'$3,836,600 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 58 percent in addition of such excess.

"'$4,416,600 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 60 percent in addition of such excess.'

"(b) The amendment made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act."

And the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 406. Nondeductibility of certain transfers.

"Section 303 (a) (3) and section 302 (b) (3) of the Revenue Act of 1926, as amended, are amended by inserting after 'individual', wherever appearing therein, a comma and the following: 'and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And the Senate agree to the same.

Amendment numbered 142: That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "The President is authorized to appoint, by and with the advice and consent of the Senate, an Assistant General Counsel for the Bureau of Internal Revenue and to fix his compensation at a rate not in excess of $10,000 per annum. The Secretary may appoint and fix the duties of such other Assistant General Counsel (not to exceed five) and such other officers and employees as he may deem necessary to assist the General Counsel in the performance of his duties. The Secretary may designate one of the Assistant General Counsel to act as the General Counsel during the absence of the General Counsel. The General Counsel, with the approval of the Secretary, is authorized to delegate to any Assistant General Counsel any authority, duty, or function which the General Counsel is authorized or required to exercise or perform. The Assistant General Counsel appointed by the Secretary may be appointed and compensated without regard to the provisions of the Classification Act of 1923, as amended, and the civil service laws and shall receive compensation at such rate (not in excess of $10,000 per annum) as may be fixed by the Secretary"; and the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "The Secretary of the Treasury is authorized (without regard to the Classification Act of 1923, as amended, and the Civil Service laws) to appoint and fix the compensation of five assistants at rates of compensation of not to exceed $10,000 per annum, but the rates so fixed shall be subject to the reduction applicable to officers and employees of the Federal Government generally"; and the Senate agree to the same.

Amendment numbered 145: That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 194 of the House bill, line 5, after "officer", insert "or employee"; and the Senate agree to the same.

Amendment numbered 147: That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 516. Commissioner as party to suit.

"Section 907 of the Revenue Act of 1924, as amended, is amended by adding at the end thereof a new subdivision to read as follows:

"'(g) When the incumbent of the office of Commissioner changes no substitution of the name of his successor shall be required in proceedings pending after the date of the enactment of the Revenue Act of 1934 before any appellate court reviewing the action of the board.'"

And the Senate agree to the same.

Amendment numbered 148: That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 517. Nondeductibility of certain gifts.

"(a) Section 505 (a) (2) (B) and section 505 (b) (2) of the Revenue Act of 1932 are amended by inserting after 'individual' a comma and the following: 'and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'

"(b) Section 505 (b) (3) of the Revenue Act of 1932 is amended by inserting after 'animals' a comma and the

following: 'no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And the Senate agree to the same.

Amendment numbered 149: That the House recede from its disagreement to the amendment of the Senate numbered 149, and agree to the same with an amendment as follows: On page 43 of the Senate engrossed amendments, line 11, strike out "517" and insert "518"; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: On page 44 of the Senate engrossed amendments, line 2, strike out "518" and insert "519"; and the Senate agree to the same.

Amendment numbered 151: That the House recede from its disagreement to the amendment of the Senate numbered 151 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 520. Gift-tax rates.

"(a) The gift-tax schedule set forth in section 502 of the Revenue Act of 1932 is amended to read as follows:

"'Upon net gifts not in excess of $10,000, three fourths of 1 percent.

"'$75 upon net gifts of $10,000; and upon net gifts in excess of $10,000 and not in excess of $20,000, 1½ percent in addition of such excess.

"'$225 upon net gifts of $20,000; and upon net gifts in excess of $20,000 and not in excess of $30,000, 2½ percent in addition of such excess.

"'$450 upon net gifts of $30,000; and upon net gifts in excess of $30,000 and not in excess of $40,000, 3 percent in addition of such excess.

"'$750 upon net gifts of $40,000; and upon net gifts in excess of $40,000 and not in excess of $50,000, 3¾ percent in addition of such excess.

"'$1,125 upon net gifts of $50,000; and upon net gifts in excess of $50,000 and not in excess of $70,000, 5¼ percent in addition of such excess.

"'$2,175 upon net gifts of $70,000; and upon net gifts in excess of $70,000 and not in excess of $100,000, 6¾ percent in addition of such excess.

"'$4,200 upon net gifts of $100,000; and upon net gifts in excess of $100,000 and not in excess of $200,000, 9 percent in addition of such excess.

"'$13,200 upon net gifts of $200,000; and upon net gifts in excess of $200,000 and not in excess of $400,000, 12 percent in addition of such excess.

"'$37,200 upon net gifts of $400,000; and upon net gifts in excess of $400,000 and not in excess of $600,000, 14¼ percent in addition of such excess.

"'$65,700 upon net gifts of $600,000; and upon net gifts in excess of $600,000 and not in excess of $800,000, 16½ percent in addition of such excess.

"'$98,700 upon net gifts of $800,000; and upon net gifts in excess of $800,000 and not in excess of $1,000,000, 18¾ percent in addition of such excess.

"'$136,200 upon net gifts of $1,000,000; and upon net gifts in excess of $1,000,000 and not in excess of $1,500,000, 21 percent in addition of such excess.

"'$241,200 upon net gifts of $1,500,000; and upon net gifts in excess of $1,500,000 and not in excess of $2,000,000, 23¼ percent in addition of such excess.

"'$357,450 upon net gifts of $2,000,000; and upon net gifts in excess of $2,000,000 and not in excess of $2,500,000, 25½ percent in addition of such excess.

"'$484,950 upon net gifts of $2,500,000; and upon net gifts in excess of $2,500,000 and not in excess of $3,000,000, 27¾ percent in addition of such excess.

"'$623,700 upon net gifts of $3,000,000; and upon net gifts in excess of $3,000,000 and not in excess of $3,500,000, 30 percent in addition of such excess.

"'$773,700 upon net gifts of $3,500,000; and upon net gifts in excess of $3,500,000 and not in excess of $4,000,000, 32¼ percent in addition of such excess.

"'$834,950 upon net gifts of $4,000,000; and upon net gifts in excess of $4,000,000 and not in excess of $4,500,000, 34½ percent in addition of such excess.

"'$1,107,450 upon net gifts of $4,500,000; and upon net gifts in excess of $4,500,000 and not in excess of $5,000,000, 36 percent in addition of such excess.

"'$1,287,450 upon net gifts of $5,000,000; and upon net gifts in excess of $5,000,000 and not in excess of $6,000,000, 37½ percent in addition of such excess.

"'$1,662,450 upon net gifts of $6,000,000; and upon net gifts in excess of $6,000,000 and not in excess of $7,000,000, 39 percent in addition of such excess.

"'$2,052,450 upon net gifts of $7,000,000; and upon net gifts in excess of $7,000,000 and not in excess of $8,000,000, 40½ percent in addition of such excess.

"'$2,457,450 upon net gifts of $8,000,000; and upon net gifts in excess of $8,000,000 and not in excess of $9,000,000, 42 percent in addition of such excess.

"'$2,877,450 upon net gifts of $9,000,000; and upon net gifts in excess of $9,000,000 and not in excess of $10,000,000, 43½ percent in addition of such excess.

"'$3,312,450 upon net gifts of $10,000,000; and upon net gifts in excess of $10,000,000, 45 percent in addition of such excess.'

"(b) The amendment made by subsection (a) of this section shall be applied in computing the tax for the calendar year 1935 and each calendar year thereafter (but not the tax for the calendar year 1934 or a previous calendar year), and such amendment shall be applied in all computations in respect of the calendar year 1934 and previous calendar years for the purpose of computing the tax for the calendar year 1935 or any calendar year thereafter."

And the Senate agree to the same.

Amendment numbered 153: That the House recede from its disagreement to the amendment of the Senate numbered 153, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the amendment of the Senate insert the following:

"Section 601 (c) of the Revenue Act of 1932 is amended by adding at the end thereof a new paragraph as follows:

"'(8) Whale oil (except sperm oil), fish oil (except cod oil, cod-liver oil, and halibut-liver oil), marine animal oil, and any combination or mixture containing a substantial quantity of any one or more of such oils, 3 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles after the date of the enactment of the Revenue Act of 1934, and shall not be subject to the provisions of subsection (b) (4) of this section (prohibiting drawback) or section 629 (relating to expiration of taxes).'

"SEC. 602½. Processing tax on certain oils.

"(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm kernel oil, or sunflower oil, or of any combination or mixture containing a substantial quantity of any one or more of such oils with respect to any of which oils there has been no previous first domestic processing, a tax of 3 cents per pound, to be paid by the processor. There is hereby imposed (in addition to the tax imposed by the preceding sentence) a tax of 2 cents per pound, to be paid by the processor, upon the first domestic processing of coconut oil or of any combination or mixture containing a substantial quantity of coconut oil with respect to which oil there has been no previous first domestic processing, except that the tax imposed by this sentence shall not apply when it is established, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, that such coconut oil (whether or not contained in such a combination or mixture), (A) is wholly the production of the Philippine Islands or any other possession of the United States, or (B) was produced wholly from materials the growth or production of the Philippine Islands or any other possession of the United States, or (C) was brought into the United States on or

before the thirtieth day after the date of the enactment of this act or produced from materials brought into the United States on or before the thirtieth day after the date of the enactment of this act, or (D) was purchased under a bona fide contract entered into prior to April 26, 1934, or produced from materials purchased under a bona fide contract entered into prior to April 26, 1934. All taxes collected under this section with respect to coconut oil wholly of Philippine production or produced from materials wholly of Philippine growth or production, shall be held as a separate fund and paid to the treasury of the Philippine Islands, but if at any time the Philippine government provides by any law for any subsidy to be paid to the producers of copra, coconut oil, or allied products, no further payments to the Philippine treasury shall be made under this subsection. For the purposes of this section the term 'first domestic processing' means the first use in the United States, in the manufacture or production of an article intended for sale, of the article with respect to which the tax is imposed, but does not include the use of palm oil in the manufacture of tin plate."

And the Senate agree to the same.

Amendment numbered 158: That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows: On page 51 of the Senate engrossed amendments, line 13, strike out "first day of the first calendar month" and insert "thirtieth day"; and on page 52 of the Senate engrossed amendments, lines 10 and 11, strike out "first day of the first calendar month" and insert "thirtieth day"; and the Senate agree to the same.

Amendment numbered 168: That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment as follows:

On page 58 of the Senate engrossed amendments, line 12, strike out "606" and insert "607"; and the Senate agree to the same.

Amendment numbered 169: That the House recede from its disagreement to the amendment of the Senate numbered 169, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 2, strike out "607" and insert "608"; and the Senate agree to the same.

Amendment numbered 170: That the House recede from its disagreement to the amendment of the Senate numbered 170, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 8, strike out "608" and insert "609"; and the Senate agree to the same.

Amendment numbered 171: That the House recede from its disagreement to the amendment of the Senate numbered 171, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 14, strike out "609" and insert "610"; and the Senate agree to the same.

Amendment numbered 172: That the House recede from its disagreement to the amendment of the Senate numbered 172, and agree to the same with an amendment as follows: On page 60 of the Senate engrossed amendments, line 4, strike out "610" and insert "611"; and the Senate agree to the same.

Amendment numbered 173: That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 612. Stamp tax on sales of produce for future delivery.

"(a) Effective on the day following the enactment of this act, subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, is amended by striking out '5 cents' wherever appearing in such subdivision and inserting in lieu thereof '3 cents.'

"(b) Section 726 (c) of the Revenue Act of 1932 is amended by striking out '5 cents' and inserting in lieu thereof '3 cents.'"

And the Senate agree to the same.

Amendment numbered 174: That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with an amendment as follows: On page 61 of the Senate engrossed amendments, line 2, strike out "612" and insert "613"; and the Senate agree to the same.

Amendment numbered 177: That the House recede from its disagreement to the amendment of the Senate numbered 177, and agree to the same with an amendment as follows: On page 66 of the Senate engrossed amendments, line 7, strike out "and (4)" and insert "(4) the excess of its income wholly exempt from the taxes imposed by title I over the amount disallowed as a deduction by section 24 (a) (5) of such title, and (5)"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1 and 13.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
JAMES COUZENS,
Managers on the part of the Senate.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

ACCEPTANCE OF INDEPENDENCE ACT BY PHILIPPINE LEGISLATURE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting copy of a radiogram dated May 1, 1934, from the Governor General of the Philippine Islands, advising that the Philippine Independence Act (Public, No. 127, 73d Cong.), approved March 24, 1934, was unanimously accepted on May 1, 1934, by concurrent resolution at the special session of the Ninth Philippine Legislature, which, with the accompanying paper, was ordered to lie on the table.

BOSTON IRON & METAL CO. (S.DOC. NO. 177)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, in response to Senate Resolution 226 (submitted by Mr. TYDINGS, and agreed to April 27, 1934), reporting concerning a contract between the United States and the Boston Iron & Metal Co. for the sale and delivery of certain vessels, which, with the accompanying paper, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from citizens, being substitutes of the Wilkes-Barre (Pa.) post office, praying for the enactment of the bill (H.R. 7483) providing minimum pay for postal substitutes, which was ordered to lie on the table.

He also laid before the Senate a letter from Hon. PEDRO GUEVARA, Resident Commissioner from the Philippines, transmitting copy of a cablegram from the president of the Senate and speaker of the House of Representatives of the Philippine Islands, embodying a resolution adopted by the Philippine Legislature, favoring reconsideration by Congress of its action in imposing an excise tax of 3 cents gold per pound on Philippine coconut oil and the complete elimination of such tax, or, at least, excluding from such imposition coconut oil intended for industrial and not for human-consumption purposes, which, with the accompanying paper, was ordered to lie on the table.

Mr. KEYES presented the petition of members of the Missionary Society of the Methodist Episcopal Church of Dover, N.H., praying for the prompt ratification of the World Court protocols at the present session of the Senate, which was referred to the Committee on Foreign Relations.

Mr. WALSH presented the petition of Local Union No. 276, United Association of Journeymen Plumbers and Steam Fitters, of Brockton, Mass., praying for the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Woman's Home Missionary Society and the Ladies' Aid Society of the Methodist Episcopal Church of Plymouth, Mass., favoring the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

THE WORLD COURT

Mr. NORRIS. Mr. President, I ask unanimous consent to present various petitions favoring the adherence of the United States to the World Court, and ask that they may be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Without objection, the petitions will be received, noted in the RECORD, and referred as requested.

The petitions and papers in the nature of petitions praying for the prompt ratification of the World Court protocols, presented by Mr. NORRIS, and referred to the Committee on Foreign Relations, are from Mrs. Harris R. Chamberlin, president of the Young Women's Christian Associations of the United States; Mrs. F. T. Darrow, of Lincoln; Mrs. Charles W. Mead, of Omaha, and Elaine Fontein, University of Nebraska Association, of Lincoln, in the State of Nebraska; and also numerous resolutions of Women's Christian Temperance Unions and Women's Clubs, all in the State of Nebraska.

REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (H.R. 8687) to amend the Tariff Act of 1930, reported it with amendments and submitted a report (No. 871) thereon.

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (H.R. 2021) to place Jesse C. Harmon on the retired list of the United States Marine Corps, reported it without amendment and submitted a report (No. 872) thereon.

Mr. STEPHENS, from the Committee on the Judiciary, to which was referred the bill (S. 3436) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Carbon & Carbide Co., reported it with amendments and submitted a report (No. 873) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (H.R. 7059) to provide for the further development of vocational education in the several States and Territories, reported it without amendment and submitted a report (No. 874) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 3092) to compensate the heirs of James Taylor, a deceased Cherokee Indian, for all their title, interest, or claim to certain lands in the State of North Carolina, now held by the United States as a part of the forest reserve, and for other purposes, reported it with an amendment to the title and submitted a report (No. 875) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LA FOLLETTE:

A bill (S. 3514) to provide for the enrollment of members of the Menominee Indian Tribe of the State of Wisconsin; and

A bill (S. 3515) to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin; to the Committee on Indian Affairs.

By Mr. NYE:

A bill (S. 3516) for the relief of the Morgan Decorating Co.; to the Committee on Claims.

By Mr. STEIWER:

A bill (S. 3517) authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 3518) granting a pension to Anna Saunders; to the Committee on Pensions.

By Mr. NORBECK:

A bill (S. 3519) granting a pension to C. F. Hall (or Holley) (with accompanying papers); to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 3520) authorizing the Reconstruction Finance Corporation to make loans to industry; to the Committee on Banking and Currency.

By Mr. BANKHEAD:

A bill (S. 3521) to facilitate purchases of forest lands under the act approved March 1, 1911; to the Committee on Agriculture and Forestry.

By Mr. BULOW:

A bill (S. 3522) granting to the State of South Dakota for institutional purposes the property known and designated as the "Canton Asylum", Canton, S.Dak.; to the Committee on Indian Affairs.

By Mr. McKELLAR:

A bill (S. 3523) to discontinue administrative furloughs in the Postal Service; to the Committee on Post Offices and Post Roads.

By Mr. KING:

A bill (S. 3524) to amend an act of Congress approved February 9, 1893, entitled "An act to establish a court of appeals for the District of Columbia, and for other purposes"; to the Committee on the Judiciary.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 2922) to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 326. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement;

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916; and

H.R. 8889. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof.

CORPORATE REORGANIZATIONS

The Senate resumed the consideration of the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. VAN NUYS. I ask unanimous consent that the committee amendments to House bill 5884 may be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the first committee amendment.

The first amendment of the Committee on the Judiciary was, on page 2, line 14, after the word "stating", to insert "the requisite jurisdictional facts under this section; the nature of the business of the debtor; in brief description, the assets, liabilities, capital stock, and financial condition of the debtor; if a prior proceeding is pending, the name of the court in which it is pending and the nature of such proceeding; facts showing the need for relief under this section; and"; on page 3, line 1, after the word "assets", to insert a comma and "or in the territorial jurisdiction in which it

was incorporated"; on the same page, in line 19, after the word "debtor", to strike out "on the ground of insolvency" and insert "by reason of its inability to pay its debts as they mature"; and on page 5, line 6, after the word "deny", to strike out "either the jurisdiction of the court or that the claims of the petitioning creditors constitute such necessary amounts or that the corporation is insolvent or unable to meet its debts as they mature" and insert "any material allegation of the petition", so as to read:

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended by the acts of February 5, 1903, June 15, 1906, June 25, 1910, March 2, 1917, January 7, 1922, May 27, 1926, February 11, 1932, and March 3, 1933, be, and it is hereby, amended by adding to chapter VIII, entitled "Provisions for the relief of debtors", two new sections to read as follows:

"SEC. 78. Additional jurisdiction: In addition to the jurisdiction exercised in voluntary and involuntary proceedings to adjudge persons bankrupt, courts of bankruptcy shall exercise original jurisdiction in proceedings for the relief of debtors, as provided in section 79 of this act.

"SEC. 79. Corporate reorganizations: (a) Any corporation which could become a bankrupt under section 4 of this act, and any railroad or other transportation corporation, except a railroad corporation authorized to file a petition or answer under the provisions of section 77 of this act, and except as hereinafter provided, may file an original petition, or, before adjudication in an involuntary proceeding, an answer, or in any proceeding pending in bankruptcy, a petition stating the requisite jurisdictional facts under this section; the nature of the business of the debtor; in brief description, the assets, liabilities, capital stock, and financial condition of the debtor; if a prior proceeding is pending, the name of the court in which it is pending and the nature of such proceeding; facts showing the need for relief under this section; and that the corporation is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the court in whose territorial jurisdiction the corporation, during the preceding 6 months or the greater portion thereof, has had its principal place of business or its principal assets, or in the territorial jurisdiction in which it was incorporated. The petition or answer shall be accompaned by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition or answer the judge shall enter an order either approving it as properly filed under this section if satisfied that such petition or answer complies with this section and has been filed in good faith, or dismissing it. If the petition or answer is so approved, an order of adjudication in bankruptcy shall not be entered and the court in which such order approving the petition or answer is entered shall, during the pendency of the proceedings under this section, have exclusive jurisdiction of the debtor and its property wherever located for the purposes of this section, and shall have and may exercise all the powers, not inconsistent with this section, which a Federal court would have had it appointed a receiver in equity of the property of the debtor by reason of its inability to pay its debts as they mature. The corporation shall be referred to in the proceedings as a 'debtor.' Any corporation the majority of the capital stock of which having power to vote for the election of directors is owned, either directly or indirectly through an intervening medium, by any debtor, or substantially all of whose properties are operated by such debtor under lease or operating agreement, may file, with the court in which such debtor had filed its petition or answer, and in the same proceeding, a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization in connection with, or as a part of, the plan of reorganization of such other debtor; and thereupon such court, if it approves such petition, shall have the same jurisdiction with respect to such corporation, its property, and its creditors and stockholders as the court has with respect to such other debtor. Three or more creditors who have provable claims against any corporation which amount in the aggregate in excess of the value of securities held by them, if any, to $1,000 or over may, if such corporation has not filed a petition or answer under this section, file with the court in which such corporation might file a petition under this section, a petition stating that such corporation is insolvent or unable to meet its debts as they mature and has committed an act of bankruptcy within 4 months; that such creditors propose that it shall effect a reorganization; and such corporation shall, within 10 days after the service of a copy of such petition upon it, answer such petition. If such answer shall admit (a) the jurisdiction of the court, (b) that the claims of the petitioning creditors constitute the amounts necessary to entitle them to file such petition under this section, and (c) that the corporation is either insolvent or unable to meet its debts as they mature, the court shall enter an order approving the petition as properly filed under this section if satisfied that it complies with this section and has been filed in good faith, or dismiss it if not so satisfied. If such answer shall deny any material allegation of the petition, the judge shall determine summarily the issues presented by the pleadings, without the intervention of a jury, and if the material allegations of the petition are sustained by the proofs and the court is satisfied that the petition complies with this section and has been filed in good faith, it shall approve the petition; otherwise the court shall dismiss the petition; and if any such petition shall be so approved, the proceedings thereon shall continue with like effect as if the corporation had itself filed a petition or answer under this section. In case any such petition or answer or proceedings shall be dismissed in the manner provided in this subdivision (a) or in subdivision (c), clause (3) of this section, the same shall not constitute an act of bankruptcy or an admission of insolvency or be admissible in evidence, without the consent of the debtor, in any proceedings then or thereafter pending or commenced under this act or in any Federal or State court. If three or more creditors who have provable claims which amount in the aggregate in excess of the value of securities held by them, if any, to $1,000 or over, or if stockholders holding 5 percent in number of all shares of stock of any class of the debtor outstanding shall, prior to the hearing provided for in subdivision (c), clause (1), of this section appear and controvert the facts alleged in the petition or answer, the judge shall determine as soon as may be the issues presented by the pleadings, without the intervention of a jury, and unless the material allegations of the petition or answer are sustained by the proofs, the proceedings shall be dismissed.

The amendment was agreed to.

The next amendment was, on page 7, line 3, after the word "stockholders" and the comma, to strike out "a majority of which shall not" and insert "of which less than a majority shall"; in line 18, after the word "creditors", to insert "of which less than"; in the same line, after the word "amount", to strike out "of which shall not" and insert "shall"; on page 9, line 16, after the word "purposes" and the semicolon, to strike out "and"; in line 17, after the word "debtor", to insert "and may include any other appropriate provisions not inconsistent with this section"; on page 11, line 7, before the word "or", to insert "by an attorney at law,"; and in line 8, after the word "committee" and the period to insert "The running of all periods of time prescribed by any other provisions of this act, and by all statutes of limitations, shall be suspended during the pendency of a proceeding under this section", so as to read:

(b) A plan of reorganization within the meaning of this section (1) shall include provisions modifying or altering the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; (2) may include provisions modifying or altering the rights of stockholders generally, or of any class of them, either through the issuance of new securities of any character or otherwise; (3) shall provide for the payment in cash of all costs of administration and other allowances made by the court except that compensation or reimbursement provided for in subdivision (c), clause (9), of this section, may be paid in securities provided for in the plan if those entitled thereto will accept such payment and the court finds such compensation reasonable; (4) shall provide in respect of each class of stockholders, of which less than a majority shall accept such plan (unless the judge shall determine either that the debtor is insolvent, or that the interest of such class of stockholders will not be affected adversely by the plan), adequate protection for the realization by them of the value of their equity, if any, in the property of the debtor dealt with by the plan, either, as provided in the plan (a) by a sale of the property at not less than a fair upset price, or (b) by appraisal and payment in cash of the value either of their stock, or at the objecting stockholders' election, of the securities allotted to such stockholders under the plan, if any shall be so allotted, or (c) by such methods as will do substantial justice to such stockholders under and consistent with the circumstances of the particular case; (5) shall provide in respect of each class of creditors of which less than two thirds in amount shall accept such plan (unless the claims of such class of creditors will not be affected by the plan, or the plan makes provision for the payment of their claims in cash in full), provide adequate protection for the realization by them of the value of their interests, claims, or liens, if the property affected by such interests, claims, or liens is dealt with by the plan, either as provided in the plan (a) by the transfer or sale of such property subject to such interests, claims, or liens, or by the retention of such property by the debtor subject to such interests, claims, or liens, or (b) by a sale free of such interests, claims, or liens at not less than a fair upset price and the transfer of such interests, claims, or liens to the proceeds of such sale; or (c) by appraisal and payment either in cash of the value either of such interests, claims, or liens, or, at the objecting creditors' election, of the securities allotted to such interests, claims, or liens under the plan, if any shall be so allotted; or (d) by such method as will in the opinion of the judge, under and consistent with the circumstances of the particular case, equitably and fairly provide such protection; (6) may reject contracts of the debtor which are executory in whole or in part, including unexpired leases except contracts in the public authority; (7) shall, in case any creditor or stockholder or class thereof shall not be affected by the plan, specify the creditor or stockholder or class or classes thereof not affected and contain such provisions with respect thereto as may be appropriate, and in case any controversy shall arise as to whether any creditor or stockholder or class thereof shall or shall not be affected, the issue shall be determined

by the judge after hearing upon notice to the parties interested; (8) shall specify what claims, if any, are to be paid in cash in full; (9) shall provide adequate means for the execution of the plan, which may include the transfer of all or any part of the property of the debtor to another corporation or to other corporations, or the consolidation of the properties of the debtor with those of another corporation, or the merger or consolidation of the debtor into or with another corporation or corporations, or the retention of the property by the debtor, the distribution of assets among creditors or any class thereof, the satisfaction or modification of liens, indentures, or other similar instruments, the curing or waiver of defaults, extension of maturity dates of outstanding securities, the change in interest rates and other terms of such securities, the amendment of the charter of the debtor, and the issuance of securities of either the debtor or any such corporation or corporations, for cash, or in exchange for existing securities, or in satisfaction of claims or rights, or for other appropriate purposes; (10) may deal with all or any part of the property of the debtor and may include any other appropriate provisions not inconsistent with this section. No creditor or stockholder shall, for the purposes of this section, be deemed to be affected by any plan of reorganization unless the same shall affect his interests materially and adversely. The term "securities" shall include evidences of indebtedness, either secured or unsecured, stock, certificates of beneficial interest therein, and certificates of beneficial interest in property. The term "stockholder" shall include the holders of voting-trust certificates. The term "creditors" shall include for all purposes of this section and of the reorganization plan, its acceptance and confirmation, all holders of claims of whatever character against the debtor or its property, including claims under executory contracts and for future rent, whether or not such claims would otherwise constitute provable claims under this act. The term "claims" includes debts, securities, other than stock, liens, or other interests of whatever character. For all purposes of this section, unsecured claims which would have been entitled to priority over existing mortgages if a receiver in equity of the property of the debtor had been appointed by a Federal court on the day of the approval of the petition or answer under this section shall be entitled to such priority, and the holders of such claims, and of other claims, if any, of equal rank, shall be treated as a separate class of creditors. In case any executory contract shall be rejected, the same shall be deemed to have been breached and the holder shall be entitled to file a claim for damages for such breach and such claim may be allowed provided such contract shall not have been terminated by forfeiture, reentry or otherwise. In the case of secured claims entitled to the provisions of clause (5) of this subdivision (b), the value of the security shall be determined in the manner provided in section 57, clause (h) of this act, and if the amount of such value shall be less than the amount of the claim, the excess may be classified as an unsecured claim. The provisions of section 60 of this act shall apply to claims against the debtor in a proceeding under this section. For all purposes of this section any creditor may act in person, by an attorney at law, or by a duly authorized agent or committee. The running of all periods of time prescribed by any other provisions of this act, and by all statutes of limitations, shall be suspended during the pendency of a proceeding under this section.

The amendment was agreed to.

The next amendment was, on page 15, line 1, after the word "and", to strike out "reimbursed" and insert "reimbursement"; and in line 6, after the word "foregoing", to insert "and of the debtor", so as to read:

(c) Upon approving the petition or answer or at any time thereafter, the judge, in addition to the jurisdiction and powers elsewhere in this section conferred upon him, (1) may, after hearing upon notice to the debtor and to such others as the judge may determine temporarily continue the debtor in possession or appoint a trustee or trustees of the debtor's estate, and shall require the debtor, or such trustee or trustees, if appointed, to give such notice as the order may direct to creditors and stockholders and to cause publication thereof to be made at least once a week for 2 successive weeks of a hearing to be held within 30 days after such appointment, or, if no such appointment, within 30 days after the approval of the petition or answer, at which hearing or any adjournment thereof, or at any subsequent hearing after notice, the judge may make permanent any such appointment, or terminate it and restore the debtor to possession, or, if no trustee has been appointed, may appoint a trustee or trustees, and may remove any such trustee or trustees and continue the debtor in possession or appoint a substitute trustee or trustees and may appoint an additional trustee or trustees; (2) shall fix the amount of the bond of every such trustee, and every such trustee, upon filing such bond, shall have all the title and shall exercise, subject to the control of the judge and consistently with the provisions of this section, all the powers of a trustee appointed pursuant to section 44 of this act, and if authorized by the judge, the same powers as those exercised by a receiver in equity to the extent consistent with this section, and, subject to the authorization and control of the judge, the power to operate the business of the debtor during such period, fixed or indefinite, as the judge may from time to time prescribe; (3) may, for cause shown, authorize the debtor or the trustee or trustees, if appointed, to issue certificates for cash, property, or other consideration approved by the judge for such lawful purposes, and upon such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, as may be lawful in the particular case; (4) shall require the debtor, or the trustee or trustees if appointed, at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed plan; and may direct the debtor, or the trustee or trustees if appointed, to prepare (a) a list of all known bondholders and creditors of, or claimants against, the debtor or its property, and the amounts and character of their debts, claims, and securities, and the last known post-office address or place of business of each creditor or claimant, and (b) a list of the stockholders of each class of the debtor, with the last known post-office address or place of business of each, which lists shall be open to the inspection of any creditor or stockholder of the debtor, during reasonable business hours, upon application to the debtor, or to the trustee or trustees, if appointed, and the contents of such lists shall not constitute admissions by the debtor or the trustees in a proceeding under this section or otherwise; (5) may direct the rejection of contracts of the debtor executory in whole or in part; (6) shall determine a reasonable time within which the claims and interests of creditors and stockholders may be filed or evidenced and after which no such claim or interest may participate in any plan, except on order for cause shown, the manner in which such claims and interest may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors and stockholders into classes according to the nature of their respective claims and interests; and may, for the purposes of such classification, classify as an unsecured claim the amount of any secured claim in excess of the value of the security therefor, such value to be determined in accordance with the provisions of section 57, clause (h), of this act; (7) shall cause reasonable notice of such determination and of all hearings for the consideration of any proposed plan, or of the dismissal of the proceedings, or the liquidation of the estate, or the allowance of fees or expenses, to be given creditors and stockholders by publication or otherwise; (8) if a plan of reorganization is not proposed or accepted within such reasonable period as the judge may fix, or, if proposed and accepted, is not confirmed, may, after hearing, whether the proceeding be voluntary or involuntary, either extend such period or dismiss the proceeding under this section or, except in the case of a railroad or other public utility or of a debtor which has not been found by the judge to be insolvent, direct the estate to be liquidated, or direct the trustee or trustees to liquidate the estate, appointing a trustee or trustees if none shall previously have been appointed, as the interests of the creditors and stockholders may equitably require; (9) may allow a reasonable compensation for the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and the plan by officers, parties in interest, depositaries, reorganization managers and committees or other representatives of creditors or stockholders, and the attorneys or agents of any of the foregoing and of the debtor, but appeals from orders fixing such allowances may be taken to the Circuit Court of Appeals independently of other appeals in the proceeding and shall be heard summarily; (10) in addition to the provisions of section 11 of this act for the staying of pending suits against the debtor, may enjoin or stay the commencement or continuation of suits against the debtor until after final decree; and may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate until after final decree; and (11) may refer any matters to a special master, who may be one of the referees in bankruptcy, for consideration and report, either generally or upon specified issues, and allow such master a reasonable compensation and reimbursement for his services and actual and necessary expenses. The debtor shall have the right to be heard on all questions. Any creditor or stockholder shall have the right to be heard on the question of the permanent appointment of any trustee or trustees, and on the proposed confirmation of any reorganization plan, and upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine. In case a trustee is not appointed, the debtor shall continue in the possession of its property, and, if authorized by the judge, shall operate the business thereof during such period, fixed or indefinite, as the judge may from time to time prescribe, and shall have all the title to and shall exercise, consistently with the provisions of this section, all the powers of a trustee appointed pursuant to this section, subject at all times to the control of the judge; and to such limitations, restrictions, terms, and conditions as the judge may from time to time impose and prescribe. While the debtor is in possession (a) its officers shall be entitled to receive only such reasonable compensation as the judge shall from time to time approve, and (b) no person shall be elected or appointed to any office, to fill a vacancy or otherwise, without the prior approval of the judge.

The amendment was agreed to.

The next amendment was, on page 22, line 24, after the word "thereto" and the comma, to strike out "the same and the orders of the judge relative thereto, shall be put into effect and carried out"; on page 23, line 2, after the word "the", to strike out "plan shall be" and insert "plan, when"; on the same page, line 5, before the word "retained",

to strike out "shall be" and insert "when"; on the same page, line 8, before the word "free", to insert "shall be"; in line 12, after the word "conveyance", to insert "or retention"; in line 13, after the word "debtor", to insert "and any mortgagee, the trustee of any obligation of the debtor, and all other proper and necessary parties"; and in line 25, after the word "aforesaid" and the period, to insert:

All securities issued pursuant to any plan of reorganization confirmed by the court in accordance with the provisions of this section, including, without limiting the generality of the foregoing, any securities issued pursuant to such plan for the purpose of raising money for working capital and other purposes of such plan and securities issued by the debtor or by the trustee or trustees pursuant to subdivision (c), clause (3), of this section, and all certificates of deposit representing securities of or claims against the debtor which it is proposed to deal with under any such plan, shall be exempt from all the provisions of the Securities Act of 1933, approved May 27, 1933, except the provisions of subdivision (2) of section 12, and section 17 thereof.

So as to read:

(h) Upon final confirmation of the plan, the debtor and other corporation or corporations organized or to be organized for the purpose of carrying out the plan, shall have full power and authority to, and shall put into effect and carry out the plan and the orders of the judge relative thereto, under and subject to the supervision and control of the judge, and the property dealt with by the plan, when transferred and conveyed by the trustee or trustees to the debtor or the other corporation or corporations provided for by the plan, or, if no trustee has been appointed, when retained by the debtor pursuant to the plan or transferred by it to the other corporation or corporations provided for by the plan, shall be free and clear of all claims of the debtor, its stockholders and creditors, except such as may consistently with the provisions of the plan be reserved in the order confirming the plan or directing such transfer and conveyance or retention, and the court may direct the trustee or trustees, or if there be no trustee, the debtor and any mortgagee, the trustee of any obligation of the debtor, and all other proper and necessary parties, to make any such transfer or conveyance, and may direct the debtor to join in any such transfer or conveyance made by the trustee or trustees. Upon the termination of the proceedings a final decree shall be entered discharging the trustee or trustees, if any, making such provisions as may be equitable, by way of injunction or otherwise, and closing the case. Such final decree shall discharge the debtor from its debts and liabilities, and shall terminate and end all rights and interests of its stockholders, except as provided in the plan or as may be reserved as aforesaid. All securities issued pursuant to any plan of reorganization confirmed by the court in accordance with the provisions of this section, including, without limiting the generality of the foregoing, any securities issued pursuant to such plan for the purpose of raising money for working capital and other purposes of such plan and securities issued by the debtor or by the trustee or trustees pursuant to subdivision (c), clause (3), of this section, and all certificates of deposit representing securities of or claims against the debtor which it is proposed to deal with under any such plan, shall be exempt from all the provisions of the Securities Act of 1933, approved May 27, 1933, except the provisions of subdivision (2) of section 12, and section 17 thereof.

The amendment was agreed to.

The next amendment was, on page 31, line 22, after the word "corporation", to strike out "which claims shall be liquidated under section 63 (b) of this act", and insert "but the claim of a landlord for anticipatory breach of an unexpired lease of real estate shall in no event be allowed in an amount exceeding the rent reserved by the lease for the year next succeeding the date of the surrender of the premises", so as to read:

SEC. 4. (a) Section 63 (a) of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended to read as follows: "(a) Debts of the bankrupt may be proved and allowed against his estate which are (1) a fixed liability, as evidenced by a judgment or an instrument in writing, absolutely owing at the time of the filing of the petition against him, whether then payable or not, with any interest thereon which would have been recoverable at that date or with a rebate of interest upon such as were not then payable and did not bear interest; (2) due as costs taxable against an involuntary bankrupt who was at the time of the filing of the petition against him plaintiff in a cause of action which would pass to the trustee and which the trustee declines to prosecute after notice; (3) founded upon a claim for taxable costs incurred in good faith by a creditor before the filing of a petition in an action to recover a provable debt; (4) founded upon an open account, or upon a contract express or implied; (5) founded upon provable debts reduced to judgments after the filing of the petition and before the consideration of the bankrupt's application for a discharge, less costs incurred and interest accrued after the filing of the petition and up to the time of the entry of such judgments; (6) founded upon an award of an industrial accident commission, or other commission, body, or officer of any State or Territory having power or jurisdiction to make awards as workmen's compensation in case of injury or death for injury prior to adjudication; and (7) claims for damages respecting executory contracts including future rents whether the bankrupt be an individual or a corporation, but the claim of a landlord for anticipatory breach of an unexpired lease of real estate shall in no event be allowed in an amount exceeding the rent reserved by the lease for the year next succeeding the date of the surrender of the premises."

The amendment was agreed to.

The next amendment was, on page 33, after line 19, to insert:

SEC. 7. Proceedings under section 77 of chapter 8, amendment to the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, approved March 3, 1933, shall not be grounds for the removal of any cause of action to the United States district court which was not removable before the passage and approval of this section, and any cause of action removed from a State court on account of this section shall be remanded upon request of claimant.

The amendment was agreed to.

Mr. VAN NUYS and Mr. HASTINGS rose.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill. Without objection, the bill will be considered to have been engrossed, read the third time, and passed.

Mr. VAN NUYS. Mr. President, if it is in order, I desire to submit an amendment.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. What is the status of the bill?

The VICE PRESIDENT. The Chair stated that the question was on the engrossment and third reading of the bill. No one objected, but two Senators were on their feet apparently asking for recognition. The Chair takes for granted that they desire to discuss the bill and will hold the bill was not passed. The Senator from Indiana offers an amendment, which will be stated.

The CHIEF CLERK. On page 24, in line 13, it is proposed to strike out the period after the word "thereof", insert a comma, and add the following: "and except the provisions of section 24 thereof as applied to any wilful violation of said section 17."

The VICE PRESIDENT. That being an amendment to the committee amendment, it will be necessary to reconsider the vote by which the committee amendment was agreed to. Without objection the vote by which the committee amendment was agreed to will be reconsidered. Without objection, the amendment of the Senator from Indiana to the committee amendment is agreed to, and, without objection, the committee amendment, as amended, is agreed to.

Mr. HASTINGS. Mr. President, I send to the desk an amendment which I offer.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 2, line 13, after the word "bankruptcy", it is proposed to insert "whether or not the corporation has been adjudicated a bankrupt."

Mr. BLACK. Mr. President, I should like to have the amendment explained.

Mr. HASTINGS. The bill as amended by the committee provides that "before adjudication in an involuntary proceeding, an answer" may be filed, "or in any proceeding pending in bankruptcy a petition" may be filed setting forth "the requisite jurisdictional facts under this section." The proposed amendment would make it read that a corporation may file a petition or an answer, "or in any proceeding pending in bankruptcy, whether or not the corporation has been adjudicated a bankrupt, a petition stating the requisite jurisdictional facts under this section."

The amendments which I have to propose are the result of conferences with the Senator from Indiana [Mr. VAN NUYS] and of various complaints we have had about the bill, which amendments we agreed ought to be adopted by the Senate. This provision is the first one which creates jurisdiction.

Mr. BLACK. On what page is it?

Mr. HASTINGS. On page 2. There was a clarifying amendment suggested, but for the moment I have forgotten just what it was.

Mr. BLACK. If the Senator will yield, I will state the reason why I desired to have the amendment explained in order that we may be informed as to its object and purpose. It has been my understanding there were some amendments to be proposed which had for their object conferring jurisdiction upon the courts of Delaware with reference to bankruptcies where companies were doing business in other States. I am interested to know whether or not these amendments are along that line.

Mr. HASTINGS. Not at all. These are amendments which have been suggested to the Senator from Indiana and myself by various persons interested in the bill. There are several of them.

Mr. BLACK. They have no connection whatever with the amendment which appears on page 3 of the bill?

Mr. HASTINGS. Not at all.

Mr. BLACK. They are disconnected?

Mr. HASTINGS. Entirely so.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Delaware. The amendment was agreed to.

Mr. HASTINGS. I offer the amendment which I now send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 4, line 23, it is proposed to strike out "(b) that the claims of the petitioning creditors constitute the amounts necessary to entitle them to file such petition under this section, and (c) that the corporation is either insolvent or unable to meet its debts as they mature," and insert in lieu thereof "and (b) the material allegations of the petition."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. HASTINGS. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 4, line 18, after the word "and," it is proposed to insert "if a prior proceeding in bankruptcy or equity receivership is not pending, that it", so as to read:

A petition stating that such corporation is insolvent or unable to meet its debts as they mature and, if a prior proceeding in bankruptcy or equity receivership is not pending, that it has committed an act of bankruptcy within 4 months—

And so forth.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. HASTINGS. I offer the amendment which I send to the desk, to be inserted on page 10.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 10, line 6, it is proposed to strike out the words "and for future rent."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. HASTINGS. I offer another amendment, to come in on page 10.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 10, it is proposed to strike out the following sentence, beginning on line 18:

In case any executory contract shall be rejected, the same shall be deemed to have been breached and the holder shall be entitled to file a claim for damages for such breach, and such claim may be allowed, provided such contract shall not have been terminated by forfeiture, reentry, or otherwise.

And insert in lieu thereof the following:

In case any executory contract or unexpired lease of real estate shall be rejected pursuant to direction of the judge given in a proceeding instituted under this section, or shall have been rejected by a trustee in bankruptcy or receiver in equity in a proceeding pending prior to the institution of a proceeding under this section, any person injured by such rejection shall, for all purposes of this section and of the reorganization plan, its acceptance and confirmation, be deemed to be a creditor to the extent of the injury resulting from such rejection: *Provided*, That the claim of a landlord for injury resulting from the rejection of an unexpired lease of real estate or for damages or indemnity under a covenant contained in such lease shall not be treated as a claim ranking on a parity with debts which would be provable under section 63 (a) of this act, except up to an amount equal to the rent reserved by said lease for the year next succeeding the date of the order approving the petition or answer under this section plus an amount equal to the unpaid rent accrued up to said date, but the balance, if any, of such claim shall be subordinated in rank to debts so provable.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. HASTINGS. I offer an amendment to come in on page 22.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 22, it is proposed to strike out in line 5, "sections 721, 722, 723, 724, and 725 of the revenue act", and insert in lieu thereof the following:

subdivisions 1, 2, and 3 of schedule A of title VIII of the Revenue Act of 1926, as amended by sections 721, 722, and 723 of the Revenue Act of 1932 and the provisions of sections 724 and 725 of the Revenue Act—

So as to read:

The provisions of subdivisions 1, 2, and 3 of schedule A of title VIII of the Revenue Act of 1926, as amended by sections 721, 722, and 723 of the Revenue Act of 1932 and the provisions of sections 724 and 725 of the Revenue Act of 1932 shall not apply to the issuance, transfers, or exchanges of securities—

And so forth.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. HASTINGS. I submit another amendment to come in on page 31.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 31, lines 23 and 24, it is proposed to strike out the words "anticipatory breach of an unexpired lease of real estate" and insert in lieu thereof the words:

injury resulting from the rejection by the trustee of an unexpired lease of real estate or for damages or indemnity under a covenant contained in such lease.

So as to read:

But the claim of a landlord for injury resulting from the rejection by the trustee of an unexpired lease of real estate or for damages or indemnity under a covenant contained in such lease shall in no event be allowed in an amount exceeding the rent reserved by the lease for the year next succeeding the date of the surrender of the premises.

The VICE PRESIDENT. That being an amendment to the committee amendment, it will be necessary to reconsider the vote by which the committee amendment was adopted. Without objection, the vote by which the committee amendment at the bottom of page 31 was agreed to is reconsidered. Without objection, the amendment of the Senator from Delaware to the committee amendment is agreed to. Without objection, the committee amendment as amended is agreed to.

Mr. HASTINGS. Mr. President, I offer another amendment, to be inserted on page 32.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 32, after the word "premises", in line 3, it is proposed to add:

Plus an amount equal to the unpaid rent accrued up to said date.

The VICE PRESIDENT. This amendment is to a committee amendment which has heretofore been agreed to. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered.

The question is on the amendment offered by the Senator from Delaware to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BLACK. Mr. President, I ask unanimous consent to reconsider the vote by which the Senate adopted the committee amendment appearing at the top of page 3.

The VICE PRESIDENT. The amendment referred to by the Senator from Alabama will be stated.

The CHIEF CLERK. At the top of page 3, line 1, after the word "assets", the committee proposed to insert the words

"or in the territorial jurisdiction in which it was incorporated."

The VICE PRESIDENT. Without objection, the action of the Senate in agreeing to the amendment will be reconsidered. The Chair hears no objection.

Mr. BLACK. Mr. President, I am not prepared to make any remarks on this matter. I simply desire to call attention to the effect of this amendment. It strikes at a rather vital thing, it seems to me, in the corporate structure of the Nation.

I have long thought that the Federal Government would be compelled sooner or later to adopt regulations which would prevent certain States from permitting corporations to be organized on lax terms and without proper provisions for safeguarding the rights of the stockholders and the people. There are several States in the Nation which have invited corporations to come into their territory and be organized on the same basis on which we know certain other States have invited those who are suffering from domestic troubles to find their habitation therein for a short period of time in order to permit the divorce courts to acquire jurisdiction. This amendment, in my judgment, would encourage a continuation of the conditions which have been tolerated in this country with reference to the freedom and laxness of corporate laws in certain States.

The bill as it was originally written provided on page 2:

The petition shall be filed with the court in whose territorial jurisdiction the corporation, during the preceding 6 months or the greater portion thereof, has had its principal place of business or its principal assets.

The amendment added is as follows:

Or in the territorial jurisdiction in which it was incorporated.

Mr. HASTINGS. Mr. President, will the Senator permit me to interrupt him?

Mr. BLACK. I yield to the Senator from Delaware.

Mr. HASTINGS. That amendment complies entirely with the old bankruptcy law.

Mr. BLACK. I am not familiar with the old law; but, frankly, I have thought for some time that the time has arrived when Congress must take cognizance of the fact that in order to protect stockholders of corporations, to protect purchasers of corporate stock, and to protect the rights of the people themselves, it is necessary to enact some kind of Federal legislation to put an end to the system which has grown up in several States of inviting all who will to come within certain territories and organize a corporation under terms and conditions which would not be tolerated in other States.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. HASTINGS. If the Senator has in mind in particular the State of Delaware, I call his attention to the fact that this administration has availed itself of the law of the State of Delaware to incorporate three or four corporations for emergency purposes.

Mr. BLACK. I will state to the Senator that that would not change my idea about the situation at all.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Maryland.

Mr. TYDINGS. Referring to what the Senator from Alabama has said, I know that in several cases where stockholders' committees, particularly minority interests, have been involved, the corporation has escaped law suits by moving the case, and unless some legislation shall be enacted permitting the corporation to be sued outside the place where the action takes place, many of the minority stockholders will have no redress at all. That is particularly true of public utilities whose stock issues have been widely distributed, and subsequently there have been receiverships. In many such cases minority interests have had no rights at all, due to the fact that suit could be brought in only one locality, while the assets of the company were in other localities. Is the Senator addressing himself to that phase of the question?

Mr. BLACK. No; I am addressing myself now only to the phase of the matter which would give jurisdiction under this bankruptcy statute to the territory in which the company was organized, even though the major portion of the business may be carried on in another State.

Mr. TYDINGS. The Senator has in mind the same thought I am expounding; namely, that, unless the jurisdiction shall be broadened, many of the minority stockholders in receiverships and suits of similar kind will be barred from having their rights protected, because the majority will select the place of instituting suit, and the others who have often been the victims of chicanery will have no redress at all.

Mr. BORAH. Mr. President——

Mr. BLACK. I yield to the Senator from Idaho.

Mr. BORAH. Would not the evil of which the Senator complains be remedied by the State passing a law requiring that agents of a corporation be designated within the State, so that the corporation could be sued within the State?

Mr. TYDINGS. That is probably true; but it would take a large number of State laws to do it.

Mr. BORAH. Most of them have such laws.

Mr. TYDINGS. I have not the brief before me, but in the receiverships of four or five gas companies with which a very prominent man in my own State was identified, I think he proved conclusively, having made a digest of the cases, that the minority interests in those receiverships were practically frozen out, and had to take whatever was offered to them, and had no redress in court.

Mr. BORAH. We passed a bill yesterday to freeze out the minority.

Mr. HASTINGS. This particular amendment does not go to that point. There is a very serious question, to which the committee gave long and careful consideration, with respect to freezing out a minority; but finally we reached the conclusion that probably the only way in which we could make this measure effective at all was to force the minority to come into line when they were offered certain securities which the court considered adequate.

Mr. TYDINGS. Mr. President——

Mr. BLACK. I yield to the Senator from Maryland.

Mr. TYDINGS. I was not debating the advisability of eliminating the minority under certain conditions. I was complaining of eliminating the minority due to lack of opportunity on the part of the minority to bring suit in certain localities. In other words, where a set-up exists which is not fair to the stockholders, but is designed by a large group interest to get hold of a company without regard to the minority stockholders, there are in some cases flaws in the law which prevent the minority on jurisdictional grounds from bringing the matter into court.

Mr. HASTINGS. I should like to say to the Senator from Alabama that this provision is not intended in any way to enlarge the opportunity which gives rise to the particular objection he has to the States having these corporation laws. As is well known, Delaware is one of them. I have been expecting that at any time the Federal Congress might take action which would result in the enactment of a uniform law with respect to that subject; but that is wholly outside this question. Here we are giving three opportunities for the filing of the petition—the place where the principal office is, the place where the principal assets are, and the place where the company is incorporated. Of course, the petitioners go to the place where the company is incorporated only when it is uncertain, as it is in many instances, in just what place the jurisdiction lies. That is the reason why the old bankruptcy law contains this provision; and this amendment is merely to comply with the old bankruptcy law.

I hope the Senator will not object to the amendment.

Mr. BLACK. I shall not detain the Senate long. I merely desire to place clearly before the Senate the idea which I have with reference to the amendment.

Some time ago I read, in one of the current magazines, an article by Mr. John T. Flynn. I had been to the State of Delaware, and had noticed some of the signs mentioned in the article. For instance, if a person goes to certain buildings in the State of Delaware he will find on the direc-

tory the names of hundreds of companies that exist on the ground floor. It would be wholly and completely impossible, of course, for those hundreds of companies really to have active offices in the State of Delaware. The writer of this article explained how they secured their agents. One man can be the agent for 50 to 100 companies.

Mr. HASTINGS. Or a thousand.

Mr. BLACK. Or a thousand; the Senator is right. In other words, the company organizes under the laws of the State of Delaware or one of the other States that are hospitable toward corporate organization. It never transacts a dollar's worth of business in the State, except to organize under the amazing system I have seen of A stock and B stock and C stock and D stock and E stock and Z stock and all other kinds of stock; and then a man is employed as an agent who represents that company in part, and perhaps represents a thousand other companies in part.

I do not believe that the State in which a corporation is organized in that way, and in which it never was intended that the corporation should do any business, should have any jurisdiction over the bankruptcy of the corporation. The lawyers who organized the corporation these are already making all they need out of the organization of the corporation, without having so many juicy receiverships—and, unfortunately, they have been too juicy. I do not refer to any one State. I refer now to the country at large; but they have been entirely too juicy.

Bear in mind that the objection I have to this amendment is that it probably would create a race each time a corporation becomes a little failing in health. There are numerous lawyers who are always waiting to see whether or not there has been a trifling delay in the payment of a bill, and it would give room for a race between the States; and I should say that the State that had treated the corporation with sufficient hospitality to permit it to organize within its boundaries, even though the corporation never intended to do a dollar's worth of business in the State, would usually be on the alert, and probably there is where the receivership or the bankruptcy would be tried out. In other words, I believe Congress should discourage right here and now, while it has the opportunity, the idea of organizing a corporation in a State when the organizers of the corporation never had any idea or conception in their minds that it would be possible to transact any business in that State.

Mr. HASTINGS. I am quite certain that this provision does not in any way cure the evils which the Senator thinks may exist, or have any influence on them. If at sometime the Senator should propose to do away with the rights of the States to incorporate companies, as he suggests, I should be glad to debate the matter with him, but I hope he will not insist on striking out this amendment, because it is very essential to the proper working of the bill. If I were speaking for the interests of individuals in my State, I would not be for the bill. I think it is a good bill.

I think it will help in the reorganization of numerous distressed corporations, and I know in many instances it is quite important that they should have opportunity to go to more than one place, because a serious question arises in many instances as to whether they have a right to go to a particular place or not. They can always go to the territorial jurisdiction in which the company was incorporated. That was the purpose of putting the provision in the bill. I hope the Senator will at least permit the matter to go to conference.

Mr. BORAH. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. BORAH. The bill provides that the jurisdiction shall be where the assets are?

Mr. HASTINGS. Yes; where the principal office is or the principal assets are, or the place where the corporation was incorporated. There are many corporations in this country, whether they are to be praised or not, which have their property so distributed, and their principal offices so uncertain, that in some instances it would be difficult to tell where they were. I say to the Senator that the committee, particularly the Senator from Indiana and myself, have had quite a good deal of correspondence and requests about the matter. In two or three instances our correspondents agreed with the Senator from Alabama, but in most instances they urged that this amendment be agreed to.

Mr. BLACK. Mr. President, I conclude my remarks with this statement: The place where receiverships should be adjudicated is in the court where the assets of the company exist. That is the place where it may be done most expeditiously.

Mr. HASTINGS. Mr. President, that is where it would usually be done, I am quite certain.

Mr. BLACK. I do not believe it would be. I remember reading a short time ago about one of the moving-picture concerns, which, as I understand, does business mainly in California, and to some extent throughout the Nation, but which was organized under the laws of Delaware. I mention that one merely because I happened to notice an article about it at the time, though I may be wrong; the Senator from Delaware may know about it, and I may not know, but I supposed it was one of those instances where the corporation was actually organized in Delaware, although its business was chiefly done in other States.

Mr. HASTINGS. I think what the Senator has in mind is that under the present law the proposal for reorganization would come to the equity court at the place where the company was incorporated, as a matter of course. This measure would take all that jurisdiction away from the equity court, would take it entirely away, and put it with the bankruptcy court.

I may state to the Senate that in my State lawyers are engaged largely in these reorganizations, and they not only came before the committee to oppose the bill but almost unanimously they have appealed to me to be against it. I have pointed out to them that I cannot afford to be against a bill which I believe will be helpful to the country merely because it would affect the legal business of the lawyers with whom I am associated. They insisted, of course, that it would not be helpful; they pointed out many objections to it; but neither the other members of the subcommittee nor myself agreed that the objections they made were proper objections. We overruled them, and I have gone along with the whole committee, notwithstanding all this pressure.

The amendment about which I am now talking does not deal with that matter at all, but I know from experience, and I know from what has been said to me by persons engaged in corporate reorganizations, that in some instances it would be necessary for them to come to Delaware.

I might say that if the distinguished Senator from Alabama knew the feeling of the Federal courts in our State about the minorities, and how careful they are to protect them, he would not hesitate, so far as my State is concerned, to trust the matter to those particular courts.

Mr. BLACK. Mr. President, I will state that it is not a question of objection to any State, but I know, for instance, from a study of the companies which do business in Alabama, what the situation is. Every stockholder may live in Alabama; the stockholders may never have lived anywhere else except in Alabama; they probably have had no intention of living anywhere else except in Alabama; they do all their business in Alabama except to organize the corporation; they never have done any corporate business anywhere except in Alabama; but under this bill, with all of the stockholders living in Alabama, with all of the business being done in Alabama, with all the witnesses to the proceedings necessarily in Alabama, if a receivership should be called for up in Delaware, the stockholders would be compelled to bear the burden of the expenses of having the receivership administered in a State practically across the entire United States when there is no reason for it.

Mr. BORAH. Mr. President, if the Senator is correct in the construction he gives to the bill, that is a serious objection, but I understood that the jurisdiction might be availed of where the assets were.

Mr. BLACK. The Senator is correct; it possibly could be; but the Senator knows what happens, because he has been familiar for some time with the way in which interested parties rush into various jurisdictions to see which one can get it first. Naturally, if it can be gotten a thousand miles away, the lawyers would not care; they are perfectly willing. Unfortunately, it is true, although I am a member of the profession myself; unfortunately, it has been demonstrated that they wait, just like buzzards waiting for the dead carcass, until there is some slight chance of throwing a company into bankruptcy, and then go into the court that is the closest to them.

I do not admit that it is right for a company all of whose stockholders, for instance, might live in the State of Idaho, the business of which was done only in the State of Idaho, to have its receivership determined in the courts of Delaware. Under the pending bill that is exactly what could be done, and under the actual practice that is exactly what would be done.

Mr. JOHNSON. Mr. President, will not the Senator repeat that statement? I am not familiar with the bill, but I am interested very much in these peculiar receiverships.

Mr. BLACK. The statement I make is that if a corporation is organized under the laws of Delaware, as the majority of them seem to be, and each stockholder in the company lives in the State of Idaho, always has lived there, all of the business of the corporation is done in the State of Idaho, not a dollar's worth of business is done in the State of Delaware except the payment of the license tax, if all of the business is done in the State of Idaho, and all of the stockholders live there, always have lived there, and always will live there, under this bill the State of Delaware would have jurisdiction of the receivership.

Mr. BORAH. Sole jurisdiction?

Mr. JOHNSON. Would it have exclusive jurisdiction?

Mr. BLACK. It would not have exclusive jurisdiction.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. HASTINGS. May I point out that before the corporation can move at all for the purpose of reorganization, before it can do anything, it must have the necessary majority of the various creditors and the stockholders? That is not true, however, of the minority.

Under certain conditions the minority can start the proceeding, and they may pick their own court, so that if the minority be interested in starting the proceeding it can go where it believes the principal place of business to be or where it believes the principal assets to be. But I point out that in frequent cases it will be impossible for a stockholder or creditor to know where the principal office is or where the principal assets are. He may be uncertain about that. If he be uncertain, he ought to have a place where he knows he may go. Under this bill there will be two places.

Mr. BLACK. He could know exactly where he could go, because the court would determine. If this amendment should be defeated, the matter could be tried out where the company had its principal place of business or its principal assets. That is the place where it should properly be tried out. It should not be tried out in a certain place merely because the minority have a lawyer to whom they want to give a good fee. That was what happened in the cases in California, which led to an impeachment case on which the Senate passed. We know the practice there.

Mr. HASTINGS. Mr. President, will the Senator yield again?

Mr. BLACK. I yield.

Mr. HASTINGS. May I point out the difficulty in many cases of determining those facts? Where a corporation has five different places of business, with offices in each place of business, where is the principal office? Does it happen to be where the president resides? Where is it when the president is in one place and the treasurer in some other? There are all kinds of complications which may arise. It may not be possible to determine where the principal assets are, because they may be scattered in five different places. One cannot tell about that. In that case, we could not tell where the principal office was. Those are the only kinds of cases which would go to the place where the corporation was organized.

Mr. BLACK. I call the Senator's attention to the fact that there would be one place which would be known which was not the principal place of business.

Mr. HASTINGS. Where would that be?

Mr. BLACK. That would be the place where the only business on earth they had ever transacted was to organize the corporation and employ an agent who at the same time was the agent of a thousand corporations. We know that that would not be the principal place of business. The State which permits corporations to be organized in that way, in my judgment, should not have jurisdiction of the receivership.

Mr. HASTINGS. The distinguished Senator and I are arguing different points. Of course, his argument is directly at what he believes to be a wrong principle—that of permitting the courts of the State where the company is incorporated to have anything to do with it. I am talking about the practical difficulties of the creditors, the stockholders, or the corporation itself that want to get the job done. The corporation itself probably would have the most to say as to where its principal office was. I doubt whether the statement could be controverted if it said its principal office was at a particular place. To the man outside, however, the corporation might very well say, "This is not our principal office. We have five places of business", or "we have a dozen places of business, and our principal office is in another place." The particular person making the application is defeated in such an instance, because the corporation shows that the place where he has brought his suit is not the proper place to bring it.

Mr. BLACK. Mr. President, I am very glad indeed this question has come up, and is being discussed in the Senate. A great many companies are organized in Delaware, as in some other States, not only because the laws are more lenient and the restrictions are less severe, but because, when a case arises they desire to be able to have their case dealt with in the Federal court, and they have adopted the expedient of organizing under the laws of one State, although all of their business is done in another State, in order to defeat the jurisdiction of State courts. It is for that reason that I have been very strongly in favor of the bill presented by the Senator from Nebraska [Mr. NORRIS], which would take away the jurisdiction of the Federal courts in certain cases, and I desire here and now to place myself on record individually as being against this amendment.

I do not believe that any State in which the only business engaged in by the corporation is the business of organizing, without the proper safeguards for the stockholders and the people, should be considered as the territorial habitation of the corporation. It is not. It is merely an alighting place to which the corporation comes in order to secure an artificial legal personality, contrary oftentimes to the rules of the various States in which it does business; and where, if the corporation organized in such States, it would be compelled to safeguard the rights of the stockholders and the people.

For these reasons I sincerely hope this amendment will be defeated, and for the further reason that the proper place to administer the estate is where it can be done most expeditiously and most economically.

We have already had entirely too much dissipation of the assets of bankrupt estates; and now we propose to invite the alert lawyer in some State where a company never did a dollar's worth of business in all its existence to begin an action in that State based on the artificial fiction that because the corporation was organized there it lives there, because if we enact this provision we give that State jurisdiction, when, as a matter of fact, it never intended to protect the rights of a single stockholder or a single person dealing with the corporation.

Mr. President, I think that is the vital part of this bill. I sincerely trust the amendment will be defeated.

Mr. HASTINGS. Mr. President, in order that the part I am trying to make certain may be left in the measure—namely, that there shall be a place to which those who wish to institute actions may always know they can go—and, at the same time, that the provision which the Senator from Alabama has in mind may be incorporated in the bill, the Senator from Rhode Island [Mr. HEBERT] suggests to me that, after the word "incorporated", in line 2, page 3, there be inserted the words:

Provided, That the court may, upon petition, direct a transfer of such proceeding to any territorial jurisdiction where the corporation has a substantial portion of its assets, if satisfied that the interests of all parties would be better subserved.

Would the Senator be satisfied with that language?

Mr. BLACK. That would still leave it to the discretion of the court to abandon its jurisdiction; and with the pressure which frequently exists on the part of the members of the bar, as was demonstrated in the hearing which the Senate held with regard to the judge from California, it is my judgment that the provision suggested would not fully protect the rights of the stockholders.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. HEBERT. When I suggested this change to the Senator from Delaware, I had in mind a situation which arose in the course of an investigation which a special committee of this body made in the States of California and Nevada. We found there a very large corporation incorporated under the laws of the State of Nevada. It had absolutely no assets in that State. It never had any assets in that State. The assets, for the most part, were to be found in the State of California. We found that a petition had been filed in the United States district court where this case was pending, in Carson City, Nev., to transfer the case to the courts in San Francisco. The judge found that he had no authority—at any rate, that was his conclusion—to effect that transfer; that once he had taken jurisdiction of the case in bankruptcy he had not the authority under the law to divest himself of it.

It seemed to me at the time that if that could have been effectuated, the interests of the stockholders would have been much better protected; the representatives of the stockholders could more readily have gone into court to present their view of the problems which arose in the course of the consideration of the bankruptcy, and the entire proceedings would have been much less expensive.

I can see some merit in the provision as it is contained in the bill now before the Senate; but it occurred to me that to obviate the difficulty which arose in this very important case in Nevada, the amendment which the Senator from Delaware suggested a moment ago would be remedial in its effect. I think it would be very effective in carrying out the purposes of the bill.

Mr. BLACK. I fully concur in the Senator's statement that the proposed amendment would be remedial in its effect. I think it would improve the bill as it now stands, with the amendment which has been adopted. I cannot, however, get away from the idea that the place where the affairs of the bankrupt ought to be adjudicated is where the bankrupt actually does business. It seems to me it is the same as though it were provided that an individual who actually lived and did business in Alabama should be compelled, by reason of the fact that he had a distant cousin in Delaware, to have his affairs adjudicated in the courts of Delaware, or the same as requiring an individual in Rhode Island to have his affairs adjudicated in California.

Mr. HEBERT. Mr. President, will the Senator further yield?

Mr. BLACK. I yield.

Mr. HEBERT. I think I understand what the Senator has in mind, and I am quite in accord with the purposes he seeks to accomplish; but I find some difficulty in the situation, because unless there is some very definite provision so that proceedings shall be taken in one place, one will be at a loss to determine where the proceedings are to be had. If, now, we eliminate the provision in the bill that the proceedings shall be had in the territorial jurisdiction where the corporation received its charter, where it is incorporated, and provide that the proceedings shall be had in the territorial jurisdiction where it has its principal place of business, we shall, in many instances, have much difficulty in determining where the principal place of business is. That is the difficulty I see.

Mr. BLACK. In order to carry out the idea, why not strike out the amendment which has been suggested and substitute in its place something which would meet the exact situation the Senator has been discussing?

Mr. HEBERT. Mr. President, I cannot hear the Senator because of the confusion in the Chamber.

Mr. BLACK. Why could it not be provided to leave out that amendment and add, after the words "business or", the words "where it has its principal place of business or its principal assets", or substantially that language, and provide also that if it shall be shown to the satisfaction of the court during the time the action is pending that the principal place of business is in some other territory, and the majority desire that the action be removed to the other territory in order to have the affairs of the company administered more economically, the court shall have jurisdiction to do so? In other words, I am interested in having the action brought at the place where, in my judgment, it ought to be brought, where the corporation has the most business, and where the action can be brought most economically.

Mr. HEBERT. Mr. President, if the Senator will permit me further, I have no quarrel with him about the idea he has in mind; I think there is much merit in his proposal; but we must fix a determinative place where the proceedings shall start. Unless we do that, we are going to find confusion all along the line, and parties in interest may not know where they can begin their proceedings.

Mr. BLACK. We provide for that in the bill. It is the place where the corporation has had its principal place of business or its principal assets within the preceding 6 months.

Mr. HEBERT. Exactly; but, if the Senator will permit me, where is its principal place of business, where are its principal assets? Those questions must be determined before proceedings can be begun, and that is not so easy. I have in mind some instances where it would be practically impossible to determine that question. My idea is to fix a definite location where proceedings shall be brought, or may be brought, and as to which there can be no question; and thereafter, once proceedings are brought, if it be determined to the satisfaction of the court that there ought to be a change of venue, that can be done by the court.

Mr. BLACK. But if there is any difficulty in the first instance in determining in which territory the action should be brought, why should we, in an attempt to avoid that uncertainty, fly into the very territory which, in my judgment, is the last place in the United States where it ought to find its resting place?

Mr. HEBERT. Solely for the purpose of beginning the proceedings, and, immediately proceedings have been started, if it be shown then to the satisfaction of the court that there should be a change, manifestly the court will take the question under consideration; and if it is for the best interests of the parties concerned the change will be brought about. It is merely to have a definite place where the proceedings may be brought without question, and thereafter proceedings can be undertaken to remedy any situation which may arise with a view of bringing about the best interests of the parties concerned.

Mr. BLACK. The Senator is familiar with the inherent human attribute which, unfortunately, is not wholly absent from the courts, always to retain all the possible power that can exist and to exercise it and exert it. I cannot imagine that it would be very easy for the court in Delaware or in any other State, where the bar was ready to obtain the fruit that was expected to fall from the tree, to divest itself of that jurisdiction—not as a rule, at any rate.

Mr. HEBERT. Mr. President, if the Senator will permit me further, I know of no advantage that would accrue to citizens of any particular jurisdiction by such a proceeding. A trustee having been appointed continues as trustee wherever he may reside. The instance I have in mind, the outstanding case I have in mind, was one where the judge admitted that the interest of the parties before the court would be better subserved by a transfer of the proceedings to another jurisdiction. He found, in his judgment at any rate, that that could not be done under the bankruptcy law. The purpose of this amendment would be to authorize the bankruptcy court to do that very thing.

Mr. BORAH. Mr. President, I think we all agree with the principle for which the Senator from Alabama is contending. I want to ask a question. Let us take the case which the Senator from Alabama suggested a few moments ago, where the stockholders live in the State of Idaho and the corporation has been incorporated in the State of Delaware. If we leave the jurisdiction to be determined upon the question of where the principal assets are, how would the stockholder determine that question? There might be cases where it would be easily determined, because the fact would be notorious, but I can imagine many cases where it would be almost impossible to determine where the principal assets were or where the principal office was.

That for which the Senator is contending is unquestionably correct, that the stockholders ought to be permitted to have the trial at a point nearest to the place where they live or where the principal assets are, but I think there is very much in what the Senator from Rhode Island says as to getting a starting point.

Mr. BLACK. Mr. President, I agree with the Senator as to that, but I would suggest——

Mr. AUSTIN. Mr. President, I should like to make an inquiry.

Mr. BLACK. I yield to the Senator from Vermont.

Mr. AUSTIN. Does not the Senator from Alabama discuss this question as if the words "principal place of business" mean the place that is designated in its charter as the principal place of business of the corporation?

Mr. BLACK. No; I do not believe that they refer to the charter. It is my judgment that this proposed legislative act—I may be wrong—refers to where the corporation actually had its principal place of business, and not where ostensibly it had its principal place of business.

Mr. AUSTIN. Then would not we have the same question as that raised by the Senator from Idaho [Mr. BORAH] with respect to that ground of jurisdiction; that is, the great difficulty and confusion in ascertaining where the most business is done and where the most important business is done? There might be a dozen different tests of that question, so that the creditors would be put into great confusion and difficulty in ascertaining the proper jurisdiction.

Mr. BORAH. Mr. President——

Mr. BLACK. I yield to the Senator from Idaho.

Mr. BORAH. I recall, in my experience, that one of the methods adopted by corporations with reference to these matters is to test the question of jurisdiction where there is an uncertainty about it. That is half their battle. I should like to see the principle advocated by the Senator from Alabama incorporated in the bill if we can with certainty provide a starting point.

Mr. BLACK. I agree with the Senator that in ordinary instances corporations seek to evade jurisdiction, but in this instance, they, in the main, will be seeking to support jurisdiction, because it is mainly for the benefit of the corporations themselves.

Mr. BORAH. That is true, but let us assume that we leave this bill so that the party desiring to bring action must determine where the principal place of business is or must determine where the principal assets are; then that will give the corporation a great advantage in fighting the question of jurisdiction, because the knowledge of these facts is completely within its possession.

Mr. BLACK. May I ask the Senator why we should not insert some amendment in line with what I said a few moments ago—because I judge the Senator agrees with the viewpoint I have—simply to provide, if there is any question raised, that the court shall automatically send it to such other Federal court as may have jurisdiction of the matter?

Mr. BORAH. I would be willing to see a provision making it incumbent upon the court to transfer upon certain conditions being shown.

Mr. BLACK. But the point of what I want to do is to provide for a transfer, as suggested by the Senator from Rhode Island, from a court where it is originally filed as the principal place of business rather than to provide for the transfer from the court which only has territorial jurisdiction. I think we can very easily draw an amendment which will be satisfactory to all of us.

Mr. BANKHEAD. Mr. President——

Mr. HEBERT. Mr. President, if I may be permitted to interrupt the Senator.

The PRESIDING OFFICER (Mr. NORRIS in the chair). Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to my colleague.

Mr. BANKHEAD. Mr. President, as I understand the section now under consideration, the petition is filed by the corporation itself, and if that be true, of course, the corporation knows where its principal place of business is, and there would be no confusion or uncertainty on that point, and no controversy such as suggested by the Senator from Idaho on the subject of jurisdiction.

Mr. BORAH. If the corporation has the sole power to select jurisdiction, all this debate is perfectly useless.

Mr. BANKHEAD. It will be noted that section 79, on page 2, provides that any corporation which could become a bankrupt under section 4, and so forth, may file a petition.

Mr. BORAH. Yes; undoubtedly.

Mr. BLACK. What I want to prevent is letting them have the power to determine that.

Mr. BORAH. The corporation may do so, but suppose somebody else desires to bring it into bankruptcy proceedings?

Mr. BLACK. I object to bringing the action in a State where it does not do business.

Mr. HEBERT. Mr. President, if the Senator will yield——

Mr. BLACK. Certainly; I yield.

Mr. HEBERT. I appreciate what the Senator seeks to accomplish, but I want to say once again that it is very important that we should have a definite place for the proceedings to begin. Once that has been established, if the Senator wants to provide arbitrarily that a change shall be made upon a showing that the principal place of business is elsewhere, I would have no objection. It is broader as the bill is now worded, but we must have some definite place where proceedings are to be had in the first instance, and thereafter proceedings may be had to determine where the principal place of the concern is and have the action transferred there. If the Senator would suggest that it shall be obligatory upon the court to make such a transfer, personally, I would have no objection.

Mr. BLACK. Mr. President, I do not care to discuss the question further.

Mr. HASTINGS. Mr. President, because I am trying to meet the Senator's objection, I was about to suggest instead of beginning with the word "assets" on page 3, and before the committee amendment at that point, we write in something like this:

> Or if the principal place of business or the place where the principal assets are located is in doubt, then in the territorial jurisdiction in which the company was incorporated.

What objection could there possibly be to that? It certainly would make plain the determination of Congress and what it is intended to do.

Mr. BLACK. Doubt in whose mind?

Mr. HASTINGS. If the person bringing it has a doubt, and it can be shown that that doubt is wholly unfounded, and that the place of business of the corporation or the place of the principal assets of the corporation was well known to the person who made the application in the first place, then he would not be permitted to begin the proceed-

ings in the place where the company was incorporated. But if the whole matter is in doubt, if the company is in doubt, if the stockholders and the creditors and everyone else be in doubt, then they might certainly have some place to go. There cannot be any possibility of complaint about this provision along the line of the Senator's suggestion.

Mr. BLACK. May I say that, of course, if they were anxious to get the matter into one particular territory, they would immediately claim to be in doubt?

Mr. HASTINGS. The company never could be in doubt. The company could not say it was in doubt. It ought to be able to say for itself where it was.

Mr. BLACK. I agree; and therefore it should be able to say where its principal place of business is, and there is where the case should be tried.

Mr. HASTINGS. But there will be some other people saying that what the company says is not true. Let me read this again:

But if the principal place of business or the place where the principal assets are located is in doubt, then in the territorial jurisdiction in which it was incorporated.

Mr. BORAH. Instead of saying "is in doubt", would it not be better to say "is controverted"?

Mr. HASTINGS. Yes; that would be better, I will make that change.

Mr. BLACK. That will be perfectly satisfactory to me, if the Senator will also add at the end of the amendment the clause which was originally suggested. I think that would make the matter entirely satisfactory.

Mr. HASTINGS. Then, after the word "assets", on page 3, line 1, I move to insert the following:

Or if the principal place of business or the place where the principal assets are located is controverted, then in the territorial jurisdiction in which it was incorporated: *Provided*, That the court may, upon petition, direct a transfer of such proceedings to any territorial jurisdiction where the corporation has a substantial portion of its assets, if satisfied that the interests of all parties would be better subserved.

Mr. BLACK. I think that would be all right. I think what all of us want is to substitute the word "shall" for the word "may", so it is predicated upon his reaching a conclusion that it is to the interest of the company and of the parties at interest. Let it read that the court "shall" instead of "may."

Mr. HASTINGS. Very well. I send to the desk an amendment to be added after the word "assets", on page 3, line 1.

The PRESIDING OFFICER. The Senator from Delaware offers an amendment, which will be stated.

The LEGISLATIVE CLERK. On page 3, line 1, after the word "assets", it is proposed to insert:

Or if the principal place of business or the place where the principal assets are located is controverted, then.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware to the committee amendment.

The amendment to the amendment was agreed to.

Mr. HASTINGS. Now I move, on page 3, line 1, to strike out the word "or" after the word "assets."

The PRESIDING OFFICER. The Senator from Delaware offers an amendment to the committee amendment, which will be stated.

The LEGISLATIVE CLERK. On page 3, line 1, after the word "assets", it is proposed to strike out the word "or."

The amendment to the amendment was agreed to.

Mr. HASTINGS. I offer a further amendment to the committee amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 3, line 2, after the word "incorporated", it is proposed to insert the following proviso:

Provided, That the court shall, upon petition, direct the transfer of such proceeding to any territorial jurisdiction where the corporation has a substantial portion of its assets, if satisfied that the interests of all parties would be better subserved.

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The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware to the committee amendment.

The amendment to the amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. BAILEY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from North Carolina offers an amendment, which will be stated.

The LEGISLATIVE CLERK. On page 31, section 4, line 19, after the word "adjudication", it is proposed to insert the following:

The amount of any damages, as evidenced by a judgment of a court of competent jurisdiction, in any action for negligence instituted prior to adjudication of defendant in such action in bankruptcy and pending at the time of the filing of petition in bankruptcy, whether voluntary or involuntary.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina.

Mr. BAILEY. Mr. President, the amendment has the effect of providing an additional provable claim. In a case of negligence where suit was entered prior to the petition in bankruptcy, the claim may be proved if a judgment shall have been had for damages. The Senator in charge of the bill has stated his willingness to accept the amendment.

Mr. VAN NUYS. Mr. President, it is perfectly satisfactory to me.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Carolina.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, on behalf of the junior Senator from Iowa [Mr. MURPHY] I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. At the proper place in the bill insert a new section as follows:

That the first sentence of subsection (a) of section 75 of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, is amended to read as follows:

"Within 30 days after the enactment of this act every court of bankruptcy of which the jurisdiction or territory includes a county or counties having an agricultural population (according to the last available United States census) of 500 or more farmers shall appoint one or more referees to be known as 'conciliation commissioners', one such conciliation commissioner to be appointed for each county having an agricultural population of 500 or more farmers according to said census: *Provided further*, That where any county in any such district contains a smaller number of farmers according to said census, for the purposes of this paragraph such county shall be included with one or more adjacent counties where the population of the counties so combined includes 500 or more farmers according to said census."

Mr. LA FOLLETTE. Mr. President, the purpose of this amendment is to provide conciliation commissioners in agricultural counties, so that the work of conciliation may be more actively carried on than it now is under the bill passed at the special session.

Senators who are familiar with that act will remember that section 75 provides—

Courts of bankruptcy are authorized, upon petition of at least 15 farmers within any county who certify that they intend to file petitions under this section, to appoint for such county one or more referees to be known as "conciliation commissioners."

In practice, farmers have proved to be reluctant to sign such petitions, under the misapprehension that they would be adjudged bankrupt and thus would have some obloquy heaped upon them as a result of their action. I am informed by the Senator from Iowa [Mr. MURPHY] that he has taken up this matter with the Farm Credit Administration, and that they are friendly to this amendment, because they believe it would be very effective in carrying out the obvious intent of Congress when it passed the bill at the last session.

Under date of April 30, 1934, Governor Myers wrote to the junior Senator from Iowa, and I desire to quote briefly a sentence from that letter:

I hope that Congress will pass the amendment to the bankruptcy act, which will make the appointment of conciliation commissioners more easy.

It is quite obvious that it was the intent of Congress to provide this means of permitting farmers to secure such assistance and benefits as could be derived from the appointment of commissioners of this kind; but, as previously stated, it has proved in practice that in many instances farmers are reluctant to sign the petitions. If this amendment were to prevail, it is the theory of the amendment—and the view is endorsed by the Farm Credit governor—that a great deal would be accomplished on behalf of farmers who find themselves in distress at this time.

I sincerely hope the amendment will be agreed to.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. HEBERT. As I listened to the reading of the amendment, it provides that any county where more than 500 farmers reside shall be supplied with a conciliation commissioner. That would be true in a county having a population of 100,000, most of whom are engaged in industry, provided there were 500 farmers living in that county; as I listened to the reading of the amendment. I desire to be sure that I am correct about that.

Mr. LA FOLLETTE. The Senator is correct. The amendment provides that—

> Every court of bankruptcy of which the jurisdiction or territory includes a county or counties having an agricultural population (according to the last available United States census) of 500 or more farmers shall appoint one or more referees—

And so forth.

The Senator has correctly interpreted the purpose of the amendment; but the Senator, no doubt being very familiar with the act, knows that these commissioners do not receive any compensation unless the cases which they have under their jurisdiction are docketed. Therefore, there would be no expenditures, no outlay of any money, unless their services proved to be effective.

Mr. HEBERT. Mr. President, that is one question I had in mind—how we were going to compensate the conciliation commissioners.

Mr. LA FOLLETTE. I refer the Senator to paragraph (b), section 75, which provides that—

> Upon filing of any petition by a farmer under this section there shall be paid a fee of $10 to be transmitted to the clerk of the court and covered into the Treasury. The conciliation commissioner shall receive as compensation for his services, including all expenses, a fee of $10 for each case docketed and submitted to him, to be paid out of the Treasury.

In other words, these commissioners are not under any regular salary. They receive their compensation only in cases which are actually docketed and which actually are conciliated under their direction.

Mr. HEBERT. As I understand, the purpose of this amendment is to provide for conciliation commissioners to whom proceedings in bankruptcy filed in court would be referred for conciliation and adjustment without declaring the debtor to be a bankrupt. In cases which are referred to the conciliation commissioner the fees, which are to be paid first to the court and then to the conciliation commissioner, must be paid by the petitioner.

Mr. LA FOLLETTE. That is correct.

Mr. HEBERT. And the conciliation commissioner receives no fee unless and until a petition has been referred to him and he has taken cognizance of it and has proceeded to function.

Mr. LA FOLLETTE. The Senator is correct about that. There will be no outlay of money and no cost to the Treasury or any other governmental agency so far as these commissioners are concerned.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. HASTINGS. Some time ago a person who had been acting as such a commissioner, I think either in North Carolina or in South Carolina, came to me—I think he was sent to me by the distinguished Senator from Arkansas [Mr. ROBINSON]—and showed me how impossible it was to get this work done for the $10 provided by the law. I heard him explain the matter thoroughly, and had in mind offering an amendment which would increase the amount; but, to be perfectly frank, I have been so engaged with other provisions of the law that I had overlooked it until the Senator offered his amendment. I wonder if he has considered the matter, and whether he can suggest some amendment to deal with it.

Mr. LA FOLLETTE. Mr. President, that would require the amendment of another section, section (b) on page 62, as the Senator will see if he has before him the pamphlet containing the bankruptcy laws of the United States.

Mr. HASTINGS. I was wondering whether the Senator had given any consideration to that phase of the subject, and whether he knew any person who had any experience with it. I am quite certain it will be necessary, in order for this part of the act to be successful, to increase the amount; and I was hoping the Senator would suggest another amendment which would increase the amount to at least $25. That is my recollection of the amount that would be necessary—not to exceed $25, instead of $10.

Mr. LA FOLLETTE. The Senator from Iowa informs me that he has not given particular attention to the situation insofar as the amount of the fee is concerned, but that he does not object to the fee being reasonably increased. Furthermore, he has in mind that perhaps some other expenses which are not now permitted to be charged ought to be included, such as postage and telephone expenses.

Mr. VAN NUYS. Mr. President, if the Senator will yield, that matter has already been taken care of. Page 33 of the House measure gives free postage to conciliators.

Mr. LA FOLLETTE. I am glad to have the Senator from Indiana give us that information. I will state to the Senator from Delaware that the Senator from Iowa informs me that if this amendment shall be agreed to he will be glad to support an amendment to increase the fee to some reasonable amount.

Mr. HASTINGS. I hope the Senator from Iowa will prepare and suggest an amendment and let it go to conference, and then let the conferees decide the amount that ought to be put in. I have some figures on the subject which I should like to submit to the conferees.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] on behalf of the Senator from Iowa [Mr. MURPHY].

The amendment was agreed to.

Mr. HASTINGS. Mr. President, I offer an amendment to paragraph (b) of section 75 of the bankruptcy law, changing the fee to be paid from not to exceed $10 to not to exceed $25.

The PRESIDING OFFICER. Will the Senator send his amendment to the desk, so that it may be stated? The Chair suggests to the Senator from Delaware that he indicate where he desires to have the amendment made.

Mr. HASTINGS. On page 33, in section 6.

The PRESIDING OFFICER. On what line?

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Pittman
Ashurst	Costigan	Johnson	Pope
Austin	Couzens	Kean	Reynolds
Bachman	Cutting	Keyes	Robinson, Ark.
Bailey	Davis	King	Robinson, Ind.
Bankhead	Dickinson	La Follette	Russell
Barbour	Dieterich	Lewis	Schall
Barkley	Dill	Logan	Sheppard
Black	Duffy	Lonergan	Shipstead
Bone	Erickson	Long	Smith
Borah	Fletcher	McGill	Steiwer
Brown	Frazier	McKellar	Stephens
Bulkley	George	McNary	Thomas, Okla.
Bulow	Gibson	Metcalf	Thomas, Utah
Byrd	Glass	Murphy	Thompson
Byrnes	Gore	Neely	Townsend
Capper	Hale	Norbeck	Tydings
Caraway	Harrison	Norris	Vandenberg
Carey	Hastings	Nye	Van Nuys
Clark	Hatch	O'Mahoney	Wagner
Connally	Hatfield	Overton	Walsh
Coolidge	Hayden	Patterson	White

Mr. LEWIS. Mr. President, the Senator from California [Mr. McADOO] is absent because of illness. The Senator from Montana [Mr. WHEELER], the Senator from Nevada [Mr. McCARRAN], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained. I ask that these announcements stand in the RECORD for the day.

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, there is a quorum present.

The Senator from Delaware proposes an amendment, which will be stated.

The CHIEF CLERK. It is proposed to add the following new section at the proper place:

Amend section 75 (b) in the act of July 1, 1898, as amended and supplemented, by striking out the figures "$10" wherever it appears therein and insert in lieu thereof the figures "$25."

TAXATION OF LIQUOR

Mr. BORAH. Mr. President, the most effective argument adduced in favor of the repeal of the eighteenth amendment was the presence in the United States, as it was claimed, of a vast amount of illicit liquor. It was contended that the bootlegger was poisoning the youth of the country with bad liquor, and there is no doubt but that that argument had a very tremendous effect with the people generally throughout the United States. It was contended that through the repeal of the eighteenth amendment and the restoration of what was called "legal liquor", illegal or illicit liquor could be banished from the land, at least to a marked degree. The repeal fight turned very largely on the assurance of those advocating repeal that repeal would mean the end of this illegal traffic in liquor. We were warned that failure to repeal would be to aggravate the fearful conditions then said to prevail.

It now appears that the repeal of the eighteenth amendment has had practically no effect as to the heavy distribution of illicit liquor throughout the United States, or in discouraging the activities of the bootlegger. Indeed, it would seem, from some statements which have been made of late, that the extent of bootlegging is even greater than it was during pre-repeal days.

It will be recalled that not only was this argument used to bring about repeal, but when we came to consider the question of a tax upon beer, again the bootlegger appeared, in all his confidence and strength, and really dictated the amount of tax which should be imposed. He spoke not in person, but by the voice of those who were going to sell legal beer.

We were advised that with a higher tax than that which was proposed, bootlegging, or the illicit sale of liquor, would increase. therefore the tax was fixed at a figure which, it was said, would encourage the sale of legal liquor and discourage the sale of illegal liquor. It did nothing of the kind.

Mr. Joseph H. Choate, Jr., who is the Federal Alcohol Control Administrator, administering the code with reference to intoxicating liquors, a few nights ago delivered a very remarkable address upon this subject. He began his statement by saying:

As concerns liquor, the United States is living in a fool's paradise. We know that prohibition's Frankenstein monster, the bootleg trade, is still with us, but we refuse to see its size and power or to recognize what it has done to us. Particularly are we blind to the enormous growth of the main body of the monster, illicit distilling, compared to which smuggling and industrial alcohol diversion have been mere trifling excrescences on its gigantic frame.

If I construe correctly that language it is to the effect that bootlegging and the sale of illicit liquor have in nowise diminished; that, rather, has there been an increase of the trade, and that it is now increasing at a rapid stride, and the country is flooded with bad, illicit liquor. A sad situation. When I read Mr. Choate's statement and recall the debate on repeal, I am amazed—not at Mr. Choate's statement, but at the prophetic powers of some of my colleagues.

There was a time in the history of the world when prophets were slain if they prophesied falsely. There would certainly be a great massacre in this country at this time if we should deal in that way with those who prophesied as to what would be the result coming from the repeal of the eighteenth amendment.

Again Mr. Choate says:

We now have facts from which the reasonable inference is that these estimates are far below the truth, that bootleg production continues on so huge a scale as to constrain us to the conclusion that our people must now be consuming greater quantities of spirits than they did in pre-prohibition days, and that, while the legal industry has, and is using to its utmost extent, capacity enough to supply the pre-prohibition demand, the illegal industry has, and is using, a greater capacity, the product of which the public is presumably buying and consuming.

Even more interesting than the statement is the remedy which is proposed by Mr. Choate. Again, the bootlegger is called in to be the dictator as to what our law shall be with reference to the taxing of liquor. We are now asked, Mr. President, after the repeal of the eighteenth amendment, after the fixing of the tax upon beer to suit that situation, to again readjust the taxing power of the United States to accommodate those who are contesting, as it is claimed, with the sale of illicit liquor. And, Mr. President, this remedy will be no more effective against the bootlegger than those heretofore proposed.

Before we commit ourselves to revising the taxes upon liquor or reducing the taxes upon liquor, let us know something about the profits which are being made by those who are now engaged in the sale of what is called "legal liquor"—who are in the legitimate business of selling liquor. If Mr. Choate will place beside his request, that we lower the taxes, a statement as to the profits which are now being realized and enjoyed by those who are selling legal liquor, he will find that the trouble is not with the taxes but with the huge, enormous, unconscionable profits which are realized by those who are selling liquor—in other words, in the prices, which are out of all reason.

The remedy does not consist in providing lower taxes. The lowering of taxes in the United States will result in a greater income and greater profit to those who are selling liquor. But the remedy lies in the hands of Mr. Choate himself—that is, under the code, to see that the prices are established in accordance with reasonable demand and to see that those who keep dives and brothels are not permitted to continue in the business.

If that were established, Mr. President, if the bootlegger can be dealt with at all, it would be far more effective than the proposed remedy of reducing taxes, because, judging the future by the past, the only result from the reduction of taxes would be an increase in the profits of those who are engaged in the liquor business.

I have had some figures furnished me within the last few days which are, to me, rather surprising. I do not at this time insert them in the RECORD, because they have not been confirmed, as it were, or made with that authenticity behind them which I should like to have before I put them into the RECORD. But the figures convince me that the one profitable industry in the United States today is the liquor business. The men who are asking for relief—lighter taxes—like the munitions makers of the world, are engaged in the one industry which is making profits in the United States. Nevertheless, they are in the name of the bootlegger and of illicit liquor asking that the Government take its taxes off or reduce the taxes.

Mr. Choate further says:

The means to this end should include the following obvious steps: First, there should be greatly increased appropriations for enforcement.

How familiar. What attacks were made upon those who advocated increased appropriations for the enforcement of the eighteenth amendment? That was all to be saved to the Government as soon as the eighteenth amendment was repealed. These enforcement charges were to disappear. The taxpayers were to be relieved. As I hark back to that debate, I hear again—no bootleggers, no illicit liquor, no more enforcement expenses, no overtaxed people in the interest of prohibition, no saloons, no speak-easies, but temperance and diminution of crime. I get no pleasure out of

the situation, but I think it fair to recall these prophecies that we may not be misled farther by such pleas as reduced taxes as a remedy for bootlegging.

Second, a campaign should be started and maintained by every organization interested in temperance, including all honest drys and repealists, to arouse public opinion and compel the aid of every police and prosecuting authority, local and State as well as Federal, to press for efficient and drastic action.

All will agree with that. That is sound.

Third, there should be immediate adoption of every reasonable means of cheapening and improving the legal product, and to induce all decent citizens to withdraw support from the bootlegger.

A campaign of persuasive arguments is to be carried on seeking to induce the good people not to buy bootleggers' liquor. I have no objection to that program. I make no prediction as to the results.

Fourth, there should be such reduction in taxes and import duties as will enable the legal producers and importers to compete.

Mr. President, I venture to say upon the facts which I have acquired, the figures which are in my possession, that at the present time the people who are engaged in the sale of what they call "legal liquor" are reaping a profit far in excess of what would be called a "reasonable" profit upon any kind of business. Let us consider that before we reduce taxes.

There is another phase to this matter, Mr. President. One of the great arguments in the campaign against the eighteenth amendment was that the bootlegger and the speak-easy were to be done away with, and the saloon was not to be permitted to come back.

Much worse than the saloon has returned and is here, apparently, to stay. I say worse than the saloon. It is worse. It is a legalized dive, a protected rendezvous of crime.

So far as the enforcement of the code is concerned, so far as the supervision of the liquor traffic is concerned, there seems to be no effort to prevent the kind of drinking places which are maintained in this country in a very marked degree in all the large cities of the United States.

I read from a newspaper, one of the three leading newspapers in a large city, which says, giving an account of these transactions:

In these places—

Where this liquor is being sold—

children were being served drinks without question, children were serving and mixing the drinks, and the children were the entertainers for those who were drinking. The sight was revolting.

This is not an exceptional scene. It is common night after night, week after week. The old saloon was not so degraded. Here they are brotheling and degrading children for gain, for profits. Take taxes off of that sordid business!

Some of this, Mr. President, I do not care to put into the RECORD. It is revolting. It would shame a brothel. In one place it says:

A blond child of about 16 is dancing for the crowd at the bar. Her skirts are to her hips. She is very drunk. The crowd cheers her. She kicks higher and higher. Suddenly her foot slips and she falls on her back in a pool of beer on the floor. The crowd roars with laughter.

That, Mr. President, is going on openly, notoriously, night after night under the permission—I will say under the authority of law, and under the very eye of those who have to do with the enforcement of the liquor code.

The way the liquor code is being enforced in the United States at this time, and considering the sordid hands into which business has been placed, is protecting the most heinous form of crime and immorality that could possibly be conceived. And before we talk about lowering taxes upon those who are undermining and destroying the youth, the childhood of the country, let us know whether they are fit to operate those kind of institutions at all.

There is much more of this, Mr. President. Some of it, as I said, I do not care to put into the RECORD. A long record in different cities is in my files, sent to me by those deeply concerned over the trend of affairs touching the liquor traffic.

Before and during the days we were putting American boys in camps preparing them for war, the liquor traffic followed them to camp. Now the liquor traffic follows the C.W.A. camps and seeks the favors and the money of the boys whom the Government is seeking to start in a better life. I read from a paper published in New Rochelle, N.Y.:

(By Theodore B. Goetz)

WHITE PLAINS, December 18.—More than 100 C.W.A. pay checks were cashed on Saturday in one White Plains liquor store alone by reemployed jobless men who carried away bottles of the cheapest brand of "cut" rye whisky.

Similar conditions existed in some other liquor stores in the county, investigation disclosed today, where "relief" money aggregating several thousand dollars was spent by the "needy" for liquor.

Mr. President, we never can cure bootlegging by reducing taxes. In Canada, where they have governmental control, the bootlegging problem is almost as serious, if not quite as serious, as it now is in the United States, or that it has been at any time.

For myself, so long as the law is administered as it is at this time, I should be in favor of increasing the amount of taxes rather than decreasing them. I think when we give people an opportunity to prey upon a community, to destroy its womanhood and its manhood, its youth, its young girls and young boys, that the price ought to be pretty high. I think they ought to pay the Government of the United States a very large stipend for that permission. If we are going to permit this to be offered to the youth of the land, at least let us not sell the privilege too cheaply. I ask Mr. Choate, therefore, when he submits his proposition for decreasing the taxes, to submit a report as to how the liquor traffic is being carried on at the present time and what are the profits of those engaged in that traffic.

NOTES ON OPEN DOOR IN CHINA

Mr. LEWIS. Mr. President, I do not desire to advert to the interesting subject so splendidly dealt with by the able Senator from Idaho [Mr. BORAH], and as to which I have reason to know will be touched on in some form by the able Senator from Massachusetts [Mr. WALSH], and possibly further illumined by the distinguished leader of a great cause, the Senator from Texas [Mr. SHEPPARD]. I wish to allude to a feature apart from that, and to occupy but a moment or two as a point of duty to ourselves. When I use the word "ourselves" I mean the Senate and the Senators.

Mr. President, the public press informs us that the Secretary of State has sent the expression of a commanding sentiment to the Empire of Japan, speaking in behalf of the Government of the United States. The record discloses a statement previously announced in Japan by the official spokesman of that Imperial Government to the effect that the privilege heretofore existing in behalf of the United States of enjoying the trade of China and continuing China upon the basis of a country open to all privileges of civilization would be more or less restricted, as asserted by the spokesman of Japan. It is announced that Japan reserves the right to sit in guardianship and control by direction of whatever should be the course of government or the enjoyment of privileges as to China, the latter word "privileges" used by this eminent diplomat referring to the privileges of trade specifically.

Mr. President, the Secretary of State for the United States of America, speaking for the administration, and I am sure for the Government at large, responds that the treaties existing between our country and Japan and other countries that have collaborated assure by promise an open door in China. That this means a door not closed against any nation or its people who have a natural and moral right to trade on equal terms and to deal upon an equitable basis with the people of China. The Secretary of State, Hon. Cordell Hull, announces that it is the policy of the United States to insist on the treaty being complied with, and the announcement is that the United States will not accept the suggestion that the open door is to swing open only just so far as Japan will consent.

To the contrary, as we are executing our part in the treaty in fulfillment of its terms, we demand that the treaty

shall be complied with in the fullness of its terms without limitation placed upon it by Japan or by any other country assuming the superior function of sitting in supervision of other countries, particularly to United States of America.

Mr. President, I am very anxious that it be observed that the United States Senate, which is something of a coadjuting body with the Secretary of State and the President in matters of international relations, wholly approve the action of the Secretary of State. I rise to present the thought so that it may be perfectly apparent that in matters between ourselves and Japan or between ourselves and any foreign country, as announced by the Secretary of State, touching the enforcement of the rights of America, has the approval of all the Congress, but particularly that there is no voice in the United States Senate which disapproves by criticism or dissent the declaration of the Secretary of State.

In addition to this, sir, I assume to suggest to this honorable body that our attitude be understood as one which approves the declarations of the Secretary of State and approves them unanimously. Second, sir, that we approve the attitude of the President and put behind him the united Congress of the United States. We would have Japan or any other country understand that these declarations of the Secretary of State are the declarations of America, not of any political party, and that they are the declarations of America as affirmed by the eminent representatives in this body of any State and all States; that no one of official government has at any time dissented, and now, on this morning, as immediately following the declaration of the Secretary of State, gives to the action its unanimous approval.

Mr. President, I am moved to make these observations this morning by matters that have come to this Government and possibly are wholly in the possession of this honorable body equally as in the possession of the State Department. These disclosures indicate that there is considerable confusion in certain governments of the world as to whether the United States meant what it said—that it would enforce its right under the treaty in the legitimate manner provided by civilized nations, or whether it was a mere gesture from which we are to separate or wholly ignore at any time it may appear that the demonstration on our part does not meet the approval of some other country of the earth.

Mr. President, it is announced that England asserts, through Sir John Simon, the official representative of her state foreign affairs department, that the attitude announced by Japan is "satisfactory to England." The attitude of any country, but particularly Japan, may be satisfactory to England, but merely because it is satisfactory to England is in no wise any proof, certainly it is in no wise conclusive, that it is satisfactory to the United States of America.

It is a most noticeable thing, and one that ought not to escape us, that England's early announcement immediately after the statement of Japan, following within an hour, that the attitude of Japan was "satisfactory to England", is a mere declaration that the new treaty arrangement between Japan and England is sustained, in that particular direction as a special favor, and is satisfactory to England; but it must not be forgotten that a short while ago England gave the world to understand that she had withdrawn certain special treaties which existed and which had something of a mutual beneficial interest between herself and Japan. Since then, sir, I assert on this floor, there has been another arrangement effected between England and Japan, which was the right of England and the privilege of Japan, but which has not been made public, wherein Japan agrees to a form of service and benefit to England respecting trade and trade privileges that is not accorded to other countries, particularly it is not expressed in behalf of the United States.

Mr. President, if it is the purpose of Japan to begin the policy of granting privileges only to certain lands which shall be selected in turn for something specifically advanced to her, that is her privilege, but America would like to know the facts. We would like to know if it is to be hereafter understood that the United States is to be treated as secondary to England, and that the previous special privileges which were granted under the previous treaty to England, which the world was informed had been abrogated, are really being renewed in spirit and in return for favors received or to be received and specifically in discrimination against the United States.

Mr. President, we have just legislated a measure that looks to what is called the "freedom of the Philippines"; but we have reserved for some length of time something of a control of certain interests in the Philippines and something giving that country some claim upon our beneficence or our guardianship. If Japan shall take the course that assumes to herself the control of open door of China, opening or closing it within such limitations and on such hinges as she herself feels to be satisfactory to Japan, then, sir, her next step, now that we have announced that the Philippines are not to be a part of the United States, either as territory or province, will naturally be to promptly take charge of the open door of the Philippines and limit the doorway and the gateway, water and land, of the Philippines to the United States. This pretension on the ground that Japan exerts such privilege as the guardian of Asia, Mr. President, may I make bold to quote myself as I stood on this floor almost a year past—prophesying that a move was afoot to create a Monroe doctrine for Asia, and that Japan would assume that role to Asia, guiding or controlling it under the theory of protecting herself, and something of a control of Asiatic lands after the order that we have been essaying as to ourselves in South and Central America. Lately we have seen that expression, which I had indulged on this floor, verified by an open assertion on the part of Japan—a doctrine of Asia for the Asiatic under control of Japan.

Mr. President, we cannot remain silent and allow the world to assume that we are hesitating whether we approve the action of the Secretary of State and the declaration of our Government. There must be no time between the action and the declaration and the affirmance of it by this body. There must be immediate haste, immediate declaration, that all the countries of the world may see that this is a united country behind the Secretary of State or the President in the declaration of a foreign policy which seeks to guide the rights of America.

Mr. President, if that be not so we would, by our silence or apparent indifference, invite other lands to begin their policy of discrimination adverse to us upon the theory that, as the President is now about to tender certain treaties for the purpose of securing trade to our land in turn for trade we may secure with other countries, it will be assumed that as we are being initially ejected from equal privileges with Japan in the matter of trade; other countries should take the license that as we do not announce ourselves specifically as having the right under treaty they will be equally anxious and equally active in limiting our enjoyment as between themselves and ourselves in their sphere.

Mr. President, we are either America as a nation or we are a discordant, dissatisfied, distracted people. If we are the latter, as between ourselves and foreign governments, we do not deserve a just treatment. If we are too weak, we are to be pitied. If we are too cowardly, we are to be condemned. We want no conflict, we will have none, of a military or personal nature. But the way to avoid any conflict is promptly to assert our rights, let them be seen with specific direction, and, standing upon those rights, put them before the world on the truth on which they are based, and then inform the world that, standing on our rights as a people of independence, we announce the rights, we submit them upon the holy cause of justice, and then, sir, whenever necessary, as true Americans under a Christian generation, we enforce them in a legitimate manner.

Mr. President, I therefore have invaded for a moment the important discussion of my able friend from Idaho [Mr. BORAH] and those who shall follow him, that I should be one of those in this honorable body quickly to announce to the world, so far as it listens to any voice from this honorable

tribunal, that America is with the Secretary of State, that it wholly affirms the declaration he has uttered. It stands behind the President not as a party but as a Nation. It upholds the theory that a treaty is a sacred contract. We say to all the world we have had a very sad lesson touching treaties that have been resolved here and there into what are called "scraps of paper." America is not ready to have that particular tragedy duplicated. The way to avoid any attempt to have it repeated is to make very early announcement of the strength of the land, both of the purpose and capacity, to enforce its legal rights and to enjoy the full fruits of it, while it grants full legal rights and justice to all other lands.

Mr. President, I thank you, sir, and the Senators for letting me trespass for this moment on the discussion of domestic but important matters, but I regard it as more important that at every time it is necessary or justified America shall assert her position that she is America and all her Americans are behind her; that our creed of duty and action is that, as to matters at home, divide as we may, but in defense of opposition from abroad, united we stand.

CONDITIONS UNDER PROHIBITION REPEAL

Mr. WALSH. Mr. President, I have listened with very special interest to what the able Senator from Idaho [Mr. BORAH] has stated about conditions in various parts of the country resulting from repeal of the eighteenth amendment. It may be that in future years his utterances will be referred to as the first public voice raised in a new movement for another national prohibition amendment. Such a movement will be unfortunate. While not agreeing with all the Senator said, I must admit that, unfortunately, conditions in some parts of the country are not satisfactory.

As one of those who urged the repeal of the eighteenth amendment on the ground that it would promote temperance, I have been disappointed in the manner of the laxity with which some of the States are administering the law and with the liberality with which they have enacted measures for the sale of intoxicating liquor. In some instances the laws are more liberal than in the pre-prohibition days.

When the District of Columbia liquor bill was before the Senate I offered an amendment forbidding the sale of liquors other than wines and beer in the District of Columbia on Sunday. The amendment was adopted by this body and now is a part of the law. I did it because I felt that we who urged the repeal of the eighteenth amendment have a solemn obligation to have this new experiment in the sale of intoxicating liquors administered in every possible way that may tend to promote temperance. We must prevent a swing from one extreme to another.

There are in parts of the country some conditions which did not exist under the old system. The sale of hard liquors on Sunday has been legalized, I am sorry to say, in some States, when it was not for sale under the old system. I want to warn those who are opposed to national prohibition that the religious people of the country will not tolerate saloons open on Sunday and intoxicating liquor sold on Sunday. They do not intend to permit people reeling through the streets in an intoxicated condition in the face of the churchgoing people of the country. That condition, unfortunately, is reported to exist in some sections of the country. Let us hope this condition and that referred to by the Senator from Idaho are isolated.

Furthermore, it is not in the interest of temperance to sell hard liquors at 2 or 3 or 4 o'clock in the morning. That is in the interest of promoting and encouraging intoxication, and not temperance. I do not think objectionable conditions are general, but they do exist in certain parts of the country. It is regrettable, because just as sure as we are here today, if we return to the old saloon conditions and the evils of the old saloon, there will be a movement in the country for national prohibition. The people of the country did not vote to substitute worse evils for the intolerable conditions under national prohibition.

I think it behooves all of us who urged the repeal of national prohibition in order to promote temperance to see that laws are enacted in the several States and in the District of Columbia which really look in the direction of promoting temperance, and make it possible for people during legitimate hours to purchase pure intoxicating liquors at a reasonable price for beverage purposes if they see fit.

Mr. President, I hope what the Senator from Idaho has said and what I have said as one known to be interested in what may be termed the "wet" cause will result in awakening a realization in this country that the people are not going to stand and tolerate a return to old conditions, and that merely eliminating the word "saloon" and substituting something else that is worse than the saloon is not going to deceive and mislead people. Indeed, the saloon properly regulated was not the evil that unregulated and uncontrolled licensed places may become.

I thereupon call upon our people who were opposed to national prohibition, who favored a liberal course in this country in the enactment and administratfon of liquor laws, to see to it that this business is controlled by laws and regulations that will make for respectability; that the legalized institutions selling liquor are law-abiding, clean, and wholesome to the end that we may preserve the personal liberty and the rights of States for which we fought; but we cannot and will not do it unless the several States and officials and the leaders in this movement see that the laws are administered in the interest of temperance, and not intemperance. It is also the duty of the Federal and State Governments to protect those who pay excise taxes and operating taxes to suppress bootlegging and its attendant evils.

I am pleased that the Senator from Idaho has spoken on this subject, because his speech may be a warning which I hope will be heeded.

Mr. SHEPPARD. Mr. President, I do not desire to comment at length upon the liquor situation at this time. I merely desire to say that the facts presented and discussed by the Senator from Idaho [Mr. BORAH] and the Senator from Massachusetts [Mr. WALSH] make it evident that the restoration of the powers embodied in the eighteenth amendment, at least to some effective degree, is becoming more and more essential; a restoration, if not at present to the unqualified and inflexible extent originally carried in that amendment, at least to such an extent as will place the Nation in position to reduce to the lowest possible minimum the debaucheries and the dangers of this traffic; an inherently lawless traffic.

I think it is being realized by both wets and drys that the liquor traffic is too big, too lawless, too powerful, too remorseless for the States alone to handle it successfully. In my judgment, the only way successfully to handle it is to put it under an eternal and unchangeable legal and constitutional ban, and continuously to endeavor to destroy it. I believe, however, it will be realized by all alike that a restoration to the National Government of sufficient power to deal with the situation, to cooperate effectively with the States in controlling the liquor traffic, is becoming more and more necessary.

CORPORATE REORGANIZATIONS

The Senate resumed the consideration of the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Delaware [Mr. HASTINGS].

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Black	Capper	Couzens
Ashurst	Bone	Caraway	Cutting
Austin	Borah	Carey	Davis
Bachman	Brown	Clark	Dickinson
Bailey	Bulkley	Connally	Dieterich
Bankhead	Bulow	Coolidge	Dill
Barbour	Byrd	Copeland	Duffy
Barkley	Byrnes	Costigan	Erickson

Fletcher	Kean	Norbeck	Shipstead
Frazier	Keyes	Norris	Smith
George	King	Nye	Steiwer
Gibson	La Follette	O'Mahoney	Stephens
Glass	Lewis	Overton	Thomas, Okla.
Gore	Logan	Patterson	Thomas, Utah
Hale	Lonergan	Pittman	Thompson
Harrison	Long	Pope	Townsend
Hastings	McGill	Reynolds	Tydings
Hatch	McKellar	Robinson, Ark.	Vandenberg
Hatfield	McNary	Robinson, Ind.	Van Nuys
Hayden	Metcalf	Russell	Wagner
Hebert	Murphy	Schall	Walsh
Johnson	Neely	Sheppard	White

Mr. LEWIS. Mr. President, I merely beg the privilege of reannouncing the absence of certain Senators announced by me on former roll calls, and the reasons given therefor.

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Delaware [Mr. HASTINGS]. [Putting the question.] By the sound, the "ayes" seem to have it. The "ayes" have it, and the amendment is agreed to.

Mr. BARKLEY. Mr. President, did the Chair announce that the amendment was adopted?

The PRESIDING OFFICER. The Chair announced that the amendment was agreed to.

Mr. FRAZIER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, at the proper place in the bill, to insert the following, to be known as section 10:

Section 75 of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, is amended by adding thereto a new subsection "s" to read as follows:

"(s) (1) Any farmer failing to obtain the acceptance of a majority in number and amount of all creditors whose claims are affected by a composition or extension proposal may amend his petition or answer asking to be adjudged a bankrupt. Said farmer may at the time of the first hearing petition the court that all of his property, whether pledged, encumbered, or unencumbered by liens or otherwise, be appraised at its then actual value and that his homestead and exemptions be set aside and that he be allowed to retain possession of any part or parcel or all of the remainder of his property and pay for same under the terms and conditions set forth in this act.

"(2) Upon such a request being made in the petition or answer, or at the time of the first hearing, appraisers shall be designated and appointed. Such appraisers shall appraise all the property of the debtor at its then reasonable actual value. The words 'actual value' shall not necessarily imply cash value but shall imply the reasonable and fair value of the property at the time the appraisal is made. Such appraisers shall be designated and appointed, and their appraisals shall be made in all other respects, with right of objections, exceptions, and appeal, in accordance with this act: *Provided*, That in case of real estate either party may file objections, exceptions, and appeals within 2 years from date of order approving the appraisal.

"(3) After the value of the debtor's property shall have been fixed by the appraisal as herein provided, the referee shall issue an order setting aside to such debtor his homestead and exemptions, and shall further order that the possession, under the control of the court, of any part or parcel or all of the remainder of the debtor's property, shall remain in the debtor subject to a general lien, as security for the payment of the value thereof to the trustee of the creditors, if a trustee is appointed, such a lien to be subject to and inferior to all prior liens, pledges, or encumbrances. Such prior liens, pledges, or encumbrances shall remain in full force and effect, and the property covered by such prior liens, pledges, or encumbrances shall be subject to the payment of the claims of the secured creditors holding such prior liens, pledges, or encumbrances up to the actual value of such property as fixed by the appraisal provided for herein. All liens herein on livestock shall cover all increase, and all liens on real property shall cover all rental received or crops grown thereon by the debtor, as security for the payment of any sum that may be due or past due under the terms and provisions of the next paragraph, until the full value of any such particular property has been paid.

"(4) At the time of the order setting aside to the debtor his homestead and exemptions, and giving him possession, under the control of the court, of any part, parcel, or all of the remainder of his property, whether pledged or covered by any prior lien or encumbrance, the debtor shall agree and bind himself that he will pay to the secured creditors, as their interests may appear, and to the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed, the value of the property as fixed by the appraisal, together with interest at the rate of 1 percent per annum on the following terms: 2½ percent, together with interest on or before 6 months from date of agreement; 2½ percent, together with interest on or before 12 months; 2½ percent, together with interest on or before 18 months; 2½ percent, together with interest on or before 24 months, and that thereafter he will pay 5 percent principal, together with interest semiannually for the following 4 years and will pay the balance on or before 6 months after the last semiannual payment has been made to the secured creditors, as their interests may appear, and to the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed.

"(5) The debtor may consume or dispose of any part or parcel or all of said property, whether covered by the general lien to the trustee, if a trustee is appointed, or subject to pledges or prior liens or encumbrances held by secured creditors, provided he pays the appraised value of such part or parcel or all, as the case may be, to the secured creditors, as their interests may appear, and the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed, or he may put up a bond approved by the referee in bankruptcy that he will make payments, as provided for herein, of any property so consumed or disposed of.

"(6) In case the debtor fails to make any payments, as herein provided, to any or all of the secured creditors or to the trustee of the unsecured creditors, then such secured creditors or the trustee may proceed to enforce their pledge, lien, or encumbrances in accordance with law. It shall be the duty of the secured creditors and of the trustee of the unsecured creditors to discharge all liens of record in accordance with law whenever the debtor has paid the appraised value of any part, parcel, or all of his property as herein provided.

"(7) The secured creditors holding prior liens and the trustee of the unsecured creditors holding a general lien hereunder shall have all the rights of such lienholders under existing law except the extension of time and the reduction of the indebtedness to the amount of the appraised value of the debtor's property, and such debtor shall be discharged from all his debts, both private and public, as provided for in this act with the exception of those provided for and agreed to by him in this section."

Mr. FRAZIER. Mr. President, this amendment provides for adding a new subsection to section 75 of the Bankruptcy Act, entitled, "Agricultural compositions and extensions." The amendment applies only to farmers.

I think it will be generally agreed that, under existing conditions, where farmers have been foreclosed, their creditors oftentimes have gotten nothing out of the proceeding, the land not selling for enough to pay the indebtedness against it, and creditors who are unsecured getting nothing at all.

I think, too, that every Senator here will agree that something should be done to save at least a part of the farmer's property, to have his debts scaled down. The amendment provides for the scaling down of the farmer's indebtedness; it provides that, under the control of the court, appraisers may be appointed, and a fair valuation placed upon the property, after exemptions are deducted. Then the farmer, if he wishes to retain possession of the land under control of the court, may do so, and, under the terms of the amendment, he can buy back the land, or pay for the property, as provided here, with a low rate of interest and over a period of 6½ years.

It seems to me that with this amendment enacted the mortgagee and other creditors would be better protected than they now are. As I have stated, under the present system many of them get nothing at all.

Mr. BORAH. Mr. President, as I understand the amendment, it is intended to enable the farmer to go into a court of bankruptcy and have a composition with his creditors, and, under the authority of the court, to retain his property, if he desires so to do, upon the terms of the settlement agreed upon.

Mr. FRAZIER. That is it exactly.

Mr. SHIPSTEAD. Mr. President, is it not more than that? Is it not to be on the basis of appraised value?

Mr. FRAZIER. The amendment provides that the property may be appraised, not necessarily at its cash value, but it implies a fair and reasonable valuation of the property at the time the appraisement is made.

Mr. SHIPSTEAD. The purpose of the amendment is to give to farmers the privilege now extended to municipalities, and, under the pending bill, to corporations, to get rid of some of their debts on a fair basis fixed by the court. Is that correct?

Mr. FRAZIER. Yes; that is correct.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from North Dakota yield to the Senator from Arkansas?

Mr. FRAZIER. I yield.

Mr. ROBINSON of Arkansas. I think we are all anxious to extend further relief to the farmer, particularly where that relief is calculated and designed to prevent or reduce the number of foreclosures. But attention is called to the fact that the effect of the proposed amendment would be to permit the owner of the property to retain it at its appraised value, and to pay off the indebtedness with interest at the rate of 1 percent per annum. It must be understood that the effect of the amendment would be to give the farmer a moratorium, with the exception of 1-percent interest, for a very long period of time.

Mr. FRAZIER. A period of 6½ years.

Mr. ROBINSON of Arkansas. Assume that a mortgage is bearing 5-percent interest. The mortgagee, under this arrangement, would get 1-percent interest on the amount at which the farm should be appraised. It would probably be appraised at its current value, that is, its value at the time of appraisal, and unquestionably the operation of the amendment would be to reduce the value of the creditor's lien.

Mr. FRAZIER. Mr. President, I think it must be admitted that at the present time the value of the creditor's lien is in many instances very, very small, and I think in many cases this provision would give the creditor a better settlement, more money, than he would get under the ordinary procedure.

Mr. ROBINSON of Arkansas. That might be true in some instances. May I ask the Senator whether the amendment has been considered by any standing committee of the Senate?

Mr. FRAZIER. No; when the bill was up for consideration several days ago, I submitted a copy of the amendment to the chairman of the subcommittee and also to the Chairman of the Committee on the Judiciary of the Senate, and asked them to consider it, stating that I wanted to offer it as an amendment, and would like to have it accepted and go to conference for further consideration, to be threshed out in conference. The chairman of the subcommittee and the chairman of the full committee were very favorable and friendly to it.

Mr. ROBINSON of Arkansas. The opportunity to consider the amendment has not been heretofore afforded me, and it is noted that the provision in relation to the subject is as follows:

> The debtor shall agree and bind himself that he will pay to the secured creditors, as their interests may appear, and to the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed, the value of the property as fixed by the appraisal together with interest at the rate of 1 percent per annum on the following terms: 2½ percent, together with interest on or before 6 months from date of agreement; 2½ percent, together with interest on or before 12 months; 2½ percent, together with interest on or before 18 months; 2½ percent, together with interest on or before 24 months, and that thereafter he will pay 5 percent principal, together with interest semiannually for the following 4 years and will pay the balance on or before 6 months after the last semiannual payment has been made to the secured creditors, as their interests may appear, and to the trustee of the unsecured creditors, as his interests may appear, if a trustee is appointed.

So the interest rate for 24 months is 1 percent, and after 24 months it is 5 percent. The effect of it is, of course, to seek to give to the debtor the advantage of a nominal rate of interest—1 percent—for 2 years, and an arbitrary rate, without regard to the rate fixed in the contract, of 5 percent after the end of 2 years.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. If the Senator from Arkansas will permit me to make the suggestion, I will say it appears to me that the debtor does not pay 5-percent interest at any time.

Mr. ROBINSON of Arkansas. No; the Senator from Minnesota is right. I accept the correction. The 5 percent is principal, so that the interest rate is fixed at 1 percent for the entire time.

Mr. SHIPSTEAD. Mr. President, will the Senator further yield?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. I do not want to interfere with the Senator. If he intends to make an address I can wait until he is through, if the Senator would rather have me do so.

If the Senator from North Dakota does not object, I desire to call attention to the bill providing for refinancing of farm mortgages, which was enacted into law last spring. We were told at that time that the farmer would have an opportunity to meet with his creditor and have the principal of his debt reduced. There was nothing compulsory on the creditor to accept any reduction of principal. It had to be done by mutual consent. Since the passage of that law, complaints have come to me from all over my State, and from other States, that the farmer has not been able to induce the creditor to agree to a reduction of his indebtedness; and unless he did secure such an agreement he could not have his debt refinanced, and he would lose his property.

It seems to me, irrespective of the question of the amount of the interest, that if we are to relieve corporations in the manner proposed in the pending bill, by giving them a chance to compel creditors to accept what is found to be just and fair, if we are to take the bankruptcy route back to recovery, we ought to give the farmer the same benefit of having the law provide that his creditor must come into court and accept the judgment of the court as to what he ought to take for the amount he has loaned on the property. If municipalities and corporations are to be given that privilege, it ought to be extended to the farmer.

The farmer must meet his creditor as an individual. He must get his consent. A corporation is not compelled to do that. If we pass the pending bill, I think such action, together with the action we took yesterday with regard to municipalities, will result in putting us on the road of wholesale bankruptcy as a step toward recovery.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. LONG. I understand from a number of my colleagues that they voted for the bill yesterday believing that that was the case—that we were on the road to wholesale bankruptcy in order to attain recovery. I agree with the Senator from Minnesota. I do not see why we might not extend this benefit to the farmer and go right along with it. We are coming to it anyway.

Mr. SHIPSTEAD. With all due respect to those who do not agree with me, I think we will find it a very rocky and a long, disagreeable road. Ever since the depression I have seen only two ways to go. One was through some form of inflation, cheapening the value of the dollar to the value which the dollar had at the time it was borrowed. The other was to go the road of wholesale bankruptcy, deflation, which means chaos if we begin to repudiate as we are doing now. With respect to municipalities and corporations, I admit that their debts must in some way be liquidated; either by means of inflation or by repudiation. If we start on the road of bankruptcy it is hard to tell where we shall end. If we start with municipalities and go on with corporations, we shall come down to individuals. I know men who perhaps are better qualified than I am to judge the possible effect, but still I feel it my duty to express my opinion that what is proposed here will damage further than it is already damaged the credit system which has failed to function since it blew up in 1929.

The basis of all credit is ability to pay debts. The credit system will not function unless debtors can pay. The way to make it possible for debtors to pay is to make it possible for them to pay debts. Their debts cannot be paid in the present value of the dollar. If we are determined to go this road, however, we cannot give the benefit of this form of debt settlement to municipalities and corporations without giving it to individuals in order to have equality before

the law. We cannot legislate benefits for one group of citizens which we deny to another group.

If we are to have equality before the law, we shall have to have municipalities meet with the creditors and by mutual consent agree to a reduction in debt. That is the legislation we gave to agriculture. But we do not do that for municipalities. We are not doing that for corporations. We are compelling the unwilling creditor to come in—and it is fair that he should come in, if this is the way we are to travel—and make a fair settlement and accept the judgment of the court as to what the debtor can pay. There may be some controversy with respect to that suggestion.

There is another principle involved, which is the amount of interest the debtor is to pay. That is an entirely different matter; but the principle involved of applying to agriculture the same rule which we apply to a corporation or to a municipality is absolutely sound. Any other provision would violate one of the most fundamental principles of the American system of government, or of any other government that pretends to dispense justice among its citizens—the principle of equality before the law.

I thank the Senator from North Dakota for yielding to me.

Mr. FRAZIER. Mr. President, the following language will be found at the beginning of the amendment, page 1, line 5:

> Any farmer failing to obtain the acceptance of a majority in number and amount of all creditors whose claims are affected by a composition or extension proposal may amend his petition or answer asking to be adjudged a bankrupt.

In other words, if the farmer can get a settlement with his creditor or an extension of time, of course, this amendment would not apply to his case; but if he should fail to get that satisfactory settlement or extension of time, this amendment would give the farmer a chance to pay out on his property and continue as a home owner and landowner.

Under the present Farm Land Bank Act which was passed at the special session, and of which the Senator from Minnesota [Mr. SHIPSTEAD] spoke, the loan is to be made on 50 percent of the appraised valuation of the land and not to exceed 20 percent of the insurable value of the building. That brings the average loaning value upon that property down to less than 50 percent of its appraised valuation; and there are literally thousands of cases, Mr. President, where under the existing law the appraisal by the land-bank appraisers is not sufficient to give the farmer a large enough loan to allow him to pay his indebtedness, and the bank refuses to make the loan unless all his indebtedness can be cleaned up before the loan is to be made.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. MURPHY. In the Omaha land-bank district a study I made the other day reveals that in the commitments made by that bank there is a failure to close the loan in one third of the instances, and except for the State moratorium law in Iowa there would have been foreclosures had in those cases. There were 6,000 petitions in foreclosure filed in Iowa alone last year. Innumerable other farms were deeded in consideration of the farmer being permitted to remain on the farm for the remainder of the year. Except in isolated cases where the insurance companies had made too large a loan, they decline absolutely to accept anything less than the face of the indebtedness.

With one third of those who seek loans from the Government under the refinancing plan being denied any relief, that plan is failing of attaining the benefits sought. That indebtedness was incurred at a time when there was credit inflation. As the Senator from Minnesota said a moment ago, he thought—and I am in entire agreement with him—that there would be monetary inflation which would have the effect of increasing prices and making possible the refinancing of farm debts. We have had no monetary inflation, and there is no prospect we will have any such inflation. So we are assured, without inflation, that at least one third of those under mortgage debts will not be benefited by a refinancing program.

That program started on the assumption that there is a Santa Claus; that the creditors voluntarily would forgive the debts of the debtors; but in the operation of the system it is found that the creditors are not of a Santa Claus disposition, and that they decline to forgive debts except in instances where there is utterly no hope of collecting.

The amendment offered by the Senator from North Dakota is in line with the decision of the Supreme Court in the Minnesota moratorium cases. Yesterday in the bankruptcy bill which was passed we expressed the principle which is sought to be expressed here today in the pending bill. If we start on this road of enabling debtors to take advantage of bankruptcy proceedings, we ought logically to carry on and adopt the amendment of the Senator from North Dakota in some acceptable form. Otherwise, I fear that the mortgage-refinancing program to which the administration has committed itself must, in the absence of inflation, be viewed as a failure.

Mr. FRAZIER. Mr. President, so far as the farmer is concerned, there has been practically nothing done up to date to save him in the possession of his property and his home. The Senator from Arkansas seemed to take exception to the provision of 1-percent interest on the payments, under the court's order, on the property he is buying back; but I want to say that the fact that the farmers have been paying a high rate of interest in the past is largely responsible for the fact that they are losing their homes and farms today by the hundreds of thousands all over the United States.

Mr. LONG. Mr. President——

Mr. FRAZIER. I yield to the Senator from Louisiana.

Mr. LONG. As I understand, the Senator from North Dakota has voted for silver legislation and for expanding the currency here with others of us for about 2 years, has he not?

Mr. FRAZIER. Yes; and I voted for the bankruptcy bill yesterday.

Mr. LONG. Yes; we passed yesterday a bankruptcy bill for municipalities; we also passed a railroad bankruptcy bill; and we have now before us a corporation bankruptcy bill. I agree with the Senator from Minnesota [Mr. SHIPSTEAD], as I agreed with him 2 years ago, that we were faced with one of two alternatives, either putting this country through a wringer, which I much less desired, or of expanding the currency.

I believe now if we would turn around today and provide for the remonetization of silver at 16 to 1 that we could avoid this legislation and rescind the action we took yesterday in passing the municipal bankruptcy bill; but if we are going the route of bankruptcy—and that is the route we are going—I do not see how we are going to provide a limitation. It looks to me as though we are going to have to put the farmer in; and I do not see how we are going to leave anybody else out, if we are going to wholesale repudiation. We went to wholesale repudiation in the bill we passed yesterday; when we passed that bill we were through so far as saying how we are going to try to expand the currency or pay our debts.

Mr. FRAZIER. Mr. President, I think there is a good deal of truth in what the Senator says. I want to include the farmers and give them to chance to save their property.

Mr. LONG. I think the Senator is right about that; I do not see how we can leave the farmers out. I do not see any justification for leaving the farmers out, if we are going along on this route on which we have already started and on which we are traveling fast.

Mr. SHIPSTEAD. If we take in municipalities, corporations, railroads, and farmers, what about other people?

Mr. LONG. I think we are going to have to take in all of them. I do not see how we are going to limit such action to anybody. We have got to take either one of two things, because we owe $272,000,000,000 worth of money in this country and it cannot be paid, apparently. So it looks to me as though when we started on this very dangerous course of repudiation of debts, public and private, that we set in

motion something that is going to be mighty hard to stop. I do not see how we are going to be able to allow repudiation in one case and not allow it in the other. That is why I was not willing to cast my vote yesterday, to begin with, for the first repudiation bill that we passed. From this time on, I do not see how we can stop it.

Mr. FRAZIER. I did not like to vote for the bankruptcy bill which we passed on yesterday, either, but in view of the situation as it exists I did not see how we were going to get away from it; how the cities affected could ever pay out, under existing conditions, I could not see; and I do not see how the farmer can pay out under existing conditions. He cannot pay the high rate of interest. He is losing his farm and his home which oftentimes he and his family have spent a lifetime in building up. He is losing them because he cannot meet existing conditions; he cannot pay the high rate of interest. This measure would simply give the farmer a chance to go through bankruptcy, save his property, or, at least, save a part of it, and continue as a home owner and a landowner.

Mr. President, in view of the fact that the farmer has generally been in harder conditions than any other class of people, because he is always forced to sell his product below the cost of production, or, at least, at the price that the other fellow fixes for him, which is generally below the cost of production, and that the farmer produces the food commodities and other necessities which are essential in order that the people of this Nation may live. I think the farmers are due to receive this consideration of being given an opportunity to save their homes and their farms and to continue to carry on as American farmers.

Mr. VAN NUYS. Mr. President, as chairman of the subcommittee I want to remind Members of the Senate that this amendment was presented on the floor. The subcommittee in charge of this House measure has never had an opportunity of examining it. From a casual reading of it last night and this morning, it is my opinion that this proposed amendment is too far-reaching to be tacked on to this corporation relief bill at this time without thorough consideration by a committee.

I understand that there is a House measure pending incorporating all the principles embodied in this amendment, a measure going through the regular vehicles and channels of investigation by the proper committees; and I doubt very seriously the propriety at this time, with the lack of information and investigation as to this far-reaching measure, that it should be adopted as a floor amendment to this corporation bill.

In response to the Senator from Minnesota [Mr. SHIPSTEAD], I agree with him thoroughly that the farmer should be extended equal opportunities and privileges under relief measures; but under the act of March 3, 1933, the farmers were given, or at least they were intended to be given, the same relief from debt that is afforded by the corporation bill now pending.

The Senator from Minnesota is probably more familiar with the act which gave relief to the farmers than am I, but as I read it today the farmer may compose his debts upon the acceptance of a majority of all his creditors. I think that is the law today, is it not?

Mr. SHIPSTEAD. The farmer may do so by mutual consent of the creditors; but he is not able to get that consent.

Mr. VAN NUYS. We required by an amendment adopted yesterday that 75 percent of the debtors of municipal corporations should consent, and by the pending bill we are requiring the consent of 66⅔ percent in amount of each class of creditors.

Mr. SHIPSTEAD. And it is made compulsory, as I understand.

Mr. VAN NUYS. No; unless such consent is obtained the court cannot confirm the plan.

Mr. SHIPSTEAD. I understand this bill would compel the minority to accept.

Mr. VAN NUYS. All the bills of this character do that; that is true. It is binding upon the minority.

Mr. SHIPSTEAD. In the farm bill of a year ago it was not compulsory.

Mr. VAN NUYS. I think it was; I may be mistaken, but I had the act in front of me just now.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Indiana yield to the Senator from Idaho?

Mr. VAN NUYS. I yield.

Mr. BORAH. I should like to see this amendment go over until tomorrow, for I do not think we should hastily exclude it from the bill. I cannot see any difference in principle between this proposal and similar provisions which we have been incorporating in other measures; but I doubt if we are ready to pass upon it this afternoon. Could we not permit the entire bill to go over until tomorrow?

Mr. HASTINGS. Mr. President, I have two other amendments which I desire to offer. In the case of one of them there will not be any controversy, but as to the other there may be controversy.

Mr. BORAH. Mr. President, I do not desire to interfere with the program of the Senator from North Dakota, but it is true that we have had but a very few minutes to consider the amendment, and I simply express the wish that it go over until tomorrow. I shall not insist upon it.

Mr. FRAZIER. Mr. President, if the Senator will yield, I will say that I should be very glad to see it go over until tomorrow, so that further consideration may be given the amendment. I wish to say to the Senator that the bill in the House, which is practically the same as the amendment submitted by me, was referred to a subcommittee there and reported favorably by that subcommittee after consideration and some hearings upon it.

Mr. VAN NUYS. Is it identical with the amendment which the Senator presents?

Mr. FRAZIER. I think it is identical with it.

Mr. VAN NUYS. That was my understanding. The pending amendment is so foreign to the intendment and purposes of the original House measure that I doubt the propriety of tacking it on at this late hour to that measure.

Mr. LONG. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. LONG. I agree with the Senator from Idaho. I think it would be a good idea if the bill could be laid aside this afternoon.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the pending bill be temporarily laid aside and that the Senate proceed to the consideration of——

Mr. HASTINGS. Mr. President, will the Senator from Arkansas withhold that request for a few moments, unless it is important to have some other measure considered immediately? I have one or two amendments which I should like to submit before the bill is laid aside.

Mr. ROBINSON of Arkansas. Very well. I withhold the request for the present.

Mr. HASTINGS. Mr. President, I send to the desk an amendment to section 76 of the bankruptcy act.

The PRESIDING OFFICER. The amendment of the Senator from North Dakota [Mr. FRAZIER] is temporarily laid aside. The amendment of the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. It is proposed to amend section 76 of the act of July 1, 1898, as amended, so as to read as follows:

Extensions made pursuant to the foregoing provisions of this chapter shall extend the obligation of any person who is secondarily liable for or who may have insured or guaranteed such debt or debts, or any part thereof, or bonds issued upon the security of the same, and a copy of the order confirming such extension, certified as required by the provisions of law with reference to judgments and proceedings in courts of the United States, shall be sufficient evidence that such extension has been confirmed in any suit or proceeding brought against any such person so liable.

Mr. HASTINGS. Mr. President, I desire to say that the attention of the Senator from Indiana [Mr. VAN NUYS] and

myself has been called to the fact that this section, which was passed in connection with the provisions relating to the farmer and which were intended to give an extension to the person who guaranteed the mortgage, did not cover all the cases which ought to be covered. The amendment in the language which has just been stated is for that purpose. The Senator from Indiana is agreeable to accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment was agreed to.

Mr. HASTINGS. Mr. President, I send to the desk another amendment, which I offer.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 30, lines 7 to 14, inclusive, it is proposed to strike out section 3 of the bill, as follows:

SEC. 3. In the administration of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, the district court or any judge thereof shall make in its or his discretion such an equitable distribution of appointments as receiver as will prevent any persons, firms, or corporations from having a monopoly of such appointments within such district.

Mr. HASTINGS. Mr. President, I desire to say that I am offering the amendment largely at the suggestion of Judge Knox, senior district judge of the State of New York. The matter involved here has been in controversy for some 2 or 3 years. During the whole time we were discussing the Bankruptcy Act and holding hearings on it there was constant application to the committee for and against the proposal which has been written into the bill by the House. Representative CELLER, of New York, I think, is largely responsible for the provision having been written into the bill.

I might say to the Senate that 2 or 3 years ago—I have forgotten just how long ago—there was a great scandal in New York with respect to proceedings in bankruptcy cases. All the members of the district courts of New York reached the conclusion that the only way to cure the condition was to appoint some one institution to act as trustee in all bankruptcy cases. The particular institution selected was the Irving Trust Co. There is no doubt that the Irving Trust Co. has done a very fine job. The various mercantile associations of New York, the district judges of New York, and a great many others are interested in preserving that right to appoint the Irving Trust Co. in these cases.

Personally, I have spent a great deal of time trying to work out some plan which would relieve the charge that this is in the hands of a monopoly, a charge that is being successfully made because it is a fact. The Irving Trust Co. has a great force of clerks and experts administering the estates.

Since the bill passed the House I have been informed by Judge Knox and by Representative CELLER, who was instrumental in having this provision written in the bill, that they had reached some sort of satisfactory agreement. Representative CELLER is ill and I have not been able to find out what the agreement is that was reached. My sole object in proposing to strike out the section is that it will give to the conferees an opportunity to debate the proposed amendment which, I understand, is agreeable to all. If it turns out that it is not agreeable, then the action striking out the section may be disagreed to by the conferees.

Mr. VAN NUYS. Mr. President, this question was thoroughly discussed by the subcommittee. While the distinguished Senator from Delaware [Mr. HASTINGS] is a very active member of the subcommittee, and has done a world of good work on the committee, I want personally to register my opposition to striking out section 3. Section 3 is an amendment to the Bankruptcy Act of 1898, and is intended to prevent a monopoly in receiverships.

I happen to be a member of a special committee which worked for over a month in California last fall in the matter of investigating proceedings in Federal receiverships and bankruptcies. Witness after witness came before our committee who, when asked what his profession was, replied "professional receiver", which was actually true. Half a dozen men in Los Angeles have been kept on salaries of $10,000, $15,000, or $25,000 a year as professional receivers in the district courts of southern California. I know that condition exists in small degree in other judicial districts of the country.

It is true that the Irving Trust Co. by agreement is a sort of standing receiver in the district named by the distinguished Senator from Delaware. I do not believe that condition ought to be permitted to prevail. It has been abused viciously in many of the State and Federal courts of the country. I think an overwhelming majority of the upstanding lawyers of every local bar, who have in mind only to do justice to the creditors and are not there for the purpose of "milking" an estate, will verify my statement that this is one of the most wholesome provisions in the House measure now pending before the Senate.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Delaware?

Mr. VAN NUYS. I yield.

Mr. HASTINGS. I agree quite generally with many things stated by the Senator from Indiana. I have absolutely no personal interest in the matter. So far as I know, it applies almost wholly to the southern district of New York. I have talked to Judge Knox about it. I have a very high regard for him. He is senior judge of that district and the only person who has had any influence upon me at all in offering the amendment.

I know the truth of the statement of the Senator from Indiana as to the difficulties and the conditions which were found by his committee investigating bankruptcy proceedings; but I invite his attention to the fact that in New York, prior to the adoption of this rule, the conditions were very much worse than in any other place his committee investigated. The final remedy of those district judges, who had no interest in the world in the matter except to do that which was best for all concerned, was to adopt this rule.

I think myself the rule they adopted is a very drastic one. In the southern district of New York the rule itself provides that the Irving Trust Co. shall be selected; and I have told Judge Knox and told other persons interested that I thought that rule ought to be changed.

My only purpose in the world in offering this amendment is in the hope that when the matter reaches conference Representative CELLER, who, together with a great many other lawyers in the State of New York, has been interested in having this particular provision written in the bill, will have some plan worked out that will be better than this particular one. If this language should be adopted just as it is, it would leave no opportunity whatever to change it.

That is my sole interest in the matter and my only purpose in offering the amendment.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield to the Senator from Nebraska.

Mr. NORRIS. I was otherwise engaged, and did not hear the amendment. I will ask what it is.

Mr. HASTINGS. The amendment is to strike out section 3.

Mr. NORRIS. Oh, yes; I understand it.

Mr. HASTINGS. Section 3 provides that—

The district court or any judge thereof shall make in its or his discretion such an equitable distribution of appointments as receiver as will prevent any persons, firms, or corporations from having a monopoly of such appointments within such district.

That section was intended, I am quite certain, because I have been in touch with the subject for 2 or 3 years, to strike specifically at the Irving Trust Co., of New York, and the New York situation. The Senator from Rhode Island [Mr. HEBERT], the Senator from Indiana [Mr. VAN NUYS], and other Senators who were on the committee investigating the bankruptcy question, have assured me time and again that something ought to be done to remedy this situation, and I am quite certain I should agree with them; but I am afraid this language does not do that particular thing. On the other hand, it opens up a scandalous condition which existed in the city of New York prior to the adoption of the present rule by the district court judges.

Mr. VAN NUYS. Mr. President, I never intended to impugn the motives of the Senator from Delaware. I know he is presenting a question which was presented to the subcommittee. This is a controversial section; but I believe there are just as many good and honest and upstanding men in the city of New York who are willing to serve their community and their State and their Government by accepting receiverships at reasonable compensation as there are in Indiana or Ohio or Illinois or any other State of the Union.

Having been for some time an officer of the United States court, I know that in the State of Indiana we had no trouble in finding receivers who would serve for reasonable compensation, and who did not try to capitalize and monopolize political affiliations or personal friendships with the judges of the Federal courts.

Mr. HASTINGS. Would not the Senator be satisfied to strike out this section with the understanding that unless the House itself, which adopted it, has some satisfactory substitute for it, the section may then be left as the House adopted it? I have no interest in the world in the matter except to afford an opportunity for the presentation of the compromise which Representative CELLER has not had an opportunity to present.

Mr. VAN NUYS. Mr. President, I intend to move for a conference on this bill. If I am a member of the conference committee, I propose to maintain, as long as I can, the position I have assumed on the floor. If the Senate feels that it wants this matter to go to conference, that, of course, is up to the Senate. Personally, I shall stand for this section as originally passed by the House and approved by the subcommittee of the Senate.

Mr. NORRIS. Mr. President, I am fearful that if this amendment shall be stricken out we shall get nothing. I think myself the language could be improved a great deal; but the section is intended to strike at an evil which is a disgrace to civilization.

I know something about the condition which exists in New York; but it is not confined to New York alone. It is there seen probably in its worst form, but it exists to a limited extent all over the United States. It is a practice which has been going on for years. I think probably the judges themselves have realized now that they ought not to continue in a degree to use the power to appoint receivers in such a way as absolutely to destroy property which ought to be preserved, and which it is the duty of the court to preserve as far as possible.

I have an idea that if Senators would investigate they would find, without casting any reflection on or attributing an evil intent to district judges in other parts of the country, that it has been to a great extent the practice of the judges to adopt a course which is somewhat better than what has been done in New York, where there is such an extreme and glaring instance of the evil that is possible under existing law; but it is true also in Chicago. It is true in most large cities, at least to some extent; and it ought to be remedied.

I doubt whether the language of the bill which the Senator from Delaware seeks to strike out affords a full remedy. It does, however, call the attention of the judges of our district courts to the fact that this practice ought to be modified and that relief ought to come. I think to a great extent it will come because, as I said, I think a great many of the judges have followed the practice as a matter of form. They knew from their own experience that it had been the practice before they were judges, and they followed to a greater or less degree what they knew to be the unwritten rule and the general understanding in the district courts where receivers were to be appointed. I think the publicity which has now been given to the evil which exists is going to have a very good effect; but the bill as originally written simply asks the court to divide up these favors and not to give them to the personal friends of the judge. If Senators have had any experience with or any knowledge of the investigation which has been conducted by a House committee in the city of Chicago, I think they will find some glaring evils there. I do not know whether or not the language of the bill as passed by the House would really remedy them. In my judgment, it does not cover the matter as fully as it ought to cover it.

The fees allowed are sometimes—in fact, very often—ridiculously high. During an impeachment trial which grew out of occurrences on the Pacific coast, we saw some evidence of the evils that exist. When those things happen and a coterie of attorneys represent the receivers, it is not always the receivers but it is the attorneys for the receivers who get the large amounts of money.

The attorneys sometimes have friends engaged in this business whose appointments they secure with the idea that attorneys will be appointed to represent the receiver; and if there is a contest in court as to who is to be appointed receiver, the real contest behind the scenes often is over what attorneys the receiver will select after he has been appointed. That has a tendency to cause these attorneys very often to become almost slaves of the judge, and to bask in his favor whenever they can, in order that they may be successful in having their particular receivers appointed, in order that they in turn may be retained. That practice sometimes goes very high up in the bar associations.

Mr. GORE. Mr. President——

Mr. NORRIS. I yield to the Senator. In fact, I yield the floor.

Mr. GORE. No; I do not want the Senator to yield the floor. If the language of the bill is not sufficiently definite to prohibit the payment of excessive fees to receivers and their attorneys, why does not the Senator make the language sufficiently explicit? I think this is an abuse that calls loudly for correction; and in connection with what the Senator says I refer him to the situation in Chicago, and to the investigation now under way by a House committee.

The president of one of the utility concerns was receiving $5,000 a month as his salary. The court allowed him $5,000 a month additional as receiver, making $10,000 a month, $120,000 a year, or twice as much as he had been receiving as president of the concern.

The evidence developed that another lawyer in Chicago, a former member of the Cabinet, was allowed $140,000 for preparing what amounted to a brief reconciling and adjusting a State statute and a city ordinance—mere matters of that kind which could call for no such talent, no such service, and could justify no such fee.

In that connection, a member of the House committee which is conducting the investigation told me that President Taft, between the time he was President and the time he was Chief Justice, rendered some service for one of these concerns in Chicago, and submitted a bill for $1,500. That was his charge for his services. Those representing the concern indicated to him that they had expected to pay him as much as $25,000. He said that he had rendered the service and had fixed the fee, and he thought he was qualified to pass on the value of his services.

I think something ought to be inserted in the bill, if it is not there now, to stop that abuse, because it is a breach of trust, and it devours the estate which belongs to the citizens who contributed to it in the first instance.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I do not believe this provision ought to be stricken from the bill, for reasons which have been given by other Senators. On the other hand, the language of section 3 is in need of revision.

For instance, the judge is directed to make—

Such an equitable distribution of appointments as receiver as will prevent—

And so forth.

I do not know how that language can be applied to the appointment of receivers. "Equitable distribution of appointments as receiver" is to me an incomprehensible expression. So I am going to make a suggestion which I believe will meet with the approval of the Senator from Nebraska and probably with the approval of the Senator from Oklahoma, as well as the Senators more directly inter-

ested in the bill, including the Senator from Indiana and the Senator from Delaware.

Since the bill cannot pass today by reason of the fact that we have tentatively agreed that it shall go over on account of the Frazier amendment, why not let this amendment go over and let more thought be given to the language of section 3? I am sure that such able lawyers as the Senator from Indiana and the Senator from Delaware will be able to improve the language.

Mr. NORRIS. The Senator has made a suggestion which I expected to make before I sat down.

Mr. ROBINSON of Arkansas. I did not mean to anticipate the Senator.

Mr. NORRIS. I am very glad to have the suggestion made, since the bill will have to go over anyway. Before it goes over, however, I desire to say that the danger which confronts the Senate is that if we agree to the amendment offered by the Senator from Delaware, we may get nothing, and I would rather have what we have in the language now than to have nothing. About the only effect of the language of the bill, if we let it stand as it is, would be, as I take it, that a judge would feel that he ought not to appoint the same receiver in all receivership cases day in and day out. He would divide them up.

There ought to be something said about the receivers and the attorneys for receivers, and their fees. It ought to be said, I think, that the amount of the fee of a receiver and of an attorney for a receiver should be reasonable. I believe that is the law now, but if we say it again, probably more attention will be paid to it. It should be provided also that an appeal could be taken as to the amount of the fee, instead of it being left to the discretion of the judge, if anyone is dissatisfied with it.

I wonder whether the Senator in charge of the bill would not be willing to let this amendment go over with the other amendment.

Mr. HASTINGS. Mr. President, I proposed the amendment, and I withdraw it for the present, and will offer it again tomorrow.

Mr. NORRIS. I should like to appeal to the Senator from Indiana, and also to the Senator from Delaware, to see whether in the meantime they cannot agree on some language which will fit the situation which we all understand.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. GORE. Mr. President, it was stated to me at one time, by a party interested in this matter—and I have been interested in it myself for some time—that the question of the fees of receivers in certain cases might be referred to the Attorney General. I do not know whether or not there would be any propriety in such a reference, but it seems to me that any safeguard would be better than no safeguard.

Mr. GEORGE. Mr. President, I offer an amendment, for the purpose of getting it into conference. I may say that I am doing this by and with the consent of the distinguished Senator from Indiana [Mr. VAN NUYS], who reported the bill. This is a matter about which I should like to think more, and I am asking that the amendment be agreed to, and be taken to conference in the form in which I offer it.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 30, line 6, after the period, it is proposed to add the following:

Said section 74, as amended by the act of March 4, 1933, shall include the personal representative of a deceased individual for the purpose of effecting settlement or composition with the creditors of the estate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia.

The amendment was agreed to.

LOANS BY FEDERAL RESERVE BANKS FOR INDUSTRIAL PURPOSES

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of the bill (S. 3487) relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the Federal Reserve Act, as amended, is amended by adding after section 13a thereof a new section reading as follows:

"SEC. 13b. In exceptional circumstances, when it appears to the satisfaction of a Federal Reserve bank that an established industrial or commercial business located in its district is unable to obtain requisite financial assistance on a reasonable basis from the usual sources, the Federal Reserve bank, pursuant to authority granted by the Federal Reserve Board, may make loans to, or purchase obligations of, such business, or may make commitments with respect thereto, on a reasonable and sound basis, for the purpose of providing it with working capital, but no obligation shall be acquired or commitment made hereunder with a maturity exceeding 5 years.

"Each Federal Reserve bank shall also have power to discount for, or purchase from, any bank, trust company, mortgage company, credit corporation for industry, or other financing institution operating in its district, obligations having maturities not exceeding 5 years, entered into for the purpose of obtaining working capital for any such established industrial or commercial business; to make loans or advances direct to any such financing institution on the security of such obligations; and to make commitments with regard to such discount or purchase of obligations or with respect to such loans or advances on the security thereof, including commitments made in advance of the actual undertaking of such obligations. Each such financing institution shall obligate itself to the satisfaction of the Federal Reserve bank for at least 20 percent of any loss which may be sustained by such bank upon any of the obligations acquired from such financing institution, the existence and amount of any such loss to be determined in accordance with regulations of the Federal Reserve Board: *Provided*, That in lieu of such obligation against loss any such financing institution may advance at least 20 percent of such working capital for any established industrial or commercial business without obligating itself to the Federal Reserve bank against loss on the amount advanced by the Federal Reserve bank: *Provided, however*, That such advances by the financing institution and the Federal Reserve bank shall be considered as one advance, and repayment shall be made pro rata under such regulations as the Federal Reserve Board may prescribe.

"The aggregate amount of loans, advances, and commitments of the Federal Reserve banks outstanding under this section at any one time, plus the amount of purchases and discounts under this section held at the same time, shall not exceed the combined surplus of the Federal Reserve banks as of July 1, 1934, and all operations of the Federal Reserve banks under this section shall be subject to such regulations as the Federal Reserve Board may prescribe.

"For the purpose of aiding the Federal Reserve banks in carrying out the provisions of this section, there is hereby established in each Federal Reserve district an industrial advisory committee, to be appointed by the Federal Reserve bank subject to the approval and regulations of the Federal Reserve Board, and to be composed of not less than 3 nor more than 5 members as determined by the Federal Reserve Board. Each member of such committee shall be actively engaged in some industrial pursuit within the Federal Reserve district in which the committee is established, and each such member shall serve without compensation but shall be entitled to receive from the Federal Reserve bank of such district his necessary expenses while engaged in the business of the committee, or a per diem allowance in lieu thereof to be fixed by the Federal Reserve Board. Each application for any such loan, advance, purchase, discount, or commitment shall be submitted to the appropriate committee and, after an examination by it of the business with respect to which the application is made, the application shall be transmitted to the Federal Reserve bank, together with the recommendation of the committee."

SEC. 2. In order to enable the Federal Reserve banks to make the loans, discounts, advances, purchases, and commitments provided for in section 13b of the Federal Reserve Act, the Secretary of the Treasury, upon the enactment of this act, is authorized and directed to pay to each Federal Reserve bank such portion of the sum of $139,299,557 as may be represented by the par value of the holdings of each Federal Reserve bank of Federal Deposit Insurance Corporation stock, upon the execution by each Federal Reserve bank of its agreement (to be endorsed on the certificate of such stock) to hold such stock unencumbered and to pay to the United States all dividends, all payments on liquidation, and all other proceeds of such stock for which dividends, payments, and proceeds the United States shall be secured by such stock itself. Each Federal Reserve bank, in addition, shall agree that, in the event such dividends, payments, and other proceeds in any calendar year do not aggregate 1 percent of the par value of said stock, it will pay to the United States in such year such further amount, if any, up to 1 percent of the par value of such stock, as shall be covered by the net earnings of the bank for that year derived from the use of the sum so paid by the Secretary of the Treasury, and that for said amount so due the United States shall have a first claim against such

earnings and stock, and further that it will continue such payments until the final liquidation of said stock by the Federal Deposit Insurance Corporation. The sum so paid to each Federal Reserve bank by the Secretary of the Treasury shall become a part of the surplus fund of such Federal Reserve bank within the meaning of section 13b of the Federal Reserve Act. All amounts required to be expended by the Secretary of the Treasury in order to carry out the provisions of this section shall be paid out of the miscellaneous receipts of the Treasury created by the increment resulting from the reduction of the weight of the gold dollar under the President's proclamation of January 31, 1934; and there is hereby appropriated, out of such receipts, such sum as shall be required for such purpose.

SEC. 3. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by adding at the end thereof the following new paragraph:

"Tenth. Liabilities incurred under the provisions of section 13b of the Federal Reserve Act."

SEC. 4. Section 22 of the Federal Reserve Act is amended by adding at the end thereof the following new paragraphs:

"(h) Whoever makes any material statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of a Federal Reserve bank upon any application, commitment, advance, discount, purchase, or loan, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 2 years, or both.

"(i) Whoever, being connected in any capacity with a Federal Reserve bank (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it, or (2) with intent to defraud any Federal Reserve bank, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to a Federal Reserve bank, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

"(j) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States, insofar as applicable, are extended to apply to contracts or agreements of any Federal Reserve bank under this act, which, for the purposes hereof, shall be held to include advances, loans, discounts, purchase, and repurchase agreements; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"(k) It shall be unlawful for any person to stipulate for or give or receive, or consent or agree to give or receive, any fee, commission, bonus, or thing of value for procuring or endeavoring to procure from any Federal Reserve bank any advance, loan, or extension of credit or discount or purchase of any obligation or commitment with respect thereto, either directly from such Federal Reserve bank or indirectly through any financing institution, unless such fee, commission, bonus, or thing of value and all material facts with respect to the arrangement or understanding therefor shall be disclosed in writing in the application or request for such advance, loan, extension of credit, discount, purchase, or commitment. Any violation of the provisions of this paragraph shall be punishable by imprisonment for not more than 1 year or by a fine of not exceeding $5,000, or both. If a director, officer, employee, or agent of any Federal Reserve bank shall knowingly violate this paragraph, he shall be held liable in his personal and individual capacity for any loss or damage sustained by such Federal Reserve bank in consequence of such violation."

SEC. 5. Section 10 of the Federal Reserve Act, as amended, is further amended by changing the period at the end of the third paragraph thereof to a comma and inserting thereafter the following: "and such assessments may include amounts sufficient to provide for the acquisition by the Board in its own name of such site or building in the District of Columbia as in its judgment alone shall be necessary for the purpose of providing suitable and adequate quarters for the performance of its functions. After approving such plans, estimates, and specifications as it shall have caused to be prepared, the Board may, notwithstanding any other provision of law, cause to be constructed on the site so acquired by it a building suitable and adequate, in its judgment, for its purposes, and proceed to take all such steps as it may deem necessary or appropriate in connection with the construction, equipment, and furnishing of such building. The Board may maintain, enlarge, or remodel any building so acquired or constructed and shall have sole control of such building and space therein."

Mr. GLASS. Mr. President, this bill may be briefly explained, because it is very simple.

There has been such a demand in the country for aid to small going industries that some weeks ago it was proposed to set up within the Federal Reserve System 12 intermediate banks to make industrial and commercial loans for a period of 5 years. Some of us thought that it was totally unnecessary to set up another banking system of 12 banks to do what might be done more readily and with greater facility by the Federal Reserve banks themselves. Therefore, we prepared, and the Committee on Banking and Currency of the Senate has unanimously reported, Senate bill 3487, which accomplishes the purpose.

The bill authorizes the Federal Reserve banks to make direct loans for industrial and commercial purposes to going concerns in a total amount of the surplus fund of the Federal Reserve Banks as of July 1, 1934, which will at that time amount to approximately, if not exactly, $140,000,000.

In addition to that, the Government is to return to the Federal Reserve banks from the fund taken as a direct profit from the Federal Reserve banks by the devaluation of the dollar a like amount, practically $140,000,000, making a total sum of $280,000,000 available for this particular purpose.

The bill provides for the appointment of an advisory committee in each Federal Reserve district, to be composed exclusively of active industrialists, to advise upon such loans. I may say that that provision was inserted at the suggestion of the President, who thought that perhaps the Federal Reserve bank boards were too bank-minded to be as liberal as he could wish they would be in treating matters of this sort.

There are the usual penal provisions of the bill for violation of the law which attach to all bank bills. The only other provision of the bill is section 5, which authorizes the Federal Reserve board to secure a site, and to build thereon, in their judgment, a building for the use of the Federal Reserve System here in Washington. That is not to cost the Government a cent. The assessment is to be made against the Federal Reserve banks to pay for the site, as well as the building, should one be constructed.

In that connection I may say that the Federal Reserve System here in Washington now is in very confined quarters in the Treasury Building, with the exception of the fact that they have been compelled to rent two complete floors of the new Shoreham Office Building for the transaction of their business.

Mr. President, this, briefly, is the bill, unanimously reported from the committee, and I ask that it be passed.

Mr. RUSSELL. Mr. President, I desire to offer an amendment to the bill.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the proper place it is proposed to add a new section, to read as follows:

The provisions of section 21 (a) (2) of the Banking Act of 1933 (relating to engaging in the business of receiving deposits by certain financial institutions not subject to examination and regulation under State or Federal law) shall not take effect until June 16, 1935.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia.

Mr. GLASS. Mr. President, if I may have the attention of the Senator, the subcommittee of the Committee on Banking and Currency, of which subcommittee I am chairman, now has that proposition before it, together with another proposition to defer for the period of a year the liquidation of affiliates which have been separated under the law.

Mr. RUSSELL. If the Senator from Virginia thinks that measure is likely to be reported to the Senate during the present session, very well.

Mr. GLASS. I think it will be reported in a very short time.

Mr. RUSSELL. This proposed legislation is very important to my State.

Mr. GLASS. I will say to the Senator that I think the bill to which I have referred will be reported in a very short time.

Mr. GEORGE. I hope my colleague will withdraw his amendment in this form. I will say that it is a matter of very great importance.

Mr. GLASS. It is. We realize that.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

Mr. McNARY. Mr. President, do I understand that the Presiding Officer is about to place the bill on its final passage?

The PRESIDING OFFICER. If there be no amendment to be proposed.

Mr. McNARY. I desire to ask the Senator from Virginia a question. As I read in the press, an effort was made before the committee to give this authority to the Reconstruction Finance Corporation. That effort was unavailing. Do I understand that shortly there will come before the committee the bill giving to the Reconstruction Finance Corporation power to loan money to private industry?

Mr. GLASS. There is now pending before the committee a bill which might be spoken of as a supplement to this bill, proposing to give the Reconstruction Finance Corporation the authority to make direct loans to going industries, provided the applicants for loans establish to the satisfaction of the Corporation the fact that they have been unable to procure loans from member banks or from the Federal Reserve banks direct.

Mr. FLETCHER. Mr. President, I will state to the Senator from Oregon that the committee has been considering such a bill, and today I was authorized to introduce a bill which covers the situation up to date. That is, the original bill has been amended in some respects, and I have today introduced a bill on that very subject which the committee will take up next Monday.

Mr. McNARY. I am very glad to have that statement from the chairman of the committee.

Mr. BARKLEY. Mr. President, in that connection, some of us on the Committee on Banking and Currency who have been interested in the bill now under consideration have been very much concerned over supplementary legislation authorizing the Reconstruction Finance Corporation to make direct loans to industries which may not be able to qualify under strict rules as they may be administered by the Federal Reserve banks and by the member banks. As the Senator from Florida has stated, the committee has been considering that matter coincidentally with the consideration of the bill now before the Senate. The bill under consideration was voted out first and put on the calendar. The other bill has not been acted upon.

We practically agreed today upon a bill which has been introduced by the Senator from Florida. That agreement involved many amendments to a previously introduced bill. It had been my purpose to offer as an amendment to the pending bill an amendment covering the bill which we have practically agreed upon in the Committee on Banking and Currency; but with the assurance that we shall in all likelihood obtain favorable action Monday on that bill and get it on the calendar, I shall refrain from offering that amendment, because I do not desire to embarrass the Senator from Virginia or his bill. I hope we may be able to report on Monday the bill to which I have referred and secure prompt action upon it, because I think, as between the two, that bill will render more real assistance to industry which is now in need of credit than the bill under consideration.

Mr. McNARY. Is it the opinion of the Senator from Virginia that the favorable consideration of this bill will impede or interfere in any way with the consideration of the other bill?

Mr. GLASS. Not at all.

Mr. McNARY. Mr. President, I have no objection to the bill. Indeed, I favor it. I observe the absence of a number of the members of the Committee on Banking and Currency. In fairness to them, and in fairness to the other Members of the Senate, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bulkley	Couzens	Glass
Ashurst	Bulow	Cutting	Gore
Austin	Byrd	Davis	Hale
Bachman	Byrnes	Dickinson	Harrison
Bailey	Capper	Dieterich	Hastings
Bankhead	Caraway	Dill	Hatch
Barbour	Carey	Duffy	Hatfield
Barkley	Clark	Erickson	Hayden
Black	Connally	Fletcher	Hebert
Bone	Coolidge	Frazier	Johnson
Borah	Copeland	George	Kean
Brown	Costigan	Gibson	Keyes
King	Murphy	Reynolds	Thomas, Okla.
La Follette	Neely	Robinson, Ark.	Thomas, Utah
Lewis	Norbeck	Robinson, Ind.	Thompson
Logan	Norris	Russell	Townsend
Lonergan	Nye	Schall	Tydings
Long	O'Mahoney	Sheppard	Vandenberg
McGill	Overton	Shipstead	Van Nuys
McKellar	Patterson	Smith	Wagner
McNary	Pittman	Steiwer	Walsh
Metcalf	Pope	Stephens	White

Mr. LEWIS. I beg to reannounce the absence of certain Senators and the reasons therefor, as announced by me on previous roll calls.

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present.

The question is on the engrossment and third reading of the bill.

Mr. THOMAS of Oklahoma. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Oklahoma offers an amendment, which will be stated.

The CHIEF CLERK. On page 9, after line 6, it is proposed to insert the following:

PART II

METALLIC MONETARY RESERVES—GOLD 70 PERCENT, SILVER 30 PERCENT

SECTION 1. It is hereby declared to be the policy of the United States to use both gold and silver as standard money and as the basis for the issuance of currency and as reserves in the Federal Reserve banks and in the Treasury of the United States on a ratio of 70 percent in gold and 30 percent in silver.

SEC. 2. That for the purpose of promoting the general welfare by a wider use of silver as money, the Secretary of the Treasury and the Export-Import Bank of Washington (hereinafter referred to as the "bank") are authorized to acquire, purchase, and use silver in the manner hereinafter provided.

SEC. 3. The bank is hereby authorized and directed to negotiate with foreign buyers with the view of selling American agricultural surpluses and manufactured articles and goods produced in the United States at the world market price, such agricultural surpluses and manufactured goods to be paid for by said foreign buyers in silver coin or bullion at such value per ounce as may be agreed upon by the bank and said foreign buyers: *Provided, however,* That the bank shall accept silver bullion or coin at a price in excess of the world market price of not less than 10 nor more than 25 percent. The bank is authorized to enter into option contracts with foreign buyers, to deliver to them agricultural surplus products and/or manufactured goods at the world market price and accept in payment for same silver bullion or coin at such value per fine ounce as may be agreed upon and as provided herein.

SEC. 4. The bank is further authorized to purchase such agricultural surplus products and/or manufactured goods as may be deemed necessary to fulfill option contracts with foreign buyers or to make deliveries to foreign buyers for the purpose of carrying out this act. The bank is authorized to employ any governmental agency or agencies in securing the amount of agricultural surplus products and/or manufactured goods necessary to make such deliveries, and to enter into contracts with the producers of such products as may be necessary for the purpose of carrying out the purposes of this act.

SEC. 5. The bank is authorized and directed to deposit the silver bullion or coin received in exchange for the said products sold to foreign buyers with the Secretary of the Treasury, and the Secretary of the Treasury shall immediately cause to be issued against such silver bullion or coin silver certificates based upon and equal to the exact price, including premium, at which such silver was received. The silver certificates so issued shall be used by the bank to pay for the agricultural products and/or manufactured goods sold to foreign buyers under the provisions of this act: *Provided,* That the bank is hereby authorized to arrange necessary credits with the Federal Reserve banks and/or the Federal Treasury to carry out the provisions in and the purposes of this act.

SEC. 6. The bank is hereby directed to authorize the farmers' cooperative marketing associations and other marketing agencies to enter into contracts for the sale of American agricultural surplus products in exchange for silver bullion or coin at such value per ounce as the bank shall determine, and the same provisions in reference to the issuance of silver certificates and the limitation as to the amount at which the silver coin or bullion shall be valued as above set forth in preceding section hereof shall apply to this section.

SEC. 7. The Secretary of the Treasury is authorized and directed to accept any deposits of silver for the Treasury of the United States which such Secretary, subject to regulations prescribed by the bank, is satisfied have been imported into the United States in payment for agricultural surplus products and/or manufactured goods sold and delivered, or to be delivered, to foreign buyers for exportation at a price which shall from time to time be determined and fixed by the said bank as provided herein. The Secretary of the Treasury is further authorized and directed to issue for the account of the Treasury, against the silver so deposited, silver certificates based upon and equal to the exact price, includ-

ing premium per fine ounce, and deliver same to the owner of such silver who tenders same to the Secretary of the Treasury under the provisions of this act.

SEC. 8. Upon receipt of such silver bullion or coin the bank shall deliver same to the Secretary of the Treasury. The Secretary of the Treasury shall immediately cause to be issued against such silver bullion or coin silver certificates, as provided herein, in denominations of $1, $5, $10, $20, and $100.

SEC. 9. The silver bullion received under the provisions of this act shall be stored in the Treasury of the United States in blocks or bricks of standardized or uniform fineness and in convenient units by weight and stamped by authorized official stamp as may be determined within the discretion of the Secretary of the Treasury.

SEC. 10. Nationalization of silver: For the purpose of increasing our monetary metallic reserves, the broadening of the base of our monetary system, and carrying out the purposes of this act, it is herein declared to be necessary to make a wider use of silver as money, and as the basis for the issuance of currency and credit, and for bank and Federal Treasury reserves, and because of such public necessity the Secretary of the Treasury is hereby authorized and directed to take title to all monetary silver bullion domiciled within the United States and its possessions for the public use and general welfare: *Provided*, That immediately upon the approval of this act the Secretary of the Treasury shall issue a proclamation embodying rules and regulations for carrying into effect the policy herein outlined and adopted: *Provided further*, That in taking title to and possession of such monetary silver bullion the Secretary of the Treasury shall ascertain and fix a fair price for such bullion, not less than the highest world price for spot fine silver on the day preceding issuance of the proclamation, and in no event at a price in excess of 50 cents per fine ounce, and shall pay such fixed price to the owner or owners of such bullion in the manner herein provided: *Provided further*, That hereafter silver dollars shall not be coined save by order of the Secretary of the Treasury: *Provided further*, That all silver accepted and received by the Secretary of the Treasury shall be tested, assayed, and, if necessary, refined and converted into silver bars of suitable sizes and weights and deposited in the Treasury of the United States, all under rules and regulations to be prescribed and promulgated by the Secretary of the Treasury: *Provided further*, That nothing in this act shall be construed as authority to recall silver dollars now in circulation or as authority to melt those now in the Treasury of the United States or in any of the banks of the Federal Reserve System.

SEC. 11. Permissive purchases of silver: In addition to the powers granted in section 10, after January 1, 1935, the Secretary of the Treasury is hereby authorized to purchase silver bullion wherever silver shall be procurable, at a price to be fixed by him from time to time as provided herein, and the silver so purchased shall be paid for, held, and deposited as provided in this act.

SEC. 12. The Secretary of the Treasury shall cause silver certificates to be printed in such denominations as he may deem advisable and shall keep such certificates available for payment for such silver accepted and received as provided herein: *Provided*, That such certificates shall be issued in amounts equal to the price paid for the silver received: *Provided further*, That payment shall be made to the person or persons, firm, association, corporation, or bank tendering, delivering, or surrendering such silver at the price fixed as provided herein.

SEC. 13. The bank is hereby authorized to make such rules and regulations as may be necessary for carrying out the provisions of this act.

SEC. 14. The receipt and purchase of silver under this act shall continue until the general domestic price level as measured by the index of the Bureau of Labor Statistics shall equal the price level of 1926, and/or until the United States shall have secured and added silver to our monetary reserves to the extent of 30 percent of such total metallic reserves as measured by intrinsic or standard dollar value, whereupon in either instance the acquisition and purchase of silver under this act shall be suspended: *Provided*, That if thereafter such general price level shall fall as much as three points or to 97, as measured by such price level as herein defined, or if the value of such silver reserves having been increased to equal 30 percent in value of our total monetary metallic reserves and thereafter such silver reserves are reduced in value, then in either event silver purchases, exchanges, and acquisitions as provided herein shall be resumed in such amounts monthly as may be necessary to the end that such 1926 general price level shall be maintained and/or the value of such silver reserves shall be increased to equal 30 percent of such total monetary metallic reserves: *Provided*, That the policy of securing and preserving 30 percent of our metallic monetary reserves in silver shall be maintained.

SEC. 15. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 16. The provisions of this act are hereby declared to be supplemental to provisions of law respecting silver heretofore enacted.

Mr. GLASS. Mr. President, I desire to ask the Senator from Oklahoma if he is willing to have a vote on his amendment at this time?

Mr. THOMAS of Oklahoma. Mr. President, I desire to make a brief statement, which I think may answer the question propounded by the Senator from Virginia.

Owing to the work of Senators in conferences and in committees, it is impossible for some of us to be on the floor at all the sessions. I happen to be chairman of the subcommittee of the Committee on Appropriations considering the District of Columbia appropriation bill. Our sessions begin at 10:30 o'clock and usually run until about 1 o'clock. I am also a member of the Committee on Indian Affairs. During the past several days that committee has held sessions in the afternoon. Such work makes it impossible for some of us to be on the floor at all hours during the sessions of the Senate.

I did not know the particular bill now before the Senate was coming up this afternoon. I make no complaint, because any bill may be called up at any time by unanimous consent. It so happens that I came into the Chamber at the exact moment the Chair was about to put the question on the passage of the bill.

Mr. President, the money question, I believe, is the most important question pending before the Congress and the American people. I may be in error, but in my judgment there is no other question that begins to compare in importance to the money question in the minds of millions of our citizens. There has been little time taken during this second session of the Seventy-third Congress in discussions of that question. Efforts have been made to get some monetary adjustments which would bring results, but thus far the results are in the reverse direction to what those seeking to secure them have desired.

It appears now that, instead of going ahead on the program we thought we were starting last year, the Nation is going into reverse. Prices are falling. Wheat is selling today in England at less than it sold for 1 year ago. English gold can buy American wheat at a lower price now than 12 months ago. The same is practically true of cotton and, likewise, of many other American products.

A year ago when our monetary policy was under discussion the dollar in buying power or value was worth $1.67. Through the various activities of all the programs of the Congress and the administration, including the expenditure of many billions of money, we have only succeeded in reducing the buying power of the dollar 31 cents. It was $1.67. Today it is $1.36. All our programs have only resulted in cheapening the American dollar, in terms of buying power in America, to the extent of 31 cents. The American dollar, the kind we have in our pockets—not gold, because we have no gold in circulation—still is worth today $1.36 in buying power. The farmers and the people of the country who work and produce must give of their wealth and labor $1.36 worth of services and material to get a dollar. Because of this fact taxes are not being paid. The people cannot pay their taxes. It is impossible. They cannot get the money.

Yesterday the Senate passed the municipal bankruptcy bill against which I voted for the very good reason that I fear the bill is the first step in a Nation-wide universal repudiation.

In 4 years' time the policies of those who control the Republic, so far as money is concerned, have destroyed financially and economically tens of millions of our population. Today these citizens have nothing left. Eleven million are still unemployed. Counting 4 to the family, that means 44,000,000 men, women, and children tonight have no means of support. We have started in the reverse direction. We have destroyed largely the laboring people. We have destroyed the most of the farmers of the country. We have destroyed the little cities of the Nation. Yesterday we approved a program that I fear will destroy the only substantial citizens left, and those are the holders of bonds.

Mr. President, I hear complaints against the banks for not making loans. Banks cannot make safe loans today, save on Government bonds. There is nothing else that is productive today, nothing else that is sound economically. Banks cannot make loans on farms or loans to farmers.

They cannot make loans on railroads. They cannot make loans on closed factories. They cannot make individual loans to the public because the people have no security. Most of our property is still nonproductive of profits, and without profits no property is safe and sound for loans.

Under present conditions the banks cannot make loans. I do not blame the banks. When someone complains to me about the banks not making loans I answer their complaint with a question. I say to them, "If you had $1,000,000 on what would you lend that million dollars?" They tell me they would lend it on Government bonds. That is exactly what the banks are doing, and other surplus funds in the hands of the banks are being invested in the purchase of Government bonds.

The banks do not lend their own money. They are lending the money of their depositors. Banks are nothing more than guardians and trustees of the deposits of their customers. The individual can lend his own money and take a chance. The banks do not dare to take a chance. They must be certain when they make a loan that they will not only get the principal back, but that they will get the interest, which is their profit.

Today the banks have no place to put their money save in Government bonds. From the standpoint of some, perhaps, that is a desirable situation. If I had to negotiate the sale of billions of bonds and the banks had no other place to put their money except in my bonds, I might be inclined to keep the banks in that condition until I had finished my financing. But what about the effect upon the country? The banks now in many places throughout the country are practically liquid. The First National Bank of Englewood, Ill., I believe it is, advertises in the papers that that bank is 100-percent liquid. It can pay every depositor in full 100 percent. It has a small amount of cash in the vault, it has sight exchange, and it has Government bonds totaling, the cash and the sight exchange and the bonds, more than the total deposits. That bank, if it can find a market for its bonds, can liquidate tomorrow and pay every depositor in full.

Every bank in the country is trying to follow that program. Let me suggest to those who are traveling in reverse what may happen when the banks have placed all their surplus money in bonds. They cannot buy any more bonds then. Their portfolios will be full of bonds but their cash will be exhausted. When the banks buy all the bonds their deposits will permit, then what may happen? They cannot buy more bonds, but there will be bonds which must find buyers.

Here in Washington we are issuing bonds by the billions, and the banks are the main source of sale for those bonds. The time may soon come when the banks will be loaded to the hilt with Government bonds. When that time comes the banks cannot buy any more bonds. Those who sell bonds now to the banks will not be able to sell them any more. When that time comes there will be no more sales of bonds to the banks unless, perchance, the banks begin to hypothecate their bonds with the Federal Reserve banks and borrow funds to buy more bonds.

But that is pyramiding. The moment the banks of America start to pyramid their loans, the wise bankers will say, "That is not sound banking. That is not good business. We will quietly commence cashing in our bonds and we will not be caught in a bond slump like the holders of stocks were caught in 1929 in the stock crash." There are many wise bankers; and when this policy of selling bonds quietly under cover to get out from under a possible bond crash is once instituted, in what condition will Senators expect to find the bond market? There will be no buyers of bonds. No one will have any money. The public has not money to buy bonds. The banks will have no money. Then we may look forward to seeing a slump, a crash, in the bond market of this country.

Mr. President, during the war we had what was called inflation. Just after the war we had what was called deflation. In 1928 and 1929 we had what some people called inflation of bank deposits for the purpose of enabling the stock market to operate efficiently and profitably. Now we are having what I term an inflation of the issuance of bonds; and, as I said a moment ago, I fear that we are running into an inflation of bonds to such an extent, which all real inflation eventually results in, that we will have a bond slump or a bond crash in the not-distant future.

But, Mr. President, I do not intend at this time to discuss this amendment at any greater length, except to explain how it comes to be here.

Mr. LONG. Mr. President, will the Senator permit me to ask him a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I was wondering why the Senator did not offer as an amendment the bill that came out of the Committee on Agriculture and Forestry.

Mr. THOMAS of Oklahoma. I am coming to that right now, if the Senator pleases.

Mr. LONG. May I ask whether the Senator would have any serious objection to substituting the agricultural bill for this amendment?

Mr. THOMAS of Oklahoma. When I complete my statement I think there will be no questions to be asked upon that subject at this time.

Mr. President, of course, it is patent that the Senate could not pass upon an amendment of this length without having the amendment printed and before it for consideration. Let me state what transpired on the silver question during this session of Congress.

The House passed what is known as the "Dies bill." The Dies bill was passed by a majority of 2 or 3 to 1 in the House of Representatives. The Dies bill proposes to have a Federal agency begin to negotiate for the sale or trade of surplus agricultural products for silver. In other words, the original Dies bill proposed to have a special commission begin to offer surplus cotton and surplus wheat in the markets of the world in exchange for silver at a premium of not less than 10 percent and not more than 25 percent above the world market price of silver.

The bill passed the House of Representatives and came to this body. The bill was labeled "A bill for the stimulation of the sale or exchange of surplus agricultural products." It is a farm-relief measure. In fairness to others who might not understand the matter, at my request and by unanimous consent the bill was referred to the Committee on Agriculture and Forestry, because that is the committee which is responsible for legislation affecting agriculture.

The bill, as I have stated, went to the Agricultural Committee. The committee held hearings upon the bill. It was discovered that we have many viewpoints on the money question and many viewpoints on the silver question. There is in the House a bill, called the Fiesinger bill, which proposes to add to our reserves in the Federal Treasury silver on the basis of the value of the silver. In other words, we acquire silver by accepting it or buying it at its value, and carrying the silver as bullion at its value—not 371¼ grains to the dollar but so much an ounce, whatever it is worth.

The Agricultural Committee, after hearings on the bill and after consideration, reported out the Dies bill, with some amendments. We provided that the export-import bank should be the agency for the exchange of our products for silver. The committee added a second provision to the bill authorizing and directing that all monetary silver bullion in this country be nationalized; in other words, condemned and possession taken over by the Government. It provided that all monetary silver in the United States should be taken over and placed in our Treasury, and that silver certificates should be issued against such silver. It provided, third, that the Secretary of the Treasury should be authorized and directed to go into the open market of the world and begin to buy silver, the theory being, of course, first, to increase the silver in the Treasury of the United States; and, second, to increase the circulation by the issuance of silver certificates against such silver.

Mr. President, it was the action of the Agricultural Committee on the Dies bill which brought the silver question before the Senate.

I think I shall violate no confidence by stating that a number of Senators went down to a very important office in Washington for a conference. The conference developed certain ideas and brought forth certain suggestions. Some of those suggestions and ideas were somewhat at variance with the provisions of the amendment reported by the Agricultural Committee.

I will state further that another conference was arranged for this afternoon at the same office; but, owing to the fact that one member of the delegation who desired to be included is out of town and will not return until tomorrow, and another member is ill as I understand, the conference was postponed until tomorrow; and it is understood now that a conference is to be held tomorrow in a very important branch of the Government upon this identical question.

The amendment I have just offered to this bill is not the amendment submitted by the Agricultural Committee. It is an amendment having for its basis the Agricultural Committee amendment, but with modifications to meet the views of certain groups in the Congress—one the Fiesinger group in the House of Representatives, and other groups. So the amendment which is now pending before the Senate to the so-called "Glass bill" carries in the main the Dies bill. The export-import bank is authorized to negotiate the sale of surplus agricultural products abroad and also manufactured goods, and to receive from foreign buyers silver at a premium of not to exceed 25 percent and not less than 10 percent; which probably means 10 percent. We accept that silver for what it costs, plus the premium, in exchange for our surplus goods. The agricultural bill provided for the transfer of farm products only. I have added to my amendment—for the purposes of designating the two, I call it my amendment—that we shall exchange manufactured goods, as well as farm products, for foreign silver.

So the amendment now before the Senate provides for the exchange for silver of agricultural products that we do not need, and likewise for manufactured goods that we do not need. We are going to trade surplus farm products and surplus manufactured goods for silver, and trade for silver on the basis of the world price of silver plus a premium of not less than 10 percent and not more than 25 percent; and the export-import bank will have charge of this Federal activity.

It is thought that if this measure should pass, and the House likewise thought so, we could exchange and dispose of a large amount of our cotton and our wheat and our corn and our livestock to foreign silver-using nations in exchange for their silver. Spot silver is now some 41½ cents per fine ounce in the world market. Assuming a premium of 10 percent, we will add some 4 cents and then issue silver certificates against the silver for the price for which we accepted it, the world price plus the premium fixed. In that particular this amendment is different from the one reported from the Agricultural Committee. That amendment provided that we should issue certificates against the silver on the basis of $1.29 an ounce, and pay out the portion that we have to pay for the silver, and put the balance in the Treasury as profit. This amendment puts the silver in the Treasury, issues certificates only to the extent of what it costs us, and then if silver hereafter goes up we will make the profit; and the effect is the same, except that we do not now issue certificates against the silver in excess of its world market value plus the premium fixed.

That is the proposal carried in this amendment. It is the Dies bill modified, as I think and as some others think, to make it workable.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The amendment which the Senator has offered is somewhat voluminous. It was read at the desk, but, as the Senator well understands, it is always difficult, and sometimes impossible, to follow the reading on account of the conditions which prevail in the Senate.

Mr. THOMAS of Oklahoma. Yes. I was trying to explain the amendment.

Mr. ROBINSON of Arkansas. Has the amendment been considered by any standing committee of the Senate?

Mr. THOMAS of Oklahoma. The amendment in the main has been considered by a standing committee of the Senate, but it has a few modifications; and I do not offer it as the measure reported out by the Committee on Agriculture and Forestry. It is substantially the same, and I was seeking to point out the differences. I think the differences will be satisfactory to those in our committee who were not enthusiastically for the measure because of the very things that have been changed since.

Mr. ROBINSON of Arkansas. This particular amendment, however, has not been considered by any standing committee?

Mr. THOMAS of Oklahoma. Not as proposed.

Mr. ROBINSON of Arkansas. And the bill a portion of which is incorporated in the amendment has been considered by the Committee on Agriculture and Forestry?

Mr. THOMAS of Oklahoma. Yes; that is correct.

Mr. ROBINSON of Arkansas. Since, as stated by the Senator, the proposed legislation is expected to affect materially agriculture, it is, of course, proper that the Committee on Agriculture and Forestry should consider it; but since it also relates to matters that are usually held to be within the jurisdiction of the Committee on Banking and Currency, and since also the amendment appears to be of very far-reaching consequence, does not the Senator feel that it should be considered by the Committee on Banking and Currency?

Mr. THOMAS of Oklahoma. Mr. President, I do not want to have to repeat some of the speeches I have been making on this question for the past 5 years.

Mr. ROBINSON of Arkansas. If my question is going to compel the Senator to do that, I will withdraw it. [Laughter.] I really thought, however, that perhaps the Senator could answer my question without a prolonged speech.

Mr. THOMAS of Oklahoma. I will say to the Senator from Arkansas that I was getting to that point.

Mr. ROBINSON of Arkansas. Are any copies of the amendment available?

Mr. THOMAS of Oklahoma. I have given out all the copies I have. The amendment will be printed, of course, and on the desks of Senators in the morning.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. To avoid any complication about the matter with those of us who have been trying to get this silver legislation through, I wonder if the Senator would consider allowing me to offer the agricultural bill as an amendment, and then offer his amendment as an amendment to the agricultural amendment, for the reason I am about to state.

The bill as reported by the Committee on Agriculture and Forestry at least is supposed to be a studied bill, so that the differences might be pointed out to the Senator. I will say to the Senator that I have no objection to voting for his amendment, but I do not want the air beclouded by the thought that the committee has not given proper study to the question and that we are not offering something that has not been considered by the committee.

Mr. THOMAS of Oklahoma. Let me say to the Senator from Louisiana that the changes in this amendment which were not included in the committee amendment have been included solely for one purpose; that is, to get the ideas of the Committee on Agriculture and Forestry before the Senate for consideration.

Mr. LONG. I see what the Senator is trying to do. I know the Senator is seeking to accomplish what he has stated, but I know that the Senator is mellowing the bill which probably he, and others like us, should like to have. What I want to do is to place the agricultural amendment

before the Senate, if I can. I do not want to offer it as an amendment to the Senator's amendment. I would prefer, if the Senator would allow me, to offer it, and then for him to offer his amendment as a substitute. I believe, from the point of strategy of the silverites, that would be better.

Mr. THOMAS of Oklahoma. I appreciate the suggestion made by the distinguished Senator from Louisiana, and between now and the time when the amendment will come before the Senate for a vote, probably this particular point will have proper consideration.

Mr. LONG. I thank the Senator.

Mr. THOMAS of Oklahoma. The first part of the amendment has to do with the Dies bill.

The second part proposes to nationalizze silver; that is, domestic silver—silver domiciled within the United States.

It is thought that there is in this country only about 175,000,000 ounces of silver. Dr. Goldenweiser, chief economist of the Federal Reserve System, testified before our committee, and placed in the record a statement as to the world's supply of silver, and where it is located. He estimated that the total amount of silver in the United States is 175,000,000 ounces, which, at 50 cents an ounce, would be worth just half that sum—$87,500,000—just about enough money to run the United States for 4 days. So there could be no harm done by taking over $87,000,000 worth of silver and cleaning out the silver market, and the silver surplus about which we hear so much.

I noticed in today's paper a statement by a former distinguished fellow servant of this Government, but now a distinguished writer, the editor of a newly created magazine, to the effect that he is against the present silver movement, because he is afraid that the world's silver would gravitate toward the United States, and the people would be forced to wade knee-deep in silver dollars. That is the implication; he did not put it in those words.

Mr. President, the silver surplus is one of the myths which confuse the people of this country, that the world is surfeited with silver. The best estimates which can be secured, and they are from the Federal Reserve Board and the Director of the Mint, show that only about 15,500,000,000 ounces of silver have been produced since the discovery of America in 1492. Fifteen billion five hundred million ounces of silver are all that have been produced since Columbus landed in America.

Of that amount much has been lost, much has been used in the arts, and today we can account for only 9,400,000,000 ounces of silver which is susceptible of being used for money. The balance has been used in jewelry, in tableware, in the arts, and in motion-picture films.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. According to the Senator's statement, about the worst inflation we could get would be around four or five billion dollars in silver money.

Mr. THOMAS of Oklahoma. I will come to that in just a moment. The Senator is exaggerating the amount.

I make the statement that the Federal Reserve Board and the Director of the Mint—and those are the best authorities we have—report that there have been only 15,500,000,000 ounces of silver produced in the world since Columbus discovered America. Of that sum we can now locate only some 9,400,000,000 ounces. British India has 4,700,000,000 ounces of that silver, China has 2,500,000,000 ounces. Add those two figures together, and we find 7,200,000,000 ounces of silver in British India and China alone. That leaves only 2,400,000,000 ounces of silver outside of China and British India. Other nations have silver. We have $840,000,000 in silver, but not that many ounces. We have 540,000,000 silver dollars, but they are not worth $540,000,000. They are worth less than $200,000,000 in paper currency. We have $300,000,000 in minor coins—50-cent pieces, quarters, and dimes. They are worth even less proportionally because they are not full weight in proportion to their stamped value. Our total supply of silver money in the sum of $840,000,000, if melted into silver bullion, would be worth less than $300,000,000 in paper currency. In monetary silver we have less than 700,000,000 ounces. Add this amount to the 7,200,000,000 and the amount is less than 8,000,000,000 ounces of silver located in the three countries—British India, China, and the United States.

Where is the balance of the silver? There is only some 1,400,000 ounces left. It is located in Mexico, in South America, and in the other countries of the world. England has some silver, France has some silver, Italy has some silver, likewise the other nations of the world hold small amounts of the white metal. If any figures and estimates are correct, then there is only a small amount of floating silver monetary metal in the entire world. We have 175,000,000 ounces of it, by far the largest part of surplus silver among all the nations of the world.

Our reserves today are practically in gold. Silver plays little part in the reserves of the Treasury, and plays no more part in the reserves of the banks than do greenbacks. They are on a par. The silver dollar and the greenback dollar are both token money. The greenback dollar is worth something as paper. The silver dollar is worth something as bullion—little more than paper. But the silver in the dollar is worth only about 35 cents. The silver in the dollar is not worth a hundred cents. If silver were worth $1.29 an ounce, the silver in the dollar would be worth a dollar, but when silver is worth only 41 cents an ounce, the silver in the dollar is worth only about 35 cents.

Mr. LONG. Thirty-two cents.

Mr. THOMAS of Oklahoma. Thirty-two cents, the Senator says. As I stated, in these discussions it has been developed that our total reserves are in gold. The Constitution provides that Congress shall coin money and regulate its value. The Constitution places the responsibility of the money question upon the Congress of the United States, and we cannot divest ourselves of the responsibility. We can create agencies to deal with money, but all the time these agencies operate they represent the Congress. For whatever the agency does, Congress is responsible. If the agency acts, the Congress is responsible for the act, the same as in law a principal is responsible for the act of his agent. If the agent fails to act, that does not relieve the Congress of its responsibility.

Silver has been used as money for a good many thousand years. The first dollar we had in the United States was of silver. In 1738, I think it was, Alexander Hamilton made a study of the money question in order to make a report to the first administration. His ideas are contained in his report to the administration on the establishment of the mint, and in 1792 Congress accepted the report of Mr. Hamilton and authorized the creation of a dollar out of 371¼ grains of silver, and that dollar, prescribed by Hamilton, was officially proclaimed by act of Congress in 1792, and has been the standard silver dollar from that day to this.

The number of grains in the silver dollar has not been changed since Hamilton's time. The number of grains in the gold dollar has been changed three or four times. It was changed in 1834. The number of grains in the gold dollar again was changed in 1837, and again changed in 1933.

The discussions have disclosed the desirability of using silver in addition to gold as a part of our monetary reserve. That idea originated at the London Conference. It was suggested there that the nations of the world use 70 or 75 percent of gold back of their currencies, and 25 percent of silver, in value with a 5-percent permissive, which meant that they could have as much as 30 percent of their reserves in silver and 70 percent in gold.

I have, therefore, added to my amendment, in addition to what the Committee on Agriculture and Forestry recommended, a provision that we use both gold and silver as standard money in the United States, that we should use 70 percent of gold in the reserves, that we should make up our reserves by using 70 percent of gold and 30 percent of silver. That is according to the idea advanced at the London conference. It is according to the idea suggested at a most important conference recently, where it was decided that it

would not be unsound, from a monetary standpoint, to have 30 percent of the reserves in silver and 70 percent in gold.

Now, I want to show the Senate, if I may, very briefly, what the result would be if we did use 30 percent in silver. At the present time we have $7,755,000,000 in gold in the Treasury of the United States. That might be termed the 70 percent, because that gold now is all in the nature of a Federal National Treasury reserve—$7,755,000,000. If we constitute our total reserves at 100 percent, and this $7,755,000,000 in gold is the 70 percent, then we could add the 30 percent in silver. That 30 percent will make it necessary for us to have in our Treasury $3,323,000,000 in silver in value. We have now $840,000,000 in silver, but in value only some $300,000,000.

If we should follow that formula, Mr. President, and decide to increase our reserves and make them 30-percent silver and 70 percent in gold, we would have to secure silver to the total value of $3,323,000,000 to make up those reserves.

Silver now is some 41 cents an ounce. Conceding that it might rise to 50 cents an ounce, in order to secure enough silver bullion to be worth such sum of $3,323,000,000 we would have to purchase over 5,000,000,000 ounces of silver. Where are we going to get it? Available silver does not exist in the world. I doubt most seriously if we could buy as much as 1,000,000,000 ounces of silver without running the price far above the parity price of $1.29 per ounce under the old 16 to 1 ratio.

There is absolutely no danger of getting a flood of silver in America. The silver does not exist, unless we concede, perchance, that China is going to send her silver here, that British India is going to send her silver here—a thing unthinkable. It is the only money they have, those hundreds of millions of people in the Orient. They have no paper currency and few banks. What they have is silver chunks and silver coin. That is the thing they prize and the thing they hoard.

With silver going up, does anyone think they would sell? They would want to get more. They would be in competition with America to get silver.

So there is no chance, Mr. President, of securing, in my estimation, this 30 percent for our reserves in silver. Set that as our goal; we cannot attain it; we cannot get the silver. So there can be no danger.

Mr. President, the hour is late, and I did not expect to make any extended speech at this time. I ask unanimous consent that this amendment be printed in bill form.

The VICE PRESIDENT. The amendment will be printed in bill form as well as in the RECORD.

Mr. THOMAS of Oklahoma. Mr. President, inasmuch as a conference has been arranged with a most responsible governmental agency for tomorrow, I think it is only fair to suggest that this amendment be considered as pending, be printed for the further consideration of the Senate, and for the further consideration of those who feel a responsibility for our monetary problem.

The conference tomorrow may develop something, and again it may not. If it does, this amendment could be changed or modified to carry out any agreement that might be reached.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. COUZENS. I was wondering if the Senator would not withdraw this amendment as an amendment to this particular bill and attach it to a bill which we are going to report out next week with respect to industrial loans along the lines of the present Glass bill, except that they would be made through the R.F.C. rather than through the Federal Reserve bank?

Mr. THOMAS of Oklahoma. The bill under consideration deals with the Federal Reserve banks; my amendment deals with the reserves of the Federal Reserve banks and the reserves of the Treasury itself. In my opinion, my amendment is germane to this bill, and I am not sure that it would be germane to the next bill. For the present I cannot agree to a withdrawal. I will say that tomorrow my viewpoint may change. I want to be helpful, and I am only asking for a reasonable time to make some investigations and report back here late tomorrow afternoon or the next day, and if that understanding can be had, I will promise the Senate that after another brief statement, perhaps, not long, I will be willing to have this amendment go to a vote, so far as I am concerned. Of course, if the matter is opposed, and I find a decision, or an implied conviction that nothing will be agreed to, I feel it my duty to give the country the reasons actuating some of us who believe that the money question is still unsettled and the most important issue before the people.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. GLASS. I should like to inquire of the Senator at what hour he expects to hold his conference tomorrow.

Mr. THOMAS of Oklahoma. I yield to the Senator from Utah to answer that question.

Mr. KING. Mr. President, I join in the request which has been submitted by the Senator from Oklahoma. In view of the amendment he has offered, and in view of the fact that an arrangement has been made for a conference tomorrow as indicated by the Senator, the hour of which has not yet been fixed, I believe there ought to be consent to the request he has submitted.

I am sure the conference will be held. I am hopeful that it will be productive of very beneficial results. We may not all agree as to the best method of attaining the objective. Some of us have never lost our faith in bimetallism and all that term implies. Some of us would be glad to see silver remonetized. Indeed, the Democratic Party pledged itself to the rehabilitation of silver. Rehabilitation means restoration, and implies the restoration of silver to its primary fundamental position as basic money.

I say some of us have not lost our devotion to that objective. I appreciate the fact that the situation presents factors which may warrant differences of opinion as to the best method to pursue; and I know efforts are being made to agree upon a program which may harmonize some differences and work out a measure which will meet the concurrence at least of a majority of the Members of both branches of Congress. The conference will be held sometime tomorrow. I cannot indicate just now the hour. I shall be very glad to confer with the Senator from Virginia and to indicate to him at the earliest possible moment at what hour the conference will be held, so that he may be advised as to the course which he desires to pursue with respect to the pending bill.

Mr. GLASS. Mr. President, I have no idea of entering at this time, if at all, upon a discussion of the silver question. It is so foreign to the pending bill that I should regard it as a waste of my time to undertake to debate that problem, the pending bill being simply a banking bill to afford credits, essential loans, to going industries which are in great need of assistance.

I regret that the Senator from Oklahoma [Mr. THOMAS] could not be dissuaded from offering his amendment to this particular bill, because just to that extent of time he will be delaying this very essential assistance to the recovery of the industries of the country. If his further discussion of the bill is to depend upon his conference somewhere with somebody tomorrow, I venture to express the hope that the conference will be arranged as early in the day as possible, so that when the Senate shall convene tomorrow we may resume the consideration of the pending banking bill.

I have no objection, of course, to the bill going over until tomorrow with that end in view.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

NOMINATIONS PASSED OVER

The VICE PRESIDENT. The calendar is in order.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the first two nominations on the calendar be passed over under arrangements which are well understood.

The VICE PRESIDENT. Without objection, the first two nominations on the calendar will be passed over.

THE JUDICIARY

The legislative clerk read the nomination of Guy C. Reeve to be United States marshal, southern district of Florida.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask unanimous consent that nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, it is so ordered, and the nominations are confirmed en bloc. That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock p.m.) the Senate took a recess until tomorrow, Thursday, May 3, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 2 (legislative day of Apr. 26), 1934

UNITED STATES MARSHAL

Guy C. Reeve to be United States marshal, southern district of Florida.

POSTMASTERS

ARIZONA

Waltice B. Ham, Somerton.

CONNECTICUT

Felix J. Wakely, Central Village.
Joseph J. O'Loughlin, Lakeville.

IOWA

Ruth F. Hollingshead, Albia.
Zoe P. Way, Bussey.
Hollis S. Saar, Cantril.
Mark R. Doud, Douds.
Benjamin J. Stong, Keosauqua.
Floyd Stotts, Melcher.
Russell G. Mellinger, Oakville.
Tomie L. Smith, Pleasantville.
James B. McLaughlin, Preston.
Mary L. Tyner, Salem.
Mary E. Kohorst, Templeton.

KENTUCKY

Lois B. Cundiff, Cadiz.
John H. Mitchell, Salem.

MASSACHUSETTS

Elizabeth C. Hall, Point Independence.

NEW JERSEY

Herbert E. Poulson, Far Hills.
John D. Bunn, Long Valley.
John F. Bigley, Magnolia.
Edward J. Wagner, Marlton.
Marion M. Klockner, Mercerville.
Frank Martin, Midland Park.
Jeremiah B. Beaston, Mount Ephraim.
Charles Earle Post, Newfoundland.
John Elimyer, Sr., Nixon.
Albert P. Troy, Palisade.
Joseph G. Gallagher, Ridgewood.
Joseph S. Sickler, Salem.
James F. Crockford, West Englewood.

OHIO

Frank G. Schalmo, Canal Fulton.
Paul C. Miller, Canal Winchester.
Charles J. Bocklet, Cincinnati.
Lloyd D. Poorman, Dalton.
Earl J. Brulport, Fayetteville.
Samuel E. Fleming, Manchester.
Lillian C. Goodell, Mantua.
Calvin H. Love, Maumee.
Joseph W. Cavalier, Oakharbor.
Charles Edward Kirschner, Toledo.
Ray S. Coates, Wellington.

OREGON

Harold C. Kizer, Harrisburg.
Grace E. Neibert, Stayton.
William A. Parsons, Waldport.

PUERTO RICO

Concepcion Torrens de Arrillaga, Anasco.
Teresa Melendez, Arroyo.
Leonor G. Rodriguez, Guayanilla.
Antonio Molina, Juncos.
Luis E. Kolb, Utuado.
Teodoro M. Lopez, Vega Baja.

TENNESSEE

Roy D. Murphey, Adams.

TEXAS

Sant M. Perry, Frankston.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 2, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, DD., offered the following prayer:

Almighty God, our Heavenly Father, Thou who hast not set a limit to the richness of love, to the power of self-sacrifice, nor to the sublimity of purity, redeem us by the hallowing grace of our Savior. May we have a growing capacity for the moral life with its exalted standards. In the highest reaches of character, blessed Father, let us experience the satisfactions of a godly life. Let not our labor be just a simple compliance to duty, but an eager impulse which touches the spring of fidelity, honor, and honesty. Thou God of our people, Thou Shepherd of the roadside, guide us in all our uncertain ways. O breathe upon us the breath of the sanctuary, and may Thy name be known, loved, and honored among us. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5950. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House thereon, and appoints Mr. NEELY, Mr. MCCARRAN, and Mr. AUSTIN to be the conferees on the part of the Senate.

EXPLANATION OF VOTE

Mr. BYRNS. Mr. Speaker, the gentleman from Ohio [Mr. UNDERWOOD], was excused from attendance yesterday on account of important business. I am requested to state that if he had been present he would have voted "aye" on the motion to adopt the conference report on the tax bill, and also he would have voted "aye" on the motion to

insist on the disagreement to the so-called "Couzens amendment", roll calls 134 and 135.

LEAVE OF ABSENCE

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the gentleman from Georgia [Mr. WOOD] be excused on account of death in his family.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FIFTY-CENT PIECE IN COMMEMORATION OF THREE HUNDREDTH ANNIVERSARY OF FOUNDING OF THE PROVINCE OF MARYLAND

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three-hundredth anniversary of the founding of the Province of Maryland.

Mr. RAYBURN. Well, Mr. Speaker, if this is going to bring about any debate, I will object.

Mr. SOMERS of New York. There is no debate, as far as I know.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SOMERS]?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That, in commemoration of the three hundredth anniversary of the founding of the Province of Maryland, there shall be coined by the Director of the Mint ten thousand 50-cent pieces of standard size, weight, and silver fineness and of a special appropriate design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, to be legal tender in all payments at face value.

SEC. 2. That the coins herein authorized shall be issued at par and only upon the request of the chairman or secretary of the Maryland Tercentenary Commission.

SEC. 3. Such coins may be disposed of at par or at a premium by said commission and all proceeds shall be used in furtherance of the Maryland Tercentenary Commission projects.

SEC. 4. That all laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same; regulating and guarding the process of coinage; providing for the purchase of material, and for the transportation, distribution, and redemption of the coins; for the prevention of debasement or counterfeiting; for security of the coin; or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein directed.

With the following committee amendments:

Page 1, line 5, strike out the word "ten" and insert in lieu thereof the word "twenty-five"; after the word "thousand" in line 5, insert "silver"; in line 6, after the word "and" strike out "silver"; and in line 9, after the word "Treasury", strike out "to be legal tender in all payments at face value", and insert "but the United States shall not be subject to the expense of making the models for master dies or other preparations for this coinage."

Mr. BLANTON. Mr. Speaker, I rise in opposition to the committee amendment for the purpose of asking some questions. While we are striking out "10,000" and inserting "25,000", why not insert "100,000", and get that much more silver in circulation?

Mr. SOMERS of New York. Of course, that might be a good argument to get more silver in circulation if more than 25,000 of these coins were in the habit of going into circulation. The committee took this up with the department and decided that 25,000 was about the proper number.

Mr. BLANTON. The gentleman knows from his experience with respect to such matters that most of these coins are immediately taken out of circulation. They are sold at a premium and they are put into somebody's memento box. I am willing for that to be done, but in order to get about 75,000 in actual circulation, so that the people will have a 50-cent piece in their pockets once in a while, why not increase it to 100,000?

Mr SOMERS of New York. Unfortunately, the history of these coins has been that they never go into circulation.

Mr. BLANTON. I know, but I want to put some of them in circulation.

Mr. SOMERS of New York. I do not know of any method compelling that. If I did, I would be glad to amend the bill.

Mr. BLANTON. I withdraw the pro forma amendment, Mr. Speaker.

The committee amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MEMORIAL SERVICES, MARQUIS DE LA FAYETTE

Mr. BANKHEAD. Mr. Speaker, I call up House Concurrent Resolution No. 37, a rather urgent matter.

The Clerk read, as follows:

House Concurrent Resolution 37

Resolved by the House of Representatives (the Senate concurring), That in commemoration of the one hundredth anniversary of the death of Gilbert du Motier, Marquis de La Fayette, the two Houses of Congress shall assemble in the Hall of the House of Representatives at 11 o'clock antemeridian, on Sunday, May 20, 1934.

That a joint committee consisting of 5 Members of the House of Representatives and 5 Members of the Senate shall be appointed by the Speaker of the House of Representatives and the President of the Senate, respectively, which is empowered to make suitable arrangements for fitting and proper exercises for the joint session of Congress herein authorized.

That invitations to attend the exercises be extended to the President of the United States and the members of his Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the Diplomatic Corps (through the Secretary of State), the General of the Armies, the Chief of Staff of the Army, the Chief of Naval Operations, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard, and such other persons as the joint committee on arrangements shall deem proper.

That the President of the United States is hereby invited to address the American people at the joint session of the Congress in commemoration of the centennial anniversary of the death of General La Fayette.

Mr. SNELL. Reserving the right to object, what is this for?

Mr. BANKHEAD. This is a privileged report from the committee.

Mr. SNELL. I understand that. Will the gentleman tell us what it is for?

Mr. BANKHEAD. I imagine that most Members of the House are familiar with the purpose of this celebration. Sometime ago a select committee was appointed.

Mr. SNELL. Does this mean another select committee is to be appointed?

Mr. BANKHEAD. Oh, no. This is simply carrying out the existing arrangements for the celebration of the anniversary of the death of General La Fayette. It simply authorizes this committee to carry out the program that has already been arranged. The invitations have already been printed and are waiting to be sent out. It is merely a formal authorization for the conduct of the service.

Mr. BLANTON. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. BLANTON. The date of this memorial service contemplates, of course, that Congress will be in session on May 20?

Mr. BANKHEAD. It is on Sunday, May 20.

Mr. BLANTON. It is not intended that these memorial services shall occur after sine die adjournment, is it? The purpose of my inquiry is this: The House is practically through with its business. Is there any reason why we should be kept here until May 20 or until the 1st of June, that the gentleman knows of, unless it is some purposed delay of somebody somewhere? Why can we not get through with the business of Congress and go home?

Mr. BANKHEAD. I may say in reply to the inquiry of the gentleman from Texas that I am just as anxious as he or any other Member to get through the program of the House, and I hope that we can do it as expeditiously as possible. Of course, if the House should not be in session at that time, only those Members could attend who were in the city; but I say to the gentleman in all candor that in my opinion it will be physically impossible for this session of Congress to adjourn by the 20th of May.

Mr. BLANTON. The point of my inquiry is this: Cannot we, 435 Members, aided by the Speaker, the majority leader, the minority leader, and the great Chairman of the great Rules Committee, begin kindling some fires that will burn up all obstacles standing between us and an early adjournment? It looks as though we should get away from here

by the end of this month, and I think we ought to start the program now so that we can get away.

Mr. BANKHEAD. I think the gentleman will agree with me that as far as the organization of the House is concerned, it is proceeding with as much expedition as possible to conclude the program. The Committee on Rules is having practically daily sessions to authorize the consideration of bills that are urgent.

Mr. BLANTON. And some of them are very unimportant.

Mr. BANKHEAD. There may be some difference of opinion about that.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. TRUAX. I am in entire accord with what the gentleman from Alabama has just stated. I would like to know upon whose authority the gentleman from Texas states that the House is through with its business.

Mr. BLANTON. I said we were practically through; and we are practically through. We have passed all of the supply bills and we are waiting on the Senate.

Mr. TRUAX. I do not agree with the gentleman from Texas. We should take up and consider the Frazier bill, the McLeod bill, and a number of other pieces of important legislation.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. BRITTEN. I am interested in what the gentleman said about the physical impossibility of adjourning by the 20th of May.

Mr. BANKHEAD. Perhaps the word "physical" was used improvidently. There might be some other considerations in the matter.

Mr. BRITTEN. Does not the gentleman believe that the date of adjournment will be nearer June 15?

Mr. BANKHEAD. I am not a prophet; I would not undertake to hazard a guess about that. The gentleman from Illinois knows there is considerable reported legislation that has not been disposed of.

Mr. BRITTEN. There is a lot of it.

Mr. BANKHEAD. If things take their ordinary course, I am not at all sure that we are going to be here until the 15th of June, but I feel reasonably confident that it will be impossible to adjourn this session of Congress by the 20th of May. This is my own personal opinion only, although I trust I may be mistaken.

Mr. SNELL. A lot of people feel the same way.

Mr. BLANTON. If we could just keep the necessity for an early adjournment before us daily, we may get an adjournment by the latter part of this month, and I know that it would be to the best interests of the people.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The House concurrent resolution was adopted.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. FREAR. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

Mr. RAYBURN. Mr. Speaker, I shall object.

Mr. FREAR. Then I shall make the point of order there is not a quorum present. I ask but a very brief time to say a word on an important matter.

Mr. RAYBURN. I regret that I have to object, but I must do so to keep faith with others. Half a dozen Members have made similar requests of me this morning, and I told them I would have to object; so to adhere to my word to them I must object in this case also.

Mr. FREAR. I think the gentleman would not object if he understood the matter.

Mr. RAYBURN. I must keep my word to the other Members.

FEDERAL ALCOHOL CONTROL ADMINISTRATION

Mr. BOYLAN. Mr. Speaker, at the request of my colleague, the gentleman from New York [Mr. CELLER], I ask unanimous consent that he may be permitted to extend his remarks in the RECORD and include therein a copy of a protest against the Federal alcohol-control legislation filed with the President and signed by 12 Members of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following protest against the Federal alcohol control legislation filed with the President and signed by 12 Members of the House:

The Federal Alcohol Control Administration was set up by Executive order of President Roosevelt, by virtue of authority vested in him under title I of the National Recovery Administration. It was to be an interim administration for the purpose of making investigation and study relative to the coordination of the activities of the Government pertaining to taxation, control, and regulation of alcoholic beverages, as well as to the exercise of such powers vested in it by any code of fair competition under the N.R.A. and the A.A.A. The setting up of the F.A.C.A. was not recommended by the Interdepartment Committee—composed of important officials of the Treasury Department, the Departments of State, Commerce, Justice, and Agriculture, and the Tariff Commission. A number of the members of this committee actively opposed the establishment of such a bureau.

The F.A.C.A., in the short space of time that it has functioned, has gone beyond the purposes for which it was established. It has interfered with the orderly and natural growth of the reborn liquor industry. It has encroached upon the activities of the Bureau of Customs, the Bureau of Internal Revenue, the Bureau of Pure Food and Drugs of the Department of Agriculture, and the Department of Justice and other agencies of the Government. It has thereby created a great deal of ill will among members of the liquor industry and among the officials of these departments.

It was plainly the purpose of the administration, in the promulgation of codes under the N.R.A. and the A.A.A., to allow industries to fashion their own codes and to govern themselves. However, this purpose has been frustrated. The various integers of the liquor industry were not permitted to draft their own codes. The F.A.C.A. forced upon them most rigid and unfair provisions. The F.A.C.A. brooked no opposition.

There has thus been thrust upon the industry a sort of superpower called the "F.A.C.A." There is no appeal from the decisions of the F.A.C.A. There is no provision for judicial review. Its edicts are final. This intense bureaucratic control of the industry has placed it in a sort of strait-jacket.

Regulations that are most burdensome have made it difficult for the legitimate trader to function and quite easy for the bootlegger and illegitimate trader to prosper. This superpower, the F.A.C.A., now decides who may manufacture, import, rectify, and wholesale, and to what extent. This is done by an elaborate system of quotas and permits. The legal basis for this procedure is doubtful.

One may ask to what length the Government intends to go in the matter of control of the market and the abolition of competition, as well as the setting up of a permit system which was supposedly eliminated by repeal.

Under the N.R.A., the President may invoke the license, permitting a business to function, but he can do this only when he can find "destructive wage or price cutting." This power is drastic and far-reaching. The President has not seen fit as yet to use it in any industry. Nevertheless, the F.A.C.A. has the temerity to use the license or permit system in the liquor industry. It may point to its power under the codes. That power, however, was forced upon an unwilling industry. Not even the famous consent-in-advance theory can justify it.

Congress recognized that this power of license was too drastic and limited the President's authority in that regard to a single year—until July 16 next. Even General Johnson has announced, wisely, that the licensing power shall be allowed to expire.

The license or permit system in the liquor industry must also terminate. It has no vestige of right to existence.

Industry dare not complain. Applicants fear that complaints will cut down their quotas, impair their permits and generally prejudice them in their relations with the administration.

Members of Congress have not been treated courteously, officials of the F.A.C.A. are inaccessible, telephone calls are disregarded, written communications are either ignored or answers thereto are delayed unduly. Members of Congress have been denied the right to petition the Chairman-Director of the F.A.C.A. to register complaints.

This protest is made with no desire to impugn the motives or sincerity of anyone connected with the F.A.C.A. We disagree with its policies, not with personalities. The system must be changed.

When the people voted for repeal of the eighteenth amendment they wished to get the Government out of the liquor business. Control was to be returned to the States. Under the F.A.C.A. and the codes that it has forced upon the industry, the Federal Government is in the liquor business almost as much as before. Contrary to the Democratic platform, the Government is not relegating control back to the States.

The Federal Government should only be interested in its customs, the protection of its revenue, and the protection of dry States. The dry States are still protected under the Webb-Kenyon Act, the Wilson Original Packages Act, the Reed bone-dry amendment, and the provisions of the Cullen law. There should be the least possible interference in the regulation of the indus-

try by the Government, and the codes must be applied more liberally.

The F.A.C.A. was to be an interim affair. However, the industry is well on its way. About 520,000 gallons of beverage spirits are being distilled daily. There are 333 rectifying plants. There are 600 breweries, producing almost 3,000,000 gallons of beer daily. There are 710 wineries, 5,400 wholesale liquor dealers, 165,000 retail liquor dealers, and 182,000 retail beer dealers. This is no longer an interim affair. In all likelihood, over 1,500,000 persons are directly and indirectly employed. It is one of the greatest recoveries in the national recovery era. This business, therefore, is entitled to permanent State control and not an interim Federal control.

On March 5, President Roosevelt in his speech to the general N.R.A. conference, in part said: "Antitrust laws must continue in their major purpose of retaining competition and preventing monopoly." Yet in the allocation of quotas of Scotch whisky, it is admitted that the F.A.C.A. gave decided preference to the brands of the British whisky trust, called the Distillers Corporation, Ltd. It has, however, been indicated by responsible persons that 50 percent of the Scotch whisky was allocated to representatives of the British trust. This is indeed a far cry from the text of President Roosevelt's address concerning the discouragement of monopolies.

Many importers, through no fault of their own, particularly during the second period, were granted no quotas of wines or liquors. In numerous instances, it is admitted by the F.A.C.A. that the applications were in order, but that through oversight or inability to cope with the tremendous amount of work placed upon it, or due even to negligence of employees, these applications were not passed upon prior to a given date. In other words, through no fault of their own, these importers were deprived of the quotas to which they were entitled. The F.A.C.A., however, was obdurate to all protests. No relief, whatsoever, was afforded, although the F.A.C.A. admitted that in numerous cases injustice had been done.

The F.A.C.A. has been guilty of setting up foolish, piddling, and annoying regulations, due to the fact, very likely, that some of the members of the F.A.C.A. have no knowledge of the business. In their misguided enthusiasm, they have foisted upon the industry, regulations that have no real relation to the needs and exigencies governing the trade. For example:

1. It is ruled that an importer cannot sell brandy or wine to a mincemeat manufacturer. This is a trifling regulation that only can cause annoyance, and is of no real value to anyone.

2. From time immemorial the trade has used what is known as bottles of one fifth size; that is, containing one fifth of a gallon. In an endeavor to regulate the drinking habits of the Nation and for the purpose of discouraging the use of fifths, the F.A.C.A. has ruled that all bottles must be labeled in accordance with contents in terms of quarts. If a bottle, for example, contains 1 pint 9 ounces (and the pure food and drug law would require that the label contain the legend "1 pint 9 ounces"), the new regulations of the F.A.C.A. require that the label contain the legend "twenty-five thirty-seconds of a quart." This fraction of a quart conveys no real information to the consumer, whereas the term 1 pint 9 ounces does. This regulation is manifestly foolish and annoying.

3. This regulation, however, the F.A.C.A. has declared shall apply to cognac and distilled spirits, but need not apply to wines. Why this distinction is made is difficult to understand.

4. The trade has been labeling its products under the pure food and drug law and the internal revenue law. The F.A.C.A. changed these laws, by what right it is difficult to understand. It is not above the Treasury nor the Department of Agriculture. Furthermore, the trade was given an insufferably short period to adjust itself to its regulations. The domestic manufacturers were given 30 days originally and the importers 60 days. One concern suffered, it is reported, a loss of $400,000 due to the oversupply of cartons, bottles, and labels banned by the regulation, since no proper time of grace was given within which to use these supplies. Only after the greatest effort was the time extended, and then for only a comparatively brief period. No consideration was given to the fact that some of the imported goods were on tramp steamers coming from places as distant as Italy and Russia, where it would be impossible to effect such changes in 60 days. Here again it is charged and protested that the regulations were made without knowledge of the industry or the calling in of experts for advice.

5. The F.A.C.A. issued a regulation to the effect that straight whisky could not be bottled by a rectifier. Only the distiller could bottle straight whisky. This restriction was most onerous as far as the small dealer was concerned. President Roosevelt, and all sane-minded persons desire that pure, wholesome straight whisky be made available as widely and as cheaply as possible. Playing into the hands of the distillers in this fashion prevents wide distribution of good, wholesome, straight whisky, and discriminates against the small rectifier and wholesaler.

6. Although the F.A.C.A. has been in existence only a few months, it has issued a large number of regulations and press releases. Each one of them makes it more difficult for the small merchant to function. He cannot come from distant parts to Washington to register complaints and get relief. He cannot afford to hire lawyers. These voluminous regulations increase the cost of doing business. This cost is passed on to the consumer.

7. These rigid regulations, furthermore, give aid and comfort to the bootlegger, who can easily avoid the regulations due to inability and failure of enforcement, whereas the legitimate trader must live up to them. The F.A.C.A. cannot enforce its regulations. It has no power. It has not even an investigational force. We thought we had destroyed the rum rows along our seacoast. It is noted that rum row lives again. St. Michelien has again become a haven of rum runners and smugglers. It is reported that huge supplies of liquor destined for United States bootleggers are warehoused there. Smuggling, particularly as a result of rigid quota regulations, has increased tremendously. Only due to vehement protests were quotas for the third period lifted. They must be abolished entirely. They serve no good purpose. They encourage smuggling.

8. A regulation was issued requiring any State that had set up a liquor-control board and was in the liquor business to obtain, first, a permit before it could import from abroad. This applied to States like Michigan, Ohio, Pennsylvania, Montana, Oregon, and Washington. It is difficult to understand by what right any bureau of the Government could thus encroach upon the sovereignty of any Commonwealth. It only serves to indicate to what extremes the F.A.C.A. has gone in the exercise of its alleged authority.

This protest and criticism is made in the hope that beneficial changes will result. Either the F.A.C.A. must be abolished or it must be reorganized. It must, in any event, be responsive to the reasonable requests of Members of Congress, and instructions must be given that Members of Congress be treated with uniform courtesy and prompt attention. Furthermore, the F.A.C.A. must recede from its position of a supergovernmental agency. It must do away with the system of permits. It shall not say who may or who may not go into the liquor business. That is a matter for the States. Codes must be changed to give back to the trade the right to govern itself.

Patrick J. Boland, Member of Congress; James J. Lanzetta, Member of Congress; Samuel Dickstein, Member of Congress; George W. Lindsay, Member of Congress; Fred A. Hartley, Jr., Member of Congress; Emanuel Celler, Member of Congress; Francis E. Walter, Member of Congress; Martin L. Sweeney, Member of Congress; John J. Boylan, Member of Congress; Francis B. Condon, Member of Congress; Lawrence Lewis, Member of Congress; A. J. Sabath, Member of Congress.

FEDERAL AID FOR A NEW AMERICAN DIRIGIBLE

Mr. CONDON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short bill I introduced 2 weeks ago.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. CONDON. Mr. Speaker, a few weeks ago I introduced a bill authorizing the Reconstruction Finance Corporation to make a loan for the construction and operation of airships in overseas trade, the provisions of which are as follows:

Be it enacted, etc., That for the purpose of fostering the American airship industry and to promote American overseas trade with use of commercial airships, to be available in time of war, to encourage American design, construction, and operation of airships, to demonstrate the value and profit of overseas airship service thus to promote its extension with private capital, and to provide immediate employment in airship construction, the Reconstruction Finance Corporation is authorized and directed to lend the sum of $12,000,000 to the Respess Aeronautical Engineering Corporation for the purpose of constructing an airship plant, an Atlantic operating terminal, two airships employing the new suspension-bridge-type structure and each having not less than 7,000,000 cubic feet gas capacity, and for operating these airships in commercial service from the United States to England or an European country. Such loan shall carry interest charges at the rate of 3½ percent per annum, which shall cumulate during the period of constructing and testing such airships, and shall remain a lien on the patents and patent rights and all present and subsequently acquired assets of the corporation until paid. Such loan, plus accumulated interest, shall be paid in 10 annual payments, the first payment to be made 3 years after the date of the enactment of this act.

FEDERAL AID FOR A NEW AMERICAN DIRIGIBLE

Mr. Speaker, this bill aims to promote the construction and operation of a new type of airship designed and developed by American inventive genius and engineering skill. This new airship is by no means an experiment but an assured success, having such superior structural advantages to the present rigid type of dirigible as to justify governmental financial assistance.

The purpose of this bill is not to give money out of the Treasury without recompense, nor even to subsidize private business as in the case of the air mail and the merchant marine, even though the operation of these new-type airships will be of great commercial benefit to the Nation as well as a valuable auxiliary in time of war. The bill merely seeks

to afford to this new American enterprise a loan of money which in these times is not obtainable through the usual channels of investment. The loan is strictly a business transaction providing for an adequate interest return for the use of the money and the amortization of the loan in full within a period of 10 years. In addition the Treasury is fully secured by a first lien on all the patents and other assets of the borrowing corporation until the loan is paid.

The interest of our Government in the development of lighter-than-air craft is well known. We have spent millions of dollars on such airships as the *Los Angeles, Akron,* and *Macon* on the theory that this type of aircraft has a distinct military value. Notwithstanding unfortunate accidents to two ships, our naval officials are still convinced that these airships are well worth the expenditure of Government funds.

The country must therefore be vitally interested in any improvement of such airships in the direction of greater strength and safety, cheaper cost of construction and maintenance, wider range of use, and more efficiency and dependability in operation. Among other things these are some of the major advantages of this new type of American dirigible over the traditional German type as represented by the *Macon.*

The inventor of this new ship, Roland B. Respess, who has organized a corporation owned and controlled by him to develop his invention commercially, claims all of these advantages for his ship, and has demonstrated their existence to the satisfaction of outstanding engineers and experts in the construction of aircraft and aerial structures. He requests the Government to assist him in promoting the construction and operation of this airship, because the enterprise is one that is and should be of deep interest to us, not only from the standpoint of national defense but from a wise consideration of our commercial interests in foreign and domestic trade.

Because Mr. Respess is a resident of my State of Rhode Island I have had the privilege of learning from him and his consulting engineers the value and utility of his invention, and I am happy to have the opportunity to present his claims for governmental aid to the consideration of the Congress.

I lay no claim to an expert knowledge of either aviation or the construction of aircrafts, but I am satisfied that Mr. Respess has a proposition that deserves and should receive the serious consideration of the Federal Government. In my opinion Congress cannot afford to disregard this opportunity to promote an undoubted advance in airship construction by which our country can be placed in the forefront of air navigation by lighter-than-air craft.

All forward-looking nations are interested in navigation of the air by airships and their greater use in peace and war. The existing type of dirigible is not the last word in the development of the dirigible. Rather it is more in the nature of a pioneer in the field.

ADVANTAGES OF RESPESS NEW TYPE AIRSHIP

The Respess airship represents a tremendous advance in the construction of this type of aircraft. It comprises a number of distinct improvements, chief of which is its suspension-bridge type structure. This structure consists primarily in a rigid central member in the form of a tube which extends centrally from bow to stern. Attached to this central member are a series of transverse wheel-like frames, between which the gas bags are mounted, the diameter of each frame being determined by the contour of the airship in its particular position.

Flexibly mounted on and connected to the transverse frames are longitudinal steel wires which are continuous from bow to stern and fastened to the ends of the central member at the bow and stern. A similar set of wires are attached to the perimeters of the frames at an angle and serve to take up sheer loads. All the wires are of high-strength steel suspension-bridge type, tested and specially treated to resist corrosion.

Such structure composes a spar of predetermined dirigible form and size, with the longitudinal central member and the transverse wheel-like frames forming the body and the exterior wire hull functioning in the nature of a suspension bridge.

This structure is flexible to a degree that it is not possible to attain in the conventional rigid-frame airship, and is sufficiently rigid to insure this characteristic advantage which is desirable in flight. All wires or cables are in tension, and the entire structure is susceptible to exact calculation upon normal engineering principles and will develop far greater intrinsic strength with result in increased safety and length of service.

The familiar type of dirigible so well known to the public was developed in Germany and is now built with a frame of duralumin rings and girders. This frame is thin sheet material that is subject to rapid deterioration in service. The useful life of such a ship in regular crossing of the Atlantic must therefore be comparatively brief.

Another obstacle to the practical and regular use of the German dirigible on a commercially profitable basis is the high cost of fabrication of their structures, requiring, as it does, special tools, dies, equipment, and the hand assembly of millions of small parts. In addition to the obstacle of great cost, this type of structure is easily susceptible to serious and even disastrous accident if confronted with unusual weather conditions producing stresses of a severe nature in the framework of the ship.

This lack of the elements of safety and moderate cost has done much to retard the more widespread use of the airship in the last 10 years of greatly enlarged use of aircraft. The paramount question in the public mind is this matter of safety. Any improvement in the dirigible that will assure the public of the existence of this factor in lighter-than-air craft will undoubtedly result in the popularity of the airship, and especially so if such improvements result in a greatly lessened cost of construction so that it is economically profitable to build and operate a sufficient number of these ships for a regular Atlantic crossing service, and ultimately the Pacific.

The Respess airship meets these requirements fully, and ought to be built here by American workmen, and not permitted to go to England or elsewhere. Our country has always been foremost in the development of every new form of transportation. This was true of the steamship, the railroad, the automobile, and the airplane, and it ought to be true of the airship. The Federal Government by act of Congress has assisted in some of this past development, even to the extent of granting public funds and subsidies. In this instance merely a loan is asked.

Airship travel, it has been recently said, is an accepted fact. The *Graf Zeppelin* is about ready to resume her South Atlantic service from Germany to Brazil for her fourth season. This ship has made more than 60 crossings, and another and larger ship is under construction in Germany. Apparently that nation is determined to maintain her supremacy in this type of air navigation.

We have neglected this form of air travel too long. It is time, now that American inventors and engineers have designed a new type of dirigible of greatly increased safety and low cost of original construction and operation, for Congress to authorize the administration, through the Reconstruction Finance Corporation or other appropriate governmental agency, to give financial assistance to this new development.

Some years ago Congress made a move in the direction of possible future development of airship travel when it appropriated the sum of $11,000,000 for the segregation and conservation of large supplies of helium gas and declined to permit its sale to other nations. It then foresaw that airships would some day become a major form of overseas transportation, and it wisely sought to protect this valuable supply of helium against the day when it would be needed by American airships for national defense. With the building of this new type of American dirigible that day will have arrived, and the wisdom and foresight of Congress vindicated.

The development of the Respess airship has extended over a period of several years, during which time every point of

novelty in the construction of the ship was checked and rechecked not only by the inventor but by consulting engineers of the foremost rank nationally and internationally. These experts have confirmed the inventor in his claim that he has tremendously improved upon the existing type of airship. They agree that the Respess ship will, after a brief experience in operation, convince the most skeptical that it is superior to the German dirigible and will inevitably make that type obsolete.

This experimentation and examination has been expensive but the inventor has furnished the funds for it out of his personal resources and now he asks for aid of the Government to put his project into actual operation because of the present dearth of private funds for investment, and because he believes, and rightly so, in my opinion, that our Government has an interest of a public nature in seeing that this advance in the use of lighter-than-air craft be made in America under American auspices.

This loan, if authorized by the passage of my bill, H.R. 9177, will be drawn upon as required for construction of the ship over a period of 2 years. It is intended to construct a manufacturing plant with a capacity sufficient for the construction of two of these airships at the same time; also an air field of large size, together with a terminal airship dock for the storage and repair of one airship. This airship dock will likewise be built on the principle of a suspension-bridge type of structure. These ships will both be larger than the *Macon* and yet be equal in cruising speed to the *Macon's* highest speed.

The proceeds of the loan after this work is completed will be employed in establishing a regular trans-Atlantic service to England over the great circle route from some advantageous point in New England. Based on experience in such trans-Atlantic service it is the hope to later provide Pacific service as well as a transcontinental service within the country, from coast to coast.

All of these plans have been carefully thought out and more consideration will be given them during the period of construction. Immediately upon the authorization of the loan the inventor and the borrowing corporation will definitely conclude present tentative plans for the site of the manufacturing plant which it is now agreed can best be established in a mild climate such as Florida or California.

I have felt it worth while to briefly state these facts in further explanation and support of H.R. 9177 to give the House a fairly complete idea of what is sought to be accomplished by this legislation and an idea as well of the merit of the proposal from the point of view of the Government. I hope the Committee on Banking and Currency, to whom the bill has been referred, will give it serious consideration and afford the inventor of this remarkable airship an opportunity to more fully present his claim for governmental recognition and financial aid.

The Reconstruction Finance Corporation does not feel that it can undertake to make such a loan without the prior specific authorization of Congress. In this connection I hope the committee as well as Members of the House generally will consider the fact that a loan of $29,000,000 was made to the Pennsylvania Railroad to electrify its line from New York to Washington, to provide a more modern system of railroad transportation, and that it recently loaned to the New Haven Railroad the sum of $300,000 to purchase a new, single-unit, stream-line, diesel-engine-propelled train, for service on its line between Boston and Providence, to provide a speedier and more modern form of railroad passenger transportation. Neither of these loans are referred to in a spirit of criticism, but rather to show that the Reconstruction Finance Corporation has generously loaned Government funds to finance new plans and new methods of transportation. These loans have been commended because they have helped to relieve unemployment and will enable the railroads to perform a higher quality of public service.

This bill, if enacted, will likewise afford substantial employment and besides supplying a new and more modern type of trans-Atlantic transportation it will establish a new and important industry in the manufacturing and servicing of these new airships with private capital. From every viewpoint, not only of foreign and domestic commerce but of national defense as well, this bill ought to receive serious consideration before this Congress adjourns.

SECURITIES EXCHANGE BILL

Mr. FREAR. Mr. Speaker, I made the point of order that a quorum is not present.

The SPEAKER. The Chair will count.

Mr. FREAR. Mr. Speaker, I withdraw my point of order, having been promised 2 minutes.

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 9323, the securities exchange bill, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

Mr. COOPER of Ohio. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. FREAR] and I ask that he may be permitted to speak out of order for the 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FREAR. Mr. Chairman, a subcommittee of the Ways and Means Committee with which I am acting has before it today, and will have the balance of the week, the question of community taxes. This is an important question.

The testimony has shown that eight States—not New York, not Illinois or Ohio, but eight other Western States—would pay $40,000,000 to $60,000,000 more annually for income taxes if they were put upon the same basis as the other 40 States. This is important. We have before us in that subcommittee today attorneys general from practically all the eight States and a number of other witnesses. There are Members here on the floor that came over there to be heard. I ask and extend the invitation to you, after talking with the chairman, Mr. SHALLENBERGER, to come there and testify as to what you believe in reference to the fairness or unfairness of the present system, or that we go on the same basis as those States. We invite you to come over there and give us your views.

There is a question of constitutionality, but we will not pass upon that. All of the attorneys from the Treasury Department, attorneys from the committee, and from the Attorney General's Department agree and say that it is proper to submit that question to the Supreme Court. I would like to have all of you who care to be heard come over there to the committee room and make any statement on the bill that will aid us, if you are interested in your State. [Applause.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 30 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Chairman, I am in favor of legislation to regulate stock exchanges, and I am supporting this bill. I supported it in the Committee on Interstate and Foreign Commerce, as the members of that committee know. I am supporting this bill because, in my opinion, it is the only proposal that has been suggested to Congress at least that will effectively regulate stock exchanges.

I may say that I have studied the bill and the legislation so much that I have had little opportunity and no disposition to prepare or to make a formal speech on the subject. I am going to content myself with making some general observations about the legislation and then to discuss very informally some of the more important and controversial provisions of the bill.

At the outset, I should like to express my appreciation of the kindly reference of the gentleman from Texas [Mr.

RAYBURN], the chairman of the committee, to my work on the bill, and I should like to repeat here, what I have said in private conversation, that never since I have been on the committee have I known the entire committee to study a piece of legislation with more earnestness and with a keener sense of its responsibility than it has during the consideration of this legislation. The brunt of the attack against the bill has, of course, been borne by the chairman and he is entitled to the credit for having successfully piloted the bill through the committee. His ability and leadership in the committee and his steadfastness in resisting all amendments which would weaken the bill, have commanded the admiration of everyone who has kept in touch with the progress of the legislation.

I am in sympathy with the general purposes sought to be accomplished by the legislation, and I believe, as reported by the committee, it will have a tendency to accomplish those purposes, with a minimum of interference with legitimate business and industry, not excepting the business of the exchanges themselves, and with very little, if any, direct interference with local business or industry whose securities are not listed upon one of the national exchanges.

In fact, it seems to me that legitimate business not only has nothing to fear from it but that it ought to welcome it. As the editorial in Washington Star of last Monday well said:

> Opponents of regulation are attacking the measure on the ground that it will hamstring business. It certainly is designed to hamstring some kinds of business—the business of fleecing lambs particularly.

It may make it necessary for stock-exchange houses and dealers to reorganize their business somewhat, but other business ought not to be materially affected by it.

I know there has been a great deal of anxiety on the part of the managers of local industry over the legislation; but, with full appreciation of the fact that no one can be quite sure of the effect that legislation of this character will have until it has been actually put into practice, it is my judgment, and I give it for whatever it may be worth, that there is little reason for anxiety in this respect over the bill as it comes from the committee. It is hoped that indirectly the legislation will be a substantial help and stimulus to all industry and commerce by preventing an undue amount of the money and credit of the Nation from going into speculative channels, and thereby making it available for business and industry. My efforts at all times have been directed toward the framing of a constructive bill, which would correct existing evils and at the same time not interfere with legitimate business. I believe that the present bill fairly accomplishes that result. The ultimate justification for it, as of other legislation, of course, must depend upon whether or not it proves to be in the public interest and for the general public good.

The bill has gone through many changes since it was first introduced. It has been redrafted several times, and each draft has differed materially from the preceding one. The bill reported by the committee is altogether different in detail from the bill as originally introduced. After full and complete hearings before the full committee, it was gone over sentence by sentence by a subcommittee of the Committee on Interstate and Foreign Commerce, and again by the full committee.

There has been so much dust kicked up over the prospect of the passage of some legislation on the subject that it has been hard at times to see the legislation itself on account of the dust. I think the dust has been cleared away some recently, and I hope that it will all be soon, so that everyone may take a good look at the bill without prejudice. It is our duty, of course, to forget who may be for or against it and consider it on its merits.

Whether the scare which business experienced was justified because of the actual provisions of the bill as first introduced, or was occasioned more because of the extreme and, in some respects, unwarranted representations and propaganda broadcast over the country by some of the representatives and leaders of business of what they conceived the effect of its passage would be, will always remain a mooted question. The extreme criticisms of the legislation, if they ever had any foundation in fact, must have been based upon the original draft of the bill. In my judgment, they have no application to the bill in its present form. In fact, I sometimes wonder if those who have protested so loudly against the passage of this legislation in the name of business are true representatives of business in their opposition to it, or if they are not misrepresenting business in doing so. Legitimate business ought to be as anxious as anyone to have the abuses corrected which this legislation seeks to correct. No one will benefit by it more.

The opposition to the legislation has reminded me at times of the story which our highly respected friend, the gentleman from Connecticut [Mr. MERRITT] tells about former President and Chief Justice Taft. It has been so different. Upon one of his visits to England, the English people were captivated with Mr. Taft and his personality. One characteristic which especially pleased them, as described by an English barrister, was his "mastery of understatement." Some of the critics of this legislation, and of those who are in sympathy with the purpose sought to be accomplished by it, will never be accused of the exercise of that characteristic in their opposition to it. On the contrary, they may be said to be masters in the use of hyperboles and overstatements. Congress, in the consideration of important legislation, cannot afford to have its judgment controlled by any fear of hobgoblins.

The bill may not be satisfactory to those who think that all corporate abuses can be remedied by legislation or who want to reform the world all at once, and it is not satisfactory to those who are opposed to any legislation to regulate the stock exchanges, but I believe that it will meet the approval of the great majority of people after they have had an opportunity to find out what is in it. To the extreme critics of the legislation one might suggest that they read the bill. If they will take the trouble to do that, I believe that they will find that the most of their criticisms are without foundation in fact.

It is not an uncommon thing to hear someone say that he is in favor of regulating the stock exchanges, but he does not want to hurt legitimate business; that he is in favor of legislation to regulate the stock exchanges, but that this bill goes too far. I do not agree with that position when used as an excuse to oppose this bill. I can understand the position of those who do not believe that the exchanges should be regulated by law at all, but I do not think that any legislation which would effectively regulate them could be passed and be much more reasonable and conservative than this bill is.

The bill has two primary purposes in view. First, to prevent excessive speculation in corporate securities traded in on the national stock exchanges. It is not to prevent speculation. There is no thought of that, although some people can see no good in it. Nor is there any attempt to draw any distinction between speculation and investment, or to tell when speculation ends and investment begins, or when investment ends and speculation begins. It aims only to prevent excessive speculation in corporate securities. Stated in another way, it proposes to attempt to prevent an undue amount of money and credit of the Nation at any time, and especially in boom times, such as the country experienced in the twenties, from going into speculative channels, and by doing that to keep it available for business and industry. The object of the bill in that respect, as in others, is not to hurt business but to help it.

It recognizes that business depressions can only be prevented or lessened by curbing business booms and seeks to make it possible to curb unreasonable booms in the future. Is anyone prepared to say that that is not in the interest of legitimate business?

The other day I received through the mail this folder, and I presume everyone else here received it. It is a synopsis of an address by Roger W. Babson, at the University of Florida on March 14, 1934. Let us see what he says on this particular question. I call attention to the fact that he puts alongside of the moral and physical welfare of the

people a law which makes it necessary to curb booms in order to prevent depressions. I quote:

"We can make progress only by taking advantage of these three laws, namely, (1) by influencing the desires of the people for worthwhile things, (2) by recognizing that the fittest are those who develop spiritually and intellectually as well as physically and (3) by preventing business depressions through curbing business booms."

The second main objective of the bill is to provide the owners of corporate securities traded in on our national stock exchanges, and other investors, a fair and honest market or market place in which to buy or sell corporate securities. It is not to destroy the stock exchanges of the country. No sane man would do that. It is to help them maintain a fair and honest, free and open market, where the prices quoted on the exchanges will represent as nearly as may be the value of the securities there listed, uninfluenced by manipulative practices and evils which everyone condemns, including the representatives of the exchanges themselves. In other words, it aims to provide a market place where prices will reflect real values, not speculative ones.

Who is there to gainsay either one of these two objectives of the bill?

The truth of the matter is that the majority of the representatives of the exchanges themselves admit that some legislation should be passed to regulate them, to help their own governing bodies prevent recognized abuses, which they are unable to prevent or control without legislation.

Mr. Lothrop Withington, a Boston attorney, who impressed the committee as a man of candor and ability, appeared before the committee during the hearings, representing the Boston and New England Stock Exchanges and the Chicago Stock Exchange. He testified:

I have yet to find any exchange that has not only reached the conclusion that they are going to be regulated, but welcomes regulation, if it is a regulation which will make them better market places, and will eliminate practices which have brought down a national condemnation upon exchanges—abuses which should be corrected.

At another point in his testimony he said:

There are certain manipulative illegal practices which should be legislated against, and Congress will find the exchanges as glad as anybody to see teeth put into a bill with regard to those manipulative practices.

In testifying before the committee with reference to the second draft of the bill, the Governor of the Federal Reserve Board, Mr. Black, in answer to a question of one of the members, said:

I do not think anything could have stopped the gambling mania of 1929 after it got under way. I think if the Federal Reserve Board had had these authorities in 1929 and had exercised them early enough it would have curbed those excesses to a very great extent.

In the consideration of the different provisions of the bill it is necessary to keep in mind that any effective legislation regulating stock exchanges necessarily involves the consideration of other factors and subjects, which at first glance may not appear to be directly connected with stock exchanges. As stated in the report of the committee—

Speculation, manipulation, faulty credit control, investors' ignorance, and disregard of trust relationships by those whom the law should regard as fiduciaries, are all a single seamless web.

They are all interwoven and interlocked—

No one of these evils can be isolated for cure of itself alone.

I sometimes think that as Members of Congress we are afraid at times to stand up and do the things which we instinctively know ought to be done for fear of being dubbed as belonging to some particular crowd. In this case we may be afraid of being accused of being associated with the stock exchanges or being led by some member of the "brain trust."

Let me assure the membership of the House that the Committee on Interstate and Foreign Commerce is responsible for this legislation as it is now before you. The committee has taken advantage of the ability and services and information of Mr. Cohen and Mr. Corcoran and found them very helpful in the preparation of this legislation.

The committee also has welcomed the constructive suggestions of members of the stock exchanges and of business, and in some cases have found them helpful, but the judgment of the committee had to be convinced before any provision was put into the bill or taken out of it. The bill as reported is the work of the Committee on Interstate and Foreign Commerce and of no one else.

I have before me the opinion of the Supreme Court of the United States, in the American Tobacco Co. case, handed down in January 1933. In order to hearten those who are afraid of the company they may be in, in supporting or opposing this legislation, I want to read a sentence from the dissenting opinion of Mr. Justice Stone in that case. I quote:

Extension of corporate activities, distribution of corporate personnel, stockholders, and directors through many States, and the diffusion of corporate ownership, separated from corporate management, make the integrity of the conduct of large business corporations increasingly a matter of national rather than local concern, to which the Federal courts should be quick to respond when their jurisdiction is rightly invoked.

I should like to paraphrase that last clause of Mr. Justice Stone to make it read as follows: "To which the Congress of the United States should be quick to respond when its jurisdiction is rightly invoked", as it is in the bill before us.

Mr. FORD. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. FORD. On page 20 of the report you touch on wash sales.

Mr. MAPES. I am coming to that. I think there is very little criticism of those provisions of the bill which outlaw the recognized abuses or evils of the stock exchanges themselves, such as wash sales, matched orders, bear and bull raids, and other evil practices understood to be directly connected with the stock exchanges themselves.

I am not going to comment at length on those, because they are not especially controversial. Wash sales, match orders, and bear and bull raids are definitely prohibited in the bill.

The Federal Trade Commission is given jurisdiction to prescribe rules and regulations to control and govern transactions relating to puts, calls, straddles, selling short, sales against the box, and some other things of that kind which the committee felt that it did not understand well enough to justify it in prohibiting altogether or limiting too rigidly, so they were left to the discretion of the Federal Trade Commission.

I am not going to discuss those features of the legislation, because I think they meet with very general approval.

I want to go now to the two sections of the bill relating to accounts and reports to be made by corporations, which have aroused the anxiety of many managers of corporations doing a local business and whose securities are not widely distributed. I should like to assure them as far as I can that this legislation is not designed to affect corporations of that nature. It is not designed to affect corporations that may have 20 or 40, or a limited number of stockholders who attend the annual meetings, are at liberty to examine the books at any time, and know what is going on. That kind of a corporation is not going to be affected by this legislation, but it is intended to affect, to regulate and control and prevent such practices as were indulged in by the American Tobacco Co., which was discussed in this dissenting opinion by Mr. Justice Stone that I have alluded to.

In that case, through salaries and bonuses, the president of the company received a salary or remuneration of over $1,000,000 a year in 1930, and by certain stock allotment plans which were promulgated by the board of directors, his income was increased. In 1931 a plan was adopted by the board of directors for a new allotment of stock and the board solicited proxies of the stockholders for a meeting of the stockholders in which it was proposed to have them approve the plan. That stock allotment plan provided for the sale of stock to the employees. Mr. Justice Stone says there was a reference which carefully read might be said to intimate that it applied to officers, but in commenting on it he said:

It is a misuse of words of plain meaning to speak of such a proposal as a plan.

And he goes on to say:

We must interpret the proposal and the action taken by the stockholders in terms of their legitimate expectation that the directors were complying with their duty as fiduciaries and not dealing with them at arm's length. They were entitled to read the proposal in the light of the fundamental duty of directors to derive no profit from their own official action without the consent of the stockholders obtained after full and fair revelation of every circumstance which might reasonably influence them to withhold their consent.

They were entiled to assume that the proposal involved nothing which did not fairly appear on its face, and, above all, that it was not a cloak for a scheme by which the directors were to enrich themselves in great amounts at the expense of the corporation of whose interest they were the legal guardians.

We have heard a great deal about the American Tobacco case in the last few years. I wish I had the time to read you more of the dissenting opinion of Mr. Justice Stone in that case. The president of the company, under the stock-allotment plan which the stockholders approved without knowing what they were doing, took enough stock for himself to make him a profit of over $1,000,000 if he had sold it in the market on the same day he bought it from his company. In other words, he gave the company $25 per share for stock that was selling on the very day he got it for $112 per share and got enough shares to make him a profit on the transaction of over $1,000,000. His stockholders had no idea of what they were doing when they authorized proxies to vote to approve a plan which permitted such a thing. It is such things as that that this bill is designed to prevent.

We know, every member of the committee knows, that it is necessary to hold annual stockholders' meetings in order for a corporation to function. We also know that the average corporation is run honestly, and that the management does not intend to profit at the expense of its stockholders; but we realize that there is a limited number of corporations and corporate managers who have not that sense of responsibility of the fiduciary capacity they occupy to protect their stockholders and that some of them want to make money at the expense of the stockholders.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. MAPES. Yes.

Mr. BRITTEN. In the case just cited, did the officer have an option of long time standing on that particular stock on which he made $1,000,000?

Mr. MAPES. He had no option at all. He devised a stock-allotment plan, which would enable him to subscribe for something over 13,000 shares, sent out requests for proxies for a stockholders' meeting to approve the plan, and in his letter to the stockholders as an inducement for them to sign the proxy blank stated that if the stockholders approved they would receive an additional dividend of $4 a share. Mr. Justice Stone says they had no information of what was going to be done, when they sent in their proxies. The action of the board of directors was confirmed, and on the day this president subscribed for these additional shares at $25 a share, he could have gone into the market and sold them for enough above what he gave for them to net him over $1,000,000. The shares were selling at $112 on the day that he contracted to buy them for $25.

Mr. BRITTEN. The reason I asked the question is this: Numberless cases have been presented to the public where officers have had options of long-time standing at very low prices.

Mr. MAPES. Yes.

Mr. BRITTEN. And many million dollars have been made in that way.

Mr. MAPES. That was not so in this case. I want now to read what one of the witnesses before the committee said about the value of corporate reports. Mr. Fred Y. Presley, president of the National Investors Corporation, New York City, and before that for 6 years the organizer and manager of the Harvard Committee on Economic Research, said this, in regard to the value of informative corporation reports:

I very strongly believe that all corporations with shares outstanding in the hands of the public should be required by legislation to report quarterly, and promptly at the end of each quarter.

* * * * * * *

In my opinion, if the public is kept fully informed currently regarding the earnings, financial status, and other considerations, by which we are able to determine values, that there would be much less inducement or basis for pool operations, for short selling, and for those other practices of organized exchanges which have been cheap, undignified, and pretty costly to the small investor.

Pool operations, in my opinion, are reared largely on very limited information about the stock which is being engineered and manipulated to higher levels.

The only way that pool operators can make a profit, ultimately, is to distribute such stock to uninformed people—certainly not to informed people. A great many of the most important pool operations have been conducted in the stocks of companies which have not been reporting quarterly and which have been giving the public just about as little information as necessary.

With complete publicity by corporations at frequent intervals, I do not think that stock prices would move to such high levels in a period of business prosperity, and for that reason I do not think there would be the same opportunity for short selling, since short selling can ordinarily only be profitable in stocks which have reached higher levels than the position of the company justifies.

Mr. COOPER of Ohio. Mr. Chairman, I yield 20 additional minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Chairman, I do not like to take the time of the Committee, but I do want to discuss some of the different provisions of this bill. As I said at the outset, I have no prepared speech to file.

Mr. SNELL. Would the gentleman care to yield for a question?

Mr. MAPES. I yield to the gentleman from New York.

Mr. SNELL. The proposition has been put up to me in regard to the obtaining of proxies that under the provisions of this bill it will be a very expensive proposition, and will cause a great deal of real trouble to legitimate business. I would like to have the gentleman explain what the conditions are that are different under the law which is being presented and the present law?

Mr. MAPES. The original bill contained some very definite and some very stringent requirements about the solicitation of proxies, which the committee felt ought not to be incorporated into the law. They would have made it very expensive to solicit proxies in a great many cases. The language now in the bill as reported by the committee simply authorizes the Federal Trade Commission to formulate rules and regulations for the solicitation of proxies which it thinks may be necessary in order to protect investors and the public. It clothes the Federal Trade Commission with very broad discretionary powers, in this respect, but does not bind the Commission to any specific form of control.

Mr. SNELL. Has the gentleman any idea as to what changes the Federal Trade Commission might require along that line which so disturbs business at the present time?

Mr. MAPES. I do not know that I can answer that. My own idea would be that the management of business, in a notice soliciting proxies, for instance, when it says, "We want all the acts of the board of directors for the last 12 months approved", should be required to point out what the matters of importance are that need to be approved. But that is all a matter for subsequent study and determination by the Federal Trade Commission.

Mr. SNELL. Of course, there is nothing in the present bill that prohibits the Commission putting in effect the same provisions that were in the original bill and which the committee struck out, is there?

Mr. MAPES. Oh, if we assume the Commission is going to be unreasonable, I presume that is true.

Mr. SNELL. But, as I understand, the original bill came from that source. I am not talking about the bill which is presented here, but the original bill, I understood, came from someone who represented to a certain extent, perhaps, the Federal Trade Commission, or I do not know who.

Mr. MAPES. I am not sure that that is a fair conclusion. I think the bill as originally presented before the House committee was like a great many other pieces of legislation; probably hastily drafted and presented as a skeleton measure on which to start hearings. I doubt whether it was the final judgment of anybody or any particular group.

Mr. SNELL. But there is nothing that would prohibit putting into effect all the regulations that were in the original bill, if they wanted to?

Mr. RAYBURN. If my colleague will yield——

Mr. MAPES. I yield to the gentleman from Texas.

Mr. RAYBURN. I think in their interpretation of it and in the court's interpretation of their power, they would certainly take into consideration the proposition that the committee considered those very sections and struck them out and wrote other sections in their stead.

Mr. SNELL. It seems to me that is an improvement. The principal objection that has come to me from business in regard to this bill is the fact that it is leaving to the Federal Trade Commission the question I have just raised in regard to proxies; then the further question about additional reports that might be required when they are already making reports to the public-service commissions in the individual States, but, as I understand, that question has been practically eliminated as far as this bill is concerned.

Mr. MAPES. I intended to call attention to statements of the Moody Investment Service and of the Standard Statistics Service approving these accounting provisions or expressing the hope that they would not be weakened when they required more detailed reports than they do as reported by the committee; but I will pass over them, and I will go directly to the question which the gentleman from New York has raised.

The gentleman has spoken about the provision clothing the Federal Trade Commission with authority to administer the act. I think that on the basis of proposing something different or new, the suggestion that a separate commission should be created to administer the act has something to be said in its favor, but I can see no other merit in it, and I can see several reasons why this legislation ought to be administered by the Federal Trade Commission. The Federal Trade Commission has charge of the Securities Act. It has an organization now which is designed to see that fair business practices are maintained by business, and it would be mere duplication of service in many respects to put the administration of this law into the hands of another body. I do not know whether my view in this respect corresponds with the view of anybody else or not, but, personally, I do not think it will take a very big organization to administer this act as reported by the committee. I think it would be building up just another commission which would take on additional authority, perhaps, as time went on, but that it would be entirely unnecessary.

Furthermore, there is one provision in this bill which I think makes it very desirable to clothe the Federal Trade Commission with authority to administer it. The bill provides that that Commission shall be divided up into divisions. To one division will be assigned the duty of administering this act. Then the bill provides that anybody who feels aggrieved at any order of the Commission made under this act, or of any division of the Commission, can appeal to the full Commission. That appeal will be passed upon not by the two or three men who are principally concerned with the administration of this particular act but by the other members of the Commission as well. They may have a clearer, a more general, and saner view because of their other work. I think that is a consideration of no small importance in determining whether this bill shall be administered by the Federal Trade Commission or by a separate commission. I think it is fair to say, too, that those who first proposed this new commission idea were opposed to this legislation and wanted to weaken it in every way they could. For one I do not like that attitude. I am not in favor of taking any teeth out of this bill in that respect by the formation of a new commission.

There is one provision in this section, however, to which I am very much opposed, and that is the paragraph which takes out of the Civil Service the lawyers, examiners, and other special experts required to administer the act. I made a motion in the committee to strike out that paragraph. I think it is an unfortunate provision. In my judgment it labels this constructive piece of legislation in a way which it ought not to be labeled. I should like to see this provision stricken from the bill, and shall make a motion to that effect.

What was the other point the gentleman mentioned?

Mr. SNELL. The other matter was the question of making reports in addition to those required by the public-service commissions of the various States.

Mr. MAPES. I know the gentleman's point. The reason for including that provision was to enable the Commission in its discretion to call for more informative reports. It must be kept in mind at all times that the purpose of this legislation is the protection of the investors and the general public. In order to carry out this purpose, it was thought that the Commission ought to have the power, in those States where public utilities are not required to file intelligent, informative reports, to ask for additional information for the benefit of the public and the investor.

Mr. SNELL. Is it the gentleman's opinion that in States such as New York and others where the utilities do file comparatively full reports that such reports will probably answer all the requirements of the Commission under this bill?

Mr. MAPES. I have no doubt about it.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. TABER. Does the gentleman realize that it costs small corporations almost more money to get out the reports now required of them than it costs to conduct all their other operations?

Mr. MAPES. I hardly think so.

Mr. TABER. I can cite the gentleman to instances where the small corporations are doing just that very thing.

Mr. MAPES. What does the gentleman mean by small corporations?

Mr. TABER. I mean small utilities, such as little water and light companies in small towns.

Mr. MAPES. It is barely possible that some concern may be a little inconvenienced in complying with this law, may be required to report something that it is not now required to report. If, however, it is in the interests of investors and the public generally for it to do so, I think it ought to be willing to go to that additional inconvenience for the general public good. The very act of listing a security upon a national securities exchange invites the public to invest in the securities listed; and when the management of a corporation invites the public to invest in the company's securities it ought to give enough information to that public to enable it to invest intelligently and not oblige it to invest blindly.

I wanted to discuss the margin provisions of the bill but I am not going to have time.

Mr. ROBERTSON. Mr. Chairman, will the gentleman yield for a brief question?

Mr. MAPES. For a very brief question; yes.

Mr. ROBERTSON. On page 7 of the committee report is reference to all loans from brokers and to securities and loans from banks. There is an impression on the part of some, which I think is erroneous, that all loans from banks on listed securities are limited to 55 percent of the value of the securities.

Mr. MAPES. This marginal provision has nothing at all to do with any transaction except loans to or by brokers, dealers, and members of the exchanges, unless the borrower wants to borrow on listed equity securities—which means stock—for the purpose of investing the proceeds in more listed securities. A person can go to the bank and borrow as much money with or without collateral as the bank will loan him to use in his business, to buy stock in a local company, or to do anything except to buy listed securities; and it has no application in any case as long the borrower can put up bonds or exempted securities, so-called. The provision applies only when the person goes to his banker and seeks to borrow money on an equity security, a stock listed upon a national stock exchange, for the purpose of buying other stock listed upon an exchange. Does that answer the gentleman's inquiry?

Mr. ROBERTSON. Very satisfactorily.

Mr. MAPES. There has been a lot of misapprehension about this marginal provision. As a matter of fact, while

it suggests a standard of 55 percent to be advanced upon these equity securities, it allows the Federal Reserve Board in all cases to raise that standard if it thinks there is too much speculation going on, and to lower the standard if it thinks it is to the benefit of commerce and industry to do so. Furthermore, it can fix a marginal standard for banks different from that which is fixed for brokers; and it does not apply to loans by banks to an individual in any of the cases, such as I have pointed out.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. FIESINGER. Does the bill give to the Federal Trade Commission power to require corporations to file uniform statements?

Mr. MAPES. The bill confers rather broad powers upon the Federal Trade Commission in that respect to enable the Commission to require corporations, if necessary, to make reports to their stockholders and the Commission that are intelligent and informative. Most corporations do that now, but there are a limited number of them that will not or do not tell their stockholders any more than they are obliged to do. That provision is aimed at the offending few. The managers of corporations are the servants and agents of the stockholders and certainly ought to report to their stockholders the condition of their companies.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. THOM. Some of us are wondering how the provisions of the bill would control the situation where a borrower makes a loan from a bank but does not divulge the real purpose for which the loan is made.

Mr. MAPES. If the bank exercises reasonable discretion and is not able to find out, it cannot be affected. I imagine, however, there are few people who can get money from a bank without telling the banker what he is going to use it for. I do not think there will be very much trouble along the line the gentleman suggests.

I should like to refer to some other provisions in the bill but time does not permit. I want to close as I began by saying that I am in favor of legislation to regulate the stock exchanges and that I am, therefore, supporting this bill.

As far as I am concerned, I can see no consistency in being in favor of legislation to control stock exchanges and at the same time oppose the only legislation that will effectively do it. One cannot blow hot and cold at the same time, and if he is really in favor of regulating stock exchanges it seems to me that he must support this legislation. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 12 minutes to the gentleman from Kentucky [Mr. CHAPMAN].

Mr. CHAPMAN. Mr. Chairman, during the course of this debate we have heard some very able and illuminating arguments in favor of this bill from distinguished members of the Committee on both sides of the House. At this time I shall discuss only one phase of the subject, and that very briefly. I refer to the doubt and fear that exist in the minds of many honest business men and their employees as the result of the unfair campaign that has been waged by selfish interests to terrify them into opposition to this important measure.

It cannot be gainsaid that during the past 2 months a very powerful and bountifully financed lobby has directed a barrage of as vicious and insidious propaganda against this bill as has been witnessed within the memory of the oldest Members of the House. The object of such false propaganda has been to create fear in the hearts and distrust in the minds of business men throughout the land. All Members of the House have received numerous protests, and we of the committee have been deluged with telegrams and letters in opposition to this legislation.

I wish every citizen in the United States could have heard, or could read, the exposure of those methods in the magnificent speech delivered day before yesterday in opening this debate by the able, hard-working chairman of this committee, who, with lion-hearted courage, has stood like a stone wall against as subtle influences and as powerful pressure as were ever resorted to in an attempt to influence any committee chairman, the distinguished gentleman from Texas [Mr. RAYBURN].

Most of the telegrams, obviously inspired by the New York Stock Exchange lobby, have come from people who are misinformed as to the provisions of the bill and have been deceived into believing that its enactment would be destructive to all corporations, whether their securities are listed or unlisted. That is wholly untrue. It would neither destroy nor injure any honest corporation anywhere. The principal attack has been directed at sections 11 and 12, those providing for listing requirements and reports for the protection of investors. Notwithstanding the general, false impression that has been created by the lobby, the only corporations that would be required to make the reports so strenuously opposed to are those whose securities are listed on a national stock exchange or are sold through over-the-counter brokers and dealers who set up a public market for both the purchase and sale of the securities in question.

This measure is intended to protect, not to destroy; to safeguard investors in listed securities instead of permitting a repetition of the tragic crash of 1929. We believe it will go far toward the restoration of confidence in both the exchanges and the securities listed on them.

When the original bill was presented, merely as a basis for hearings and preliminary consideration, there was rather wide-spread apprehension that its enactment would be injurious to industry, commerce, and the general financial structure of the country. No member of the committee wanted that. After weeks of exhaustive hearings, the present bill was evolved by an able subcommittee and the full committee. In formulating this bill there was eliminated, in my opinion, every provision that might have constituted a reasonable and just ground for fear on the part of any honest business interest, whether it be a stock exchange, corporation, bank, or broker.

In the consideration of this bill we see history repeating itself. When the Interstate Commerce Act was pending, the railroads saw in it the hobgoblin of destruction. Scarcely a railroad official could be found now who would wish to have the Commission abolished. When the Federal Reserve Act was before this body, some of you were members of the House and I think will bear witness that many great banking institutions believed the Federal Reserve Act would wreck and ruin them. Today scarcely an intelligent banker could be found who would advocate its repeal.

It is believed that the enactment of this bill into law will foster a higher degree of public confidence in the stock exchange and help preserve it as a necessary and legitimate market place for the sale of securities; will afford a larger measure of protection to honest corporate business; will make more secure the holdings of the average citizen and insure greater confidence and safety to the investor in securities.

The white light of publicity is the surest protection to the public against manipulation of the market, the unfair practices of designing men, and all the tricks of financial legerdemain which scheming minds can devise.

Why should investors not have the information required by this bill? We are not dealing with the small-town corporation, the managers and owners of which are neighbors, personal friends, and daily associates. We who have seen the informative report of Dr. Splawn to our committee, on the relation of holding companies to operating companies in power and gas affecting control, must be impressed with the necessity for the disclosure of such facts as this bill would require. In one case it is shown that the holding company is 11 companies removed from the operating company. We find one man who is a director in 240 utility companies. With such relations existing between the ownership and the management of modern corporate business, has not the investor the right to expect us to give him adequate legal protection?

In order for a corporation to list its securities on the New York Stock Exchange the rules of the exchange require it

to furnish all the information provided for in this bill except that concerning salaries and bonuses.

When we witness the spectacle of the president of the American Tobacco Co. receiving, in addition to a princely salary, a bonus of over a million dollars in 1 year, I am convinced that the investors in the stock of that company are entitled to have the benefit of that information. I go further than that. I believe that it is sound public policy that when tobacco growers, engaged in the hardest work known to farm life, spend an entire year in the production, harvesting, curing, and marketing of tobacco, for which they receive less than the cost of production, they also have a right to know that the head of a company that purchases and manufactures the product of their soil and their toil receives such a fabulous bonus in 1 year.

Wall Street and its minions are here full panoplied for battle. This committee speaks for the unorganized millions who have no lobby and whose voice is inarticulate. They have not sent us an avalanche of telegrams, but they expect and have the right to expect that we will do our duty. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, from September 1929 to June 1932 the market value of bonds listed on the New York Stock Exchange alone depreciated $9,387,000,000. In this same period of time and on that one exchange, brokers' loans were liquidated to the extent of $8,308,000,000. In the same period of time and on that one exchange only, of the twenty-and-odd exchanges in the country, the market value of listed stocks shrank $74,034,000,000. This is a total destruction of values and liquidation in 34 months of $91,729,000,000 on one exchange. What goes up must come down. What does not go up so high does not have to come down so hard.

This loss and liquidation to the investors of America averaged $2,800,000,000 a month for 34 consecutive months. This liquidation and destruction of values to the American investors averaged $100,000,000 a day for 3 long years. The American investors took a loss on account of that debacle of $100,000,000 a day for 1,000 days on the listed stocks and bonds of one exchange, or more in 1 day than the difference between the President and the Congress recently on World War veterans' relief for an entire year. The loss was three times the national debt, and it started in the New York Stock Exchange because we did not have means to put a brake upon that south sea bubble that has gone down into infamous history as the Coolidge bull market.

These figures indicate the size of the problem, but not all that we are trying to accomplish in this legislation because this loss of $92,000,000,000 was on the listed stocks and bonds of one exchange alone. It was exclusive of the stocks and bonds listed on other exchanges and all stocks and bonds that are unlisted everywhere in America. It is exclusive of the destruction of the value of commodities in this country, such as warehouse receipts on cotton, wheat, copper, and so forth, and on merchants' inventories.

It is exclusive of the destruction of the value of real estate in this country, and it is exclusive of the thousands of banks and building and loan associations with their millions of innocent depositors who went down to hopeless ruin because of that debacle which started in New York due to the fact that we did not have brakes to prevent speculation from going to the point where the bubble burst.

Mr. MOTT. Will the gentleman yield?

Mr. PETTENGILL. I yield to the gentleman from Oregon.

Mr. MOTT. The gentleman in his statement includes legitimate stocks as well as racketeer stocks, I presume?

Mr. PETTENGILL. Yes; all stocks.

Mr. MOTT. The gentleman does not mean to say that the reason for this rise and subsequent fall, which he terms as a destruction of security values, was by reason of the fact that we did not have sufficient regulatory laws so far as legitimate securities were concerned?

Mr. PETTENGILL. Yes; I do. I say that we did not have sufficient brakes to prevent inflation even in legitimate securities.

Mr. MOTT. Will the gentleman tell me what provision there is in the pending bill that would prevent the rise to probably unwarranted heights and the consequent fall in the value of legitimate stocks, such as the American Telephone & Telegraph Co., or any of those stocks? What provision is there in this bill that would stop just what happened in 1929 in regard to legitimate stocks?

Mr. PETTENGILL. I will be glad to answer the question. The answer is the power given to the Federal Reserve Board to raise margins as the bubble is being blown up, thus putting on the brakes, and to soften the margins as the market comes down, and thus tend to straighten out the tremendous peaks and valleys of the inflation curve in speculation.

Mr. MOTT. That is the particular provision which the gentleman thinks will stop that?

Mr. PETTENGILL. It should, if it is administered by a brave and courageous board. We have given them the power.

Mr. MOTT. I just wanted to get the gentleman's idea.

Mr. McFADDEN. Will the gentleman yield?

Mr. PETTENGILL. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. The gentleman is making an interesting statement in reference to lodging additional powers in the Federal Reserve Board. The gentleman knows that the Federal Reserve Board failed in a mistaken policy in regard to this situation in 1928 and 1929?

Mr. PETTENGILL. I know that is true.

Mr. McFADDEN. Is there some provision in the bill which will insure to the American people safety so far as the activities of the Federal Reserve Board are concerned?

Mr. PETTENGILL. I am sorry to say to the gentleman from Pennsylvania I cannot positively assure him about that. We have got to trust somebody to administer the tools we put in their hands, and the Federal Reserve Board has said that with this bill and with the Glass-Steagall Act of last June, they could have stopped or minimized this debacle.

Mr. McFADDEN. That is a question of policy of the Board.

Mr. PETTENGILL. It is a question of the use of the tools that are placed in their hands. Someone must always administer the laws of legislative bodies.

Mr. McFADDEN. If you have a board with a mistaken policy——

Mr. PETTENGILL. Or a cowardly board, of course, a tool does not do any good. I grant the gentleman that.

Mr. McFADDEN. And, of course, the gentleman realizes that during this particular period the Federal Reserve furnished over $200,000,000,000 with which to keep that stock market in a foment.

Mr. PETTENGILL. I do not have the figures in mind.

Mr. McFADDEN. Has the gentleman given consideration to the question of stopping the flow of Federal Reserve funds into this market?

Mr. PETTENGILL. Yes, we have; but that is not in the bill. It is in the Glass-Steagall bill of last June. I do not want to take the time to discuss that. If the gentleman wishes to discuss it in his own time, I hope he will do so.

Mr. McFADDEN. It is an important part of this question.

Mr. PETTENGILL. I am not wedded to every clause or paragraph or section of this bill. Amendments that I favored in the committee were lost and amendments that I opposed were adopted, but I am here to defend this bill as a whole. I think the time has come when this gigantic speculation must be declared to be a matter "invested with a public interest." Knowing that this has caused a collapse of values in this country like a row of dominoes or like a fire that starts in a gambling resort and sweeps over and wipes out an entire city, it is time to declare it as invested with a public interest, because we lost as a result of this debacle three times the cost of the World War. I hope in what I may say this afternoon I may reassure the legitimate, honest investors and business men of the Nation that this bill as a whole will help and not harm.

President Wilson once said, "I must cut deep, but I must cut carefully. I must cut out the things that are decayed and rotten, but I must leave every wholesome tissue absolutely untouched."

This was certainly the spirit of our committee in the consideration of this bill. There was not anything vindictive or vengeful about it. I never saw such painstaking and sincere effort to get the viewpoint of everybody who had anything to say that would be helpful. We tried to consider the legitimate interests of the 1,500 members of the New York Stock Exchange and the members of other stock exchanges of the Nation on the one side, and we certainly tried to consider the legitimate interests of the 10,000,000 individuals in America who own the securities of America, with a present face value of at least $100,000,000,000.

We know that the exchanges perform a useful, and they have in times past performed harmful service to the American people. They have been acting in a dual capacity both as a Monte Carlo of gambling and as a legitimate market place for the purchase and sale of securities. The New York Stock Exchange is a sort of financial Dr. Jekyll and Mr. Hyde. We want to kill the "jackal" and save the "hide."

Now, my friend the gentleman from Illinois [Mr. BRITTEN] said the other day that "the real object of this bill is the Russianization of business and credit in this country." Mr. Chairman, I do not want to Russianize America. I want to save America from another debacle that might Russianize America.

Now, what are the true facts about this matter? I hope that the calm perspective of a quarter of a century may bring this matter into clearer perspective than the heated political atmosphere of the present time. I want to read from a report that was made in 1909 on listing requirements:

> The exchange should adopt methods to compel the filing of frequent statements of the financial condition of the companies whose securities are listed, including balance sheets, income and expense accounts, and so forth, and should notify the public that these are open to examination under proper rules and regulations. The exchange should also require that there be filed with future applications for listing a statement of what the capital stock of the company has been issued for, showing how much has been issued for cash, how much for property, with a description of the property, and also showing what commissions and secret profits, if any, have been paid to the promoters or vendors. Furthermore, means should be adopted for holding those making these statements responsible for the truth thereof.

This bill comes within the framework, if not within almost the specific details, of a recommendation which was written long before the gentleman from Kansas, my able but misguided friend [Mr. MCGUGIN], ever heard of Dr. Wirt, or my friend from Illinois [Mr. BRITTEN] ever heard of the "scarlet-fever boys."

Who wrote these words that I have been reading to you? Whose recommendation is this within whose framework, if not within whose very language the present bill is bounded and defined? It was written by a committee appointed by the Honorable Charles E. Hughes, Republican Governor of the State of New York 25 years ago.

I hope that my mention of Governor Hughes in this connection will not cause any of these timid souls who look under the bed before they go to sleep every night—I hope it will not bring the name of that great Chief Justice of the United States, rendering distinguished public service to the Nation at the present time, under suspicion that he is a secret agent of Moscow; but if that should be the case, it would not be the first time he has suffered from names of this sort, because during the insurance investigation which he conducted so ably in 1905, he was called names that the New York Times did not find "fit to print." At that time he was charged with "destroying business" and the most powerful figures in his party tried to lure him from the trail of rottenness he had discovered by offering him high political office, which he refused until the job was done.

And yet as a result of his investigation and the legislation which followed the confidence it was said he would destroy was so firmly established in the great life-insurance companies of the Nation that they went through the hurricane of the past 4 years almost unscathed. Hughes was the friend of legitimate business at the very time he was charged as being its enemy.

Let us stop calling names and analyze this bill. I wish everyone would take the trouble to read the entire report of the Hughes committee of 1909. The very things that are contained in this bill were urged then, margins, pyramiding, pools, wash sales, matched orders, corners, subsidizing the press, men lending their names to corporate boards without knowing "the accuracy and good faith of the statements" of corporate affairs, and so forth.

It took this last final cataclysm to do what should have been done long ago.

I call your particular attention, as one of the most important matters now under consideration, to that part of the Hughes report dealing with the "effect of the money market on speculation."

The paragraph is as follows:

> It has been urged that your committee consider the influence of the money market upon security speculation.
>
> As a result of conditions to which the defects of our monetary and banking systems chiefly contribute, there is frequently a congestion of funds in New York City when the supply is in excess of business needs and the accumulated surplus from the entire country generally is thereby set free for use in the speculative market. Thus, there almost annually occurs an inordinately low rate for "call loans", at times less than 1 percent. During the prevalence of this abnormally low rate speculation is unduly incited and speculative loans are very largely expanded.
>
> On the other hand, occasional extraordinary industrial activity, coupled with the annually recurring demands for money during the crop-moving season, causes money stringency and the calling of loans made to the stock market; an abnormally high interest rate results, attended by violent reaction in speculation and abrupt fall in prices. The pressure to retain funds in the speculative field at these excessively high interest rates tends to a curtailment of reasonable accommodations to commercial and manufacturing interests, frequently causing embarrassment and at times menacing a crisis.
>
> The economic questions involved in these conditions are the subject of present consideration by the Federal authorities and the National Monetary Commission. They could not be adjusted or adequately controlled either through exchange regulations or State legislation.

In other words, gentlemen of the Committee, the Hughes committee in 1909, 25 years ago, recognized the need for some sort of a "planned economy" in the monetary field, to prevent the excessive flow of credit into the New York money market from being destructive to legitimate business throughout the country. They recognized a quarter of a century ago that this required Federal legislation, that it was beyond the power of a single State, beyond the power of the board of governors of a single exchange to control.

So this fatuous charge that this bill originated in Moscow or Georgetown utterly fails. It originated in the Hughes report in 1909, under a Republican Governor; the Pujo report in 1913, under a Democratic House; the investigation by a recent Senate committee started under a Republican administration and culminating in the Democratic platform of 1932.

These are the American sources, Republican and Democratic, for this bill. It is not the product of either the "brain trust" or a "brain storm."

The New York Stock Exchange, as has been stated, already require practically all the information required in this bill. But we are legislating for all the exchanges of the country—not one alone.

It has been developed in the progress of debate that the Moody Investment Service is for this bill; it has developed that Babson is for the bill; it has been developed that the Standard Statistics Service is for the bill. I will not repeat their statements. I refer to Mr. RAYBURN's speech of Monday, page 7913 of the RECORD. These services all make mistakes in forecasting the future, but certainly it cannot be contended that they are unfriendly to the investors of the Nation or that they want to "Russianize America." I wish everyone who has been disturbed about this bill could read their statements. They are high-grade houses depending upon the good will of their subscribers, and their statements ought to go far to reassure anxious investors and corporate officers.

Let me quote from one additional service, which has not thus far been mentioned. I refer to the report of March 3,

1934, published in San Francisco by the Silberling Research Corporation. It is as follows:

Those only should speculate who can afford to lose; and furthermore the losses of speculation should not be permitted to wreck the fortunes of millions of innocent bank depositors as well.

These points of criticism will be seen to be of relatively minor character. In the main we approve with enthusiasm and conviction the purpose of this legislation and regard most of the current abuse heaped upon it as poorly aimed, misleading, and in the end not likely to produce a severely adverse effect either on the market or upon general public sentiment.

We as a Nation do not have to repeat our mistakes forever for the benefit of promoters and exploiters. We see no reason why any concern, large or small, cannot fulfill the requirements for listing under this act if it is competently and honestly managed. The New York Stock Exchange has had many years in which to force its listed companies to tell the public a reasonably full story about their earnings and other essential things and it has notably failed in this attempt, as anyone wishing to secure such information about most of the eight-hundred-and-odd listed companies can easily determine. We see in more adequate publicity the doom of vicious pool practices which live on secrecy, the end of managements which are more interested in trading the stock market than producing useful goods and service.

And then it concludes:

If people want to operate their affairs in the dark, they have no claim upon the interest of the average investor.

As for the ability to borrow on collateral, is it not now abundantly clear that the difficulties in our banking system were due in an important measure to the very ease with which bank portfolios could be loaded up with advances on trashy securities?

We are convinced that with some unessential modification this legislation will conduce to the protection of the investor because it will provide insurance against pernicious secrecy and malpractice in corporate doings and will prevent unreasonably engineered market operations which defeat rational analysis and shatter confidence. We can see reasons for expecting, as a result of this great reform, a wider international demand for our good securities and a freer flow of capital than ever before into enterprises which have certified their willingness to play fair with the public.

Please note that last—

A freer flow of capital than ever before into enterprises which have certified their willingness to play fair with the public.

This gives us ground to hope that this legislation will in the end be the best thing for the markets themselves and honest business, and their thousands of employees, just as the Hughes investigation of the life-insurance companies proved to be an inestimable blessing to the companies themselves.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. DUNN. Can the gentleman tell me why it is that the gigantic corporations, such as the utilities and the steel corporations, are opposed to this bill?

Mr. PETTENGILL. There were many reasons, some of them good, such as the fear that trade secrets, formulas, and so forth, might be made public. But amendments have taken care of such objections, I believe. As for the rest, it is my guess that they have been carrying many items on their books or in their heads, such as campaign contributions to influence legislation and utility-commission decisions, which they do not want their investors or the public to see.

Mr. DUNN. I agree with the gentleman.

Mr. PETTENGILL. Mr. Chairman, I yield back the remainder of my time.

Mr. COOPER of Ohio. Mr. Chairman, I yield myself 10 minutes. I repeat what I said a few days ago, that I believe the measure now before us for consideration is the most important piece of legislation that has come before this Congress. Especially is this true from the standpoint of the public interest.

REGULATION OF STOCK EXCHANGES

I am very much in favor of the provisions of the bill relating to the regulation of stock exchanges. People who invest their money in securities are entitled to some protection; and if those who are charged with holding these securities do not protect them, then they have a right to come to this legislative body and ask for protection.

Legislation for the regulation of stock exchanges should have been passed long ago. We all know the unfair practices and the crooked manipulations and excessive speculations that have gone on on some stock exchanges of our country in the past, and especially in the last few years. During the deliberations of the committee who had charge of this legislation I favored all the provisions of the measure which related to the regulation of stock exchanges, and I hope that this Congress will pass some legislation to that effect.

GOVERNMENT REGULATION OF INDUSTRY AND BUSINESS

However, as most of the members of the committee know, I was more interested in that part of the bill which went far beyond the regulation of the stock exchanges than I was in the regulation of the stock exchanges themselves. I cannot agree with my good friend the chairman of this committee, nor with my colleague the gentleman from Michigan [Mr. MAPES], when they stand on the floor of the House and try to leave the impression that the opposition to this measure which has been expressed by business and industry was all inspired by the New York Stock Exchange.

I have more confidence in that great organization of business men in the industrial district in which I live than to believe that the New York Stock Exchange has inspired their opposition to this measure. Again, I think they have a perfect right to oppose this measure. It has been intimated here in a way that they are all wrong when they come to Congress and protest against some of the provisions of this legislation. If they cannot protest to Congress, which is considering the measure, to whom will they go? I do not question the right of the industries and business men in my district and those scattered throughout the great State of Ohio to protest to a Member of Congress and tell him there are some provisions of the bill which they believe will be detrimental to their interests. I, like many other Members, have received numerous telegrams and letters from business houses and industrial corporations protesting against the passage of this bill. In not one of these protests that I have received is there any objection to the regulation of the stock exchanges. As a matter of fact, 99 percent of the protests that I have received from business men and corporations say they favor the regulation of the stock exchanges. I call attention now to a few of the hundreds of protests that I have received. This telegram I have in my hand comes from the Goodyear Tire & Rubber Co., the B. F. Goodrich Co., and the Firestone Rubber Co., of Akron, Ohio, the greatest rubber industrial center in the world. These three organizations employ upward of 50,000 men and women in their plant. Can anyone standing here on the floor say that any one of these organizations has ever tried to take advantage of its stockholders?

Can you say that they have brought forward certain practices in order to beat their stockholders out of the earnings of their securities? I believe these men are honest. They are charged with the investment of the people's money. As I said a few days ago, the big, heavy industries in our country today, like the rubber and the steel companies, have sweat blood during the last 3 years. In my own district, which is the second largest steel-producing section of the United States, during the years 1930 to 1933, every one of the companies lost millions of dollars in the operation of their plants, but they kept them open because they had invested money in those institutions, and they wanted to give as many workingmen employment in order that they might provide some sort of livelihood for their families. Do you classify them as crooked manipulators who are trying to rob American people who have invested their money in their securities.

I have here another telegram from several large corporations in Cleveland, protesting against that part of this bill which has no direct relation whatsoever to the regulation of the stock exchanges. They believe certain provisions of the bill will very materially affect their business and make it harder for them to bring about economic recovery.

Mr. BLANCHARD. Will the gentleman yield briefly?

Mr. COOPER of Ohio. I yield just for a short question.

Mr. BLANCHARD. It is that same type of manufacturing enterprise that I am concerned about in my own district. They raise some very serious objections to the provi-

sions of the bill which do not deal with the stock exchange. Have those provisions been modified in this bill as compared to the original bill?

Mr. COOPER of Ohio. Yes. I am coming to that in a moment.

Mr. CLAIBORNE. Will the gentleman yield?

Mr. COOPER of Ohio. I yield, briefly.

Mr. CLAIBORNE. Is the gentleman aware of the fact that Mr. Henry I. Harriman, speaking in the city of Washington a few hours ago to the Twenty-second Annual Meeting of the Chamber of Commerce, said to the gentlemen there assembled that business in America could not accept the stock exchange bill as first reported?

Mr. COOPER of Ohio. I thank the gentleman for his contribution.

Now, I will tell you what heavy industry needs today. I have talked to the men who have charge of those industries—those men who, as I said a moment ago, sweat blood during the last few years in trying to keep their plants in operation. What they need today is relaxation of credit. They have told me that if there could only be a little relaxation of credit and they could get the money, it would not be long before we should be well on the road to recovery, as far as heavy industry is concerned.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. COOPER] has expired.

Mr. COOPER of Ohio. Mr. Chairman, I yield myself 10 additional minutes.

Mr. TRUAX. Will the gentleman yield for a question?

Mr. COOPER of Ohio. My colleague from Ohio has been so kind to me that I will yield for a short question; not for a speech, however.

Mr. TRUAX. I agree with the last statement made by the gentleman, but is it not true that that is what everybody, including the farmer and the small business man, needs today, namely, relaxation of credit? [Applause.]

Mr. COOPER of Ohio. I agree with the gentleman; yes, sir. Now, of course, we all want to see recovery from the terrible economic depression we have passed through. I have been informed that the one thing business and industry are afraid of, with regard to the passage of this bill, is that it will make it a great deal harder to get credit in the future. Of course, if they cannot get credit in a lawful way they should not have it.

I received a letter from the general counsel of the largest steel industry in my district, in which he said if it were not for the Securities Act of 1933, there would have been $10,000,000 invested in this district during the last year.

I want to be fair and say that there has been some modification of this bill. When we first received the bill, it was much more objectionable than it is now. I am glad the committee saw fit to make some of the modifications. I personally should like to have the bill framed along the line of the commission report which the President selected. Early last year the President selected a committee known as the "Roper Committee." Secretary Roper, of the Department of Commerce, was at the head of that committee. He wanted them to proceed along the line of writing legislation for the regulation of the stock exchanges. They did. That is a public report, and you can get it. During the hearings on this bill, which we are considering, the Assistant Secretary of Commerce, Mr. Dickinson, appeared before our committee.

I say to you that in all my experience in Congress I have never heard a more brilliant man or a more sound man, a clearer thinker or speaker than Mr. Dickinson. He made some very strong objections to the legislation which we then had before us. We asked him why the President's report was not accepted and written into legislation. I forget what his answer was, but the truth of the matter is that the President's committee report was set to one side. Mr. Landis, of the Federal Trade Commission, Mr. Tom Corcoran and Mr. Ben Cohen wrote the legislation which was presented to our committee in the first instance. There is no question about that, because Mr. Landis made that statement before our committee himself. I say the bill has been modified to a great extent, and it is not as objectionable as it was when it was first presented to our committee. Therefore I do not want it understood here today that I am directly opposing the passage of this legislation. As I stated a moment ago, I believe we ought to have legislation for the regulation of the stock exchanges, and we should have had it long ago, but I want to call attention to the fact that sections 11, 12, 13, 14, 15, 17, 19, 23, 28, and 32 of this bill have no direct relation to the regulation of stock exchanges. Section 13 deals with proxies.

PROXIES

Strong objections have been made by business and industries from all parts of the country against this section. They maintain it has no place in stock-exchange regulation.

If it is desirable that the solicitation of proxies should be governed by rules and regulations of the Federal Trade Commission for listed securities, a similar rule or regulation will be adopted by the Commission with regard to unlisted securities under the authority of section 14, and section 14 gives to the Federal Trade Commission the power to set up rules and regulations in regard to unlisted securities that are not on one of our national stock exchanges.

Again, section 13 means that any person soliciting a proxy—I want the House to pay attenion to this, and I am only bringing it up so that you may know what is in the bill—section 13 provides that any person soliciting a proxy, listed or unlisted on the exchange, is subject to the rules and regulations of the Federal Trade Commission, and that to solicit a proxy in violation of any rule or regulation the Commission may prescribe is made a criminal offense, punishable by fine and imprisonment. The Federal Trade Commission, under this bill, has the power to set up any rule or regulation that it desires regarding the solicitation of proxies.

The solicitation of a proxy in violation of any rule or regulation the Commission may prescribe is made, not a misdemeanor but a criminal offense, punishable by fine and imprisonment. This section gives to the Federal Trade Commission the power by rule and regulation to create criminal offenses in connection with the matter of soliciting proxies, and shows the extent to which the bill goes in an endeavor to control the conduct of individuals in the moral and everyday business activities of life.

OVER-THE-COUNTER MARKETS

Section 14 deals with over-the-counter markets. I wonder if we realize the extent of the grant of power given to the Federal Trade Commission in this section. Over-the-counter markets are defined in this section, which relates to the buying and selling of securities of any corporation which securities are not listed on any national stock exchange. This section gives the Commission the broad power to make rules and regulations governing entirely intrastate transactions—not interstate, but intrastate transactions. The violation of such rules and regulations is declared to be unlawful and is made punishable by fine and imprisonment. Such business today is not only governed by provisions of law but there already exists in almost every State "blue sky" laws for the protection of investors, laws designed to eliminate abuses. The Federal Securities Act of 1933 also covers transactions of this sort. Section 14, should it become law, will make every corporation whose securities are bought and sold, even though locally, subject to the rules and regulations of the Federal Trade Commission.

CONTRACTS

Section 28 (b) makes void every contract made in violation of any provision of the act, or any rule or regulation thereunder, and every contract the performance of which involves the continuance of any relationship or practice prohibited by the act.

The far-reaching consequence of this subsection is little comprehended. This provision, coupled with the use throughout the act of the words "it shall be unlawful", opens the door to a vast amount of litigation which may involve many of the daily commercial and banking transactions of our country. If, perchance, through the error of a clerk, or

even of a partner, a miscalculation has been made as to the amount that could be legally loaned or borrowed, it could not be corrected, for if a transaction be void, neither party can seek redress in a court of law. The infinite number of questions which arise from an examination of this section makes it clear that it should be carefully considered by the House.

SECTION 32. CRIMINAL PENALTIES

I now come to the penalty section, and with this I close. This section makes no distinction between acts which are intended to be criminal, such as the manipulative practices set out in section 8, and the violation of ever-changing rules and regulations of the Commission. I believe the criminal penalties should be confined to the specific things which are intended to be made criminal.

I wonder if we want to write into this bill, however, a provision which provides a fine and imprisonment for the violation of a rule or regulation having no direct connection with the regulation of the stock exchange. Should we go so far as to subject any person, business man, banker, official of industry, or employee to the hazard of criminal prosecution for the possible violation of a rule or regulation of the Commission? This provision gave very much concern to the committee having the bill in charge and under consideration. It will be said that the criminal provisions are confined to a willful violation of the rules and regulations of the Commission. Ah, my friends, the proof of whether the violation was willful or not will have to be made in court. We should remember, however, that it is the indictment of the individual which is likely to destroy his standing and reputation in the community in which he lives, not whether he may be found guilty; and he could be indicted for violating a rule or regulation. The proof of his innocence by showing that the violation was accidental and not willful is not news. Papers would not have much to say about that; it would not be given the same publicity as his indictment was. The mere indictment of a prominent citizen is a sad thing to him no matter in what community he may live.

Mr. Chairman, in a brief time I have tried to set forth my views on some parts of this legislation. As I said, I believe we ought to have regulation of the stock exchange, but I trust we can modify the bill to some extent, at least so that business and industry which are fighting for their life today would feel more confident that they are going to be able to carry forward in a legitimate and lawful way. If they are permitted to work out their own business without too much governmental regulation, they will succeed and at the same time be of great benefit to the country at large. [Applause.]

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. MOTT. I wish to ask the gentleman a rather pertinent question. During the course of his remarks the gentleman named several men with whose names I am not acquainted. If I remember correctly, the gentleman stated they were the people who drafted this legislation.

Mr. COOPER of Ohio. They drafted the first bill; yes.

Mr. MOTT. I want to ask the gentleman as a member of the committee if he knows whether any of these people who drafted any of this legislation have ever had any personal and practical experience in the regulation of the sale of securities; whether any of them has ever held office as securities commissioner or has otherwise been connected with the regulation of securities?

Mr. COOPER of Ohio. I believe one of the three gentlemen who was responsible for the drafting of this bill did make the statement before our committee that at one time he worked for some broker on the New York Stock Exchange.

Mr. MOTT. That is not the regulation of securities. I think I know at least by reputation, if not personally, almost every securities commissioner of the country, although their names may be unfamiliar to me. I used to be securities commissioner in my own State.

Mr. CLAIBORNE. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. CLAIBORNE. The gentleman in discussing the last section of the bill having to do with penal provisions said that one might be held accountable where one was guilty of willful misconduct. Does willful misconduct apply to the individual alone, or does the bill seek to hold a man responsible for the misconduct of his agent? The first bill was so construed. Is a similar construction applied to the pending bill?

Mr. COOPER of Ohio. The penalty applies to the person or persons who made the report or violated a rule or regulation of the Commission. There is no question that this bill delegates to the Federal Trade Commission the power to legislate and fix penalties which provide for fine and prison sentence.

Mr. Chairman, I surrender the floor. [Applause.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, as the Members of the House know, I am not a member of the committee having this bill in charge. I have not had the opportunity of becoming as familiar with its provisions as have those gentlemen who are members of the committee. I have followed the course of this legislation as best I could, in view of responsibilities which rested upon me as a member of other committees, and I have listened very carefully since the debate upon this bill began.

I confess that the effect of this legislation is so far-reaching and the provisions of the bill itself are so technical that I have been put to great concern as to just what my attitude of mind should be toward it. This one statement contained in the report which I read again last night is enough to impress the average Member of this House, namely, that practically one half the national wealth is represented by stock of corporations and by corporate and Government bonds. All this property represented by such securities is unquestionably directly affected by this legislation.

As I consider one piece of legislation after another, I am impressed in recent days with the general trend in the nature of it all. The general trend of legislation of late embodies an attempt to make men honest under compulsion of law. We have had in recent years some experience with a law which was designed to make men and women live in accordance with a standard of thought sought to be set up under prohibitive restrictions. We saw that we could not effect our purpose by such a law.

I voted for the National Recovery Act. I knew that in theory the act was sound. I knew that the industrial fabric of the Nation had been pretty nearly wrecked by men who with splendid opportunities had gone so far in an attempt to satisfy their selfish aims that they lost sight of their obligations to the general public. Here is an act which says we must put American business in a strait-jacket. Under compulsion of law we must set up a standard of business ethics and hold the iron hand of Government over it. I do not know whether such a policy will succeed or not.

This so-called "securities exchange control bill" recognizes existing abuses, which no doubt ought to be corrected. The theory of it is that we should put these exchanges in a strait-jacket. We should hold over them the iron hand of compulsion by Government, and we should drive them to a course of honesty.

As I read my history, I am impressed with the thought that it is almost impossible for one generation to pass the lessons of its experience to the next. We seem in each era to have to learn our lessons for ourselves. I have about concluded that, while it is no doubt your duty and my duty to set up in the laws which we pass the highest standard of conduct, we are doomed to be very much disappointed in the final results. You cannot make men honest by law. You cannot clean up business under legal compulsion. The wits of man will thwart every attempt you make, and the

remedy will never come until there is in this country a different attitude on the part of men who by reason of their splendid ability have come into positions of power and opportunity to make wealth for themselves, but who fail to use their opportunities to build for the future in a way which will serve the social and governmental structure of the Nation. When the day comes that enough men in places of power, profiting by the lessons of history, will see that nothing is to be gained by thinking only of oneself and in setting up vast corporate structures to be used for profit to those who designed and conceived them but not to pass on any benefits to the many, then a long-suffering people will begin to come into that fuller and richer life which is deservedly the aim of every government and every parliamentary body to attain.

I wonder how many of us really sense in these days the tremendous responsibility that is ours. I know I have sometimes lost the right point of view. All of us become more or less discouraged at times. The average man here tries to see the right; he tries to lay aside party lines; he wants to do something that will help the Nation, but he goes on from year to year with no personal gain to himself except that he may have learned to stand up and take a mud bath upon all occasions and with good grace. He sometimes thinks that his place in this Government of his is not of much importance after all; but, Mr. Chairman, each one of us holds a certain measure of responsibility here which is going to mold the future business and social life of this Nation. I see many things in this bill which I do not like, but I cannot bring myself to believe that I shall have done my full duty here unless I give it my vote. [Applause.]

Unfortunately I cannot be here in the House if the final vote on this bill is to come before the first of the week. I have committed myself in weeks gone by to be elsewhere. I have arranged a pair, but I want the opportunity to vote upon some amendments. There has been, as has been stated, a great deal of misunderstanding about this legislation and the effect it will have.

In no event could I have voted for the bill as it was originally introduced. Very many important amendments to the original bill have been made, the aim of which was and is to guard against abuses and at the same time do no injury to legitimate business. But the bill, even in its improved state, can be further improved.

I do not think this Congress can justify the legislative provisions contained in lines 18 to 23 on page 34, which confer broad and unknown discretionary powers upon the Federal Trade Commission. The bill, after laying down the strictest requirements which must be complied with by those who would list their securities on the exchange—and these requirements quite properly aim to make public legitimate information concerning the financial structure, the nature of the business involved, together with various facts which directly affect the value of the securities listed—imposes upon the vast business interests concerned the obligation of complying with such additional requirements as to such reports as are deemed necessary for the protection of investors in the pure discretion of the Federal Trade Commission.

And, mark you, any corporation which might knowingly or otherwise violate any changed rules or regulations adopted under the changing personnel of the Federal Trade Commission is subject to criminal prosecution.

It seems to me, if there are evils to be reached, definite provision for reaching them should be made. Any attempt to forecast the future by blanket authority conferred upon any bureau to make rules and regulations having the force of criminal law is utterly unwarranted, in my judgment. Such a policy of lawmaking cannot encourage business confidence, and without business confidence we cannot make any recovery progress.

On page 35 similar discretionary power is given to the Federal Trade Commission to determine the use of and the authorization of the use of proxies. Again I repeat, if there are definite evils in the use of proxies which are to be reached, the bill should set forth definite remedial rules in order that business interests may know just what they are to comply with.

This year the Federal Trade Commission might decide that one practice is correct, but next year their point of view might change, and changed regulations vitally affecting all interests concerned would seriously disturb business stabilization. It would seem to me that while many of the provisions of this bill are wise, and while unquestionably the purpose of the committee reporting it is a laudable one, the committee should be content to report a bill which states definitely the evils to be dealt with and lays down specific regulations and rules in accordance therewith. If they are uncertain at this time as to what the evils are, the light of subsequent experience should guide us in our legislative course. The reposing of broad discretionary powers, such as those to which I have referred, is unwise and unjustifiable.

Quite clearly, it is thus proposed to deal with possible evils arising in the future by advance authority in the Federal Trade Commission to assure new rules and regulations. Such a course is not consistent with wise legislation and is, I submit, most unfair to business.

I repeat that I shall gladly vote for amendments to correct the faulty provisions of the bill to which I have called attention.

Let us not attempt to take too many steps at this time. I hope the Congress will be content to deal unqualifiedly with the present known situation without attempting in a veiled way to remedy all possible abuses which may by chance arise in the listing and sale of securities by any blanket grant of discretionary powers in the Federal Trade Commission.

Because the bill has been vastly improved by the committee having it in charge, and because I believe that as a whole its salutary provisions far outweigh its deficiencies, I shall vote for it. I shall hope for further improvements in the bill during its course in the House, and I have the confidence to believe that when the bill is finally reported by the conferees of the Senate and the House a real forward step in the correction of existing abuses will have been made in the listing and sale of securities. [Applause.]

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I yield 15 minutes to the gentleman from Montana [Mr. MONAGHAN].

Mr. MONAGHAN of Montana. Mr. Chairman, at the outset of my remarks I should like to correct a mistaken impression that may have been left with the Members of the House at the conclusion of the very able address of the gentleman from Ohio [Mr. COOPER]. I would like to answer that, however, when Mr. COOPER is in the Chamber; and as I see he is not present at the moment, I shall continue my remarks until he returns.

As our chairman, as well as other members of the committee, have so well said, this bill has been the subject of the most vicious campaign of malicious propaganda ever waged against a single piece of legislation coming before the Congress. Realizing the faith which the people of the United States have in the President of the United States and his new deal, selfishly inspired opponents of this legislation have even sought to discredit the President and have flooded the channels of public education with the cry, "The new deal is leading to communism." Well, I say that if the new deal is leading to communism, then all America needs is a little more communism. [Applause.]

The thought that occurs to me in connection with the stock-exchange control bill is the fact that while these people are howling the allegation that this bill provides for the regimentation of industry they forget the thousands of people who lost their life savings and who were fleeced of their life's earnings in the stock-market crash of 1929, who demand Federal regulation of this sort to prevent a recurrence of a tragedy of that kind, and the hundreds who went the suicide route bear silent testimony to the urgent need of this legislation.

The fictitious wealth created in the stock market is in constant danger of collapse, yet those who loudly clamor

against the remonetization of silver as being inflationary illogically lament that this bill might be deflationary. It is not; rather, it is designed to prevent the creation of fictitious values. It is designed to prevent giving a man a scrap of paper in exchange for his life's fortune and then permitting that man to find the grave his only consolation at the end of his days, as occurred in 1929, while those who cause the tragedy are permitted to escape unscathed and unharmed.

As long as the captains of industry and the giants of finance, so called, realized the helplessness of their plight, they permitted Franklin D. Roosevelt and the new dealers to lead without vicious attack, but now that America is arriving they want to misrepresent his whole program, to cast discredit and distrust upon him and his advisers, and to discredit this very worth-while legislation and even reduce him in the public eye to the ignominious role of playing the part of a puppet. They forget the condition of our country the day Franklin D. Roosevelt took the oath of office, when the banks of our country were literally crashed, when finance was frozen, when business was tottering and trembling, and when millions of hungry, weary workers tramped the streets, seeking not a job—a job could not be had—but sustenance for themselves and their families.

It is safe to say that no President, not even Lincoln, took the oath of office under more trying or under more difficult circumstances. [Applause.] It took the genius of Lincoln and the bloodshed of the Civil War to accomplish the abolition of negro slavery and save the Nation, but without bloodshed, be it to his eternal credit, the present President of the United States has largely abolished the economic slavery that existed up to the time of his assumption of the duties of his office, thereby becoming the second savior of our Republic. [Applause.]

I say to you that this very worth-while bill for the regulation of the stock market is necessary in the interest of the laboring people of America. Realizing the fact that under the guidance of the great and distinguished leader of America today we have at least temporarily suspended that abominable, cancerous growth upon the body politic, economic and social—child labor—and replaced the vicious "yellow dog" contract with the proud American laborer's right to collective bargaining with his employer, let us not stop in our steady march of advancement for the protection of the common people of America.

This bill provides a necessary step. This bill provides not for the regimentation of industry, but, as I have before said, it provides for the protection of the people of America rather than the privileged few. [Applause.]

The Nation has been recently alarmed by the threat of communism and revolution contained in the now famous Dr. Wirt letter. It is high time the people of this Nation know the reason for the introduction of this letter, after which the matter contained in it dwindles into insignificance.

Before the Interstate and Foreign Commerce Committee, urging that section 12 be eliminated, Mr. Rand declared that it appeared that this broad power to call for any information that the regulatory commission thought was necessary would make it possible for the regulatory authority to harass American business by calling for unreasonable reports.

That was the answer given in response to my question as to why section 12 should be eliminated from the bill. What possible bearing can the reading of the Dr. Wirt letter have on the elimination of section 12, which merely provides for giving information relative to the regulation of the stock exchange to a public commission? I brand that letter now, as I did before our committee, as treasonous and irrelevant and as a red herring dragged across the trail of this worthwhile bill for the regulation of the stock exchange; to reflect discredit on the authors of the bill and the so-called "brain trust" and the President of the United States; and to discourage the Members of Congress from necessary regulation and control of the stock market and of industry on the ground that such legislation smacks of communism.

Yes; there is a plot to overthrow the old-established order. There is a move—it received its start March 4, 1933, when Franklin D. Roosevelt took the oath of office—a move to change the Government from Wall Street, where it formerly was, to where it is at the present moment, and will remain as long as Franklin D. Roosevelt is President of the United States [applause]; not to the little green house on K Street nor to the little red house in Georgetown, but to the White House on Pennsylvania Avenue. [Applause.]

Were it not for the quiet and peaceful revolution that occurred November 8, 1932, then I dread to think of the calamitous revolution which might have ensued, ending in what Dr. Wirt calls "communism." A psychology of despair and of revolution cast its gloom over the entire Nation; a spirit of discouragement and depression which, had it continued, might have resulted in the overthrow of the Government itself in bloody and riotous revolution. Were it not for the drastic measures thus far enacted by the new deal and the "new dealers", then the ravings of Dr. Wirt might have been history of the past instead of a vain prophecy of the future.

No; the progressive policies of the new deal are not dangerous. Rather, real danger lies lurking in the insidious propaganda designed to undermine the whole new deal.

A noted writer once said, "If you wish to discredit a worthwhile program, say it is 'socialistic'." If championing the farmer rather than only the bankers, if protecting the forgotten man, rather than only the railroads and insurance companies, if protecting the security of innocent investors in the stock market, if spending large sums of money on worthy public projects to relieve distressed citizens—if all these things constitute communism, then the new deal is communistic and we are proud of it. [Applause.]

Is it un-American to have set up an organization throughout the country to save American homes and farms? Is it un-American to have set in motion machinery for reemployment of millions who were yesterday on the bread lines? Is it destructive of confidence and destructive of American ideals to promote the proud American laborer's right to collective bargaining with the employer? Would America change the new deal of today for the drifting into chaos and ruin of yesterday? The answer of real red-blooded Americans is an emphatic chorus of "noes." The social control of the new deal, as evidenced by a bill such as the stock-exchange control bill, prevented a catastrophe of national scope against which the rugged individualism of previous days could not avail.

Those who desire to discredit this bill further say that we are going into the private life of every individual. They shout dictatorship in connection with Mr. Roosevelt. That to me seems almost sacrilegious. No race need fear persecution from that great lover of all mankind, Franklin D. Roosevelt. No religion need fear persecution from him. The press is not muzzled, and no one, great or small, need fear exile for criticizing him or his policies, as is evidenced by the deluge of propaganda which was set in motion against this very worth-while bill. Time enough to shout distatorship and communism when any of those things occur, but the protection of the weak and the lowly and the promotion of the general welfare as is designed by the stock-exchange bill is not communism, it is Americanism, sound Americanism, and I base that upon the authority of echoes from the past. [Applause.]

"Labor in this country is independent and proud; it has not to ask the patronage of capital." Did that statement make a Communist of Daniel Webster? Was Lincoln a Communist when he said, "Labor is superior to capital, and deserves much higher consideration"? If this bill be revolutionary, let us consider what Jefferson said. He said, "A little rebellion now and then is a good thing. It is a medicine necessary for the sound health of government." Thank God, we have a man in the White House today who is able to lead the way to these changes quietly while the Nation follows the steady march of advancing improvement with wondering amazement.

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. PETTENGILL. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. MONAGHAN of Montana. A dictator? No. A leader? Yes. We have a real leader in the White House. The progressive policies advocated by the "new dealers" do not constitute communism. They constitute the American spirit of liberty and independence, without which alone we need fear America's safety and security.

At this point I want to answer objection that has been raised to this bill by the gentleman from Ohio [Mr. COOPER] and to correct a mistaken impression that I know he did not intend to convey, that this bill covers listed and unlisted securities. If he will look on page 35, section 13, line 12, he will find the words "registered on any national-securities exchange."

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MONAGHAN of Montana. And I wish to make a further observation. He stated that this covered intrastate commerce. It does not cover intrastate commerce; and if you will refer to page 36, section 14, you will find that it covers anyone who makes use of the mail or any instrumentality of interstate commerce.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MONAGHAN of Montana. After I have finished I shall yield.

It further provides only that only those who violate any rule or regulation made by the commission under the provisions of this act shall be liable to a criminal charge.

We find that the new deal has not been foolproof, and this bill cannot be foolproof. No one short of that lowly Nazarene who came to show us the way, the truth, and the life, and upon whose teachings President Roosevelt has rested so firmly in his desire to establish proper principles of the new deal--no one, I say, short of Him can claim entire freedom from mistake in human activity, but, based on the principles of that greatest leader and teacher of all times as an exemplar, President Roosevelt is trying to follow Him, in suggesting certain provisions of this bill, when He drove the money changers from the temple. Based on those principles, I say, the new deal and this bill are bound to succeed, and the American people will survive, following the leadership of the man who occupies the White House. [Applause.]

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MONAGHAN of Montana. He has asked for a stock market bill with teeth in it. The people of America, the humble business man, the broker who is honest, desires to follow the leadership, not of the wolves and bears of Wall Street, but rather the benevolent leadership of President Roosevelt, who is trying, against overwhelming odds, to bring order out of disorder and put America back on its feet. I hope, therefore, that the Members of Congress will follow the leadership of the President of the United States who desires only the protection, security, and safety of the people of America. [Applause.]

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. MONAGHAN of Montana. I yield.

Mr. COOPER of Ohio. Does the gentleman deny that there is a provision in this bill which gives to the Federal Trade Commission the power to set up rules and regulations for the sale of unlisted securities in the over-the-counter market?

Mr. MONAGHAN of Montana. I do not deny that.

Mr. COOPER of Ohio. That is what I talked about.

Mr. MONAGHAN of Montana. But I believe the gentleman unintentionally made an overstatement when he said that any regulation which the Commission laid down would be the subject of penitentiary or criminal offense.

Mr. COOPER of Ohio. Will the gentleman yield once further?

Mr. MONAGHAN of Montana. I yield.

Mr. COOPER of Ohio. I like the gentleman from Montana very much. He and I are members of the same committee, but I regret he is the first member of the committee who has injected partisan politics into this debate today. [Applause.]

Mr. HOEPPEL. Will the gentleman yield?

Mr. MONAGHAN of Montana. I yield.

Mr. HOEPPEL. Recognizing that this is probably the last piece of major legislation which will reach the House this session, is the gentleman prepared to state that we have gone far enough in the new deal to solve the economic problems?

Mr. MONAGHAN of Montana. No. I do not believe we have gone far enough yet. We need and we must have a universal 30-hour week. We need and we must have the remonetization of silver, an adequate national old-age pension, and unemployment insurance.

The CHAIRMAN. The time of the gentleman from Montana [Mr. MONAGHAN] has expired.

Mr. PETTENGILL. Mr. Chairman, I yield 10 minutes to the able, distinguished, and good-looking gentleman from New Jersey [Mr. KENNEY]. [Applause.]

Mr. KENNEY. Mr. Chairman, I appreciate the kind remarks of the gentleman from Indiana [Mr. PETTENGILL], and I wish now to pay compliment to the able address of the distinguished Representative from Montana [Mr. MONAGHAN]. The gentleman, I observed, stated that this bill was not free from possible mistake or criticism. I would like to point out to the House very briefly one or two things which have impressed themselves upon me. In the first place, we are all agreed that there should be regulation of some kind. The stock exchanges themselves state that they do not object to regulation.

Mr. MONAGHAN of Montana. Will the gentleman yield to me?

Mr. KENNEY. Certainly.

Mr. MONAGHAN of Montana. I want to say that I admire the gentleman from New Jersey [Mr. KENNEY], and I want to say that I believe the gentleman is as honest and conscientious and able as any Member of the House or any member of the committee; but does not the gentleman realize that every time there has been an effort to control industry in any respect, the cry has always gone out, "If you regulate us, you will ruin us"?

Mr. KENNEY. That may be true. But I believe industry should have a free hand as far as possible.

When we come, as we do now, to regulating stock exchanges, we approach it, I believe, from two angles. First of all, there is the moral side. It has been said that our people have gambled to excess upon the market exchanges of the world.

We were told that the machinery was dangerous; that men were losing toes and fingers; that there were no guards on the machines, to the inevitable injury of the public. So we undertake by this bill to install safeguards to protect the public from the dangers of the stock-market machinery as it formerly existed. To the credit of the stock exchanges of the country it must be said that they have discounted in large measure what we are going to do by making regulations of their own, discontinuing wash sales, pools, matched sales, and other manipulative practices which reacted to the detriment of the investors of our country.

There is the other side that we are dealing with, and that is the side which constitutes the credit problem of the country. Now, over in the Senate there is its stock-market regulation bill which places under the control of the Federal Reserve Board the regulation of stock-market credit by extending its authority to deal with margin requirements to be imposed by the member banks of the Nation. Here we go a step further. We not only extend the hand of the Federal Reserve Board over member banks for the purpose of controlling such credit, but we provide that no credit shall be extended to any broker or dealer except from or through (1) a member bank of the Federal Reserve System, (2) from a nonmember bank which shall have filed with the Federal Reserve Board an agreement to comply with the provisions of this act, the Federal Reserve Act, as amended, and the Banking Act of 1933, which are applicable to member banks and which relate to the use of credit to finance transactions in securities, or (3) in accordance with such rules and regulations as the Federal Reserve Board may prescribe. Stock-

market credits, therefore, must under this bill be obtained through the banks and loans from other sources are prohibited except as allowed by the Federal Reserve Board.

So you will not have another situation like you had in the late panic and immediately preceding, when call money from large institutions outside of our banking system came into the money market and furnished an inordinate degree of credit which resulted in excessive speculation. Stock-market credit can be had under this bill only through the banks, and the Federal Reserve Board will have complete control of all market loans.

We have gone far enough by the provisions to which I have referred in our purpose to control stock-market loans and prevent excessive speculation. Consequently I feel that we should not insist upon the high, and, in my opinion, unreasonable margin requirement in this bill. We undertake to set up a margin standard, and we do that by saying that the margin shall be 45 percent in one place, and in the next breath we say that it shall be 100 percent of the lowest price at which the security has sold in the last 36 months, but not in excess of 75 percent of the market price. I maintain that that is no standard, the margin fluctuating as it does from 45 percent down to 25 percent. If we are to have a standard, then I think that standard should be fixed. I would like to see in this bill a requirement that the margin should be only 33⅓ percent. I, for one, do not want to dry up the market for securities the ready sale of which has built up our great enterprises. The country today is virtually on a cash basis. We must relax and extend credit, and reasonable credit, to business and industry and to the purchasers of their securities. You will remember back in the beginning of the automobile days when our people paid cash for cars. Comparatively few cars were sold, and then only to a privileged few.

The minute credit was extended to purchasers of automobiles manufacturers increased their business and cars were sold by the millions. Relaxation of credit brought this about. The automobile instead of being a luxury for the few has grown to be everybody's necessity. Our security markets have always been liquid; to keep them so—and we should—a sane and reasonable standard should be established.

It may be said that the margin requirement is satisfactory to the stock exchanges and their members. That makes no difference. The securities of the country should be kept liquid, and I intend to offer an amendment at page 14, line 5, striking out the figures "55" and inserting in lieu thereof the figures "60", thus reducing the margin requirement from 45 percent to 40 percent. If Congress is to set a standard, let us set a standard that will be lived up to. We pass too many laws that are not lived up to or obeyed. I should like to see a standard below which we would never go, when it comes to the margin requirement. I predict right now that if this margin requirement is left in the bill it will only be a short time by necessity, if you are going to maintain a liquid market, when the Federal Reserve Board will lower the margin, and then the standard set by Congress will be exploited. I want to see acts of Congress obeyed by the people of our country.

In my opinion, this bill is of sufficient importance to warrant the setting up of an entirely new commission to administer it. The Federal Trade Commission, I believe, is a misnomer. This bill deals with practically half the wealth of the country, not only the business, but the finance of the country. It might well be that the Federal Trade Commission would be the body to administer this bill were the banks of the country controlled by the commercial interests of the country as used to be the case; but bankers now control the banks. I should like to see this control divested and put back in the hands of the commercial and business interests of the country where I believe it belongs.

But until that time comes, dealing with finances as well as with business as we are under this bill, the administration of the act is so important as to warrant the setting up of an entirely new commission to take charge. The Federal Reserve Board will have to increase its machinery; the Federal Trade Commission, if given jurisdiction over this law, will have to increase its membership. It is better by far to establish an entirely new commission to administer this act and also take over the administration of the Securities Act.

I should like to refer to the manner in which business is affected by this bill, but time does not permit. I am hopeful, however, as I know the distinguished chairman of the committee [Mr. RAYBURN] is hopeful, that, whatever commission administers this act, it will immediately dispel all fears of undue interference with the orderly conduct of the business of the country.

It is true the bill contains severe criminal provisions, but these provisions are not intended to affect the individual who in good faith may violate some technical or abstract rule promulgated under the authority of the bill; and I hope those administering the act will never seek to impose any criminal penalty for a technical infringement, and unless there has been a gross violation of the act through misrepresentation or fraud or willful injury to the investor and the public interest. I should like to see a law passed here that would react in favor of the business of the country, one which would restore confidence on the part of our people in the securities of our commercial and other enterprises which have been reared upon the ready market for their stocks and bonds. This bill as presently written seems to go somewhat beyond that—and further, I believe, than it was intended to go. I would regulate the securities market by a bill which would awaken the stock exchanges to the realization that they had regained the confidence of the investing public, which would assure reasonable and wise administration of the act, which would be hailed by our people everywhere as salutary legislation for the betterment of the Nation. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER of Ohio. Mr. Chairman, it is generally agreed by students of the subject, including many outstanding brokers and others actively connected with the stock exchange, that there should be proper regulation. Let me assure my colleagues that in providing for regulation I desire to see the exchange and those connected with it treated in an absolutely fair way. I believe that our committee made an effort to remove all reasonable objections from the bill in order to be fair, while at the same time providing for proper regulation. Apparently, however, the objections now offered are as sweeping and denunciatory as were the objections to the original bill. The opposition, therefore, seems to be hostile to any kind of regulation, and the propaganda against the amended bill is as great as it was against the original measure.

Let me add a word, therefore, to what the gentleman from Texas [Mr. RAYBURN] said about the propaganda of the stock exchange.

I call attention to the fact that the propaganda did not begin last February when the bill was introduced. It has continued for years. The exchange maintains a publicity department and an economists' department which employ from 24 to 30 people, who are constantly engaged in disseminating their views throughout the United States.

In the last 5 years the New York Stock Exchange has spent nearly $1,000,000 for publicity for the purpose of influencing the minds of the American people in regard to its business. This is not all. You remember the utility interests' efforts to penetrate the schools, the colleges, and the press of the Nation? The stock exchange, on a lesser scale, has done the same thing. Lecturers go about the country addressing students in colleges telling about the value and usefulness of the exchange. They have had prepared and issued a textbook. It is called "The Work of the Stock Exchange." It is alleged to describe how stock buying and security markets function. In fact, however, it is an attempt to impress upon the minds of students the exchange's views as to the value of its service to society. This book was published by a well-known publishing firm in New York. Almost all the copies were bought by the

stock exchange. They bought 7,650 copies. It was placed in the hands of economic teachers, writers, publicists, and public officials all over the country. They put 1,724 copies in the public libraries of the country. They placed 1,146 copies in college libraries. They placed copies in the hands of the economic faculties of 514 colleges. Students in colleges are being referred to this book.

I do not dispute the right of these gentlemen to present all the arguments at their command. I do say, however, that as human beings they are likely to see things from their own viewpoint, and in the way that they have been in the habit of seeing them for years.

Certainly it seems fair and proper to say that what they believe to be self interest would induce them to promote their own views in regard to the subject before us with the most effective publicity available to them.

While I concede their right to use these means of publicity it is certainly entirely proper to call attention to the fact that systematic and methodical means of publicity have been employed to carry to the people of the United States the views entertained by these gentlemen in order to have the people accept their views. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 15 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, I do not at this time care to discuss this bill in particular, but I do wish to call attention to the reasons why this propaganda, as it has been termed and which has been so much denounced, has gone over the country, or has come from the country to Washington.

This is the third bill on which our committee worked. The first bill was H.R. 7852. So vicious was it that the Assistant Secretary of Commerce, Mr. Dickinson, by his remarks upon it, drove an army truck through it. It was this bill, H.R. 7852, that went out to the country that caused the fear in the minds of business over this country; that is the bill that caused the trouble. In justice to the chairman of the committee it should be said that he did not draft it. It was, as one man said, "drafted by myself and some other groups." I had trouble getting out who the groups were. All this appears in the hearings. As I say, that is the bill that caused the trouble. After we got through with it we had another bill, H.R. 8720, I think it was; and we worked upon it. That bill was not quite so bad as the first one, but it still caused trouble, still caused fear. It also went to the country; it also caused fear. But the committee after further hearings and further amendments perfected the bill, and be it said to the credit of the committee and the subcommittee having charge of the redrafting of the bill, they did a pretty good job with the present bill, but it was only reported out last week; the country did not know anything at all about it.

Mr. EVANS. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Certainly.

Mr. EVANS. Then, if I understand the gentleman, the bill now before the committee is really the bill of the committee and not of the group which drew the first two vicious bills.

Mr. BULWINKLE. No, sir; they had very little to do with this one.

Mr. EVANS. Did they have anything to do with it?

Mr. BULWINKLE. I think they were attorneys for the committee or something. Two of these gentlemen were attorneys for the committee, but it was practically the work of the committee.

Mr. EVANS. But the gentleman does feel that this bill represents the reactions and the work of the committee?

Mr. BULWINKLE. Yes; of the subcommittee composed of the chairman, the gentleman from California [Mr. LEA], the gentleman from Alabama [Mr. HUDDLESTON], the gentleman from Michigan [Mr. MAPES], and the gentleman from Ohio [Mr. COOPER].

Mr. CLAIBORNE. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. CLAIBORNE. It is a fact that when an objection was made to a section or to a paragraph of a section and the committee saw fit to correct the draft of the bill to meet the objection, Mr. Cohen or Mr. Cochran brought it in in some other way at some other point in the draft.

Mr. BULWINKLE. I do not think so. I want to be just to them as I want to be just to the members of the stock exchange, for not a member of the stock exchange and not a single man appearing before the committee said he did not believe in regulation. They said they believed in regulation.

The only thing that was different with all of us was the degree of regulation. Some wanted little teeth and some wanted tusks. So far as I was concerned personally, I just wanted some moderate-sized teeth.

I will be frank with you. There are 39 provisions in this bill which create an unlawful offense right off the bat. Thirty-nine times it is declared to be unlawful to do something. There are 18 times, 17 for the Federal Trade and 1 for the Federal Reserve Board, 18 in all, that these two commissions may promulgate rules and regulations, a violation of which is a criminal offense. So out of it all we have a bill of some 60 pages which may create a criminal code reaching to a large number of sections.

May I say that the committee did a great piece of work. On the other hand, the propaganda that was sent out to defeat this bill was not aimed at this particular bill, but at the first bill. You who have lived in industrial districts in the last few years, you who have seen starvation, you who have seen the unemployment, realize that if anything is done to one of those industrial plants it will put this condition back into effect. Business, like a scale, is just quivering in the balance. May I say that we ought to be careful to deal justly and righteously with all.

May I say something else about this propaganda question which has been talked about here? In the past 4, 5, or more years, not only in this administration but in some others, the more we have become a State legislature for the United States of America the more propaganda we will receive. You cannot help but do just that, because the more you enter into the affairs of the people at their homes the more letters you are going to get from home. You cannot avoid that situation. There is nothing wrong in it, though may I say for myself that I have only had five telegrams and letters from my district about this bill.

Mr. WOLFENDEN. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Pennsylvania.

Mr. WOLFENDEN. Does the gentleman know the amount of foreign securities that are listed on the New York Stock Exchange?

Mr. BULWINKLE. I think in all it is about $8,000,000,000.

Mr. WOLFENDEN. What will become of these securities if the issuers fail to seek registration by July 1, 1935?

Mr. BULWINKLE. If the issuers fail to seek registration, the investors, who are Americans largely, will suffer the loss.

Mr. CULKIN. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from New York.

Mr. CULKIN. The gentleman stated that the committee has done a good piece of work. Prior to that the gentleman stated, as I understood him, that the committee had delegated to a Federal body the power to create a criminal code. Does the gentleman think that is good work?

Mr. BULWINKLE. I said they did a pretty good piece of work, as compared with the first bill. I want the gentleman to understand that if I were drawing this bill it would not be this kind of a bill, but we have to have some sort of a bill.

Mr. CULKIN. The gentleman does not believe it is sound to delegate to a governmental body the right to legislate as to what is or what is not a crime?

Mr. BULWINKLE. We are going to have to delegate some authority, but I would have done it to a less degree.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. The gentleman believes this bill should be amended. Will he state what amendment should be adopted, in his opinion?

Mr. BULWINKLE. I believe a separate commission should be created. I am firmly convinced that the Federal Trade Commission, even though it should have two new members added, and consist of seven members in all, have enough work to do as it is without adding more burdens. I believe that a separate commission of three men, though some have suggested five, should look after the entire securities and exchange situation of the country. These many thousands of corporations would have to list their securities with the commission and report to them. It should be a separate commission. I believe it would be better administered, and I believe there would be less fear in the eyes of business men if this were done, not because they have any great amount of fear of the membership of the Federal Trade Commission. I know the Federal Trade Commission has already started working against this amendment, but why give them more power? They have enough to do now. They should not ask for more power.

Mr. WIGGLESWORTH. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. The gentleman has referred to numerous instances in which this commission is given power to prescribe what shall or what shall not be treated as a crime.

Mr. BULWINKLE. They are given the power to promulgate rules and regulations.

Mr. WIGGLESWORTH. Will the gentleman state whether or not my understanding is correct; that is, in many of these instances is there anything in the nature of an appeal to a court?

Mr. BULWINKLE. Oh, yes; there is.

Mr. WIGGLESWORTH. Is there the right of appeal from conviction for violation of a rule or regulation to the court?

Mr. BULWINKLE. I do not know of any instances in which there is not the right of an appeal as far as the criminal offenses are concerned. Of course, all criminal offenses are tried in court.

Mr. WIGGLESWORTH. Is there any appeal from the decision of the Commission?

Mr. BULWINKLE. Yes. You may go to the Federal court in civil matters.

Mr. WIGGLESWORTH. An appeal may be taken from an order of the Commission?

Mr. BULWINKLE. Yes.

Mr. WIGGLESWORTH. Is there an appeal from a rule or regulation as promulgated by the Commission?

Mr. BULWINKLE. May I say that the rules and regulations prescribe criminal offenses, the violation of which will be tried in a United States court. The Federal Trade Commission or any other commission does not try criminal matters. The United States courts try those matters.

Mr. CHRISTIANSON. I do not know whether the gentleman completed an enumeration of the amendments which he should like to see adopted.

Mr. BULWINKLE. I have another amendment to suggest, and this will immediately brand me as coming from Wall Street. I have never had anything to do with stock, except some cotton-mill stock, which I lost completely, so I hold no brief for Wall Street. I would revamp the whole section in reference to the reports which corporations would be compelled to make and would take some of the fear that business has out of the situation, though in my revamping it would not be much different from what it is at the present time.

Mr. CULKIN. The press recently carried the statement that Mr. Doherty, of the Cities Service, had sold a billion dollars of stock and had expended some $900,000,000 keeping up the market price of the stock while he was selling the stock to the American people.

Mr. BULWINKLE. Ask me something about this bill, please.

Mr. CULKIN. That was merely preliminary, I may say to the gentleman. What section of this bill will cure that procedure?

Mr. BULWINKLE. One of the experts over here will have to answer that question. Mr. Chairman, which section will cure that procedure? I cannot answer that question.

Mr. SIROVICH. Will the gentleman yield for a question?

Mr. BULWINKLE. I yield.

Mr. SIROVICH. Would the gentleman be in favor of an amendment to protect the investing public by having the stock listed upon the securities board contain the book value or the accountancy value of every stock that is listed so that an investor would then know actually what the stock is worth and would not have to buy a cat in the bag.

Mr. BULWINKLE. Will not the investor, after he goes to the Federal Trade Commission at the present time be able to find out what are the securities that are listed there, and then go to the Commission or to the stock exchange and find out all about it?

Mr. SIROVICH. But if you have the stock listed with its book value you do not have to go through all this red tape.

Mr. BULWINKLE. The investor will just have to go to the stock exchange or the Commission and find out about it.

Mr. SIROVICH. They cannot tell him about that at the stock exchange.

Mr. BULWINKLE. Under this bill they can, because the report is made to the stock exchange by each corporation.

Mr. SIROVICH. But it is not mandatory.

Mr. BULWINKLE. It certainly is mandatory. That is one thing I am fussing about right now.

Mr. BRITTEN and Mr. CLAIBORNE rose.

Mr. BULWINKLE. I yield first to the gentleman from Illinois.

Mr. BRITTEN. If I am correctly informed, the gentleman will offer an amendment providing for a commission of three members.

Mr. BULWINKLE. The gentleman is correct.

Mr. BRITTEN. Two of them to be Democrats and one to be a Republican.

Mr. BULWINKLE. Well, I never distinguished between Democrats and Republicans at all. That would not do.

Mr. BRITTEN. Sometimes it is impossible to do so.

Mr. BULWINKLE. I said not more than two of one political party and one of another. The gentleman ought to keep the political parties out of these matters. [Laughter and applause.]

Mr. BRITTEN. There are a number of men on the floor of the House who want to go along with him on such an amendment.

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I yield the balance of my time to the gentleman from Connecticut [Mr. BAKEWELL].

Mr. BAKEWELL. Mr. Chairman, I rise in opposition to this measure. I do so with some reluctance, because I am not an expert in this field, but I feel that I should be remiss in my duty to my constituents if I did not voice a protest against this bill.

I have read and reread this measure; I have read with great care the committee report; and I confess frankly there are some provisions of this bill that I do not yet thoroughly understand. And this is one difficulty with the measure, one of the causes of the apprehension which has spread over the country: Its provisions are unclear, so much so that members of the committee who have been sitting for weeks working over this bill line by line are not agreed as to precisely what it means. One thing is certain, if this measure is enacted, following upon many others with perplexing obscurities, there is one profession at least which will not suffer from unemployment, and that is the profession of the lawyer.

We are told that this bill was put into the hands of the President on the eve of his departure on his fishing vacation, and that he forthwith put the seal of his approval upon it. I marvel greatly at his ability to read and digest

at a glance this complicated 60-page bill. And yet the subject is so vast; so complicated and intricate are its many provisions, that somehow a feeling of incredulity steals over me. I do not believe that he intended to put the seal of his approval upon this bill in all of its details. He approved of its general purpose and of certain general provisions to meet that purpose. He has told us definitely what he wanted.

I recommend to the Congress—

The President said—

the enactment of legislation providing for the regulation by the Federal Government of the operations of exchanges dealing in securities and commodities for the protection of investors, for the safeguarding of values, and, so far as it may be possible, for the elimination of unnecessary, unwise, and destructive speculation.

With regard to this general purpose there is no disagreement whatever amongst us. We are all in favor of that. Members of the stock exchange, representatives of industry also favor regulation of securities exchanges. And we all favor action which will prevent riotous and uncontrolled speculation, which will chop off the peaks of the boom years in order to fill up the valleys of depression. Every one is in favor of regulation which will, so far as it is possible by law to do so, prevent those inequitable and unfair practices which have developed.

I have had many letters of protest, very few of them from those interested in the stock exchanges, and most of them from prominent industrialists of my State, men of great ability, of highest integrity, public-spirited citizens who are fearful of the results that will follow the adoption of this measure.

I should like to read from some of these letters, but my time is so limited that I can only give you a sample of the sort of thing that has come to me.

The first one is from Mr. Brower Hewitt, of the Acme Wire Co., New Haven, Conn.:

Certainly no one could have any objection to a bill containing reasonable provisions for the regulation of stock transactions, but this bill goes far beyond any such reasonable regulation, providing as it does for a very rigid and, I believe, unwise control over all industrial productive endeavor. It does not seem to me that, simply because certain individuals have perpetrated unfair stock deals of various sorts, that legitimate manufacturing businesses, small and large, should be penalized and handicapped as they may be under the operations of the proposed bill.

More specifically, I would object to provisions of sections 6, 11, 12, and 14, which throw particularly onerous burdens on small businesses whose stock may not be listed on national exchanges. While it may not be inherent in the National Industrial Recovery Act that small businesses are discriminated against, I think it cannot be denied that in certain instances the codes have produced that result. Here again in the Fletcher-Rayburn bill small businesses will be further handicapped as against their larger competitors. This seems to me such an unfair thing and so highly undesirable that I cannot believe there is any desire on the part of the administration or the Congress to bring it about.

The second is from Mr. N. W. Pickering, of the Farrell-Birmingham Co., of Ansonia, Conn.:

I am protesting against it entirely as regards its effect on industry. Under the guise of exchange regulation it places business under commission control, requiring innumerable reports which may be made public, and will perpetuate bureaucratic control of business.

This I believe to be another step in the insidious policy of the so-called "brain trust", or radical element, which is working for but one end, and that is the nationalizing of industry and many other activities of the country, which can but result in destroying the initiative and the independence of action which over a long period of time has proved the salvation and success of this country.

It is no longer a question of party politics. Thinking people are beginning to realize that there are only two parties in this country:

(1) The party which desires to maintain the institutions, customs, and the integrity of a government which has climbed to heights above all others.

(2) The party which wishes to sacrifice all of our benefits and comforts, obtained through hard work, on the altar of experiment and ultimate communistic union with the Soviet Government.

We have heard a great deal of criticism of wide-spread propaganda in connection with this bill. But surely, when a measure is pending in Congress that affects the interests of large groups of citizens, it is not surprising, nor is it reprehensible, that they should protest against it. If this were a bill regulating the farming industry, would you not expect the farmers to protest if they thought it opposed to their interests, and would not the farmers' unions send out letters stimulating lethargic farmers to active opposition? We have had propaganda sent out under this administration on a larger scale than we ever have before, even during the war. I myself have received a document giving instructions to speakers, with prepared speeches for delivery on every sort of occasion, supporting the N.R.A. and other parts of the recovery program. That was propaganda.

Now, the gentleman from Illinois asks the date of these letters, portions of which I have read. One was the 24th of April, and the other about 2 weeks earlier. No doubt a large part of this hostility and fear was occasioned by the provisions of the bill as it was drafted in its original form. The bill before us has been very much improved, but it still contains the most menacing feature of the earlier bill, namely, large and indefinite power of dictation to industry by a commission of the Federal Government.

Regarded as a stock-market bill, this is perhaps as good a bill as could be worked out in the short time that was taken in its preparation, for, after all, a few weeks is a short time for the writing of a bill to dispose of a matter of such moment.

There are some things that I think should be changed. Perhaps the margin provision should be made more elastic. Certain it is, I think, that a separate commission should be charged with the administration of the bill, and that that separate commission should be completely nonpartisan, and should have upon it a representative of industry, a representative of the exchanges, and also a representative of the people who are not connected directly either with the exchanges or with industry.

There is a provision, an absurd and dangerous provision, that any stockholder who owns 5 percent of the stock in any company must at the end of every year publish a statement telling whether he has increased or decreased his holdings, and to what extent. Nothing could be more damaging to our smaller industries, industries not listed on the big exchanges, than a provision of that kind. In any one of these smaller industries there may be half a dozen people closely associated with it, each of whom may hold 5 percent or more of the stock. Now, suppose the statement is made public that Mr. X has reduced his holdings; will not the inevitable reaction be, "Mr. X has reduced his holdings; he is closely associated with the business and must know the value of the stock; he is selling; I had better sell too." You can easily spread panic and fear among the stockholders. Being over-the-counter stock, no large market existing, values can be destroyed overnight.

Under the pretense of regulating stock exchanges there have been inserted in this bill provisions which give a commission set up in Washington, with the bureaucracy that surrounds it, absolute power over all industry, over all corporations, large and small; a commission with unlimited power to make such rules and regulations as it may see fit, over and above any which are prescribed in the bill, and those rules and regulations are not subject to review. It can call for reports and lay down rules and regulations here which will set up a financial burden upon our smaller industries which they simply cannot afford to sustain.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. BAKEWELL. Let me finish my statement first and then I shall be glad to yield if I have the time. Our industries in Connecticut have been doing their best to support the recovery program of the administration. They have taken upon themselves burden after burden. They received a terrific shock in the tariff bill which passed this House the other day, which makes it possible to destroy an industry by Executive decree. Here comes another bill which threatens to prove the straw that will break the camel's back. We need to learn that there can be no recovery and no genuine reemployment unless and until industry is given the opportunity to thrive and prosper. It is said that by limiting the amount of money that can be

loaned on the stock exchanges we are releasing so much to be loaned to industry and to agriculture. If industry and agriculture fail to get these loans at the present time, it is not because there is not ample credit, but because there is lack of confidence, because there is fear.

When a patient is seriously ill we know that to give him strong medicine after strong medicine is the way to kill him. The human constitution will not stand such treatment. It is precisely the same with the constitution of industry. We have been giving it strong medicine after strong medicine. We cannot continue this treatment without killing the patient. It is time to give the patient a rest, and to let nature get in its healing work. That is the only way in which we can possibly find our way back to normal conditions.

We have been told that this bill is a conservative bill, and that if we do not have this we shall have something much worse. That bugaboo has been presented here on many occasions as an excuse for doing things that are intrinsically wrong. The gentleman from North Carolina [Mr. BULWINKLE] has just said that this bill does not meet with his approval; that he would like to have it different; but that nevertheless he is going to support it. Would it not be better, since the matter is not immediately pressing, since there is no boom impending, to take time to give ample consideration to this bill and bring in one 7 months from now that does not contain those objectionable features which he has described, and which my colleague from Ohio [Mr. COOPER] had earlier so well and effectively presented for your consideration?

When this is called a conservative bill, the word "conservative" is used in the Pickwickian sense. This bill is just one more step in setting up a complete centralized bureaucratic control from Washington of the entire life of the people, and as such it certainly cannot be regarded as a conservative measure. I am reminded of the story of what happened in a New England village, in the days before the automobile, when the little farming communities were very much isolated. A farmer suddenly fell heir to some money, about $1,800. It looked like a very large sum. He had never seen as much money as that in his life, and he did not know what to do with it. But a friend told him that New York was a good place to spend money in. So he went to New York, and the inevitable happened. He fell in love with a beautiful waitress in a restaurant, and the next morning he married her and took her back to his little country home. About a year later his friend was passing that way and stopped to see him. "Hello, Bill", he said, "how are you?" The farmer replied, "Oh, I am jes' farin' along, and I'se mighty lonesome." "How is that?" said the friend, "what became of that beautiful wife you brought home from New York?" "Oh, she is daid." "Dead? How did that happen?" "You see", said the farmer, "she hadn't been here more than a month when she fell down and broke her leg, and I had to shoot her." [Laughter.]

Now, it seems to me that the provisions of this bill are going to do to industry very much what that poor old farmer did to his wife—kill it off speedily to avoid the agony of dying long drawn out.

Mr. DUNN. Will the gentleman yield to me?

Mr. BAKEWELL. I yield.

Mr. DUNN. If this bill is enacted into law, will it not protect men and women who desire to invest money in the future in corporations?

Mr. BAKEWELL. To a large extent it will. The corrective features and the provisions that call for exact and accurate information are excellent. I am in favor of the stock-exchange control features of the bill. But there is no necessity for the second half of this bill, which sets up a Federal dictatorship over industry. To be sure, nothing can keep a fool from being parted from his money. No law that can be passed will do that. A very wise man said some years ago that the only result of legislation that tried to protect the fools from the consequences of their folly would be to people the entire world with fools.

Mr. MALONEY of Connecticut. Will the gentleman yield?

Mr. BAKEWELL. I yield.

Mr. MALONEY of Connecticut. Does the gentleman mean to infer that all the people who lost money in the stock market since 1929 were fools?

Mr. BAKEWELL. Certainly not; and a lot of them would have been saved if some of the provisions of this bill had been in force.

I want to repeat that I am not opposing the provisions to regulate the stock market. We are all for that, but I am opposed to tacking onto this bill the other half of it which has to do with the control of industry, and I think we should take time to rewrite the bill so as to eliminate the objectionable and dangerous features.

Mr. PETTENGILL. Will the gentleman yield?

Mr. BAKEWELL. I yield.

Mr. PETTENGILL. Does the gentleman think the stockholders of a corporation are or are not entitled to know whether their officers, who are in a quasi-fiduciary capacity, are writing the stock market up or down at the time they are giving out favorable or unfavorable statements as to the condition of the company?

Mr. BAKEWELL. That question has been answered above. There are provisions in this bill that are excellent, and which try to insure the recognition of the fact that the directors or other officers of a company are acting in a fiduciary capacity and have no right to take any advantage of inside information.

The CHAIRMAN. The time of the gentleman from Connecticut [Mr. BAKEWELL] has expired.

Mr. RAYBURN. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. MILLIGAN].

Mr. MILLIGAN. Mr. Chairman, in answer to the statement made by the gentleman from North Carolina when he said, "In this bill you are writing a criminal code", I would say that when you delegate authority to a commission or to a board you must give authority to make those rules and regulations effective. I would say to the gentleman from North Carolina that if his statement were true, when he voted for the Securities Act he voted to write a criminal code. I would say that when he voted for the Agricultural Adjustment Act he voted for a criminal code. I would say that when he voted for the National Recovery Act he voted for a criminal code. I would also say that when he voted for the Glass-Steagall banking bill he voted for a criminal code, because those acts contain practically the same section that is carried in this bill making effective the rules and regulations of the commission.

The Committee on Interstate and Foreign Commerce has considered this bill for 9 weeks. A number of redrafts have been made by the committee. Hearings were held, and those in opposition to this measure were given every opportunity to appear before the committee and present their views. I want to take this opportunity to compliment the chairman, the able gentleman from Texas, for his patience and the consideration that he gave to everyone who had a meritorious suggestion to make relative to this legislation. The chairman not only permitted everyone who had suggestions to make to appear before the committee, but he privately met with the different groups of business men and others and went over the bill with them, giving consideration to all of their suggestions.

Some would lead you to believe that the object of this legislation is to punish a particular group and to destroy legitimate business. This is not a fact. Members of the committee realize that the stock exchanges are necessary as a market place for the free trading in securities. The object of this measure is to control credits, control the unfair manipulating practices, to provide for adequate and honest reports to security holders by the corporations, to control the unfair practices of officers and directors of corporations who use inside information obtained in their position of trust to enrich themselves and destroy the value of stock owned by the stockholders of their particular company.

Practically every witness who testified before the committee stated that he believed Federal regulation of stock exchanges was necessary. It is unnecessary to go into the reason for this legislation. We know from investigations that have been made that by the sale of securities, manipulation and excessive speculation, the purchasing power of the investing public has been destroyed in the sum of something near $50,000,000,000. One of the most controversial sections in this bill is the marginal-requirements section. The committee believed that this section should be elastic, lodging the authority of administration in the Federal Reserve Board. Legislative standards have been set. However, we give to the Federal Reserve Board broad descretionary powers, if it is necessary in the public interest to lower or raise these standards. It is provided that when an initial loan is made the borrower shall put up 45 percent of the current market value of the securities or 100 percent of the lowest market price during the preceding 3 years, but in no case more than 75 percent of the current market price.

In order to prevent any deflationary effects from this legislation, the effective date of this legislation relative to loans now in effect or the renewal of those loans is postponed until January 31, 1939.

During this debate the gentleman from New York suggested in his remarks a desire on his part to exclude loans by banks from the marginal provision. As I view this matter, it would be fatal to set one standard for the broker and one standard for the banker. If no marginal requirements were set for the banks it would put the broker out of business, or if a lower marginal requirement was made for the banks than for the broker, all of the loans would be made by the banks and no loans by the broker. The same standard, as I view the situation, must apply to the broker as well as to the banker. Of course, this marginal requirement only applies when the loan is made for the purchase of securities. If an individual has securities and he desires to obtain a loan from a bank not for the purchase of additional securities but for other purposes, the bank can loan as much as it sees fit on the collateral.

The talk that requiring decent reports to stockholders by listed companies constitutes Government regimentation of every small business in the country is unusual to come from the mouths of the great investment banking firms in New York City—Morgan's, and Kuhn-Loeb, and Lehmann Bros., and the rest, who govern and are fighting for, and are trying to fool business men into fighting for, the New York Stock Exchange. The great regimenters of business in the United States, the great destroyers of a sound industrial democracy in the United States, are those firms themselves—that use the stock exchanges to float huge holding companies, which swallow up all the independent, moderate-sized businesses in the United States, and fill the boards of directors of these great holding corporations with directors and management whom they choose, and who report to them and who make available to them long before the information is available to stockholders, if it ever becomes available at all, the most intimate details of the affairs of these corporations.

One of the witnesses before the House committee, a partner in a great New York banking house, testified that as a director he represented his banking house on the boards of 17 great corporations. All this bill does is require that the public which buys into the securities of these great listed corporations, and which puts up the money for their operation, should know at least a small part of the information which at the present time is freely available only to these banking houses that put up practically none of the money but gain control of boards of directors through underwriting contracts. Why should not the American public which owns these great listed companies know a little about the way they are run, when the investment banking houses which own only a few shares of a class A management stock and who made a profit out of selling the public these same securities control the boards of directors and the management and know all about the affairs of these corporations? This bill offers the beginning of a hope that possibly the public which bought the securities of American industry may get back control of its companies from the bankers who sold the companies to the public.

It has been suggested that an amendment will be offered creating a new commission for the administration of this legislation. It seems to me that the logical board to administer this bill is the Federal Trade Commission, due to the fact that this is a companion bill of the Securities Act. That Commission has already obtained a great deal of information relative to securities that have been issued. Therefore, it will be unnecessary for them to call for additional information. It has a trained staff of experts, and I can see no logical reason why the administration of this act should not be lodged in that Commission with the addition of two new members, providing the Commission can create a separate division to administer this legislation.

The Federal Trade Commission has been reorganized under President Roosevelt's administration. He, of course, would have the appointing power of a new commission, and I do not believe in tying the hands of the President, whether he be Democrat or Republican, as to whom he should appoint on any commission or board, as I have full confidence in the President that he will appoint men of outstanding ability to administer this or any other act. If this provision of the bill is retained, the Federal Trade Commission with its present staff will be able to organize the administration of the act 6 months sooner than any new board or commission that might be set up.

This, of course, must be a very technical bill, due to the fact that the practices in dealing in securities on the stock exchange are very complicated. It is necessary that this legislation cover these transactions in full. The committee considered this bill section by section. It has spent a great deal of time upon it, and I think it would be unwise to attempt to amend this bill on the floor of the House. I feel sure that all amendments that will be offered have been considered by the committee. Because of the intricate provisions of this bill I think it would be unwise to adopt any amendments on the floor of the House where we cannot give them proper consideration. In my opinion this measure will not injure legitimate business or legitimate transactions on the stock exchanges. It will, however, revive confidence of the investing public in the stock exchanges as well as in securities. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, the story told by the distinguished gentleman from Connecticut about the shotgun is quite applicable to the bill. There are a lot of financial buzzards down on Wall Street who ought to be shot and who will be shot financially by this bill.

I am for this bill because it is doing something to Wall Street instead of doing something for Wall Street. I am for this bill, because it will do something to the bloodiest band of racketeers and vampires that ever sucked the blood of humanity, John "Pirate" Morgan & Co. If all the tears and the blood that he has caused to flow could be gathered together into ine pool it would be deep enough and large enough to float his $3,000,000 yacht, the *Corsair*, and the private yachts of all his fellow pirates.

Something has been said about teeth and tusks in this bill. Both of them are too light for me. I would equip this bill with triple-plated, copper-riveted, razor-honed spear points steeped in the poison of the deadliest snakes of India.

No one has a greater sympathy for industry than I, but as for the marauding speculators, not only would I regulate them but I would put them out of business; and I think this law will accomplish that end. [Applause.]

During the consideration of this bill by the Committee on Interstate and Foreign Commerce I have received many letters and telegrams, so many, in fact, that it has been impossible to acknowledge any great percentage of them. I am listing herewith some of the names taken at random, whom I have been unable to reply to personally because of limitations of time, human endurance, and stenographic force.

I hope to be able to have this speech printed, so that I may send each one of these gentlemen and ladies a copy, that he or she may consider these remarks as a complete acknowledgment of his or her protest.

NAME, ADDRESS, AND BUSINESS

W. A. Dicus, 7102 Westlake Avenue, Parma, Ohio.
Raymond F. Menning, 13312 Harlan Avenue, Lakewood, Ohio.
C. F. Heidenreich, 1496 East Two Hundred and Twenty-first Street, Euclid, Ohio.
W. A. Webster, Muskogee, Okla.
Adolph J. Conrad, 3403 West One Hundredth Street, Cleveland, Ohio.
Firestone Tire & Rubber Co., Akron, Ohio, manufacturers.
B. F. Goodrich Co., Akron, Ohio, manufacturers.
Goodyear Tire & Rubber Co., Akron, Ohio, manufacturers.
W. J. Baer, Celina, Ohio, agent.
F. C. Crawford, president, Thompson Products, Inc., Cleveland, Ohio.
Clydesdale J. Cushman, president, Cushman & Wakefield, Inc., 30 East Forty-second Street, New York City, real estate and insurance.
E. B. Padgett, trainmaster, C.C.C. & St.L. R.R., Galion, Ohio.
W. H. Schisler, Reynoldsburg, Ohio.
E. G. Thompson, East Cleveland, Ohio.
H. C. Wilmarth, president, 5700 Walworth Avenue, Cleveland, Ohio, Russ Soda Fountain Co.
James F. McConnochie, Park Crescent Hotel, 150 Riverside Drive, New York City.
B. Rossen, 10216 Ostend Avenue, Cleveland, Ohio.
W. J. Adamson, 1340 West Clifton Boulevard, Lakewood, Ohio.
D. D. Miller, 528 Walnut Street, Cincinnati, Ohio, Miller School of Business.
L. O. Stearns, manager, 1294–1296 East Fifty-fifth Street, Cleveland, Ohio, American Radiator Co.
Sheldon D. Gray, 13450 Clifton Boulevard, Lakewood, Ohio, employee of stock-exchange house.
Werner G. Smith Co., division of Archer Daniels, Midland Co., Cleveland, Ohio, stock-exchange business.
Charles A. Hoskin, 968 Paxton Road, Cleveland, Ohio.
Gene McCann, 52 William Street, New York City.
J. H. Rand, Jr., chairman Committee for the Nation, 205 East Forty-second Street, New York City.
F. A. Miller, president H. C. Godman Co., Columbus, Ohio.
H. W. Prentis, Jr., president, Lancaster, Pa., Armstrong Cork Co.
Robert J. Leonard, 230 Fifth Avenue, New York City, manufacturers of woolen fabrics.
George B. Chandler, secretary Ohio Chamber of Commerce, Huntington Bank Building, Columbus, Ohio.
Herbert Byer, 329 East Broad Street, Columbus, Ohio, advertising agency.
Renkert, president, Canton, Ohio, Metropolitan Paving Brick Co.
Barndt, president, Cleveland, Ohio, Great Lakes Aircraft.
E. F. Hayes, assistant superintendent, Springfield, Ohio, Cleveland, Cincinnati, Chicago & St. Louis Ry.
Estate Stove Co., Hamilton, Ohio, stove business.
Bacon, Stevenson & Co., 39 Broadway, New York City, members New York Stock Exchange.
James Wright, 235–241 West Thirty-fourth Street, New York, chain store, G. R. Kinney Co., Inc., shoes.
P. D. Miller, 2927 Parkwood Avenue, Toledo, Ohio.
Annie Bliss, 1745 Eddy Road, East Cleveland, Ohio, brokerage clerk.
Willard Storage Battery Co., Cleveland, Ohio.
W. B. Martin, Cleveland, Ohio.
L. O. Moseley, Atlanta, Ga., stockholder.
M. J. Cohen, president, 229 Batavia, Toledo, Ohio, Toledo Cloakmakers' Union.
S. J. Schwarzwalden, 161 Overbrook Drive, Columbus, Ohio.
I. Chapman, 87 Amazon Place, Columbus, Ohio.
Trowbridge, Callaway, chairman, 15 Broad Street, New York, investment house group.
Hugo Petterson, Mount Vernon, Ohio, Mount Vernon Bridge Co. (engineers and builders).
Walter F. Koch, manager, 1800 Hubbard Road, Youngstown, Ohio, Wehle Baking Co.
Charles I. Marston, 2644 Chesterton Road, Shaker Heights, Ohio.
Elizabeth Pavlik, 1041 East Seventy-fourth Street, Cleveland, Ohio.
Pyke Johnson, vice president, Transportation Building, Washington, D.C., National Automobile Chamber of Commerce.
John H. Briggs, 2750 East Overlook Road, Cleveland, Ohio.
Wm. Metcalf, vice president, Ambridge, Pa., Wyckoff Drawn Steel Co. (cold-drawn steels).
W. E. Stewart, vice president and general manager, 345–349 West Fortieth Street, New York, Cork Import Corporation.
John J. Watson, president, Albany, Ga., International Agricultural Corporation.
Donald W. Strong, 15901 Clifton Boulevard, Lakewood, Ohio, investor.
J. A. Davidson, 17216 Endora Road, Cleveland, Ohio.
Leroy C. Irwin, 4436 West Sixty-first Street, Cleveland, Ohio.
Elizabeth M. Kearney, 17628 Harland Avenue, Cleveland, Ohio, employee brokerage house.
Mrs. Blanche F. Schreck, 3622 West One Hundred and Forty-eighth Street, Cleveland, Ohio.
Edward T. Bartlett, 2322 South Overlook Road, Cleveland Heights, Ohio, employee of brokerage house.
Ruth A. Shaw, 1100 East One Hundred and Sixty-ninth Street, Cleveland, Ohio, employee of brokerage house.
A. J. Horn, secretary, Toledo Chamber of Commerce.
J. R. Edwards, 303 Dixie Terminal Building, Cincinnati, Ohio, investment securities.

One well-meaning but misinformed constituent of mine is concerned over the enactment of this bill because he thinks it will be a repetition of the prohibition blunder. He says:

I wish to voice my protest against the enactment of the National Securities Exchange Act of 1934 as it now stands. While it has been rewritten and one or two sections have been modified, I still feel that social-reform legislation should not be attempted at a time when business conditions are in a turmoil. The enactment of the eighteenth amendment at a like time proved disastrous, and the Securities Act of 1933 has kept business from forging ahead by the inability of domestic corporations to borrow the needed capital to expand and buy much-needed materials.

His intentions are good, but his vision has been clouded by the propaganda of the Wall Street crowd.

A manufacturer of Cleveland, Ohio, wires me that he is strongly opposed to this bill—

On account of the provisions which will interfere with proper and lawful conduct of our business, and give control of listed corporations to the Federal Trade Commission.

Here is another case of good intention but mistaken judgment.

A voter of Muskogee, Okla., writes me and says that—

The people seem to be up against it for protective legislation by Congress.

I do not agree with the gentleman.

The present bill, as a measure for the protection of the common people, is only comparable to the Banking Act of 1933 and the Securities Act. He says that he wants to give his Congressman and Senator "hell" when he gets a chance, for their contributions to this act. I am sure that when he understands the bill thoroughly he will want to withdraw that statement. He says that present reports out his way state that "New York Stock Exchange 'workers' steering committee' estimate that 1,000,000 individuals throughout the country would be adversely affected by the adoption of the Fletcher-Rayburn bill in its present form", and adds, "Now, isn't that too bad?" He is keen enough to observe that 75,000,000 individuals throughout the country have already been adversely affected to the extent of 60 to 90 percent of their life's savings invested in so-called "securities" listed on that market with its unethical and dishonest practices.

The American people want to know who owns this Government? After the enactment of the Fletcher-Rayburn bill into law, the Wall Street burglars will know that somebody is running it besides themselves. They are perfectly willing to be regulated, so they say, as long as they can write the regulations. They are willing to observe law and order providing they can write the law and dictate the order.

Here is a misguided soul from Cleveland, Ohio, who says that as a voter he wants to protest the pending stock-exchange regulation bill. He thinks that such a measure, if enacted into law, can only work great harm to all of us concerned. My answer is, it certainly will not work any great harm to the millions of American investors who lost $65,000,000 during the crash of 1929, while the Wall Street brokers—the Dillingers of Wall Street—made $2,000,000,000 off of these people whom they now call suckers and fools.

Among the big-shot protestors I find the Firestone Tire & Rubber Co., the B. F. Goodrich Co., and the Goodyear Tire & Rubber Co., of Akron, Ohio. These companies protest against certain provisions of the bill that we are now considering. They say that section 11 would require corporations with listed stock to agree in advance to comply with any future rules and regulations that might be subsequently issued by a regulatory commission. They say, further, that this is an unnecessary and improper extension of power; burdensome and unnecessary reports are required by the bill in its present form.

My good friends, that is exactly what the farmers of this country are saying about the burdensome regulations that are placed upon them by the provisions of the A.A.A., the love baby of the United States Chamber of Commerce, as indicated in the recent statement of Dr. Raymond Moley. The good doctor says that this is not the conception of farm leaders, as we have been told, but of the swivel-chair farmers who farm the farmers and whose address is Wall Street, U.S.A.

The rubber manufacturers also object to certain other sections of the bill. They believe that it will diminish the liquidity of securities and hamper the acquisition of new capital. Again, these gentlemen, even though they represent the largest rubber factories in the world, have been bamboozled by the Wall Street sharks. There is nothing in this bill that will adversely affect the sale of bonds and legitimate stocks in securities and the various types of rubber goods which they manufacture.

Another industry in Ohio fears that the bill contains provisions so drastic and detrimental to corporations that their existence is jeopardized. Our answer to that is: In the past the magic and legerdemain of the Wall Street speculators and manipulators was so drastic and detrimental to farmers, wage workers, war veterans, and small business men that they are all broke.

Here is a good one. It comes from Mr. J. Clydesdale Cushman, president of Cushman & Wakefield, Inc., New York City. This gentleman pathetically avers that it means the dismissal of 26 employees in one branch office and of additional clerks in their main office. In holy terror, he opines that this is only the forerunner of hundreds of notifications inspired by the threat of the proposed bill to regulate stock exchanges, which owners in his city will receive. He says further that his corporation alone have in buildings, under their management, 30 stock-brokerage firms. The closing of their offices will not only throw out of employment hundreds of white-collar workers, but building owners who house such tenants will be forced to cut down their maintenance staffs, obviously defeating the President's aims of N.R.A. I find it impossible to swallow all that this gentleman says, even though he may mean well.

When we repealed the eighteenth amendment, hundreds of bootleggers were thrown out of employment and now must seek jobs in legitimate industry. This legislation may, and no doubt will, throw out of employment hundreds and perhaps thousands of bootlegger brokers and operators of bucket shops who "milked" the public by authority of law for the past decade.

A much better slant on this bill comes from W. H. Schisler, chairman of the committee of the Grange at Reynoldsburg, Ohio. Friend Schisler urges me to support the Fletcher-Rayburn bill, which, he says, will control gambling in food products, stock, and bonds. Thank you for your contribution, Brother Schisler; you are right, and I am voting your way.

One gentleman from Cleveland, Ohio, fears that corporations will be filled with dummy directors. I must say to my dear friend that the Pecora investigation last summer developed the fact that old John "Pirate" Morgan owned about $40,000,000,000 worth of the corporations in this country, that he paid no taxes, and that his directors were not only dummy directors, but crooks as well.

One large industrialist says that his objections are many, but he wants to call my particular attention to the various clauses of the bill which are particularly harmful. He fails to mention, however, the paragraphs to which he refers. Hence, I am unable to pass judgment. Personally, I have been unable to find any objectionable clauses myself. His first objection, he admits later, is, "Against the principle involving the policing of a great industry by the Federal Government." I must inform my honorable and well-meaning constituent that this bill will not in the slightest extent attempt to police the honest business practices of such industries as his. It will, however, not only police, but place behind the bars the bloody butchers of Wall Street who have lived in high style on the blood of the common people. This gentleman concludes his letter by saying, "Should this bill ever be put up to vote, we expect to find your name in the 'no' column." It gratifies me to be able to inform the gentleman that, when the roll is called, my vote shall be "aye" in the loudest voice at my command.

Here is another New York City constituent of mine. Of course he is opposed to the bill but he stresses the importance of keeping the existing system working while we reform it, or we will find ourselves without an adequate investment system. That is precisely our trouble now. In the debate on this floor this day it was agreed to unanimously that the trouble with all business, big and little, is the need for a relaxation in credit.

Naturally, most of these communications come from the cities. One from Cleveland, on plain stationery, which indicates the gentleman has been inspired to write this letter by the propagandist, offers the suggestion that a bill having such profound effect on our economic system should be put through very slowly and only after a long period of careful consideration.

Well, as I understand it, the committee has devoted 7 weeks of hard, ceaseless labor to this bill. Naturally, in its present form, it does not suit the Wall Street gamblers. The committee might take 7 years to consider the bill, and they would be no nearer drafting a bill that would meet the approval of these racketeers. The gentleman in question humbly suggests that this bill be postponed until the next session of Congress, so that a rational and workable bill may be formulated. This would suit the New York plunder bunds perfectly, since it would give them one more open season to complete the slaughter of the innocents.

I do not question the honesty of purpose nor the sincerity of my constituents in the State of Ohio and without who have communicated with me on the Fletcher-Rayburn bill, which proposes to do something to the moneyed aristocracy and something for the struggling masses of farmers, war veterans, wageworkers, small business men, and producers.

I fear that some of them have become unduly excited through reading the vicious propaganda of the "toreadors" of the Wall Street "bull ring." We are told that a $200,000 slush fund was raised to misinform the American people, to delude them, to ensnare them into the clutches of the Wall Street gamblers, and to intimidate, harangue, and bulldoze the Congress of the United States so that they will not pass this bill, which may be called a new "declaration of independence", a declaration of independence from the long, bony talons of the swindlers on the New York Stock Exchange. Such swindlers as Thomas Lamont, Morgan's "sidekick", who in the Pecora investigation last summer clung to Morgan's side like a pestiferous flea to a mangy cayuse.

Under the sharp questioning and pointed barbs of Ferdinand Pecora, whenever "Morgan the Magnificent's" memory was bad, it was his able aide, Lamont, who refreshed his memory. Such swindlers as the suave, blasé, perfectly manicured George Whitney, who, when asked a pointed leading question, would tilt his aristocratic head with all of the nonchalance and composure of a Webster declaiming messages that would be written in the immortal tablets of history, "The answer will be——." Elegant and arrogant though Whitney was, his own admissions convicted him of being one of the coldest and cruelest of all the Bluebeards.

Then there were the Kuhn-Loebs, the Dillon-Reeds, leaving a slimy trail of legalized burglary, rotten riggings of markets, and feculent odors of grand larceny that led from coast to coast and Gulf to Lakes, and smelled to high heaven.

An army of 5,000 is chasing Dillinger. Yet the Wall Street bandits still run at large, feeding on the hard-earned savings of honest American citizens. So the more stringent Government supervision made of the operations and dealings of these hijackers that much better the interests of the country generally will be served.

That any measure designed for this purpose will have the approval of the Wall Street interests is too ridiculous to be given serious consideration. The propaganda they have

loosed on the country is either motivated by abysmal ignorance or a pernicious desire to deceive a sorely punished but still gullible group of investors.

One deluded soul writes me that the present weakness in the market is directly attributable to the hearings on the Fletcher-Rayburn bill, and he further deposes and saith that "this weakness is insignificant in comparison with the general collapse that will occur once its passage is assured." He objects to the margins that this bill requires. Evidently he is one of the gamblers. Naturally, his gambling operations will be restricted, hence the spleen he displays in opposing this bill.

Here is the manager of one of the largest industrial corporations in the country, who writes me that this bill will give the Federal Trade Commission power to interfere with financing capital needs, thus preventing the extension of industry and the restoration of employment. He says that the portion of the bill dealing with the Federal Trade Commission's power to further regulate the management of all corporations is, in his judgment, "unnecessary" and "will seriously affect the interest of stockholders and greatly retard recovery." He thinks that no additional legislation covering corporations should be required, in view of the N.I.R.A. and the many other Federal statutes already on the books.

Now, the gentleman is wholly mistaken in his apprehensions. His vast industrial enterprise, which manufactures a necessary home, business, and industrial commodity, namely, hot-water and steam-heating plants, will not be jeopardized or penalized by the provisions of this bill. He is seeing bogey men. He is seeing ghosts in the dark, and I am sure, after the passage of this bill, he will sleep much better than he does now.

Here is a typical example of the inspired letters from employees. As this man sees it, "the bill will destroy the free and open market necessary for the determination of values." This, as we know it, is the gambling market. Then he goes on to state that its marginal requirements place the purchase of stock beyond reach of the ordinary individual. In my judgment, that is a strong feature of the bill. Let people who want stocks and securities buy them outright and stop gambling.

The most damnable gambling den, the most voracious gamblers, and the most craven despoilers of the common people are the grain racketeers on the Chicago Board of Trade. These fellows buy and sell daily millions of bushels of corn and wheat and oats and rye and barley that they never own or ever hope to own. Most of them would not recognize a good Ohio corn field if they met one in the middle of the road. Yet they still carry on their legalized poker game. Like the New York brokers they own the "kitty" or the slot in the top of the poker table where the rake off is dropped in for every hand that is played. Poker players will well understand what I am saying. Others may inquire.

But it is always the old army game of "heads I win, and tails you lose." Regardless of whether the markets go up or down, irrespective of whether the bulls have their day or the bears are on the offensive, the owners of the "kitty", the brokers who receive the commissions, count their share of the plunger each day the sun rises and sets.

I would go much farther if given the privilege of drafting this bill. I would make it a criminal offense to gamble or speculate in any of the food commodities of life or the clothing commodities of life, such as cotton.

Naturally all of the great trusts and monopolies, the tariff barons, the bond grabbers, and others fattening at the expense of the people are opposed to this bill. The question we have to decide is whether $200,000 contributed by the eastern boodlers can corrupt an outraged public and influence the people's Congress. The answer is "no."

Shall the lamb put confidence in the wolf, and the fly accept the unctuous invitation of the spider to walk into his parlor. Never. We prefer to judge the future by the past. We see the cloven hoofs beneath the angelic robes of these suave hypocrites. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield the remainder of my time to the gentleman from New York [Mr. STUDLEY].

Mr. STUDLEY. Mr. Chairman, Wall Street is in my district, so is Main Street. I must do justice to both.

Somebody ought to tell the truth about Wall Street.

Why wreak vengeance on Wall Street?

By passing this bill you will not reach the malefactors of great wealth whom you so zealously desire to punish.

Instead of reaching them, your wrath will fall impotently on an army of real-estate owners, of bookkeepers, clerks, stenographers, stockholders, and bondholders, who will be thrown out of employment, or who will fail to collect their incomes, and so you will add to the sum of human misery and unemployment.

When you want to get money to build your roads, pave your streets, lay out a city park, install waterworks, or build a levee, where do you go for it? To Wall Street.

Obligingly and courteously Wall Street underwrites your stock and bond issues. For three generations of America Wall Street has furnished the money to build your railroads and develop your country. Wall Street has paved your streets, built your highways, installed your waterworks and reservoirs, drained your swamps and lowlands, built your irrigation and levee systems, and financed the upbuilding and advancement of every municipality from Maine to Mexico.

Why not be fair with Wall Street?

When default comes in payment of interest and principal of these debts and Wall Street politely asks for the money past due, then Wall Street is Shylock! And Wall Street has been a heavy loser, too.

Now, this is not fair. It is not even decent.

It is what Europe told the United States after the war when we asked for payment of the debts.

I earnestly trust that this stock-market regulation law will not ultimately develop into just another noble experiment.

At the time of the enactment of the eighteenth amendment and the prohibition laws the Congress erred gravely in following the clamor of the people. The Congress should then have been able to apply restraint on a movement that had got out of control and was in a run-away. But the Congress did not apply restraint. Indeed, not! It yielded impotently to the lashings which were being then so vigorously administered by our constituencies. The people were then demanding that we smash the saloon. The cry was, "Down with the saloon!" "Smash the saloon!" The saloon was the personal devil on whose trail every man and woman was in hot pursuit.

We smashed it, too. It was the spirit of the times. It was a holy crusade.

The drys carried State after State with smashing majorities and voted dry amendments into State constitutions long before national prohibition came to pass. Since then we have seen the light. We have retraced our steps. There is no law greater than the people.

The innate desire for gain, to trade, to speculate, to try and make some money is as deep-seated in the human heart as is the human appetite.

It is as old as the human race itself. To control it is quite beyond the powers of an act of Congress. The Congress, with all its vast and far-reaching powers, is impotent to cope with such deep-seated human impulses, and its puny efforts to do so will result in disaster, as did that other noble experiment. We cannot break the economic laws. We shall only dash ourselves to pieces against them. Wall Street is now the personal devil on whose trail the country is in hot pursuit. The cry now is, "Down with Wall Street!" "Smash Wall Street!"

To scourge the money changers out of the temple is a fine piece of rhetoric; nothing more. That phrase has lost its virility and its meaning with the ages. It can't be done.

A few years ago a man was bent on destroying Wall Street. He would bring about its ruin even as Tyre and Sidon.

He exploded a huge bomb at the corner of Broad and Wall Streets.

The result was some panes of glass were broken in the New York Stock Exchange, and a famous banking house on that corner and many clerks, stenographers, and bookkeepers were blown to bits. But Wall Street remained.

Wall Street is just another name for the great business organizations and activities of the country. The torrents of commerce and trade not only of America but of the world go roaring through Wall Street. It is a market place, no more.

There may have been dishonest trading and practice in Wall Street. I know of no business that has always been found following the precepts of the Golden Rule.

Why destroy Wall Street? The only way to do it is to strike down the business structure of the country. Do you want to do that? It would be rash, it would be radical to do it. Don't strike down the business.

If the Congress does it more than a billion dollars worth of real estate south of Fulton Street in Manhattan alone will become unproductive and tenantless. More than a hundred thousand people in New York City would be thrown out of employment and into the bread lines. The business of the country would suffer irreparable injury and recovery would be indefinitely retarded. And Wall Street pays taxes.

In 1918 we would make it impossible for any person to get a drink of liquor. Did we do it? We did not.

In 1918 we would abolish the saloon. Did we do it? We did not.

Instead of the saloon came the speakeasy and the bootlegger. Appetite and long-established customs of our people made that law impotent. It was regarded everywhere as a joke.

The revenue that should have gone into our Treasury was dried up and diverted to speak-easy and bootleg channels, and was there used to finance racketeers, highjackers, robbers, and kidnapers. The most successful chain of crime the country has ever seen was financed by this folly of the Congress. But without customers there would have been no bootleggers.

Now, we are not legislating here to reach just a lot of bad boys who can be spanked and put into the corners and told to stay there. We are dealing with the most resolute and resourceful element of our people. We shall find the operators of Wall Street good sportsmen who will always be ready to pay a reasonable tax on its business. Give and take is their gospel. A mayor of New York once tried to put Wall Street in irons. But he did not. He failed.

The Congress will not be able to put Wall Street in irons. When we try to do that Wall Street will go to Canada, where they will be welcomed. Our most prolific source of revenue will be dried up and our business structure reduced to ashes; and again we shall find ourselves the victims of our own folly. Our people will continue to trade and speculate through bootleg channels and the act of Congress to put Wall Street in irons will be just another impotent gesture and of no avail. Then we shall retrace our steps in pathos and humiliation, as we have lately done with prohibition, and as we have done before a thousand, thousand times.

Laws are discovered, not made.

And presently the people will compel us to return to the political philosophy and the economics of Adam Smith and John Stuart Mill.

The doctrine and the practice of laissez-faire has not yet perished from the earth.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc.,

SHORT TITLE

SECTION 1. This act may be cited as the "National Securities Exchange Act of 1934."

Mr. BRITTEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, one of the interesting features of the debate on this bill has been the denunciation of the first bill, or the first several bills, because of their severity. The distinguished gentleman from New York [Mr. WADSWORTH] detailed his many objections to the first bill, and the distinguished chairman of the committee himself, the gentleman from Texas [Mr. RAYBURN], than whom there is no more intelligent man in the House, also referred to the objections to the first bill. The chairman of the committee also referred to the lobby that was apparently objecting to the present bill.

Mr. Chairman, why would there not be a lobby? Why would there not be objections when there are 10,000,000 investors in the United States who are affected by this legislation, which in its original form was a monstrosity? That is the reason it has been rewritten, rewritten, and rewritten by the scarlet-fever boys down in the little red house in Georgetown.

Only day before yesterday, when the distinguished chairman was addressing the House, he paid compliment to his visitors in the gallery from the stock exchange. Today I pay compliment to my visitors in the gallery, the youthful legislative wizards from the little red house in Georgetown. They are here to assist in the passage of this important bill, in the drafting of which they have played such an important role. They wrote and rewrote the bills which have been subjected to such merciless criticism from every section of the country. Of course, they should be here following the action of the House on their pet legislative baby.

Everybody is for regulation of the stock market. Nobody would say otherwise; but under the guise of regulation of the stock market these gentlemen have written complicated and very intricate language which will control every industry in the United States directly or indirectly; and they will control it by rules. Are you gentlemen going to stand for that? Why, of course you are not.

You should not complain because a small number of 10,000,000 investors write us and say, "For God's sake protect my investment." Should we complain? Who has a better right? Each of us has received letters from all over the United States complaining about this bill. Through the operations of the provisions of this bill there can be destroyed if desired any industry in the United States by a rule, or a constantly changing set of rules from which there is practically no appeal.

I have been told that our young leader, Benjamin Victor Cohen, is now on the floor of the House. Why not let him stay? He wrote most of this legislation and should be permitted to remain on the floor during its deliberation.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. RAYBURN. I think we might as well settle that now. I shall not object to the gentleman having more time. Frankly, I think the chairmen of committees in times past have been allowed to have an expert sit with them. It was done a year ago when the securities bill was passed. I know the gentleman from Illinois said he would not object.

Mr. MARTIN of Massachusetts. Mr. Chairman, I may say that in times past it has been customary for one of the legislative counsel only to assist during the consideration of a bill.

Mr. RAYBURN. The drafting service always sits in.

Mr. MARTIN of Massachusetts. He is not a regular drafting clerk, and he is not attached to the committee.

Mr. BRITTEN. I am sorry that I started all this, because I truly believe that no one on the floor understands this legislation as does the boyish Mr. Cohen.

Mr. RAYBURN. Now that the subject has been brought up, I desire to know whether there is objection?

Mr. MARTIN of Massachusetts. I am sure there will be objection on the part of four or five over on this side.

Mr. BRITTEN. I think the gentleman should be permitted to remain. May I state what occurred here some years ago?

Mr. RAYBURN. I do not think the members of the committee on the Republican side who are in sympathy with this legislation will object to Mr. Cohen's staying here.

Mr. BRITTEN. We had on the floor of the House several years ago a very complicated naval personnel bill. The bill was exceedingly complicated, and had been written by the personnel experts of the Navy Department who knew every word of it. I brought onto the floor a member of the Navy Department, Rear Admiral Latimer, to sit with the committee in order to advise with us. It was a Democratic House and a Democratic committee. The present Senator from Texas [Mr. CONNALLY] was seated right back here, and he objected to the man being on the floor of the House, and he was compelled to leave.

I told the chairman of the committee [Mr. RAYBURN] a while ago that I would have no objection to Mr. Cohen being on the floor. I think he ought to be here. The language in this bill is very complicated, and the chairman of the committee, one of the most industrious men in Congress or on Capitol Hill, cannot possibly comprehend all of the intricacies carried in this legislation, and for the benefit of the House someone who can interpret the language ought to be permitted to sit here on the floor. I hope the gentlemen on this side will not object to Mr. Cohen being permitted to stay here.

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent that I may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRITTEN. Mr. Chairman, the Rayburn bill for the regulation of securities exchanges which is being considered today was conceived in the little red house in Georgetown and borne to the Capitol on last Friday. It is the fifth and probably the last bill for the regimentation of the country's industries that will come from the youthful intellectuals who have framed most of the so-called "planned legislation" during the present session of Congress. While the popular demand for a rigid regulation of the stock markets is the smoke screen employed by the inexperienced directors of the Government, the real object of the bill is to Russianize everything worth while under the unqualified and unprepared Federal Trade Commission, an act that would make that Commission the most powerful and far-reaching arm of the Federal Government. It could dictate the conduct of officers, directors, and even stockholders of corporations; its requirement for balance sheets, monthly reports, and other accounting data would cost the Nation hundreds of millions of dollars a year, and for no particular purpose; it is given an indirect but very effective control over the investment of all capital by the industries, whether their outstanding securities are registered or not.

The scarlet-fever boys have written into the Rayburn bill an unusual section which in itself is in the nature of an argument for doing the unconstitutional things which the bill itself is intended to circumvent.

The popular demand for stock-exchange regulation has given the Prof. Felix Frankfurter cheer leaders a vehicle to control all credit and corporate practices such as not even Russia can boast of today. The boys in the little red house breathed easier when their child was finally deposited in the congressional hopper by Chairman RAYBURN.

I am told that Telford Taylor, a young and recent graduate from Harvard, now in the Interior Department, was the father of the very first Fletcher-Rayburn child, but it was soon kidnaped by Landis (F.T.C.) and Frankfurter (H.U.), who immediately proceeded with the advice of Pecora, Tommy Corcoran (R.F.C.), and Benjamin Cohen (P.W.A.), to put the finishing touches on what was intended to be the second child; too much vodka and too little cream made it too hot for even the red-letter boys, and it was again rewritten only to be drowned in the sea of publicity.

If the present unhappy child should be adopted by Congress, the Federal Trade Commission could restrict the operation of almost every industry in the United States and could regulate it out of existence by the control of credit and other restrictions without having to give its reasons for doing so. Lenin and Trotsky never envisioned such far-reaching possibilities for strangulation.

Mr. BULWINKLE. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from North Carolina.

Mr. BULWINKLE. Has the gentleman read the hearings?

Mr. BRITTEN. How many pages are there to the hearings?

Mr. BULWINKLE. Just the first part.

Mr. BRITTEN. No; there are about 1,500 pages. I have read the report and I have read the bill.

Mr. BULWINKLE. If the gentleman will read the hearings he will see, in about the first 10 or 11 pages, I think, of the hearings, the information as to who wrote the first bill. I asked the question myself, and it was not written by any young man just out of Harvard.

Mr. BRITTEN. But the gentleman never saw the first bill. He only saw the second bill.

Mr. BULWINKLE. I saw the first bill.

Mr. BRITTEN. I congratulate him upon his initiative and energy. He is a most valuable Member of the House.

May I proceed further? When the chairman of this very important committee took the floor the other day, followed by the gentleman from New York [Mr. WADSWORTH], the speeches of those two gentlemen cost the investment holders of the United States more than $100,000,000 in depreciation that afternoon. Fifteen important stocks reached a new low level that day, and the same situation followed the next day, and they are doing it again today.

The people of the country are desperately afraid of any legislation that may emanate from the little red house in Georgetown, and rightfully so. They are afraid of any commission, particularly the Federal Trade Commission, because it will be dominated by someone who has no kindly interest in the stock exchange. The people know that, and that is what they are afraid of. A man who by rule or regulation can put the industries out of business overnight if he wants to should be a very carefully selected individual. That is the reason the people are afraid, and the complaints that have been received by Members on both sides of the aisle have not come from stockbrokers. They have come from investors who want their little investment protected, and God knows they have been scaled down enough in the last 3 or 4 years, many of them with a few shares of stock in some excellent corporation. The people are concerned about this Commission, and they do not want on that Commission a man who has lost a lot of money in the last 3 or 4 years and who has publicly said he would put the stock market out of commission if he could.

Mr. PETTENGILL. Will the gentleman mention his name?

Mr. BRITTEN. Let us not get into personalities. I never have on the floor.

Mr. O'CONNOR. Will the gentleman tell me his name?

Mr. BRITTEN. I will tell the gentleman in the cloakroom; yes.

The second section of the bill should be taken out entirely, because it is an argument for a violation of the Constitution. It is not necessary to be in the bill. The argument takes up several pages telling why this legislation is necessary. I have never heard of such a thing in a piece of legislation.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the gentleman from Illinois ought to know all about what goes on in the little red house that has been conjured up in his brain recently, because I do not think that he will deny that he has a Republican constituent who resides there.

Mr. BRITTEN. If I have a Republican constituent who resides there, I do not know it. Will the gentleman give me his name?

Mr. BLANTON. The one I have in mind is Mr. Charles Stewart Guthrie, whom I am informed is a Republican, and he hails from Chicago, and he sojourns in the little red house in Georgetown, which has preyed so heavily upon the mind of our good friend from Chicago recently. I took it for granted that our friend knows all about what goes on there. The gentleman is not as well versed as I thought.

Mr. BRITTEN. I have never been invited to the little red house in Georgetown. It is the seat of much so-called "planned legislation."

Mr. BLANTON. The gentleman is not as well informed as I thought he was, but I think he is the last man on earth who ought to complain about any chairman of a committee having the assistance of experts at the table during the consideration of the bill. All the time he was chairman of the Naval Affairs Committee every bill he brought in here was written by some admiral down in the Navy Department [laughter], and he had to have a bevy of admirals up in the gallery every time he brought a measure up for consideration. He is well versed in that.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. BLANTON. In just a moment.

Mr. BRITTEN. I want to correct the gentleman.

Mr. BLANTON. I am sorry, but I do not want to take more than 5 minutes.

The gentleman is continually talking about the "brain trust" helping to write bills. I wonder if the gentleman has ever thought about the advisability of getting some "brain truster" to help him make a speech here on the floor of the House. [Laughter.] Talking about the chairman of this committee, there is not a more experienced legislator in this House than my colleague from Texas, SAM RAYBURN. He has presided as speaker over the house of representatives of his own State, that could swallow both Illinois and Chicago without suffering indigestion. He knows as much about legislating, I guess, as any man in this Congress. He can write a bill himself if he wants to. We who want bills properly written do not have somebody on the outside write them. Committees go to the legislative drafting service and tell them exactly what they want to put in the legislation, and they have that service prepare the measure in proper legislative form to bring on the floor of the House so it will be in proper order.

There is not a more brilliant mind in this House, even though I have disagreed with him on one or two subjects, than the gentleman from New York, Dr. SIROVICH; and even when he brings in a bill, he possibly got Dr. Copeland and Dr. Tugwell to help write it for him. [Laughter.]

Mr. SIROVICH. I appreciate the implied compliment paid to me by my militant and aggressive friend and colleague from Texas, TOM BLANTON. However, let me advise the courageous crusader from the Lone Star State that all the world loves a fighter, particularly if he is fighting for an ideal, for a principle, for justice, and for liberty. Whenever you are speaking on the floor of this House, your constituency can rest assured that you are battling for one of these ideals.

For the past 8 years it has been my privilege to differ with you in many matters of public interest. Our difference has been on subjects on which any honorable men might disagree. However, in all of our controversies and conflicting disagreements the honorable gentleman has been uniformly gracious, sympathetic, and just.

However, I want to make a very vigorous and strenuous objection to one of his remarks just made.

I have always drafted my own bills. I have never availed myself of the legislative drafting department of Congress to prepare my bills but have uniformly written every bill that I have introduced in the Congress of the United States.

My food and drug bill (H.R. 7426), which I elaborated, perfected, and developed, is the product of my own thoughts and, outside of my secretary, I have had no cooperation from any outside agency. My bill differs completely from the Tugwell-Copeland bill in principle, in language, and in construction, and in the ideals I would like to see achieved. My bill would eliminate any ingredients that are deleterious and poisonous in food, drugs, beverages, or cosmetics that would be likely to prove harmful or injurious to the average human system when used internally or applied externally.

I think it is the duty of the gentleman from Texas, knowing that he wants to be fair, to have his erroneous impressions corrected. My bill is as different from the Tugwell-Copeland bill as is my personality from that of TOM BLANTON, of Texas. With this explanation, TOM BLANTON, we can again meet upon the level and part upon the square.

Mr. BLANTON. I was joking my friend about Drs. Tugwell and Copeland.

Mr. SIROVICH. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SIROVICH. I do not know anyone for whom I personally entertain greater admiration and respect than the gentleman from Texas [Mr. BLANTON]. I have differed with the gentleman over and over again, but I admire his sincerity and courage, but sometimes he does me an injustice. I have written my own bill and have been up until 2 o'clock in the morning for 7 weeks drafting the food and drug bill to which the gentleman refers.

Mr. BLANTON. My friend knows that I am unalterably opposed to the so-called "Tugwell bill", and I was merely joking when I referred to his bill. We, of course, all know that the gentleman from New York [Mr. SIROVICH] wrote his own bill, and so did the Committee on Interstate and Foreign Commerce write its bill.

Mr. SIROVICH. Will the gentleman yield?

Mr. BLANTON. No; I am sorry.

Mr. SIROVICH. The gentleman always likes to be corrected and I know the gentleman wants to be fair.

Mr. BLANTON. Very well; go ahead.

Mr. SIROVICH. I want the gentleman to know there is absolutely no similarity between the Tugwell-Copeland bill and the Dr. Sirovich bill.

Mr. BLANTON. I am glad to hear it, because if they were alike, there would not be a chance on earth for you to pass your bill.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent that the gentleman may be given 5 additional minutes. I may want to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BLANTON. What is the question? I am ready to answer it.

Mr. BRITTEN. I may ask it a little later.

Mr. BLANTON. I have an answer for you before you ask it. The gentleman from Illinois [Mr. BRITTEN] recently has been obsessed with two very decided vagaries of mind. One is that he has been bothering about a little red house in Georgetown, and the other is that he thinks it is up to him, out of all the people on the face of the globe, every day to get up here and twist the lion's tail. Why, a very prominent newspaper service in a report of yesterday spelled his name "Mr. B-r-i-t-a-i-n." [Laughter.]

Mr. BRITTEN. Mr. Chairman, will the gentleman yield for a question?

Mr. BLANTON. I yield.

Mr. BRITTEN. Is the gentleman referring to an Associated Press report from England, where they said that Congressman "Britain" had requested the recall of their consul general?

Mr. BLANTON. Yes.

Mr. BRITTEN. Well, I am going to bring suit against Great Britain for that libel. That is not the way I spell my name. [Laughter.]

Mr. BLANTON. I want to say that you could collect your money if you got judgment, because Great Britain is good for her debts, and I still maintain she is going to pay us. She is not going to pay the gentleman from Illinois because he is not going to prevail in any libel suit. I think they would probably reconvene against the gentleman from

Illinois in that suit and claim damages for using the name of Great Britain when he is not entitled to do it. [Laughter.]

[Here the gavel fell.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

NECESSITY FOR REGULATION AS PROVIDED IN THIS ACT

SEC. 2. For the reasons hereinafter enumerated, transactions in securities as commonly conducted upon securities exchanges and over-the-counter markets are affected with a national public interest which makes it necessary to provide for regulation and control of such transactions and of practices and matters related thereto, including transactions by officers, directors, and principal security holders, to require appropriate reports, and to impose requirements necessary to make such regulation and control reasonably complete and effective, in order to protect interstate commerce, the national credit, the Federal taxing power, to protect and make more effective the national banking and Federal Reserve System, and to insure the maintenance of fair and honest markets in such transactions:

(1) Such transactions (a) are carried on in large volume by the public generally and in large part originate outside the States in which the exchanges and over-the-counter markets are located and/or are effected by means of the mails and instrumentalities of interstate commerce; (b) constitute an important part of the current of interstate commerce; (c) involve in large part the securities of issuers engaged in interstate commerce; (d) involve the use of credit, directly affect the financing of trade, industry, and transportation in interstate commerce, and directly affect and influence the volume of interstate commerce; and affect the national credit.

(2) The prices established and offered in such transactions are generally disseminated and quoted throughout the United States and foreign countries as a basis for determining and establishing the prices at which securities are bought and sold, the amount of certain taxes owing to the United States and to the several States by owners, buyers, and sellers of securities, and the value of collateral for bank loans.

(3) Frequently the prices of securities on such exchanges and markets are susceptible to manipulation and control, and the dissemination of such prices gives rise to excessive speculation, resulting in sudden and unreasonable fluctuations in the prices of securities which (a) cause alternately unreasonable expansion and unreasonable contraction of the volume of credit available for trade, transportation, and industry in interstate commerce, (b) hinder the proper appraisal of the value of securities and thus prevent a fair calculation of taxes owing to the United States and to the several States by owners, buyers, and sellers of securities, and (c) prevent the fair valuation of collateral for bank loans and/or obstruct the effective operation of the national banking and Federal Reserve Systems.

(4) National emergencies, which produce wide-spread unemployment and the dislocation of trade, transportation, and industry, and which burden interstate commerce and adversely affect the general welfare, are precipitated, intensified, and prolonged by manipulation and sudden and unreasonable fluctuations of security prices and by excessive speculation on such exchanges and markets, and to meet such emergencies the Federal Government is put to such great expense as to burden the national credit.

Mr. BRITTEN. Mr. Chairman, I move to strike out the last word, and I do so for the purpose of asking the attention of the gentleman from North Carolina [Mr. BULWINKLE]. I should like to say a little more about his proposed amendment for a stock-exchange commission rather than to have the industries and the stock exchanges and everything else controlled by a rule under the Federal Trade Commission. There are many Members on both sides of the aisle who feel as I do—not necessarily as to details, but along that line—and I am wondering if when the gentleman from North Carolina presents his amendment he will do so so that Members on this side can go along with him. Will he provide for a commission composed of 1 member to be recommended by the Federal Trade Commission, 1 member recommended by the Treasury Department, 1 recommended by the Federal Reserve Board, 1 by the Department of Commerce, because of these great regulations of industry under rule and not under law, and the other by the New York Stock Exchange, because of the intricacies of the manipulation of the stock exchange? There may also be one man representing the public.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. BULWINKLE. The gentleman evidently does not want the President to name anyone.

Mr. BRITTEN. Oh, the President will name all of them. Each department will make the recommendation to the President.

Mr. BULWINKLE. I again tell the gentleman that I am not going to offer any amendment of that kind. I am going to offer an amendment that the President appoint three men by and with the advice and consent of the Senate. I do not intend to attempt to tie the hands of the President as to whom he shall name at any time or upon whose recommendation he shall name him. The gentleman knows full well that the President of the United States can be trusted to name the proper man at any time on any commission.

Mr. BRITTEN. If the President of the United States had 25 heads and 25 bodies I would trust him any place, but I have no confidence in the men surrounding the President. They are the ones who have thrown this great fear into the populace of the United States.

Mr. BULWINKLE. Oh, the gentleman is just talking for the RECORD.

Mr. BRITTEN. I am not talking for the RECORD; I am talking to the House.

Mr. BULWINKLE. The gentleman does not mean that at all.

Mr. BRITTEN. There are whisperings in the gentleman's cloakroom and in mine, and there are whisperings all over the United States about the radical element surrounding the President of the United States. Everyone has confidence in the President, but mostly everyone has no confidence in the men surrounding him, and that is the reason I make this suggestion.

Mr. BULWINKLE. Oh, I spend a great deal of my time in the cloakroom, and I have not heard any whisperings like that over here. I cannot tell what the gentleman might do when he gets in his own cloakroom, but I am quite sure that he never listens. I guarantee that.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I was about to reply to the gentleman from North Carolina, but I yield to the gentleman from Ohio for a question, but not a speech.

Mr. TRUAX. This will be a question. The gentleman says there is lack of confidence everywhere. Does he find that the people who show the lack of confidence are returning to a confidence in the administration that preceded this one?

Mr. BRITTEN. On the contrary, I find they are going downhill so fast away from this administration that you gentlemen are seriously concerned about it.

Mr. TRUAX. I say that we are not radical enough.

Mr. PETTENGILL. How does the gentleman explain the registration in the gentleman's own State about 3 weeks ago?

Mr. BRITTEN. Will the gentleman allow me to answer the gentleman, please? Then I shall yield. The fact of the matter is that the distinguished leaders on the Democratic side of the aisle are every day admitting they are going to lose 60 seats in the next House, and I maintain that they will lose 106, not 60. That is how fast the people of the country are running away from the present administration.

Mr. BULWINKLE. And the gentleman's imagination is running away with him this afternoon.

Mr. BRITTEN. I shall try to hold my imagination down.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. FISH. Mr. Chairman, I rise in opposition to the pro forma amendment. I think the gentleman from North Carolina [Mr. BULWINKLE] is correct. I believe, if these appointments to a super agency or commission are to be made, that they should be made directly by the President of the United States. I am sure that he is able and competent to name men well qualified to handle the stock exchange regulations as provided in this bill. The responsibility for this legislation rests with the President and he should have more interest in its proper administration than any other person. He can unquestionably be relied on to select individuals of ability and with special knowledge of market operations and of the New York Stock Exchange. I believe there are many on this side who will support such an amendment giving the President that power, because the Federal Trade Commission already is overburdened with

investigations and regulations of thousands of corporations throughout the United States.

The stock exchange is a technical organization. It is a special organization. It requires men versed in that kind of organization and in that kind of work to efficiently administer a stock-exchange-regulation bill.

Some of the older Members of the House will remember 12 or 14 years ago when the Committee on Interstate and Foreign Commerce had control of drafting veterans' relief legislation in this House. There is no more competent committee in the House than the Committee on Interstate and Foreign Commerce today, nor has there been in the last 14 years since I have been a Member of the House, but it could not write veterans' relief legislation in view of all their other legislative duties. It was overburdened with its own work having to do with railroads, corporations, and interstate and foreign commerce. The committee did not have the time to give to holding hearings and framing veterans' relief legislation. The first thing I did, I think, when I came to Congress was to try to get out a little bill from that committee to increase the pay and compensation for an attendant of a blind soldier from $20 to $40 per month. It must be self-evident that you could not hire anybody as an attendant to a blind veteran for $20, yet it took over a year to get action from that committee.

It took a personal controversy between the then chairman of the committee, Mr. Winslow, a very distinguished and good friend of mine, and myself, over this bill, with the result that it became perfectly evident to every Member of the House, Democrat and Republican, that the Committee on Interstate and Foreign Commerce could not give proper and adequate time to writing veterans' relief legislation. The result was that both Democrats and Republicans combined in organizing a new and separate committee. The same principle is involved today. The Federal Trade Commission is like the Committee on Interstate and Foreign Commerce, it is burdened with its work and we should set up a separate committee composed of experts chosen and appointed by the President of the United States.

Mr. COX. Will the gentleman yield?

Mr. FISH. I yield.

Mr. COX. Due to the close relationship that exists between the pending legislation and the Securities Act, does not the gentleman think that both laws should be administered by the same agency, and does the gentleman not also think that because of the experience which the Federal Trade Commission has had in the administration of the Securities Act and because of the organization it has already built up, if the administration of the pending law should be given to the Commission it could more quickly begin to function effectively, than would be the case in the setting up of a new commission?

Mr. FISH. My answer to the distinguished gentleman, who has presented a very logical case, is this: In the first place, the Federal Trade Commission has utterly failed in the administration of the Securities Act. That act has done more to hamper legitimate and honest business in the United States than anything else and to retard recovery.

Mr. COX. But is not that the unsupported statement of the gentleman?

Mr. FISH. No. No. The Federal Trade Commission has certain powers provided by the Congress of the United States to change the regulations under the Securities Act, and it has failed to do so. It has failed because it has not had time to properly consider the unworkable provisions of the Securities Act, as it has so many other matters to attend to. If I had my way we would liberalize the Securities Act before Congress adjourned and turn it over to a brandnew commission and put both the regulation of the stock exchange and the control of securities under this new agency, to be established by Congress and whose members will be appointed by the President.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. FISH. I yield.

Mr. COCHRAN of Missouri. Would the gentleman have any objection to enlarging the Federal Trade Commission by three members?

Mr. FISH. Now, that is what it is proposed to do. That is exactly what would happen if we enlarged the Committee on Interstate and Foreign Commerce in the House. You would not get any better results. The committee has to meet together. It has to consider other legislation, and it would not accomplish what you are trying to do. I know the Democratic majority can do what it wants to do, because you have the votes. I know in the Senate a special agency or a special commission is proposed, but if the gentleman from North Carolina [Mr. BULWINKLE], a member of the House committee, presents his amendment for a separate agency, I hope there will be plenty of time to discuss it on its merits, and I hope Members will vote on it on its merits, regardless of any kind of partisanship, because there should be no partisanship in it.

I even go further than my distinguished colleague from Illinois [Mr. BRITTEN] about the original bill. The gentleman called it a monstrosity. I call it an abomination of desolation, written by the junior members of the "brain trust." It was nothing but a brain storm of a few young radical lawyers including Mr. Ben Cohen and Thomas Corcoran, aided and abetted by Prof. James M. Landis, Federal Trade Commissioner, and Prof. Felix Frankfurter, of Harvard. Thank goodness we have got a committee in this House and a very able chairman of that committee that took hold of the original destructive proposals that would have hampered and ruined legitimate business, and wrote a constructive measure in the interest of the public. [Applause.] There is no question but that the purposes of this bill are to protect the investors, to prevent manipulation of stocks and pool operations, and to prevent destructive and excessive speculation with its disastrous consequences, all of which are sound and in the public interest. The question is whether in some particulars the proposed bill has not gone too far in conferring power to regulate corporations that are only remotely connected with the stock exchange and restricting industry unnecessarily.

There is one statement of the gentleman who is the chairman of the committee, reported in the public press, which I think is unfortunate. It probably was not meant that way, but it was carried in the press that he said he would brand any and all amendments offered on the floor as of Wall Street origin.

Mr. RAYBURN. If the gentleman will yield, I did not say any such thing.

Mr. FISH. I knew the gentleman did not say it, and I am very glad to hear him say so, because that statement could not have come from the gentleman from Texas.

Mr. RAYBURN. I said when the stock-exchange amendments came I was going to so brand them.

Mr. FISH. Oh, that is different. Unfortunately, the gentleman is misquoted in an editorial in the New York Tribune.

Mr. RAYBURN. I have usually been misquoted about this bill.

Mr. FISH. So, then, we can understand that when the gentleman from North Carolina [Mr. BULWINKLE] presents his amendment for a separate agency it will not be designated as originating from Wall Street, and will therefore be considered on its merits, whether it will improve the bill or not?

Mr. RAYBURN. I may say to the gentleman from New York that the first suggestion of a separate commission was made by Mr. Whitney.

Mr. FISH. After all, who knows more about the stock exchange than the president of the stock exchange?

I am inclined to vote for this bill. I believe some kind of regulation is wise, sound, and necessary. This bill is not perfect; no legislation is perfect; neither are you and I perfect.

We hope, however, to have the time and the opportunity to discuss the amendments on their merits and to try to improve the bill in the House, and maybe it will be im-

proved in the Senate and that together we shall work out a sound and workable bill. Is it to be held against Mr. Whitney because he, the president of the stock exchange, made some suggestion? Is his suggestion to be thrown aside as though it were a selfish suggestion? I have known Mr. Whitney for 25 years. I went to college with him; and I know him to be an honorable, honest, and an upright man, and just as good a citizen as any Member of this House.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. COX. Does not the gentleman know also that the stock exchange under the directorship of Mr. Whitney resisted this movement for regulation to the point where they saw that resistance was useless, and then they tried to bargain for the best terms they could get?

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 4 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BULWINKLE. Mr. Chairman, if the gentleman from New York will yield, I want to say to the gentleman from Georgia, in the interest of absolute justice, that I hold no brief for Mr. Whitney or anybody on the stock exchange.

Not a single member of any stock exchange anywhere in the United States objected to regulation of the exchanges. That is the first proposition.

Mr. COX. Does the gentleman mean to tell the members of this committee that any member of the different exchanges who appeared before the Committee on Interstate and Foreign Commerce did not resist the proposal to write into the legislation the provisions contained in this bill?

Mr. BULWINKLE. Not a single gentleman from anywhere in the United States, from San Francisco to Boston, who came before the committee representing stock exchanges objected to regulation.

Mr. COX. They may not have objected to regulation but did they not specifically object to the provisions of this bill as it now stands?

Mr. BULWINKLE. I may say to the gentleman from Georgia in addition to what I have said, that the pending bill was reported only last week and neither Mr. Whitney nor anyone else anywhere in the United States saw the present bill.

Mr. COX. That is, of course, true; and the present bill is different from the original bill, but there is not a single thing in the present bill they have seen; so we do not know what their reaction to it will be.

Mr. FISH. Mr. Chairman, I cannot yield further.

Mr. Chairman, I did not rise to defend the New York Stock Exchange. I admit there are evils and abuses practiced on the stock exchange, and it should have remedied those abuses and evils itself. It should have cleaned its own Augean stables years ago. At least, let me say it was not the stock exchange which caused the disastrous inflation and its ruinous consequences, it was the American people themselves who went money mad. The stock exchange is nothing but the machinery by which the people can buy and sell stocks and bonds. The American people, however, back in 1929, went money mad; they wanted to become rich overnight and indulged in a veritable orgy, not only of extravagance and waste but of gambling and speculation. If there are any guilty people in this country, it is the American public led on by the big international bankers; not by the stock exchange, but by the big international bankers with their security affiliates. They are the people who led us on, encouraged and urged us to buy foreign bonds and a lot of worthless securities. They are the people who, after the inflation collapsed, said that the wages of the American laborers must be reduced, that the compensation of the veterans must be sliced, and that the civil-service employees in the city of New York must have their pay cut.

Mr. Mitchell and Mr. Wiggins, if you want to blame anybody by name, are the ones responsible more than anyone else. They kept telling the Congress in 1929 to keep its hands off business and not to interfere with business, that they knew what was best for the public; and we, I am ashamed to say, listened to them, while they continued to mulct the public and even ruin their own depositors and stockholders. The individual members of the stock exchange are simply in business to handle transactions in stocks and bonds listed on the exchange. I do not think it is fair for any Member to attack either Mr. Whitney or any other member of the stock exchange for transacting legitimate business. If we speculate and lose, we must expect to pay the piper and not blame anyone except ourselves.

I believe in proper regulation. I expect to vote for the bill; but at the same time I do not believe it is fair to try and place the responsibility for the depression upon the New York Stock Exchange. It serves a useful and much-needed purpose of providing capital through selling stocks and bonds of industrial corporations in order to furnish the money for the pay rolls to keep the wheels of industry turning. Private enterprise is in more need of credit and floating stock and bond issues than ever before.

[Here the gavel fell.]

Mr. LEE of Missouri. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, it is always amusing to hear the gentleman from New York. He is always ready to apologize for somebody who lives in his State; and he is always ready to jump on the Federal Trade Commission. Never in the history of the world has there been created a commission more worthy than the Federal Trade Commission of the United States. It is the Commission which found that the utilities of this country were putting their poison in the public schools of our country; that the utilities had bought up college professors and put their poison in the colleges, had taken out textbooks which taught the children both sides of the question of public versus private ownership and allowed the child to reach its own conclusions. It is they who bribed the school boards.

They had bribed college professors, and they put this poison in the schools and colleges of our country. The gentleman from New York gets up and denounces the Trade Commission that caught these thieves red-handed doing this to the American school children of our country.

Mr. TRUAX. Will the gentleman yield?

Mr. LEE of Missouri. I yield to the gentleman from Ohio.

Mr. TRUAX. Out in my country they always say that it is the hit dog that yelps the loudest. Someone here this afternoon—I am not sure whether it was the gentleman from Missouri or the gentleman from New York—said that this bill was a monstrosity of desolation. It is desolation for the crooks and the robbers down there who have plundered, pillaged, and sacked this country for 12 years.

Mr. LEE of Missouri. Surely, and they want to continue to do that. The Cities Service Co. took $1,100,000,000 of the money of this country, the money of the little school teachers, the widows, and orphans. There is not a World War veteran or dependent of a World War veteran in the United States that they did not invade the home of and take his savings away from him. That is not the worst they did. After they had robbed everybody in this country that they could rob, they invaded the pockets of their own employees, had them mortgage their homes, and took their homes. Talk to me about regulating the stock exchange. The gentleman says Mr. Whitney had nothing to do with the matter. The gentleman from North Carolina got very excited about that. I do not say that Mr. Whitney did, but I ask who is paying for the telegrams and letters that every Member of the House has received in opposition to the bill? Who is putting up the money?

Mr. BULWINKLE. Does the gentleman mean to tell me he has received thousands of telegrams?

Mr. LEE of Missouri. I am telling the gentleman I have received hundreds of them.

Mr. BULWINKLE. I want to find out how many such telegrams and letters the gentleman has received.

Mr. COX. Will the gentleman yield?

Mr. LEE of Missouri. Permit me to reply to the gentleman from North Carolina first.

Mr. BULWINKLE. Will the gentlemen tell me how many he has received?

Mr. LEE of Missouri. I could not tell you, but I can get them over in my office. I will say that I have received 10 times as many as the gentleman from North Carolina has because they did not need to telegraph him. They knew he was all right already. [Laughter and applause.]

Mr. BULWINKLE. Yes; because they knew I would be absolutely fair and just, that is the reason.

Mr. LEE of Missouri. They were afraid that I would not be, because some of my people have been robbed by them.

Mr. BULWINKLE. Name a single person in your district that has been robbed?

Mr. LEE of Missouri. Oh, yes; hundreds of them have been robbed. The gentleman better not run for Congress in my district and make that statement.

Mr. BULWINKLE. Then name one in your district.

Mr. LEE of Missouri. They would not send the gentleman from North Carolina letters or telegrams anyway, as they know you are sympathetic. [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I attempted to say a word during the colloquy when the gentleman from Illinois was speaking at the time the question came up about Mr. Cohen's being on the floor.

The chairman of the committee, the gentleman from Texas [Mr. RAYBURN], came over on this side of the aisle at a moment when the ranking Republican member happened to be off the floor before the close of general debate and stated that he was looking for the gentleman from Ohio. He spoke about the advisability of asking Mr. Cohen to come on the floor, and I said that as far as I was concerned I had no objection. I thought, Mr. Chairman, that I should like to make that statement.

Mr. BANKHEAD. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Alabama.

Mr. BANKHEAD. The gentleman from Illinois [Mr. BRITTEN] in the course of his remarks this afternoon made the broad statement that every word in the bill now pending before the committee for its consideration was written by some gentleman from Harvard that he named. The gentleman from Michigan is a distinguished minority member of this committee. May I ask him upon his responsibility as a member of that committee, after the long and arduous time that the committee, the subcommittee, and full committee have devoted to the consideration of this bill, whether or not there was any justification for the statement made by the gentleman from Illinois [Mr. BRITTEN]?

Mr. BRITTEN. If I might answer the gentleman.

Mr. BANKHEAD. No. I am asking the gentleman from Michigan.

Mr. MAPES. I wanted to supplement what I said before with the further statement that for myself I think it would be perfectly proper to have Mr. Cohen assist the chairman of the committee during the consideration of this bill. May I say in answer to the gentleman from Alabama that I have no personal information as to who prepared the first draft. As far as the final draft of the bill is concerned, it is the work of the Committee on Interstate and Foreign Commerce and not the work of anyone else. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, the objection to Mr. Cohen's being allowed on the floor was because to do so would be a plain violation of the rules. This is not the first time the question as to who is eligible to remain on the floor has come up, and in the previous instance the gentleman was obliged to withdraw. The rule of the House is very plain and says:

> Only clerks of committees when business from their committee is under consideration may be present, and it shall not be in order for the Speaker to entertain a request for the suspension of this rule or to present from the Chair the request of any Member by unanimous consent.

The rule further states in reference to heads of departments that it means members of the President's Cabinet, and specifically says subordinate executive officers are denied the floor.

It is very clear from the reading of this rule it is not the purpose of the House to permit those who are not eligible to the floor to come in here, and personally I think it would be a very poor policy to violate the rule. For that reason I registered my objection. If the rule were once lapsed, there might continually arise controversies as to who should be permitted on the floor.

Mr. RAYBURN. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Texas.

Mr. RAYBURN. I understand on very reliable authority that there was a representative from the Treasury Department here yesterday during the consideration of the tariff amendment. There has never been a tariff bill considered in this House when a gentleman of the Treasury Department was not present, and this gentleman I am speaking of is an employee of the Government.

Mr. MARTIN of Massachusetts. If the gentleman will refresh his memory, he will find that the last time the Ways and Means Committee presented a tariff bill—at this session, to be exact—an objection was raised and an employee of the Tariff Commission, who did not have the right to be on the floor, was obliged to withdraw. I know nothing about the incident of yesterday. I was not aware of the presence of anyone who was not entitled to the privilege of the floor being here, but certainly the rule is express, and I believe it should be obeyed.

Mr. BRITTEN. Mr. Chairman, this rule resolves itself around the definition of the word "clerk." In this instance Mr. Cohen and Mr. Corcoran have been in constant attendance at the committee hearings, both executive and public, and this might qualify both of them as clerks of the committee. It is a fact, I am told by members of the committee, that in all executive sessions Mr. Cohen sat in.

Mr. RAYBURN, Mr. PETTENGILL, and Mr. MILLIGAN rose.

Mr. RAYBURN. What member of the committee told the gentleman that?

The CHAIRMAN. Does the gentleman from Massachusetts yield; and if so, to whom?

Mr. McFARLANE. Mr. Chairman, I make the point of order that the gentleman from "Chicago" is out of order.

Mr. MARTIN of Massachusetts. Mr. Chairman, I yield back the balance of my time.

Mr. PETTENGILL. Mr. Chairman, I rise to a question of the privilege of the House with respect to the remarks just made by the gentleman from Illinois [Mr. BRITTEN], and I ask to have the words taken down.

Mr. BRITTEN. There can be no objection to my words, as I see it. I shall be glad to have them taken down.

Mr. McFARLANE demanded the regular order.

Mr. BRITTEN. I am answering the gentleman in regular order.

Mr. O'CONNOR. The gentleman cannot take the floor when a request is made that his words be taken down. The gentleman has to take his seat and wait the action of the House.

Mr. FISH. I hope the gentleman will not insist upon that.

Mr. PETTENGILL. Mr. Chairman, if the gentleman is willing to withdraw his remarks from the RECORD, well and good, but the gentleman made the statement that during the executive sessions of our committee Mr. Cohen "sat there and practically wrote the bill." This is a reflection upon every member of our committee, including the Republican members of the committee.

Mr. BRITTEN. Mr. Chairman, if in my remarks there is the slightest suggestion reflecting on the intelligence of this great committee, of course I shall withdraw it, and I ask unanimous consent that my remarks may be revised so as to merely say that he sat in the committee during the executive sessions, which, of course, he did.

Mr. PETTENGILL. That is correct.

Mr. BRITTEN. That is all I care to say.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. BRITTEN]?

There was no objection.

Mr. COOPER of Ohio. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. COOPER of Ohio. Mr. Chairman, there is no one except the members of the Committee on Interstate and Foreign Commerce who knows how hard we have worked on this measure for the last 8 or 9 weeks. I know the chairman of the committee has devoted his services day and night to this very difficult piece of legislation; and during all the sessions of the committee partisan politics never entered into our deliberations at any time. There was no partisanship in the committee whatever.

This is one of the most important measures this Congress has had to consider, and it is too important a bill to be made a football of partisan politics. During the last hour partisan politics has crept into the discussion of the measure, and I sincerely hope that the Membership of the House will help to expedite the consideration of the bill. We have got to consider it; and whether we approve everything in the bill or not, we ought to conduct its consideration in a fair and deliberate manner. [Applause.]

Mr. FULMER. Mr. Chairman and gentlemen of the Committee, it is a common practice of late, on the part of some of the so-called "leaders" of the House, as well as various heads of departments, when a Member of Congress would use a little common sense and his own judgment in passing upon the merits of legislation submitted to the Congress, as well as passing upon the various serious problems confronting our country wherein he might differ with these gentlemen, to state that such a Member has gone back on the President or that he is trying to defeat the President's program. I want to state frankly that it is my belief that we have one of the greatest Presidents in the White House at this time that this country has ever had—a man whose purpose, out of a gracious heart, is to protect and promote the welfare of the average business as well as the great masses, even at the expense of the rich of this country. I also want to state that I am 100 percent for the President and his program. However, I am not for any administrator or any of those operating under the various heads of the departments who is willing to permit special interests, representatives of large interests, and big businesses to write rules and regulations governing bills passed by Congress, the various programs and codes advocated by the President, and permit these same interests or their representatives to enforce same at the expense of small industries, independent business concerns, labor, and the great masses of the people of this country.

I am quoting herewith from an article in the Memphis Lumberman and Southern Woodworker:

MY REACTIONS TO THE LUMBER CODE AND MINIMUM PRICES

So far the small-mill operator knows that the code and the price lists were written by and for the big mills. The small manufacturer was not consulted; he had no voice or representation, and by this time most of the small operators who have had the temerity to kick about some flagrant unfairness have learned that kicks are futile, and after the second or third kick he will probably be advised that the small operator doesn't know how well off he is.

Let me state further that I have looked up the pine price committee, and they represent firms rated as follows: 9 are rated $1,000,000 or more, 2 are rated $750,000 or more, 3 are rated $200,000 or more, 2 are rated $100,000 or more.

As to the hardwood price committee, I don't know who they are, but I have yet to find a small operator who has had a voice in the framing of any part of the code covering the fair-practice rules or the so-called "cost-protection prices."

Frankly, I believe the code has real possibilities, but I also believe that if the small manufacturer is not given proper consideration at an early date he will be forced to disregard the code entirely and that will result in more confusion than the industry has ever known.—A Small-Mill Operator.

It is very apparent, after reading this article, that I have been speaking the language of these small operators and small business concerns. Two thirds of these small operators did not know that a code was being written or anything about its contents when it was presented to General Johnson in Washington by the representatives of these large industries.

You will note that the price-fixing committee is composed of men of wealth, none of them being in a position to speak the language of my sawmill operators. This has been the trouble with General Johnson's program—he has permitted this same selfish interest to run things. I am not going to follow that kind of leadership under the guise that it is the President's program. I prefer using a little common sense and a little backbone in trying to save the President and the people in whom he is mostly interested.

I am quoting Mr. Donald Comer, president, the Avondale Mills, Birmingham, Ala., on Wages and Wage Differentials, before the conference of the code authorities, Washington, D.C., Tuesday, March 6, 1934:

With the great preponderance of industry in the North and East, I am told—and it is easy to understand—that out of the 2,033 leaders taken from industry to serve on the 210 code authorities, that only 181 are from the 13 Southern States.

The purpose of my talk is to ask the N.R.A. to give patient heed to the requests that come to them from these agricultural sections for code provisions that meet their needs. They are coming, in every case, speaking for minorities. They are speaking not only for the little industry already established but for that larger part which, by right, is yet to come.

This is exactly what I have been complaining about, Representatives of small sawmills and small industries, as well as small business concerns, have not taken part in writing codes, and the sawmill industry of the South has never been properly represented by anyone who could give an account of its problems and speak its language.

General Johnson states that 70 percent of the sawmill lumber industry was represented in writing the sawmill lumber code.

Let us see who they are and where they come from, as well as whom they represent:

NAME, REPRESENTATIVE OF, AND LOCATION

A. C. Tozzer, member code authority, Turner Construction Co., New York City.

Max Myers, member code authority, National American Wholesale Lumber Association, Cleveland, Ohio.

A. J. Hager, member code authority, National Retail Lumber Dealers' Association, Lansing, Mich.

Arthur D. Smith, Jr., member code authority, Commercial Fixture Manufacturers Association, Philadelphia, Pa.

E. J. Curtis, member code authority, Curtis Companies, Inc., Clinton, Iowa.

Wilson Compton, member code authority, National Lumber Manufacturers' Association, Washington, D.C.

W. B. Greeley, member code authority, West Coast Lumber Association, Seattle, Wash.

C. C. Sheppard, member code authority, Louisiana Central Lumber Co., Clarks, La.

This is the same Sheppard who jumped on me for defending the small sawmill operators. He sounded his own praises long and loud as a sort of nursing father to small enterprises. Yet he is the same Sheppard who helped to crucify the Willamette Valley and Westport mills, and helped to rig the oak-flooring market by means of the basing point system for the benefit of the Bruce Lumber Co. and the elimination of the lesser units in the industry.

David T. Mason, member code authority, Western Pine Association, Portland, Oreg.

Homer B. Kendall, member code authority, Western Retail Lumbermen's Association, Spokane, Wash.

C. Arthur Bruce, member code authority, E. L. Bruce Lumber Co., Washington, D.C.

John Tennant, member code authority, Long-Bell Sales Co., Longview, Wash.

Walter S. Johnson, member code authority, California White & Sugar Pine Association, San Francisco, Calif.

L. F. Powell, member code authority, David M. Lea & Co., Richmond, Va.

Harris H. Gillam, H. A. Lawrence & Co., Fitchburg, Mass.

P. E. Hoak, Wheeler Lumber Bridge & Supply Co., New York City.

A. Fletcher Marsh, Marsh & Truman Lumber Co., Chicago, Ill.

H. W. Ambrose, Conway Lumber Co., Conway, S.C.

Ger. J. Leonard, Manufacturing Woodworkers' Association, New York City.

Justin McAghon, Master Carpenters' Association, New York City.

H. G. Klopp, White Pine Sash Association, Spokane, Wash.

Harry Jensen, Millwork & Cabinet Association, Chicago, Ill.

H. J. Wilson, American Veneer Package Association, Hazelhurst, Miss.

Walter Johnson, California White & Sugar Pine Association, San Francisco, Calif.
W. L. Pitts, Marshall Manufacturing Co., Marshall, Tex.
William Green, American Federation of Labor, Washington, D.C.
W. C. Ruengnitz, Loyal Legion of Loggers and Lumbermen, Portland, Oreg.
Mr. Stowers, Oak Flooring Association, Memphis, Tenn.
A. L. Osborn, Northern Hemlock and Hardwood Industries of Michigan, Wisconsin, and Minnesota, Oshkosh, Wis.
S. F. Langdell, Northeast Lumber Manufacturers Association, New York City.
W. L. Hoge, the Mengel Co., New Orleans, La.
Samuel R. Sells, Miller Bros. Co., Johnson City, Tenn.
Homer Bunker, Coos Bay Lumber Co., San Francisco, Calif.
Courtenay Dinwiddie, National Labor Committee, New York City.
John G. Whittier, Whittier Lumber & Millwork Co., Newark, N.J.
J. F. Gerrity, J. F. Gerrity Co., Boston, Mass

Now, these are the people who wrote the code. You will note that there is not a man from the South connected with the administration. What I am trying to get over to you is the fact that these people—representatives of large industry and large organizations—are the ones who wrote the code, and, also, are the ones who have charge of the enforcement of same. Under these circumstances, the small sawmill operators, small industries, as well as independent business concerns, are unable to receive the proper sympathetic, helpful consideration.

Last August, about the 15th, before leaving Washington for my home, I called General Johnson over the phone and made the following statement to him:

General, you have a beautiful picture as presented in your program whereby you propose to work out codes governing every line of business, with the hope that you may be able to bring about fair-trade practices, fair prices, and fair wages for those thus engaged in, as well as those employed in, the various industries and various lines of business in this country. However, unless you are going to take into consideration the various types of industries, businesses, and labor problems in the various sections of the country, whereby you will be able to secure a real picture of the situation in the various States and various sections of the country so as to be able to work out a satisfactory solution of the problems of industry, business, and labor, which differ in the various States and sections of the country, it will be impossible to successfully operate the N.R.A. program.

What I wanted to get over to General Johnson then, and to you at this time, is that the problems in the same line of industry and the same line of business differ in the various States or the various sections, and that it will be impossible to work them in the picture on the same basis. Certainly, we have a different labor situation in the South to that of any other section of the country. Our capital structure differs, our banking facilities are limited, we have an agricultural State. Therefore, our business is not steady. It is seasonal. From time to time, according to telegrams and letters addressed to General Johnson, you will find that in season and out of season I have been begging General Johnson to send a representative of his administration (not connected with the lumber industry or the Southern Pine Association, which is composed of large lumber industries and whose duty it is to enforce the provisions of the code) into my State so as to be able to get the real picture of the problems of small sawmill operators, which would include labor problems and the consumer's ability to pay, with the hope that the code may be so modified that these people would be able to operate their various mills and thereby give employment to thousands of needy citizens in the various communities of South Carolina.

I am speaking to you about sawmill operators who usually employ from 5 to 25 employees. Many of these sawmill operators are farmers who operate a sawmill in conjunction with their farms. In other words, they use the same employees who work on the farm in running the mill, perhaps at times when they have not any work or are unable to work on the farm. I run a sawmill on my farm along the lines just suggested. Sawmills thus operated always pay their employees a larger wage than they do on the farm. However, because this labor is not at all efficient when it comes to sawmilling, naturally, these mill operators are unable to pay wages in line with the wages paid by large sawmills where they have machinery and efficient employees.

As previously stated, if the general will come down to South Carolina, or send a man down, he will find that this class of labor has free housing, free wood and gardens, and that many of them are full-sized share-croppers. This is not always the case with large sawmill employees and employees in industrial centers. The President recognizes this fact and is now providing money to buy small plots of land, under the subsistence homestead plan, near these large industrial centers in order that these employees can have a milk cow, garden, chickens, and so forth.

During the past few weeks a Mr. Sheppard, who is high up in the council of the mighty and a member of the code authority in connection with General Johnson's Administration, has been trying to convict me on the ground that I have been advising small sawmill operators in my district not to comply with the provisions of the sawmill lumber code. Perhaps Mr. Sheppard has about come to the conclusion that the manner in which they have been trying to force small operators to comply with the code, without having given due consideration to their ability to comply, and that the code authority, as well as the Southern Pine Association, whose duty it is to enforce the code, are about to fall from grace. Naturally, he would be delighted to place the blame on the shoulders of southern Congressmen. I noticed in the press some time ago that Mr. Sheppard gave out a very brief statement, quoting a short excerpt from my letter about which he complains. If he had given to the administration, as well as to the press, the real facts connected with the case prior to the writing of this letter, as well as the full contents of the letter, it certainly would have shown to all parties concerned that, instead of trying to break down the N.R.A. program, as it relates to the sawmill and lumber industry, I have been trying to get over to the administration a little common-sense advice. In the meanwhile, I have been doing more in the way of being helpful than even a great many of those who are connected with and responsible for the success of the program.

On February 13, 1934, I received the following letter from Mr. E. W. Watson, Windsor, Aiken County, S.C.:

WINDSOR, S.C., *February 13, 1934.*

Hon. H. P. FULMER,
Member of Congress, Washington, D.C.

MY DEAR MR. FULMER: As you doubtless remember, I run a small farm, and at times a small sawmill, to make a living.

I work a few hands, possibly five, first on the farm and then at the mill. My work is not such that I can strictly abide by the codes that the Government has burdened us with, especially as to hours and wages.

I have asked for a code membership for the mill, and so far as that goes, I propose to practically stay in line with the demands. But, as stated above, I cannot do this strictly in every detail on account of the mixed duties.

Now there are some big mill operators around my territory who seem to wish me to simply cut my timber and sell to them at any price they put on it, claiming that the code allows them to buy at wholesale, at any price they see fit. And, at the same time, they make a veiled threat that, if I go into the open market and take orders, they will see that I am jerked up for breaking the code; yet they beat us little fellows down and won't allow us to sell, only to them. They are located in Aiken, Augusta, and such large places.

They have one of their bookkeepers or clerks appointed as inspector, who keeps them posted as to our movements, tracts of timber, and everything they can do to intimidate us. Many of us are really quitting and discharging our help; we cannot afford to operate with such a weight suspended over us. I simply quit sawing, and the hands are now loafing and begging over the neighborhood. They are after me to let them work for me, and are perfectly willing to accept good fair wages in order to be self-supporting. They have no complaint to make at all, only begging for work which I can't afford to give them.

Can't I allow them to log and saw by the thousand and pay them all they ask without being interfered with by those big corporations? I do not wish to break any code or break their rules, only wish to give my hands work when not working on the farm. I hate to annoy you, but we need help and advice or we are going to suffer and lose what we have, mill and all.

Do, please, let me have some effective advice.

With best regards, I am sincerely yours.

E. W. WATSON.

On February 16 I replied to Mr. Watson as follows:

FEBRUARY 16, 1934.

Mr. E. W. WATSON,
Windsor, S.C.

MY DEAR MR. WATSON: Replying to your letter just received, will state that I have conferred with a representative of the N.R.A. with the hope that we would be able to work out some plan whereby small sawmill operators would be able to operate their

mills without much trouble under the code. It appears, however, that we are unable to make much headway. If I were you, I would operate your mill on a common-sense basis, being just as fair to the hands who work for you as you possibly can, in line with the prices which you receive for your lumber.

I understand that a man will go down to South Carolina, representing the lumber code, and, also, a representative of the Federal Trade Commission, for the purpose of trying to get complete information, so as to be helpful in perhaps modifying the code, which would be helpful to small sawmills. Just as soon as I have some report from these parties, I will be glad to communicate with you.

Sincerely yours,

H. P. FULMER, *Member of Congress.*

P.S. Keep a watch-out for this party.

Mr. Sheppard, in making his charges against me and other Southern Representatives in Congress, did not state that I had been continually calling on General Johnson and conferring with the representatives of the N.R.A., hoping that I would be able to be helpful in working out or modifying the code so that thousands of small mill operators, who are just as patriotic and who are just as anxious to carry out the provisions of the code as any of the large industries, would be able to operate thereunder, as well as to save wage earners and consumers. Mr. Sheppard also failed to state in regard to this letter that it contained a statement that the administration had promised to send a man down to make an investigation for the purpose of getting a real picture of Mr. Watson's situation, as well as that of other small mill operators in South Carolina, all of which would indicate that I was striving to be helpful to the administration and, in the meantime, keep Mr. Watson and his employees out of the bread line.

You will note, after writing my letter to Mr. Watson, wherein I stated that I had been promised that a man would be sent down, I put a postscript on the letter telling him (Mr. Watson) to look out for this party. Mr. Sheppard would have the other members of the code authority, as well as General Johnson, and the public, believe that I was trying to tip Mr. Watson off so that he could cover up. If this was true, why would I have written Mr. Watson in the same letter as follows:

I understand that a man will go down to South Carolina representing the lumber code and also a representative of the Federal Trade Commission, for the purpose of trying to get complete information so as to be helpful in perhaps modifying the code, which would be helpful to small sawmills. Just as soon as I have some report from these parties, I will be glad to communicate with you.

P.S. Keep a watch-out for this party.

My letter was addressed to Mr. Watson on February 16. On March 6 I received the following letter from Mr. Bravo, compliance department:

LUMBER CODE AUTHORITY,
Washington, D. C., March 6, 1934.

Hon. HAMPTON P. FULMER,
New House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN: We herewith confirm telephone conversation of March 5, relative to a complaint against the code by E. W. Watson, Windsor, S.C.

At our request, the Southern Pine Association has had their Mr. Sykes call upon Mr. Watson and explain to him in detail the purpose and provisions of the code. They now advise that Mr. Watson will comply with the code in the future.

The Southern Pine Association is having their representative call on every little sawmill operator in their division as rapidly as possible, with the view of explaining the purpose and provisions of the code to them. In almost every case, the mill men appreciate this courtesy and after a visit of the Southern Pine Association representative, they see the code in an entirely different light.

The Southern Pine Association decided to adopt this plan after same had been suggested by yourself and other Members of Congress, and the plan apparently is working out very satisfactorily.

Thanking you for your courtesy and assistance in this matter, we are

Very truly yours,

LUMBER CODE AUTHORITY,
H. L. BRAVO,
Compliance Department.

It appears from this letter that I was not tipping Mr. Watson off so that he could cover up, as stated by Mr. Sheppard. From the time of my telephone conversation with General Johnson on August 15, 1933, to the time I wrote to Mr. Watson, the record will show that I was trying to serve my constituents in having someone go down and give them information as well as get real facts, first hand, at the sawmill.

In the last paragraph of Mr. Bravo's letter he states:

The Southern Pine Association decided to adopt this plan after same had been suggested by yourself and other Members of Congress, and the plan apparently is working out very satisfactorily.

It appears that at last I have gotten results. Practically every letter I received from my sawmill people requested information. They wanted to cooperate but they had been receiving threatening letters about taking them to court. If General Johnson had taken my common-sense advice several months ago, perhaps thousands of these little mills which had to close would have been able to continue their operations.

Mr. Bravo states that now Mr. Watson will comply with the code. If this is possible, what harm did I do to Mr. Sheppard, if writing Mr. Watson as I did kept him and his hands going until he could get what he was asking for from Washington? I am still 100 percent behind my position in this matter and my letters to my sawmill operators. If Mr. Bravo is right about straightening out Mr. Watson, Mr. Sheppard owes me an opology. However, I am not expecting any. If he were the right type and the right man for the position he holds, he never would have made the statements he did about me. I am working overtime to save my people and the President from just such men as Mr. Sheppard.

It has not been the purpose of these small sawmill operators to evade the requirements of the code. On the contrary, they have been continually seeking information in order that they might meet the requirements. Many of them have been distressed over the fact that compliance meant cessation of their mill operations—unemployment for their employees, and, in many instances, for themselves.

The following excerpts from letters written to me by these small operators are a few of the many which I have received. How truly they depict the distress of these people; their desire to fall in line with the President's program; and their attitude toward the sawmill lumber code.

ELIMINATION OF SMALL MILLS

We fully agree with all you have said in your telegram to General Johnson. Since August 22 we have lived up to the code as to hours and wages, which are the main features, and the other parts so far as we could, but it has been a losing proposition to us, and we must get relief in some form, otherwise we will be forced out of business. All we have is in the business, and to close down would mean ruination, and to continue fully under the code will also mean ruination. It has looked to the writer all along like the Southern Pine Association would be glad to eliminate the small millman from the lumber business. The purchasing agent for one of the largest buyers of yellow pine in this section told the writer recently that, in conversation with a Southern Pine Association man, the statement was made by the association man that the small millmen have never cooperated with the association nor borne their share of the expense, and that the only way to handle him was to eliminate him from the business.

RUINATION IN EITHER EVENT

All we have is in the business and if we have to close down it would mean ruination. And to continue fully under the code will also mean ruination.

I HAVE TO WORK TO FEED MY FAMILY

I am being threatened with the Southern Pine Association for operating without paying 24 cents per hour. My lumber sales will not pay my stumpage and other necessary expenses at the above-mentioned price. Also, this association states that I will have to pay back time and I have no money to pay with. I have to work to feed my family.

I AM UNABLE TO PAY THE PRICE

I have been threatened by the Southern Pine Association from time to time to the extent that I have had to discharge all of my hands and run the mill as best I can by myself, not being allowed to hire anyone unless paying 24 cents per hour and work 8 hours per day. The market I have to sell my lumber on is the farming class of people, so I am not able to pay the price set by the Southern Pine Association.

EXCESSIVE BILLS

It is absurd for the Southern Pine Association, which is an association of the large lumber mills, to be allowed to enforce a code on small lumbermen.

I have been sent what I consider excessive bills for code administration. I have a bill from our regional head for expense, and also one much larger from the Common Brick Manufacturing Association for administration expense. It looks like they not

only dictate us to bankruptcy, but ask us to pay for same. I just have not the money to pay these bills. I have been behind on just bills for things that we owe for and am still behind.

NO EXTRA CAPITAL. HOW CAN WE COMPLY?

We operate our sawmill on a very small basis. We use from four to eight hands and pay them from the proceeds of our lumber. We depend on the local market for our sales. We do not see how we can comply with the Southern Pine Association. We do not have any extra capital.

AM I VIOLATING THE CODE?

The code authority claim I have to get the same price for my lumber at the mill as the people in the city of Charleston and add 15 cents per mile for hauling. This has hurt my business more than anything the code authority has done, for the people will not buy lumber from me when they have to pay the delivery charges on same.

I would appreciate it very much if you would advise me if I am violating the code law by working code hours and paying my labor code prices, and selling my lumber for a fair price. I am sure this will be using common sense.

WE GET A MUCH LOWER PRICE

We are operating a small sawmill and find the code of no benefit to us. There are many small orders which we could get if allowed to sell direct from the mill. But we are forced to sell to (or through) our local dealer. He gets code prices. We get a much lower price. In other words, the dealer may buy at whatever price he can get us to sell for—and, if we must sell to him, what can the mill operator do?

WE WANT TO MAKE AN HONEST LIVING

I am one of eight brothers, all of us engaged in individual business on a small scale, some of it small sawmill business, all trying to give as near a square deal as possible and make for ourselves an honest living; you evidently know what we are up against.

WE DO NOT HAVE TO BE THREATENED TO OBEY THE LAW

We are practically closed down. Our men are on starvation. And, our business has dropped off 70 percent in the last 60 days. The code hours, wages per hour, and price fixing are putting us out of business and we and many others will have to close up shop and quit a business we have been in and made a living at for many, many years. We are required to pay a minimum wage of 24 cents per hour, not work any man over 40 hours per week, and a minimum price is fixed on lumber which our farmers cannot pay at 8-cent and 10-cent cotton and tobacco. Our company does not have to be threatened in order to obey laws. As far as it is humanly possible, we want to do so. It is our duty. But, it is hard to live up to something which is putting your men out of work and financially ruining your business. We thank you collectively and individually for your stand and hope that you will be successful in getting them to see the conditions that thousands of small millmen are in and the hardships and suffering of their employees.

IT IS SIMPLY IMPOSSIBLE

It is simply impossible and out of all reason to expect the small sawmills to comply with some of the requirements of the code as applied to large sawmills.

FARMERS CANNOT PAY CODE PRICES

My lumber, which is only an unfinished product, is sold to the average farmer, and is used for general repair work and necessary farm buildings. Farmers, as you know, cannot pay code prices for lumber.

It is impossible for me to sell lumber under such conditions; then I shall be forced to shut down, which act will mean that 15 men who have been earning a living independent of Government aid and food through these years of depression will be added to the army of the unemployed.

MR. ROOSEVELT A GREAT MAN

We think Mr. Roosevelt is one of the greatest men the country has ever produced, and do not think that if he were familiar with the conditions of the small mill owners that he would permit through the operation of the N.R.A., a group in any industry that did not furnish more than one fourth of the employment to individuals, to crush the less fortunate group who furnish three fourths of the labor in the entire industry.

TWENTY-THREE MEN OUT OF WORK

I am writing you in regard to small sawmill operation.

I bought a mill at Norway on January 1, and Mr. Fraser and I have run it together since then, until the 2d of March, when we decided that it was impossible to pay the N.R.A. wages and hours and split even. I regretted it very much, as we had to lay off 23 men that had been working regularly.

MY ONLY MEANS OF SUPPORT

I have a small community mill. I buy no logs, ship no lumber, and only run when people bring logs for me to cut for them at so much per thousand or on shares. And I am sure that I do not average 1,000 feet per week during the year. It is my only means of support, and when I run the mill I give work to four or five men, which is some help to them and a convenience for the community to have in our midst. I appeal to you for a suitable code for my class of small lumber mills.

GIVE ME LIBERTY OR GIVE ME DEATH

I pray you to use your influence and power as Congressman to give free-born American citizens back their freedom.

Why, they are coming to my sawmill, telling me what I can do and what I can't do with my own timber and what I must pay my labor, no matter how trifling it may be, and what I must sell my lumber for, which is so high that persons in need of lumber cannot buy.

I am quoting from a letter addressed to a number of sawmill operators:

I have succeeded in having a representative of General Johnson visit my district next week for the purpose of working out satisfactory arrangements with sawmill operators with the hope that they can get together on the sawmill lumber code on a satisfactory basis.

A few excerpts from various letters received in reply to the above:

SEEKING INFORMATION

The writer is grateful for your letter and would be glad indeed to have a chance to talk with the representative from General Johnson's office. Should this gentleman not find it convenient to come here, I would be glad to meet him in Orangeburg or at any other place that would be convenient for him. I would prefer, however, to talk with him here.

EXPECTING INFORMATION

I have been expecting a representative of the N.R.A. to call on me, as you gave me notice, but as yet I haven't seen or heard of him.

WE GREATLY APPRECIATE YOUR EFFORTS

We would be glad to discuss our problems with the gentleman. We want you to know we greatly appreciate your efforts on behalf of the lumber manufacturers.

GETTING THE REAL PICTURE

A representative from the Federal Trade Commission called on the writer at his mill this week. We explained to him the difficulties we are having; small tracts of timber, mostly of low quality, rather high-priced stumpage; the amount we were able to cut per day; the prices we are getting for the class of lumber we manufacture; the limited amount of orders; the number of men we work; and the amount of the pay roll.

SMALL OPERATORS APPRECIATIVE

We had a visit from Mr. J. E. Sheehy, of the Federal Trade Commission.

The writer greatly appreciates your efforts in behalf of the lumbermen.

From the following excerpts it is very apparent that my sawmill constituents appreciate my efforts in their behalf:

We are counting on you to fight our battle while the N.R.A. is on trial.

We certainly think you are dead right in your position for them to comply with the code so far as they possibly can.

Hoping that you may live for many more years to fight the battle for the man who needs help, the poor man.

Mr. FULMER, I served my county (Chesterfield) with Hon. J. C. Rivers in the house of representatives at Columbia, 1919 and 1920, and remember you and am glad to know that you were further honored by your people. Keep hammering at Mr. Johnson, for your cause is armed with truth and justice.

We thank you collectively and individually for your stand and hope that you will be successful in getting them to see the condition thousands of small mill men are in and the hardships and suffering of their employees.

Our daily paper mentioned the fact that you had been in touch with small sawmills in South Carolina and had written them to use common sense in the interpretation of the lumber code.

We congratulate you on your stand, and if more of our Representatives in Washington would take an interest in the oppression now being brought upon small sawmills in the South under the lumber code, the N.R.A. would become more popular and we believe that the general public at large would be greatly benefited.

The lumber code was written by large manufacturers, the administration of the code in various sections is under the control of the same group, and these same men form the lumber code authority.

The small sawmills are not organized; they do not have the time nor the money to be represented, and lack of representation in the formation and administration of the code naturally resulted in monopolistic control of these codes with price fixation that does not protect the small mill.

It is conceded that the cost of manufacturing lumber by the larger mills averages from $8 to $10 per thousand feet higher than similar cost of producing lumber by small mills.

We commend the position that you have taken and believe that there are many more Representatives in Congress who would take the same position if they only had first-hand information on this subject. We know that you are busy, but you come from a lumber-producing State; in fact, most of the mills in South Carolina are small sawmill operators who are being seriously oppressed by the present provisions of the lumber code.

SUMTER, S.C., *March 15, 1934.*

FULMER'S STAND O.K.

EDITOR THE HERALD,
Sumter, S.C.

DEAR SIR: Congressman FULMER was right when he told those small plants and mills to use common-sense methods in oper-

ating their business. He knew then, as most of us know now, that the N.R.A., as fine as it is, would work undue hardship on numerous small business establishments. He also knew that something would have to be worked out to give relief to them. Meanwhile he wanted to help them stay in business until that could be done. Can anyone conceive of a more practical thing to do under such circumstances than to use common-sense methods? If our Representatives in Congress will use common-sense methods, let's shout their praises from the housetops, not criticize them.

Yours very truly,

J. S. RIDER.

When I appeared before Sheppard and his group I found them on the tenth floor of the Raleigh Hotel trying to tell sawmill operators in my district how to run their mills, and jumping on Congressmen, especially those who were trying to save their constituents, as well as the President, who has intrusted the carrying out of his recovery program to men like Sheppard. In speaking to this group I was told that if Congress would give them more money, it would be possible to send men into the field to do the things that I had been requesting. I said, "If you will stop holding expensive group meetings here in Washington hotels, it would appear to me that you would not need any more money." I also stated that if with all the money which Congress had appropriated they were unable to properly and successfully carry on, the money must be going into a rat hole somewhere. The next morning I read in the Brooklyn Daily Eagle the following:

C.W.A. PAYS $70 PER RAT IN DRIVE—BROOKLYN DAILY EAGLE REPORTS ERADICATION CAMPAIGN DROPPED AS TOO COSTLY

BROOKLYN, N.Y., March 8.—The C.W.A. campaign to rid the city of rats has been dropped, the Brooklyn Daily Eagle says, because it was found to be costing $70 a rat.

The campaign began a month ago when 261 C.W.A. workers were equipped with traps and bait and sent out on what was called "the ectoparasitic rodent survey." Waiting to record the results of their work was a battery of timekeepers, typists, and technicians, the Eagle says.

The purpose was to supply rats for experiments being conducted by the United States Public Health Service as well as to eliminate the rodents from tenements, wharves, and dumps.

Hopes of catching 200 rats a day went aglimmering when the trappers returned with only 60 or 70 a day, and with $218,000 appropriated for the first 45 days it was decided the project was too costly.

Why is it that these small sawmill operators cannot comply with the code as written by the representatives of these large sawmill and lumber organizations? In my own district, of eight counties of the States, I have, perhaps, as many as three to five hundred of these little mills in the various communities in these counties. All of these small mills are being operated on an independent unit basis.

They have never been able to organize, and, like farmers, never will be able to do so. They have not any working capital, but from week to week they run their mills, selling the output—all rough lumber—for the most part locally to farmers and small-town merchants for the purpose of repairing and building farm and small town buildings. They have no way on the face of the earth to fix a price for their lumber. The prices are fixed in the locality in which the mill operates, largely according to the ability of the purchaser to pay. They pay the operating expenses of their mill and their labor weekly from the lumber that they usually cut and deliver during the week. In other words, when it comes to capital, they are in the same position as the average small, independent industry, and the average small business concern, which we have all over the South, as well as in every other section of the country—they do not have it and no place has been provided from which they can secure same.

Much has been said by General Johnson about providing funds to help small concerns continue to operate under the N.R.A., but so far nothing has been done along this line. Provision has been made for railroads, insurance companies, banks, and so forth. Large industries, large business concerns, chain stores, and large corporations are able to secure funds, as a rule. This is not so with the people for whom I am fighting. Because of this situation many of them are being forced to the wall.

The operation of these mills during the past few years has been providing bread and meat for thousands of needy employees, who have, so far as my information goes, been paid in line with the prices that these sawmill operators are able to secure for their lumber. As far as I am concerned, cheap wages has been one of the greatest curses of the South. But, even so, it is better in this instance to have these small mill operators, as well as all small lines of industry and independent business, keep going and paying just as fair wages as possible in line with their ability to pay, rather than to close them up. The closing of these concerns would be in the interest of the large industries, large business concerns, and would place thousands of employees in bread lines and on the mercy of the Government.

Small sawmill operators and small lumber dealers subscribe to the policy of adding a reasonable profit to the expense of running their business. In the meantime, as previously stated, they sell rough lumber and their customers are largely farmers and small business concerns who are not able to comply with the fixed minimum price under the code which includes profits from 30 to 70 percent. Lumber which has been selling on a small-profit basis has been advanced largely to protect large operators where overhead expenses call for a much higher price.

Listen to these fixed minimum prices:

B & B KILN DRIED ROUGH FINISH

Approximately a year ago the retail prices upon a 30 percent profit on cost and fixed prices under the code today are as follows:

	Per 1,000 feet
No. 1 common flooring was	$25.00
Under the code	46.62
No. 1 common ceiling was	22.50
Under the code	38.00
Air-dried roofers was	18.00
Under the code	29.50
Rough lumber, small mills, was	10.00
Under the code	20.00

Listen to this:

[From the News and Courier, Charleston, S.C., Mar. 17, 1934]

SHIPLOAD OF FIR TIMBER COMES IN—"WILZIPPO" UNLOADING 750,000 FEET OF LUMBER FROM PACIFIC COAST

A cargo of 750,000 feet of Pacific fir timber is being discharged in Charleston from the steamship *Wilzippo*. Of the cargo, approximately 500,000 feet is being discharged at the Century Wood Preserving Co.'s plant for treatment there and the remainder is consigned to the Southern Railway Co.

This is the first large cargo of Pacific fir to be discharged here, and it is believed that it will be the beginning of a regular movement. It was loaded in Port Ludlow, Wash., and is to be used in the construction of wharves and bridges.

These large Pacific coast manufacturers have been able to write into the code points for basing their prices thereon, as well as fixing a price, for instance, on fir lumber, that will enable them to undersell manufacturers of pine lumber.

J. W. JACKSON,
LOGS, LUMBER, MEAL, AND GRITS,
Summerville, S.C., April 2, 1934.

Congressman H. P. FULMER,
Washington, D.C.

DEAR SIR: I noticed your remarks in the State last week relative to the small sawmill men of the South, and wish to thank you very much for the stand you have taken on this matter. If some more of our Congressmen and Senators would take a hand they could do us a world of good.

I have seen quite a lot of Douglas fir coming into Charleston from the west coast. I also saw a letter from one of the biggest buyers in this section, and they made the statement that they could buy Douglas fir from $8 to $12 per thousand less, delivered here, than the code prices on pine. It, therefore, stands to reason that if there isn't some step taken to protect us our future is doomed. Thanking you again, I am,

Yours very truly,

J. W. JACKSON.

Just stop and think for a moment about a lumber code that will permit lumber dealers in the State of Washington to deliver at Charleston on a cheaper basis than sawmill operators in South Carolina or lumber dealers located in Charleston.

It appears that the consumer should also be taken into consideration under the National Recovery program. As fast as we do something for farmers in order to secure better prices for their produce, the N.R.A. comes along with additional advances in the prices of the things which farmers have to buy. Yet, farmers were promised parity prices.

In other words, prices for their products on a par with prices for goods which they must purchase.

I want to digress here long enough to make this statement: I am confident that, if the administration would restore the proper prices for farm products, it would not be necessary to take charge of every line of business, hoping to so manage or control same that normal prosperity will be brought back. It is not the average business which needs controlling by the Government. It is that class—about 5 percent of the total population—which controls the finances of the country—those who have robbed the average American citizen in every walk of life by speculation, monopolistic price fixing, defeating the Government of just payment of taxes, and selling millions and millions of worthless stocks and bonds. I am for controlling these birds, thereby giving the average citizen an opportunity to make an honest living.

Let us return to the sawmills. The lumber dealers in the large forest areas and cities, where financial facilities are ample and where they have a place to go to replenish their working capital, being organized and having a large sales force, may, no doubt, be able to sell their lumber at the drastic price proposed. However, lumber cannot be sold in rural communities of farmers and small tradespeople, where the profit demanded is from 50 to 75 percent.

Listen to this. I am quoting from a letter received on March 21:

> Your small sawmill operators, under the code, are in this almost unbearable situation, due only to the fact that the men who composed Lumber Code Authority and had set forth the rules and regulations under which the lumber industry must operate, had reserved unto themselves and other large manufacturers of lumber the right to buy the product of the small producer without regard to the so-called "cost-production prices" which they also had put into effect. Through this reservation, the larger manufacturers, or concentration yards, were permitted to go to your constituents, the small producers, and take their lumber at any price; yet your constituents were asked to pay identically the same wage scale as the big manufacturer.
>
> That, sir, is the reason your constituents, according to your statement, were receiving only an average of $10 to $11 per thousand board-feet, while the big operator, who took this material, was enabled to sell the same material, without further remanufacture, at from $22 to $23.

I want to quote from a telegram addressed to General Johnson on October 28, while I was in my district, where I was able to observe the situation:

ORANGEBURG, S.C., *October 28, 1933.*

Gen. HUGH S. JOHNSON,
N.R.A., Washington, D.C.

Numerous small lumber mills, operating 6 to 25 employees in South Carolina, selling their output altogether locally, cannot comply with the code operated under by large manufacturers of lumber. They have no extra capital—in many instances paying their running expenses from their weekly receipts from sales of lumber. A representative of the Southern Pine Association, a combination composed of large manufacturers, is understood to be operating as an agent of the Government, and is now checking these plants in South Carolina, threatening court proceedings. I am informed that this association is going after, largely, small plants who are unable to pay membership dues in this association. I find these mills unable to fix prices on what they sell and depending on local market prices, which will not permit them to fully comply. However, I find them patriotically running their mills on a common-sense basis with fair wages in line with prices received for lumber. I also find to do otherwise they would have to close down, which seems to be what the Southern Pine Association would be delighted to have them do, and which would put hundreds of employees out of work. I have advised sawmill owners in my district, above referred to, to continue as best they can, awaiting a representative from your organization to come down to make an investigation so as to get a real picture of the situation so that agreements may be worked out that they can comply with and that would meet the situation. I earnestly request a prompt investigation. Please inform me if the representative of the Southern Pine Association is operating as an employee of your administration; if not, by whose authority is it permitted to threaten mill owners with court proceedings?

H. P. FULMER,
Member of Congress.

Official business.

General Johnson did not send a man down. He was too busy leaving everything with the code authority and the Southern Pine Association. The Southern Pine Association had an idea that they could run these small mills or close them up by writing, threatening them with Federal court proceedings.

Although I stated to General Johnson in my telegram, "I have advised sawmill owners in my district to continue as best they can, awaiting a representative from your organization to come down so as to get a real picture of the situation", and although I requested a prompt investigation, he did not send anyone down or even mention the matter. Here is the answer which I received:

NATIONAL RECOVERY ADMINISTRATION,
Washington, D.C., November 1, 1933.

Hon. H. P. FULMER,
Orangeburg, S.C.

MY DEAR CONGRESSMAN: I beg to acknowledge your night letter concerning the difficulties being experienced by small lumber mills in the southern-pine division, under the code for the lumber and timber products industries, in supporting the minimum wage established for that division. I have requested that the economic effects of that minimum on the industry be studied by the lumber-code authority for the purpose of making recommendations to me in order that I may determine whether experience under the code indicates the need of further recommendations to the President.

I am informed that the Southern Pine Association has been designated by the lumber code authority as its administrative agency for the southern-pine division under the code. You will recognize that, in an undertaking in industrial self-government under the National Industrial Recovery Act, duly appointed representatives of an agency under a code authority are necessary to the effective operation of a code. If such representatives, in some cases, have lacked all the tact that could be desired, I am sure you will understand that, in the case of the lumber industry, the number of operating units, in the South particularly, present a problem designed to tax the ability of any administrative organization.

May I explain that approval of a basic code of fair competition for an industry, under the National Industrial Recovery Act, establishes it as the law for the industry concerned, under which it must govern itself? In order to accomplish the primary purposes set forth in the act, the maximum hour and minimum wage provisions of a basic code cannot be fatal economic injustice to competing groups. For this reason the mills referred to in your region must observe the hour and wage provisions of the code until action, approved by the President, has been taken. In no other way could cooperation between management and labor be maintained and ultimate stability of industrial and employment conditions be achieved.

Very truly yours,

HUGH S. JOHNSON, *Administrator.*

I am going to put on the witness stand at this time a small sawmill operator, also a county commissioner. This party resides in Georgia, but he speaks the language of my people.

GRAYMONT, GA., *March 14, 1934.*

Mr. H. P. FULMER,
House of Representatives, Washington, D.C.

DEAR SIR: Although I am not a citizen of your congressional district, nor of your State, I have been reading with a great deal of interest of your speeches and actions in regard to the dictatorial attempts of the Southern Pine Association, under the N.R.A. lumbermen's code, to freeze out and choke out all the little "coffee-pot" sawmills by attempting to impose on them the minute exactions of the code as would apply as to the larger mill units.

For instance, we have just a small no. 2 Lombard sawmill set up near our gin plant, with a 200-foot steam line to a 25-horse engine, yet I was told yesterday that if I operated 1 day with farm labor from our various farms, cutting our own logs, gotten out at spare wet times, with surplus farm labor, that I would be compelled to pay this ordinary pick-up labor 24 cents an hour for only 8 hours. This man further told me that I could not cut our own logs and our own cypress blocks to get lumber and shingles with which to patch up a bunch of rotten-down farm buildings unless I paid all this labor at code prices. Furthermore, that if I sold one piece I would be forced to sell it at the code prices.

For instance, we owe a big bunch of back taxes, and the county, of which I am a county commissioner, has agreed to take lumber for bridges on these back taxes at $20 a thousand, yet this association says that if I do this and sell it for less than the code price of $38, less 10 percent, that I would be liable to the Federal court for breaking the code.

Would you be good enough to give me all the information you have in regard to the working of this code as applies to us small, broke, rag-tail sawmill men who saw only when we can get enough of our surplus farm labor and poor farm mules to get out a few logs for a few days and then go and saw a few days? Is there anything fair about a plan to force us to come under the code just the same as a big sawmill man who has a large, well-trained organization to push his business?

I assure you that I will appreciate any information or suggestions that you may be able to give me.

Very truly yours,

V. E. DURDEN,
Member of Board of County Commissioners of Emanuel County.

No group, including "Sawmill Code" Sheppard, who at a later meeting in Memphis, Tenn., continued to censure me, will be able to get the picture as painted by Mr. Durden by holding meetings on the tenth floor at the Raleigh Hotel in Washington and attending meetings at Memphis, Tenn.

You will also note Mr. Durden, like my people, is seeking information. The Southern Pine Association, instead of doing what I requested—give them information—sends them a letter, threatening to send them to Federal court. Listen to this:

LEXINGTON, S.C.

The writer is in receipt of a registered "notice of violation" dated October 14, from the Southern Pine Association, signed by its secretary-manager, in which it is stated that the association "has received information that I have violated the code of fair competition in the following premises: Minimum wage rate, maximum hours of labor."

The "notice" further states that "unless an immediate explanation of the foregoing charges is received by the Southern Pine Association, this matter will be handled through the district courts of the United States * * *."

I am 49 years of age, married, with a wife and 10 children to support. I was born and reared on the farm, and at an early age, in addition to farming, engaged with my brothers in sawmill operations. Later, in good times, with my brothers we were the Lexington Lumber Co., with a rather nice plant and equipment, located at Cayce, S.C. At that time we were members of the Southern Pine Association, and as such members our company paid them hundreds of dollars in fees. In 1926, during the period which was a forerunner of the depression, the Lexington Lumber Co. was put into the hands of the receivers by the banks, and as a result I lost practically everything I had accumulated. In an effort personally to recover, I continued by farming operations, on a much curtailed scale, and, with a small tractor mill, cut such timber always in small quantities as I could obtain, selling the entire output locally to the Columbia Lumber Co. and other local yards. I have managed to make a living for my family, but no profit whatever. In the operation of my three-horse farm, together with such milling operations as I could do, I have employed from five to eight men almost continuously, the farming operations being always the major activity. This labor, entirely colored, was with me in good times, and continued with me when the crash came. To such reasonable extent as conditions, prices, and times would permit, I have always endeavored to help them live. When hard times first struck this section I paid them, and they accepted gladly, a wage of 50 cents per day, and at that time could get any amount of labor of that class at that figure, but naturally I took care of those who were with me first. Whenever there came an advance in price of lumber I was able to manufacture, I gave my labor a corresponding increase in wage. When I was paying them 50 cents per day, lumber of the type I was cutting was selling from $6.50 to $8 per thousand; and when it advanced from $8 to $12 per thousand, I advanced the wage of my employees to 75 cents per day. We worked, whether the farm or at the mill, the average time for the farm day.

I want to know authoritatively if my small activities, under the circumstances and conditions that I have stated, are considered a breach of the provisions of the National Industrial Recovery Act. Of course, pending a ruling in this regard I have entirely suspended all sawmilling operations.

E. J. CORLEY.

You will note that Mr. Corley, on account of being threatened with Federal court, closed down his mill and his hands had to apply to the C.W.A. Mr. Corley states, "I want information." But he did not get it. Sheppard was too busy holding meetings at the Raleigh Hotel in Washington.

ECONOMIC IMPORTANCE OF THE SMALL SAWMILL

State	Population	Number of mills cutting over 25,000 feet per day	Feet cut by mills over 25,000 feet per day	Number of mills cutting under 25,000 feet per day	Total feet cut by mills under 25,000 feet per day
Alabama	2,636,248	26	494,957,000	1,277	846,667,000
Florida	1,468,211	26	596,862,000	230	279,182,000
Georgia	2,908,506	5	60,207,000	1,194	693,278,000
Louisiana	2,101,593	47	1,138,441,000	177	468,277,000
Mississippi	2,009,821	37	969,041,000	802	515,337,000
North Carolina	3,170,276	5	72,298,000	1,605	742,537,000
South Carolina	1,738,765	12	236,273,000	653	471,142,000
Texas	5,824,715	40	789,563,000	245	255,699,000
Virginia	2,421,851	3	59,554,000	1,164	435,935,000
Total	24,279,986	201	4,417,196,000	7,347	4,708,054,000

The economic value of this unit is worthy of the closest scrutiny and, because of its large place in the lives of the people of the South, demands the most thoughtful consideration of those charged with the responsibility of administering the National Recovery Act. May we consider nine Southern States manufacturing southern pine, as follows: Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas, Virginia.

It is not generally known that during the year 1930 the production of lumber in these nine States reflected by the records of the Department of Commerce of the United States was in the proportions indicated by the above tabulation.

These data are taken from page 5, table no. 2, Forest Products, Department of Commerce statistics for 1930, the latest available Government information.

Of this total quantity of lumber, 4,417,196,000 feet were manufactured by 201 larger mills, whereas 4,708,054,000 feet were manufactured by 7,347 mills.

Actual experience has taught sawmill operators that the manufacture of 1,000 feet of lumber in the South requires the labor of approximately four men. The calculations just quoted point to the thought that the 201 large mills employed during the last 2 years 58,900 men, giving them approximately one third time during the year. On the other hand, the 7,347 small mills in the same territory, under the same line of reasoning, employed 62,774 men approximately one third time. The last census shows that the States in question were populated by approximately 24,279,986 people. Assuming that each of these sawmill workers had four dependents, the average family, the 7,347 small mills in these States during the year 1930 employed men who supported 313,870 people, whereas the 201 large mills employed men who supported only 294,500 people. It is readily seen that approximately 1.3 percent of the population of these nine States were supported by employees of the small mills discussed, whereas, approximately 1.2 percent of the population was supported by the 201 larger mills to which reference has been made.

Wages paid by small mills is a considerable factor in the well-being of the rural population of the nine States mentioned, all of which are essentially agricultural in their production.

The small mills in the South, large in number at this time, are affording employment to an army of people. Their continued operation is highly desirable on account of the fact that they are giving to a large section of the population a means of earning a livelihood. These small mills are converting timber, which for years has been passed by as of no value, into lumber. They are reducing such timber to cash, returning to farmers, small landowners, and others new money, as new capital, which would otherwise remain on the stump as a frozen asset, or no asset at all. The large sums paid by such mills to labor, to supply dealers, to timber owners, and others from whom they buy, keep alive no small part of the business fabric of the Nation. Factories in other sections of the country are afforded markets for their products in exchange for the moneys produced and distributed by these small mills. It is unthinkable that the Government can permit any scheme, or establishment of methods which would unfairly hamper, unrighteously oppress, or tyranically prevent these small mills from the conduct of their business.

Disbursement of small mills cutting 2,136 feet per day, being approximate average production of 7,347 Southern small mills running full time.

	1 mill per day	7,347 mills per day	7,347 mills per year running 300 full days
1. Timber payments	$8.54	$62,743.38	$18,823,014.00
2. Labor disbursements	16.40	120,523.71	36,157,113.00
3. Gasoline and oil purchases	2.71	19,910.37	5,973,111.00
4. Feed purchases	1.07	7,861.29	235,838.70
5. Machinery, mill supplies and equipment purchases	1.02	7,493.94	2,248,182.00
6. Freight paid on shipments at average of $80 per carload	17.08	125,546.00	37,664,400.00
Total	46.82	344,078.69	101,101,658.70

1. This stumpage is paid to the timber owner, which he uses to pay debts, deposit to savings accounts, and part of which he spends, but all of which enters the channels of business and swells its volume.

2. This sum is paid to the laborer, who generally spends it all in the purchase of food, clothing, manufactured goods, recreation, or amusement.
3. This sum is paid to the filling station and oil companies, supporting large forces in that field.
4. All of this, of course, goes to the merchant, who, in turn, buys from the farmer the grain and hay for making feed.
5. All of this goes to the jobber and machinery manufacturer who, in turn, pays most of it back to labor.
6. This large sum swells the shrunken revenues of railroads and steamship companies and contributes largely to their support, enabling them to employ their skilled and high-priced labor, purchase manufactured goods, and otherwise contribute to the general welfare of the Nation.

Many small mills are not running because they do not have sufficient orders. Many of them are not cutting as much as their quotas allowed by the association because they have not the orders. Unlike the large mills, they cannot run unless they can move their lumber as produced. They have not the money to carry inventories and pile up stocks. They must sell their lumber as they produce it. When this cannot be done they close down.

Small mills and many mills of medium capacity do not have the high overhead costs of the large mills, which include such cost elements as sales departments, timber departments, advertising, management and administration, insurance, office expense, interest, taxes on timber supply for a long period of years, and depreciation on expensive plant and equipment. The difference in cost as between the two types of mills, taking into account this overhead item, will be as much as $8 per thousand feet, or closely approximating that figure.

Furthermore, it is my firm conviction that the present fixed minimum price list would yield to large mills a substantial profit upon their average production. If the small-mill operator could sell his lumber on that list, certainly it would yield to him an exorbitant profit. If this statement is true, the present price list is not a cost-production set-up but rather a profit-protection machine, monopolistic in its effect and stifling to a recovery of building activity. It is unfair to the consumer and unjust to the manufacturer of lumber who has adjusted his business to a new cost basis in keeping with present values. Most small mills and mills of medium capacity are opposed to fixed prices. However, fixed prices are agreeable to those for whom we speak, provided they are not promulgated for the benefit of a few who have high investments in timber and plants, many of them made during the war period and after, when prices were high. It is questioned whether or not it is wise to protect those investments at the expense of the general public and those of the lumber-manufacturing industry who can produce on lower cost.

Small mills and mills of medium capacity in the South would like to have the Federal Government investigate these questions. Such an investigation would afford the upward of 7,000 small millmen in the South an opportunity to freely and frankly express themselves and would prove highly interesting and very enlightening. These small operators cannot spare the time or the money to visit Washington to tell their troubles. Furthermore, they lack the training for presenting the subject. The result is that they stay at home and permit the matter to smolder like a hidden fire until it bursts into flame, consuming and devastating.

My friends, in closing I want to say that I started life's work without a dollar in the world. I have had to go up against those blessed with riches and well-organized groups, both in business and in politics. And out of my experience I have developed a great desire to battle for the under dog. My record at home and my record in Congress has been along this line. The following poem expresses my sentiment:

THE UNDER DOG

I know that the world—that the great big world—
From the peasant up to the king.
Has a different tale from the tale I tell
And a different song to sing.

But for me, and I care not a single fig
If they say I'm wrong or I'm right;
I shall always go in for the weaker dog,
The under dog in the fight.

I know that the world—that the great big world—
Will never a moment stop
To see which dog may be in fault
But will shout for the dog on top.

But for me—I never will pause to ask
Which dog may be in the right;
For my heart will beat, while it beats at all,
For the under dog in the fight.

Perchance what I've said were better not said,
Or 'twere better I said it incog;
But with heart and with glass filled chock to the brim,
Here is luck to the bottom dog.

Mr. FULMER. Mr. Chairman, I ask unanimous consent to extend my remarks and place in the RECORD a few excerpts from letters, a telegram to General Johnson, and the letter that I wrote to these sawmills that Mr. Sheppard complained about.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The pro forma amendment was withdrawn.

The Clerk read the third section of the bill.

Mr. BULWINKLE. Mr. Chairman, I rise to offer an amendment and to ask unanimous consent that this sentence in the bill be passed over until we come to the proper place to offer an amendment. The sentence I refer to is on page 9, line 9, "The term 'Commission' means the Federal Trade Commission." At the proper place in the bill I desire to offer an amendment striking out the words "Trade Commission" and inserting in lieu thereof "Stock Exchange Commission." I ask unanimous consent to pass over this sentence in the section until we come to the proper place in the bill on page 56.

Mr. BRITTEN. Reserving the right to object, this amendment will undoubtedly be the most important amendment to the bill and probably cause considerable debate.

Mr. RAYBURN. The gentleman from North Carolina simply wishes to preserve his rights.

Mr. O'CONNOR. Would not this be the practical working-out of it? If the gentleman's amendment is adopted later on, there would be no trouble in going back and making this part of the bill conform to it.

Mr. RAYBURN. I see no difficulty about that, and the gentleman from North Carolina simply wants to preserve his rights.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read down to and including line 17, page 13.

Mr. RAYBURN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 9323, the securities exchange bill, and had come to no resolution thereon.

EXTENSION OF REMARKS—H.R. 9323

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that all Members who speak on the bill or on any amendment thereto may have 5 legislative days in which to extend their remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNYDER. Mr. Speaker and fellow colleagues, I favor a measure that will render service to the people of the Nation, such as the act now before us, termed the "National Securities Exchange Act of 1934."

I favor a measure that will aid in regulating the stock exchanges of the Nation, because 99.99 percent of the people in the United States favor such measure.

I favor such a measure because the stock-exchange people and big business generally realize that they must have some set-up by which they can regulate their business so as to assure stability and restore confidence in the markets of the Nation as well as of the world.

The stock-exchange market and big financial groups of the Nation announced to the world in 1929 that they themselves were no longer able to control the business which they themselves built up. They themselves threw up their hands and said, "We have failed to keep these, our gigantic institutions, under control."

Along about October 1929 we see them seated around the table here and there throughout the country, pulling their hair and scratching their heads, trying to find a quick solution to keep the structure they had built from crashing down on them and on all the millions who had invested their money in these institutions. They saw these institutions tottering under the great boulder of mismanagement.

Like a great oncoming cyclone in our Middle West, the managers and directors of these institutions saw the catastrophe coming. They realized that the millions, yes, billions, of worthless securities and watered stock, which had no real value whatever, would drive to ruin not only millions of individuals but thousands of mills and factories and institutions. Yes; they realized that the soap-bubble bonds and securities that they had sold to the innocent little bankers and others throughout the Nation would be worthless as soon as the crash came. Realizing all this, they themselves gathered in under their wings as much of the safe and sound securities as they could and then stood at a safe distance from the explosion and watched the terrific catastrophe of November 1929.

Mr. Speaker, the bad management and the lack of national laws for regulating the institutions that existed prior to these fatal days of 1929 put more old men, helpless widows, and retired farmers and merchants into their graves in the 3 years following 1929 than the total number of brave American boys that lost their lives on the battlefields during the World War.

Thousands and tens of thousands of honest, hard-working, God-fearing men and women, who had saved a meager few thousands and had put their trust in these institutions and in the men of these institutions, were sent to the almshouses and the poorhouses, or were thrust upon the charity of friends or relatives, because of the lack of management of the stock markets and the supposed security markets of our country.

Mr. Speaker, I am not here to say what percentage of these multiplied millions of worthless securities that were floating in our markets in 1929 was worthless because of the loopholes in our laws that made it possible for highway robbery to exist within the law, or what percentage of these securities was worthless because of bad management on the part of the workers and directors of the institutions.

However, one thing we the Members of Congress do know; one thing the opponents of this bill—some of them sitting in the gallery today—very well know; one thing the helpless millions of splendid citizens who have lost their money in closed banks know; one thing we all know, and that is that a government that permits institutions to spring up within its own borders that can no longer be controlled is a government that needs adjustment to protect its interests and its citizens.

My friends, the Nation should come to the rescue of the millions who innocently lost their money in the closed banks. Just how it is best for the Nation to proceed to do this, no one yet knows. I hope that a measure that will meet with the approval of Congress and the administration will be passed so we can pay back these innocent depositors.

It was because of insincerity, bad management, carelessness, indifference, lack of laws that regulate, incompetence on the part of managers and directors that some 29 of the 36 banks in one of my counties, Fayette County, Pa., closed their doors prior to March 4, 1933. Yes; they closed their doors, never to open. Hundreds and thousands of men and women, hundreds and thousands of boys and girls and school children, and scores of charity institutions and welfare institutions had their money snatched from them, as a thief would snatch your pocketbook.

Mr. Speaker, are we going to sit idly by as a great Nation, as members of Congress of a great Nation, and say to our people that institutions which are eating out the very vitals of our Nation have grown to such proportions that we can no longer control them? I, for one, say, "No!" We can control, if we will, any and all the institutions in our country. We can control the banks so that the depositor will have safety; we can control the security markets of the Nation; we can control the stock exchanges of the Nation. My friends, if we are going to perpetuate the Jeffersonian principles embodied in our Constitution, we must regulate the management and manipulation of these institutions.

Then, again, I say, Government agencies must set up a procedure of regulations for these institutions, because big financial institutions and banking institutions demonstrated to us by both precept and example in 1929 that they could not control, regulate, and manage their own business.

I do not want to be misunderstood; I do not want to see a set-up in our banking institutions, for instance, that would make it possible for some group of know-nothing investigators or so-called "Government officials or experts" to go in and upset the workings or management of a mill, a factory, a mine, or a bank. That is not the intent or the purpose of this measure. The intent and the purpose of this measure is to take out of institutions that group of know-nothings and bad managers and keep them out.

Nevertheless, everybody now realizes that the group that has been managing and planning our social and economic set-ups for the last 12 or 15 years has been an utter failure. There is not a red-blooded American of 25 years of age under the sound of my voice that would not be ashamed to hand to our posterity the present social and economic fabric that we and those who had charge of the reins of Government before us are responsible for. Our grandfathers handed to our fathers practically no bonded indebtedness and financial hang-overs. Our fathers handed to us, who are now old enough to have the reins of Government in our hands, a very small mortgaged, or bonded, indebtedness. But, my friends, if we do not adjust this financial and economic structure of ours, we will hang about our children's necks, and our great-grandchildren's necks, the millstones of financial burden that will cause them to rightly point the finger of contempt at the pages of history that tell of us as unreliable and incapable managers of what was justly their heritage.

Mr. CARPENTER of Kansas. Mr. Speaker, I wish to state that among the most important matters of legislation affecting the economic welfare of this country, in my judgment, are:

First. Tariff legislation that will enable us to resume our trading with the rest of the world.

Second. Legislation that will give us an expansion of the currency wherein we will have an adequate but sound medium of exchange, and I believe this can best come about through remonetization of silver, which will give us a medium of exchange to trade with that part of the world that has only silver with which to purchase our products.

Third. The legislation as provided in the Securities Exchange Act of 1934, known as the "Fletcher-Rayburn bill", the object of which is to prohibit pure speculation in securities and commodities and to prohibit a creating of a false or misleading appearance of active trading in any security registered on the national stock exchange and prohibit transactions which involve no change in the beneficial ownership of such security.

While I believe it is proper to have legitimate markets for our agricultural products and other commodities, yet the welfare of the whole public should not rest upon the operations of the gamblers upon our stock and market exchanges. The farmer who has raised his products in the sweat of his brow has been at the mercy of these gamblers. This need of such legislation has been recognized for a long time, and the Fletcher-Rayburn bill endorsed by President Roosevelt is the first sincere step in the direction of eliminating these corrupt practices. Of course, this monster that has had this Nation by the throat these many years is not going to give up without a fight and a struggle. However, they are going to have a difficult time in obtaining any sympathy from the people of the country when it is revealed that from 1928 to and including 1933 the Wall Street brokers were making

money to the tune of two thousand million dollars, while their customers lost sixty-five thousand million dollars. With the suggested tariff legislation, expansion of the currency, and proper stock-market legislation the depression can be cured, and agriculture, which must be prosperous if the rest of the country is to be prosperous, and business in general will again be put on their feet without any artificial stimulants in the form of processing taxes or regimentation.

Mr. EDMONDS. Mr. Speaker, we have now arrived at the crossroads; and when we attempt to put into effect any new legislation, it will be necessary to "stop, look, and listen", and not only consider the particular accomplishment we expect to attain by the act before us, but also to heed what will be the effect of placing such legislation into operation upon the general business of the country. Last spring in rapid order we surrendered our legislative functions to a lot of commissions, which were clothed with all the powers necessary to legislate for us, and carry out measures which we defined in general terms, and upon which almost any construction these commissions desired to place could be made by them as there were very few limitations in the bills.

The result has been entirely contrary to our expectations, and would be fairly exemplified by the man who hit a drowning man on the head with a club in order to save him.

What we intended to do was to provide work for the unemployed; to do this it was necessary, among other things, to restore confidence so that business would resume its ordinary course; when we started our session, the public were ready to assist, as everyone realized the situation; but what happened was that when by a united revived spirit we were moving upward, the placing into operation of the legislation we passed caused so much trouble and confusion that our apparent advance was only for a short period, and again trade fell back under a cloud of misunderstanding and doubt and has not since then shown the material advance that has been evident in other nations who have not interfered in their national progress with strange cures and quack remedies.

Undoubtedly there are many things that need curing, but a sick patient cannot afford to chance playing with the cures and remedies; they should be reserved for people who imagine they are sick. What we now want is confidence that we can go ahead without any new doctrines to hinder our advancement; only such things as will assist that progress should be receiving our attention. This bill may be needed, and in ordinary times I would give it serious consideration; passage today means another halt in our progress of relieving unemployment, and I am not prepared to play with human misery any longer by placing a stumbling block in its way.

Mr. DIRKSEN. Mr. Speaker, the market panic of 1929, which supposedly precipitated the present depression, has all through the debate been treated as a cause rather than an effect. I cannot agree with that logic. First, let us remember that stock exchanges are but so much machinery by which the speculative fever of the Nation is registered. This machinery was but reflecting the hysteria and the desires that imbued our Nation immediately after the war. I contend and have always contended that the slaughter of 11,000,000 men, who were both producers and consumers in a well-integrated society, together with the $250,000,000,000 waste of the world's wealth and the overexpansion that took place in all lines of industry, business, and agriculture as an incident to the war, was the cause not only of the stock-market debacle of 1929 but of all the despair and distress that has been the lot of this and of all other nations during the last 5 years. Unless we shall witness another war of astronomical proportions, I do not anticipate another market crash such as that.

In that spirit, we might well put aside all prejudices and all vindictiveness in the consideration of the pending bill.

I have no personal interest in the stock market. I never bought or sold a share of stock in my existence. My sympathies would naturally be on the side that would seek to exercise the most rigid control over market operations in order to safeguard the public welfare of all present and future investors, but above all else, we as legislators must be most discriminating and careful, to see that the crusading zeal to reform something or someone does not defeat its own purpose and bring havoc upon the country.

To those who could see no good in the stock and commodity exchanges, let me quote from the language of United States Supreme Court Justice Holmes, in the celebrated Board of Trade case:

> The plaintiff's chamber of commerce is, in the first place, a great market, where through its 1,800 members, is transacted a large part of the grain and provision business of the world. Of course, in a modern market, contracts are not confined to sales for immediate delivery. People will endeavor to forecast the future and to make agreements according to their prophecy. Speculation of this kind by competent men is the self-adjustment of society to the probable. Its value is well known as a means of avoiding or mitigating catastrophes, equalizing prices, and providing for periods of want. It is true that the success of the strong induces imitation by the weak and that incompetent persons bring themselves to ruin by undertaking to speculate in their turn. But legislatures and courts, generally, have recognized that the natural evolutions of a complex society are to be touched only with a cautious hand, and that such coarse attempts at a remedy for the waste incident to every social function as a simple prohibition and laws to stop its being are harmful and vain. The court has upheld sales of stock for future delivery and the substitutions of parties provided for by rules of the Chicago Stock Exchange.

These words are from the mind of one of the world's most enlightened and socially minded jurists and are a sufficient answer to those who would entirely abolish the exchanges or who approach this question of control and regulation in a vindictive spirit.

No one will deny that there should be some form of regulation. Even the attorneys for the various exchanges who appeared before the committee made overt admissions of that fact. Most of the general debate was directed to the abuses of speculation and the excessive use of credit, but thus far, little has been said or made emphatic as to whether this is the proper bill to accomplish that purpose.

When the Securities Act of 1933 came before this body for consideration, I distinctly recall that much of the same argument was advanced in behalf of that bill that is now advanced in behalf of the pending measure. The reform phobia was in the air. Most of us not only voted for it but defended it later. We placed little credence in the prophecy that that act would curtail financing, would retard employment and hamper recovery. Hindsight is, of course, much easier than foresight, but we can see now that those prophecies have in part at least become realities. Financing in the capital or durable-goods industries for the fiscal year is only about 4 percent of what it was in the normal years from 1921 to 1929, and unemployment in such durable-goods industries is about 8,000,000 persons. Money is available for investment in such industries so that despairing, unemployed men might go back to work, but that Securities Act has, in truth and in fact, by its penal and civil liability provisions, frightened competent and skilled security men, and as a result there is stagnation. Now, we are considering a companion bill, and I propose to weigh every consideration carefully before I undertake by my vote to further impede the progress of recovery. I shall try not to permit the zeal of a reformer to becloud my best judgment and visit further punishment upon our unemployed in the form of stagnation in industry.

Let us assume, then, that control and regulation is needed and wanted. The incident questions which follow are these: Is this the proper kind of a bill? Does it go too far? Do we need it now? Might we invite disaster by further tinkering at this time?

In his opening statement on Monday the distinguished chairman of the committee mentioned the propaganda that accompanied the consideration of this bill in committee. The inference was that the speculators were trying to defeat or alter the provisions of the bill. That may or may not be true. In any event, I returned to my office to examine again the hundreds of letters and telegrams that were sent with respect to this measure. Some gave evidence of having

been inspired by outside influences. In the main, however, the letters and telegrams were so well conceived, the subject matter so well presented, and the discussion of the merits of the first bill so well set forth as to evince a proper understanding of its basic purposes. It is amazing, too, to note that not a single message came to me in support of this bill. I know nothing of stock exchanges, but I do know something about the capabilities, the temper, the integrity, and the perception of my people; and I purpose to give every consideration to their wishes.

I have labored with this bill day after day and night after night. Everyone will concede that its language is technical, that it is difficult to follow in all its ramifications, that it would not be strange if different interpretations were placed upon its purport and meaning. Permit me, then, to present my objections to this bill in its present form and to what I am afraid might be its immediate effect.

Yesterday the Federal Reserve report of member banks, comprising about one half of the banking facilities of the country, showed a drop in commercial loans of 19 million. In the previous week, the drop was 75 million. Compare this successive 2 weeks' decrease with the previous 3 weeks in which an aggregate increase of 55 million in commercial loans was indicated. Everybody hoped that bank-credit expansion was on the way, but the losses of the last 2 weeks have entirely vitiated the gains of the previous 3 weeks.

In the light of the fact that there are now one and a half billion in excess reserves and that the immense gold reserves would permit credit expansion of unlimited proportions, this diminution of loans was estimated at $4,604,000,000 which is actually $99,000,000 less than a year ago. Loans on securities as of April 25 were $3,516,000,000, which is $122,000,000 less than 1 year ago. Remembering that 1 year ago the Nation was at its lowest ebb, the fact that all loans, including security loans, is around $100,000,000 less than at that time. The conclusion is obvious that in addition to the restrictions imposed by the F.D.I.C., the Banking Act, and other measures, there is a distinct fear and apprehension in the air which continues to freeze bank credit. This is singular enough in the light of the clamor that has been going up for weeks for legislation, such as the Glass bill or the credit industry bill to expand bank and investment credit.

Here we have a bill to do what? By its very language to control credit, to curtail the excessive use of credit, to offset what will be attempted later in some kind of credit measure, and the psychological effect on the Nation might be disquieting indeed. Has anyone advanced a reason why this particular bill should be enacted at this time? Is a boom at hand that needs curbing before it is born? By such measures as this that boom may die aborning. I wish I shared the optimism that foresees an immediate boom, particularly when relief rolls are heavier and unemployment greater than it has been at any time since last October. Conceding that there is an upward momentum in business, the stability of such momentum is precarious enough, and why imperil it by a bill that is overly drastic?

Section 5 of this bill provides in substance that exchanges must agree to comply with and agree to enforce compliance by its members with the provisions of this act, and "any amendments thereto and any rule or regulation made thereunder." Considering that the act carries a penalty of $10,000 or 2 years' imprisonment, or both, for an individual violation, and a maximum of $500,000 for a violation by an exchange, it is strange, indeed, that exchanges and individuals and corporations may become liable to the penal provisions of this bill as the result of rules and regulations made after its enactment by the Federal Trade Commission or the Federal Reserve Board. Business might well shudder at the future implications of such a measure.

Section 6 sets forth the loan-margin provision. In the first part of the section a yardstick is provided. Loans up to 55 percent of the current market price may be made; or the member of the exchange, dealer, or broker who operates through a member may elect the other provision, if it is higher, namely, 100 percent of the lowest market price of the security during the last 36 months, but not more than 75 percent of the current market price, the lowest market price for the last 36 months to be considered as the lowest market price since July 1, 1933. Now, note the next paragraph. It states that, notwithstanding the above provisions, the Federal Reserve Board may raise or lower as it may deem appropriate. If that be the case, why have a yardstick at all? Why have rigid margin requirements anyway, if they can be ignored or set aside by the Federal Reserve Board? If this is to be a flexible bill, why not exhibit consistency and eliminate all rigid margin requirements?

Paragraph (c) of the same section states that it shall be unlawful for a member of the exchange, or for a broker or dealer who transacts through a member, to arrange or extend credit to a customer on any registered security except in accordance with the prescribed rules and regulations. It excludes exempted securities, which include Government and State and municipal obligations. Now, subsection (2), when read in connection with the above context, makes it unlawful to extend or arrange customer credit without collateral, or on any collateral other than registered or exempted securities except as prescribed by the Federal Reserve Board; and the only discretionary power of the Board is to permit credits on other collateral for a limited time under specified conditions, or to permit it if such credit is not to be used for purchasing or carrying registered securities.

That language is rather involved, but as I interpret it, I see some rather dangerous implications. Taking out registered and exempted securities, there remain the unlisted securities. Bear in mind that there are only 788 securities registered on the New York exchange, perhaps 500 on the Chicago exchange, and in similar proportion on the other exchanges. Then what about the thousands of unlisted securities that corporations in your district and mine have issued? Apparently these securities cannot be used as collateral in brokerage transactions if the purpose is to carry or trade in listed securities. Apparently no credit can be extended by a member or by a broker or dealer operating through a member except in accordance with rules and regulations made by the Federal Reserve Board. What about the rights of the hundreds of investment houses who now operate as brokers and dealers under a code of fair practice? If they must be subject to the special rules and regulations of the Federal Reserve Board, you are placing in the hands of that Board a weapon by which they can ultimately exercise complete control over all unlisted corporate securities and ultimately concentrate security transactions in the hands of a few and, incidentally thereto, control and regiment all business in this country.

Section 8 of the bill deals with manipulation of security prices and rather meticulously sets out what would be false or misleading statements on the part of a dealer, broker, or member for the purpose of creating a misapprehension as to the market or to the price for a security. While some such provision is doubtless necessary, these and subsequent provisions induce the question as to just what advice a member, dealer, or broker might safely give to a client without laying himself open to possible charges that might invoke the penal provisions of the bill. While the prospect of blackmail suits may be remote, yet the possibility is there and carries with it that strange fear that will bring about a reluctance to give advice even on the soundest securities.

Paragraph (e) of section 10 directs the Commission to make a study of the feasibility of the complete divorcement of the functions of dealer and broker. The very fact that this direction is given to the Commission indicates that such report will be made back to Congress; and if the recommendation is consonant with the rest of the bill, it means that these functions will be divorced. There are hundreds of individuals and small firms all over the country who operate as dealers and brokers. They perform a very useful and necessary service. In the main they are citizens of repute and standing and quite competent to carry on these functions. They have heavy investments in their various establishments and employ a number of people. If and when these functions are divorced, you will find that these little dealer-brokers cannot carry on in only one capacity and maintain their establishments. It will mean the disintegra-

tion of these many establishments, more unemployment, without any particular gain for or improvement in the safety or welfare of the average investor. Yet the way to this disastrous consequence is pointed out, and I assume that in due time it will be followed.

Paragraph (e) of section 11 provides that the Commission "may" by rules and regulations permit listed securities to be registered before July 1, 1935, without complying with the other provisions of the section relating to the registration of securities. Why should not this language be changed from "may" to "shall"? Why permit such uncertainty with respect to listed securities to rest in the whims and caprices of the Commission? To insist on compliance with the other provisions of that section means expense, time, and legal fees. It means uncertainty and confusion. It means that the burden of proof might be placed upon the corporation rather than upon the Commission. I see no reason why there should not be a virtual automatic registration of listed securities in the absence of some affirmative showing on the part of the Commission.

Section 13 dealing with proxies would make it unlawful to solicit proxies with respect to any registered security except in conformity with such rules and regulations as the Commission may prescribe. There is little doubt that there has been grave abuse of this authority to solicit proxies and the use of such proxies for manipulation. The American Tobacco Co. case is a historic example. These abuses should be curbed, but why subject corporations and their officers to the uncertainty of such rules and regulations as the Commission may prescribe, in what they deem to be the public interest. Is it asking too much to have these matters definitely set out in the law so that the business and industry of the country know their rights instead of being at the mercy of any rule or regulation that a Commission may wish to prescribe. Incidentally, these rules and regulations by the language of the act have all the force and authority of law, and a violation thereof constitutes a penal offense. This Congress has passed much legislation of a similar character, and it is time that a halt be called. If the Congress was properly charged with abdicating its legislative functions in previous measures, how much more true that charge will be if and when this bill passes.

I should not feel disposed to object to section 15 of the bill if it applied only to officers and directors of the issuer of a security, because such officers and directors are in the position of offerors to the investing public. But the section goes much further. It provides that every person who is, directly or indirectly, the beneficial holder of 5 percent or more of any class of security must file with the exchange, within 10 days after he becomes the holder or owner of such beneficial interest, a statement showing his interest and his holdings. A duplicate must be filed with the Commission.

That is not all. Within 10 days after the end of every calendar month, he must file a similar statement, showing any changes in his holdings if any. Let us take a concrete example. On smaller exchanges, it is quite common to list small issues. In the case of an issue of one half million dollars, the owner of 5 percent, or $25,000 worth of such securities must file a report every month, year in and year out that he is the owner of such securities. All information with respect to the entire issue has already been fully disclosed under the registration requirements; the records of the corporation are available; there can be no argument that income, dividend, or capital-stock taxes will be evaded, and it would seem that the Commission would be imposing an unnecessary burden and hardship upon the holders of only 5 percent of a class of securities. Had the amount been set at 20 percent, there might have been more logic about it, but as the section now stands, it can at best be but an intolerable burden, without serving any public interest.

Let me raise this point with respect to foreign securities. I understand that about 8 billion of foreign securities are listed on the exchanges of this country. Suppose the brokers, the issuers, and dealers refuse to register these securities and trading therein is reduced or suspended—you at once affect the marketability of those securities and by so doing might easily precipitate a disastrous decline and thereby penalize thousands of American investors. If and when this is done, do you really secure control over such foreign securities? Is there anything to prevent independent dealers from marketing such securities direct and thereby achieving a distinct advantage over our own securities?

The matter is brought sharply to mind by an advertisement which is clipped from April 8 edition of the New York Herald, which reads as follows:

Union of Soviet Socialist Republics 7-percent gold bonds. The State bank of the Union of Soviet Socialist Republics with a gold reserve in the note-issue department of $704,000,000 agrees to repurchase these bonds on demand of the holder at par and accrued interest at any time after 1 year from date of purchase. * * * Circular H–9 upon request. Soviet American Securities Corporation, 30 Broad Street, New York, Hanover 2–5332.

Nothing is said about exchanges. Nothing is said about being a listed security in this case. Apparently they operate direct to the customer. The language of section 29 is such that such transactions are not unlawful, inasmuch as it is not a transaction on any exchange, and it occurs to me that this but points out what may happen under a bill so drastic as this, namely, circumvention and bootlegging of securities.

Let me once more make my position clear on this measure. I believe that regulation and control is needed, and I shall vote to recommit this bill with instructions to report H.R. 8575, known as the "Bulwinkle bill." The fact is conceded by the exchanges themselves. There has, however, been no affirmative showing that so drastic a measure, which virtually vests control of all corporate enterprise in this country in the Federal Trade Commission is necessary. There has been no showing that it is necessary at this time. I am for regulation but not for strangulation. Above all else, as I survey the mounting relief rolls, the growing roster of unemployment, the fears and apprehensions of business, and the immediate response of the business and industrial fabric to the slightest prejudicial factors, I am constrained to vote against this bill out of fear. Not fear inspired by any stock-exchange propaganda, not fear of the consequences of my vote, but a self-inspired fear that a vote in behalf of this bill, at this time, may be the signal for further recessions in business, further declines in the market, further sympathetic declines in the grain market, and fear that more people will be added to the long and dispairing queues of unemployed.

The original stock-exchange regulation bill which was prepared as the result of the studies made by a commission appointed by Mr. Roper, the Secretary of Commerce in the present administration, seemed to be a most satisfactory bill. It contained everything necessary for a proper control and regulation of the exchanges and for the elimination of the current abuses in trading practice. It is evident from the discussion that has taken place during the last 4 days that that bill was not sufficiently drastic and that the committee, aided by Mr. Cohen and Mr. Corcoran, then perfected the present bill.

When this matter is finally concluded on the floor and the measures come to a vote, it will not be a case of voting for or against a measure to regulate and control exchanges. Rather, it will be a case of voting for or against one of two bills which seek to achieve that purpose—the one known as the "Bulwinkle bill", which will be offered under a motion to recommit the present bill to the committee with instructions to strike out all matter after the enacting clause and substitute the Bulwinkle bill; the other, the bill now under consideration.

I shall vote for the motion to recommit and to substitute the Bulwinkle bill. I shall vote against the pending measure because it will amount to a complete regimentation of corporate business in this country through the Federal Reserve Board and the Federal Trade Commission.

It is a bit intriguing to reflect back on the debates and discussions that have occurred on the floor of this House during the Seventy-third Congress, in which the Federal Reserve System and the Federal Reserve Board have been attacked

and maligned in no uncertain language. It has been characterized as a great strangling octopus. It has been the subject of impeachment resolutions. Its officers and directors have been pointed out as money changers, still operating in the temple, and who must be driven out under the legislative lash. All that seems now forgotten, and instead of curtailing the powers of the Board, this bill seeks to hand over to it complete authority to determine margins, credits, banking control, and everything else. I wonder how those who have been content to discharge their oratorical ammunition against the Federal Reserve Board and Federal Reserve System will vote on this bill. It only proves that fish may be fish one day and fowl the next, depending upon the point of view. All in all, it is a strange world.

AIR-MAIL LAWS

Mr. BANKHEAD, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed.

House Resolution 373 (Rept. No. 1444)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 3170, an act to revise air-mail laws; that after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

TERMINAL RAILWAY POST OFFICE

Mr. BANKHEAD, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 372 (Rept. No. 1443)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9392, a bill to reclassify terminal railway post offices; that after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Post Office and Post Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

LOANS TO INDUSTRY

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Speaker, the most important duty facing Congress before adjournment is to provide for loans to manufacturing industry. Unless this is done the depression will continue indefinitely. We have approximately 200,000 plants in the United States, producing under normal conditions $70,000,000,000 worth of manufactured products and paying over $12,000,000,000 in wages. Practically all the unemployment in the United States is due to the inability of these manufacturing industries to operate. This in turn is largely due to their lack of working capital, for the ordinary sources of credit have been dried up during the past 4 years. The banks have become liquid but have been afraid to loan, fearing a recurrence of the financial storm.

In justice to the banks, it should be stated they have a definite alibi in this situation. The policy of the Treasury, through the itinerant bank examiner, has been to insist that the banks be and remain liquid. Throughout the Nation bank examiners discourage and question loans to local industry. Thus they handicap the local bank in making loans to going concerns, upon whose operation the life of the various communities depend. This policy of the Treasury is, in my opinion, unwise and largely responsible for the inability of solvent industry to obtain seasonal and working capital.

NOTHING DONE FOR INDUSTRY

But the fact remains that nothing has been done for manufacturing industry, big and small, upon which economic recovery of the country depends. The condition of the farmer is largely due to the fact that the worker is without employment and unable to purchase the products of the farm. In addition to the inability to obtain credit through the ordinary sources, the Securities Act has prevented the sale of industrial securities. As a result solvent and efficient industry has been unable to obtain loans for operating purposes.

I believe that the Securities Act should be amended so that legitimate industry may find a ready market for its bonds and the sale of its stock. I am in thorough sympathy with the spirit of the Securities Act. I voted for it in the House but believe there should be some modification now so that the large industrialist can do his financing in this way.

This type of relief, however, will not aid the small industrialist. The usual avenues of credit being closed, he must necessarily rely upon some form of governmental loan. I desire to emphatically state that it should be a loan and not in any sense a gift.

PRESIDENT ROOSEVELT IS FOR IT

President Roosevelt recognizes the importance of relief to industry. It is a fair inference that he concurs in the proposition that the return to work of 10,000,000 citizens who are as yet unemployed is largely dependent upon this procedure. It is stated in the press that he has concurred in the plan of Senator GLASS, of Virginia, which would permit Reserve banks to make loans direct to industry and then only under extraordinary circumstances where the normal credit facilities were not available.

In my judgment this procedure and plan is utterly unworkable. It not only leaves us where we are now but, being an ostensible cure for the conditions existing, it complicates the passage of effective legislation.

I am definitely in favor of the plan suggested by Senator BARKLEY (Democrat), of Kentucky, who advocates giving the Reconstruction Finance Corporation almost unlimited authority to make 5-year loans to industry as a supplement to the Glass bill. I agree with Senator BARKLEY that the Glass bill is too hedged about with restrictions to meet the situation. It is undoubtedly true that big industries, which are national in their scope, could operate under the Glass bill, but the background of industry consists of the small concern upon which the people of the average community depend. They would have no place in the sun unless the plan proposed by Senator BARKLEY obtains. In other words, Congress at this time should pass legislation which will enable the Government itself to function where the banks are unable or unwilling to play their customary part. All of the present remedies and procedure intended to bring about recovery will absoluteily fail unless this is done.

PROSPERITY MUST COME THROUGH INDUSTRY

Industry is asked to bear the brunt of reestablishing prosperity through the medium of shorter hours and higher wages, yet the Government has to date allowed the sources of credit to dry up and has done nothing for the industrialist. No makeshift statute which will continue the existing situation or policy toward loans should be passed by Congress. I predict that Congress, before the present session adjourns, through a Federal instrumentality or other definite law, will prescribe a place where solvent industry may go and obtain necessary loans to carry on business. This procedure has been too long delayed and is in the interests not only of the industrialists who have builded America, but the toiler in the plants and his dependents, many of whom are now being carried on the welfare rolls or in nonproductive occupations.

THE NEW AND THE OLD M'LEOD BILLS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD to include a table in regard to the suspension of banks.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, H.R. 8479 was introduced in the House of Representatives by Mr. McLEOD, of Michigan, March 5, 1934. According to the bill it has for its purpose:

(a) To promote resumption of industrial activity.

(b) Increase employment.

(c) Restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks.

It requires the Reconstruction Finance Corporation to purchase and acquire from receivers and/or conservators of closed banks which at the date of closing were members of the Federal Reserve System, all remaining assets of such banks. The amount paid shall be a sufficient amount to pay in full the deposit liability of such closed banks, and the funds shall be immediately disbursed to the depositors of such banks. It further provides that assessment liability of stockholders shall be construed an asset and purchased the same as other assets.

THE NEW BILL

The bill was amended by the Committee on Banking and Currency. All after the enacting clause was stricken out and another bill inserted, which provides:

First. That all banks, National, State, and private, which closed on or after January 1, 1930, shall be included.

Second. All deposits not in excess of $2,500 shall be paid.

This bill was favorably reported to the House April 12, 1934.

MOTION TO DISCHARGE THE RULES COMMITTEE

A motion has been placed on the Clerk's desk for the purpose of discharging the Committee on Rules from further consideration of a rule which has for its purpose the granting of a privileged status of the bill before the House. I am reliably informed that the Committee on Rules has never been requested by anyone to grant a hearing on the proposal, yet a petition is filed to discharge the committee. If 145 Members of the House sign the motion to discharge, the rule will come up for consideration on a second or fourth Monday, provided the 145 names were secured 7 legislative days prior thereto. If it comes up, the question will be, Shall the Rules Committee be discharged from further consideration of the rule?

If a majority vote to discharge the committee, then the question will be, Shall the rule be adopted? If a majority vote to adopt the rule, then it will be in order for someone to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering the bill. If that motion carries, the bill will be considered under the special rule of the House and be subject to amendments.

BILL WITHOUT A GOOD PRINCIPLE

Since the bill does not embody a good principle I do not feel disposed to do anything in furtherance of its consideration. If it contained a single good principle, possibly it would be consistent for me to assist in the movement to get it to the floor in the hope that it might be amended. Its passage would set a very bad precedent, a precedent that could never be defended, and one that would doubtless cause our Government much trouble in the future.

WHY SAY JANUARY 1, 1930?

Why is it right for the Government to pay the losses of all depositors of banks since January 1, 1930, and not right to include 1929, 1928, or even back to 1920? Are not the depositors of banks that closed in 1929 entitled to just as much consideration as the ones of the banks that closed in 1930? I am inserting herewith a statement showing all bank suspensions since 1920. It was obtained from the office of the Comptroller of the Currency.

All bank suspensions since Jan. 1, 1921

Year and month	Number				Deposits (in thousands of dollars)			
	All banks	National	State members	Nonmembers	All banks	National	State members	Nonmembers
1921	501	51	19	431	196,460	21,285	21,218	153,957
1922	354	45	12	297	110,721	19,092	5,151	86,478
1923	648	90	34	524	188,701	32,904	18,324	137,473
1924	776	122	37	617	213,338	60,889	13,580	138,869
1925	612	118	28	466	172,900	58,537	8,727	105,636
1926	956	125	35	796	272,488	47,866	20,946	203,676
1927	662	91	33	538	193,891	46,581	19,755	127,555
1928	491	57	16	418	138,642	31,619	10,621	96,402
1929	642	64	17	561	234,532	37,007	20,128	177,397
1930	1,345	161	26	1,158	864,715	173,290	207,150	484,275
1931	2,298	409	108	1,781	1,691,510	439,171	294,357	957,982
1932	1,456	276	55	1,125	715,626	214,150	55,153	446,323
1932:								
January	342	74	13	255	218,867	63,482	10,873	144,512
February	121	24	6	90	57,266	17,127	8,427	31,712
March	46	7		39	14,760	4,484		10,276
April	74	6	5	63	31,613	2,634	11,887	17,092
May	82	14	6	62	34,370	6,263	1,237	26,870
June	151	44	4	103	132,661	42,555	7,589	82,517
July	132	20	4	108	48,743	17,722	1,769	29,252
August	85	17	2	66	29,513	11,075	798	17,640
September	67	12	4	51	13,508	2,980	1,725	8,803
October	102	20		82	20,092	6,209		13,883
November	93	19	6	68	43,319	26,224	3,358	13,737
December	161	19	5	137	70,914	13,395	7,490	50,029
1933:								
January	242	44	15	183	134,202	55,138	14,394	63,870
February	154	20	7	127	64,529	15,864	7,239	41,426

Banks suspended: The statistics of bank suspensions relate to banks closed to the public either temporarily or permanently, on account of financial difficulties, by order of supervisory authorities or directors of the bank. They do not include banks closed temporarily under special or "moratorium" holidays declared by civil authorities.

Deposits: Figures of deposits in banks suspended are as of date of suspension whenever data as of this date are available; otherwise they are as of the latest available call date prior to suspension.

WHY INCLUDE STATE AND PRIVATE BANKS?

Is there an implied guaranty by the United States Government to depositors of State and private banks? The Government had nothing to do with their operations. It had no more control over them than it did the building and loan companies, the life-insurance companies, the joint-stock land banks, the savings banks, or any other similar institution. If the losses are to be paid by the Government to the depositors of private banks or State banks the same fallacious arguments used to secure the passage of a law to pay them can be used in support of an argument to pay the losses by reason of the failure of all the other similar institutions, and over which the Government had just as much control as it had over State and private banks.

It is said that such payments will promote resumption of industrial activity. If Congress wants to give money away for that purpose why should the depositors in banks be the special beneficiaries? Such depositors of closed national banks are already getting from 60 percent to 70 percent of their deposits. Very few people are receiving more than that percentage on investments made at the same time the deposits were made. If the Government owed them a penny I would vote for its payment, but I first want to be shown that the Government is liable.

It is said that such payments will increase employment. Yes; possibly it will; but why should the Government pay money to depositors that it does not owe money to in order to increase employment? The money can be spent by the Government in many other ways that will be more helpful from the standpoint of increasing employment.

Therefore the only contention left is that the Government is liable by reason of an implied guaranty. Many of these banks failed because they were burglarized from the inside. The officials are serving time in penal institutions for the crimes. Has the Government an implied guaranty to pay the depositors in such cases? In many cases the officials of the banks, themselves depositors, loaned the money to themselves and lost it in various ways. There is not an implied guaranty in such a case or in any case that is affected by this bill. The adoption of such a policy, as pointed out by the Secretary of the Treasury, would be equal to guaranteeing deposits of the past, present, and future. There would be no need for the deposit insurance law.

WHO IS SUPPORTING THIS BILL?

This bill is supported by the Republican Members of the House. Very few Democrats are supporting it, and it is opposed by the President of the United States.

This bill represents a fair example of the kind of legislation that the Republicans have in mind to restore the country. It embodies the same kind of bad principles heretofore advocated by the Republican Party. Most of the money will go to the rich, if the McLeod bill in its original form becomes law; and, since we are dealing with property rights, there is no reason why the $32,000,000 depositor should not be paid, if the $2,500 depositor is paid on the theory that the Government is liable on an implied guaranty. The Republican Party is always willing to give the poor $1 to every $100 given to the rich.

COMPLIMENT TO MR. HOOVER

The Republican Members of the House are afforded an opportunity, through their advocacy of this legislation, to compliment their former chief, Mr. Hoover, and their former Secretary of the Treasury, Mr. Mills, by pretending that depositors acted on their advice given in speeches against hoarding. These speeches were made in February and March 1932. Instead of deposits in banks increasing, the depositors of banks actually withdrew about $4,000,000,000 of their funds very shortly thereafter.

DISCRIMINATION IN HOUSE RESTAURANT

Pursuant to the provisions of House Resolution 236, the Chair appointed as members provided for therein the following Members of the House: Mr. MILLER, Mr. WALTER, Mr. WHITE, Mr. MCFADDEN, and Mr. MOYNIHAN of Illinois.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WOOD of Georgia, indefinitely, on account of death in family.

To Mr. FARLEY, for 5 days, on account of important business.

To Mr. TAYLOR of Tennessee, indefinitely, on account of illness of his mother.

CONTINGENT EXPENSES OF THE SENATE

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Concurrent Resolution 14, and consider the same, which I send to the desk and ask to have read.

The Clerk read as follows:

Senate Concurrent Resolution 14

Whereas H.R. 8617, the Legislative Branch Appropriation Act, 1935, passed by the House on March 22, 1934, contains a provision on page 9, beginning in line 12 and extending down to and including a part of line 17, as follows:

"For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, $144,455"; and

Whereas the Senate adopted an amendment (no. 21) to the foregoing provision, as follows: On page 9, line 17, strike out "$144,455" and insert "$268,955, of which $150,000 shall be for the fiscal year 1934"; and

Whereas the conferees, in their report on the said bill, which was adopted by both Houses, recommended that the House recede from its disagreement to the said amendment and agree to the same, said amendment therefore not being subject to further amendment; and

Whereas the joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes, passed by the House on April 26, 1934, was amended by the Senate by inserting on page 1, after line 6, certain language, of which the following is a part:

"SENATE

"For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1934, $150,000"; and

Whereas the foregoing amendment is a duplication of the appropriation of $150,000 for the fiscal year 1934, as contained in the Legislative Branch Appropriation Act, 1935: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That in the event the Senate amendment to the foregoing joint resolution (H.J.Res. 332) is agreed to by the House of Representatives, and the existing differences of the two Houses on certain amendments of the Senate to the bill H.R. 8617, the Legislative Branch Appropriation Act, 1935, are adjusted, the Clerk of the House of Representatives be, and he is hereby, authorized and directed, in the enrollment of the said bill, H.R. 8617, to insert, in lieu of the language contained in said Senate amendment no. 21, the following: "$118,955."

Mr. SNELL. Mr. Speaker, will the gentleman please tell us what this means? It is a long and complicated resolution. Why is it necessary to do this at this time?

Mr. BUCHANAN. Mr. Speaker, when we passed the legislative appropriation bill we failed to place anything in it for the contingent fund of the Senate, for its investigating committees. The bill went over to the Senate, and they increased the appropriation by $150,000. That bill came back and went to conference, and we agreed to it, so that that $150,000 increase is now beyond the control of either the House or the Senate. When we passed the joint resolution the other day for the emergency appropriations, it went to the Senate and they amended that, and put the same $150,000 on that. So that if we pass them both, they will have twice as much as they need. Therefore, this amendment is to strike that from the legislative bill—the $150,000—and the next motion I make will be to approve it on the joint resolution that was passed the other day.

Mr. SNELL. If it goes through, unless we do something, we will have two appropriations for that full amount.

Mr. BUCHANAN. Yes; for the same purpose.

Mr. SNELL. And you propose to strike out one of them, and that is the one on the legislative appropriation bill that has not yet become a law.

Mr. BUCHANAN. That is it.

Mr. TABER. The Senate has already passed it.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 332, to provide appropriations to meet urgent needs in certain public services, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The gentleman from Texas asks unanimous consent to take from the Speaker's table House Joint Resolution 332, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk will report the Senate amendment.

The Clerk read as follows:

Page 1, after line 6, insert:

"SENATE

"For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1934, $150,000: *Provided*, That except in the case of the Joint Committee on Internal Revenue taxation, no part of this appropriation shall be expended for services, personal, professional, or otherwise, in excess of the rate of $3,600 per annum: *Provided further*, That no part of this appropriation shall be expended for per diem and subsistence expenses except in accordance with the provisions of Subsistence Expense Act of 1926, approved June 3, 1926, as amended."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 305. An act for the relief of William T. J. Ryan; to the Committee on Military Affairs.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J.Res. 332. Joint resolution to provide appropriations to meet urgent needs in certain public services, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to

the President, for his approval, bills of the House of the following titles:

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916; and

H.R. 8889. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 27 minutes p.m.) the House adjourned until tomorrow, Thursday, May 3, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

446. A letter from the Secretary of War, transmitting copy of a radiogram, dated May 1, 1934, received from the Governor General of the Philippine Islands advising that the new Independence Act (Public, No. 127, 73d Cong.) was accepted by concurrent resolution at the special session of the Ninth Philippine Legislature on May 1, 1934; to the Committee on Insular Affairs.

447. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 1, 1934, submitting a report, together with accompanying papers, on a preliminary examination of Ogeechee River, Ga., to a point opposite or near Midville, Ga., with a view to improving same for barges and small boats and to connect the same with the inland waterway on the coast of Georgia, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BULWINKLE: Select committee pursuant to House Resolution 317. House Report 1439. A report of the Select Committee to Investigate Certain Statements Made by One Dr. William Wirt. Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. H.R. 9371. A bill to authorize the incorporated town of Douglas City, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $40,000; without amendment (Rept. No. 1440). Referred to the House Calendar.

Mr. DARDEN: Committee on Naval Affairs. H.R.6847. A bill providing for the acquisition of additional lands for the naval air station at Hampton Roads Naval Operating Base, Norfolk, Va.; without amendment (Rept. No. 1441). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on Roads. H.R. 7312. A bill to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail known as the "Natchez Trace" with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway"; with amendment (Rept. No. 1442). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. H.Res. 372. Resolution for the consideration of H.R. 9392, a bill to reclassify terminal railway post offices; without amendment (Rept. No. 1443). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. H.Res. 373. Resolution for the consideration of S. 3170, an act to revise air-mail laws; without amendment (Rept. No. 1444). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CARTER of Wyoming: Committee on Military Affairs. H.R. 525. A bill for the relief of Harry B. Walmsley; without amendment (Rept. No. 1432). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. H.R. 888. A bill for the relief of Newton C. Stalnaker; without amendment (Rept. No. 1433). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2027. A bill for the relief of Capt. Alexander C. Doyle; without amendment (Rept. No. 1434). Referred to the Committee of the Whole House.

Mr. CARTER of Wyoming: Committee on Military Affairs. H.R. 4775. A bill for the relief of Benjamin F. Gates; without amendment (Rept. No. 1435). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H.R. 4782. A bill for the relief of Robert Templeton; without amendment (Rept. No. 1436). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 436. A bill for the relief of William Estes; without amendment (Rept. No. 1437). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 8631. A bill for the relief of Samuel Kaufman; without amendment (Rept. No. 1438). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GOLDSBOROUGH: A bill (H.R. 9456) requiring national banks to obtain indemnity bonds from State-qualified bonding companies; to the Committee on Banking and Currency.

By Mr. TARVER: A bill (H.R. 9457) authorizing transfer by the Director of Emergency Conservation Work of Civilian Conservation Corps camps' buildings and equipment to the Secretaries of Agriculture and the Interior under certain circumstances, and for other purposes; to the Committee on the Public Lands.

By Mr. MONTAGUE: A bill (H.R. 9458) to provide for the appointment of an additional district judge for the eastern district of Virginia; to the Committee on the Judiciary.

By Mr. McDUFFIE: A bill (H.R. 9459) relating to Philippine currency reserves on deposit in the United States; to the Committee on Ways and Means.

By Mr. LAMBETH: Resolution (H.Res. 371) authorizing the printing of the Rules and Manual of the House of Representatives for the Seventy-fourth Congress; to the Committee on Printing.

By Mr. BANKHEAD: Resolution (H.Res. 372) for the consideration of H.R. 9392, a bill to reclassify terminal railway post offices; to the Committee on Rules.

Also, resolution (H.Res. 373) for the consideration of S. 3170, an act to revise air-mail laws; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 9460) granting an increase of pension to Elizabeth Diehl; to the Committee on Invalid Pensions.

By Mr. ELLENBOGEN: A bill (H.R. 9461) for the relief of William Sexton; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4447. By Mr. BACON: Petition urging the President and the Congress to adopt the report of the President's Committee on Wild Life Restoration as a basis for legislation and

Executive action designed to increase and protect the wild life of the Nation; to the Committee on Agriculture.

4448. Also, petition of the Legislature of the State of New York, to increase broadcasting time of educational and religious associations to one quarter of all the radio-broadcasting facilities, and urging that station WLWL, operated by the Missionary Society of St. Paul the Apostle, in New York City, be granted a reasonable extension of its broadcasting time; to the Committee on Interstate and Foreign Commerce.

4449. By Mr. BERLIN: Petition of 223 citizens of western Pennsylvania, members of the Local Union, No. 2025, of United Mine Workers of America, petitioning the enactment of the Wagner-Lewis unemployment insurance bill; to the Committee on Labor.

4450. By Mr. BOYLAN: Resolution unanimously adopted by the Veterans' Association, Thirteenth Regiment National Guard, Brooklyn, N.Y., favoring the strengthening of the military and naval forces of the United States, etc.; to the Committee on Military Affairs.

4451. By Mr. CULLEN: Petition of the Veterans' Association, Thirteenth Regiment National Guard, Brooklyn, N.Y., heartily commending the present movement to build up and to maintain our Navy to the point of strength and efficiency where it will be second to the navy of no other nation; to the Committee on Naval Affairs.

4452. By Mr. CULKIN: Petition of the Legislature of the State of New York, urging that Congress and the President adopt the report of the President's Committee on Wild Life Restoration as a basis for legislation and Executive action designed to increase and protect the wild life of the Nation; to the Committee on Agriculture.

4453. Also, petition of the Legislature of the State of New York, urging that Congress enact with all possible speed such measures as may be necessary to increase the broadcasting time of educational and religious associations to one quarter of all the radio broadcasting facilities, and further urging that Station WLWL, owned by the Missionary Society of St. Paul the Apostle, in the city of New York, be granted a reasonable extension of its broadcasting time; to the Committee on Merchant Marine, Radio, and Fisheries.

4454. By Mr. KELLER: Petition of John McMahon and 500,000 associates, of Chicago, petitioning the President of the United States and the National Congress for an investigation of the gold-bond mortgage situation by a special committee of the House of Representatives, as provided in House Resolution 289, known as "the Keller resolution", and to report the result of said investigation with recommendations to the Congress for proper remedies for the shameful abuses now existing all over the country through so-called "bondholders' committees" and other similar agencies; to the Committee on Rules.

4455. By Mr. KENNEY: Petition of the Senate and General Assembly of the State of New Jersey, requesting that the Federal Government pass such measures and take such action necessary to blot out lynch law and vouchsafe to every citizen life, liberty, and the pursuit of happiness as guaranteed in our Bill of Rights; to the Committee on the Judiciary.

4456. Also, petition of the Rosary Society, Holy Rosary Parish, of the city of Edgewater, N.J., calling upon the Senators and Representatives in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4457. Also, petition of the Young Ladies' Sodality, Holy Rosary Parish, of the city of Edgewater, N.J., calling upon the Senators and Representatives in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4458. Also, petition of the Township Commission of the Township of North Bergen, State of New Jersey, endorsing House bill 3082 as introduced by Representative EDWARD A. KENNEY (a bill to permit the Reconstruction Finance Corporation to loan money to municipalities on tax-anticipation notes); and he is further urged to use his efforts to bring about the final passage of said bill; to the Committee on Banking and Currency.

4459. Also, petition of Chief Justice White Council, Knights of Columbus, of Bogota-Teaneck, N.J., F. F. Reegan, grand knight, respectfully urging the Senators and Representatives in Congress to support the amendment to section 301 of Senate bill 2910 providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations conducting radio stations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4460. Also, petition of the State Board of New Jersey, Ancient Order of Hibernians in America, calling upon the Senators and Representatives in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4461. By Mr. McLEOD: Petition of approximately 69,000 citizens of Detroit, Mich., forwarded by the Detroit Times, Detroit, Mich., urging the immediate passage of the McLeod bank depositors pay-off bill; to the Committee on Rules.

4462. By Mr. SMITH of Washington: Petition signed by approximately 350 residents of Lewis and Thurston Counties, State of Washington, in behalf of the Townsend old-age revolving pension plan; to the Committee on Labor.

4463. By Mr. SWICK: Petition of the Cooperative Workers of America, Jesse C. Dufford, president, Doyle Glosner, secretary, of New Castle, Pa., protesting against the shutting down of all R.W.D. projects, and demanding that immediate action be taken to provide work at living wages for all able-bodied workers and full and adequate relief for all families who are unable to work; to the Committee on Ways and Means.

4464. By the SPEAKER: Petition of the Illinois Manufacturers' Association regarding changes in the 1933 Securities Act; to the Committee on Ways and Means.

4465. Also, petition of W. L. Mitchell and others, supporting the share-our-wealth bill, the old-age pension bill, and the war veterans' bill, introduced by Senator LONG; to the Committee on Ways and Means.

4466. Also, petition of the Knights of Columbus, Lowville, N.Y., urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4467. Also, petition of the Regular Democratic Organization, Bronx County, N.Y., urging passage of the McLeod bank bill; to the Committee on Banking and Currency.

4468. Also, petition of the provincial government of Pampanga, San Fernando, P.I., regarding the proposed tax on coconut oil; to the Committee on Ways and Means.

4469. Also, petition of the municipal government of Aroroy, Masbate, P.I., regarding the tax on coconut oil; to the Committee on Ways and Means.

4470. Also, petition of the Veterans' Association, Thirteenth Regiment, National Guard, New York, N.Y., supporting a large Navy; to the Committee on Naval Affairs.